

Engineer Support Company

Make Value



FY2022 Online Briefing on Financial Results

March 25, 2022



— Create the Future —

ARTNER



ARTNER CO., LTD.

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■ 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

History (at the time of founding in 1953)

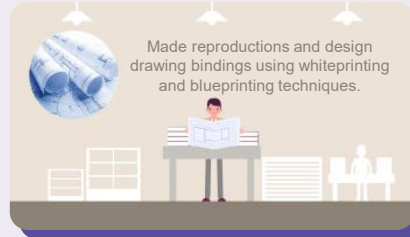
1953 -

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

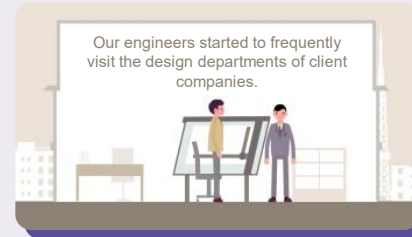


Founded

- 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.



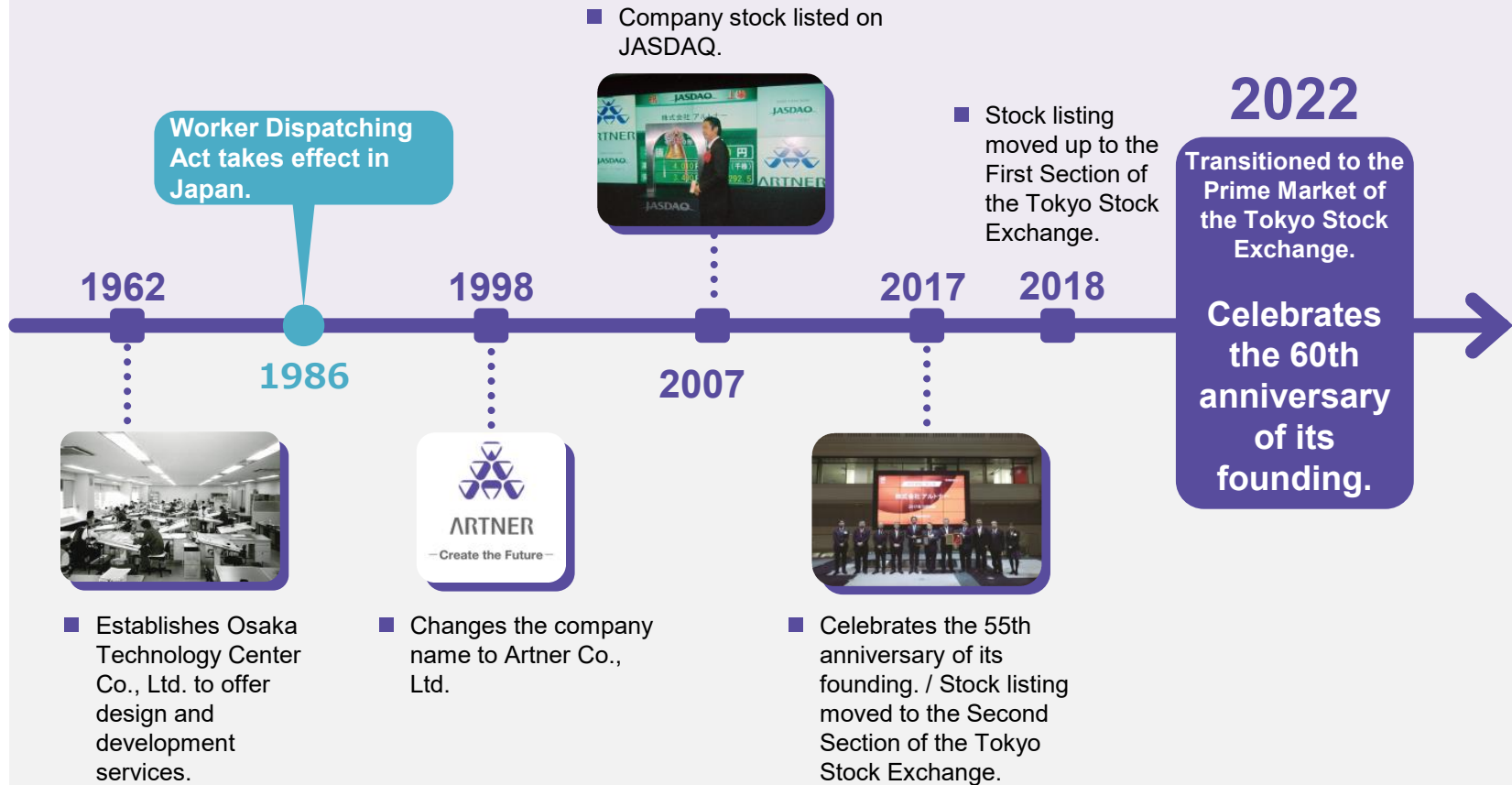
- Starts hiring employees with STEM degrees and offering a tracing service for design drawings.



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

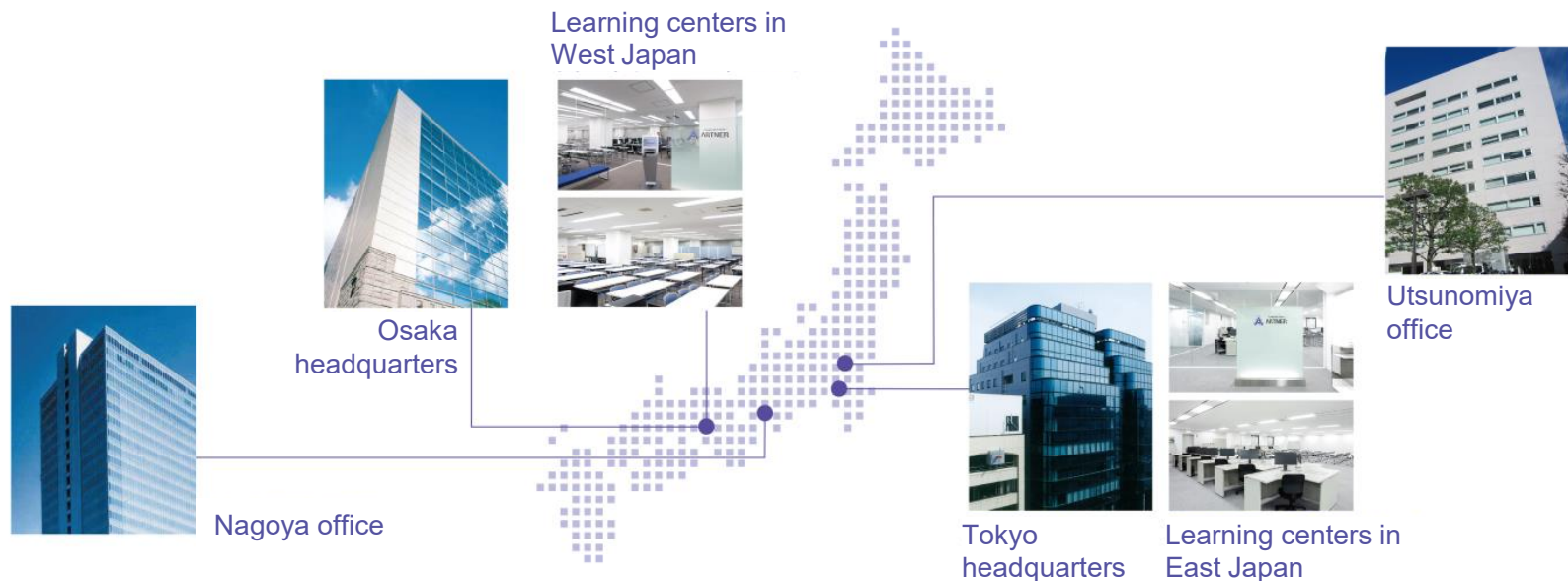
History (1962 to present)

1962 -



Business locations

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

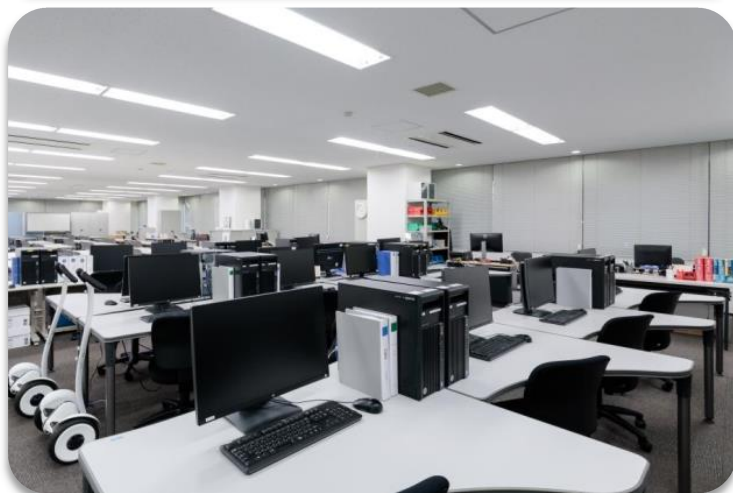


Learning centers (West Japan LC, East Japan LC)

