

MEITEC CORPORATION

Results for the Fiscal Year Ended March 31, 2017

May 11, 2017
President and CEO, COO
MEITEC Group CEO
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人と技術で次代を拓く

MEITEC
Engineering Firm at The Core

- 1. Results for the Fiscal Year Ended March 31, 2017**
- 2. New Mid-term Management Plan [3 years]**
- 3. Forecast for the Fiscal Year Ending March 31, 2018**
- 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.

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- I will now discuss the following:
 1. Results for the fiscal year ended March 31, 2017;
 2. New Mid-term Management Plan; and
 3. Forecast for the fiscal year ending March 31, 2018.
- Please take a look at 4. Reference materials later.

1. Results for the Fiscal Year

Ended March 31, 2017

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MEITEC
Engineering Firm at The Core

- I will begin by discussing results for the fiscal year ended March 31, 2017.

Results for the Fiscal Year Ended March 31, 2017 (Group Consolidated)

- ✓ Net sales rose 2.4 % year on year and operating profit was up 2.5 %
- ✓ Net sales fell short of the forecast due to the sale of a subsidiary, but operating profit exceeded the forecast
- ✓ Profit attributable to owners of parent declined slightly year on year despite the absence of roughly 1.0 billion yen of extraordinary income booked in the previous fiscal year

(Fractions of one million yen are rounded down)	FY ended March 31, 2016	FY ended March 31, 2017	YoY Amount	% Change	Past Forecasts	Progress toward the FY forecast
Net sales	87,888	89,979	+2,090	+2.4%	90,800	(820)
Cost of sales	64,661	66,417	+1,755	+2.7%	67,100	(682)
Cost of sales to Net sales	73.6%	73.8%	+0.2%			
SG&A Expenses	12,352	12,418	+66	+0.5%	13,000	(581)
Operating profit	10,874	11,142	+268	+2.5%	10,700	+442
Operating profit margins	12.4%	12.4%	—		11.8%	+0.6%
Ordinary profit	10,845	11,145	+299	+2.8%	10,700	+445
Extraordinary income & loss	1,019	(14)	(1,034)			
Profit before income taxes	11,865	11,131	(734)	(6.2%)		
Profit attributable to owners of parent	8,083	7,937	(146)	(1.8%)	7,600	+337
Profit margins	9.2%	8.8%	(0.4%)			
Return on Equity (ROE)	21.5%	21.1%	(0.4%)			
Ordinary profit to total assets ratio	16.7%	17.0%	+0.3%			

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- This shows the Group's consolidated results.
- As major manufacturers, which are Meitec's main clients, continued investment in technological development. Net sales rose 2.4% year on year to record high ¥89,979 million, and operating profit increased 2.5% year on year to ¥11,142 million.
- Furthermore, due to the sale of the subsidiary Apollo Giken Co., Ltd. on December 26, 2016, net sales fell short of the forecast, but operating profit exceeded the forecast due to a reduction in SG&A Expenses.
- Profit attributable to owners of parent declined slightly 1.8% year on year to ¥7,937 million, despite the absence of roughly ¥1.0 billion yen of extraordinary income booked in the previous fiscal year.

Results for the Fiscal Year Ended March 31, 2017 (Business Domains)

- ✓ The Temporary Staffing Business continued to be the earnings driver ⇒ Net sales rose 3.4% year on year
- ✓ Business Domains will change from the fiscal year ending March 31, 2018

(Fractions of one million yen are rounded down)	FY ended March 31, 2016	FY ended March 31, 2017	YoY Amount	% Change
Sales of Temporary Staffing Business	84,614	87,518	+ 2,904	+ 3.4%
Component ratio	96.3%	97.3%	+ 1.0%	
Operating profit	10,341	10,661	+ 319	+ 3.1%
Sales of Recruiting&Placement Business	1,499	1,641	+ 141	+ 9.5%
Component ratio	1.7%	1.8%	+ 0.1%	
Operating profit	467	528	+ 61	+ 13.1%
Sales of Engineering Solutions Business	2,005	985	(1,019)	(50.9%)
Component ratio	2.3%	1.1%	(1.2%)	
Operating profit	69	(47)	(116)	—

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- This shows results for the Group's business domains.
- Consolidated net sales rose 2.4% year on year, but net sales rose 3.4% year on year for the Temporary Staffing Business which is Meitec's core business and 9.5% for the Recruiting & Placement Business specializing in engineers.
- On the other hand, net sales in the Engineering Solutions Business experienced a large decline due to the sale of the subsidiary Apollo Giken Co., Ltd. However, overall net sales for the Group rose, securing an increase in operating profit.
- Furthermore, the segment name has been changed beginning in fiscal year ending March 31, 2018, which I will explain shortly.

Results for the Fiscal Year Ended March 31, 2017 (Meitec)

- ✓ Net sales rose 1.7% year on year to more than 70.0 billion yen (a record high)
- ✓ The utilization ratio declined 0.5 percentage points year on year, mainly due to careful selection of work assignments for newly graduated engineers and promotion of the rotation of engineers

(Fractions of one million yen are rounded down)	FY ended March 31, 2016	FY ended March 31, 2017	YoY Amount	% Change	Past Forecasts	Progress toward the FY forecast
Net sales	68,878	70,083	+1,204	+1.7%	70,200	(116)
Cost of sales	50,884	52,013	+1,129	+2.2%	52,200	(186)
Cost of sales to Net sales	73.9%	74.2%	+0.3%		74.4%	(0.2%)
SG&A Expenses	8,932	8,856	(76)	(0.9%)	9,200	(343)
Operating profit	9,061	9,213	+151	+1.7%	8,800	+413
Operating profit margins	13.2%	13.1%	(0.1%)		12.5%	+0.6%
Ordinary profit	9,526	9,798	+272	+2.9%	9,300	+498
Extraordinary income & loss	1,037	(21)	(1,058)			
Profit before income taxes	10,563	9,776	(786)	(7.4%)		
Profit	7,391	7,073	(317)	(4.3%)	6,700	+373
Utilization ratio (Company-wide)	97.2%	96.7%	(0.5%)		96.5%	+0.2%
Working Hours<h/day>	8.83	8.78	(0.05)	(0.6%)	8.82	(0.04)
Number of Recruitment	455	449	(6)	(1.3%)	473	(24)
Newly graduated	299	338	+39	+13.0%	338	—
Mid-career	156	111	(45)	(28.8%)	135	(24)
Turnover Ratio	3.9%	4.2%	+0.3%		4.5%	(0.3%)
Number of Engineers as Period-End	6,497	6,661	+164	+2.5%		

- This shows results for Meitec.
- Net sales increased 1.7% year on year to ¥70,083 million and operating profit rose 1.7% year on year to ¥9,213 million, mainly reflecting growth in the number of engineers assigned to clients. Profit declined 4.3% year on year to ¥7,073 million, reflecting the absence of extraordinary income booked in the previous year.
- The utilization ratio was 96.7 %, 0.5 percentage points lower than the previous year.
- This was caused by careful selection of work assignments for newly graduated engineers that joined Meitec in April 2016, and the strategic rotation of engineers between clients and assignments to support career enhancement for the next generation.
- Working hours declined both year on year and compared to the initial forecasts.
I will discuss this in more detail later on.

Results for the Fiscal Year Ended March 31, 2017 (Meitec Fielders)

- ✓ Net sales increased 11.5% year on year to 14.8 billion yen (a record high) and operating profit rose 11.8%
- ✓ Number of engineers at the end of March 31, 2017 has reached approx 2,000, which is above the target for 1,900 of Mid-term Management Plan

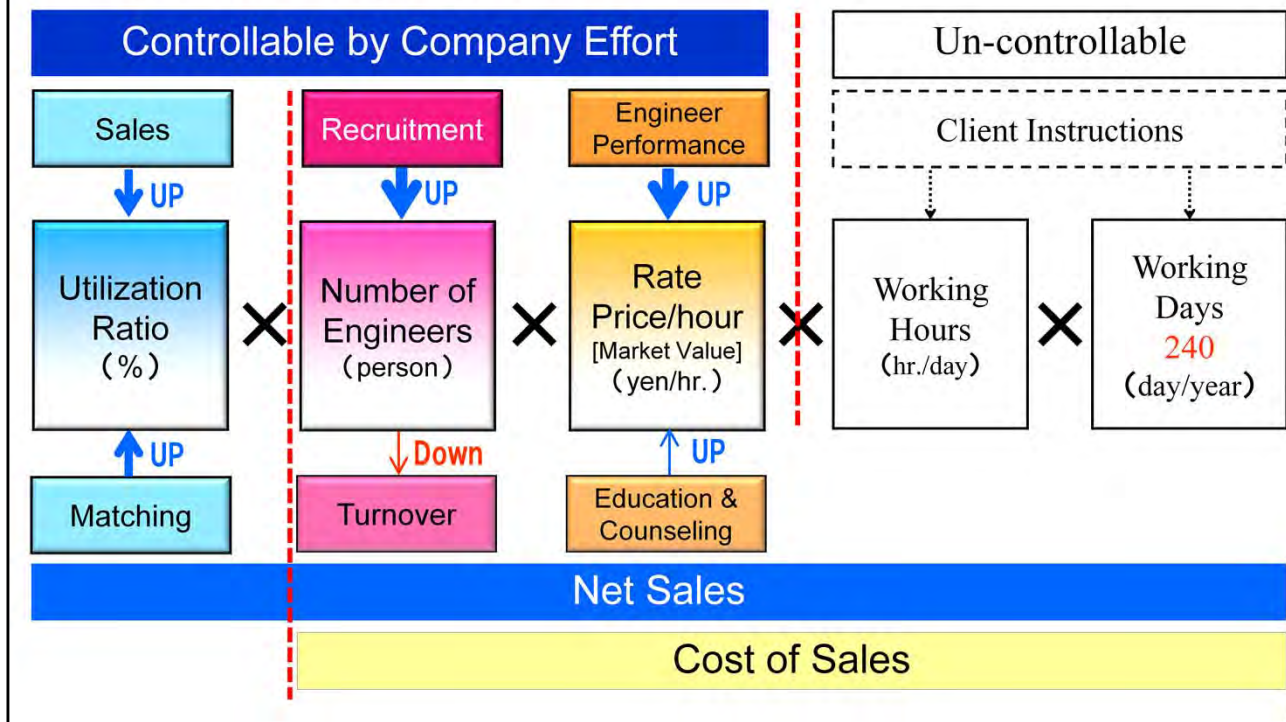
(Fractions of one million yen are rounded down)	FY ended March 31, 2016	FY ended March 31, 2017	YoY Amount	% Change	Past Forecasts	Progress toward the FY forecast
Net sales	13,327	14,865	+1,537	+11.5%	14,800	+65
Cost of sales	10,288	11,540	+1,251	+12.2%	11,500	+40
Cost of sales to Net sales	77.2%	77.6%	+0.4%		77.7%	(0.1%)
SG&A Expenses	1,834	1,978	+144	+7.9%	2,000	(21)
Operating profit	1,204	1,346	+141	+11.8%	1,300	+46
Operating profit margins	9.0%	9.1%	+0.1%		8.8%	+0.3%
Ordinary profit	1,205	1,346	+141	+11.7%	1,300	+46
Extraordinary income & loss	(7)	0	+7			
Profit before income taxes	1,198	1,346	+148	+12.4%		
Profit	786	1,045	+259	+33.0%	1,000	+45
Utilization ratio (Company-wide)	96.2%	96.2%	—		95.8%	+0.4%
Working Hours<h/day>	8.97	8.91	(0.06)	(0.7%)	8.95	(0.04)
Number of Recruitment	312	363	+51	+16.3%	365	(2)
Newly graduated	175	182	+7	+4.0%	182	—
Mid-career	137	181	+44	+32.1%	183	(2)
Turnover Ratio	7.5%	7.5%	—		6.9%	+0.6%
Number of Engineers as Period-End	1,783	1,996	+213	+11.9%		

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- This shows results for Meitec Fielders.
- Net sales increased 11.5% year on year to ¥14,865 million and operating profit rose 11.8% year on year to ¥1,346 million, mainly reflecting an increase in the number of engineers assigned to clients, as with Meitec. Profit rose 33.0% to ¥1,045 million, partly reflecting a reduction in the tax burden.
- Furthermore, the target for the number of engineers in the previous Mid-term Management Plan was 1,900, but as a result of the above increase, the number has reached approximately 2,000.

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.

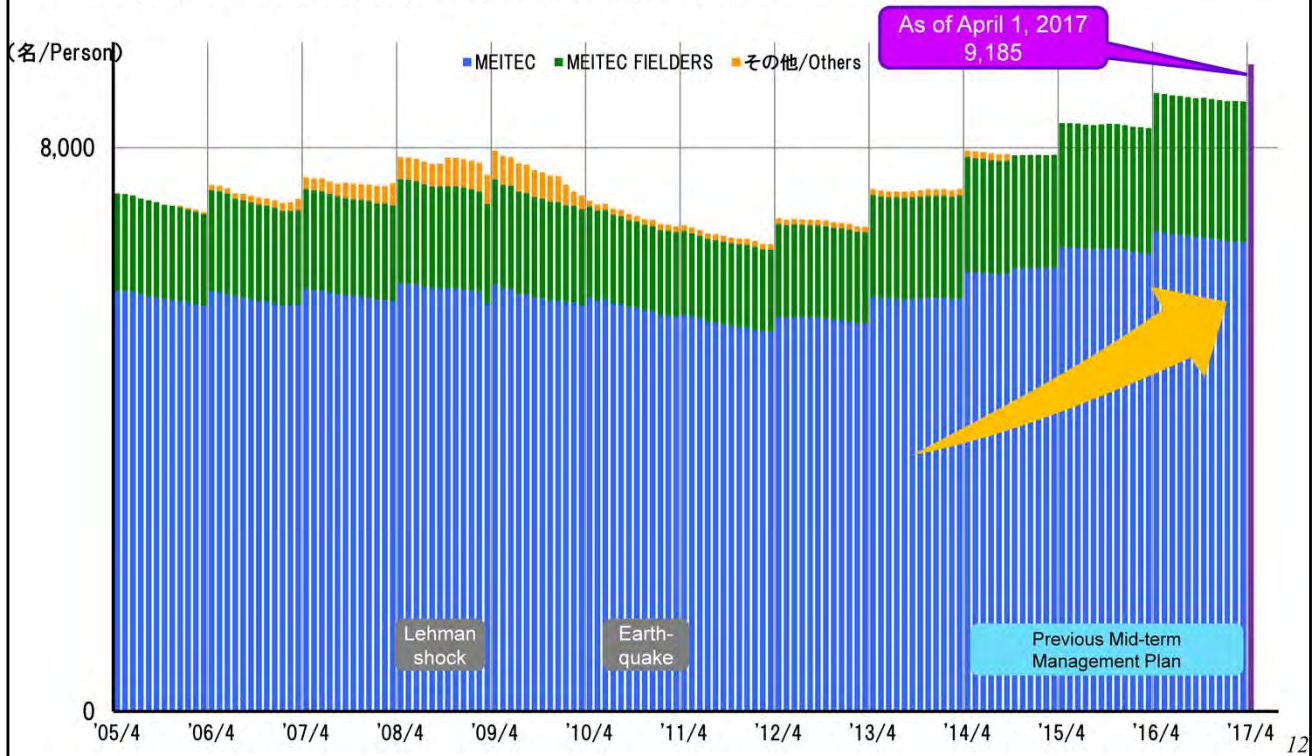


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- This is a summary of the main components of net sales and cost of sales in the temporary staffing business for engineers for the indefinite and regular employed engineers.
- In the results for the fiscal year ended March 31, 2017, the aspects which are controllable by company effort, "Utilization Ratio," "Number of Engineers," and "Rate and Price/hour," were factors in increased net sales, but the aspect which is un-controllable by company effort, "Working Hours," was a factor in decreased net sales.

Number of Engineers (Group Consolidated)

- ✓ The number of engineers as of March 31, 2017 was 8,657, an increase of 377 engineers, or 4.6%, compared to March 31, 2016.
- ✓ This April 1, the number of engineers has reached 9,185 engineers, which is a record high.

