



The slide features a purple header with the text "Make Value!" and "FY2021 Online Briefing on Financial Results" in white. Below "Make Value!" is a white arrow graphic with "Engineer Support Company" written inside it. The date "March 24, 2021" is positioned below the main title. The lower half of the slide is white and contains the Artner logo (a blue triangle composed of smaller triangles) with the tagline "— Create the Future —" above the word "ARTNER". Below this is the JPX Prime logo, which consists of three red vertical bars and the text "JPX PRIME". A horizontal purple line is located above the text "ARTNER CO., LTD." at the bottom of the slide.

Make Value!

Engineer Support Company

FY2021
Online Briefing on
Financial Results
March 24, 2021

— Create the Future —
ARTNER

JPX
PRIME

ARTNER CO., LTD.

- Thank you for the introduction. I'm SEKIGUCHI Sozo, president and CEO of Artner Co., Ltd.
- Thank you all for attending the FY2021 Financial Results Online Briefing today.
- I would now like to start this financial results briefing, which will include 30 minutes of explanations and 30 minutes of Q&A.

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- This is the agenda for today.
- The first item is company overview.
- Second is the financial summary for FY2021.
- Third is the Medium-Term Business Plan.
- Fourth is our forecast of financial results and dividend for FY2022.
- Lastly, I will be going through the reference materials.

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- First, let me give you an overview of the Company.

■ Company Motto

Pursuit of Mindset

Pursuit of Wisdom

Pursuit of Creativity

■ Management Philosophy

“Engineer Support Company”

—We support our engineers’ dreams—

We aim for the happiness of all the employees and reflection within the company by developing talents, fostering technologies, and contributing to society through our engineers.

■ Origin of the Company Name

ART
Art: Pursuing
superior quality

+

ARTNER

+

PARTNER
Partner: Responding to
customer trust

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- This is our company motto, management philosophy, and origin of Artner’s company name.

History (at the time of founding in 1953)



1953 -

Originally founded as Sekiguchi Kogyo Co., Ltd. in Amagasaki, Hyogo in 1953.

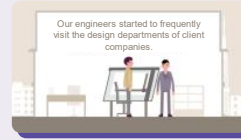


Founded

Reproduces and binds design drawings received from client companies, using whiteprinting and blueprinting techniques.



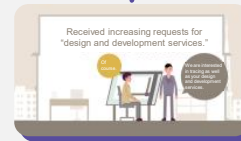
Our engineers visit frequently the design departments of client companies.



Manufactures and sells gloves for use in heavy industries in the Hanshin Industrial Region.



Starts hiring employees with STEM degrees and offering a tracing service for design drawings.



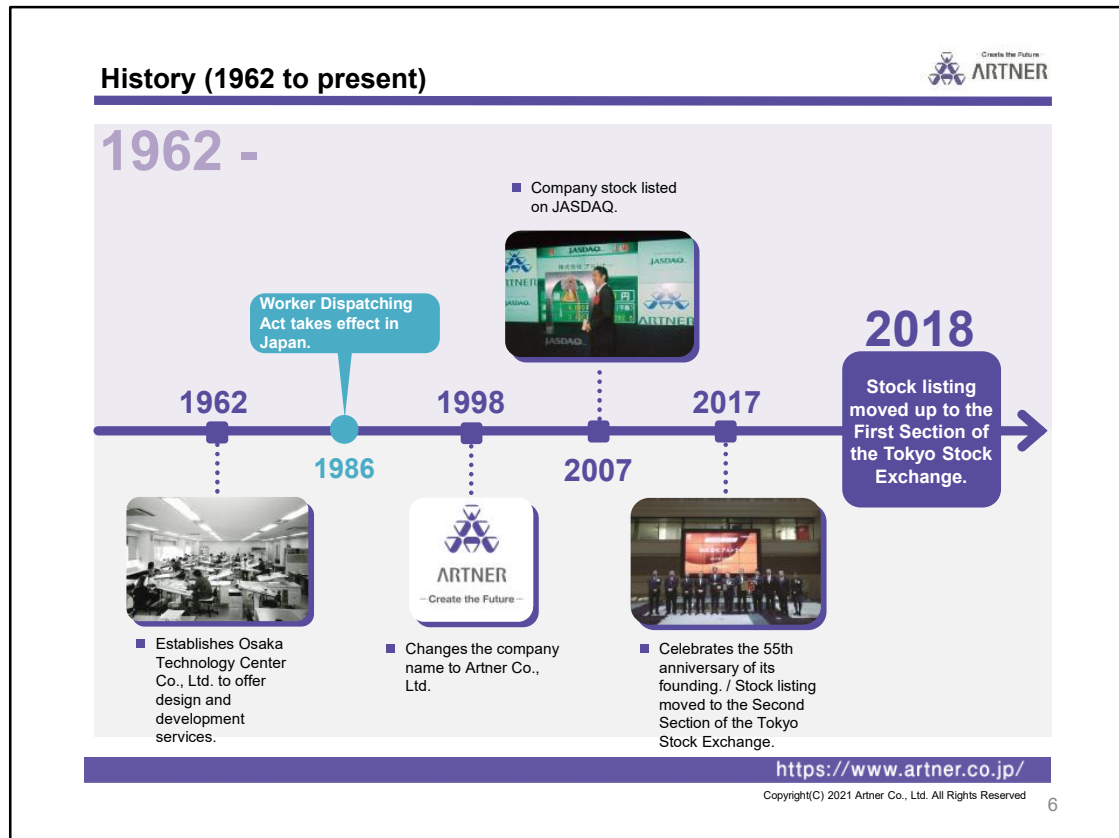
Demand increases from clients for tracing and other designing and development services.

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- Next, our history.
- The Company was founded in 1953.
- It was originally founded as Sekiguchi Kogyo Co., Ltd. in Amagasaki, Hyogo.
- At the time, the Company's main business was reproducing and binding design drawings received from client companies, using techniques such as whiteprinting and blueprinting.



- Osaka Technology Center Co., Ltd., a company specializing in engineer dispatching services, was established after that in 1962 as a subsidiary owned entirely by Sekiguchi Kogyo Co., Ltd.
- In 1998, the company name changed to Artner Co., Ltd.
- In 2007, the company stock was listed on JASDAQ.
- In 2017, Artner celebrated its 55th anniversary. Our stock listing also moved to the Second Section of the Tokyo Stock Exchange.
- In 2018, our stock listing moved up to the First Section of the Tokyo Stock Exchange.

Business locations



Headquarters	Tokyo, Osaka
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya
Learning centers	East Japan, West Japan



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- In terms of our primary business locations, we have a dual-headquarters system with a headquarters in Osaka and another in Tokyo.
- Our Tokyo headquarters is mainly in charge of business promotion, which includes recruitment, sales, and education.
- Our Osaka headquarters acts as our management division, which deals with Artner's general affairs, human resources, accounting, and finances.
- There are four business bases in Japan.
- The cities are Yokohama, Utsunomiya, Osaka, and Nagoya.
- There are also two learning centers.
- One is in East Japan and the other in West Japan.

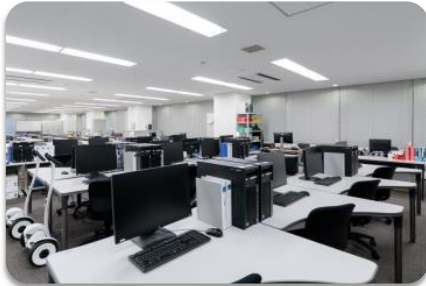
West Japan LC (moved Jan. 15, 2019), East Japan LC (launched Mar. 2, 2020)



West Japan LC



East Japan LC



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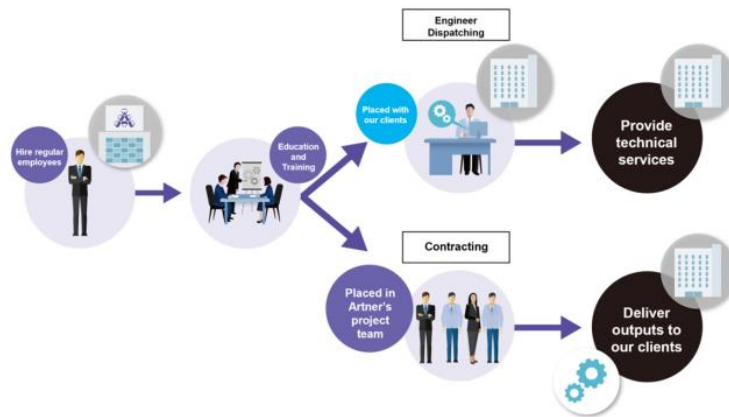
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- Our learning center in West Japan was relocated on January 15, 2019.
- Our new learning center in East Japan was opened on March 2, 2020.

Business Model

- Hire undergraduate, graduate, technical, and professional students in the sciences (engineering, science and engineering, science, information engineering) as regular employees. After receiving education and training, they are placed with our clients or the Company's teams
- Our training staff are engineers with extensive experience
- Our clients include transportation equipment, electrical equipment, and precision equipment manufacturer



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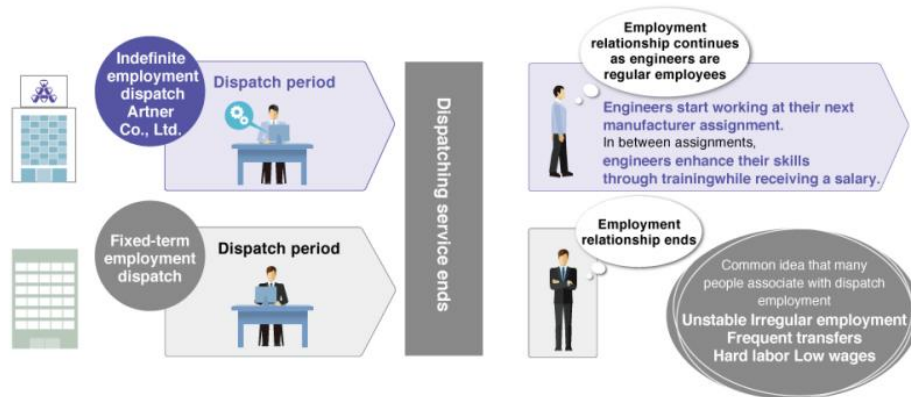
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- I would like to explain our business model.
- We hire mainly undergraduate, graduate, technical, and professional students in the sciences (engineering, science and engineering, science, information engineering) as regular employees. After receiving internal education and training, they are placed with our clients or the Company's contracting teams.
- Our training staff are highly experienced professionals who were engineers in the field.
- Our main clients are transportation equipment, electrical equipment, and precision equipment manufacturers.
- The model shows the flow from employment to education and training, followed by placement or follow-up. Please take a look later.

