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Security code : 9744

May 30,2018

MEITEC CORPORATION
2-20-1, Kosei-tori, Nishi-ku, Nagoya-shi, Aichi, Japan
President and CEO: Hideyo Kokubun

# Notice of Convocation of the 45th Annual General Meeting of Shareholders

To Our Shareholders:

MEITEC CORPORATION (the Company) requests your attendance at the 45th Annual General Meeting of Shareholders, which will be held as follows**:**

If you will not attend the meeting, you may exercise your voting right by method in following page. After reviewing the reference material for the meeting herein, please exercise your voting right by 6:00 p.m. on June 20, 2018 (Wednesday).

1. Date and time: Thursday, June 21, 2018 at 2:00 p.m.

2. Place: Meitec Tokyo Office,
ORIX UENO 1-CHOME BUILDING 7th Floor,
1-1-10, Ueno,Taito-ku, Tokyo, Japan
In December 2017, the head office function was relocated to Taito-ku, Tokyo. As such, the location of the General Meeting of Shareholders will be changed to the above location from this year.

3. Purpose of the meeting:

Matters to be reported:

1) Presentation of the Business Report and Consolidated Financial Statements as well as Audit & Supervisory Board's Report from the audit of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board, for the 45th fiscal period (from April 1, 2017, to March 31, 2018)

2) Presentation of the Non-consolidated Financial Statements, for the 45th fiscal period (from April 1, 2017, to March 31, 2018)

Matters to be resolved:

| | |
|---|---|
| Agenda Item 1 | Dividend of the retained earnings (year-end dividend for the fiscal year ended March 31, 2018) |
| Agenda Item 2 | Election of one (1) Audit & Supervisory Board Member |
| Agenda Item 3 | Election of one (1) Alternate Audit & Supervisory Board Member |

4. About Exercising Your Voting Right

1) Exercising your voting right by mail

Please indicate whether you approve or disapprove on the resolution to the enclosed "Card for the Exercise of Voting Rights" and return it to the Company via mail, by 6:00 p.m. on June 20, 2018 (Wednesday)

2) Instructions for exercising your vote on the internet

If you are to attend the meeting, voting by sending the "Card for the Exercise of Voting Rights" or voting by internet is unnecessary.

3) Treatment of non-indication of vote on the "Card for the Exercise of Voting Rights"

If approval or disapproval is not indicated on the "Card for the Exercise of Voting Rights" in exercising the voting right via mail, it shall be treated as if approval were voted.

4) Treatment of duplicate exercise by the internet

In case that multiple number of votes is exercised on the internet, last vote registered on the internet will be recognized as valid. Furthermore, if you exercise your voting rights in duplicate by accessing the voting website from a personal computer, a smart phone and a mobile phone, the last time that you exercise your voting rights shall be deemed valid.

5) Treatment of duplicate exercise by writing and by the internet

In case that a voting right is exercised both by writing using the "Card for the Exercise of Voting Rights" and on the internet, only the vote registered on the internet will be recognized as valid.

6) About diverse exercise of your vote

If you wishes to make diverse exercise your voting right, please notify the Company in writing by 3 days prior to the Annual General Meeting of Shareholders stating your intention of making the diverse exercise and the reasons.

5. Internet Disclosure

Pursuant to the relevant laws and regulations and Article 15 of the Company's articles of incorporation, among documents to be attached to this notice, the following items are posted on the Company's website (http://www.meitec.co.jp/) and are not attached to this notice. Consequently, the documents attached to this notice are part of the documents that were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their audit reports.

i) Notes to Consolidated Financial Statements
ii) Notes to Non-consolidated Financial Statements

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If any revisions are made to the reference documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements included in this Notice of Convocation of the General Meeting of Shareholders, the revised matters will be posted on the Company's website (http://www.meitec.co.jp/).

# REFERENCE FOR EXERCISE OF VOTING RIGHTS

Matters to be resolved:

Agenda Item 1: Dividend of the retained earnings (year-end dividend for the fiscal year ended March 31, 2018)

In line with a payout ratio of 60% in the profit distribution plan in the Mid-Term Management Plan in accordance with "7. Basic Policy Regarding Profit Distribution" in the Business Report, the Company proposes the year-end dividend as follows.

(1) Type of dividends: Cash

(2) Allotment of property for dividends and total amount thereof:
¥102.50 per share of the Company's common stock, for a total of ¥2,889,021,642. These dividends would result in annual dividends, including the interim dividend of ¥74.50 per share, of ¥177 per share.

(3) Effective date of dividends of the retained earnings: June 22, 2018

Agenda Item 2: Election of one (1) Audit & Supervisory Board Member

The term of audit & supervisory board member of Mr. Makoto Fukai will end at the conclusion of the 45th Annual General Meeting of Shareholders. The Board of Directors proposes one (1) audit & supervisory board member to be elected.

This proposal has the approval of the Audit & Supervisory Board.

The candidate for audit & supervisory board member is as follows.

| Name (Date of birth) | Career Summary and other Current Positions |
|---|---|
| Outside Independent<br>Reappointment<br><br>Makoto Fukai<br>(April 19, 1954)<br>・Period in office 8 years<br>・Attendance at meetings of the Board of Directors during the 45th fiscal period<br>17／17（100%）<br>・Attendance at meetings of the Audit & Supervisory Board during the 45th fiscal period<br>14／14（100%）<br>・Number of shares held in the Company<br>900 shares | Apr. 1978 Joined Saitama Bank, Ltd. (currently Saitama Resona Bank, Ltd)<br>Oct. 2003 Executive Officer of Resona Holdings Inc. for Planning Division, IR Office and Corporate Communications Division<br>Apr. 2004 Executive Officer of Resona Holdings Inc. for Planning Division<br>May. 2005 President of Resona Research Institute Co Ltd.<br>Aug. 2006 Executive Officer of Resona Holdings Inc. and General Manager of Internal Audit Division<br>Jun. 2007 Executive Officer of Resona Holdings Inc. for System Division<br>Jun. 2009 Outside Corporate Auditor at Nihon Plast Co., Ltd.<br>Jun. 2010 Standing Outside Audit & Supervisory Board Member of MEITEC CORPORATION (current)<br><br>[Important Concurrent Positions]<br>Outside Audit & Supervisory Board Member of MEITEC FIELDERS INC.<br>Outside Audit & Supervisory Board Member of MEITEC NEXT CORPORATION |

[Reason for selection as candidate for Outside Audit & Supervisory Board Member]
Mr. Makoto Fukai has experience and knowledge from the management position at the major bank and experience as an audit & supervisory board member of public corporation, he will contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside audit & supervisory board member.

[Matters relating to independency]
The Company judges that Mr. Makoto Fukai meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members," and therefore has independency. Accordingly, the Company has submitted notification to the aforementioned exchange that he has been designated as an independent executive.

[Limited liability agreement]
The Company enters into a liability limitation agreement with Mr. Makoto Fukai pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act. In the event that Mr. Makoto Fukai's election is approved, the Company plans to continue the aforementioned agreement with him.

Notes:

1. No special interests exist between the candidate and the Company.
2. Mr. Makoto Fukai is a candidate for Outside Audit & Supervisory Board Member.
3. Mr. Makoto Fukai is an Outside Audit & Supervisory Board Member of the Company's subsidiaries, MEITEC FIELDERS INC. and MEITEC NEXT CORPORATION.
4. The“MEITEC Group Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management” and the “Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members” are as set out on pages 7 and 8.

Agenda Item 3: Election of one (1) Alternate Audit & Supervisory Board Member

The company is seeking approval of election of one alternate audit & supervisory board member which is to prepare against the event of the number of audit & supervisory board falling below legal stipulations.

Shareholders are advised that the effectiveness of appointment of the alternate audit & supervisory board member may be cancelled before the alternate audit & supervisory board member assumes an audit & supervisory board member position by a resolution of the Board of Directors with Audit & Supervisory Board approval.

This proposal has the approval of the Audit & Supervisory Board.

The candidate for alternate audit & supervisory board member is as follows.

| Name (Date of birth) | Career Summary and other Current Positions |
|---|---|
| Outside Independent<br><br>Toru Kunibe<br>(December 9, 1960)<br>・Number of shares held in the Company<br>0 shares | Mar. 1985 Graduated from the Faculty of Law, University of Tokyo<br>Apr. 1990 Entered the Legal Training and Research Institute of the Supreme Court of Japan<br>Apr. 1992 Registered as attorney at law (Tokyo Bar Association) Joined Arai Law Office<br>Apr. 1998 Established Kunibe Law Office (current)<br><br>[Important Concurrent Positions]<br>Attorney at Law (Kunibe Law Office) |

[Reason for selection as candidate for Alternate Outside Audit & Supervisory Board Member]

Mr. Toru Kunibe has wide knowledge as an attorney at law and the Company expect that he will contribute to over sighting the management and strengthening the function of the board of directors of the Company as an independent outside audit & supervisory board member. Although he had not participated in the management of company by the method other than being an outside director nor an outside audit & supervisory board member, the Company judge that he can carry out the duty as an outside audit & supervisory board member properly because of above reasons.