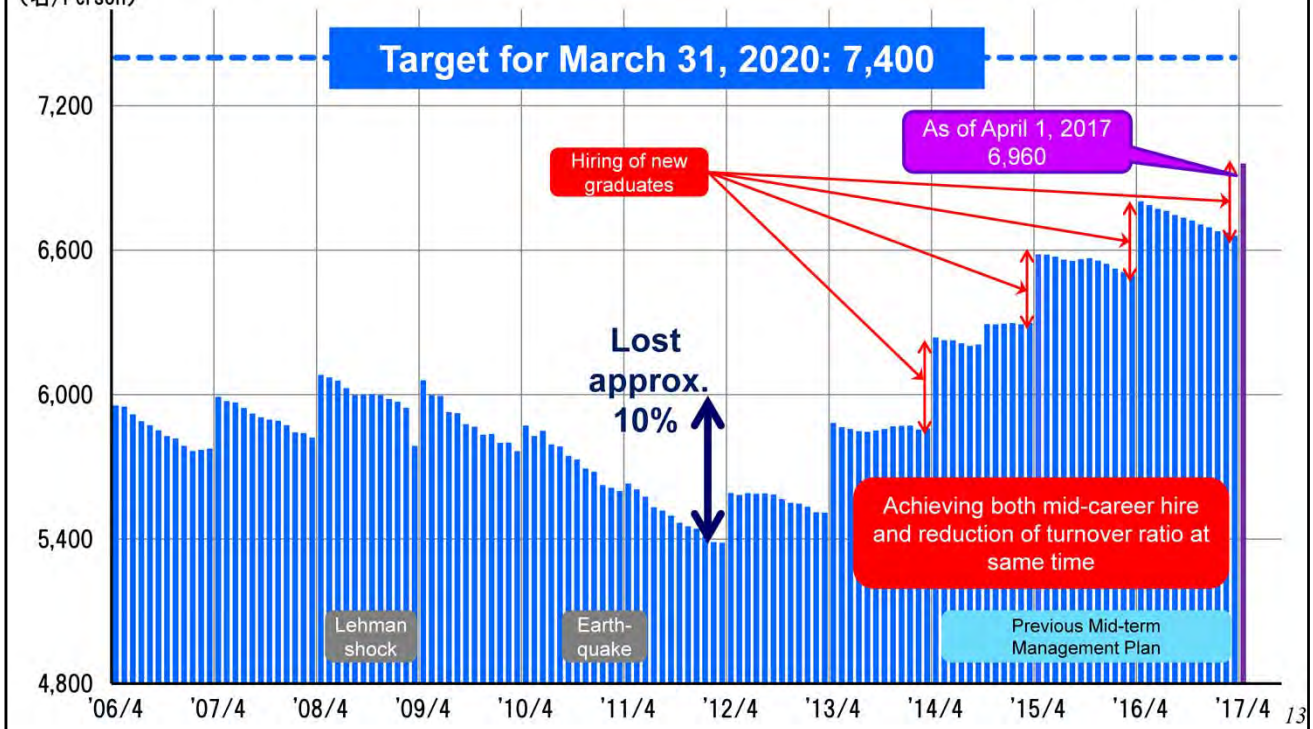


- This shows the trend in the number of engineers across the Group.
- As of March 31, 2017, the number of engineers was 8,657, increased 377, or 4.6%, compared to March 31, 2016. On April 1, 2017, new graduates joined the Group and we started the new fiscal year with a record high 9,185 engineers.

Number of Engineers (Meitec)

- ✓ The number of engineers as of March 31, 2017 was 6,661, an increase of 164 engineers, or 2.5%, compared to March 31, 2016.
- ✓ 308 new graduates joined the company this April 1, and we started the new fiscal year with a record high 6,960 engineers.

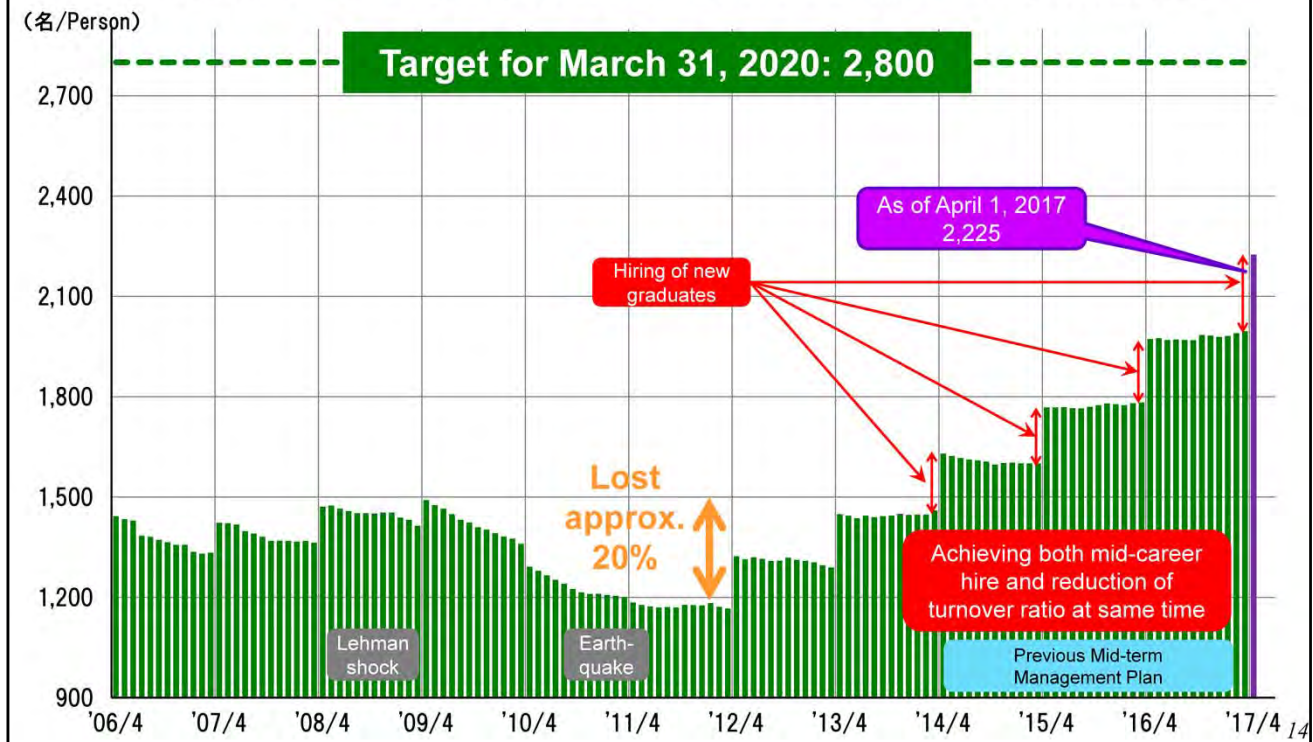
(名/Person)



- This shows the trend in the number of engineers at Meitec.
- As of March 31, 2017, the number of engineers was 6,661, increased 164, or 2.5%, compared to March 31, 2016. On April 1, 2017, 308 new graduates joined the company and we started the new fiscal year with a record high 6,960 engineers.

Number of Engineers (Meitec Fielders)

- ✓ The number of engineers as of March 31, 2017 was 1,996, an increase of 213 engineers, or 11.9%, compared to March 31, 2016.
- ✓ 213 new graduates joined the company this April 1, and we started the new fiscal year with a record high 2,225 engineers.



- This shows the trend in the number of engineers at Meitec Fielders.
- As of March 31, 2017, the number of engineers was 1,996, increased 213, or 11.9%, compared to March 31, 2016. As a result, we exceeded the initial target of 1,900 for our three-year Mid-term Management Plan to the previous year.
- On April 1 2017, 213 new graduates joined the company and we started the new fiscal year with a record high 2,225 engineers.

Mid-career (FY 2017/3)

- ✓ Meitec will continue to focus on hiring engineers in line with order trends, mainly in the machinery and electronic/electronics sectors, by maintaining hiring standards and the assumption of ensuring engineers can be assigned smoothly.
- ✓ The hiring environment becomes even more challenging amid continuous growth in the number of engineer job offers. Meitec, which competes for hiring with mid-ranking and major manufacturers in particular, struggled to secure sufficient new employees.
- ✓ The number of mid-career hire was 111, 49 less the initial forecast, for Meitec. And 181, 23 more the initial forecast, for Meitec Fielders.

New Graduates (Joined April 2017)

- ✓ The hiring environment remains difficult due to a continuing increase in the number of hiring companies and the number of persons being hired. 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 in internships, so it has been difficult to bring in additional applicants. Also, people's preference to work locally has impacted the entire Meitec Group.
- ✓ The number of the new graduates hired was 308, 22 less the initial forecast, for Meitec. On the other hand, it was 213, 3 more the initial forecast, for Meitec Fielders.

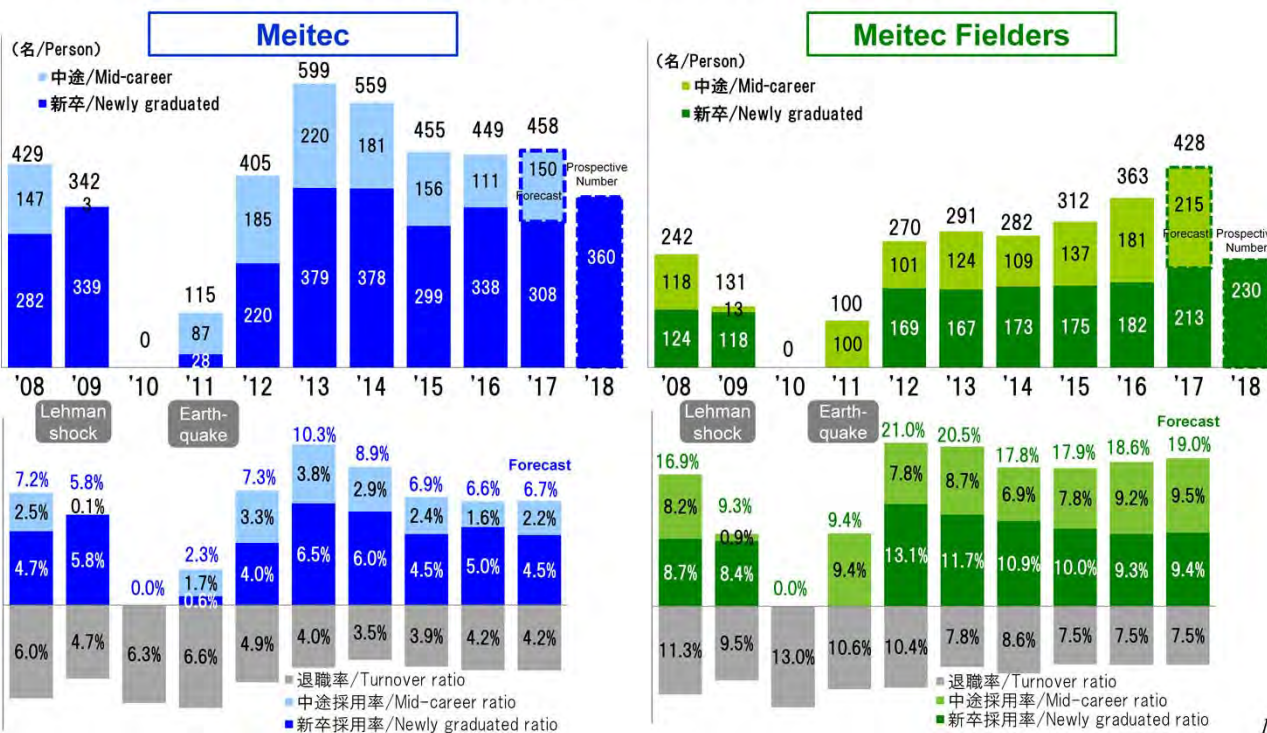
(person)	Fiscal Year Ended March 31, 2017								Fiscal Year Ending March 31, 2018				
	New Graduates April 2016	Mid-career					Total	YoY	New Graduates April 2017				
		Initial Forecast	11/8/16 Revised Forecast		To Initial Forecast	To 11/8/16 Revised Forecast			Initial Forecast	11/8/16 Expected Number		To Initial Forecast	YoY
Meitec	338	160	135	111	(49)	(24)	449	(6)	330	312	308	(22)	(30)
Meitec Fielders	182	158	183	181	+23	(2)	363	+51	210	205	213	+3	+31
Total	520	318	318	292	(26)	(26)	812	+45	540	517	521	(19)	+1
Comparison to previous year	+46	+25	25	(1)			+45			To 11/8/16 Revised Forecast	+4		

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- This shows our recruitment record.
- The hiring environment in the engineer hiring market remains challenging due to the increasing corporate hiring needs for engineers.
- First, mid-career hires.
- There is extremely strong hiring competition, and particularly in Meitec's case, given the intense competition with manufacturers, because we maintained our hiring standards, we struggled to secure new hires, and the number of mid-career hires was 111, 49 less than the initial forecast. In contrast, Meitec Fielders recruited 181 mid-career engineers, or 23 more than the initial forecast, reflecting creative approaches to secure candidates and other successful initiatives. The Group as a whole secured 292 mid-career hires.
- In the previous Mid-term Management Plan, we built the Meitec Group brand in the recruitment market, and by creating appeal for our career style among both engineers and students wishing to become engineers, we received a large number of applicants.
- Next, newly graduated engineers.
- Recruitment conditions were very challenging in this market due to an increase in the number of job openings and in the number of employees required, and an earlier start of recruitment processes. However, as a result of activities targeting recent trends among new graduates and maintaining our hiring standards, the Group recruited 521 newly graduated engineers, comprising 308 at Meitec, 22 fewer than the initial forecast, and 213 at Meitec Fielders, three more than the initial forecast.

Recruitment and Turnover

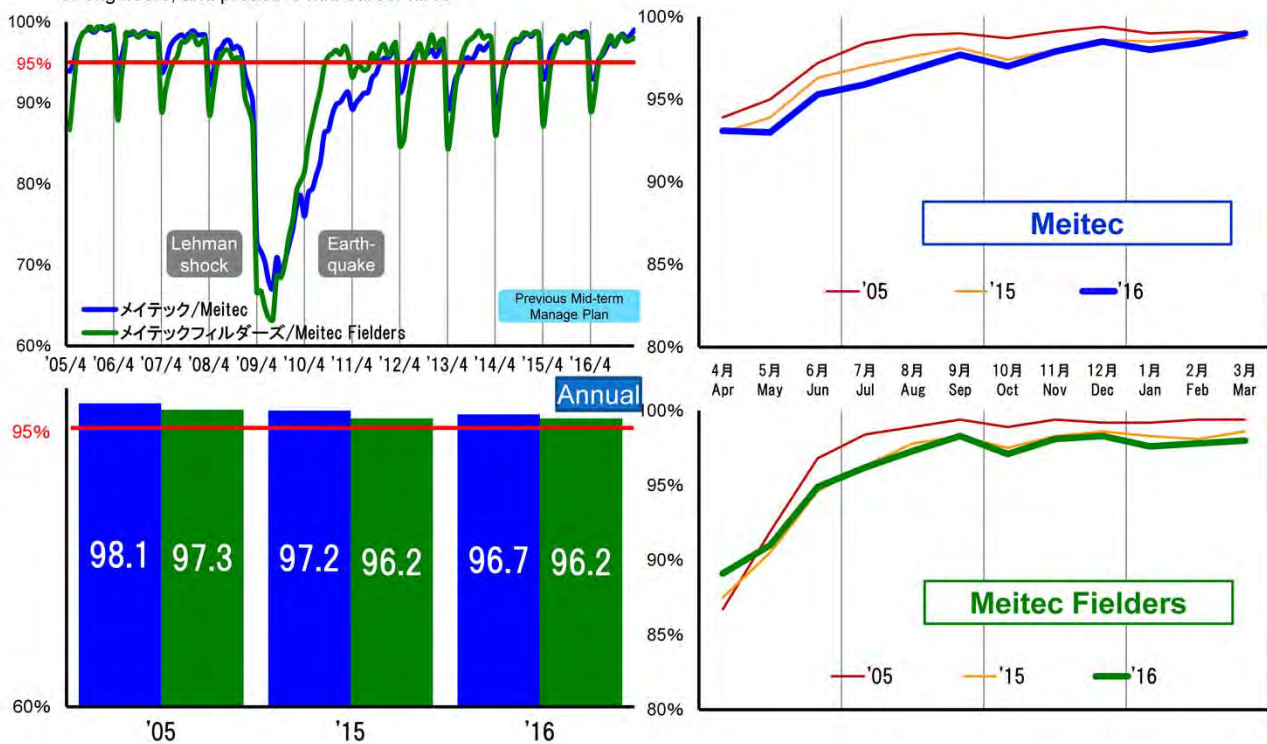
- ✓ The hiring environment is challenging, but we maintained hiring standards
- ✓ The turnover ratio has fallen to a record-low level ⇒ Contributing to the increase in engineers



- This shows trends in the number of recruitment and ratios for recruitment and turnover.
- In the fiscal year ended March 31, 2017, Meitec maintained its hiring standards. Consequently, the recruitment ratio was 6.6%, and the growth rate declined. The turnover ratio remained low at 4.2%, which contributed to the increase in the number of engineers.
- The number of engineers rose steadily at Meitec Fielders in the fiscal year ended March 31, 2017, with the high level of recruitment ratio at 18.6% and the turnover ratio maintaining 7.5%.
- We will explain our forecasts for the fiscal year ending March 31, 2018 later in this presentation.