Employment status at Artner



■ Artner's engineers with an "indefinite employment dispatch" status are hired as regular employees, meaning that the employment relationship continues even after a dispatching service ends.



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- Next, let me explain about the employment status of Artner's engineers.
- Our main business is engineer dispatching services, so employment status is of extreme importance.
- Artner's engineers with an "indefinite employment dispatch" status are hired as regular employees, meaning that their employment relationship with Artner continues even after a dispatching service ends.
- Because of this, our engineers can go about their work with peace of mind and without worrying about their employment.
- While the general dispatch model involves mainly employment contracts with clients only for periods when there is work to be done, or so-called "fixed-term employment," ours is "regular employee employment."

Education and training flow



■ After entering the Company, employees undergo a process of “general training,” “outside on-the-job training,” “basic training,” and “customized training (practical training)” before their assignment to a manufacturer’s project. After being assigned, employees take the “career support courses” to develop their ability to provide services tailored to our clients.



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- This is our education and training flow.
- Since Artner mainly recruits new graduates, new employees generally enter the Company on April 1.
- After entering the Company, employees undergo general training, outside on-the-job training, basic training, and customized training and are then assigned to the projects of our clients throughout Japan.
- Employees are continuously enhancing their technical skills through career support courses and other programs.

Technology fields



Machinery

Compatible fields

Equipment and Devices / Mechanisms / Resin and Sheet Metal / Analysis

Mechanical engineers design the mechanisms of machines with moving parts using 2D/3D CAD tools.



Electronics

Compatible fields

Electrical Equipment / Electronic Circuits / Semiconductors

Electronic engineers design the circuit boards that form the heart of equipment and devices and they perform reliability assessment work for electronics.



Software

Compatible fields

Control Software

Software engineers develop software for operating electrical equipment with CPUs, including vehicles with increasingly advanced technologies and IoT devices.



Software

Compatible fields

Data Processing


Software engineers develop systems and apps, web and open systems, and package software.

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- These are our main technology fields.
- We specialize in four categories.
- They are machinery, electronics, control software, and data processing software.
- Our engineers handle technologies in these four categories.



Our clients (by industry, in alphabetical order, standard company name used)

■ **Business with client companies in a wide range of industries for stable business**

Transportation equipment	Honda R&D, Nissan, Subaru, Toyota, etc.
Electrical equipment	Daikin Rexxam Electronics, Omron, Panasonic, etc.
Precision equipment	Nikon, Shimadzu, Terumo, etc.
Machinery	JTEKT, Komatsu, Zuiko, etc.
Information and communications	Hitachi Solutions Technology, etc.

**Companies listed on the first and second sections of their respective stock exchange,
 as well as blue-chip, mid-sized companies
 Transaction history with roughly 400 companies**

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- These are our main clients.
- To ensure stable business operations, we work with clients from a wide variety of industries.
- Beginning from the top, the fields are transportation equipment, electrical equipment, precision equipment, machinery, and information and communications.

Products and systems related to design and development (1)



Automobile



Machinery

- Design and development of car bodies
- Reliability test

Electronics

- Planning and design of ECU
- Cable harness power circuit

Software

- Development of control software for automobile meters, in-car navigation systems, and dashboard cameras

Eco cars



Machinery

- Development of eco car chargers
- Development of lithium-ion batteries
- Development of drive motors

Electronics

- R&D of next-generation fuel cells
- Hybrid system design
- Safety evaluation of automotive batteries

Software

- Development and evaluation of brake control system

Advanced safety vehicle (ASV)



Electronics

- Development of parking assist system (e.g., automatic braking, accelerator control)
- Development of lane keeping

Software

- R&D of Driving Safety Support Systems
- Advance development of automatic perimeter

Motorcycle



Machinery

- Design and development of frames
- Design and development of exterior parts
- Design and development of electric motorbikes

Electronics

- Design of harnesses for electrical wiring

Software

- Development of test software
- Development of software for digital meters

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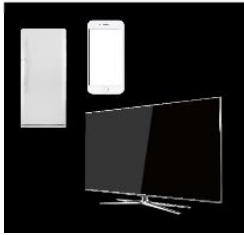
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- Next, allow me to introduce some fields that have been attracting considerable attention recently whose products and systems involve design and development.
- The fields include automobile, eco car, advanced safety vehicle, and motorcycle.

Products and systems related to design and development (2)



Home electronics



Machinery

- Design and development of home appliances (enclosure design, structural design)
- Development of in-car navigation system

Electronics

- Prototyping, evaluation, and analysis of smartphone circuit boards
- Circuit design for AV equipment

Software

- Development of energy system
- Development of iPhone applications

Medical devices



Machinery

- Development of PET system
- Improvement of blood transfusion and infusion sets, design of next set

Electronics

- Design and development of control board for X-ray imaging system
- Evaluation of visceral fat measuring device

Software

- R&D of walking assist devices
- R&D of pulse measuring equipment

Industrial equipment



Machinery

- Design and development of industrial robots
- Design of production line for health products
- Design and development of machine tools

Electronics

- Development of semiconductor lithography equipment
- Design and development of production facilities

Software

- Development of applications for semiconductor manufacturing equipment
- Development and validation of software for automatic ticket gate

Aerospace machinery



Machinery

- Design and development of aircraft test jigs
- Development of passenger aircraft AV equipment
- Design and development of aircraft

Electronics

- Development of satellite inspection equipment

Software

- R&D of next satellites
- Development and evaluation of simulators for satellite radio communication equipment

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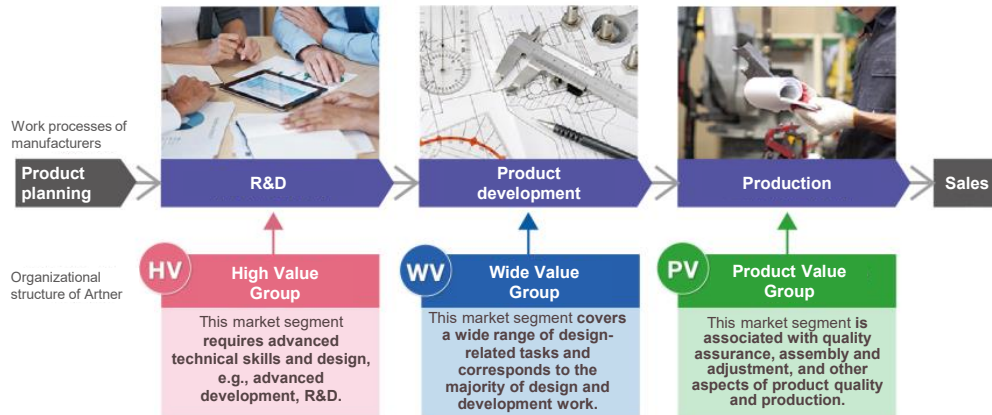
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- The fields also span home electronics, medical devices, industrial equipment, and aerospace machinery.

The Company's Groups corresponding to the work processes of manufacturers  ARTNER

- Upstream processes are markets less affected by economic conditions
- Emphasis on assignment to design and development projects (especially automobile manufacturers)
- Placement in upstream processes results in higher unit prices of engineers




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- We have formed groups corresponding to the work processes of manufacturers in order to match engineers and clients.
- Since the development process is incredibly vast in scope, we organized the different parts of the process into groups: R&D into the High Value Group; product development into the Wide Value Group; and production into the Product Value Group. This allows for the smooth pairing of our clients with our engineers.



Internal programs that can be chosen by engineers

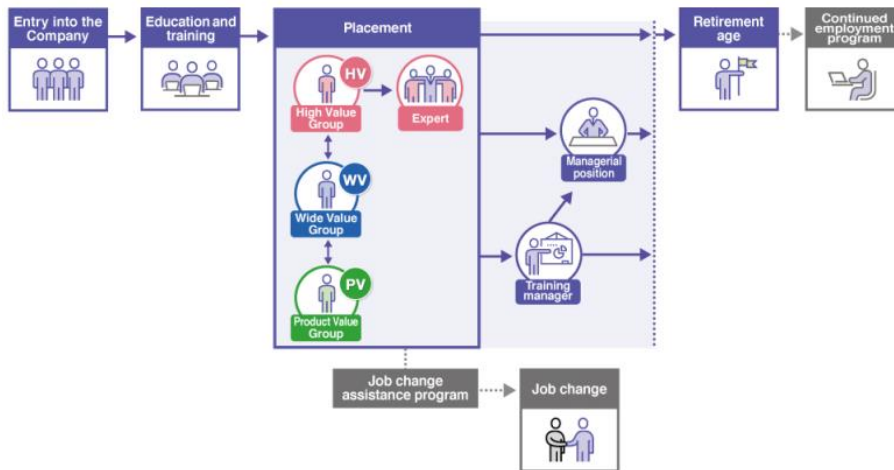
Performance-based salary system		<p>The HV Group is responsible for the top-secret, high-level design and development projects of different manufacturers under a performance-based, generous salary system.</p>
Limited area system	 	<p>Engineers with three years of work experience (from the fourth year of their career) can limit their area of work to either the Kanto, Chubu, or Kansai region.</p>
Internal recruitment program	  	<p>Engineers may switch their affiliation between the HV Group and the WV Group, or between the WV Group and the PV Group.</p>
Job change assistance program	  	<p>If the engineer wishes to change jobs and the client/manufacturer to which the engineer is placed wishes to officially hire the engineer, we support their career change. We also provide support for engineers who wish to return to their hometowns to work.</p>

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- Also, we put in place various internal programs for engineers to choose from to help us improve recruitment by raising employee satisfaction.
- The performance-based salary system at the top has been adopted by the High Value Group.
- Next, the limited area system. Our employees strongly wished that the geographic area of their dispatch work be restricted to a certain extent. Therefore, we have implemented the limited area system for our engineers in the Wide Value Group and Product Value Group.
- Below that is the internal recruitment program that allows employees to transfer from one group to another after entering the Company.
- The job change assistance program offers follow-up mainly for employees who joined Artner and later expressed an interest in joining our client company. It is a distinctive program.