[Matters relating to independency]

The Company judges that Mr. Mr. Toru Kunibe meets the criteria for independence stipulated by Tokyo Stock Exchange, Inc. and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members," and therefore has independency.

[Limited liability agreement]

In the event that Mr. Toru Kunibe's election is approved and he is appointed as an outside audit & supervisory board member, the Company plans to enter into a limited liability agreement with him pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Notes:

1. No special interests exist between the candidate and the Company.
2. Mr. Toru Kunibe is a candidate for Alternate Outside Audit & Supervisory Board Member.
3. The "MEITEC Group Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management" and the "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" are as set out on pages 7and 8.

<Reference-1>

MEITEC Group Standards for Nomination of Director and Audit & Supervisory Board Member Candidates and Appointment of Top Management

1. All directors and audit & supervisory board members
   - Person who has integrity and high ethical standards and can act with a sense of fiduciary responsibility
2. All independent outside directors/audit & supervisory board members
   - Person who meets "Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members" provided separately
   - Person who can be expected to act from an objective and neutral position in view of protecting interest of general shareholders
   - Person who has knowledge of accounting, finance, taxation, human resources, IT, legal affairs and other fields of specialty; person with experience in corporate management; and person who has a wealth of experience related to the Company's business and professional insights
   - MEITEC Group shall endeavor to ensure a balance and diversity by commanding an extended view of outside directors/audit & supervisory board members so as not to cause uneven distribution of professional insights.
3. Directors
   (1) <Internal> directors
   - Person who can act in a fair and honest manner in the best interest of the Company
   - Person who has a wealth of experience, extensive knowledge and superior expertise in "Engineering Solutions Business and Recruiting & Placement Business for Engineers", which create affluent Career Style of Engineer to engineers, reaching the stage where our clients call us their truly, indispensable Best Partner, and in other departments relating to functions supporting those businesses

   (2) <Independent> outside directors
   - Person who has sufficient understanding on various businesses
   - Person who is expected to candidly ask questions or express opinions with independence of mind, and exercise voting rights appropriately
4. Audit & supervisory board members
   1) Person who is expected to always maintain a fair and unbiased attitude at all times while striving to maintain an independent position and act based on their own beliefs
   2) At least one person in principle shall have an appropriate level of insight in finance and accounting.

   (1) Standing audit & supervisory board members
   - Person who as a dedicated member has a capability of collecting information necessary in performing audit and can be expected to actively take actions in an effort to establish environment for audit

   (2) Outside audit & supervisory board members
   - In addition to 4.1) 2) provided above, person who can candidly ask questions or express opinions from an even higher level of independence and neutrality
5. Top management
   (1) Executive officers
   - Person who as the highest position among the employees is eligible to assume "responsibilities and roles" for executing operations of the scope under their respective supervision in line with business policies and the like
   - Person who can be expected to appropriately perform operations set forth in "Officers' Credos" which reflect a field-oriented spirit and other

   (2) Representative director and president of the group company
   - Person who is eligible to and can be expected to assume "responsibilities and roles" for executing operations in line with business policies and the like of such group company

<Reference-2>

Standards for Independence from MEITEC Group in Electing Outside Directors or Outside Audit & Supervisory Board Members

In electing outside directors or outside audit & supervisory board members, the Company deems that persons who meet all of the standards provided below have independency from the Company:

1. Such person is not an executive of the Company or its subsidiary (Note 1) presently or in the last ten years (in addition, for outside audit & supervisory board members, such person must not be non-executive director of the Company or its subsidiary in the last ten years)
   Note 1: "Executive" refers to an executive director, executive officer, or employee.
2. Presently, such person is not a close relative (Note 2) of the Company's important executive (Note 3)
   Note 2: "Close relative" refers to a spouse or a relative within a second degree.
   Note 3: "Important executive" refers to a director (excluding outside director) or an executive officer.
3. Such person does not fall under any of the following:
   (1)Executive of a party whose major client or supplier is the Company (Note 4)
   Note 4: "A party whose major client or supplier is the Company" refers to a counterparty which received payment of an amount exceeding 1 % of its annual consolidated net sales from the Company in the previous fiscal year.
   (2) Executive of any of the Company's major client or supplier (Note 5)
   Note 5: "The Company's major client or supplier" refers to a counterparty which paid an amount exceeding 1 % of the Company's annual consolidated net sales to the Company in the previous fiscal year.
   (3) Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property (Note 6) from the Company besides compensation as a director/audit & supervisory board member (in case that a person who receives the property is an organization such as legal entity or association, a person who belongs to such organization)
   Note 6: "A large amount of monetary consideration or other property" refers to the case of having received payment of over 10 million yen from the Company besides compensation as a director/audit & supervisory board member in the previous fiscal year.
   (4) The Company's major shareholder (Note 7) (in case that the major shareholder is a legal entity, its executive)
   Note 7: "Major shareholder" refers to a person who owns shares with 10% or more of the total voting rights of the Company based on the latest shareholder's list.
   (5) A person who falls under any of (1) through (4) above in the last five years
   (6) A close relative of a person who falls under (i) or (ii) below (excluding non-important persons)
   (i) A person who falls under any of (1) through (5) above
   (ii) A person who was an executive of the Company or its subsidiary in the last five years (for outside audit & supervisory board members, a person who was a non-executive director is included)

## （Attached Document）

# BUSINESS REPORT

(from April 1, 2017 to March 31, 2018)

## 1. Business Outline

### (1)Results of Operations

During the fiscal year under review (from April 1, 2017 to March 31, 2018), many leading manufacturers, which are the major clients of the Company, continued investing in technological development looking to the next generation, unaffected by business conditions. Under this environment, companies redoubled their efforts on recruiting, leading to an increase in the number of engineers. The number of engineers assigned to clients steadily increased as a result of proceeding assignment to clients under a strong order environment.

As a result, although sales were negatively impacted by about ¥1,000 million due to the sale of a subsidiary conducted in the previous fiscal year, consolidated net sales for the fiscal year under review increased ¥3,639 million, or 4.0%, from a year earlier to ¥93,618 million. Consolidated cost of sales rose ¥2,833 million, or 4.3%, from a year earlier to ¥69,250 million, chiefly because of higher labor costs due to an increase in the number of engineers. Consolidated selling, general and administrative expenses rose ¥491 million, or 4.0%, from a year earlier to ¥12,910 million. As a result, consolidated operating profit increased ¥315 million, or 2.8%, from a year earlier to ¥11,458 million, and consolidated ordinary profit rose ¥320 million, or 2.9%, from a year earlier to ¥11,465 million. Profit attributable to owners of parent increased ¥194 million, or 2.5%, from a year earlier to ¥8,132 million.

**Results by business segment were as follows:**

**ⅰ. Engineering Solutions Business**

Net sales in the Engineering Solutions Business segment for the fiscal year under review increased ¥4,537 million, or 5.2%, from a year earlier to ¥92,056 million. The main reason for the increase was an increase in the number of engineers assigned to clients in the Engineering Solutions Business, which accounts for more than 90% of consolidated net sales, particularly in the professional staffing business for engineers, the core business of this segment. Operating profit increased ¥251 million, or 2.4%, from a year earlier to ¥10,912 million.

The Company’s non-consolidated utilization ratio (overall) increased to 97.8% compared with 96.7% in the previous fiscal year. Working hours declined compared with the previous fiscal year to 8.70 hours/day (8.78 hours/day for the previous fiscal year) after overtime hours work decreased primarily due to the work-life balance initiatives being carried out by major corporations.

### ⅱ. Recruiting & Placement Business for Engineers

The Recruiting & Placement Business for Engineers segment operates job placement business for engineers.

Net sales in the Recruiting & Placement Business for Engineers for the fiscal year under review increased ¥20 million, or 1.2%, from a year earlier to ¥1,662 million, and operating profit increased ¥16 million, or 3.1%, to ¥545 million.

MEITEC NEXT CORPORATION achieved sales and profit growth due to an increase in the number of job placements.

Notes: 1: All figures are exclusive of consumption taxes.
2: Sales figures for each segment include intersegment transactions and transfers.

## (2) Capital Investment for the MEITEC Group

During the consolidated fiscal year under review, we have made capital investment mainly to relocate the head office as well as to bolster and enhance the Company's business support system, etc. and total amounted to ¥312 million.

And, capital investment by segments were, ¥302 million for the Engineering Solution Business, and ¥9 million for the Recruitment & Placement Business for Engineers.

These capital investment amounts include the cost for software and other (software in progress.)

## (3) Financing for the MEITEC Group

The Company meets its capital requirements with its own funds. The Company did not procure capital through the issuance of new shares or bonds during the consolidated fiscal year under review.