Utilization Ratio

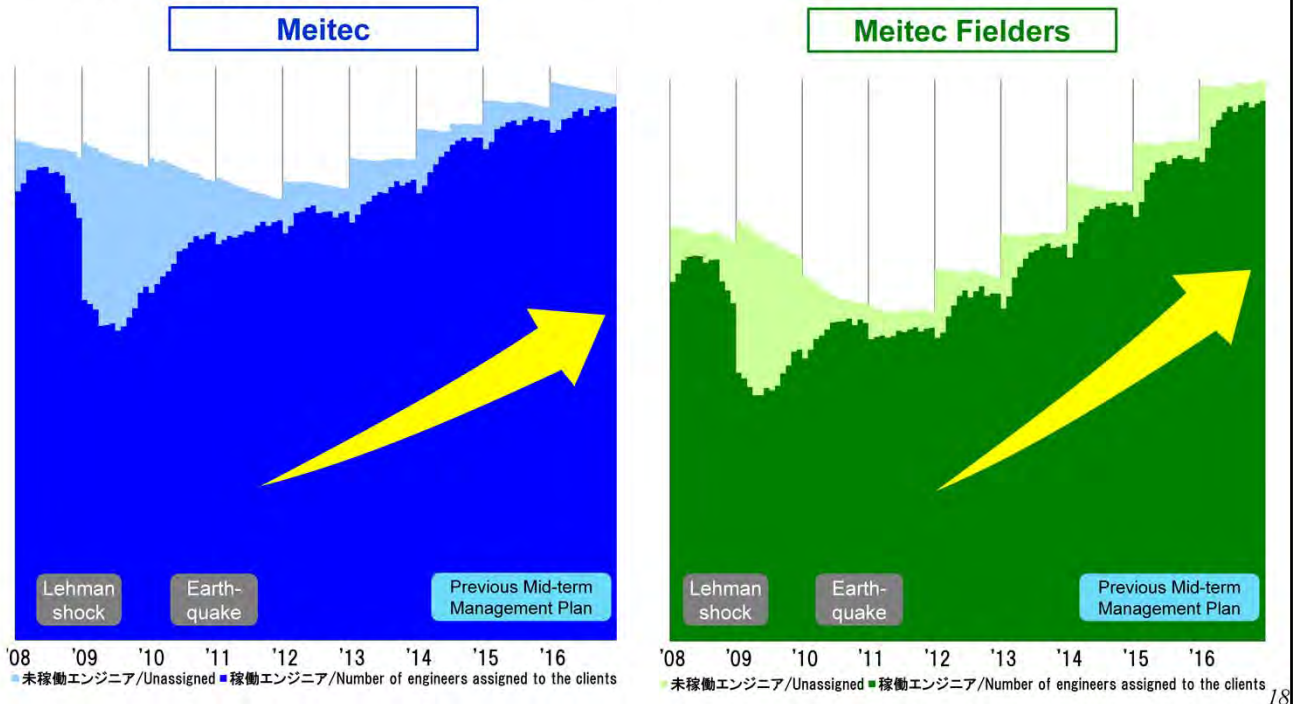
- ✓ Under a firm environment for order, the utilization ratio remained high
- ✓ The utilization ratio declined slightly year on year due to the careful assignment for newly graduated engineers, promotion of the rotation of engineers, and proactive mid-career hires



- This shows the trend in utilization ratios.
- Amid a firm order environment, the utilization ratio for both Meitec and Meitec Fielders was stable, while maintaining the focus on quality.
- Although Meitec undershot the previous fiscal year's performance slightly, the main factors were careful selection of work assignments for newly graduated engineers and promotion of the job rotation of existing engineers to support career enhancement.

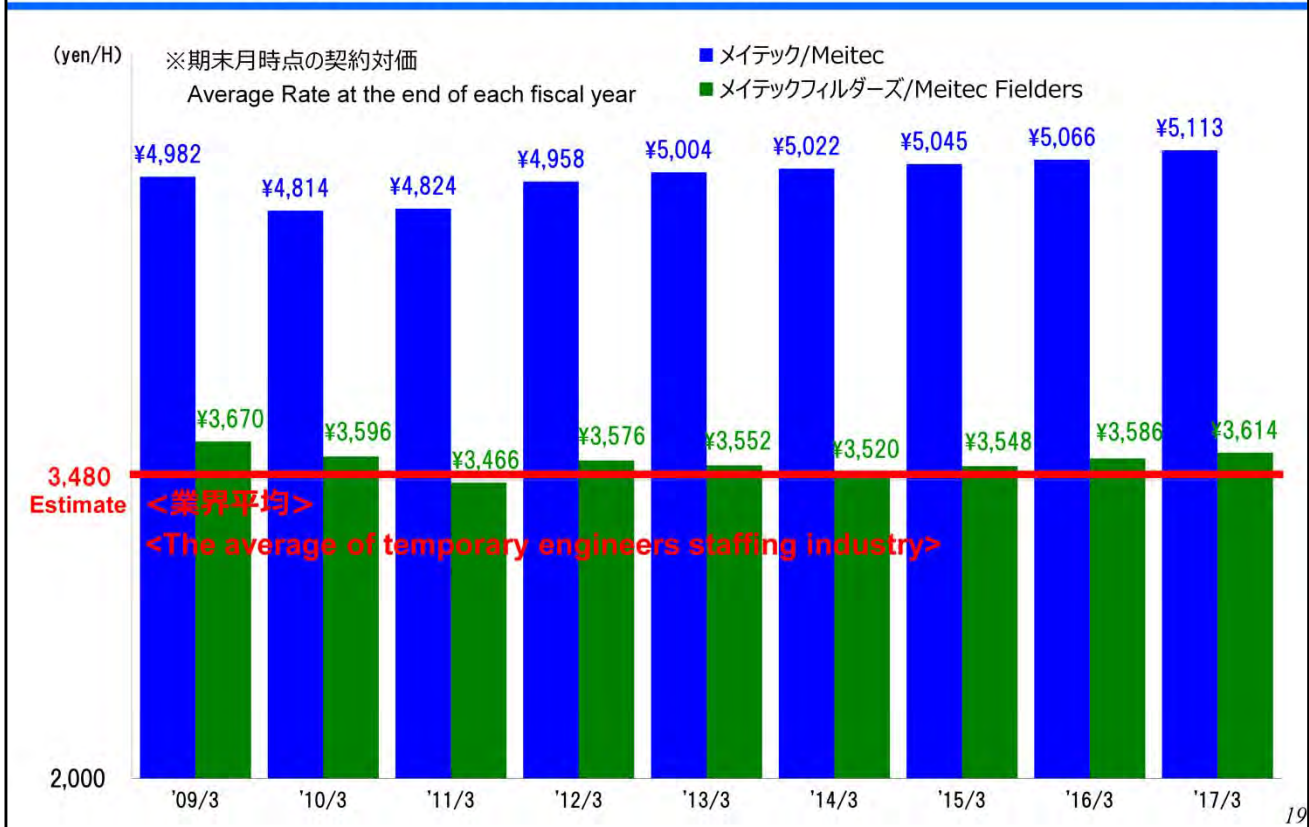
Number of Engineers Assigned to the Clients (Key factor of Sales)

- ✓ 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.



- This shows the trend in number of engineers assigned to clients.
- The number of engineers assigned to clients, which is the “number of engineers” multiplied by the “utilization ratio,” is growing steadily, as the number of engineers increased and the utilization ratio remained high.

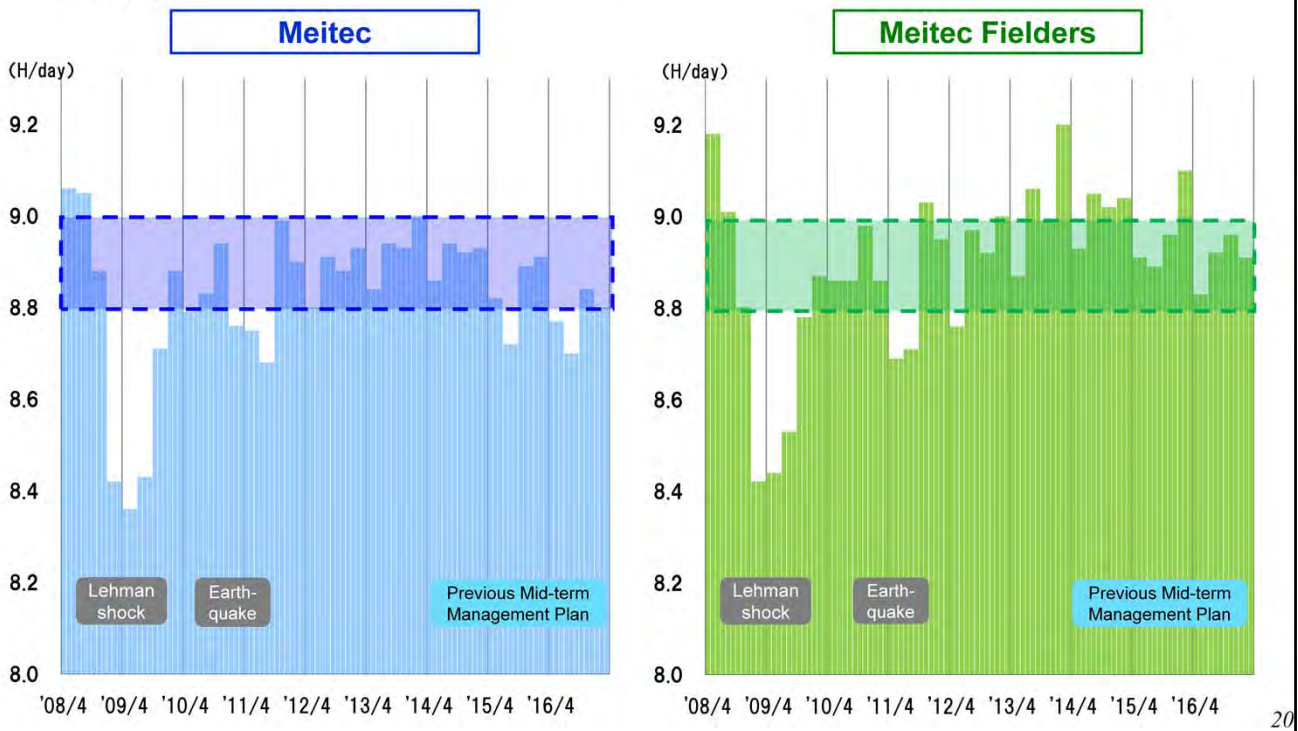
Trend in Average Rate = (Market Value)



- This shows the trend in average pay rates for engineers.
- As a leading company in the sector, Meitec reached an average pay rate level of ¥5,100, which is significantly higher than the industry average, by maintaining high quality levels. We believe it is essential to maintain hiring standards to ensure the average pay rate remains high.
- Meitec Fielders also reached an average pay rate level of ¥3,600, slightly higher than the industry average.
- Going forward, we will continue to work on obtaining an appropriate rate. Specifically, regardless of changes in supply and demand, we will create conditions in which every one of our engineers can secure fair pay rates based on high output.

Working Hours

- ✓ Working hours declined year-on-year due to reductions in overtime hours etc. and remained steadily

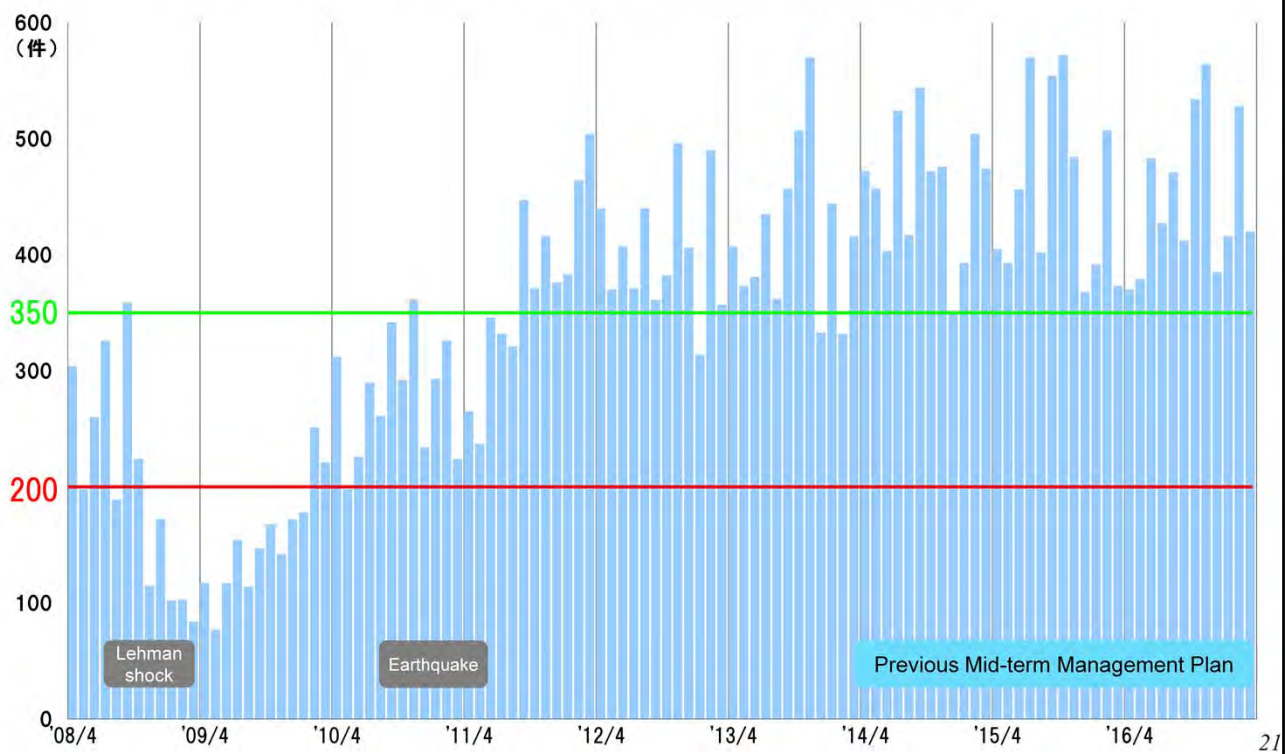


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- This shows trends in working hours.
- Working hours declined year-on-year at both Meitec and Meitec Fielders due to a reduction in overtime hours at certain clients and as a result of work-life balance initiatives.
- Working hours is one factor that has a significant impact on earnings, as 0.1 of one working hour equates around 1% of total net sales.
- The shaded area shows a firm level of working hours of between 8.8 and 9.0 hours. However, the number of working hours is determined by our clients and is not something we can control.