Career paths of engineers

■ We offer various career paths for engineers, such as “to hone their skills in a high-level environment and earn high compensation,” “to work in a particular region,” “to eventually return to work in their hometowns,” and “to shift to employment with a manufacturer.”



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- It is all represented in this flow diagram.
- These are the career paths of engineers.
- Entry into the Company, placement.
- Retirement at age 60.
- The continued employment program after age 60.
- Along the way, engineers may leave Artner and work primarily for our clients by making use of the job change assistance program.

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- That was a brief overview about the Company.
- I will now move on to the financial summary for FY2021.

Financial summary for FY2021



Market environment

- The market environment remains challenging due to the impact of COVID-19.
- Advanced development is in demand, but uncertainty surrounds the size of investment budgets.

(Automobile industry) Gasoline-free cars (electric vehicle, fuel cell vehicle, etc.) in alignment with Connected, Autonomous, Shared, and Electric (CASE) vehicles and the Japanese government's decarbonization policy
(Semiconductor industry) Semiconductors (including manufacturing equipment) needed by electrical equipment, etc. for vehicle electrification, IoT, telework, and more

State of engineer dispatching business

- The unit price of engineers stayed at around the same level as the previous period's.
- The number of operative personnel was higher than that for the previous period. (The utilization rate fell below the previous period's due to contract expirations at the end of June, September, and December. However, the number of engineers increased.)
- Total work person-hours were less than those for the previous period.

Profit

- The operating margin was around the same level as the previous period's.
- (Increase in expenses) The assignment of newly graduated and career engineers who entered the Company in 2020 progressed slower than usual years. As a result, the assignment percentage was around 50%. The labor costs of unassigned engineers were recorded in SG&A expenses.
- (Decrease in expenses) Promoting telework by all company staff resulted in decreased expenses, such as travel, transportation and conference fees. Recruitment, advertising, and other expenses also decreased.

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- In summary, the impact of COVID-19 continued to create a challenging market environment in FY2021.
- While advanced development is in demand, there remains uncertainty over the size of investment budgets.
- The automobile industry, one of our representative industry fields, is actively developing gasoline-free cars, such as electric vehicles and fuel cell vehicles, in order to align with the requirements of Connected, Autonomous, Shared, and Electric (CASE) vehicles and the Japanese government's decarbonization policy.
- In addition, the semiconductor industry is seeing a rise in the use of semiconductors due to the promotion of vehicle electrification, IoT, telework, etc.
- Semiconductors needed for electrical equipment, etc., including manufacturing equipment, are in very high demand.
- With regard to the state of the engineer dispatching business, I would like to highlight three items.
- First, the unit price of engineers stayed at around the same level as the previous period's.
- The number of operative personnel was higher than in the previous year.
- Some contracts with engineers expired at the end of June, September, and December.
- Although the utilization rate fell below the previous period's, the number of engineers increased overall.
- Total work person-hours decreased compared to the previous period due to the strong encouragement of telecommuting and other impacts.
- Lastly, with regard to profit, the operating margin was around the same level as the previous period's.
- The increase in expenses was due to the slower than usual assignment of newly graduated and career engineers who entered the Company in 2020. As a result, the assignment percentage was around 50%.
- At Artner, the labor costs of unassigned engineers are recorded in SG&A expenses.
- The decrease in expenses was due to the promotion of telework by all company staff, which significantly decreased expenses, such as travel, transportation, and conference fees.
- Recruitment, advertising, and other expenses were also under control and decreased.

Financial results highlights for FY2021



Net sales up **2.5%**, operating profit up **0.1%**,
ordinary profit up **1.9%**, profit up **2.5%**. Operating margin **12.4%**.

	FY2020		FY2021		Change from the previous year (million yen)	Change from the previous year (%)	
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)			
Net sales	7,002	100.0	7,174	100.0	172	2.5	The number of operative personnel increased. The unit price of engineers was the same level as the previous period's.
Cost of sales	4,461	63.7	4,442	61.9	(19)	(0.4)	The performance-linked bonus for engineers decreased due to a slowdown.
Gross profit	2,540	36.3	2,731	38.1	191	7.5	Labor costs of newly graduated and career engineers who joined in 2020 and were unassigned.
SG&A expenses	1,654	23.6	1,844	25.7	190	11.5	
Operating profit	886	12.7	887	12.4	1	0.1	
Ordinary profit	893	12.8	910	12.7	17	1.9	
Profit	613	8.8	628	8.8	15	2.5	

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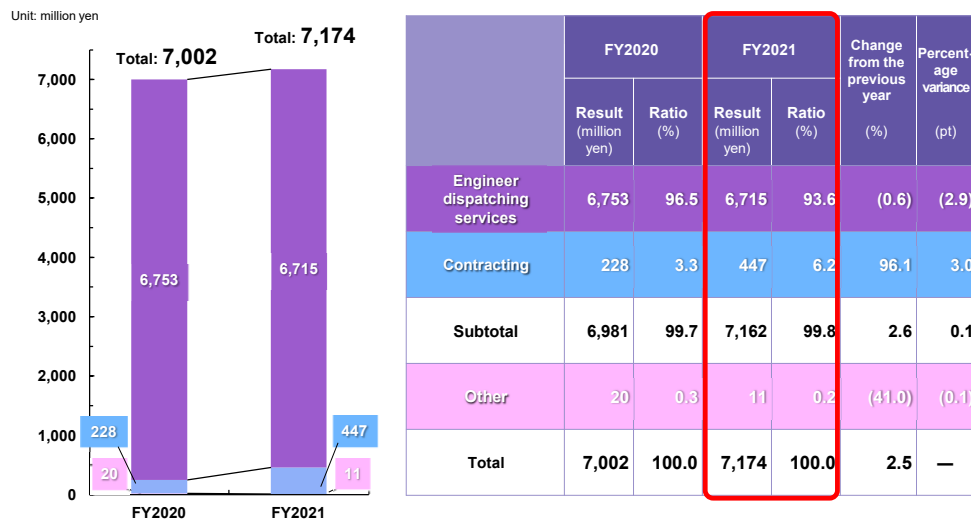
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- Based on these outcomes, our FY2021 financial results highlights are presented.
- Net sales went up 2.5%.
- Operating profit by 0.1%.
- Ordinary profit by 1.9%.
- Profit by 2.5%.
- Operating margin was 12.4%.

Net sales by business for FY2021



■ Engineer dispatching down 0.6% ■ Contracting up 96.1%



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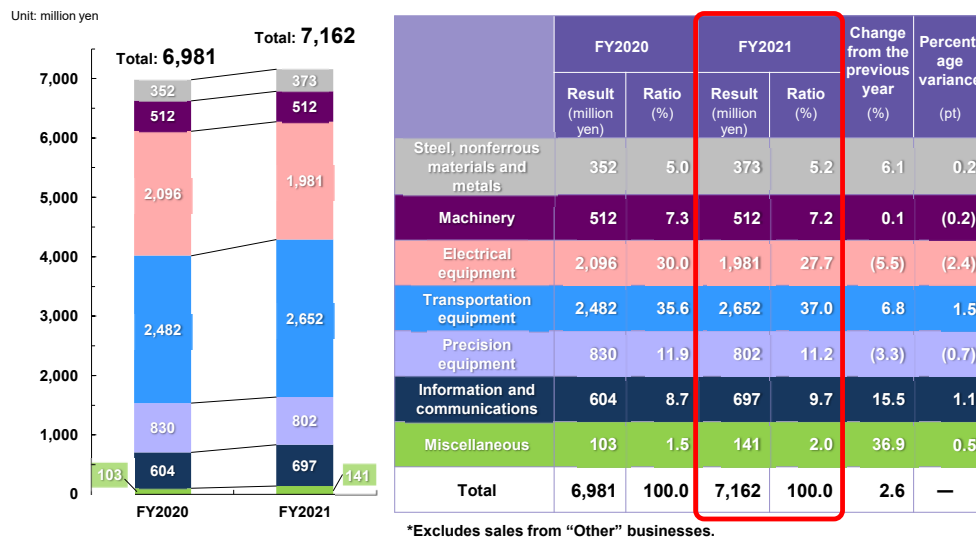
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- This shows net sales by business.
- The net sales of the engineer dispatching business decreased by 0.6%.
- The contracting business increased its net sales by 96.1%.
- The ratio of the contracting business rose from 3.3% to 6.2%.

Net sales by industry field for FY2021



- Electrical equipment down 5.5%
- Transportation equipment up 6.8%
- Information and communications up 15.5%



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- This shows net sales by industry field.
- Transportation equipment had a large increase with net sales growth of 6.8%.
- Information and communications recorded an increase of 15.5%.