West Japan LC

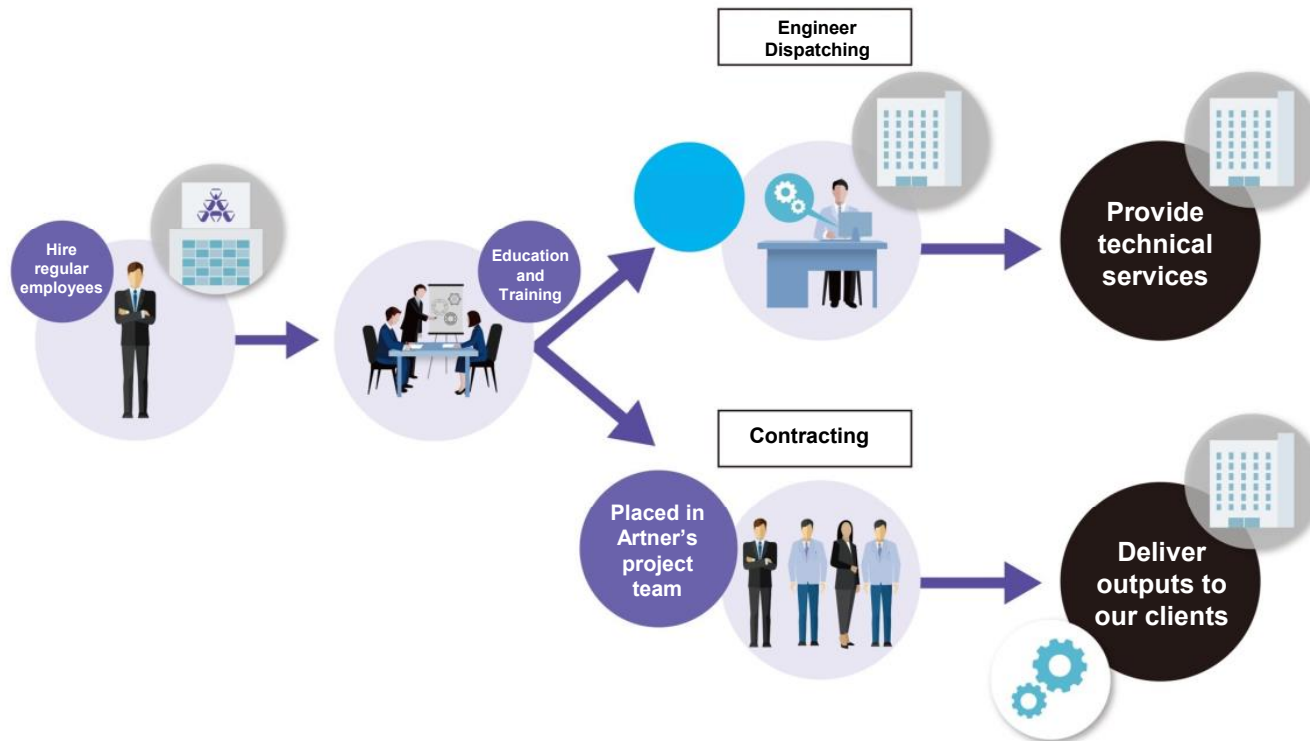


East Japan LC



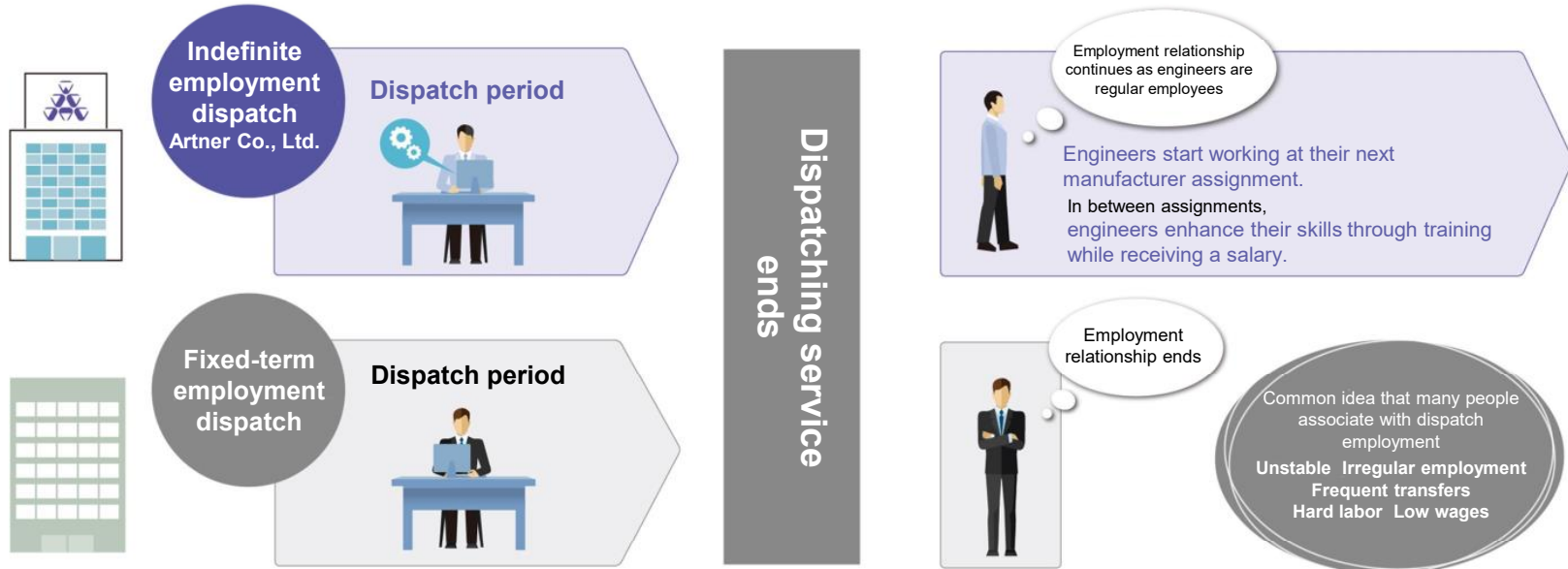
Business Model

- 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, precision equipment manufacturer, and information and communications companies



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.



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.



Software

Compatible fields

**Embedded
IT Solution
Model-Based**

Software engineers develop software to be embedded in IoT devices and application software for network systems.

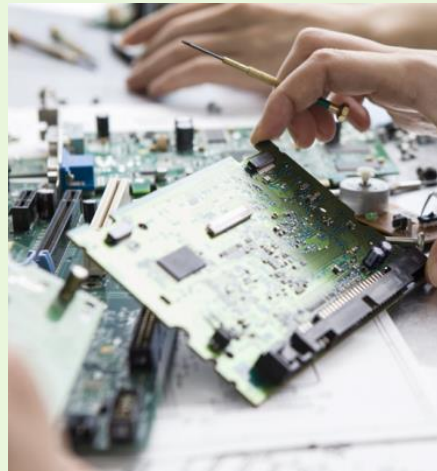


Electronics

Compatible fields

**Electrical Equipment
Electronic Circuits
Electronic Devices**

Electronic engineers design the circuit boards that form the heart of equipment and devices and they conduct reliability assessments of such systems.



Machinery

Compatible fields

**Drive Systems
Mechanisms
Structures and Materials**

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



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, Nissan, Subaru, Toyota, etc.

**Electrical
Equipment**

Omron, Panasonic, Tokyo Electron, etc.

**Precision
equipment**

Nikon, Shimadzu, Terumo, etc.

Machinery

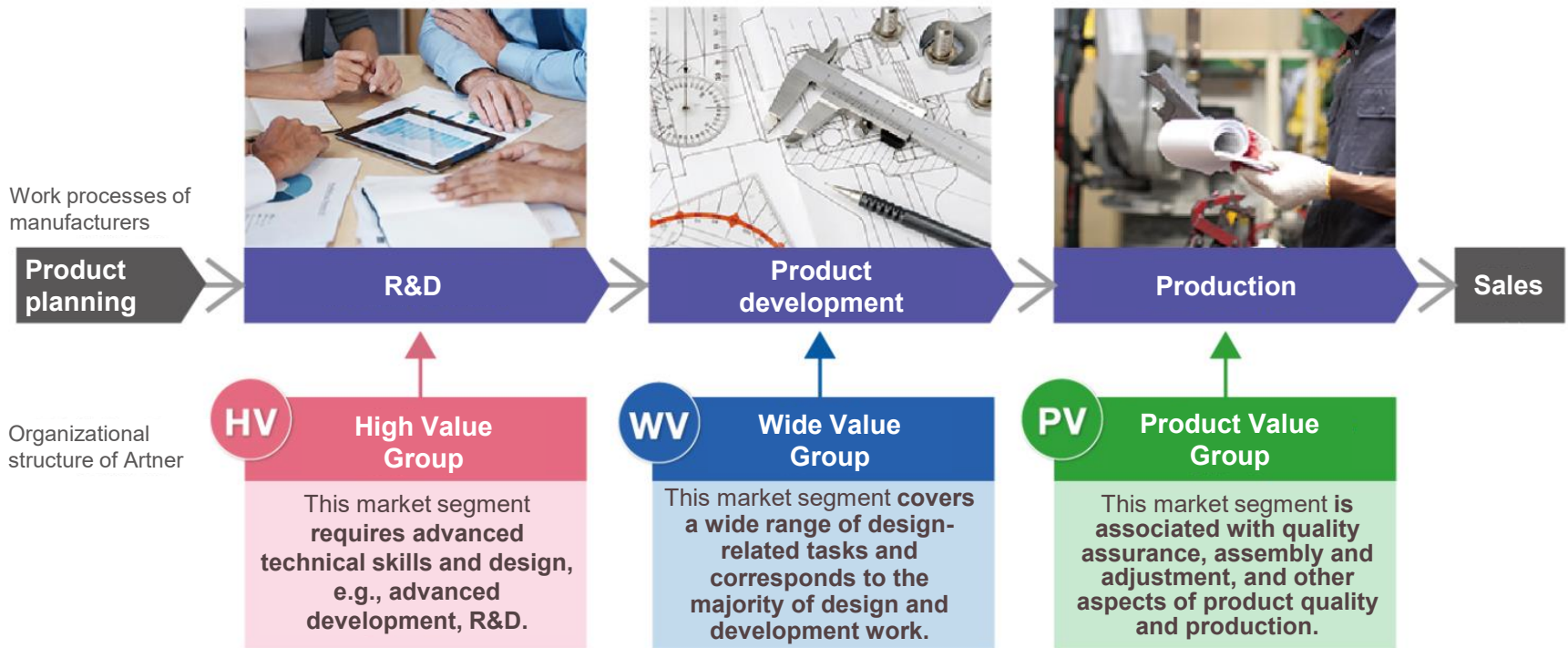
JTEKT, Komatsu, Zuiko, etc.