Trend in New Orders by Month (Meitec)

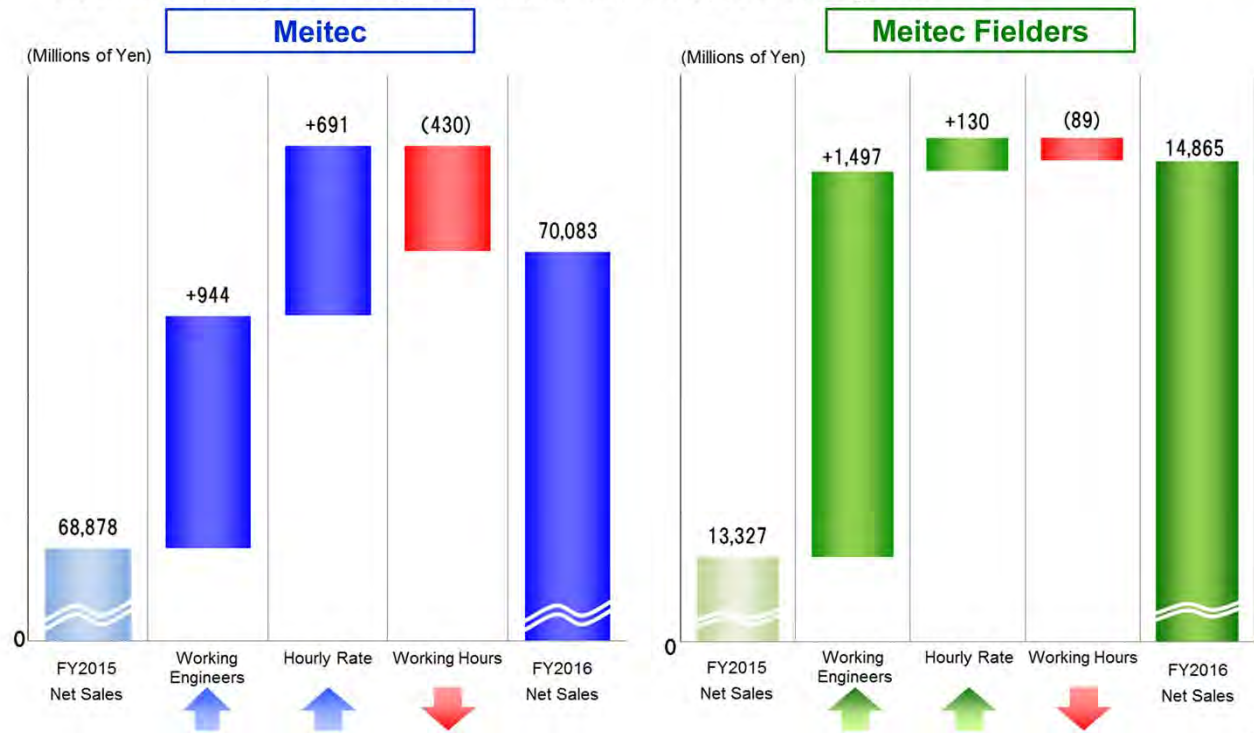
✓ New orders at Meitec remain at a level above 350 orders per month



- This shows the trend in new monthly orders.
- The number of monthly new orders is firm when it exceeds 350 orders.
- Recent orders are being supported by clients in the manufacturing industry, which continue to invest in technological development based on a long-term outlook.
- We held talks with the management of our clients both this year and last year, and most of our clients said that while there are issues with both the exchange rate and with results, they would not change, but rather increase investment in technological development. Given this, new orders at Meitec remain at a level above 350 orders per month, and we project orders to remain solid going forward.

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”



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- This is a breakdown of factors affecting changes in net sales at Meitec and Meitec Fielders.
- The main factors that lifted net sales at both companies were “increase in the number of engineers assigned to clients,” and “increase in average rate” as shown in the graph.

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)

FY2011			FY2015			FY2016		
1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries		1	Mitsubishi Heavy Industries	
2	Nikon		2	Canon		2	Denso	
3	Canon		3	Denso		3	Canon	
4	Panasonic		4	Panasonic		4	Panasonic	
5	Denso		5	Toyota Motor		5	Toyota Motor	
6	Toyota Motor		6	Nikon		6	Nikon	
7	Sony		7	Sony		7	Sony Semiconductor Solutions	
8	Kawasaki Heavy Industries		8	Kawasaki Heavy Industries		8	Kawasaki Heavy Industries	
9	Daikin Industries		9	Mitsubishi Aircraft		9	Mitsubishi Aircraft	
10	Mitsubishi Electric		10	Omron		10	Omron	
Top 10 Total	15,476	29.1%	Top 10 Total	18,040	26.2%	Top 10 Total	17,673	25.2%
Top 20 Total	20,821	39.1%	Top 20 Total	24,867	36.1%	Top 20 Total	24,788	35.4%
Others	32,367	60.9%	Others	44,011	63.9%	Others	45,295	64.6%
Total	53,188	100.0%	Total	68,878	100.0%	Total	70,083	100.0%

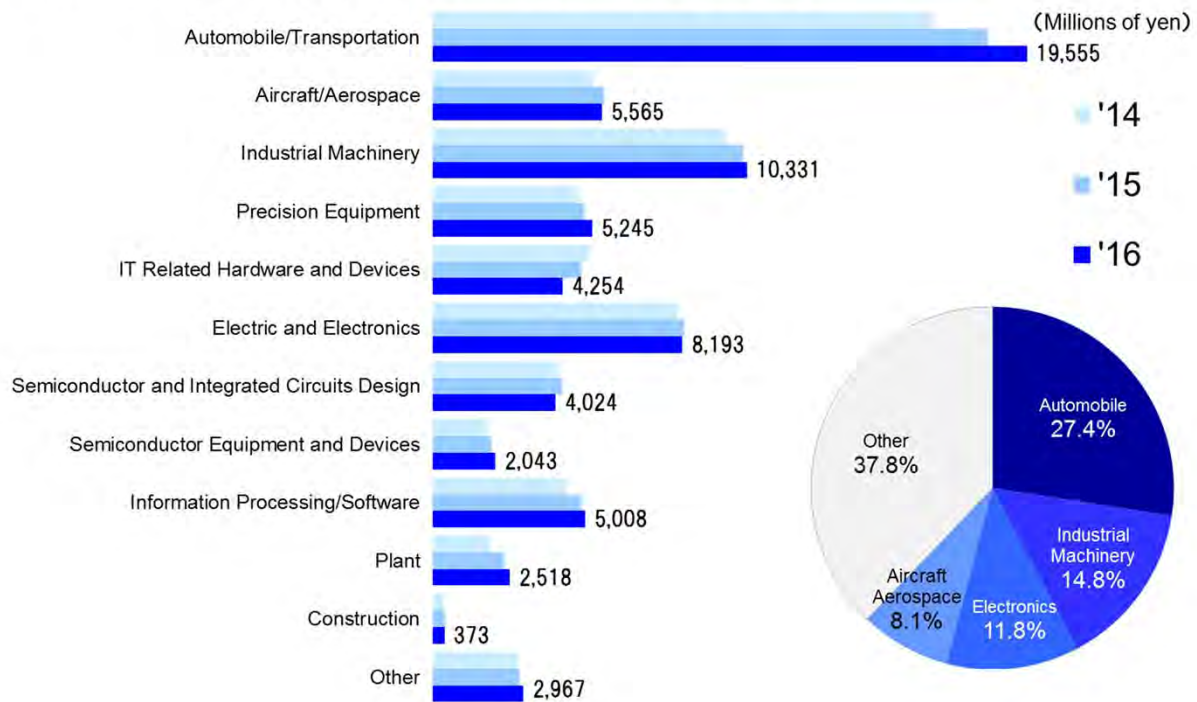
※Partially revised from the table disclosed on May 11, 2017

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- This shows Meitec's top 10 clients by sales.
- There are no large changes in the order of clients by sales. However, there have been large changes in the contents of business.
- In the automobile industry, there have been changes in the contents of the required technological operations in the form of ADAS, automated operation, and safe-running systems, etc.

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)



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- This shows sales trends by industrial segment.
- Sales growth in the automobile/transportation segment and the industrial machinery segment remained pronounced, a trend we also saw in the previous fiscal year.

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2. New Mid-term Management Plan [3 years]

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Next Stage 1

- Next I would like to talk about the new Mid-term Management Plan.
- “Next Stage 1”
In “Next Stage 1,” Meitec Group will again aim to be “The Only One,” working over the coming three years as a group of professional engineers that plays a core role in the labor market in both people and technology with the high-end zone as our main focus.

Overview of Previous Mid-term Management Plan

- ✓ Results almost reached the initial target set in 2014
- ✓ Operating profit margins for Meitec Fielders, number of engineers for Meitec, and other targets were not reached

billion yen	Mid-term Management Plan (Targets)	FY2016 (Result)
Group Consolidated		
Net Sales	88.0	○ 89.9
Operating Profit	10.0	○ 11.1
Margin	12% <small>equal or more than</small>	○ 12.4%
Profit	6.0	○ 7.9
ROE	15% <small>equal or more than</small>	○ 21.1%

billion yen	Mid-term Management Plan (Targets)	FY2016 (Result)
Meitec		
Net Sales	68.0	○ 70.0
Operating Profit	8.5	○ 9.2
Margin	13% <small>equal or more than</small>	○ 13.1%

billion yen	Mid-term Management Plan (Targets)	FY2016 (Result)
Meitec Fielders		
Net Sales	13.5	○ 14.8
Operating Profit	1.3	○ 1.3
Margin	9.5% <small>equal or more than</small>	✗ 9.1%

The target for the third year of the Mid-term Management Plan

Temporary Staffing Business		
Net sales		Number of engineers
○ 68.0 billion yen	High-end Zone	✗ 6,800 engineers
○ 13.5 billion yen	Volume Zone	○ 1,900 engineers

Recruiting & Placement Business	
Net sales	Number of personnel to be placed
✗ 1.6 billion yen	✗ 1,300 engineers

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- First, this shows the overview of the previous Mid-term Management Plan.
- Results almost reached the initial target set at that time in 2014.
- However, because the number of engineers for Meitec did not reach our initial target of 6,800, going forward, we recognize this as a big challenge in continued growth, and have formulated the next Mid-term Management Plan taking this into account.

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.

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Engineering Firm at The Core

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- In formulating the next Mid-term Management Plan, to accurately convey the Meitec Group’s essence of “a group of engineers that plays a core role in manufacturing through its ‘People and Technology,’” we have established a group motto of “Engineering Firm at the Core.”
- What kind of value does the Meitec Group provide to the world through its businesses? We would sincerely like to convey to the world our essence of “a group of engineers that plays a core role in manufacturing through its ‘People and Technology.’”

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.

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- The intent of our motto “Engineering Firm at the Core” is exactly as stated.
- “Engineering Firm” means that all the members of the Meitec Group belong to a group of engineering professionals who polish each others’ technological strength, improve each other, and keep growing with the spirit of “mutual support.”
- “The Core” has two meanings.
- One is that we are a group of companies that produces “important and indispensable” value for the clients promoting technological innovation.
The other is 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.

Started the new Mid-term Management Plan with the new business name

Engineering Solutions Business

In order to continue to address changing technological trends and our clients' technological strategies as a best partner, in addition to engineer dispatching, we will utilize the "People and Technology" we have cultivated over the years to expand the breadth of services we provide. Also, we have created the new name of "Engineering Solutions Business" to signify the importance of continuing to deliver optimal solutions to clients.

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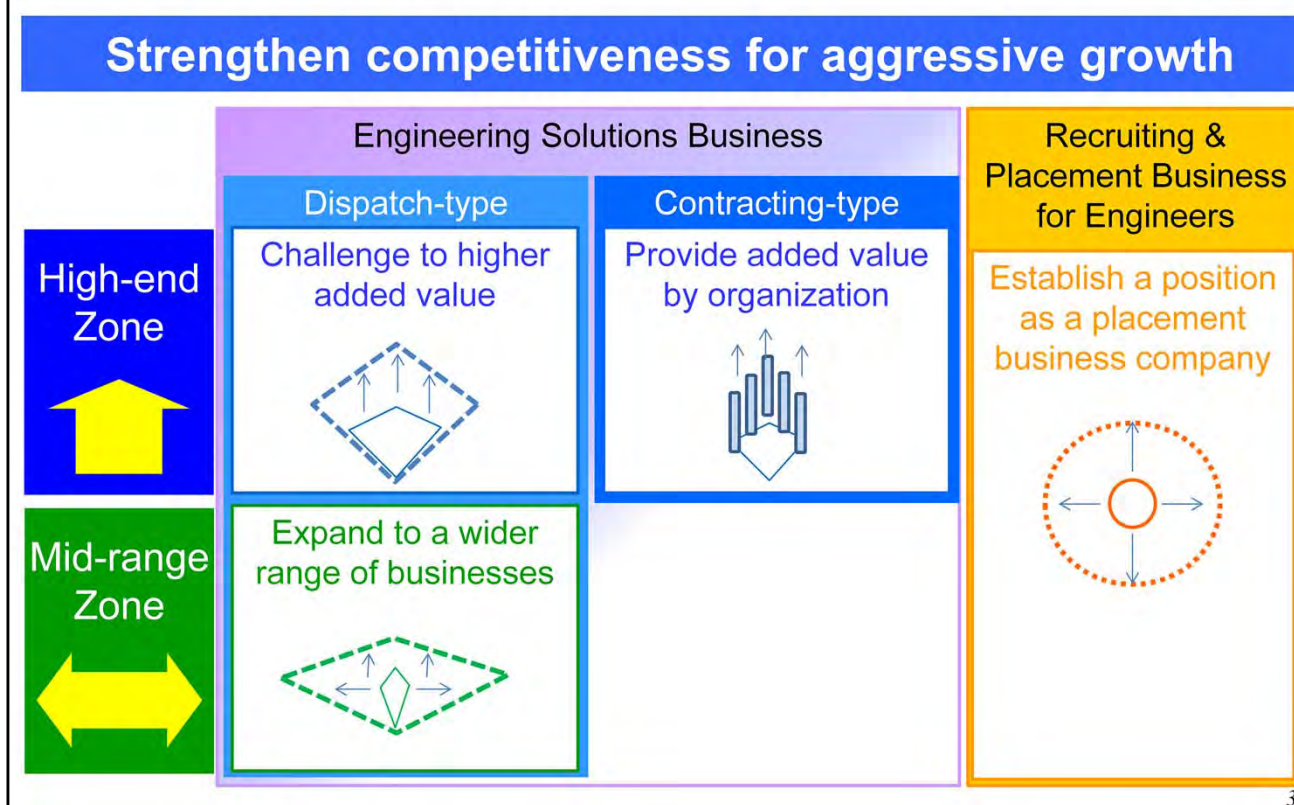
- We have also changed the Group segment name from "Temporary Staffing Business for Engineers" to "Engineering Solutions Business."
- Amidst extremely intense technological innovation and increasingly sophisticated client needs, to be a "Best Partner" which plays the core role, we must be more than a temporary staffing business for engineers and expand the breadth of services with the strength of people and technology. Also, we have created the new name of "Engineering Solutions Business" to signify our intention of providing the best technological solutions to solve our clients' problems.

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	✓ We have slightly revised the Basic Policy Regarding Profit Distribution, and have formulated a 3-year profit distribution plan.		
ROE	20%			

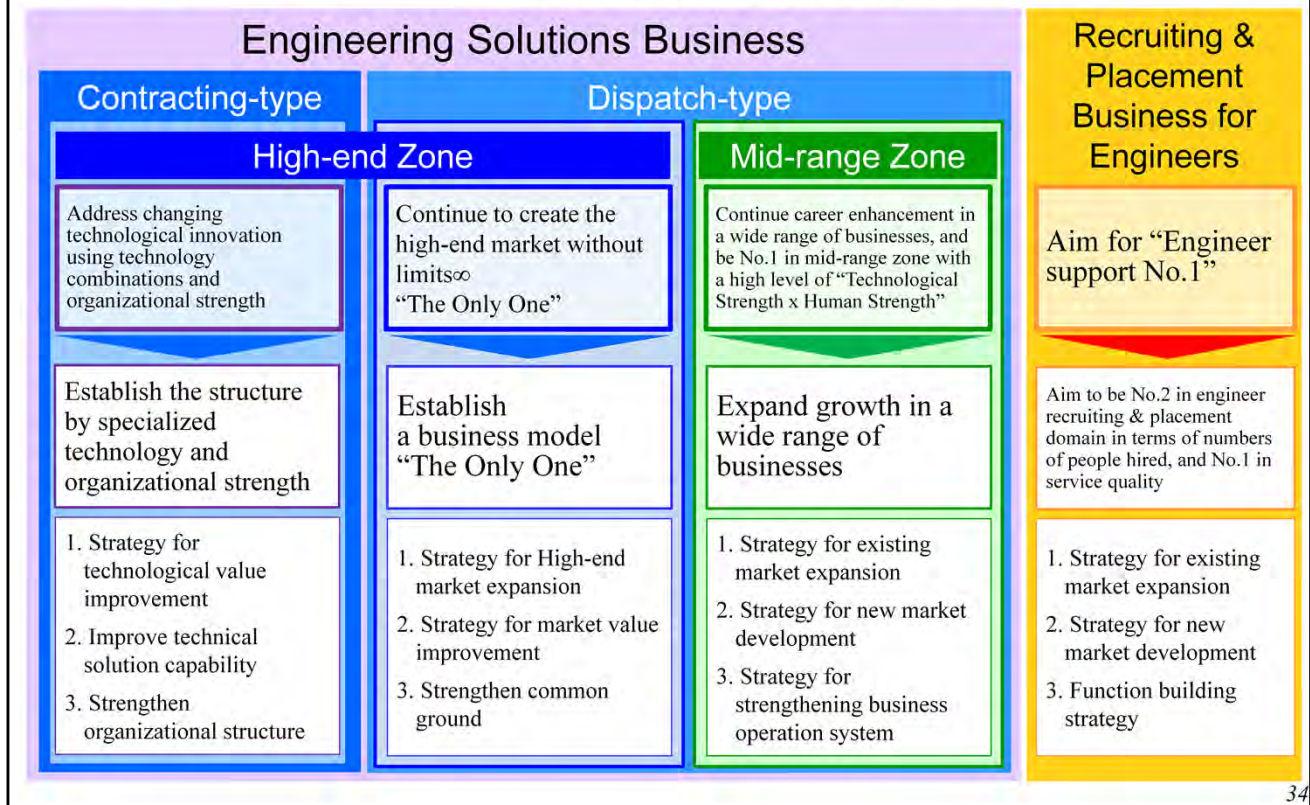
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- This shows the performance targets for the fiscal year ending March 31, 2020, the last year for the new Mid-term Management Plan.
- In the coming three years, we have set a goal of “Strengthen Competitiveness for Aggressive Growth,” and have set Group consolidated targets of ¥100.0 billion in net sales, ¥13.0 billion in operating profit, margin of 13%, profit of ¥9.0 billion, and ROE of 20%, our highest target levels ever.
- I will discuss this in more details later on.