### (4) Issues to Be Addressed

Main business of our corporate group is Engineering Solutions Business. Based on our group management concept “Mutual Growth & Prosperity”, we, the MEITEC Group, with cooperation of all the employees, shall improve the five values (Value to Engineers, Value to Employees, Value to Clients, Value to Shareholders, Value to the Society) continuously from the "Value to Engineers" as a starting point.

Future performances of Engineering Solutions Business depend on higher number of engineers and higher utilization ratio. Therefore we recognize that most important objective is to realize the sustainable growth by continued strengthening the sales effort to obtain new orders, recruitment and increasing the employee and supporting employee carrier advancement in consideration of the environmental changes.

#### ⅰ. Sales effort to obtain new orders

Main business of our corporate group, Engineering Solutions Business, is also a business of supporting carrier advancement of the engineers. Not limited to obtaining the orders to sustain or increase the number of engineers on job and utilization ratio, it is most important to continue providing the chance and place for expansion of their work segments so that they can widen their selection of carrier advancement. Therefore, we will try to build stronger clients basis where we can obtain orders in any economic conditions regardless of under crisis or not. We will continue to improve our sales system to strengthen our sales ability.

#### ⅱ. Recruitment and increasing employee

For MEITEC Group, as largest “Group of professional engineers” in Japan, hiring more excellent engineers and staffs would be the source of growth. Therefore, we will establish a brand name with reliability and sense of security as the leader of the industry in the human resource market, and reinforce our recruiting ability. We will continue to execute efficient recruiting effort and increase the employee to meet with the changing market condition regardless of under crisis or not.

#### ⅲ. Supporting employee carrier advancement

It is essential to provide close support to each and every engineer for their carrier advancement in order to sustain and improve the quality of the largest “Group of professional engineers” in Japan. To provide proper and timely support, we have determined that the quality of services which the engineers provide to be “Technological strength multiplied by Human strength equals Total Strength”. We will continue our effort to provide the extended support to the carrier advancement needs initiated from the engineers and strengthen the carrier advancement support led by the company. We will continue our effort in strengthening the efficient support for the carrier advancement by timely catching the changes and expansion of the clients’ needs.

## (5) Changes in Assets and Income

### ⅰ. Changes in Assets and Income of the MEITEC Group

(unit : million yen)

| Item | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 (current consolidated fiscal year) |
|---|---|---|---|---|
| Net Sales | 82,136 | 87,888 | 89,979 | 93,618 |
| Operating Income | 9,540 | 10,874 | 11,142 | 11,458 |
| Ordinary Income | 9,643 | 10,845 | 11,145 | 11,465 |
| Profit Attributable to Owners of Parent | 3,659 | 8,083 | 7,937 | 8,132 |
| Earnings per Share | 120.11 | 269.24 | 274.32 | 286.64 |
| Total Assets | 65,098 | 64,468 | 66,377 | 70,934 |
| Net Assets | 37,565 | 37,605 | 37,854 | 40,139 |
| Net Assets per Share | 1,238.77 | 1,278.59 | 1,330.57 | 1,424.01 |

### ⅱ. Changes in Assets and Income of the Company

(unit : million yen)

| Item | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 (current fiscal year) |
|---|---|---|---|---|
| Net Sales | 64,675 | 68,878 | 70,083 | 72,252 |
| Operating Income | 7,925 | 9,061 | 9,213 | 9,342 |
| Ordinary Income | 8,438 | 9,526 | 9,798 | 10,105 |
| Profit | 3,340 | 7,391 | 7,073 | 7,461 |
| Net Income per Share | 109.62 | 246.18 | 244.48 | 263.00 |
| Total Assets | 58,483 | 56,941 | 58,220 | 61,624 |
| Net Assets | 36,221 | 35,872 | 34,997 | 36,434 |
| Net Assets per Share | 1,195.99 | 1,221.68 | 1,230.24 | 1,292.67 |

## (6)Important Status of Parent Company and Subsidiaries（as of March 31, 2018）

### ⅰ. Status of Important Parent Company

Not Applicable.

### ⅱ. Status of Important Subsidiaries

| Company Name | Location | Capital | Voting rights held by the Company (%) | Main business |
|---|---|---|---|---|
| MEITEC FIELDERS INC. | Tokyo | (million yen) 120 | 100.0 | Engineering Solutions Business |
| MEITEC CAST INC. | Tokyo | (million yen) 100 | 100.0 | Engineering Solutions Business |
| MEITEC EX CORPORATION | Aichi | (million yen) 50 | 100.0 | Engineering Solutions Business |
| MEITEC NEXT CORPORATION | Tokyo | (million yen) 30 | 100.0 | Recruiting & Placement Business for Engineers |
| MEITEC BUSINESS SERVICE CORPORATION | Tokyo | (million yen) 10 | 100.0 | Engineering Solutions Business |
| Meitec Shanghai | China | (US$1,000) 2,728 | 100.0 | Recruiting & Placement Business for Engineers |
| Meitec Shanghai Human Resources Co., Ltd. | China | (US$1,000) 300 | 70.0 | Recruiting & Placement Business for Engineers |

Notes: 1. On April 1, 2017, the Company carried out an absorption merger of All engineer.jp CORPORATION, which was a consolidated subsidiary of the Company.

2. On September 11, 2017, MEITEC BUSINESS SERVICE CORPORATION was established as a special subsidiary company.

### ⅲ. Situation of Specified wholly owned subsidiaries

Not Applicable.

### ⅳ. Situation of Important combination of enterprises etc.

Not Applicable.

## (7) Primary business of the group (as of March 31, 2018)

Engineering Solutions Business

Recruiting & Placement Business for Engineers

## (8) Primary Office of the Group (as of March 31, 2018)

### ⅰ. The Company

| | |
|---|---|
| Registered Corporate Headquarters | 2-20-1 Kosei-tori Nishi-ku, Nagoya-shi, Aichi |
| Corporate Headquarters | 1-1-10 Ueno, Taito-ku, Tokyo |
| Branches | Sendai EC(Miyagi), Utsunomiya EC(Tochigi), Takasaki EC(Gunma), Saitama EC (Saitama), Mito EC(Ibaraki), Tsukuba EC(Ibaraki), Chiba EC(Chiba), Tokyo EC (Tokyo), Tokyo-Kita EC(Tokyo), Tachikawa EC(Tokyo), Yokohama EC(Kanagawa), Kawasaki EC(Kanagawa), Atsugi EC(Kanagawa), Shonan EC(Kanagawa), Mishima EC(Shizuoka), Shizuoka EC(Shizuoka), Hamamatsu EC(Shizuoka), Koshinetsu EC (Nagano), Okazaki EC(Aichi), Toyota EC(Aichi), Nagoya EC(Aichi), Nagoya-Minami EC(Aichi), Nagoya-Kita EC(Aichi), Mie EC(Mie), Gifu EC(Gifu), Kanazawa EC(Ishikawa), Shiga EC(Shiga), Kyoto EC(Kyoto), Osaka EC(Osaka), Kobe EC (Hyogo), Hiroshima EC(Hiroshima), Fukuoka EC(Fukuoka), Eastern Solutions Center(Tokyo), Central Solutions Center(Aichi) |
| Techno-Center | Atsugi(Kanagawa), Nagoya(Aichi) |

Note："EC" is an abbreviation of an Engineering - Center.

### ⅱ.Subsidiaries and Affiliates

Locations of the subsidiaries are listed in above, "(6)Important Status of Parent Company and Subsidiaries, ⅱ.Status of Important Subsidiaries".

## （9）Employees（as of March 31, 2018）

### ⅰ. Number of employees of corporate groups

| Business segment | Number of employees | Compared to the end of the previous fiscal year |
|---|---|---|
| Engineering Solutions Business | 9,762 | 473 |
| Recruiting & Placement Business for Engineers | 78 | 2 |

### ⅱ. Number of employees of the Company

| Business segment | Number of employees | Compared with the end of the previous fiscal year |
|---|---|---|
| Engineering Solutions Business | 7,219 | 87 |

## （10） Principal lenders and the amount of loans（as of March 31, 2018）

Not applicable.

## （11） Other Significant Matters Relating to the Status of the Corporate Group

Not applicable.