Top ten client companies by net sales in FY2021



Top ten by net sales (Standard company name used)

	FY2020		FY2021	
	Our clients	Segment	Our clients	Segment
1	Honda R&D Co., Ltd.	Transportation equipment	Honda R&D Co., Ltd.	Transportation equipment
2	Nikon Corporation	Precision equipment	Honda Motor Co., Ltd.	Transportation equipment
3	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals	Nikon Corporation	Precision equipment
4	Terumo Corporation	Precision equipment	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals
5	Panasonic Corporation	Electrical equipment	Terumo Corporation	Precision equipment
6	Tokyo Electron Technology Solutions Limited	Electrical equipment	DENSO TEN Limited	Electrical equipment
7	DENSO TEN Limited	Electrical equipment	Panasonic Corporation	Electrical equipment
8	JTEKT Corporation	Machinery	Tokyo Electron Technology Solutions Limited	Electrical equipment
9	Daikin Rexxam Electronics Co., Ltd.	Electrical equipment	JTEKT Corporation	Machinery
10	Keihin Corporation (now Hitachi Astemo, Ltd.)	Transportation equipment	Daikin Rexxam Electronics Co., Ltd.	Electrical equipment

Net sales per 10 companies

	FY2020		FY2021		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Top 10 Total	3,332	47.7	3,394	47.4	1.9	(0.3)
Top 11 to 20 Total	890	12.8	977	13.6	9.7	0.9
Top 21 to 30 Total	583	8.4	655	9.2	12.4	0.8
Other than the above Total	2,175	31.2	2,134	29.8	(1.9)	(1.4)
Total	6,981	100.0	7,162	100.0	2.6	—

*Excludes sales from "Other" businesses.

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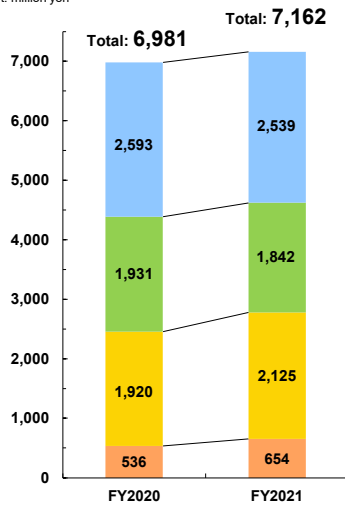
- These are our clients with the top ten net sales.
- Outlined in red, you can see that businesses with clients in the automobile industry continued to make up a significant weight in FY2021.

Net sales by business field for FY2021



- Machinery down 2.1%
- Control software up 10.7%
- Data processing up 22.1%

Unit: million yen



	FY2020		FY2021		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Machinery	2,593	37.2	2,539	35.5	(2.1)	(1.7)
Electronics	1,931	27.7	1,842	25.7	(4.6)	(1.9)
Control software	1,920	27.5	2,125	29.7	10.7	2.2
Data processing	536	7.7	654	9.1	22.1	1.5
Total	6,981	100.0	7,162	100.0	2.6	—

*Excludes sales from "Other" businesses.

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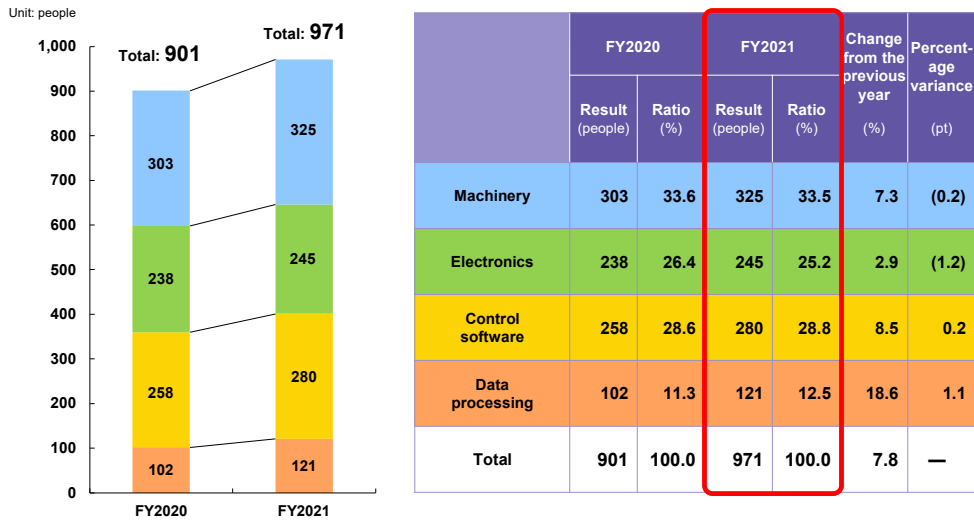
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- This shows net sales by business field.
- Control software had a large increase with net sales growth of 10.7%.
- Data processing recorded an increase of 22.1%.

Term-end engineer count by business field for FY2021



- Machinery up 7.3%
- Control software up 8.5%
- Data processing up 18.6%



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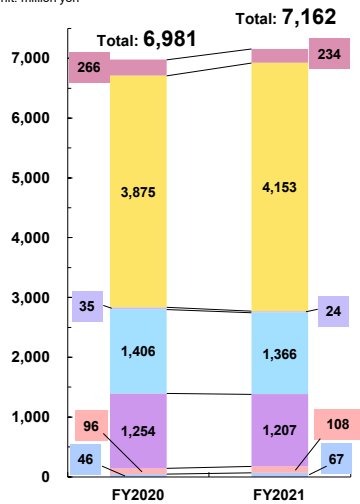
- Next, the term-end engineer count by business field.
- The count increased by 7.3% for machinery.
- By 8.5% for control software.
- By 18.6% for data processing.
- In FY2021, there were 971 engineers, amounting to an increase of 70 engineers.

Net sales by region for FY2021



■ Kanto up 7.2% ■ Tokai down 2.8% ■ Kinki down 3.7%

Unit: million yen



	FY2020		FY2021		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	266	3.8	234	3.3	(12.0)	(0.5)
Kanto	3,875	55.5	4,153	58.0	7.2	2.5
Hokuriku	35	0.5	24	0.3	(32.3)	(0.2)
Tokai	1,406	20.1	1,366	19.1	(2.8)	(1.1)
Kinki	1,254	18.0	1,207	16.9	(3.7)	(1.1)
Chugoku	96	1.4	108	1.5	12.8	0.1
Kyushu	46	0.7	67	0.9	45.7	0.3
Total	6,981	100.0	7,162	100.0	2.6	—

*Excludes sales from "Other" businesses.

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- This shows net sales by region.
- Net sales in Kanto was up 7.2%.
- Net sales in Tokai was down 2.8%.
- Net sales in Kinki was down 3.7%.

Stance on engineer dispatching business net sales, expenses, and improving margin percentages



■ Net sales



■ **Cost of sales** Labor costs, etc. of engineers assigned to client companies

■ **SG&A expenses**

- (Standby) labor costs incurred during internal education and training, labor costs of administrative staff positions
- Hiring activity expenses

Two key points to improving margin percentages

[Improving gross margin]
Increase average unit price of engineers.

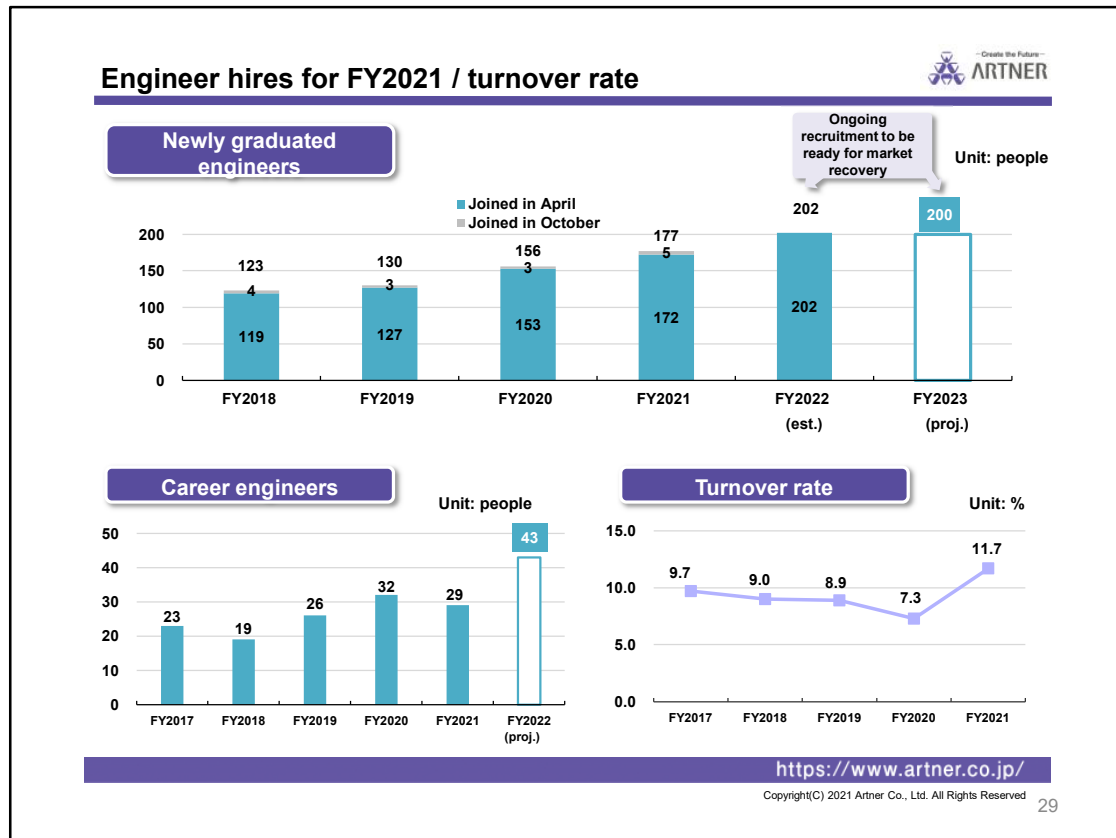
[Improving operating margin]
Minimize addition of administrative staff entailed by the increase in engineers through improved administrative efficiency, and thereby suppress increase in the SG&A expense ratio.