**Information and
communications**










Hitachi Hi-System21, 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**

- 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

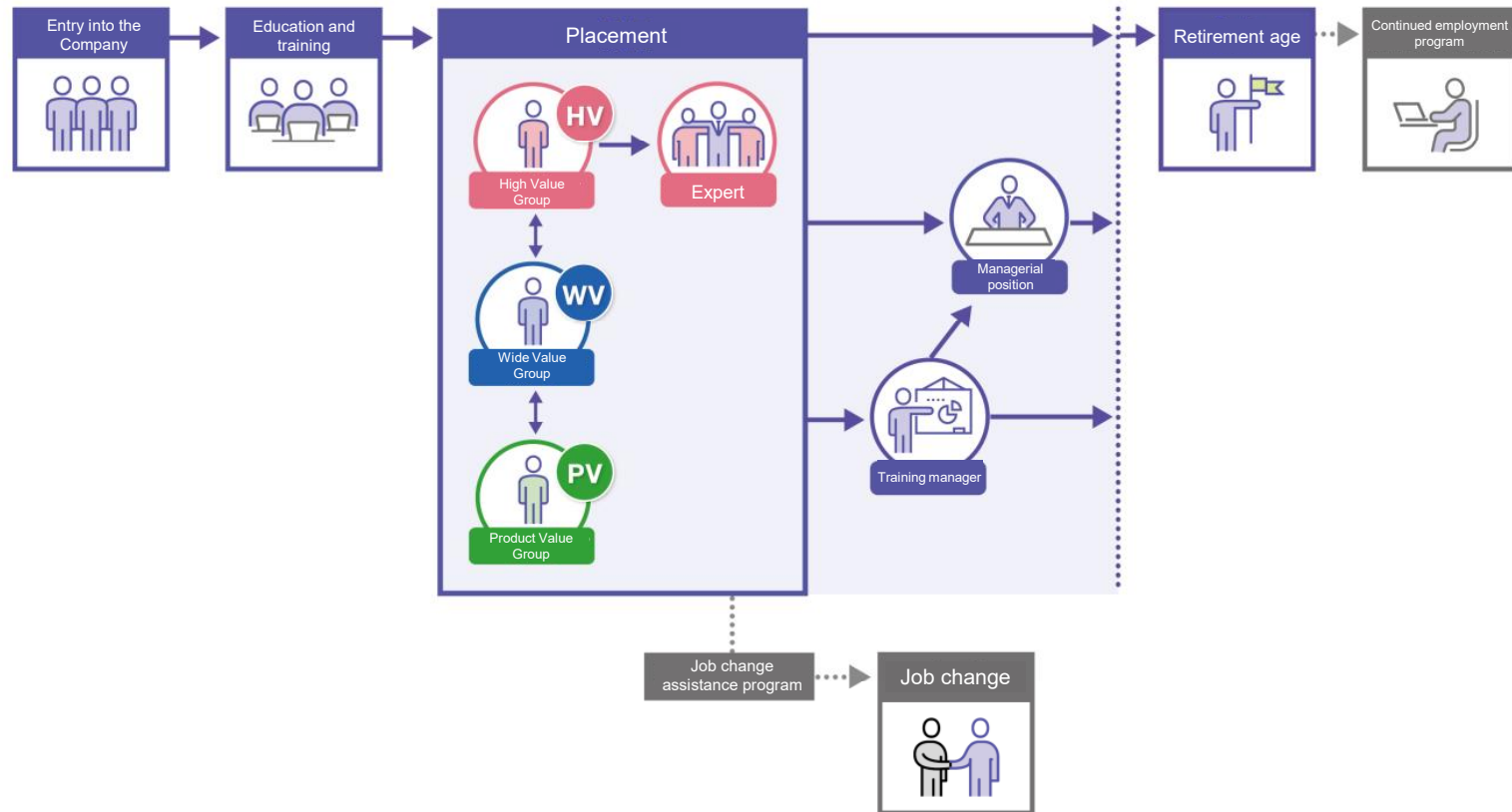


Internal programs that can be chosen by engineers

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>

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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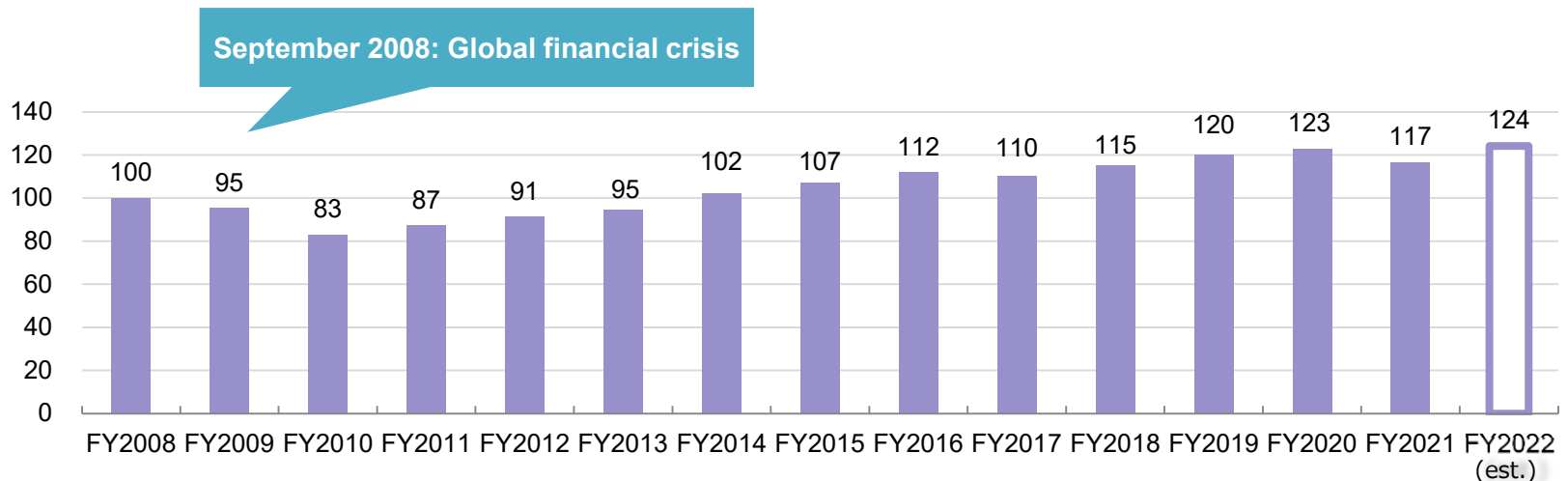
■ Market size of engineer dispatching business

1.1 to 1.3 trillion yen (estimate)

Calculated by the Company based on the “Combined results of reports on worker dispatching businesses” (Ministry of Health, Labour and Welfare)

■ Our clients' R&D costs

Our clients continuously allocate a budget for R&D, which keeps R&D costs stable.



*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.

Artner's approach to sustainable growth and next-generation growth

As our social environment continues to change on a global scale, dealing with social issues, such as initiatives based on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), is an important managerial agenda



Build an internal system of recruitment, training, and sales with carbon neutrality as a main pillar of our business activities



Contribute to solving social issues through our business activities, increasing our corporate value and returning profits to stakeholders
Build a foundation for sustainable growth and next-generation growth

Direction of our carbon neutrality initiatives

For our major customers in the automotive industry, etc.




Participation by our engineers in development projects related to electric vehicles (EVs) that do not emit CO2 when driven, fuel cell vehicles (FCVs), infrastructure (charging infrastructure, hydrogen stations), automated driving, semiconductors, etc.



Aim for further development and market penetration

Our recruitment, training, and sales efforts with an eye to carbon neutrality

Recruitment	<p>Recruitment targets</p> <ul style="list-style-type: none"> ● Students who have graduated from departments in the fields of electricity, electronics, materials science, energy, and information technology ● Experienced workers with skills and experience in the fields above <p>In order to recruit more talents that match client needs, we are committed to changing our recruitment policy, which is heavily focused on new graduates. ⇒ Balance the numbers of new graduates and career hires to secure optimum talents</p>	Share of carbon neutrality recruitment targets for new graduates and career hires								
	<table border="1"> <tr> <td></td> <td data-bbox="1265 264 1497 364">FY2022</td> <td data-bbox="1497 264 1796 364">FY2025 (target)</td> </tr> <tr> <td data-bbox="1101 364 1265 449">New graduates</td> <td data-bbox="1265 364 1497 449">47.9%</td> <td data-bbox="1497 364 1796 449">55.0%</td> </tr> <tr> <td data-bbox="1101 449 1265 549">Career hires</td> <td data-bbox="1265 449 1497 549">48.6%</td> <td data-bbox="1497 449 1796 549">55.0%</td> </tr> </table>		FY2022	FY2025 (target)	New graduates	47.9%	55.0%	Career hires	48.6%	55.0%
	FY2022	FY2025 (target)								
New graduates	47.9%	55.0%								
Career hires	48.6%	55.0%								
Training	<p>Training details</p> <ul style="list-style-type: none"> ● Understanding the principles of power systems (inverter systems) for EVs and FCVs ● Optimization of infrastructure resources and AI/machine learning for human and product transactions through the introduction of cloud computing ● Model design and validation of EV battery management systems ● How to analyze the results of sensor characterization ● Recycling of chemicals and materials <p>Meet the ever-increasing needs of engineers in the software, electrical and electronic fields. ⇒ Increase trainers</p>									
	Sales	<p>Placement in carbon neutrality projects</p> <p>Contribute to solving social issues to improve business performance</p> <p>Increase the unit price of engineers by approximately 10% compared to other projects ⇒ Increase net sales and profit margins</p>	Share of engineers placed in carbon neutrality projects among all engineers							
<table border="1"> <tr> <td></td> <td data-bbox="1255 1049 1497 1149">FY2022</td> <td data-bbox="1497 1049 1796 1149">FY2025 (target)</td> </tr> <tr> <td></td> <td data-bbox="1255 1149 1497 1242">41.3%</td> <td data-bbox="1497 1149 1796 1242">50.0%</td> </tr> </table>			FY2022	FY2025 (target)		41.3%	50.0%			
	FY2022	FY2025 (target)								
	41.3%	50.0%								

Design and development projects including “carbon neutrality”

Eco cars



Software

- Development of brake control system
- Analysis of motors and inverters

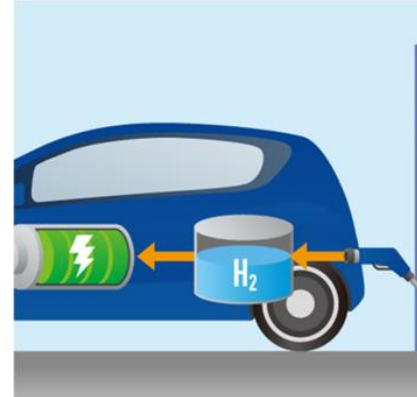
Electronics

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

Machinery

- Development of eco car chargers
- Development of drive motors

Fuel cell vehicles (FCVs)



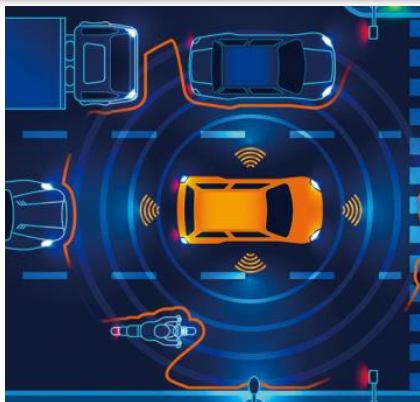
Software

- R&D of hydrogen station system
- R&D of energy system

Electronics

- Analysis of basic performance of fuel cells
- R&D of hydrogen safety

Automated driving



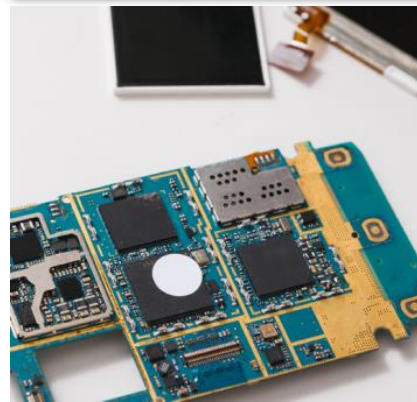
Software

- R&D of Driving Safety Support Systems
- Advance development of automatic perimeter monitoring system using camera images

Electronics

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

Semiconductors



Software

- Development of applications for semiconductor manufacturing equipment

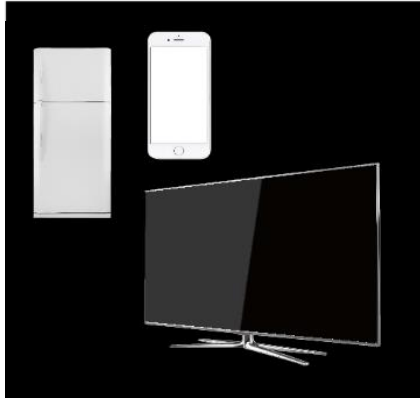
Electronics

- Circuit design for semiconductor lithography equipment

Machinery

- Development of temperature controller for semiconductor lithography equipment (enclosure concept, basic design)

Home electronics



Software

- Development of energy system
- Development of iPhone applications

Electronics

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

Machinery

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

Medical devices



Software

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

Electronics

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

Machinery

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

Motorcycle



Software

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

Electronics

- Design of harnesses for electrical wiring

Machinery

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

Aerospace machinery



Software

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

Electronics

- Development of satellite inspection equipment

Machinery

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

Basic policy

"Build a foundation for sustainable and next-generation growth"

"Make Value for 2022 to 2024"