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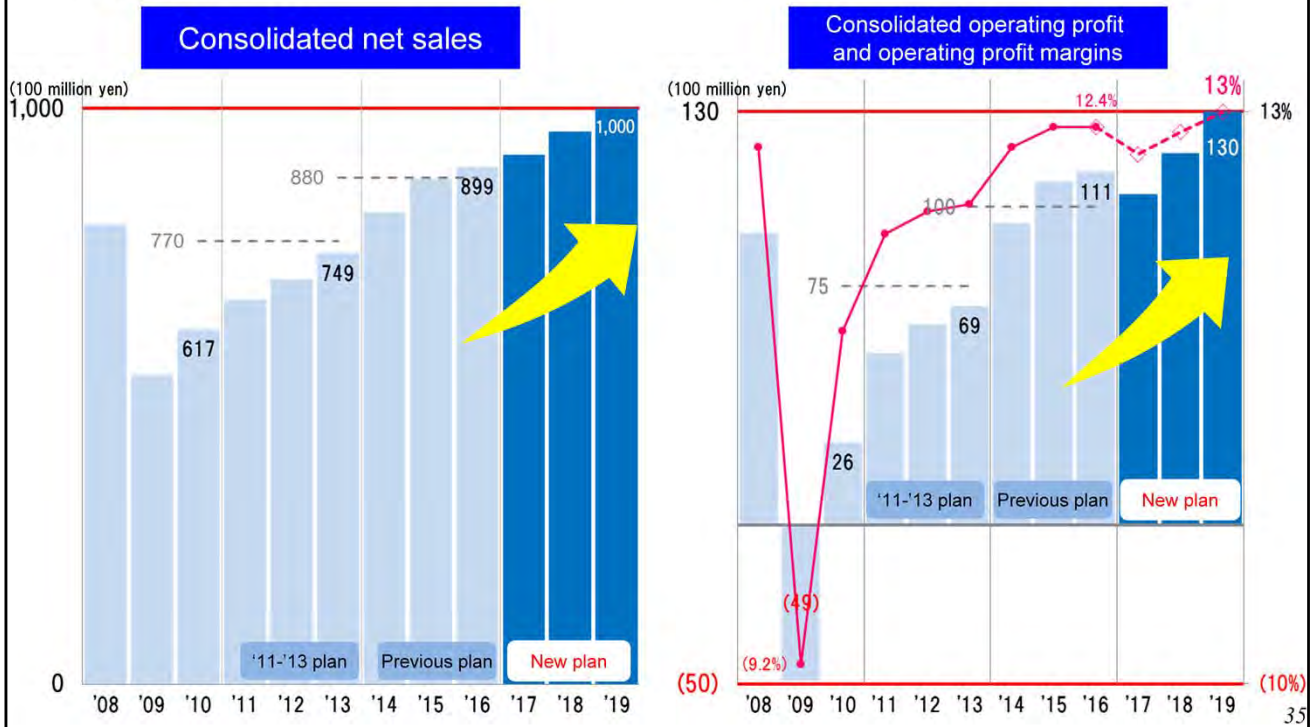
- In the new Mid-term Management Plan, we aim to become “The Only One” corporate group with the High-end Zone as Meitec Group’s main focus, and will promote two businesses, the Engineering Solutions Business and the Recruiting & Placement Business for Engineers.
- In the Engineering Solutions Business, even within the zone focused on the high-end, we have defined zones with even more technologically sophisticated operations phases as positions to play a role the Meitec Group’s long-term strategy, and are enhancing them further. At the same time, to respond even further to the needs of our clients in the Mid-range Zone, we are developing a full-fledged expanded strategy.
- We will work toward the further growth of our “Dispatch-type Engineering Solutions Business” (former Temporary Staffing Business for Engineers) and our Recruiting & Placement Business for Engineers. Furthermore, based on the strengths we have cultivated thus far, to imagine new business value, we are challenging a “Contracting-type Engineering Solutions Business.”



- The future vision, business targets three years in the future, and policies for the Engineering Solutions Business and Recruiting & Placement Business for Engineers are as listed.

Next Stage 1 Performance Targets

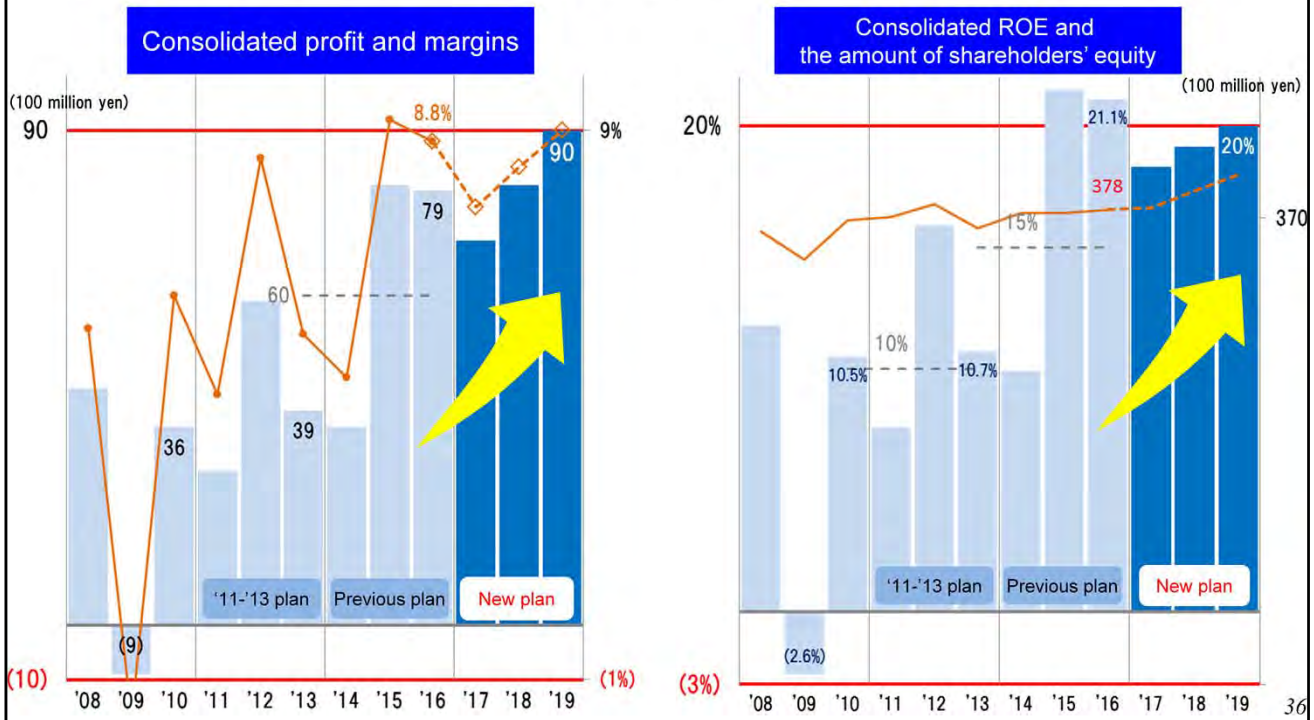
✓ Net sales are 100.0 billion yen, operating profit is 13.0 billion yen, and operating profit margins are 13%.



- Past results and current performance targets for consolidated net sales, operating profit, and operating profit margin are as listed.
- I will explain the performance targets for the first year of the new Mid-term Management Plan in the following forecast section.

Next Stage 1 Performance Targets

- ✓ Targets for FY2019 are profit attributable to owners of parent of 9.0 billion yen and return on equity (ROE) of 20% ※Refer to 3-year profit distribution plan

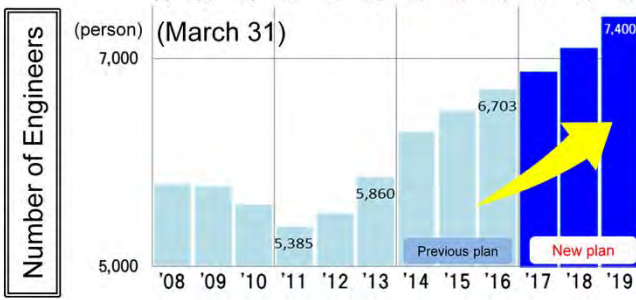
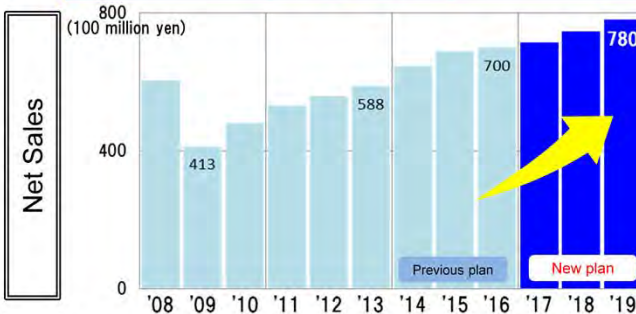


- Consolidated profit and margins for the fiscal year ended March 31, 2017 and current performance targets are as listed.

Next Stage 1 Performance Targets

Challenge to higher added value
Provide added value by organization
12% growth in 3 years
(4% per year)

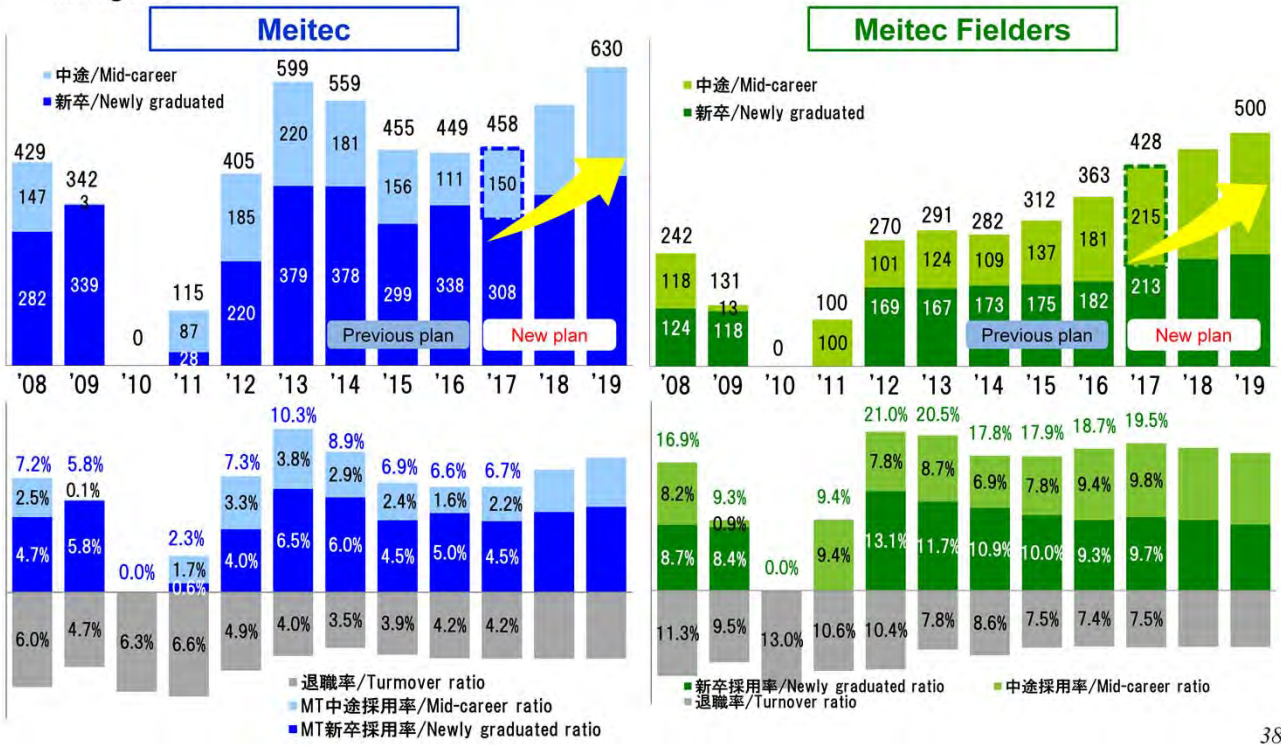
Expand to a wider area
Roughly 35% growth in 3 years
(11% per year)



- The levels of past results and current performance targets for net sales for both Meitec and Meitec Fielders are as listed, and in the coming three years, we are aiming for 12% growth for Meitec, an annualized rate of 4%, and roughly 35% growth for Meitec Fielders, an annualized rate of 11%.

Next Stage 1 Performance Targets

✓ Aim for 630 hires for Meitec and 500 hires for Meitec Fielders in the third year of the Mid-term Management Plan

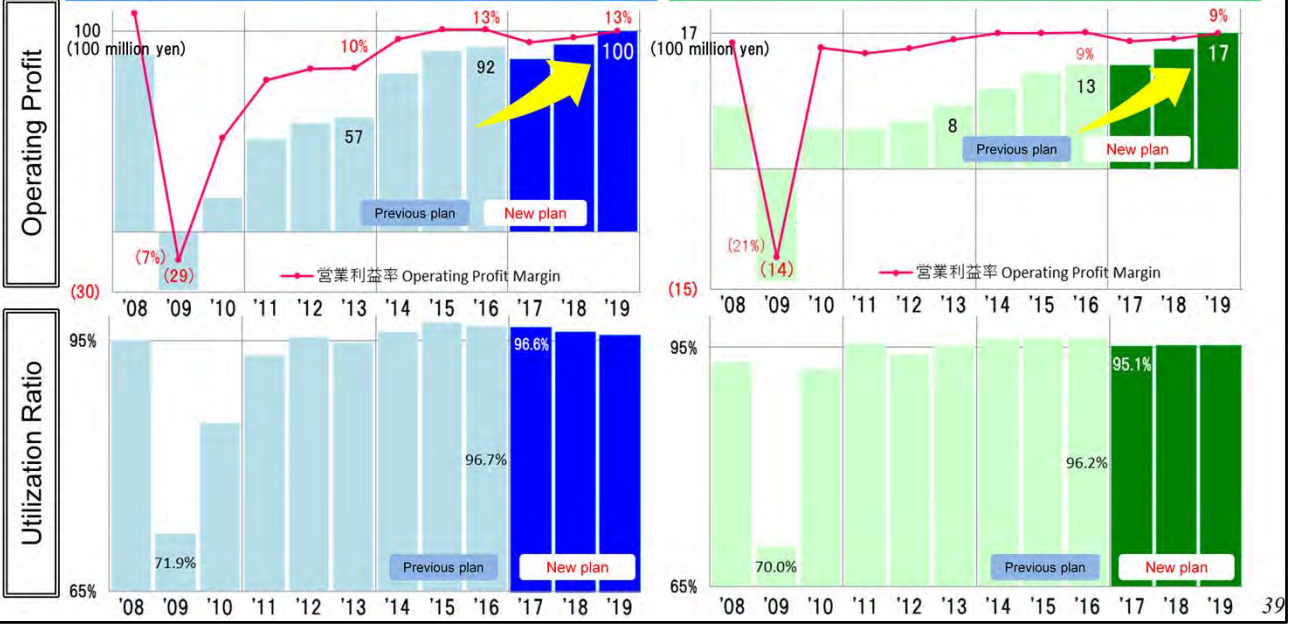


- To achieve the target of 10,200 Group engineers at the end of the third year of the new Mid-term Management Plan, the Group aims for 630 hires for Meitec and 500 hires for Meitec Fielders in the third year of the Mid-term Management Plan.
- Furthermore, the hiring ratio at Meitec Fielders is projected to decrease each year, but this is because the number of (stock) engineers is rising more than the number of (flow) hires.