## 2. Status of Shares

**ⅰ. Total Number of shares authorized to be issued** 142,854,400 shares

**ⅱ. Total Number of issued shares** 30,000,000 shares
(Including treasury shares of 1,814,423 shares)

**ⅲ. Number of shareholders** 4,885 persons
(Decreased by 529 persons from the end of the previous fiscal year)

**ⅳ. Major shareholders (top ten)**

| Name of shareholder | Number of shares held by the shareholder (thousand shares) | Ratio of shares held (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 2,429 | 8.61 |
| Japan Trustee Services Bank, Ltd. (trust account) | 2,182 | 7.74 |
| Meiji Yasuda Life Insurance Company | 1,565 | 5.55 |
| Nippon Life Insurance Company | 1,113 | 3.95 |
| Meitec Employee Stock Ownership Plan | 883 | 3.13 |
| THE BANK OF NEW YORK MELLON 140044 | 744 | 2.64 |
| JP MORGAN CHASE BANK 385632 | 709 | 2.51 |
| MSCO CUSTOMER SECURITIES | 587 | 2.08 |
| CREDIT SUISSE SECURITIES(USA)LLC SPCL. FOR EXCL. BEN | 544 | 1.93 |
| Trust & Custody Services Bank, Ltd.(securities investment trust account) | 509 | 1.80 |

Notes:1. The Company hold 1,814,423 shares as treasury shares. But since there is no voting right to the treasury shares, it is excluded from above list and the ratio of share held is calculated excluding the treasury shares.
2. Figures for number of shares held by the shareholder and ratio of shares held are rounded off to displayed decimal.

## 3. About Stock Purchase/Subscription Warrant

None

# 4. Matters concerning Directors and Audit & Supervisory Board Members

## (1) Names and other details of Directors and Audit & Supervisory Board Members (as of March 31, 2018)

| Title | Name | Position and important positions concurrently held at other companies |
|---|---|---|
| Representative Director and President | Hideyo Kokubun | CEO, MEITEC Group<br>CEO and COO of the Company<br>Executive officer for the Office of the President, the Internal Audit Department, the CSR Department<br>Director of MEITEC FIELDERS INC.<br>Director of MEITEC CAST INC.<br>Director of MEITEC NEXT CORPORATION |
| Director | Hiroshi Yoneda | In charge of the Market Development Promotion Office, the Sales Administration Department<br>Executive officer for the Corporate Communication Department<br>In charge of MEITEC FIELDERS INC., MEITEC CAST INC., MEITEC NEXT CORPORATION<br>Director of MEITEC FIELDERS INC.<br>Director of MEITEC CAST INC.<br>Director of MEITEC NEXT CORPORATION |
| Director | Masato Uemura | In charge of the Information Technology Department<br>Executive officer for the Business Operations Support Department, the Accounting Department, the Management Administration Department |
| Director | Akiyoshi Ogasawara | Executive officer<br>In charge of the Engineering Solutions Division (High-end Engineering Area)<br>In charge of MEITEC EX CORPORATION<br>Director of MEITEC FIELDERS INC.<br>Director of MEITEC CAST INC.<br>Director of MEITEC EX CORPORATION |
| Director | Hiroyuki Rokugo | Executive officer<br>In charge of the Career Support Division, the Group Recruiting Division<br>In charge of MEITEC CORPORATION subsidiaries in China<br>Director of MEITEC FIELDERS INC.<br>Director of MEITEC NEXT CORPORATION |
| Director | Keisuke Ito | Executive officer for the Personnel Department<br>In charge of MEITEC BUSINESS SERVICE CORPORATION<br>Director of MEITEC FIELDERS INC.<br>President of MEITEC BUSINESS SERVICE CORPORATION |
| Director | Minao Shimizu | Attorney at Law<br>(Minao Shimizu Law Office) |
| Director | Hiroyuki Kishi | Professor, Graduate School of Media Design, Keio University |

| Title | Name | Position and important positions concurrently held at other companies |
|---|---|---|
| Audit & Supervisory Board Member | Makoto Fukai | (Standing)<br>Outside Audit & Supervisory Board Member of MEITEC FIELDERS INC.<br>Outside Audit & Supervisory Board Member of MEITEC NEXT CORPORATION |
| Audit & Supervisory Board Member | Masatoshi Saito | Tax Accountant<br>(Masatoshi Saito Certified Tax Accountant Office) |
| Audit & Supervisory Board Member | Hiroshi Watanabe | Certified Public Accountant<br>(Hiroshi Watanabe Public Accountant Office) |
| Audit & Supervisory Board Member | Masatoshi Uematsu | Audit & Supervisory Board Member of<br>J and S INSURANCE SERVICE CO.,Ltd |

Notes:

1. Minao Shimizu and Hiroyuki Kishi are Outside Directors.
2. Makoto Fukai, Masatoshi Saito, Hiroshi Watanabe and Masatoshi Uematsu are Outside Audit & Supervisory Board Members.
3. There are no special relationship with other companies which Minao Shimizu and Hiroyuki Kishi, Outside Directors, and Masatoshi Saito, Hiroshi Watanabe and Masatoshi Uematsu, Outside Audit & Supervisory Board Members, hold a concurrent position with.
   MEITEC FIELDERS INC. and MEITEC NEXT CORPORATION, which Outside Audit & Supervisory Board Member Makoto Fukai holds concurrent positions with, are wholly owned subsidiaries of the Company.
4. Outside Director Minao Shimizu and Hiroyuki Kishi, and Outside Audit & Supervisory Board Member Makoto Fukai, Masatoshi Saito, Hiroshi Watanabe and Masatoshi Uematsu are independent executives defined by Tokyo Stock Exchange, Inc.
5. Standing Outside Audit & Supervisory Board Member Makoto Fukai has extended knowledge regarding financing and accounting from his long experiences with financial institution.
6. Outside Audit & Supervisory Board Member Masatoshi Saito holds tax accountant license, and possess sufficient knowledge on financing and accounting.
7. Outside Audit & Supervisory Board Member Hiroshi Watanabe holds certified accountant license, and possess sufficient knowledge on financing and accounting.
8. Changes in Director and Audit & Supervisory Board Member during the subject fiscal year were as following;
   i. New Appointment
   At the conclusion of the 44th Annual General Meeting of Shareholders which was held on June 22, 2017, Keisuke Ito was newly elected, and took the position of director, also Masayuki Uematsu was newly elected and took the position of audit & supervisory board member.
   ii. Resignation
   At the conclusion of the 44th Annual General Meeting of Shareholders which held on June 22, 2017, Kiyomasa Nakajima and Hidenori Nagasaka had resigned from directors.
9. The Company has introduced the executive officer system from April 1, 2003. Executive officers of the Company (as of March 31, 2018) are as following.

| Type of Officer | Name |
|---|---|
| Representative Director and President CEO and COO | Hideyo Kokubun |
| Director and Executive Officer | Hiroshi Yoneda, Masato Uemura, Akiyoshi Ogasawara, Hiroyuki Rokugo, Keisuke Ito |
| Executive Officer | Koichi Nakagawa, Tetsuya Yabe, Yoshikazu Matsui, Shinji Watanabe, Kaname Nimura, Kiyoshi Hanaki, Go Taguma |

## (2) Description of Limited Liability Agreement

The Company enters into a liability limitation agreement with each member of the board (excluding executive director, etc.) and audit & supervisory board member pursuant to Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability limitation provided under such an agreement would be the minimum liability limitation amount stipulated in Article 425, Paragraph 1, of the Companies Act.

### (3) Remuneration for Directors and Audit & Supervisory Board Members

| Type of Officer | Number of persons | Amount of remuneration (million yen) |
|---|---|---|
| Directors<br>（Of which, outside directors） | 10<br>（2） | 357<br>（18） |
| Audit & Supervisory Board Members<br>（Of which, Outside Audit & Supervisory Board Members） | 4<br>（4） | 45<br>（45） |
| Total | 14 | 402 |

Note: Remuneration to Directors who had resigned at the end of the 44th Annual General Meeting of Shareholders held of June 22, 2017 is included.

### (4) Matters Concerning the Determination of Remuneration to Directors and Audit & Supervisory Board Members, and Methods of Calculation

The Company's "Policy on Calculation Methods and Determination on Amount of Remuneration, etc. for Directors and Audit & Supervisory Board Members" is determined by the Board of Directors as follows.

1. Method of Determination

The total amount of remuneration of directors and audit & supervisory board members shall be within the total amount of remuneration adopted at the 43rd Annual General Meeting of Shareholders held in June 2016, and individual amounts of remuneration will be determined in accordance with the policy amended or abolished by resolutions of the Board of Directors.

<Overview of the Resolution for the General Meeting of Shareholders：Amounts of remuneration for directors and audit & supervisory board members>

| Indicated in yearly amount | Fixed remuneration | Performance-linked remuneration | Total remuneration |
|---|---|---|---|
| Directors | Up to 220 million yen | 2.5% of consolidated profit*, and up to 250 million yen | Up to 470 million yen |
| Portion for outside directors of above | Up to 30 million yen | (excluded from payment) | Up to 30 million yen |
| Audit & supervisory board members | Up to 50 million yen | (excluded from payment) | Up to 50 million yen |
| Total | Up to 270 million yen | Up to 250 million yen | Up to 520 million yen |

*"Profit attributable to owners of parent" of "Consolidated Statements of Income and Comprehensive Income"

2. Policy about executive remuneration

- Executive remuneration shall be reviewed in a timely and appropriate manner based on the basic policy of the remuneration system adopted at the 30th Annual General Meeting of Shareholders held in June 2003.
- By maintaining the stance of clarifying and disclosing methods of calculation and the process of determinations of remuneration in the same manner as before, the Group will enhance management transparency and strengthen corporate governance, and thus further improving corporate value.
- The rate of performance-linked executive remuneration for executive directors will be

increased to enhance sharing the mid and long-term interest with shareholders.