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

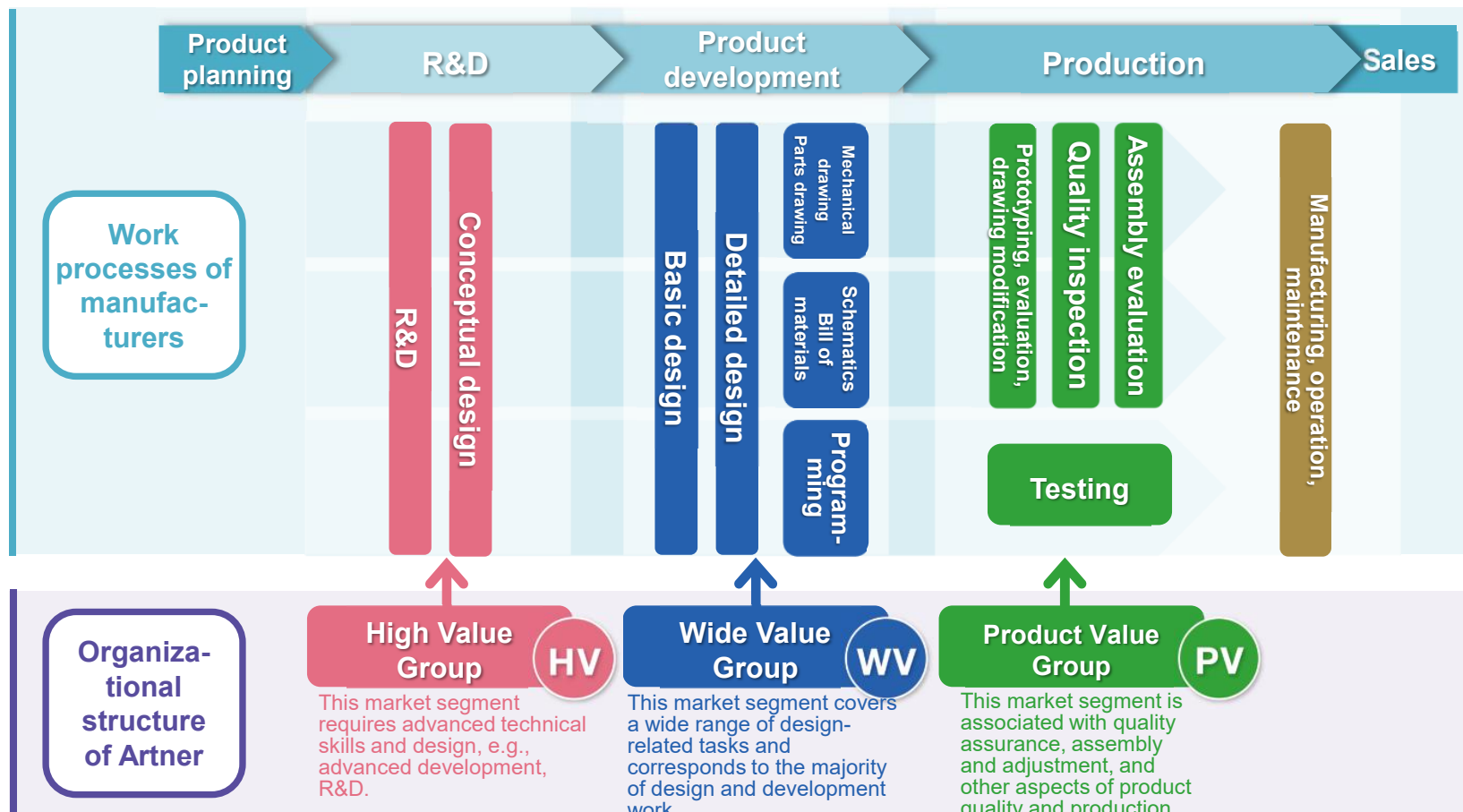
2

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)

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.



<https://www.artner.co.jp/>

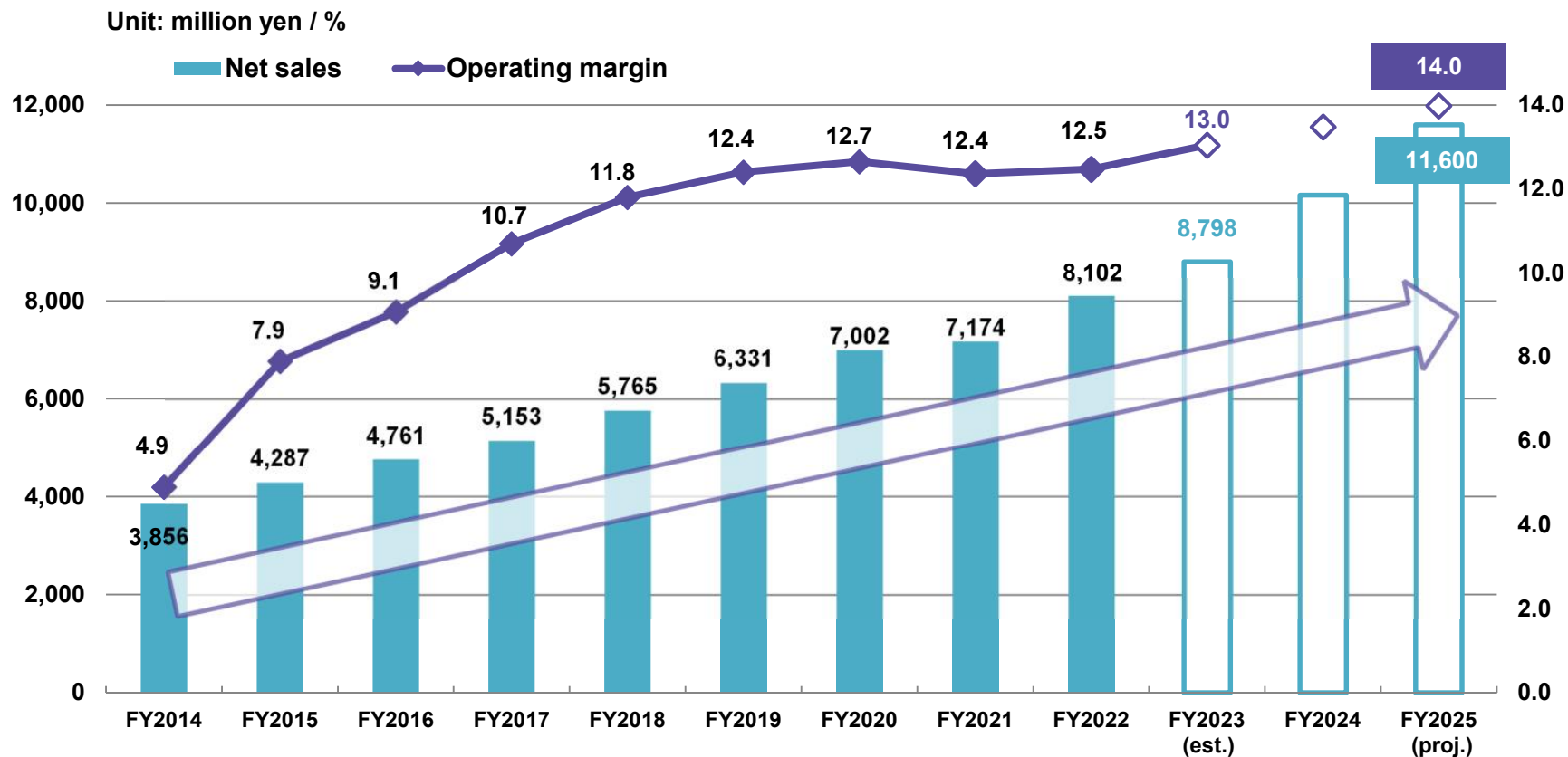
Numerical business targets <FY2025 (final year) earnings and sales targets>