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- This page explains our approach to net sales, expenses, and improving the margin percentages of the engineer dispatching business.
- To calculate net sales, we first multiply the number of engineers and the utilization rate to get the number of operative personnel.
- This number is then multiplied by the hourly unit price of engineers and the number of hours they worked. This is the net sales that is recorded.
- The cost of sales is mainly the labor costs, etc. of working engineers.
- Other expenses, such as the labor costs of administrative staff positions, activity expenses, and the labor costs of engineers incurred during their training and standby periods, are recorded as SG&A expenses.
- Accordingly, there are two key points to improving margin percentages.
- First, to improve the gross margin, it is key to increase the unit price per engineer.
- Secondly, to improve the operating margin, it is key to minimize the addition of administrative staff associated with the increase in engineers through improving administrative efficiency, and thereby suppress the increase in the SG&A expense ratio.

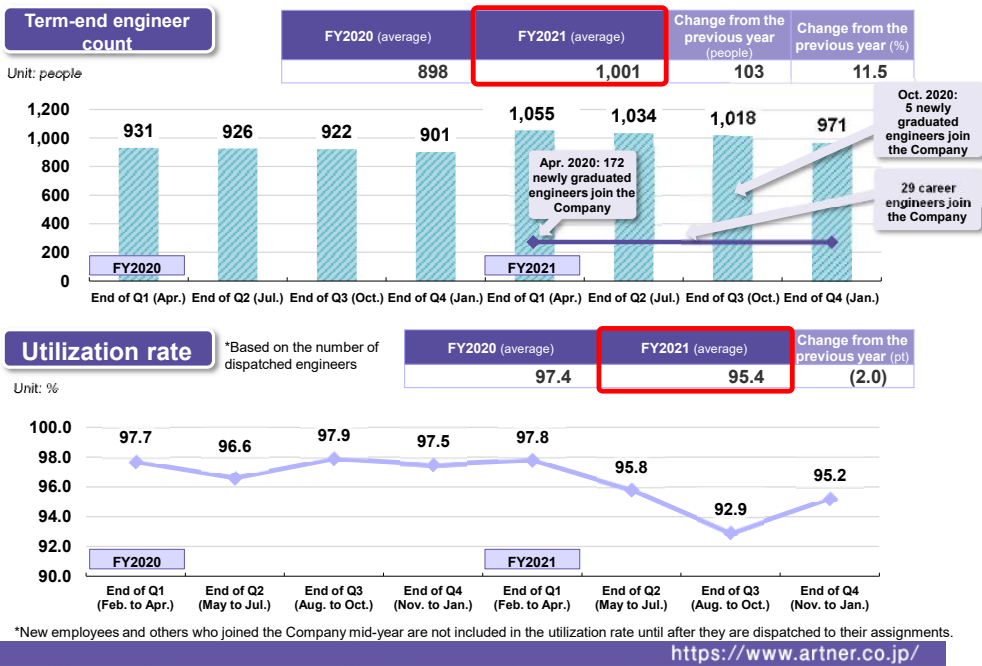


- This page shows the number of engineer hires and the turnover rate.
- A total of 177 newly graduated engineers were hired in FY2021.
- In April 2021, 202 newly graduated engineers are expected to enter the Company.
- We are currently conducting recruitment activities with the aim of welcoming 200 newly graduated engineers in April 2022 of the next fiscal year.

- In FY2021, 29 career engineers were hired.
- We have allocated our budget with the aim of hiring 43 career engineers in FY2022.

- Lastly, the turnover rate increased from 7.3% last year to 11.7%.
- The turnover rate worsened by about 4.4%.
- This was mainly due to increases in returnees at the end of March, June, September, and December of FY2021 compared to the average fiscal year.
- The number of people who left Artner wishing to return to their hometowns or to move to other rural areas was higher at those intervals when compared to the average year.
- Also, as we currently face the pandemic emergency, we will monitor shifts in our turnover rate in FY2022 and FY2023, and consider them along with future countermeasures.

Term-end engineer count / utilization rate for FY2021



- Next, the term-end engineer count and the utilization rate.
- The utilization rate decreased from 97.4% in the previous year to 95.4% this year.
- It worsened by 2.0%.
- This was due to the increased number of returning engineers this year when compared to the average year.
- The time required for reassigning returned engineers was a major contributing factor.

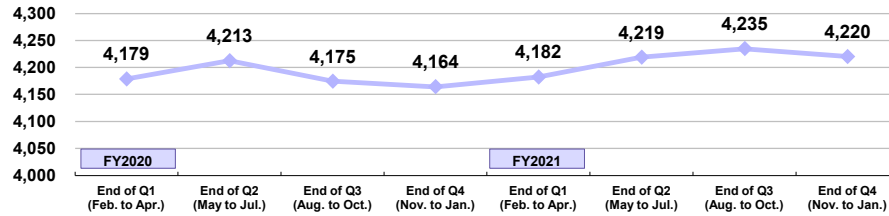
Unit price of engineers / total work person-hours for FY2021



Unit price of engineers

*Figures for dispatched engineers *Per person

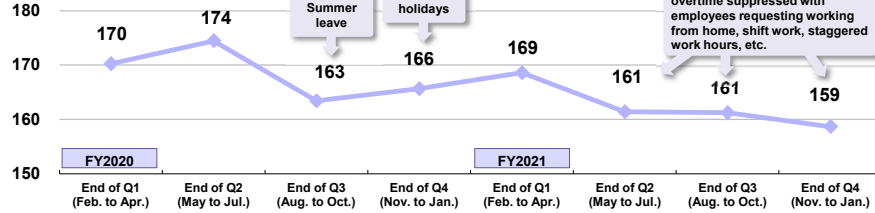
Unit: yen / hour



Total work person-hours

*Figures for dispatched engineers *Per person

Unit: hour / month



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- Next, the unit price of engineers.
- It was 4,183 yen last year and 4,213 yen this year. The unit price of engineers increased by about 30 yen.
- Total work person-hours were 168 hours last year and 163 hours this year.
- This was mainly because of telecommuting and shift work, which both contributed to considerably reduced overtime work person-hours.

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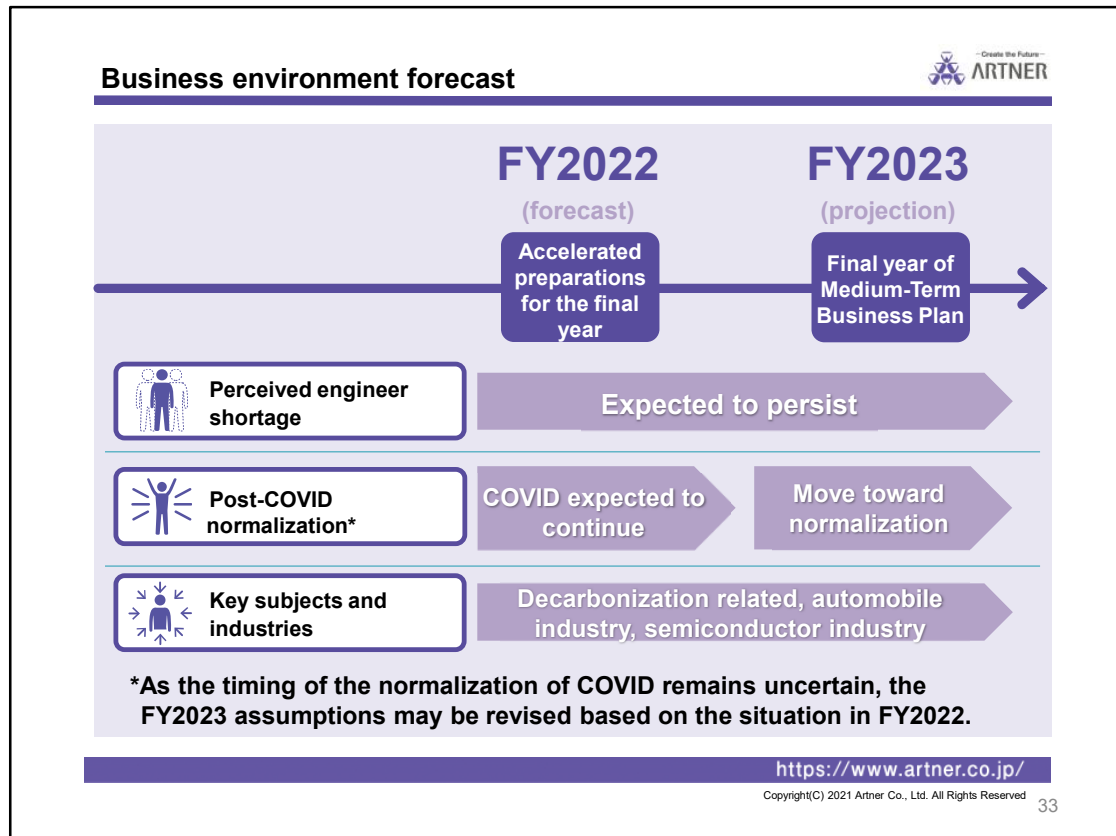
1	Company Overview	p. 3
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- Now that I have discussed the FY2021 financial summary, I would like to explain about our Medium-Term Business Plan.



- In the business environment forecast laid out in the Medium-Term Business Plan, FY2022 is designated as a period for accelerating the preparations for FY2023, which is the last fiscal year of the plan.
- We are operating around various assumptions in the lead-up to FY2023, based on our prediction that the pandemic will gradually move toward normalization.
- Our first assumption is that engineer shortages will likely continue over the next two years.
- The second assumption is that the pandemic will gradually move toward normalization from FY2022 to FY2023.
- We forecast that R&D related to carbon neutrality, the automobile industry, and the semiconductor industry will continue to be the key subjects and industries.