- In order to preserve the independence of outside directors and audit & supervisory board members, they will not be compensated with performance-linked remuneration.
- The retirement bonus system for directors and audit & supervisory board members, which was abolished in the fiscal year ended March 31, 2002, will not be adopted.

3. Specific executive remuneration amount

Total amount of executive remuneration = (1) Fixed remuneration +
(2) performance-linked remuneration <(3) appropriation of the amount equivalent to 20%>

(1) Individual fixed remuneration

| | | | |
|---|---|---|---|
| Representative Director and President, Group CEO, CEO/COO | yearly | 28,800 thousand yen | (2,400 thousand yen monthly) |
| Directors | yearly | 19,200 thousand yen | (1,600 thousand yen monthly) |
| Outside directors | yearly | 9,000 thousand yen | (750 thousand yen monthly) |
| Standing audit & supervisory board members | yearly | 24,000 thousand yen | (2,000 thousand yen monthly) |
| Audit & supervisory board members (excluding standing audit & supervisory board member) | yearly | 7,800 thousand yen | (650 thousand yen monthly) |

(2) Performance-linked remuneration

- The total amount shall be an amount equivalent to 2.5% of profit attributable to owners of parent before deductible expenses accounting of performance-linked remuneration, with fractions of 1 million yen and less discarded, and up to 250 million yen annually.
- Performance-linked remuneration will be limited to be paid to directors, except for outside directors and audit & supervisory board members.
- Individual allocation amount for individual directors will be determined at Board of Directors' meetings after the consultation at the Officer Appointment Advisory Committee

(3) Appropriation of the amount equivalent to 20% of performance-linked remuneration (after deduction of tax)

- The amount equivalent to 20% of performance-linked remuneration (after deduction of tax) for each director will, with approval from each director, be contributed to the Officers Shareholding Group (the relevant amount will be divided into twelve (12) equally, and the same amount will be contributed each month for the 12 months from July each year) and utilized to acquire own shares.
- Acquired own shares are prohibited to be transferred during the period in office and until one year passes from resignation in principle, in accordance with the Shareholding Group Rules and other internal rules.
- When a person subject to payment of the relevant remuneration resigns, in accordance with the Officers Shareholding Group Rules of the Company, this handling shall not be applied.

4. Additional Rules

- For remuneration for audit & supervisory board members, determination upon consultation by audit & supervisory board members is required in accordance with the provisions of the law.
- In cases where a director also serves as an employee, the employee salary is included.
- An employee bonus is not paid to directors who also serve as employees.
- Remuneration to directors and audit & supervisory board members from subsidiaries in which a director or an audit & supervisory board member holds a concurrent post is waived in principle.
- Allowances for commutation, job transfer unattended by family, or job relocation as well as a daily allowance for business trip expenses will be paid separately.
- The insurance premiums borne by individuals for directors and officers liability insurance (D&O insurance) will be separately added.

## (5) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

### ⅰ. Relationship between the Company and Significant Companies Where Outside Directors and Outside Audit & Supervisory Board Members Hold Concurrent Posts

The status and other information on significant concurrent posts are listed in "4. Matters concerning Directors and Audit & Supervisory Board Members; (1) Names and other details of Directors and Audit & Supervisory Board Members."

### ⅱ. Status of Main Activities during the Subject Fiscal Year

| Name | Attendance (total attended/total held) | Major Activities |
|---|---|---|
| Minao Shimizu (Outside Director) | Directors' meetings 17/17 | He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences. |
| Hiroyuki Kishi (Outside Director) | Directors' meetings 16/17 | He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences. |
| Makoto Fukai (Outside Audit & Supervisory Board Member) | Directors' meetings 17/17<br>Audit & Supervisory Board 14/14 | At the board of directors meetings, he made appropriate questions, advice and proposals as needed. Also at the Audit & Supervisory Board, as standing outside audit & supervisory board member, he made reports and provided opinions to other outside audit & supervisory board members. |
| Masatoshi Saito (Outside Audit & Supervisory Board Member) | Directors' meetings 17/17<br>Audit & Supervisory Board 14/14 | He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing, accounting and tax matter. |
| Hiroshi Watanabe (Outside Audit & Supervisory Board Member) | Directors' meetings 17/17<br>Audit & Supervisory Board 14/14 | He provided proper advice and proposals as needed, based on his sufficient knowledge and experiences, especially in the field of financing and accounting. |
| Masatoshi Uematsu (Outside Audit & Supervisory Board Member) | Directors' meetings 14/14<br>Audit & Supervisory Board 11/11 | Since taking office on June 22, 2017, he has attended all of the Board of Directors meetings and Audit & Supervisory Board meetings held during the fiscal year under review, and he provided proper advice and proposals as needed, based on his sufficient knowledge and experiences. |

# 5. Status of the Accounting Auditor

## (1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

## (2) Compensation to Accounting Auditor for current fiscal year

| Description | Amount of compensation (thousands of yen) |
|---|---|
| 1. Total compensation and amounts paid by the Company | 46,800 |
| 2. Total amount of cash and other property profits to be paid by the Company and its subsidiaries to the independent accountant | 46,800 |

Note: In the audit agreement between the Company and the accounting auditor, the amounts of compensation for conducting auditing services in accordance with the Companies Act and auditing services in accordance with the Financial Instruments and Exchange Law are not separated, and the above amounts contain compensation and other remuneration for auditing services under the Financial Instruments and Exchange Law.

## (3) Reason why the Audit & Supervisory Board approved the Accounting Auditor's compensation

The Audit & Supervisory Board verified matters including the performance of auditing in the previous fiscal year, and the content of the auditing plan for the upcoming fiscal year and the basis on which the compensation for the upcoming fiscal year was estimated. Having judged all of these matters to be appropriate, the Audit & Supervisory Board approved the accounting auditor's compensation.

## (4) Description of Non-auditing Job

The Company does not commission the accounting auditor to provide service which is out side of the scope of the activities defined in the Article 2, Paragraph 1 of the Certified Public accountants Act.

## (5) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If the Audit & Supervisory Board considers that the accounting auditor falls under any of the provisions of Article 340, Paragraph 1 of the Companies Act and judges it necessary to dismiss the accounting auditor immediately, it shall dismiss the accounting auditor, having obtained the approval of all the audit & supervisory board members.

In addition, the Audit & Supervisory Board shall evaluate the overall performance of accounting audit duties by the accounting auditor according to its stipulated evaluation procedures and standards. If the Audit & Supervisory Board considers that the accounting auditor cannot perform its duties appropriately, or otherwise judges that dismissal is required, it shall determine the content of an agenda item for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders in accordance with Article 344 of the Companies Act.

## 6. Systems to Ensure Appropriate Business Operations and the Status of its Implementation

During the fiscal period under review, due to the establishment and operation of each of the frameworks discussed in (1) through (12) below, there were no incidents or accidents which had significant damage on the corporate group comprising the Company and its subsidiaries.

### (1) Framework to ensure compliance by directors with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties

In its interaction with the rest of society, the Company shall comply with all laws and regulations and its articles of incorporation. The Company shall maintain high ethical standards and management that is sound and highly transparent. Concerning directors' execution of duties, the Company shall clarify the process and results of its decision-making based on the Company's internal rules that are appropriate to the particular characteristics of the business and size of the Company. At the same time, the Company shall establish a framework where directors and audit & supervisory board members can view such process and results as necessary.

In addition, through the establishment of the MEITEC Group Helpline System— based on a framework that provides measures to protect whistleblowers in personnel terms— and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the directors' execution of duties.

(Status of implementation)

The scope of authority and decision making procedures for directors are clarified in the Board of Directors rules, the rules of administrative authority, and the rules relating to internal requests for approval; the directors execute their duties in accordance with these rules. Materials and minutes from meetings of the Board of Directors and Executive Board are continually stored on a system that can be viewed by all directors and audit & supervisory board members. The Company has also adopted a system to record the process and results of individual directors' decision making and has established a framework where all directors and audit & supervisory board members can view such process and results as necessary.

Furthermore, the Company has established the MEITEC Group Helpline System administered by the CSR Dept., which performs internal checks and balances. Employees are informed about the system via the Company's intranet.

### (2) Framework for storing and managing information relating to the directors' execution of duties

In accordance with the stipulations of all laws and regulations, the Company's articles of incorporation and internal rules, the Company shall record, store and manage information regarding the execution of duties by directors in an appropriate and timely manner.

Moreover, the Company shall build an appropriate management system for safekeeping media to ensure there is no loss of trust as a company or fatal damage inflicted on the MEITEC Group through conduct involving leakage, alterations, loss, or unauthorized use, or conduct involving unauthorized disclosure, etc.