Net sales

11.6 billion yen

Operating margin

14.0 %

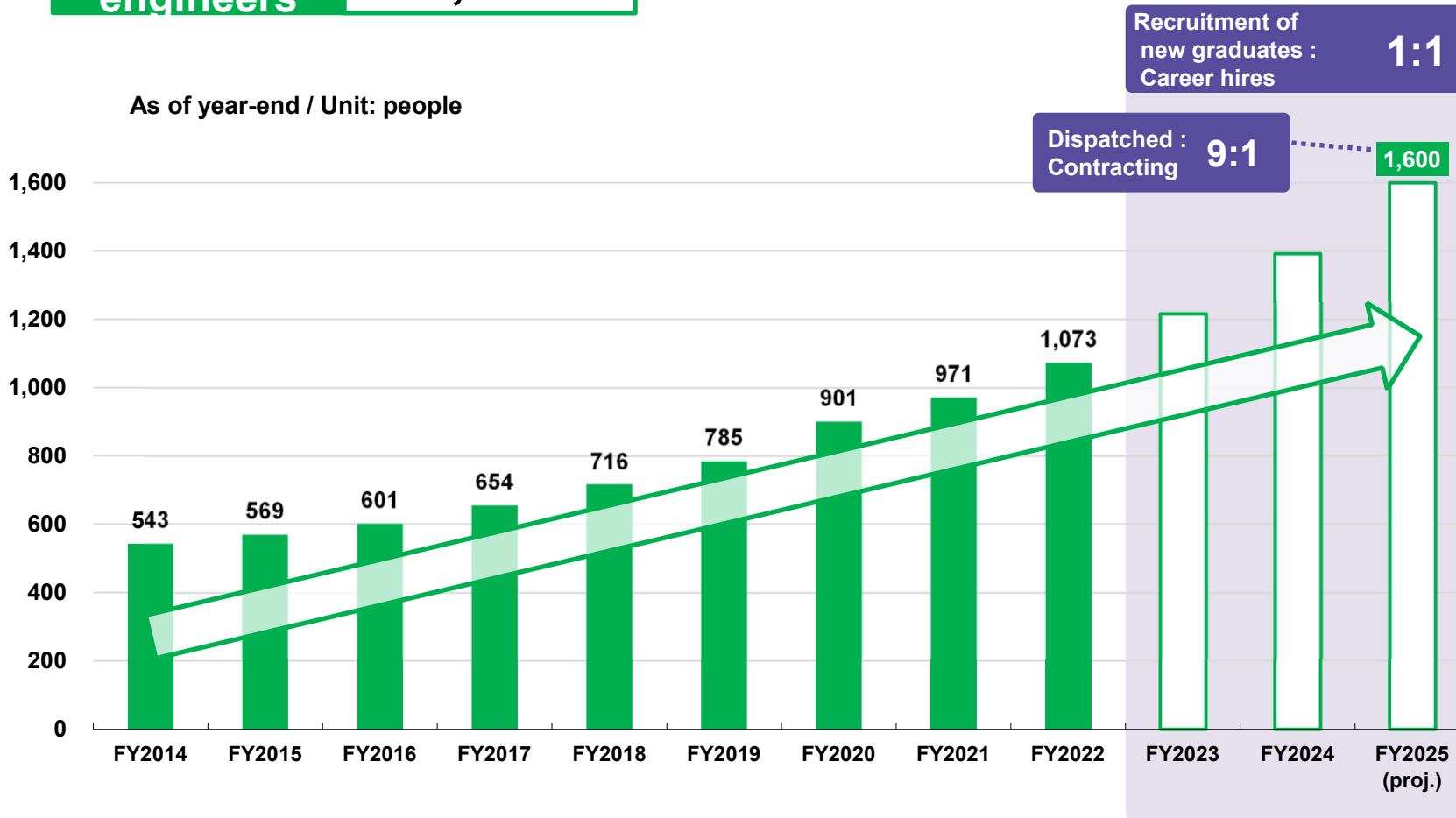


<https://www.artner.co.jp/>

Numerical business targets <FY2025 (final year) key indicators>

**Number of
engineers**

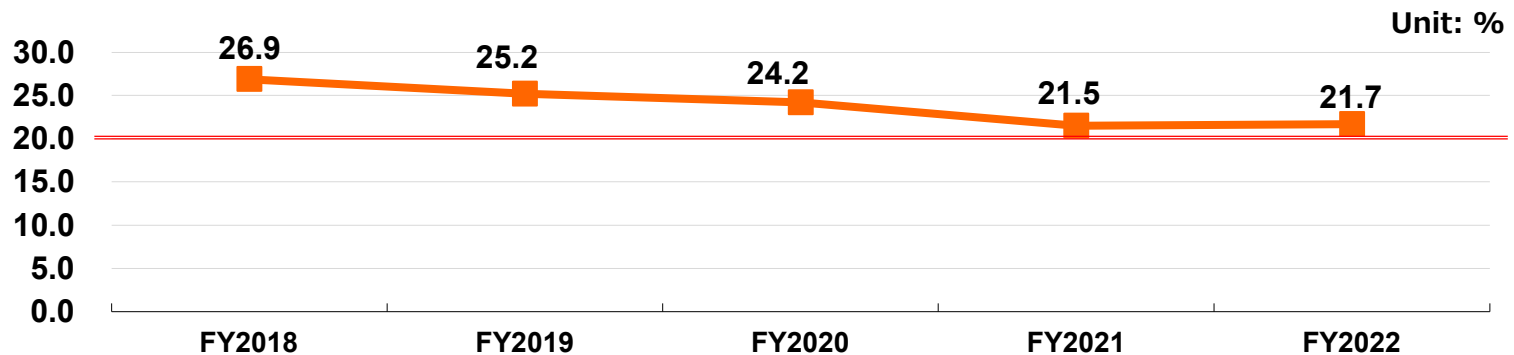
1,600



Numerical business targets <FY2025 (final year) key indicators>

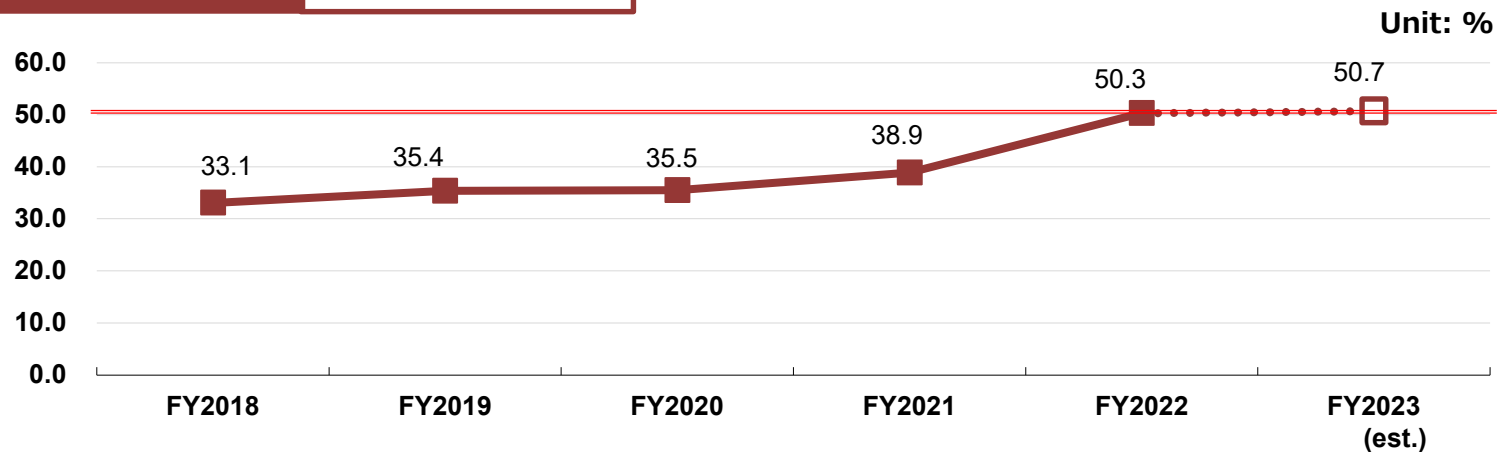
ROE

20% or more



Payout ratio

50% or more



Carbon neutrality



- Personnel for technical development of eco cars



- Participating in the “Fun to Share” climate change campaign

Promote diversity and inclusion in talent management



- Diversity and LGBTQ initiatives
- Improving the employment environment to promote active participation of women



- Establishing a diversity promotion office



- Ensuring diversity and equal opportunity in employment
- Active hiring of people with disabilities

- Establishing a diversity promotion office
- Diversity and LGBTQ initiatives

See the website for more information. <https://www.artner.co.jp/ct-csr/sdgs/>

■ Transition to the Prime Market in April 2022

“Plan for Compliance with Listing Maintenance Criteria of New Market Segment” was prepared as we did not meet the listing maintenance criteria of the Prime Market as of the transition standard date (June 30, 2021)

■ Compliance with the listing maintenance criteria of the Prime Market

	Number of tradable shares	Tradable share market capitalization	The ratio of tradable shares	Average daily trading value
The Company (As of transition standard date)	49,748 units	4.1 billion yen	46.8%	28 million yen
Listing maintenance criteria	20,000 units	10 billion yen	35%	20 million yen

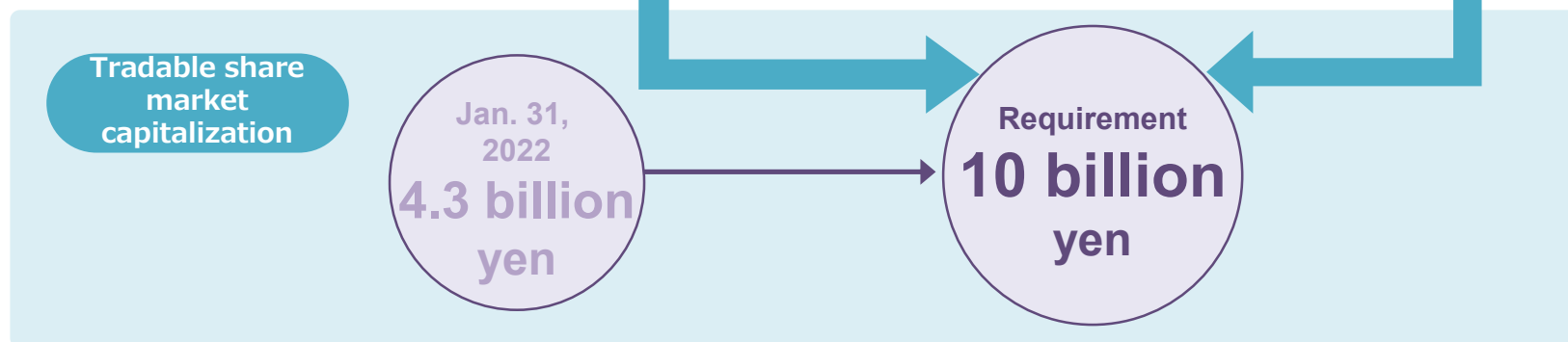
Criteria not met

Requirements for achieving tradable share market capitalization of 10 billion yen and the Medium-Term Business Plan period

■ Requirement

	As of transition standard date	Requirement
The ratio of tradable shares	46.8%	70.0%
Number of tradable shares	4,974,000 shares	7,439,000 shares

	Jan. 31, 2022	Requirement
PER	12.7 times	15.0 times
Earnings per share (EPS)	68.59 yen	93.34 yen
Stock price	869 yen	1,400 yen



■ Medium-Term Business Plan period

Various efforts will be made to meet the listing maintenance criteria of tradable share market capitalization in the lead-up to FY2025, the final year of the Medium-Term Business Plan.

■ Increase the ratio of tradable shares



Increase to **70%** by securing a certain number of tradable shares through liquidation of shares held by existing shareholders, e.g., discuss with major shareholders on the sale of shares.

■ Increase earnings per share (EPS)



1

Aim to expand the scale of our business by building an internal system of recruitment, training, and sales with carbon neutrality as a main pillar of our business activities

2

Conduct M&As and other activities to acquire new technical fields of expertise (e.g., chemistry, civil engineering and construction)

■ Increase shareholder returns



Payout ratio

Based on **30%** ➔ Raise to **50%**

To be considered

Total return ratio

Consider share buyback

■ Strengthen IR activities (details on the next slide)



■ Strengthen information dissemination for individual and institutional investors

- Hold briefings for individual and institutional investors (online or in-person) (for individual investors: twice a year ⇒ 3 to 4 times a year; for institutional investors and analysts: once a year ⇒ twice a year)
- One-on-one meetings with institutional investors (phone or online)
- Disseminate timely investor information on the website
- Video messages from top management

⇒ Increase opportunities to interact with individual and institutional investors to raise awareness



■ Increase English-language disclosures with foreign investors in mind

- Further increase English-language disclosures, including website materials (e.g., Medium-Term Business Plan, Company Overview, Business Model), Convocation Notice (April), Corporate Governance Report (April), and Summary of Non-consolidated Financial Results (June)

⇒ Inform foreign investors about the Company's businesses and financial results



■ Adapt to the Corporate Governance Code (ver. June 2021)

Ex: “companies listed on the Prime Market should [...] enhance the quality and quantity of disclosure based on the TCFD recommendations [...], or an equivalent framework.”

⇒ To start from this fiscal year

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Market environment

- While the pandemic continues to create a difficult market environment, a pickup is expected.
- Engineers specializing in carbon-neutral electric vehicles (EVs) and fuel cell vehicles (FCVs), as well as in automated driving and semiconductors were in higher demand than in the previous period.

State of engineer dispatching business

- The number of operative personnel was higher than that for the previous period.
 - The number of engineers and the utilization rate were higher than that for the previous period.
 - Assignments for newly graduated engineers entering the Company in 2021 are progressing ahead of the initial schedule.
- The unit price of engineers decreased slightly compared with the previous period. (Assignments were given priority in contract negotiations for unassigned engineers)
- Total work person-hours were higher than those for the previous period. (Overtime hours recovered)

Expenses

- Progress in the assignment of unassigned engineers led to a decrease in SG&A expenses and an increase in the cost of sales. (Labor costs connected to engineers are recorded as SG&A expenses until they are assigned to our client companies, after which the costs are recorded under cost of sales.)
- In our recruitment and sales activities, expenses for travel, transportation, conference, and other fees decreased due to the promotion of telework by staff.

Financial results highlights for FY2022

Double-digit growth /the eighth consecutive period of growth in both sales and profit

Net sales up **12.9%**, operating profit up **13.9%**, ordinary profit up **13.4%**, profit up **15.9%**. Operating margin **12.5%**.

	FY2021		FY2022		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)		
Net sales	7,174	100.0	8,102	100.0	928	12.9
Cost of sales	4,442	61.9	5,302	65.4	860	19.4
Gross profit	2,731	38.1	2,800	34.6	69	2.5
SG&A expenses	1,844	25.7	1,789	22.1	(55)	(3.0)
Operating profit	887	12.4	1,010	12.5	123	13.9
Ordinary profit	910	12.7	1,032	12.7	122	13.4
Profit	628	8.8	728	9.0	100	15.9

- The number of operative personnel increased.
- The unit price of engineers decreased slightly.
- Total work person-hours increased.