Basic policy

**“Build a foundation for sustainable and next-generation growth”
“Make Value! For the Next 2020-2022”**

Basic Measures

1

**Promote strategies
by segment**

- Develop strategies for each segment (recruitment - education - assignment - system).
- Establish approaches to markets by segment
- Explore and seek new specialist fields of technology

2

**Promote diversity and
inclusion in talent
management**

- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel
- Utilize and organize partner companies (set up a contracting system)

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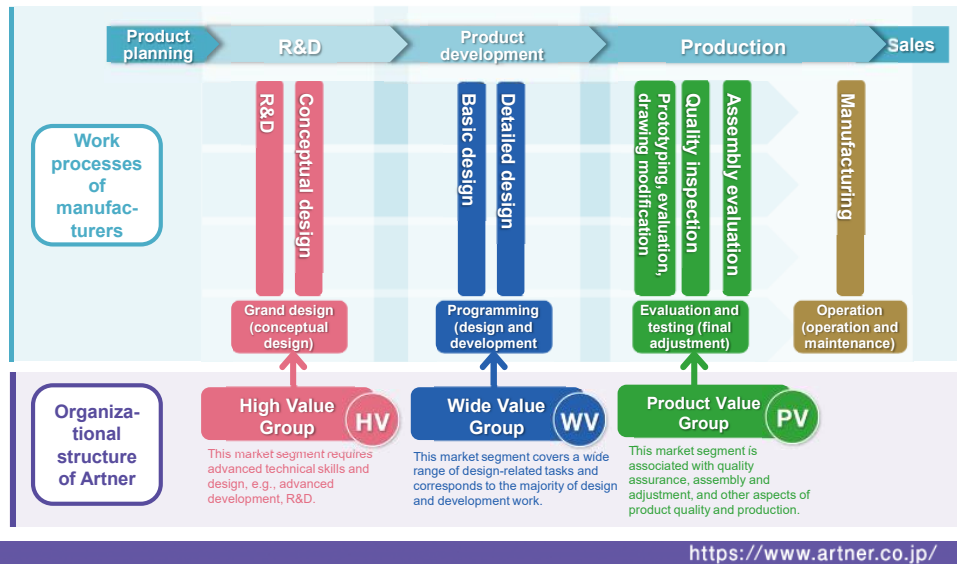
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- Our Medium-Term Business Plan’s basic policy and basic measures are as shown here.
- The basic measures are: 1. Promote strategies by segment; and 2. Promote diversity and inclusion in talent management. The latter includes establishing and strengthening a contracting system.

Approaches to markets by segment

- In order to meet the needs of our clients and cater to increasingly diverse business areas in manufacturing processes, we implement strategies stratified into three segments to realize a high match rate between our engineers and clients.

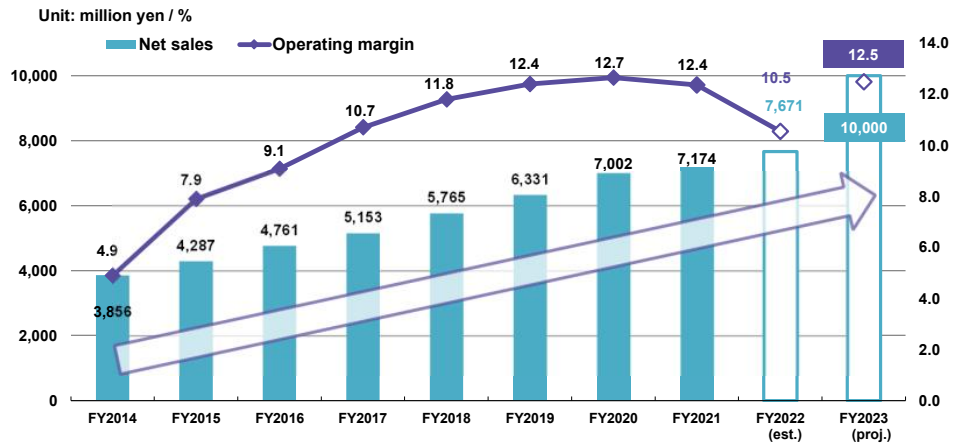


- The first measure includes developing approaches for each segment market. As I mentioned in the company overview, we created the High Value, Wide Value, and Product Value Groups in order to further review and enhance our recruitment, education, client development, and other activities to better align our services with the needs of their respective markets.

Numerical business targets <FY2023 (final year) earnings and sales targets>



Net sales 10.0 billion yen **Operating margin 12.5%**



As the timing of the normalization of COVID remains uncertain, the FY2023 assumptions may be revised based on the situation in FY2022. If revisions must be made, they will be disclosed as soon as possible.

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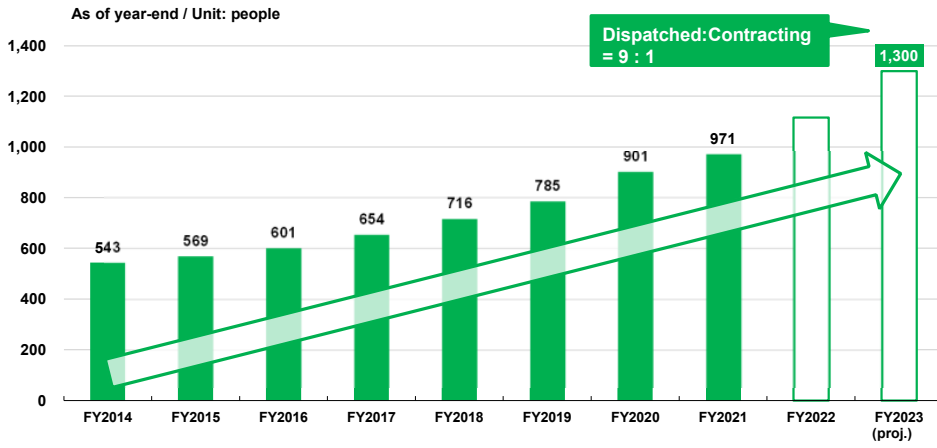
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- The numerical targets in our Medium-Term Business Plan are as follows.
- We have set net sales at 10.0 billion yen.
- And operating margin at 12.5%.

Numerical business targets <FY2023 (final year) key indicators>



Number of engineers **1,300**



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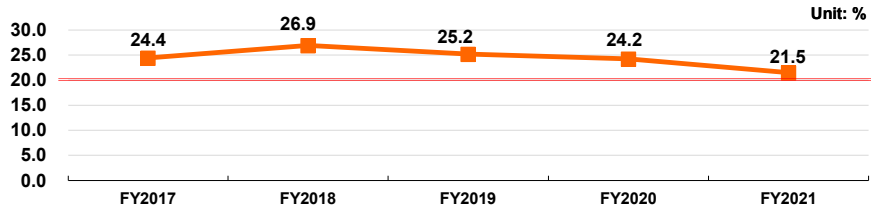
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- The total number of engineers is set at 1,300.
- Our target dispatched to contracting expense ratio is nine-to-one.
- The target personnel ratio is also nine-to-one.

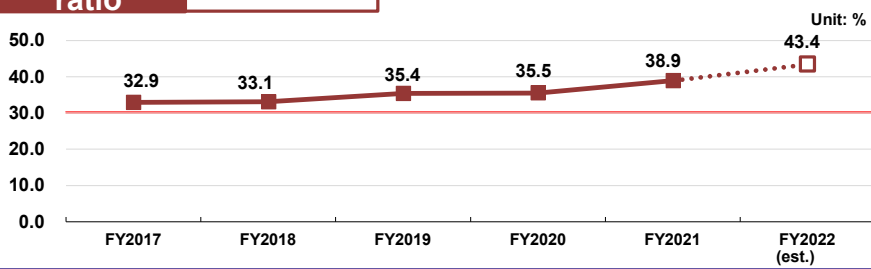
Numerical business targets <FY2023 (final year) key indicators>



ROE 20% or more



Payout ratio 30% or more



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- ROE is set at 20% or more.
- The payout ratio is set at 30% or more.

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- Next is our forecast of financial results and dividend for FY2022.

Forecast of financial results for FY2022 / prerequisites



Assumes that the pandemic continues throughout the year

[Forecast of financial results]

	FY2021		FY2022		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Forecast (million yen)	Percentage (%)		
Net sales	7,174	100.0	7,671	100.0	497	6.9
Operating profit	887	12.4	809	10.5	(78)	(8.8)
Ordinary profit	910	12.7	812	10.6	(98)	(10.7)
Profit	628	8.8	563	7.3	(65)	(10.3)

[Prerequisites]

Newly graduated engineers (April, October) (people)	177	202	25	14.1
Career engineers (people)	29	43	14	48.3
Turnover rate (%)	11.7	FY2020 level		
Utilization rate (%)	95.4	Same level as preceding year		
Unit price of engineers (yen)	4,213	Slightly increased		
Total work person-hours (h)	163	Same level as preceding year		

[Expected time of assignment completion]

Newly graduated and career engineers who joined in 2020 and have not been assigned	First half
Newly graduated engineers joining in April 2021	Q4

The above assumptions will vary significantly depending on when COVID-19 will normalize and our clients' demand for engineers.

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- We have put together various budgets on the assumption that COVID-19 will persist throughout the entirety of FY2022.
- As a result, net sales is forecast to increase by 6.9% compared to the previous year.
- Operating profit is forecast to decrease by 8.8%.
- Ordinary profit is forecast to decrease by 10.7%.
- Profit is forecast to decrease by 10.3%.
- Their prerequisites are as follows.
- Two hundred two newly graduated engineers will enter the Company.
- Forty-three career engineers will enter the Company.
- We also assume that the utilization rate is around 95.4%, the same level as the previous period.
- The unit price of engineers is forecast to increase slightly compared to the previous year.
- Total work person-hours are also assumed to be around the same level as the previous year's 163 hours.
- Roughly 50% of the new graduates and career engineers who entered the Company in FY2021 were not yet assigned when the new year started.
- First, we have budgeted with the assumption that the previous fiscal year's unassigned engineers will all be assigned for the most part by the end of the first half of the fiscal year between February and July.
- Secondly, we have budgeted based on the forecast that newly graduated engineers joining us in April 2021 will be assigned to projects in the Q4 months of November, December, and January.