(Status of implementation)

In accordance with all laws and regulations, the Company's articles of incorporation and internal rules, the Company prepares documents such as minutes from the General Meeting of Shareholders, and meetings of the Board of Directors and Executive Board, storing and managing such documents in an appropriate manner. In addition, the Company stipulates information to be managed and methods of management in its information management rules, which it implements appropriately.

**(3) Rules and other frameworks for management of risk of loss**

Based on the risk management rules, the Company shall work to comprehensively and systematically gather information on risk of loss faced by the Company before such risks emerge. Risks trends shall be monitored appropriately, and timely measures shall be taken in response to risks, commensurate with the severity of the risk. By responding quickly to the risks when they materialize, the Company aims to minimize the impact of such risks, develop a system to restore operations as soon as possible. The Company shall continually strive to maintain and enhance the soundness of its management.

(Status of implementation)

The Company stipulates a framework for risk management in its risk management rules, and informs employees via its intranet. It also specifies risks by category and confirms that no risks requiring management have been omitted. In its risk management guidelines the Company specifies in advance the risk items to be monitored and departments responsible for monitoring with the aim of picking up on any signs that risks might materialize in order to prevent them from doing so or, where risks have already materialized, in order to minimize their impact. Related details are regularly reported to the Board of Directors or the Executive Board, and the Company has established, and appropriately operates, a system for reporting in the event that risks becoming apparent. In addition, in the event that a risk develops into a crisis, in order to prevent the situation from growing larger and to quickly reign it in, the Group Crisis Management Regulations provide for a crisis management framework, such as the initial response when a crisis occurs as well as the establishment of crisis countermeasure command center.In addition, the Company conducts internal audits that include auditing the administration of risk management in each department.

**(4) Framework to ensure the efficient execution of duties by directors**

The Company shall make the directors appropriately divide up their duties and supervisory responsibilities and delegate authority in accordance with internal rules to speed up decision-making. In addition, the directors shall formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals shall be revised as necessary.

(Status of implementation)

The Company has adopted an executive officer system to enable prompt and appropriate decision making. Directors appropriately divide up their execution of duties and supervisory responsibilities, while the Company delegates authority to the executive officers in accordance with its rules of administrative authority. Furthermore, the directors formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals are revised as necessary.

**(5) Framework to ensure compliance by employees with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties**

The Company shall formulate the Group Management Concept, the MEITEC Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents. And with these, the Company shall continuously strive to take initiatives to raise awareness of the directors and employees to carry out their duties in compliance with all laws and regulations, the Company's articles of incorporation and internal rules in a fair and reasonable manner.

In addition, through the establishment of the MEITEC Group Helpline System— based on a framework that provides measures to protect whistleblowers in personnel terms— and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur relating to the employees' execution of duties.

(Status of implementation)

The Company formulated the Management Concept, the Meitec Group Charter of Employee Behavior, the Employee Code of Conduct and other related documents, and employees are informed of these via publication on the Company's intranet. Also, the Company established and operates a system for reporting. Furthermore, the Company has stipulated in its compliance rules that all employees will be responsible for implementing compliance according to their duties and positions, and conducted annual training for all employees based on e-learning. Details of the Meitec Group Helpline System are as set out under the status of implementation for (1) above. Internal audits are conducted to check departments' compliance with all laws and regulations, the Company's articles of incorporation and internal rules.

**(6) Framework to ensure sound business operations within the Group comprising the Company and its subsidiaries**

The Company shall respect the right of each subsidiary to develop its business operations in an autonomous manner, while sharing the Group Management Concept and the MEITEC Group Charter of Employee Behavior. The Company shall design the institution in accordance with the subsidiary's purpose, business characteristics and size, and place its directors and employees in all of its subsidiaries and manage and supervise the subsidiaries' business execution appropriately to maximize the Group's corporate value.

In addition, the Company shall formulate rules on the administration of subsidiaries and establish the department in charge of administrating the Group companies (the "Group Company Administration Department") and develop a framework by which important matters related to the business execution of directors in subsidiaries are reported to the Company regularly.

With regard to the development of rules and other frameworks for loss risk management of subsidiaries, a framework to ensure the efficient execution of duties by directors of subsidiaries and a framework to ensure compliance by directors and employees of subsidiaries with laws and regulations and the Company's articles of incorporation in the course of the execution of their duties, the Company requests each of the subsidiaries to develop a framework that is suitable for their respective business characteristics and size by referring to the above-mentioned (3) to (5) as basic guidelines. The Company shall regularly receive reports on the development status of the framework and request improvements as necessary.

(Status of implementation)

The Company places its directors in all of its subsidiaries to manage and supervise the appropriateness of the subsidiaries' business. In addition, the Company has formulated its rules on the administration of Group companies, thereby clarifying matters that require prior approval by the Company or reporting to the Company. The relevant departments in the Company and its subsidiaries cooperated to make decisions on matters for which the rules require the Company's prior approval, while reports were duly received from subsidiaries with regard to the matters to be reported to the Company.Moreover, the Internal Audit Department audits the operations of subsidiaries.

**(7) Matters related to employees to be assigned to assist audit & supervisory board members, matters related to such employees' independence from directors and matters related to ensuring effectiveness of instructions given to such employees**

The Company shall establish the Office of Audit & Supervisory Board which consists of employees who exclusively work in the said office and are independent from the execution of business to improve the effectiveness of audit.

In order to reflect the opinion from audit & supervisory board members as much as possible, the evaluation and re-assignment of the said exclusively working employees, who are to assist audit & supervisory board members, are carried out with the consent of audit & supervisory board members, and instructions to such employees shall be given by audit & supervisory board members.

(Status of implementation)

The Company has established the Office of Audit & Supervisory Board, to which it has assigned one employee who exclusively works in the said office and is independent from the execution of business. In order to reflect the opinion from audit & supervisory board members as much as possible, the evaluation and re-assignment of the said employee are carried out with the consent of audit & supervisory board members, and instructions to such employees are given directly by audit & supervisory board members.

**(8) Framework for reporting to the audit & supervisory board members**

**1. Framework for reporting by directors and employees to the audit & supervisory board members**

The Company shall develop a framework for reporting to the audit & supervisory board members, to ensure that proper reports are made by directors and employees. The audit & supervisory board members shall be given the authority to attend the Board of Directors' meetings and all other internal meetings. Furthermore, the audit & supervisory board members shall have access to all important information relating to decision-making and the execution of business operations.

(Status of implementation)

The Company formulated rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and employees are informed of these via publication on the Company's intranet. In addition, the audit & supervisory board members are given the authority to attend the Board of Directors' meetings as well as all other internal meetings and they participate in meetings they deem necessary as appropriate, based on their own judgment. Moreover, the Company gives the audit & supervisory board members appropriate access to all important information relating to decision making and the execution of business operations whenever audit & supervisory board members request such access.

**2. Framework for reporting by subsidiaries' directors, audit & supervisory board members, employees or those who received reports from them to the audit & supervisory board members of the Company**

The Company shall develop a framework by which any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members from subsidiaries' directors and employees through the Group Company Administration Department. In the case where the Company's audit & supervisory board members request that subsidiaries' directors and employees directly report, etc. concerning matters that have been deemed necessary in order to ensure appropriateness of the Group's operation, the subsidiaries' directors and employees are obliged to meet the aforesaid request.

In addition, subsidiaries' audit & supervisory board members hold meetings regularly with the Company's audit & supervisory board members to report the situation of subsidiaries in a timely way.

(Status of implementation)

Any matters that took place at subsidiaries are reported to the Company's audit & supervisory board members as appropriate through the Group Company Administration Department. In addition, subsidiaries' audit & supervisory board members report the situation of subsidiaries to the Company's audit & supervisory board members in a timely way. To that end, they hold meetings with the Company's audit & supervisory board members as appropriate after attending their subsidiary's Board of Directors meetings, or when they have received a report regarding an event or incident relating to their subsidiary.

**(9) Framework to ensure that a person who made report to audit & supervisory board members does not receive disadvantageous treatment for making such report**

The Company prohibits any disadvantageous treatment being given to directors, audit & supervisory board members and employees of the Company and subsidiaries who made a report to the Company's audit & supervisory board members. The Company shall disseminate this policy throughout the Group.

(Status of implementation)

The Company clearly prohibits any disadvantageous treatment in its rules regarding reporting to audit & supervisory board members or the Audit & Supervisory Board, and it has informed employees to that effect. There have been no instances of disadvantageous treatment as a result of making a report to the Company's audit & supervisory board members.

**(10) Matters related to the policy on the prepayment or repayment procedure of costs that accrue as a result of execution of duties by audit & supervisory board members, or settlement of other liabilities**

The Company shall, in principle, be liable to pay the costs or liabilities that accrue as a result of execution of duties by audit & supervisory board members. The Company shall settle such costs or liabilities as appropriate each time audit & supervisory board members submit such request to the Company, with the exception of cases where the Company has proven that such costs or liabilities were not necessary in the execution of duties by audit & supervisory board members. costs or liabilities were not necessary in the execution of duties by audit & supervisory board members.