Progress in the assignment of unassigned engineers.

↓

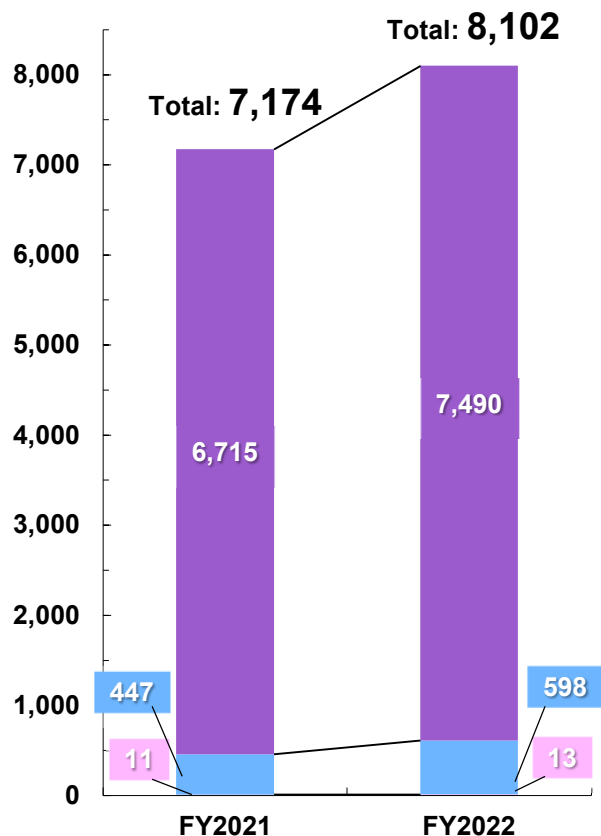
SG&A expenses decreased, cost of sales increased.

- Expenses for travel, transportation, conference, and other fees decreased due to the promotion of telework by staff.

Net sales by business for FY2022

■ Engineer dispatching up 11.5% ■ Contracting up 33.9%

Unit: million yen

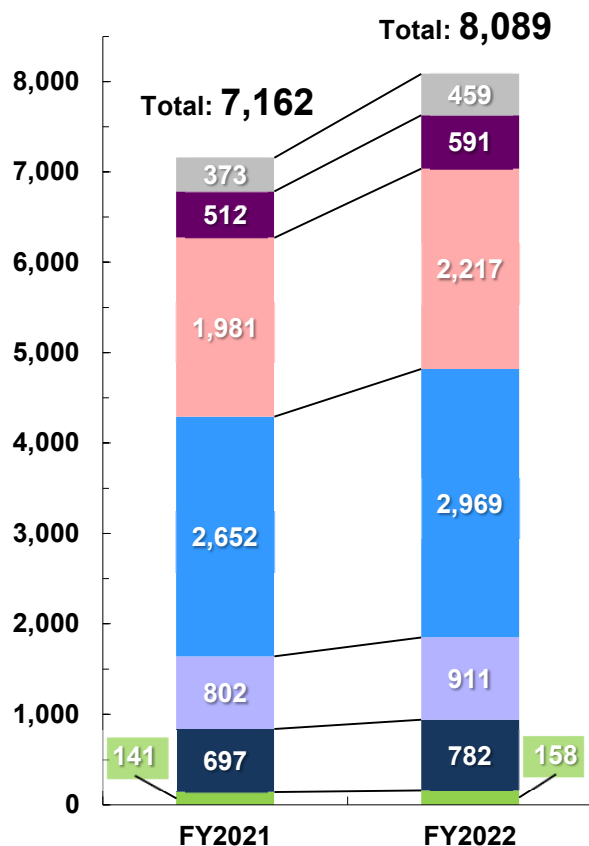


	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Engineer dispatching services	6,715	93.6	7,490	92.4	11.5	(1.2)
Contracting	447	6.2	598	7.4	33.9	1.2
Subtotal	7,162	99.8	8,089	99.8	12.9	0.0
Other	11	0.2	13	0.2	12.3	(0.0)
Total	7,174	100.0	8,102	100.0	12.9	—

Net sales by industry field for FY2022

- Electrical equipment up 11.9% ■ Transportation equipment up 11.9%
- Precision equipment up 13.5% ■ Information and communications up 12.1%

Unit: million yen



	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Steel, nonferrous materials and metals	373	5.2	459	5.7	22.9	0.5
Machinery	512	7.2	591	7.3	15.5	0.2
Electrical equipment	1,981	27.7	2,217	27.4	11.9	(0.3)
Transportation equipment	2,652	37.0	2,969	36.7	11.9	(0.3)
Precision equipment	802	11.2	911	11.3	13.5	0.1
Information and communications	697	9.7	782	9.7	12.1	(0.1)
Miscellaneous	141	2.0	158	2.0	11.5	(0.0)
Total	7,162	100.0	8,089	100.0	12.9	—

*Excludes sales from "Other" businesses.

Top ten client companies by net sales in FY2022

■ Top ten by net sales (Standard company name used)

	FY2021		FY2022	
	Our clients	Segment	Our clients	Segment
1	Honda R&D Co., Ltd.	Transportation equipment	Honda R&D Co., Ltd.	Transportation equipment
2	Honda Motor Co., Ltd.	Transportation equipment	Honda Motor Co., Ltd.	Transportation equipment
3	Nikon Corporation	Precision equipment	Nikon Corporation	Precision equipment
4	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals
5	Terumo Corporation	Precision equipment	Terumo Corporation	Precision equipment
6	DENSO TEN Limited	Electrical equipment	Panasonic Corporation	Electrical equipment
7	Panasonic Corporation	Electrical equipment	Tokyo Electron Technology Solutions Limited	Electrical equipment
8	Tokyo Electron Technology Solutions Limited	Electrical equipment	Tokyo Electron Miyagi Ltd.	Electrical equipment
9	JTEKT Corporation	Machinery	JTEKT Corporation	Machinery
10	Daikin Rexxam Electronics Co., Ltd.	Electrical equipment	Chubu Toshiba Engineering Corporation	Electrical equipment

■ Net sales per 10 companies

	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Top 10 Total	3,394	47.4	3,765	46.6	10.9	(0.8)
Top 11 to 20 Total	977	13.6	1,139	14.1	16.6	0.4
Top 21 to 30 Total	655	9.2	778	9.6	18.7	0.5
Other than the above Total	2,134	29.8	2,405	29.7	12.7	(0.1)
Total	7,162	100.0	8,089	100.0	12.9	—

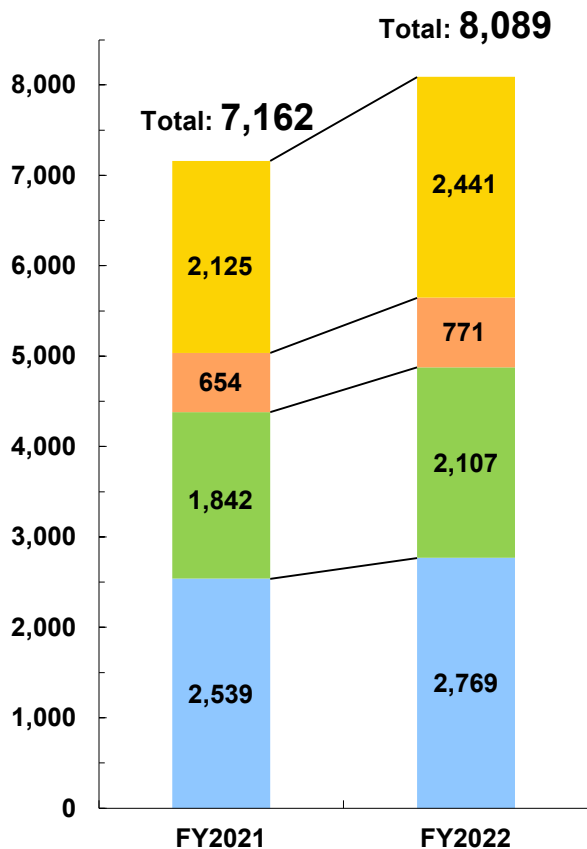
*Excludes sales from "Other" businesses.

<https://www.artner.co.jp/>

Net sales by business field for FY2022

■ Embedded / Model-Based up **14.8%** ■ IT Solution up **17.9%**

Unit: million yen



	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Embedded / Model-Based	2,125	29.7	2,441	30.2	14.8	0.5
IT Solution	654	9.1	771	9.5	17.9	0.4
Electronics	1,842	25.7	2,107	26.0	14.4	0.3
Machinery	2,539	35.5	2,769	34.2	9.0	(1.2)
Total	7,162	100.0	8,089	100.0	12.9	—

*Excludes sales from "Other" businesses.

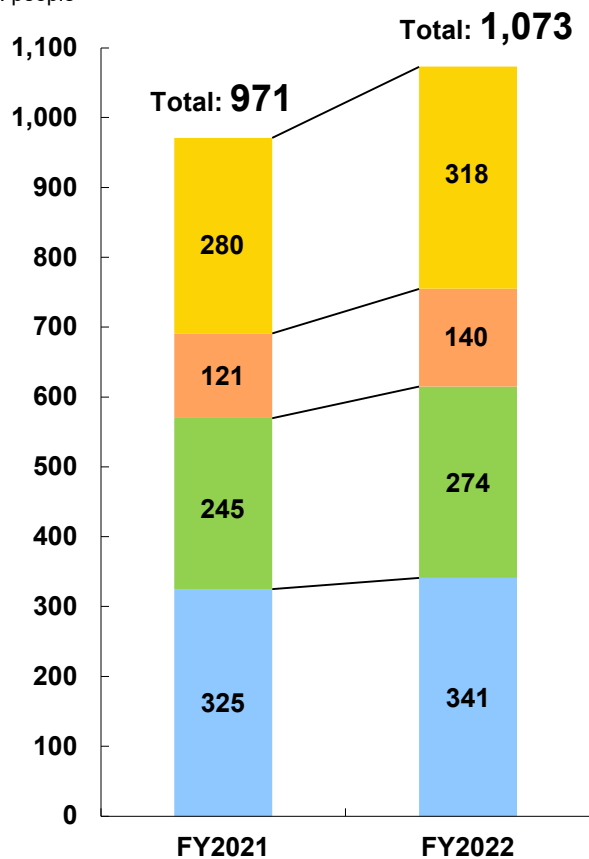
[The name changes below took effect as of the release of the financial results materials for the fiscal year ended January 31, 2022.]
 "Control software" changed to "Embedded / Model-Based"
 "Data processing" changed to "IT Solution"

<https://www.artner.co.jp/>

Term-end engineer count by business field for FY2022

■ Embedded / Model-Based up **13.6%** ■ IT Solution up **15.7%**

Unit: people



	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (people)	Ratio (%)	Result (people)	Ratio (%)		
Embedded / Model-Based	280	28.8	318	29.6	13.6	0.8
IT Solution	121	12.5	140	13.0	15.7	0.6
Electronics	245	25.2	274	25.5	11.8	0.3
Machinery	325	33.5	341	31.8	4.9	(1.7)
Total	971	100.0	1,073	100.0	10.5	—

[The name changes below took effect as of the release of the financial results materials for the fiscal year ended January 31, 2022.]