Next Stage 1 Performance Targets

Challenge to higher added value
Provide added value by organization
Operating profit target: 10.0 billion yen

Expand to a wider area
Operating profit target: 1.7 billion yen



- Levels of past results and current performance targets including operating profit and utilization ratio for Meitec and Meitec Fielders are as listed.

✓ Slightly revised based on the Mid-term Management Plan starting from fiscal 2017

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	<table border="1"> <tr> <td>Purchase of treasury Shares</td> <td>Carry out as appropriate, taking the total return ratio and dividend payout ratio levels into consideration</td> </tr> <tr> <td>Retain Maximum of 2 million shares</td> <td>Retired Excess above maximum to be retired</td> </tr> </table>	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
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				

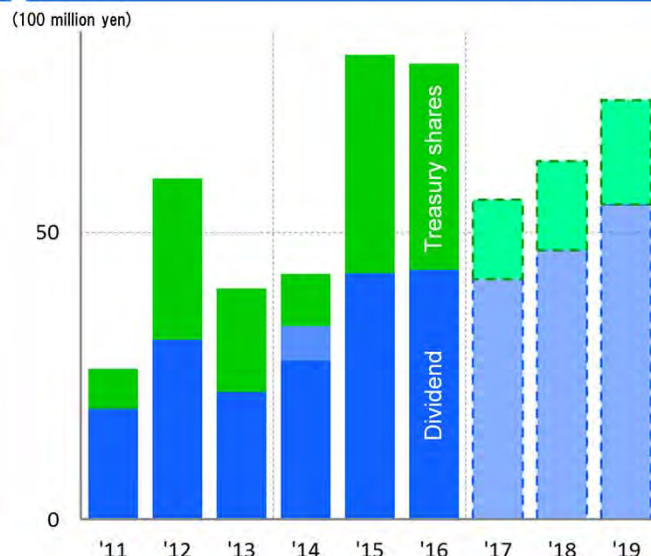
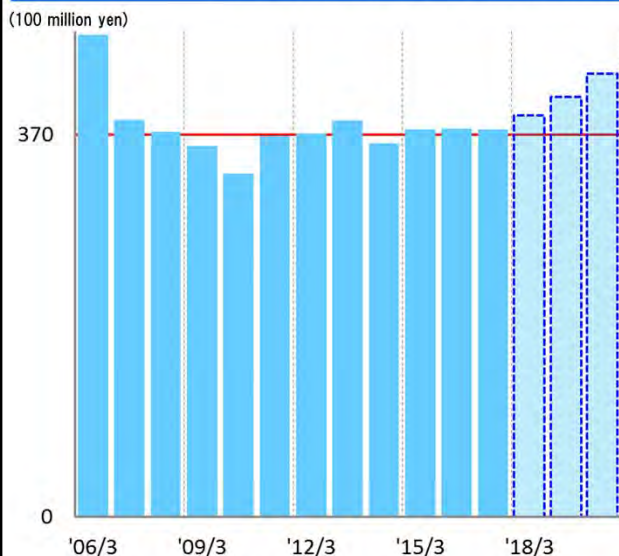
✓ To realize the flexible financial position, for the implementation of future growth strategies and response to the risk associated in achieving the goals of the management plan, treasury shares will be held by the company.

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- In the Mid-term Management Plan, we set “aggressive growth” as a goal, and to take risk, we are again specifying the premises of our profit distribution policy and making minor revisions.
- We have explained in the past that we will enhance the “quality and quantity” of shareholders’ equity as its first priority, and we have concretely specified that prerequisite.
- There have been no other changes to the existing policy.

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)



- Next, this shows the plan of profit distribution for three years in the new Mid-term Management Plan.
- Given the risk taking in the Mid-term Management Plan, to enhance shareholders' equity, we aim to increase shareholders' equity to ¥40.0 billion by the end of March 2020 and set a total return ratio of roughly 80%, with a 60% dividend payout ratio and 20% going to the purchase of treasury shares, a breakdown that reflects the dialogue with shareholders and investors.

3. Forecast for the Fiscal Year

Ending March 31, 2018

人と技術で次代を拓く

MEITEC
Engineering Firm at The Core

- Lastly, I will discuss our forecasts for the fiscal year ending March 31, 2018, the first year of the new Mid-term Management Plan.

Forecast for the Fiscal Year Ending March 31, 2018 (Group Consolidated)

- ✓ Net sales is expected to rise 2.2% year on year to 92.0 billion yen (a record high), while operating profit is expected to decline 6.7% YoY to 10.4 billion yen → Impact of SG&A expenses increasing 10.3% YoY → To be explained below on a per-company basis
- ✓ Profit attributable to owners of parent is expected to fall 11.8% year on year to 7.0 billion yen

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2018	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2017	YoY Amount	% Change	Forecast 2nd Half
Net sales	92,000	+2,020	+2.2%	45,000	+888	+2.0%	47,000
Cost of sales	67,900	+1,482	+2.2%	33,400	+538	+1.6%	34,500
SG&A Expenses	13,700	+1,281	+10.3%	6,800	+621	+10.1%	6,900
Operating profit	10,400	(742)	(6.7%)	4,800	(271)	(5.3%)	5,600
Operating profit margins	11.3%	(1.1%)		10.7%	(0.8%)		12.0%
Ordinary profit	10,400	(745)	(6.7%)	4,800	(274)	(5.4%)	5,600
Profit attributable to owners of parent	7,000	(937)	(11.8%)	3,100	(366)	(10.6%)	3,900
Earnings per Share	246.07	(28.25)		108.97	(9.86)		

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- This shows our consolidated forecasts for the Group.
- We forecast record net sales of ¥92.0 billion, up 2.2% year on year, and operating profit of ¥10.4 billion, down 6.7% year on year.
- Our forecast for a drop in operating profit year on year is mainly due to our outlook for an increase in SG&A expenses.
- I will explain the reasons for the increase in SG&A expenses later in the forecasts for the individual companies.
- We forecast profit attributable to owners of parent of ¥7.0 billion, a decline of 11.8% year on year due to lower operating profit and a reduction in the tax burden.

Forecast for the Fiscal Year Ending March 31, 2018 (Meitec)

- ✓ Net sales is expected to rise 2.0% year on year to 71.5 billion yen, while operating profit is expected to decline 6.7% YoY to 8.6 billion yen
- ✓ The increase in system costs (lag in projects planned in previous fiscal year) is the main factor with respect to SG&A expenses

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2018	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2017	YoY Amount	% Change	Forecast 2nd Half
Net sales	71,500	+1,416	+2.0%	35,000	+926	+2.7%	36,500
Cost of sales	53,100	+1,086	+2.1%	26,100	+554	+2.2%	27,000
Cost of sales to Net sales	74.3%	+0.1%		74.6%	(0.4%)		74.0%
SG&A Expenses	9,800	+943	+10.7%	4,900	+473	+10.7%	4,900
Operating profit	8,600	(613)	(6.7%)	4,000	(100)	(2.4%)	4,600
Operating profit margins	12.0%	(1.1%)		11.4%	(0.6%)		12.6%
Ordinary profit	9,300	(498)	(5.1%)	4,700	+20	+0.4%	4,600
Profit	6,500	(573)	(8.1%)	3,200	(79)	(2.4%)	3,300
Utilization ratio (Company-wide)	96.6%	(0.1%)		95.7%	+0.4%		97.6%
Working Hours<h/day>	8.78	—		8.74	—		8.82
Number of Recruitment	458	+9					
Newly graduated	308	(30)					
Mid-career	150	+39					
Turnover Ratio	4.2%	—					
				Target of the New Graduates to be hired for April 2018		To Apr. 2017	
				360		+52	

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- This shows our forecasts for Meitec.
- We forecast net sales of ¥71.5 billion, up 2.0% year on year, and operating profit of ¥8.6 billion, down 6.7% year on year.
- The main reason behind our forecast for lower operating profit is increase in SG&A expenses.
- The reasons for the increase in SG&A expenses are our forecast for increases in hiring expenses and increases in system costs after system projects planned for the previous fiscal year were delayed into the current fiscal year.
- Furthermore, cost of sales to net sales is expected to rise slightly year on year because the utilization ratio is forecast to decrease slightly year on year.
- As a result, we forecast profit of ¥6.5 billion, down 8.1% year on year.

Forecast for the Fiscal Year Ending March 31, 2018 (Meitec Fielders)

- ✓ Net sales is expected to rise 10.3% year on year to 16.4 billion yen, while operating profit is expected to decline 3.4% YoY to 1.3 billion yen
- ✓ The increase in hiring expenses (the increase in employees) and system costs is the main factor with respect to SG&A expenses

(Fractions of one million yen are rounded down)	Forecast FY ending March 31, 2018	YoY Amount	% Change	Forecast 1st half ending Sept.30, 2017	YoY Amount	% Change	Forecast 2nd Half
Net sales	16,400	+1,534	+10.3%	7,900	+681	+9.4%	8,500
Cost of sales	12,800	+1,259	+10.9%	6,200	+562	+10.0%	6,600
Cost of sales to Net sales	78.0%	+0.4%		78.5%	+0.4%		77.6%
SG&A Expenses	2,300	+321	+16.2%	1,100	+160	+17.1%	1,200
Operating profit	1,300	(46)	(3.4%)	600	(41)	(6.4%)	700
Operating profit margins	7.9%	(1.2%)		7.6%	(1.3%)		8.2%
Ordinary profit	1,300	(46)	(3.5%)	600	(39)	(6.2%)	700
Profit	900	(145)	(13.9%)	400	(123)	(23.6%)	500
Utilization ratio (Company-wide)	95.1%	(1.1%)		93.2%	(1.3%)		97.0%
Working Hours〈h/day〉	8.91	—		8.87	—		8.94
Number of Recruitment	428	+65					
Newly graduated	213	+31					
Mid-career	215	+34					
Turnover Ratio	7.5%	—					
				Target of the New Graduates to be hired for April 2018	To Apr. 2017		
				230	+17		

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- This shows our forecasts for Meitec Fielders.
- We forecast net sales of ¥16.4 billion, up 10.3% year on year, and operating profit of ¥1.3 billion, down 3.4% year on year.
- The two main reasons behind our forecast for lower operating profit are increases in cost of sales and SG&A expenses.
- The increase in the cost rate is based on our forecast for year-on-year decline in utilization ratio.
- Furthermore, the background to the 1.1% decline forecast for the utilization ratio is the increase in the number of recruitment.
- The main reasons for higher SG&A expenses are increases in hiring expenses and system costs.
- As a result, we forecast profit of ¥0.9 billion, down 13.9% year on year.

Hiring Target for the Fiscal Year Ending March 31, 2018

Mid-career (FY 2018/3)

- 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 to improve the efficiency of hiring mainly the mechanical and electric/electronics engineers, while continue to maintain our hiring standards.
→ Bolster the ability to attract applicants by having people understand the fact that our business continually generates lifetime professional engineers
→ Strengthen cooperation with placement agencies

New Graduates (Joined April 2018)

- 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.

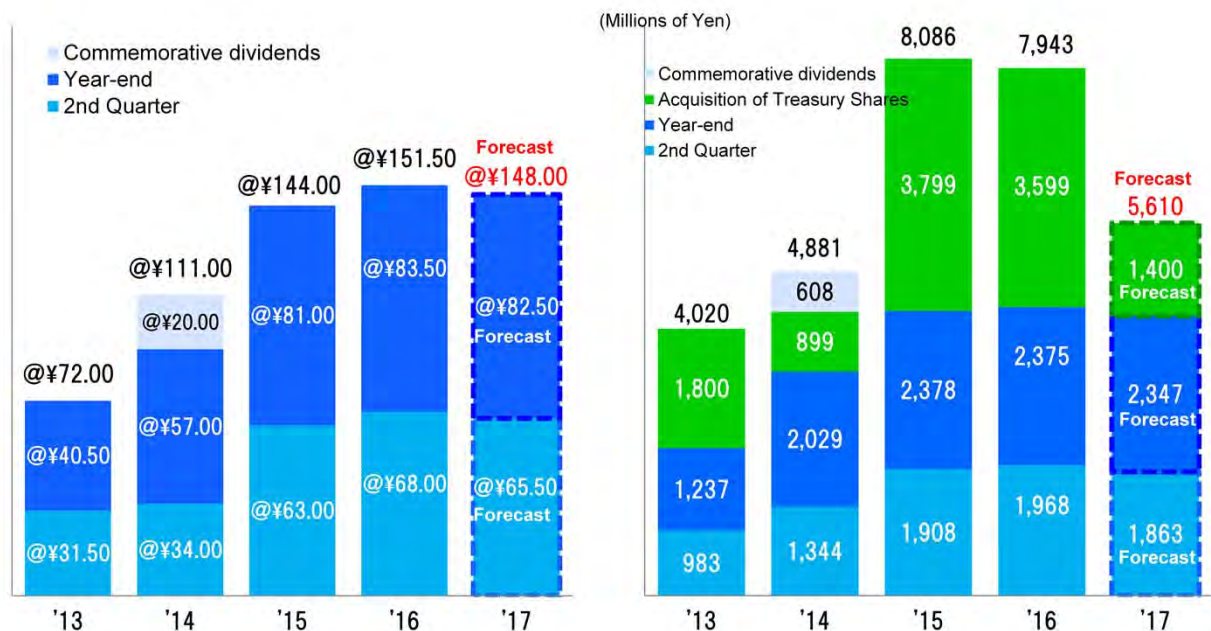
(person)	Fiscal Year Ending March 31, 2018					Fiscal Year Ending March 31, 2019	
	New Graduates April 2017	Mid-career		Total		New Graduates April 2018	
	(Actual)	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year	<Target>	Comparison to Previous Year
Meitec	308	150	+39	458	+9	360	+52
Meitec Fielders	213	215	+34	428	+65	230	+17
Total	521	365	+73	886	+74	590	+69

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- This shows our hiring target.
- The hiring environment is extremely challenging due to the strong corporate demand for hiring resulting from the shortage of engineering personnel, but we have set hiring targets which exceed actual results from the previous fiscal year.
- For new graduate recruitment, Meitec ranks 53rd among Japanese companies and second for the number of science and engineering majors, according to a certain newspaper, illustrating how we still continue to have ambitious hiring target. However, when searching for a job, science and engineering majors have a general understanding of the work style of engineers, which leads us to accept their applications and hire them.
- Even in the difficult hiring environment, our hiring standards have remained unchanged, and by bolstering our ability to attract applicants through various policies and continuing hiring activities that value applicants' preferences, we aim to achieve our high targets.

Results and Forecast of Profit Distribution

- ✓ The year-end dividend for FY2016 is 83.5 yen, which together with the interim dividend of 68 yen comes to an annual dividend of 151.5 yen
- ✓ For FY2017, 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 4.2 billion yen + purchase of treasury shares amount 1.4 billion yen) ÷ forecast profit 7.0 billion yen



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- Lastly, I will discuss our results and forecast of profit distribution.
- Profit attributable to owners of parent exceeded our forecast, we have revised up our dividend forecast by roughly ¥12.00 from ¥71.50 per share to ¥83.50 per share for the year-end dividend of the fiscal year ended March 31, 2017. We will seek approval for this higher dividend at the general meeting of shareholders. Together with the interim dividend of ¥68.00, this will result in an annual dividend of ¥151.50 per share.
- In line with the plan of profit distribution explained before, our forecast for the fiscal year ending March 31, 2018 is a total return ratio of 80%.
- Based on our forecast for profit attributable to owners of parent of ¥7.0 billion, we will therefore allocate roughly ¥4.2 billion to the ordinary dividend, equating to ¥148 per share, and ¥1.4 billion to the purchase of treasury shares.
- That ends my presentation today.
We will continue to strive to respond to your expectations in the future, pursue sustainable growth for Meitec and the Meitec Group, and create conditions to return profit to our investors, and we ask for an even greater level of your understanding and support.