FY2021/ FY2022 Dividend per share



- FY2021...Year-end **11.50** yen. Combined with the interim dividend of **11.50** yen, the total is **23.00** yen.
- FY2022...Expected annual dividend **23.00** yen (interim **11.50** yen, year-end **11.50** yen).

	Annual dividends per share (yen)			Dividend yield (%)	Payout ratio (%)	Dividend on equity ratio (DOE) (%)
	Second quarter-end	Fiscal year- end	Total			
FY2020	10.00	10.50	20.50	2.26	35.5	8.6
FY2021	11.50	11.50	23.00	2.85	38.9	8.4
FY2022 (est.)	11.50	11.50	23.00	2.61	43.4	

*Dividend yield (%) = individual dividend per share (total) ÷ stock price (beginning of the fiscal year, closing price) × 100

Closing value at beginning of FY2020 (February 1, 2019) 906 yen

Closing value at beginning of FY2021 (February 3, 2020) 807 yen

Closing value at beginning of FY2022 (February 1, 2021) 881 yen

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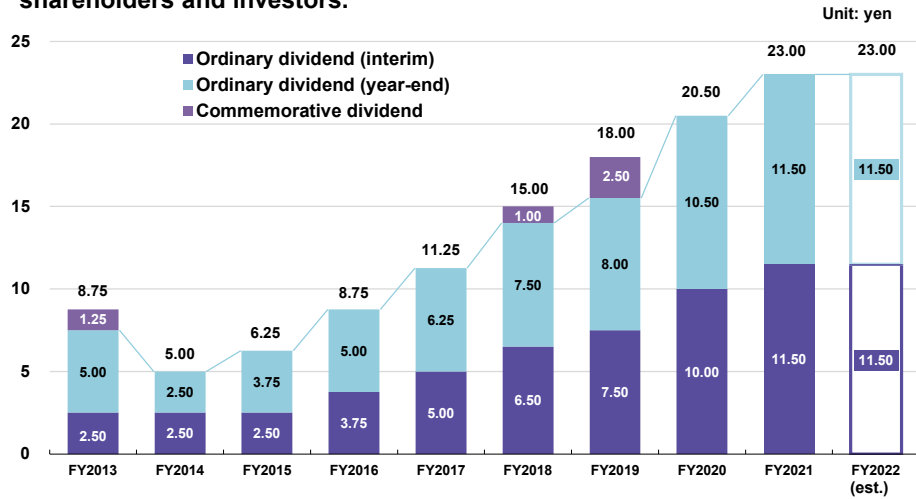
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- Our dividend forecast is as follows.
- The previous year's second quarter-end, fiscal year-end, and total annual dividends were 11.5 yen, 11.5 yen, and 23 yen, respectively. Our forecast for FY2022's dividends is 11.5 yen, 11.5 yen, and 23 yen, respectively.

Dividend per share



■ The Company considers it its top priority in business to pay stable dividends to shareholders and investors.



Dividends per share were retroactively revised to factor in the impact of stock splits conducted as follows.
 •February 1, 2017 (2-for-1 stock split) •April 1, 2018 (2-for-1 stock split)

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- This graph shows the trends in the annual dividend.

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The Company's responses to COVID-19



Basic Policy

Ensure the safety of our clients, employees, their families, partners, and other stakeholders.

Ensure business continuity while preventing the spread of COVID-19.

Recruitment



To achieve our recruitment target, we are conducting company information sessions, interviews, and other recruitment activities online.

Sales



To renew existing engineer contracts and assign newly graduated engineers, we are negotiating with clients using online conferencing tools. We are also following-up with engineers working from home.

Education



Newly graduated engineers come to the office in shifts. They enhance their knowledge through home-based training and demonstrate it through assignments performed at the office. They are given basic and practical training which give weight to employee autonomy.

Administration



We are offering various options, including telework (working from home), shift work, and staggered work hours. We are also working to improve work efficiency.

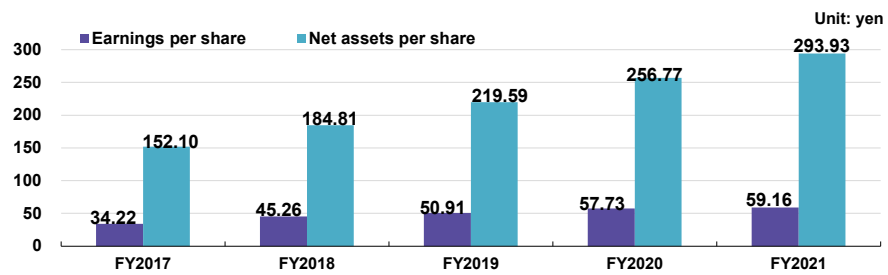
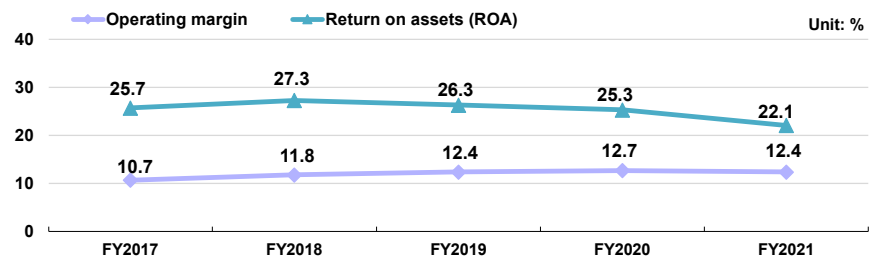
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- In the reference materials at the end, you can find information about the Company's responses to COVID-19.

Operating margin / ROA / earnings per share and net assets per share



*Earnings per share and net assets per share were retroactively revised to factor in the impact of stock splits conducted as follows.

•February 1, 2017 (2-for-1 stock split) •April 1, 2018 (2-for-1 stock split)

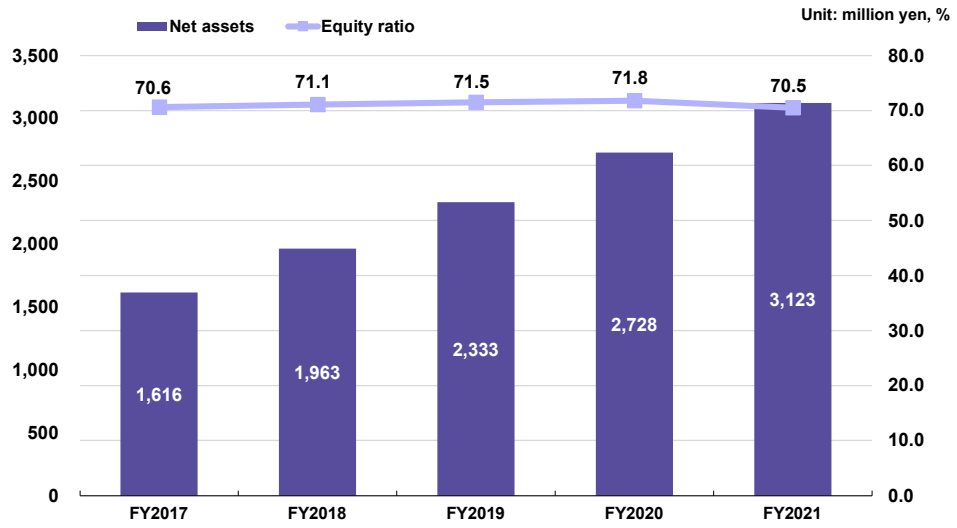
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- You can also find our financial data.

Net assets / equity ratio



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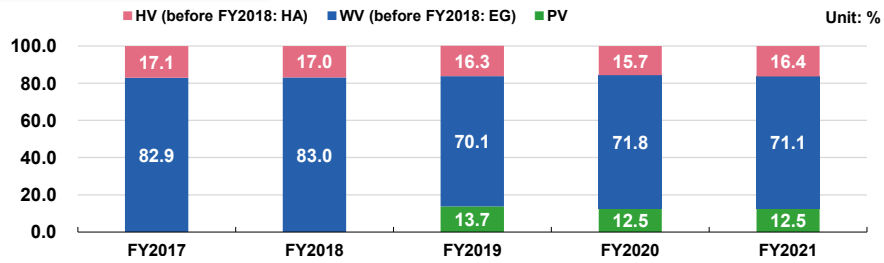
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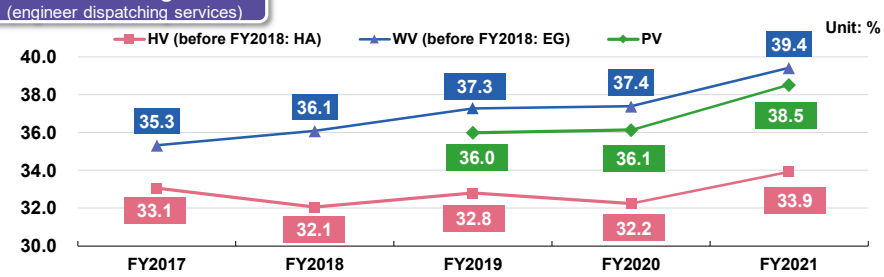
**Engineer breakdown / gross margin by HV (former HA),
WV (former EG), and PV groups**



Engineer breakdown



Gross margin



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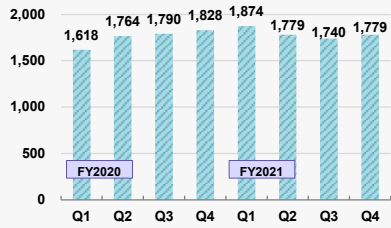
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Quarterly (accounting period) financial results



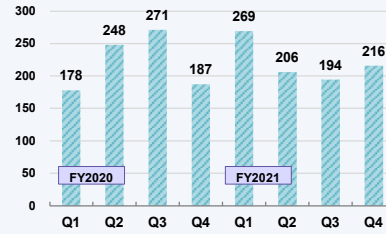
Net sales

Unit: million yen



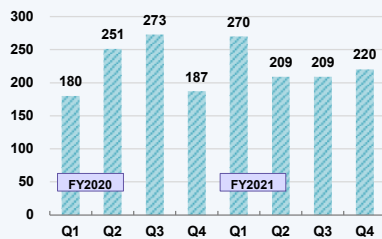
Operating profit

Unit: million yen



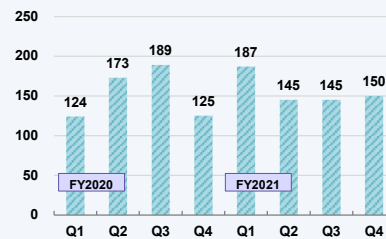
Ordinary profit

Unit: million yen



Profit

Unit: million yen



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- The trends in our quarterly financial results.