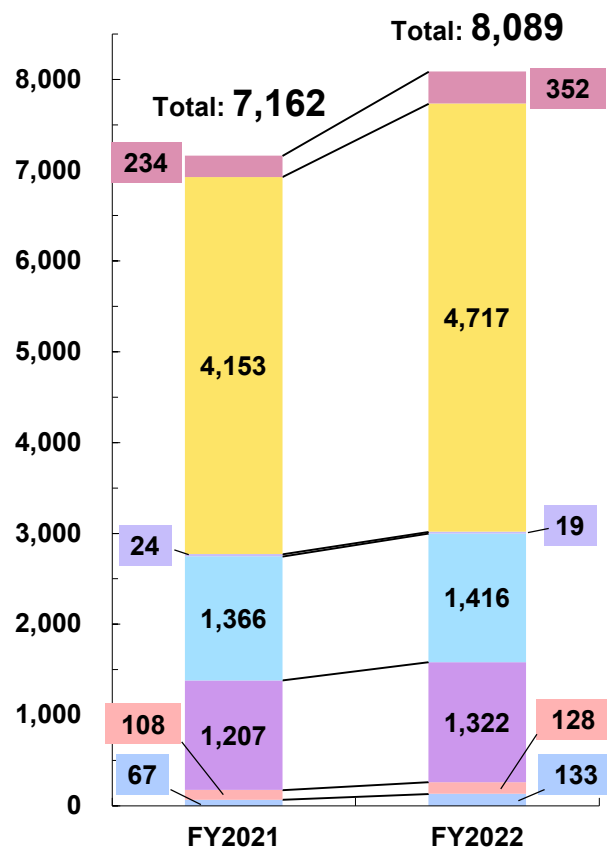
“Control software” changed to “Embedded / Model-Based”

“Data processing” changed to “IT Solution”

Net sales by region for FY2022

■ Kanto up 13.6%
 ■ Tokai up 3.7%
 ■ Kinki up 9.5%

Unit: million yen

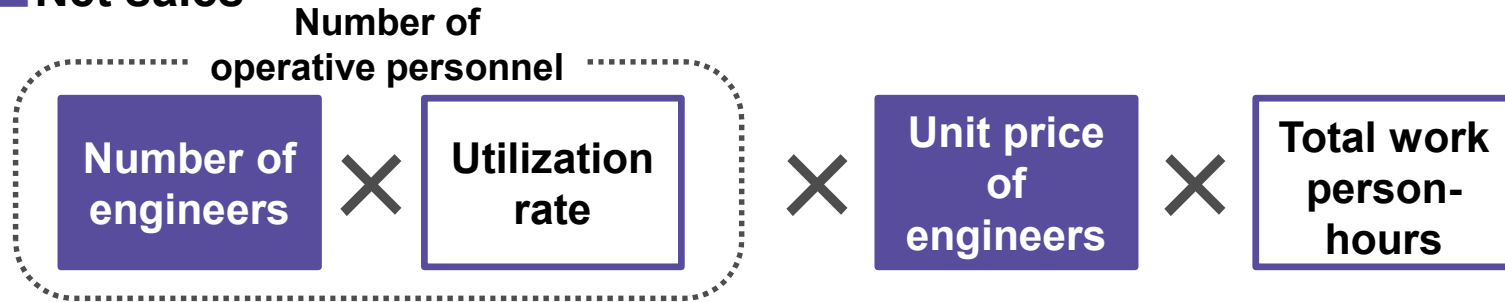


	FY2021		FY2022		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	234	3.3	352	4.4	49.9	1.1
Kanto	4,153	58.0	4,717	58.3	13.6	0.3
Hokuriku	24	0.3	19	0.2	(18.2)	(0.1)
Tokai	1,366	19.1	1,416	17.5	3.7	(1.6)
Kinki	1,207	16.9	1,322	16.3	9.5	(0.5)
Chugoku	108	1.5	128	1.6	17.7	0.1
Kyushu	67	0.9	133	1.6	96.4	0.7
Total	7,162	100.0	8,089	100.0	12.9	—

*Excludes sales from "Other" businesses.

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]

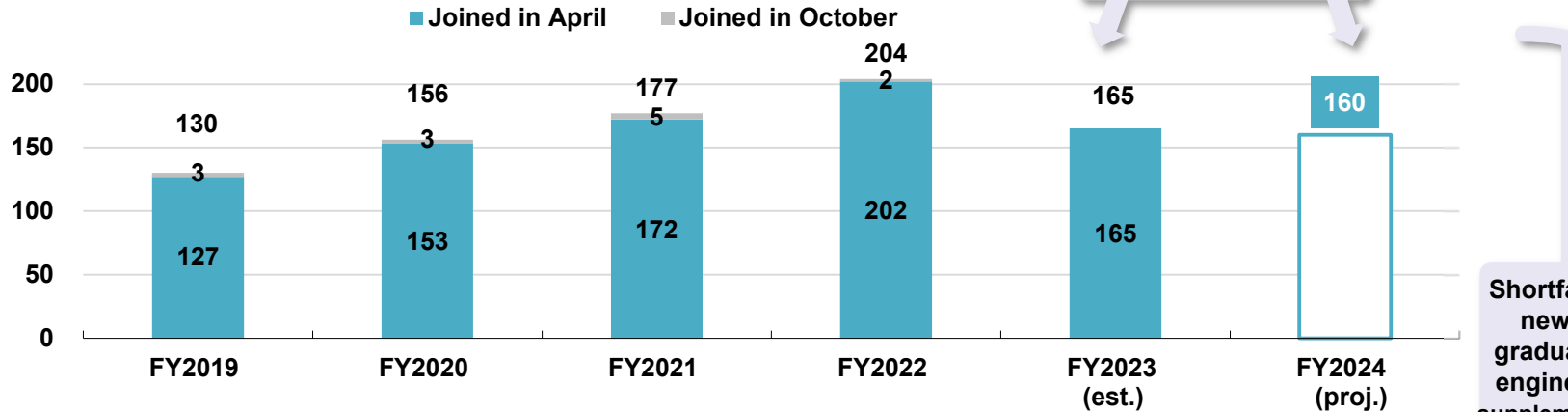
Increase average unit price of engineers.

[Improving operating margin]

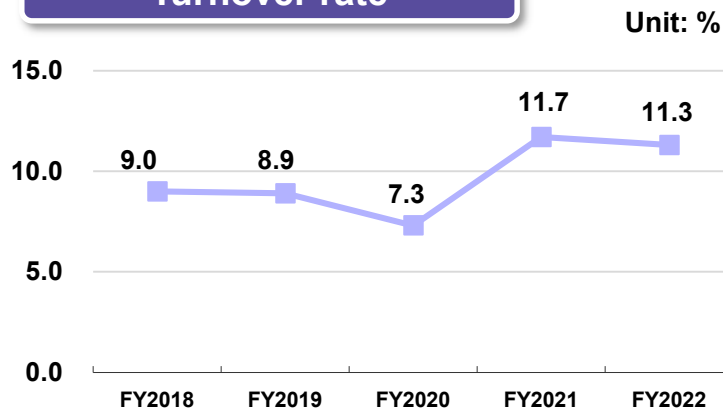
Minimize addition of administrative staff entailed by the increase in engineers through improved administrative efficiency, and thereby suppress increase in the SG&A expense ratio.

Engineer hires for FY2022 / turnover rate

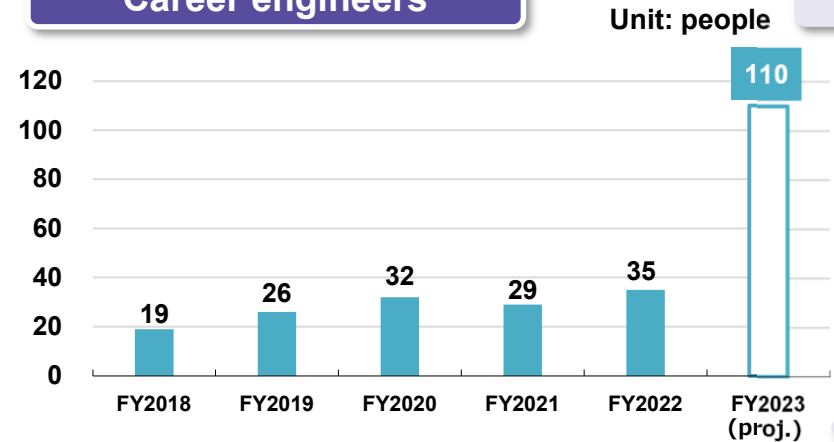
Newly graduated engineers



Turnover rate



Career engineers



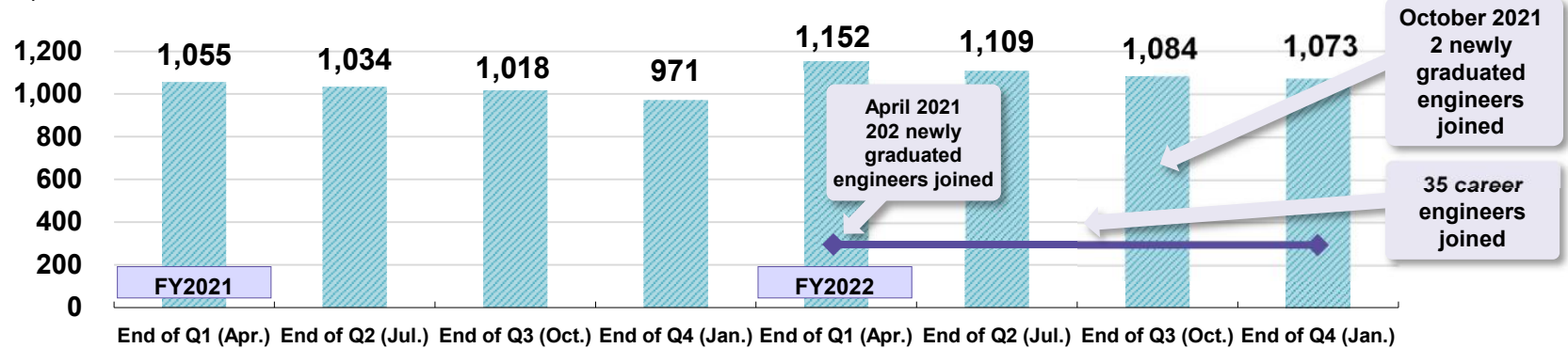
<https://www.artner.co.jp/>

Term-end engineer count / utilization rate for FY2022

Term-end engineer count

FY2021 (average)	FY2022 (average)	Change from the previous year (people)	Change from the previous year (%)
1,001	1,082	81	8.1