(Status of implementation)

The Company paid to settle costs or liabilities as appropriate each time audit & supervisory board members submitted such request to the Company.

**(11) Framework to ensure auditing activities by the audit & supervisory board members are carried out effectively**

The Company shall develop a framework to deepen the mutual cooperation among internal auditors, audit & supervisory board members and accounting auditors in their audit by exchanging their opinions regularly or as necessary.

The Company shall also strive to improve, on an ongoing basis, the effectiveness of audit function performed by audit & supervisory board members by making directors and employees cooperate with inspections or hearing request submitted by audit & supervisory board members.

(Status of implementation)

Internal auditors, accounting auditors and audit & supervisory board members exchange their opinions regularly, ensuring mutual cooperation in their audits.

Moreover, directors and employees are cooperating appropriately with inspections or hearing requests submitted by audit & supervisory board members.

**(12) Basic policy toward removal of anti-social forces**

The Company shall interdict any and all relationship with anti-social forces and groups which threaten the order and safety of the civil society. And against such anti- social forces, the entire MEITEC Group, from the CEO down, shall respond in uncompromising manner.

(Status of implementation)

The Company has prescribed that employees do not have any relationship with anti-social forces in the Employee Code of Conduct and in the purchasing policy. At the same time, the Company has established the principle of the “3 No’s” (“No fear,” “No payments,” “No business”) in dealing with organized violence by anti-social forces. It has also stipulated that in the event of any approach from anti-social forces, employees should not handle the matter individually, but should consult the department in charge to deal with it as an organization.

## 7. Basic Policy Regarding Profit Distribution

The Company's objective is to maximize the shareholders return in mid to long term through realizing the sustainable growth of the company. The basic policy of the Company is to distribute profit in accordance with operating results. In view of maximizing shareholder's return in mid to long term, unless major investment demands are expected, total return ratio to be within 100% for the total shareholders return by dividend and acquisition of treasury shares.

Payout ratio for the dividend to be equal or more than 50%, and the interim dividend and the year-end dividend are to be paid. Minimum level of payout ratio is to be consolidated Dividend on Equity ratio (DOE) 5%. The amount of working capital required to continue our business has been set at the equivalent of three (3) months of consolidated net sales in our group cash management plan. Therefore acquisition of treasury shares will be executed with consideration of our total return ratio if the consolidated cash position at the end of previous fiscal year exceeds the three (3) month net sales and there are no major investment demands expected.

Treasury shares will be continued to be held by the company up to two million (2,000,000) shares. Treasury shares in excess of two million (2,000,000) shares will be retired by the end of the fiscal year.

Note:

- Total Return Ratio = Total shareholders return for the year / Profit attributable to owners of parent
  Total Shareholders Return for Year = Total dividend paid (interim and year end) + Amount used to acquire the treasury shares during the fiscal year
- Payout Ratio = Total dividend paid (interim and year end) / Profit attributable to owners of parent
- Dividend on Equity Ratio (DOE) = Dividend / consolidated shareholder's equity
- Three Month Net Sales = Working capital*: Consolidated two month net sales + Fund for strengthening the financial base (a fund to sustain the business operation in the event of a crisis equivalent to that of fiscal year ended March 2010): Consolidated one month net sales

  * Working capital is determined according to such factors as account receivables.

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.

Unless otherwise noted, figures in this business report for the fiscal year ended March 31, 2018 is presented as follows.

- Monetary amounts are rounded off to the displayed unit. However, hundredths of a yen are rounded to the nearest whole number.
- Ratios are rounded to the displayed unit.

**Consolidated Balance Sheets**

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Assets | |
| Current assets | |
| Cash and deposits | 41,753,458 |
| Notes and accounts receivable - trade | 13,816,467 |
| Work in process | 180,238 |
| Deferred tax assets | 2,851,960 |
| Other | 723,303 |
| Total current assets | 59,325,427 |
| Non-current assets | |
| Property, plant and equipment | |
| Buildings and structures, net | 3,690,765 |
| Tools, furniture and fixtures, net | 221,245 |
| Land | 1,487,374 |
| Total property, plant and equipment | 5,399,385 |
| Intangible assets | |
| Software | 917,585 |
| Other | 12,054 |
| Total intangible assets | 929,639 |
| Investments and other assets | |
| Investment securities | 47,721 |
| Deferred tax assets | 4,479,371 |
| Other | 767,635 |
| Allowance for doubtful accounts | (14,911) |
| Total investments and other assets | 5,279,816 |
| Total non-current assets | 11,608,841 |
| Total assets | 70,934,269 |

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Liabilities | |
| Current liabilities | |
| Accrued expenses | 3,327,971 |
| Income taxes payable | 2,255,797 |
| Accrued consumption taxes | 1,421,523 |
| Provision for directors' bonuses | 215,316 |
| Provision for bonuses | 7,456,248 |
| Provision for loss on liquidation of subsidiaries and associates | 4,812 |
| Other | 1,495,154 |
| Total current liabilities | 16,176,824 |
| Non-current liabilities | |
| Net defined benefit liability | 14,617,901 |
| Total non-current liabilities | 14,617,901 |
| Total liabilities | 30,794,726 |
| Net assets | |
| Shareholders' equity | |
| Capital stock | 5,000,000 |
| Capital surplus | 11,955,724 |
| Retained earnings | 31,873,438 |
| Treasury shares | (6,750,331) |
| Total shareholders' equity | 42,078,831 |
| Accumulated other comprehensive income | |
| Revaluation reserve for land | (662,440) |
| Foreign currency translation adjustment | 9,155 |
| Remeasurements of defined benefit plans | (1,288,885) |
| Total accumulated other comprehensive income | (1,942,170) |
| Non-controlling interests | 2,882 |
| Total net assets | 40,139,543 |
| Total liabilities and net assets | 70,934,269 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

**Consolidated Statements of Income**

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Net sales | 93,618,603 |
| Cost of sales | 69,250,512 |
| Gross profit | 24,368,090 |
| Selling, general and administrative expenses | 12,910,049 |
| Operating profit | 11,458,040 |
| Non-operating income | |
| Interest income | 1,728 |
| Dividend income | 225 |
| Gain on forfeiture of unclaimed dividends | 3,166 |
| Gain on investments in partnership | 2,520 |
| Rent income | 3,984 |
| Gain on sales of non-current assets | 1,983 |
| Other | 5,739 |
| Total non-operating income | 19,347 |
| Non-operating expenses | |
| Commitment fee | 2,541 |
| Commission fee | 4,032 |
| Provision of allowance for doubtful accounts | 2,600 |
| Bad debts expenses | 1,848 |
| Other | 441 |
| Total non-operating expenses | 11,464 |
| Ordinary profit | 11,465,924 |
| Extraordinary income | |
| Compensation for transfer | 300,000 |
| Gain on reversal of asset retirement obligations | 37,380 |
| Other | 92 |
| Total extraordinary income | 337,472 |
| Extraordinary losses | |
| Loss on retirement of non-current assets | 6,173 |
| Head office transfer cost | 245,815 |
| Other | 10,062 |
| Total extraordinary losses | 262,050 |
| Profit before income taxes | 11,541,345 |
| Income taxes - current | 4,028,974 |
| Income taxes - deferred | (619,637) |
| Total income taxes | 3,409,337 |
| Profit | 8,132,008 |
| Profit attributable to owners of parent | 8,132,008 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

# Consolidated Statements of Changes in Equity

(Fiscal Ended March 31, 2018)

(Thousands of Yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 5,000,000 | 11,955,724 | 28,236,076 | (5,220,876) | 39,970,924 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (4,494,646) | | (4,494,646) |
| Profit attributable to owners of parent | | | 8,132,008 | | 8,132,008 |
| Purchase of treasury shares | | | | (1,529,455) | (1,529,455) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 3,637,362 | (1,529,455) | 2,107,907 |
| Balance at end of current period | 5,000,000 | 11,955,724 | 31,873,438 | (6,750,331) | 42,078,831 |

(Thousands of Yen)

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | (662,440) | 9,315 | (1,466,541) | (2,119,667) | 2,863 | 37,854,120 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (4,494,646) |
| Profit attributable to owners of parent | | | | | | 8,132,008 |
| Purchase of treasury shares | | | | | | (1,529,455) |
| Net changes of items other than shareholders' equity | — | (159) | 177,656 | 177,496 | 18 | 177,515 |
| Total changes of items during period | — | (159) | 177,656 | 177,496 | 18 | 2,285,422 |
| Balance at end of current period | (662,440) | 9,155 | (1,288,885) | (1,942,170) | 2,882 | 40,139,543 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