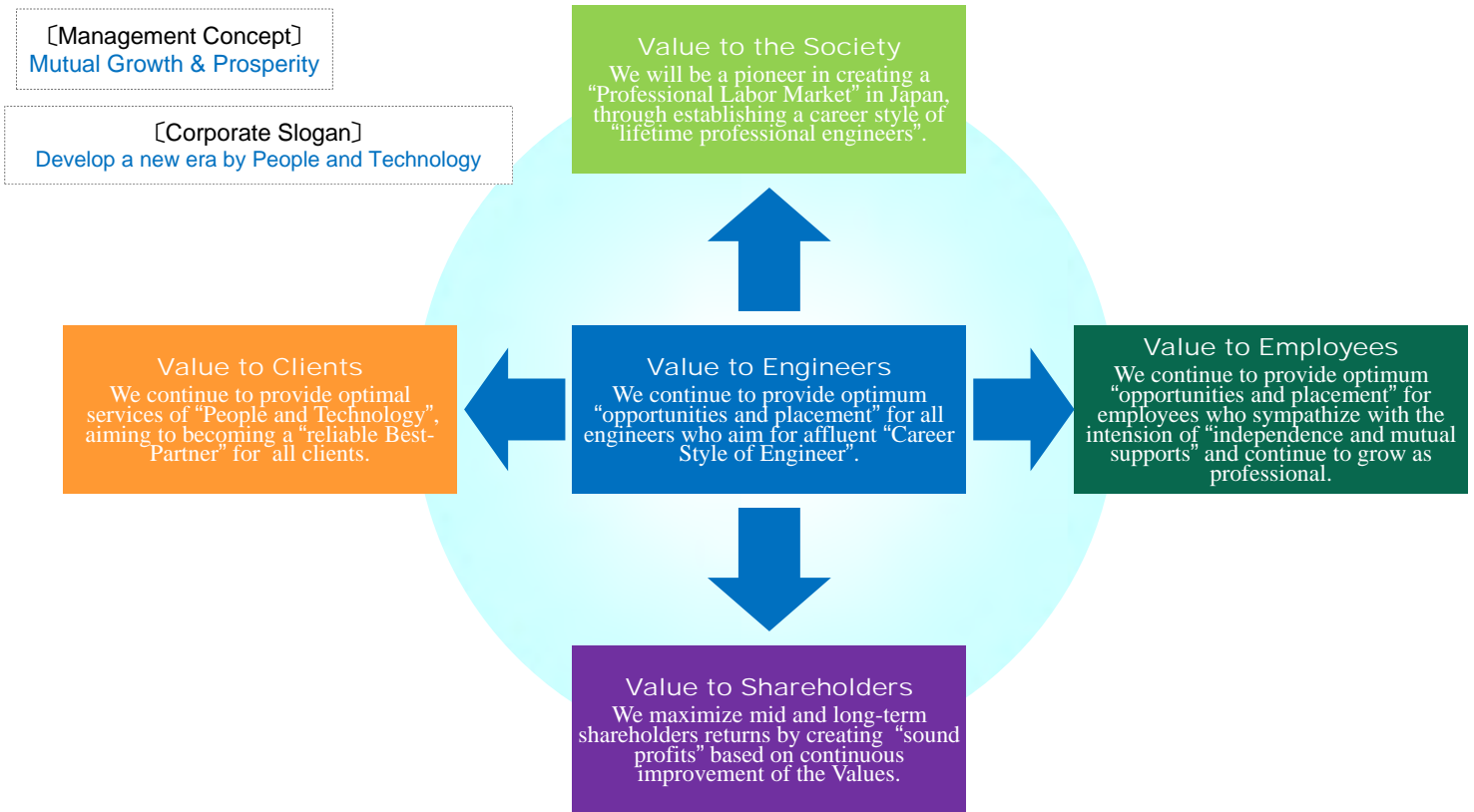
Thank you for listening.

4. Reference Materials

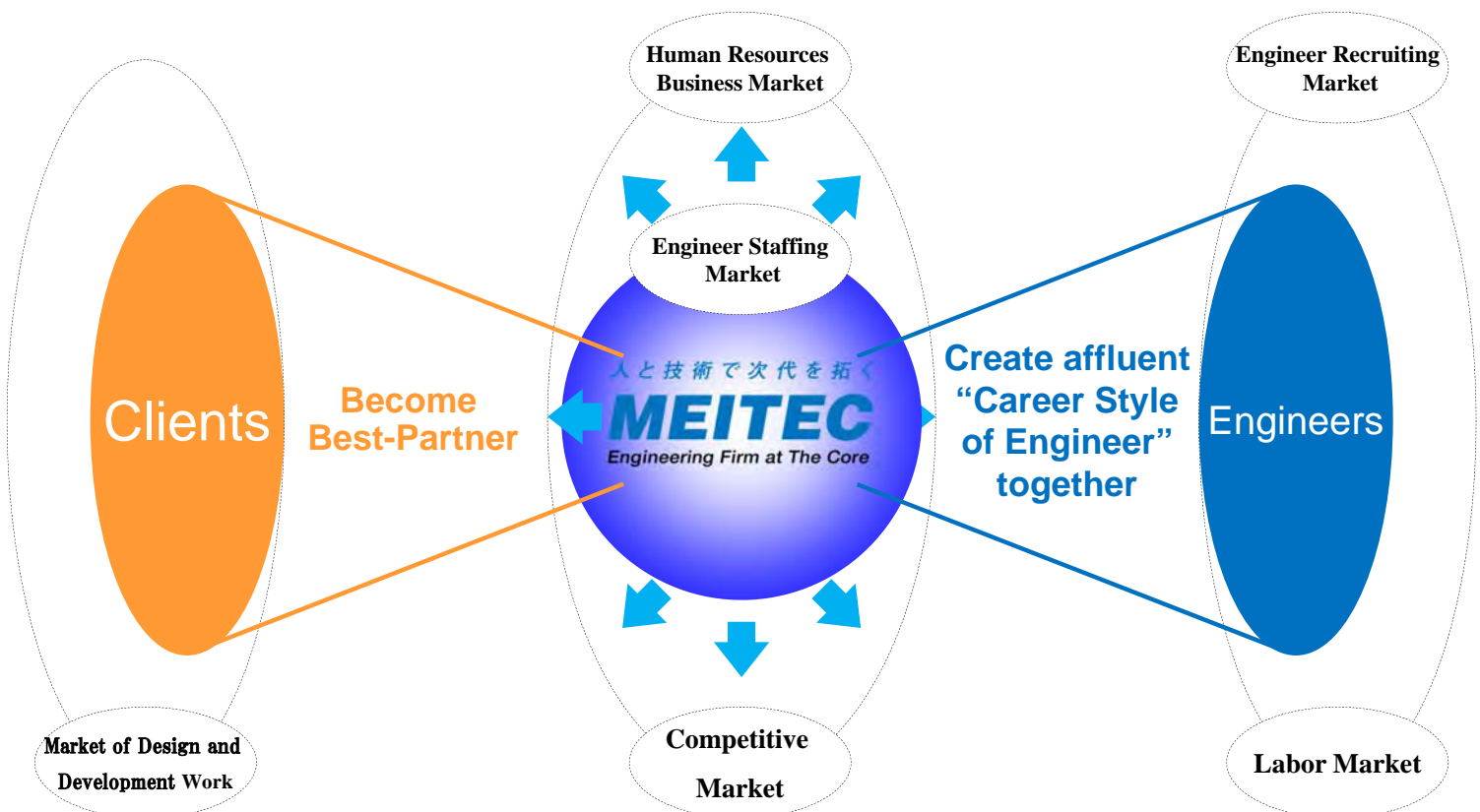
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“Ideal State of the Meitec Group”

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.



Target of Providing the Value



Results for the Fiscal Year Ended March 31, 2017

- ✓ Operating profit margins of Meitec Next (recruiting & placement business) is approx.30%, Sale of Apollo Giken Gr., discontinuance of China business

(Millions of yen)	Temporary Staffing Business				Recruiting & Placement Business			Engineering Solutions Business
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next	All engineer .jp	Meitec (China)	Apollo Giken Gr.
Net sales	70,083	14,865	2,739	95	1,483	114	56	985
YoY Amount	+1,204	+1,537	+103	+26	+162	(18)	(13)	(1,019)
% Change	+1.7%	+11.5%	+3.9%	+38.5%	+12.3%	(14.0%)	(19.4%)	(50.9%)
Operating profit	9,213	1,346	113	(29)	517	23	(19)	(47)
YoY Amount	+151	+141	+25	+0	+83	(27)	+13	(116)
% Change	+1.7%	+11.8%	+29.6%	—	+19.2%	(53.3%)	—	—
Ordinary profit	9,798	1,346	113	(29)	517	23	(18)	(47)
Profit	7,073	1,045	80	(29)	334	15	(18)	(14)

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Forecast for the Fiscal Year Ending March 31, 2018

- ✓ Expecting increases in net sales in all companies, but declines in profit due to an increase in system costs and other factors

(Millions of yen)	Engineering Solutions Business				Recruiting & Placement Business for Engineers
	Meitec	Meitec Fielders	Meitec Cast	Meitec EX	Meitec Next
Net sales	71,500	16,400	2,800	130	1,500
YoY Amount	+1,416	+1,534	+60	+34	+16
% Change	+2.0%	+10.3%	+2.2%	+36.1%	+1.1%
Operating profit	8,600	1,300	70	(20)	400
YoY Amount	(613)	(46)	(43)	—	(117)
% Change	(6.7%)	(3.4%)	(38.1%)	—	(22.6%)
Ordinary profit	9,300	1,300	70	(20)	400
Profit	6,500	900	40	(20)	250

※ From April 1, 2017, we changed our business formally called as "Temporary Staffing Business" to "Engineering Solutions Business", "Recruiting & Placement Business" to "Recruiting & Placement Business for Engineers."

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Sales by the Industrial Segments (Meitec)

Millions of Yen

Meitec	FY2012	FY2013	FY2014	FY2015	FY2016			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	12,069	13,831	16,446	18,266	19,555	27.9%	+1,288	+7.1%
Aircraft/Aerospace	4,402	4,825	5,265	5,629	5,565	7.9%	(63)	(1.1%)
Industrial Machinery	8,205	8,477	9,631	10,215	10,331	14.7%	+116	+1.1%
Precision Equipment	4,041	4,599	4,762	4,982	5,245	7.5%	+262	+5.3%
IT Related Hardware and Devices	5,114	5,248	5,204	4,872	4,254	6.1%	(617)	(12.7%)
Electric and Electronics	8,532	7,990	8,032	8,270	8,193	11.7%	(76)	(0.9%)
Semiconductors and Integrated Circuits Design	3,424	3,622	4,104	4,280	4,024	5.7%	(256)	(6.0%)
Semiconductor Equipment and Devices	1,844	1,837	1,792	1,919	2,043	2.9%	+124	+ 6.5%
Information Processing/Software	3,886	3,887	4,365	4,886	5,008	7.1%	+121	+2.5%
Plant	1,563	1,611	1,903	2,346	2,518	3.6%	+171	+7.3%
Construction	325	371	368	374	373	0.5%	+0	(0.1%)
Others	2,412	2,572	2,798	2,834	2,967	4.2%	+133	+4.7%
Total	55,822	58,876	64,675	68,878	70,083	100.0%	+1,204	+1.7%

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Sales by the Industrial Segments (Meitec Fielders)

Millions of Yen

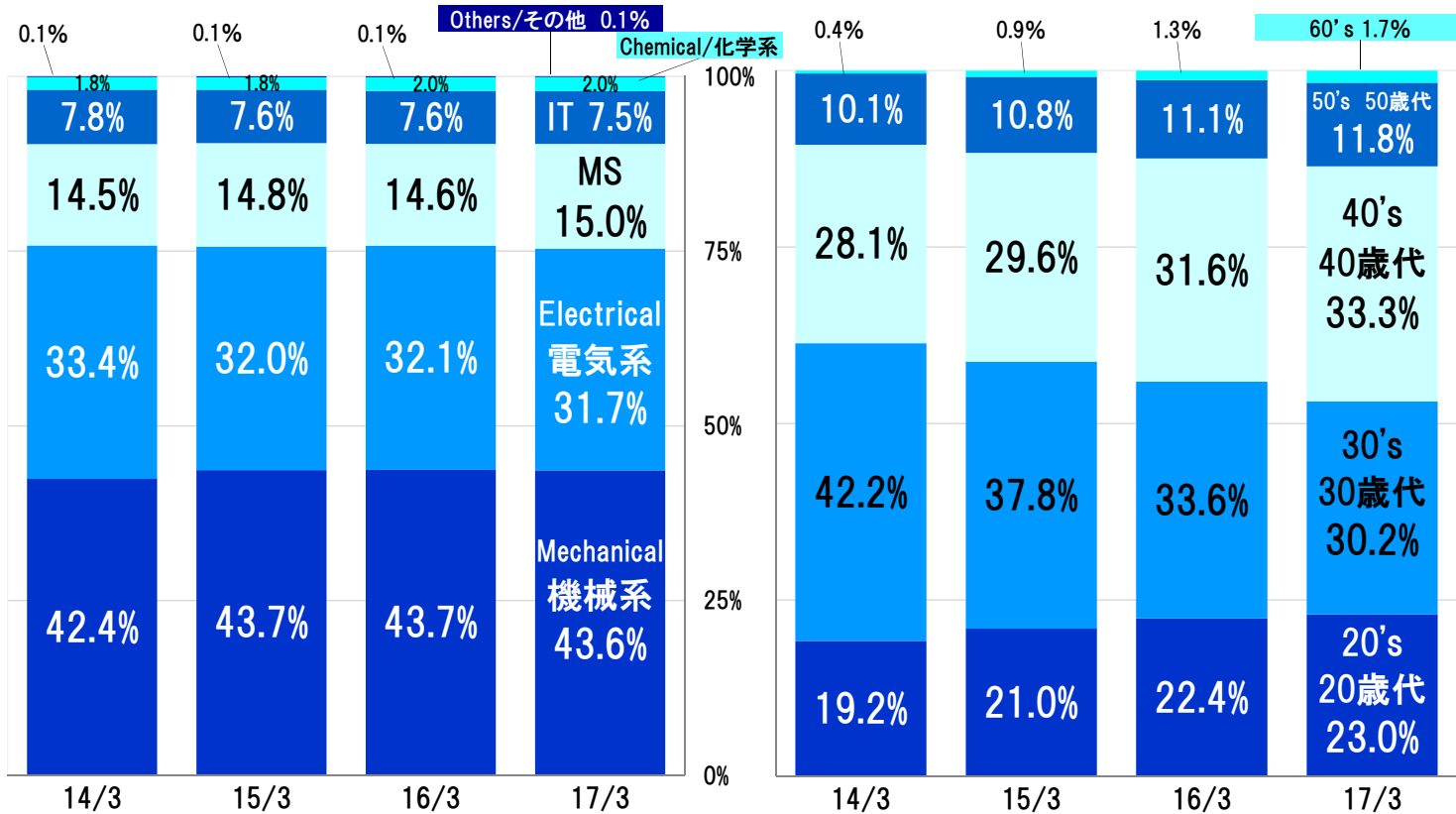
Meitec Fielders	FY2012	FY2013	FY2014	FY2015	FY2016			
	Net Sales				Net Sales	Total Net Sales(%)	Change	Change (%)
Automobile/Transportation	2,662	3,349	4,241	4,981	5,455	36.7%	+473	+ 9.5%
Aircraft/Aerospace	152	200	207	251	366	2.5%	+114	+ 45.7%
Industrial Machinery	1,254	1,509	1,770	1,929	2,157	14.5%	+227	+ 11.8%
Precision Equipment	1,300	1,609	1,625	1,666	1,760	11.8%	+94	+ 5.7%
IT Related Hardware and Devices	326	378	397	452	565	3.8%	+112	+ 24.9%
Electric and Electronics	1,682	1,508	1,568	1,656	1,827	12.3%	+171	+ 10.4%
Semiconductors and Integrated Circuits Design	532	437	457	505	511	3.4%	+6	+ 1.2%
Semiconductor Equipment and Devices	414	455	403	536	672	4.5%	+135	+ 25.4%
Information Processing/Software	166	261	342	341	336	2.3%	(5)	(1.5%)
Plant	225	287	389	473	561	3.8%	+87	+ 18.5%
Construction	97	98	26	16	22	0.2%	+6	+ 36.8%
Others	534	491	481	515	628	4.2%	+112	+ 21.8%
Total	9,349	10,587	11,911	13,327	14,865	100.0%	+1,537	+11.5%

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Distribution of Engineers by Technical Fields and Age (Meitec)