Quarterly (accounting period) financial results, numerical data



FY2021

	Q1				Q2				Q3				Q4			
	Result (million yen)	Percent- age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(1) (%)
Net sales	1,874	100.0	15.8	26.1	1,779	100.0	0.9	24.8	1,740	100.0	(2.8)	24.3	1,779	100.0	(2.7)	24.8
Cost of sales	1,147	61.2	14.1	25.8	1,099	61.8	1.9	24.7	1,060	60.9	(7.7)	23.9	1,136	63.8	(7.6)	25.6
Gross profit	727	38.8	18.7	26.6	680	38.2	(0.7)	24.9	680	39.1	5.9	24.9	643	36.2	7.3	23.6
SG&A expenses	458	24.5	5.6	24.9	474	26.6	8.6	25.7	485	27.9	30.9	26.3	426	24.0	3.4	23.1
Operating profit	269	14.4	50.5	30.4	206	11.6	(17.0)	23.3	194	11.2	(28.3)	21.9	216	12.2	15.8	24.4
Ordinary profit	270	14.4	49.9	29.7	209	11.8	(16.7)	23.1	209	12.0	(23.4)	23.0	220	12.4	17.4	24.2
Profit	187	10.0	50.3	29.8	145	8.2	(16.5)	23.1	145	8.3	(23.3)	23.1	150	8.5	20.2	24.0

*(1) Quarterly composition of full-year financial results

FY2020

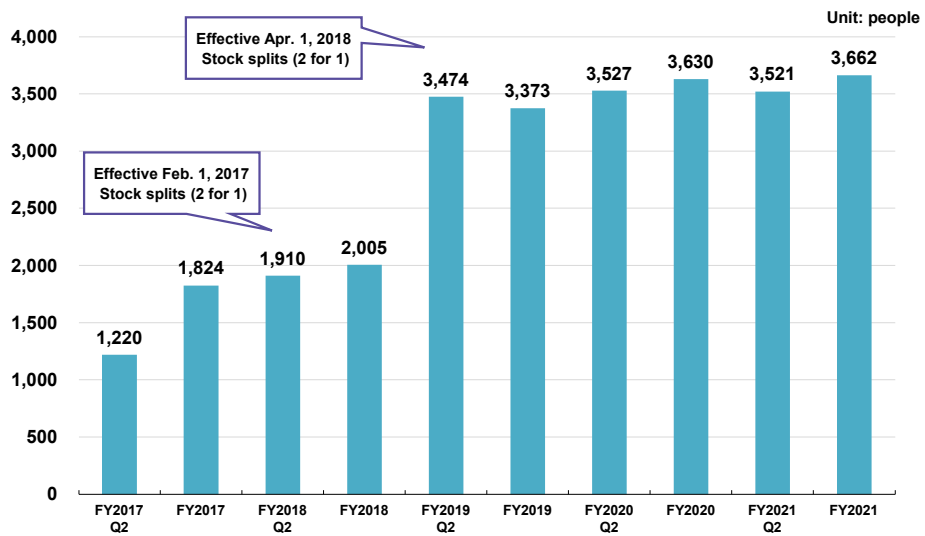
	Q1				Q2				Q3				Q4			
	Result (million yen)	Percent- age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent- age (%)	YOY (%)	*(2) (%)
Net sales	1,618	100.0	7.9	23.1	1,764	100.0	11.3	25.2	1,790	100.0	9.3	25.6	1,828	100.0	13.7	26.1
Cost of sales	1,005	62.1	8.8	22.5	1,078	61.2	9.8	24.2	1,148	64.1	6.6	25.7	1,229	67.2	17.1	27.5
Gross profit	613	37.9	6.6	24.1	685	38.8	13.7	27.0	642	35.9	14.3	25.3	599	32.8	7.3	23.6
SG&A expenses	434	26.8	17.4	26.2	436	24.7	5.6	26.4	371	20.7	5.5	22.4	412	22.6	9.1	24.9
Operating profit	178	11.1	(12.9)	20.2	248	14.1	31.4	28.1	271	15.1	29.0	30.6	187	10.2	3.7	21.1
Ordinary profit	180	11.2	(12.8)	20.2	251	14.3	29.6	28.2	273	15.3	29.2	30.6	187	10.3	3.7	21.0
Profit	124	7.7	(12.5)	20.3	173	9.9	30.4	28.3	189	10.6	30.3	30.9	125	6.9	4.8	20.5

*(2) Quarterly composition of full-year financial results

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Term-end shareholder numbers



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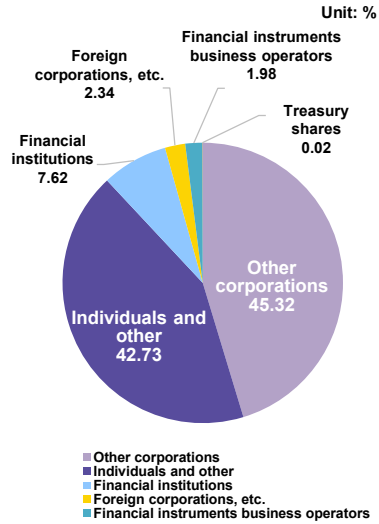
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- The trend in term-end shareholder numbers.

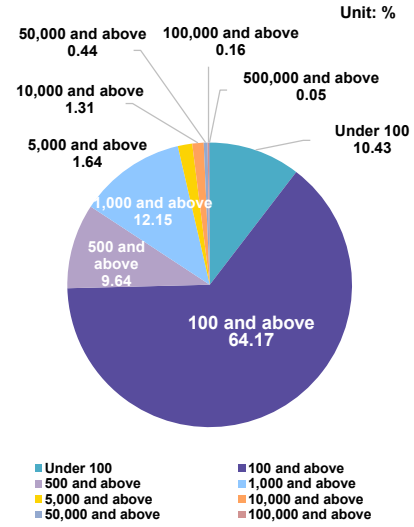
Data by owner category (As of January 31, 2021)



Share Distribution by Owner Category



Shareholder Distribution by Number of Shares Held



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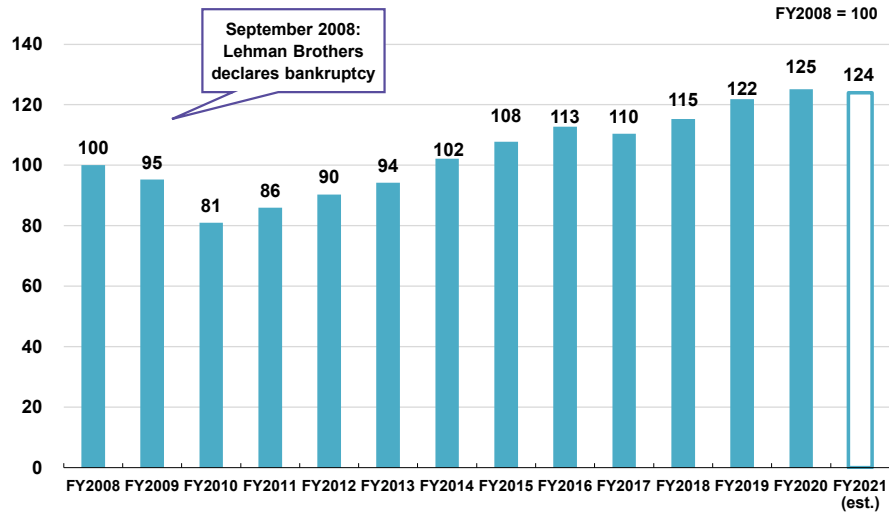
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- The breakdown of our shareholders.

Our clients' R&D costs



■ The R&D costs of our client manufacturers have remained steady



*Calculations were made by using the data of FY2008 as 100 (baseline).

*The costs of our listed clients whose fiscal year ends on March 31 were totaled.

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- The trend in the R&D costs of our main clients.

Company Information



Name	Artner Co., Ltd.
Founded	September 18, 1962
Representative	President and CEO SEKIGUCHI Sozo
Share listing	First Section of the Tokyo Stock Exchange (Securities code: 2163)
General Meeting of Shareholders	Held in Osaka
Capital	238,284,320 yen (As of January 31, 2021)
Headquarters	Tokyo, Osaka
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya
Learning centers	East Japan, West Japan
Business fields	1) Machinery 2) Electronics 3) Software <small>Basic research, design, and development in the fields on the left, as well as tasks relating to them</small>
Number of employees	1,079 (As of January 31, 2021)
License number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-コ-020355)

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- Last is information about Artner.

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Handling of this document

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The opinions, forecasts, and other information contained in this document are based on our assessment at the time this document was prepared, and they may include potential risks and uncertainties.

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As the amounts in the text and figures of this document are rounded down to the nearest unit, the total of breakdowns may not coincide with the official total numbers. In addition, as ratios (%) are rounded to the first decimal place, the total of their breakdown may not add up to 100.0%.

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- This concludes my brief explanation of our financial results.
- Thank you very much for your attention.