**Non-Consolidated Balance Sheet**

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Assets | |
| Current assets | |
| Cash and deposits | 35,414,730 |
| Notes receivable - trade | 658,018 |
| Accounts receivable - trade | 10,438,999 |
| Work in process | 168,280 |
| Prepaid expenses | 464,455 |
| Deferred tax assets | 2,193,498 |
| Other | 196,222 |
| Total current assets | 49,534,205 |
| Non-current assets | |
| Property, plant and equipment | |
| Buildings | 3,669,312 |
| Structures | 15,566 |
| Tools, furniture and fixtures | 216,823 |
| Land | 1,487,374 |
| Total property, plant and equipment | 5,389,077 |
| Intangible assets | |
| Software | 867,599 |
| Other | 11,922 |
| Total intangible assets | 879,521 |
| Investments and other assets | |
| Investment securities | 47,721 |
| Shares of subsidiaries and associates | 1,152,338 |
| Deferred tax assets | 3,905,683 |
| Guarantee deposits | 654,813 |
| Other | 71,517 |
| Allowance for doubtful accounts | (10,767) |
| Total investments and other assets | 5,821,305 |
| Total non-current assets | 12,089,904 |
| Total assets | 61,624,110 |

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Liabilities | |
| Current liabilities | |
| Accounts payable - other | 636,877 |
| Accrued expenses | 2,471,400 |
| Income taxes payable | 1,829,739 |
| Accrued consumption taxes | 1,033,477 |
| Provision for directors' bonuses | 208,000 |
| Provision for bonuses | 5,698,962 |
| Provision for loss on liquidation of subsidiaries and associates | 4,140 |
| Other | 567,902 |
| Total current liabilities | 12,450,499 |
| Non-current liabilities | |
| Provision for retirement benefits | 12,738,916 |
| Total non-current liabilities | 12,738,916 |
| Total liabilities | 25,189,415 |
| Net assets | |
| Shareholders' equity | |
| Capital stock | 5,000,000 |
| Capital surplus | |
| Legal capital surplus | 1,250,000 |
| Other capital surplus | 10,696,222 |
| Total capital surpluses | 11,946,222 |
| Retained earnings | |
| Other retained earnings | |
| Retained earnings brought forward | 26,901,244 |
| Total retained earnings | 26,901,244 |
| Treasury shares | (6,750,331) |
| Total shareholders' equity | 37,097,135 |
| Valuation and translation adjustments | |
| Revaluation reserve for land | (662,440) |
| Total valuation and translation adjustments | (662,440) |
| Total net assets | 36,434,694 |
| Total liabilities and net assets | 61,624,110 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

**Non-Consolidated Statement of Income**

(Thousands of Yen)

| | Fiscal year ended March 31, 2018 |
|---|---|
| Net sales | 72,252,453 |
| Cost of sales | 53,861,048 |
| Gross profit | 18,391,404 |
| Selling, general and administrative expenses | 9,048,699 |
| Operating profit | 9,342,705 |
| Non-operating income | |
| Interest income | 1,590 |
| Dividend income | 732,945 |
| Other | 35,319 |
| Total non-operating income | 769,855 |
| Non-operating expenses | |
| Commitment fee | 2,541 |
| Commission fee | 4,032 |
| Other | 69 |
| Total non-operating expenses | 6,643 |
| Ordinary profit | 10,105,917 |
| Extraordinary income | |
| Compensation for transfer | 300,000 |
| Other | 64,353 |
| Total extraordinary income | 364,353 |
| Extraordinary losses | |
| Head office transfer cost | 245,815 |
| Other | 15,664 |
| Total extraordinary losses | 261,479 |
| Profit before income taxes | 10,208,791 |
| Income taxes - current | 3,299,686 |
| Income taxes - deferred | (552,414) |
| Total income taxes | 2,747,271 |
| Profit | 7,461,519 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

# Non-Consolidated Statement of Changes in Equity

(Fiscal Ended March 31, 2018)

(Thousands of Yen)

| | Shareholders' equity | | | |
|---|---|---|---|---|
| | Capital stock | Capital surplus | | |
| | | legal capital surplus | Other capital surplus | Total capital surplus |
| Balance at beginning of current period | 5,000,000 | 1,250,000 | 10,696,222 | 11,946,222 |
| Changes of items during period | | | | |
| Dividends of surplus | | | | |
| Profit | | | | |
| Purchase of treasury shares | | | | |
| Total changes of items during period | — | — | — | — |
| Balance at end of current period | 5,000,000 | 1,250,000 | 10,696,222 | 11,946,222 |

(Thousands of Yen)

| | Shareholders' equity | | |
|---|---|---|---|
| | Retained earnings<br>Other retained earnings<br>Retained earnings brought forward | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 23,934,371 | (5,220,876) | 35,659,717 |
| Changes of items during period | | | |
| Dividends of surplus | (4,494,646) | | (4,494,646) |
| Profit | 7,461,519 | | 7,461,519 |
| Purchase of treasury shares | | (1,529,455) | (1,529,455) |
| Total changes of items during period | 2,966,872 | (1,529,455) | 1,437,417 |
| Balance at end of current period | 26,901,244 | (6,750,331) | 37,097,135 |

(Thousands of Yen)

| | Valuation and translation adjustments | | Total net assets |
|---|---|---|---|
| | Revaluation reserve for land | Total valuation and translation adjustments | |
| Balance at beginning of current period | (662,440) | (662,440) | 34,997,276 |
| Changes of items during period | | | |
| Dividends of surplus | | | (4,494,646) |
| Profit | | | 7,461,519 |
| Purchase of treasury shares | | | (1,529,455) |
| Total changes of items during period | — | — | 1,437,417 |
| Balance at end of current period | (662,440) | (662,440) | 36,434,694 |

Note：Amounts are stated by omitting fractions less than 1 thousand yen.

[English Translation of Audit & Supervisory Board's Report Originally issued in the Japanese language.]

To Directors of MEITEC CORPORATION

## Audit & Supervisory Board's Report (Certified Copy)

We, the Audit & Supervisory Board Members of the Company, based on the audit reports prepared by each Audit & Supervisory Board Member regarding the performance of duties by the Directors during the 45th business year from April 1, 2017, to March 31, 2018, prepared this audit report upon deliberation and hereby report, by unanimous show of hands, as follows:

### 1. Audit Methods by Audit & Supervisory Board Members and Audit & Supervisory Board and its Details

(1) The Audit & Supervisory Board established audit policy and assigned business, etc., and received reports from each Audit & Supervisory Board Members regarding the state of implementation of his or her audits and results thereof, as well as received reports from the Directors, etc., and Accounting Auditors regarding performance of their duties, and sought explanations whenever necessity arose.

(2) Each Audit & Supervisory Board Members complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, in accordance with the audit policy of this term, planning of audits, etc., communicated with the Directors, the Internal Audit Dept., other employees, etc., and made efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.

1) Each Audit & Supervisory Board Member attended meeting of the Board of Directors and other important meetings, received reports from the Directors, employees, etc., regarding the state of performance of their duties, sought explanations whenever necessity arose, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and other main business offices of the Company. With respect to subsidiaries, we communicated and exchanged information with directors, audit & supervisory board members, etc., of the subsidiaries, and received reports on business from them, as need.
2) Each Audit & Supervisory Board Member verified the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that the Directors' duties, as stated in the business report, are executed in conformity of laws and regulations, and the articles of incorporation of the Company, and the establishment of a system necessary to ensure proper business operations of the whole business group consisting of a stock company and its subsidiaries set forth in paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act. It also received reports from Directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, and requested explanations as necessary and expressed his/her opinions.
3) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate

audits, and we received reports from Accounting Auditors regarding the state of performance of their duties and sought explanations whenever necessity arose. In addition, we received notice from the Accounting Auditors the "The systems for ensuring the proper performance of duties" (matters set forth in each Item of Article 131 of the Ordinance on Accounting of Companies) is organized in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined business reports and supporting schedules, the financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of change in equity, and foot notes) and supporting schedules related to the relevant business term, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of change in equity, and foot notes).

**2. Results of Audit**

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the business report and supporting schedules fairly presents the state of the Company in accordance with the laws, regulations and Articles of Incorporation.
2) In connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws, regulations, or the Articles of Incorporation exists.
3) In our opinion, the contents of the resolution of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found nothing to be pointed out in relation to the performance of duties by the Directors regarding the internal control system.

(2) Results of Audit of non-consolidated financial statements and supporting schedules

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

(3) Results of Audit of consolidated financial statements

In our opinion, the methods and results of audit conducted by the Independent Auditors, Deloitte Touche Tohmatsu LLC are proper.

May 10, 2018

MEITEC CORPORATION
the Audit & Supervisory Board

Standing Outside Audit & Supervisory Board Member
Makoto Fukai

Outside Audit & Supervisory Board Member
Masatoshi Saito

Outside Audit & Supervisory Board Member
Hiroshi Watanabe

Outside Audit & Supervisory Board Member
Masatoshi Uematsu