技術分野/Technical field

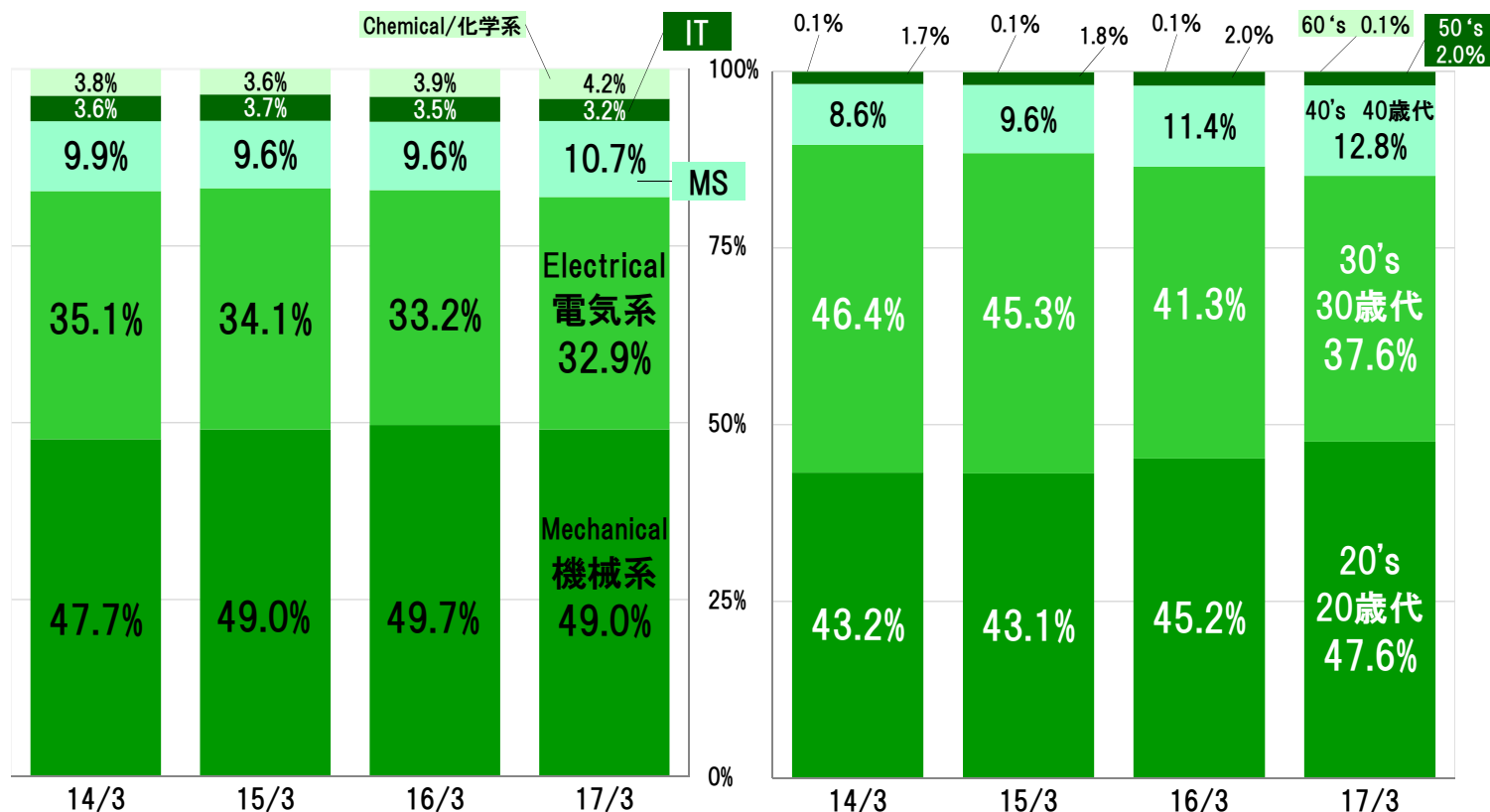
年齢/According to age



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

技術分野/Technical field

年齢/According to age



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%

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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%

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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%

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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%

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Trend of Balance Sheets (Consolidated)

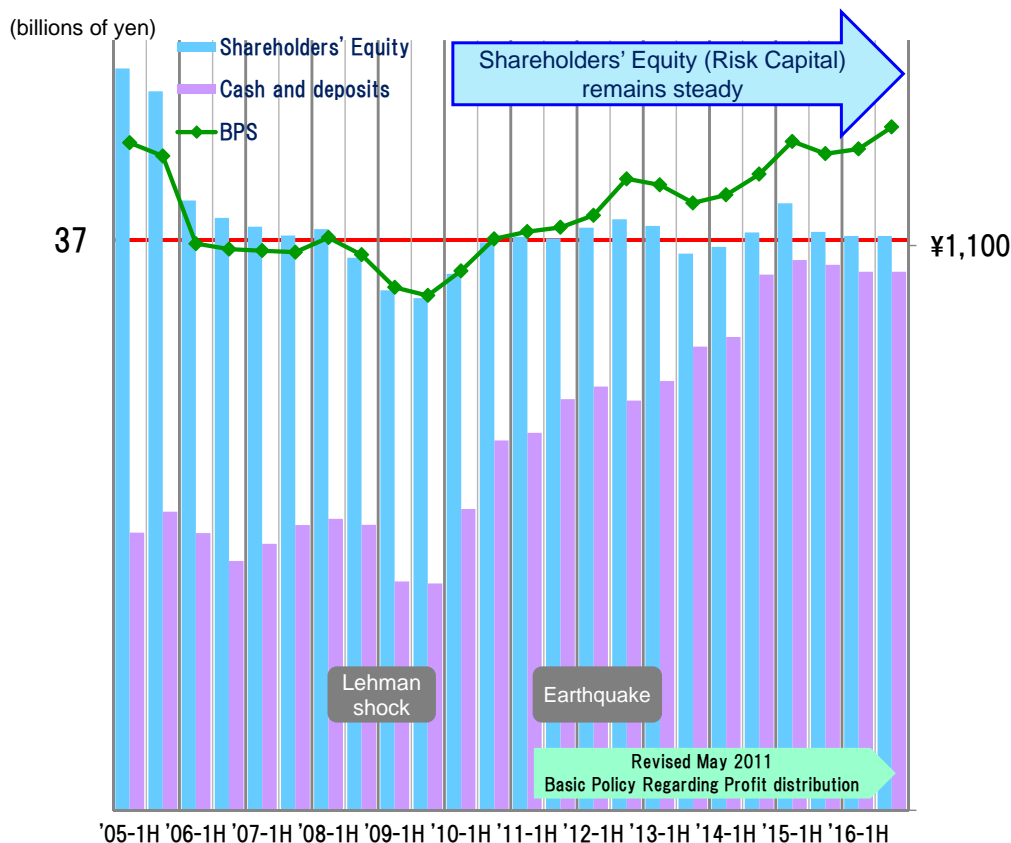
(Millions of Yen)	2007/3/31	2008/3/31	2009/3/31	2010/3/31	2011/3/31	2012/3/31	2013/3/31	2014/3/31	2015/3/31	2016/3/31	2017/3/31
Cash and deposits	16,177	18,512	18,526	14,732	23,999	26,686	26,592	30,104	34,773	35,413	37,259
Notes and accounts receivable - trade	13,256	12,841	10,985	9,582	10,245	10,675	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

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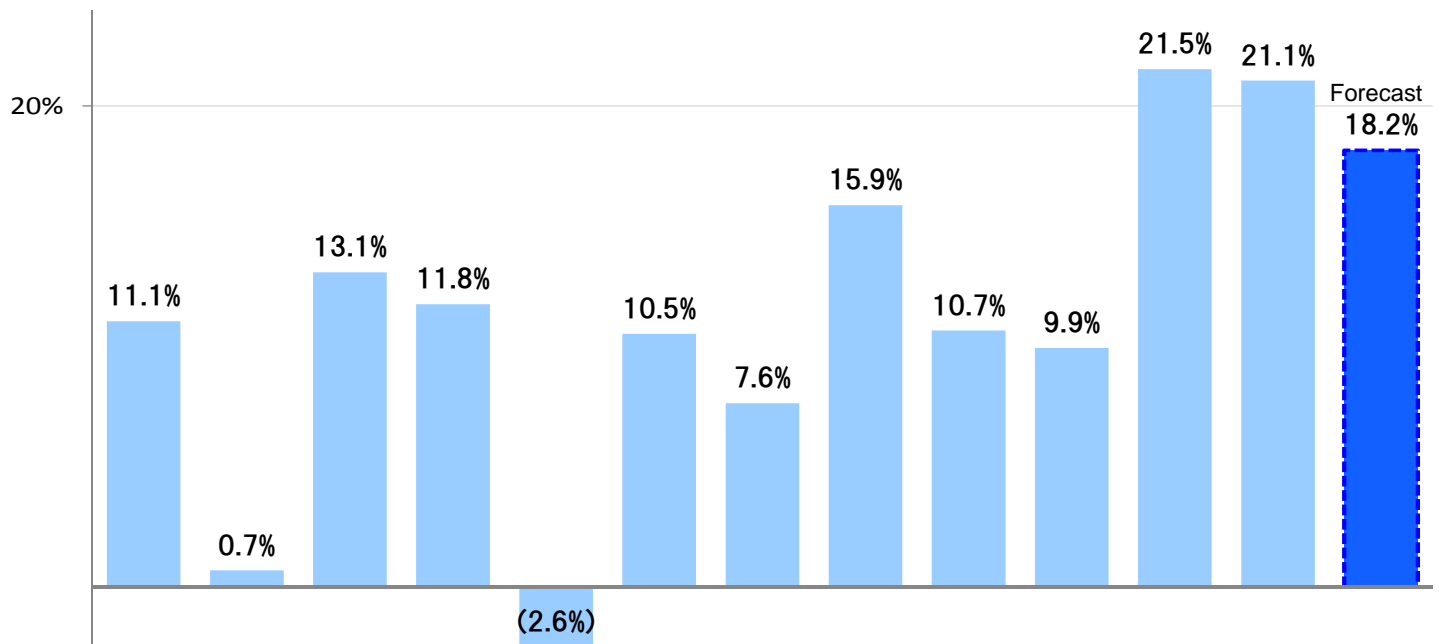
Shareholders' Equity and Cash and Deposit

- ✓ 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.

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(3%)	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17
ROE	11.1%	0.7%	13.1%	11.8%	(2.6%)	10.5%	7.6%	15.9%	10.7%	9.9%	21.5%	21.1%	18.2%
Profit	5,302	295	4,958	4,303	(904)	3,690	2,827	5,993	3,973	3,659	8,083	7,937	7,000
Shareholders' Equity	46,668	38,451	37,303	35,864	33,235	36,857	37,121	38,360	36,142	37,516	37,543	37,851	38,533

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	
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%	60.1%	
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%		
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	@¥148.00
	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	4,210
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	@¥65.50
	Millions of Yen	1,630	1,579	1,304	1,590	812		961	981	983	1,344	1,908	1,968	1,863
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	@¥82.50
	Millions of Yen	1,699	1,583	1,184	928		911	965	2,153	1,237	2,029	2,378	2,375	2,347
Acquisition of Treasury Shares	Thousands of shares	1,405	1,353	857	1,174			421	1,506	641	269	279	915	
	Millions of Yen	5,100	5,099	3,100	2,800			700	2,800	1,800	899	3,799	3,600	1,400
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	5,610
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	@¥246.07
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	

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, 2017)

• Directors 9 (of which outside 2, independent 2)

• Audit & supervisory board members 3

(of which outside 3, independent 3)

*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 (COO)	Yearly payment	¥28,800K (Monthly ¥2,400K)
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)

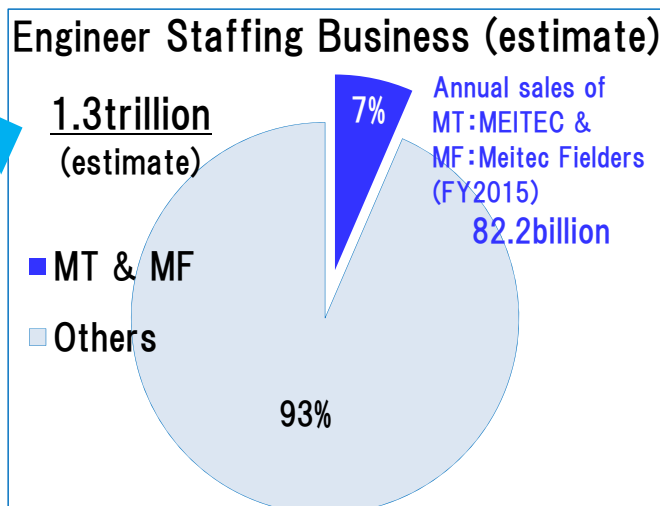
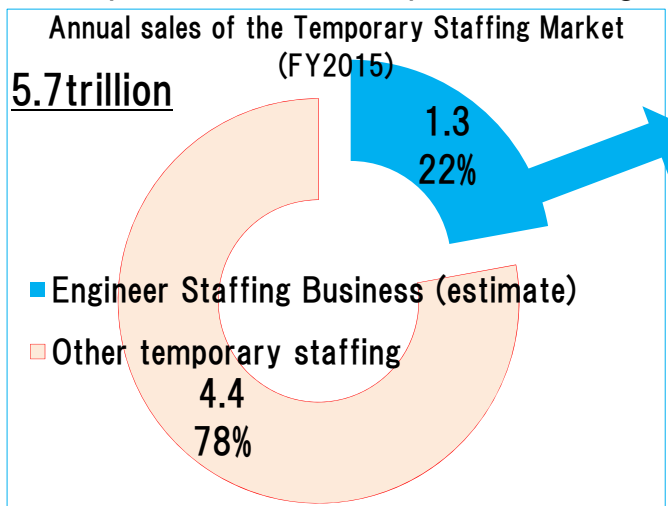
Performance-linked remuneration etc.

	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)

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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

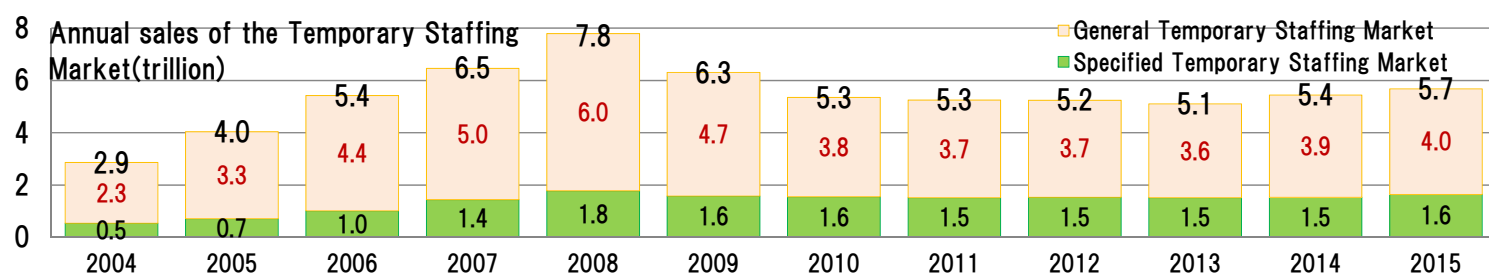


MEITEC
@¥5,045
(Mar-2015)

Engineer Staffing
@¥3,380
(estimate)

Specified W.D.U.
@¥2,978

General W.D.U.
@¥2,081



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

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Shareholders by Business Segments

Shareholder Segment	(As of the Fiscal year ended March 31, 2017)			
	Shareholders	%	Shares Held	%
Banks	6	0.1%	773,301	2.6%
Trust Banks	20	0.4%	7,474,500	24.9%
Life and nonlife insurance companies	26	0.5%	4,400,283	14.7%
Securities financing and other financial companies	5	0.1%	21,460	0.1%
Securities companies	35	0.6%	415,035	1.4%
Business concerns and other companies	87	1.6%	192,411	0.6%
Overseas companies and investors	214	4.0%	12,136,653	40.5%
Individuals and others	5,021	92.7%	4,586,357	15.3%
Total	5,414	100.0%	30,000,000	100.0%

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Company Information

Tokyo Headquarters	Akasaka, Minato-ku, Tokyo
Nagoya Headquarters	Nishi-ku Nagoya
Stock listings	Tokyo Stock Exchange, 1st Section (No. 9744)
Incorporated	July 17, 1974
Clients	Approximately 1,000 blue-chip companies, mostly listed in the first and second sections of Tokyo Stock Exchange
Branches	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 <p>[Recruiting & Placement Business for engineers]</p> <ul style="list-style-type: none"> ■ MEITEC NEXT CORPORATION

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