Unit: people

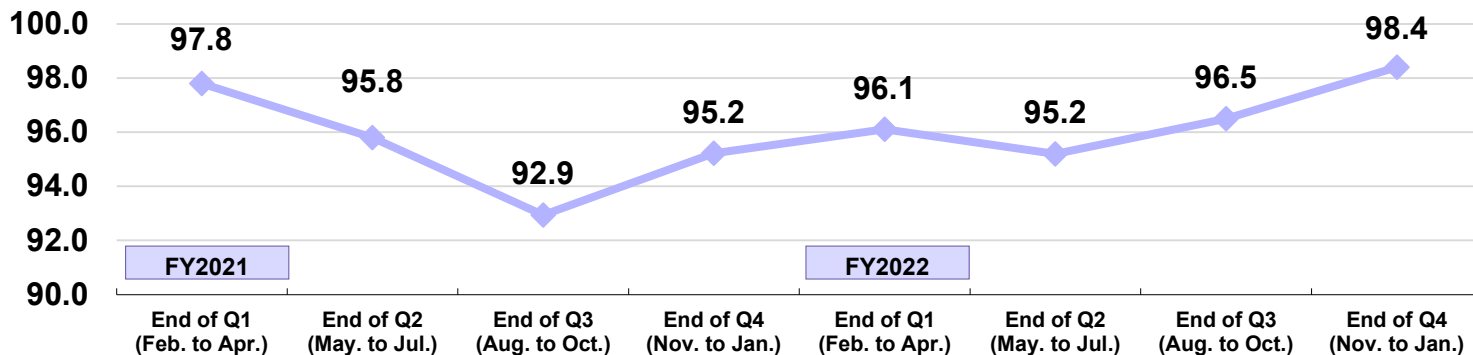


Utilization rate

*Based on the number of dispatched engineers

FY2021 (average)	FY2022 (average)	Change from the previous year (pt)
95.4	96.6	1.2

Unit: %

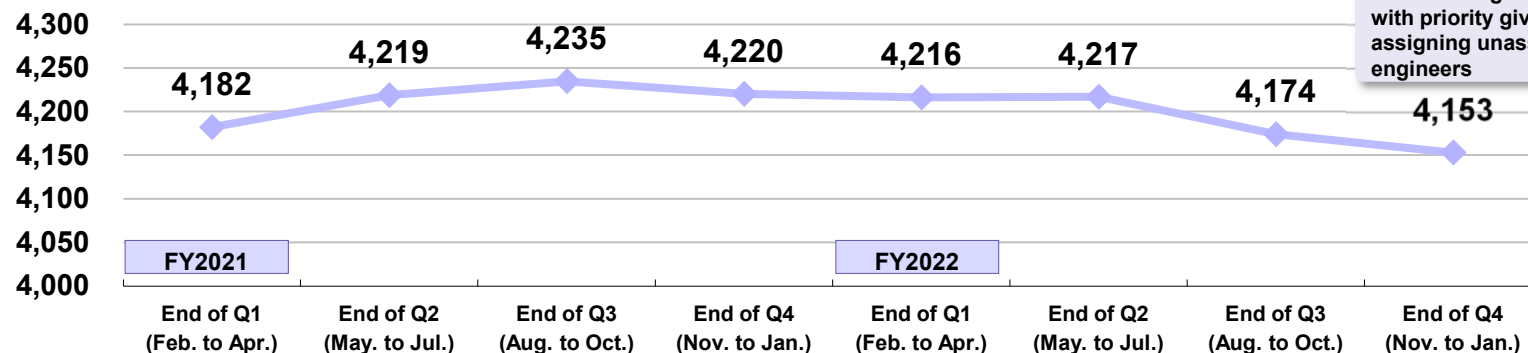


*New employees and others who joined the Company mid-year are not included in the utilization rate until after they are dispatched to their assignments.

Unit price of engineers / total work man-hours for FY2022

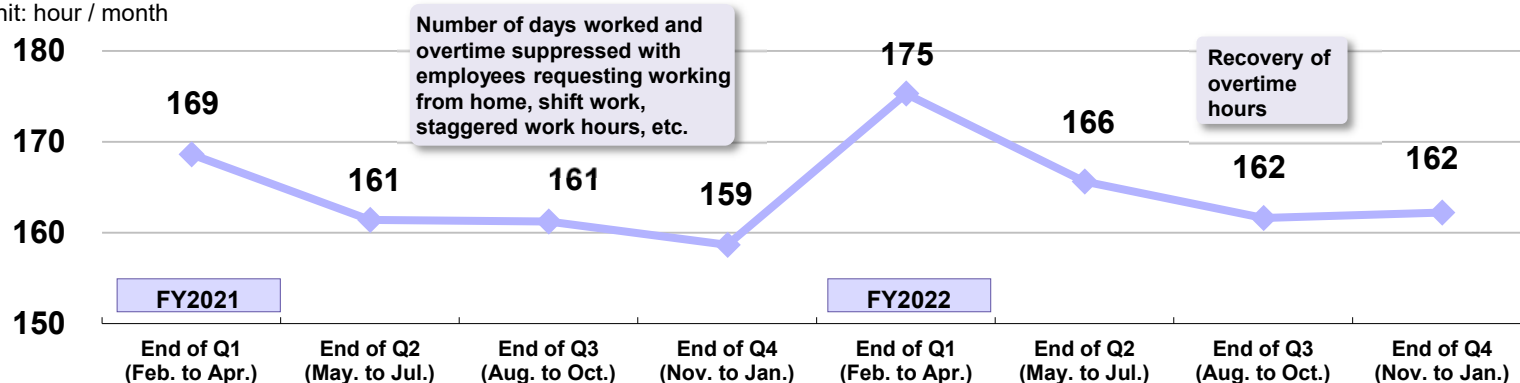
Unit price of engineers	FY2021 (average)	FY2022 (average)	Change from the previous year (yen)	Change from the previous year (%)
*Figures for dispatched engineers *Per person	4,213	4,189	(24)	(0.6)

Unit: yen / hour



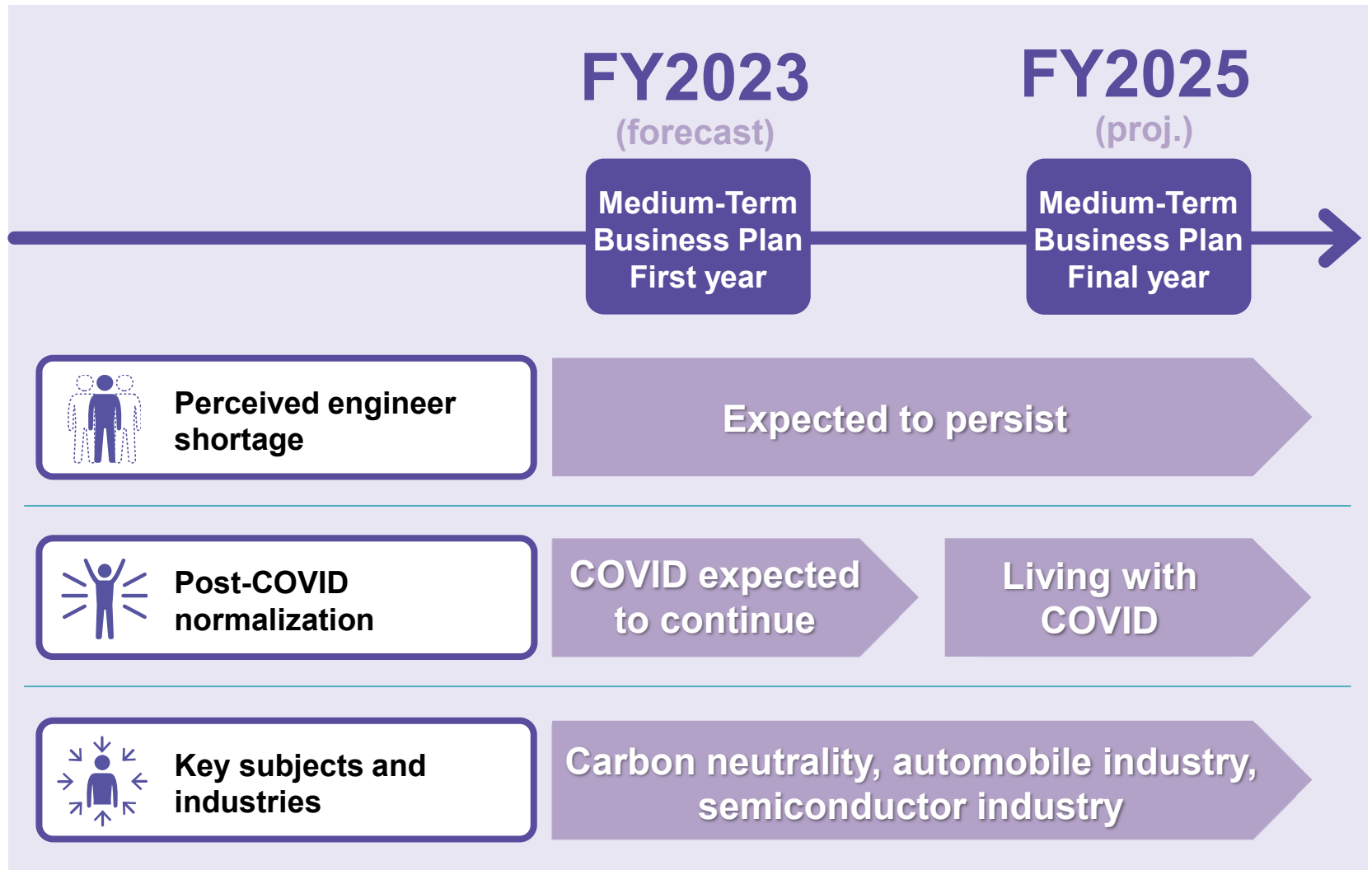
Total work person-hours	FY2021 (average)	FY2022 (average)	Change from the previous year (h)	Change from the previous year (%)
*Figures for dispatched engineers *Per person	163	166	3	2.1

Unit: hour / month



1	Company Overview	p. 3
2	Medium-Term Business Plan (fiscal year ending January 31, 2023 to fiscal year ending January 31, 2025)	p. 17
3	Financial summary for FY2022	p. 33
4	Forecast of financial results and dividend for FY2023	p. 46
5	Reference	p. 51

Business environment forecast



Forecast of financial results for FY2023 / prerequisites

[Forecast of Financial results]

	FY2022		FY2023		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Forecast (million yen)	Percentage (%)		
Net sales	8,102	100.0	8,798	100.0	696	8.6
Operating profit	1,010	12.5	1,147	13.0	137	13.6
Ordinary profit	1,032	12.7	1,150	13.1	118	11.4
Profit	728	9.0	797	9.1	69	9.4

[Prerequisites]

Newly graduated engineers (April, October) (people)	204	165	(39)	(19.1)
Career engineers (people)	35	110	75	214.3
Turnover rate (%)	11.3	Decreased YoY		
Utilization rate (%)	96.6	Same level as preceding year		
Unit price of engineers (yen)	4,189	Same level as preceding year		
Total work person-hours (h)	166	Same level as preceding year		

[Expected time of assignment completion]

Newly graduated engineers joining in April 2022

Around the same period as pre-pandemic

FY2022 / FY2023 Dividend per share

Payout ratio

Based on **30%** → Raise to **50%**

- FY2022...Year-end **20.50 yen** (**6.50 yen more** than previous forecast of **14.00 yen**).

Combined with the interim dividend of **14.00 yen**, the total is **34.50 yen**.

- FY2023...Expected annual dividend **38.00 yen** (interim **19.00 yen**, year-end **19.00 yen**). (**Up 3.50 yen** year-on-year)

	Annual dividends per share (yen)			Dividend yield (%)	Payout ratio (%)	Dividend on equity ratio (DOE) (%)
	Second quarter-end	Fiscal year- end	Total			
FY2021	11.50	11.50	23.00	2.85	38.9	8.4
FY2022	14.00	20.50	34.50	3.92	50.3	10.9
FY2023 (est.)	19.00	19.00	38.00	4.41	50.7	

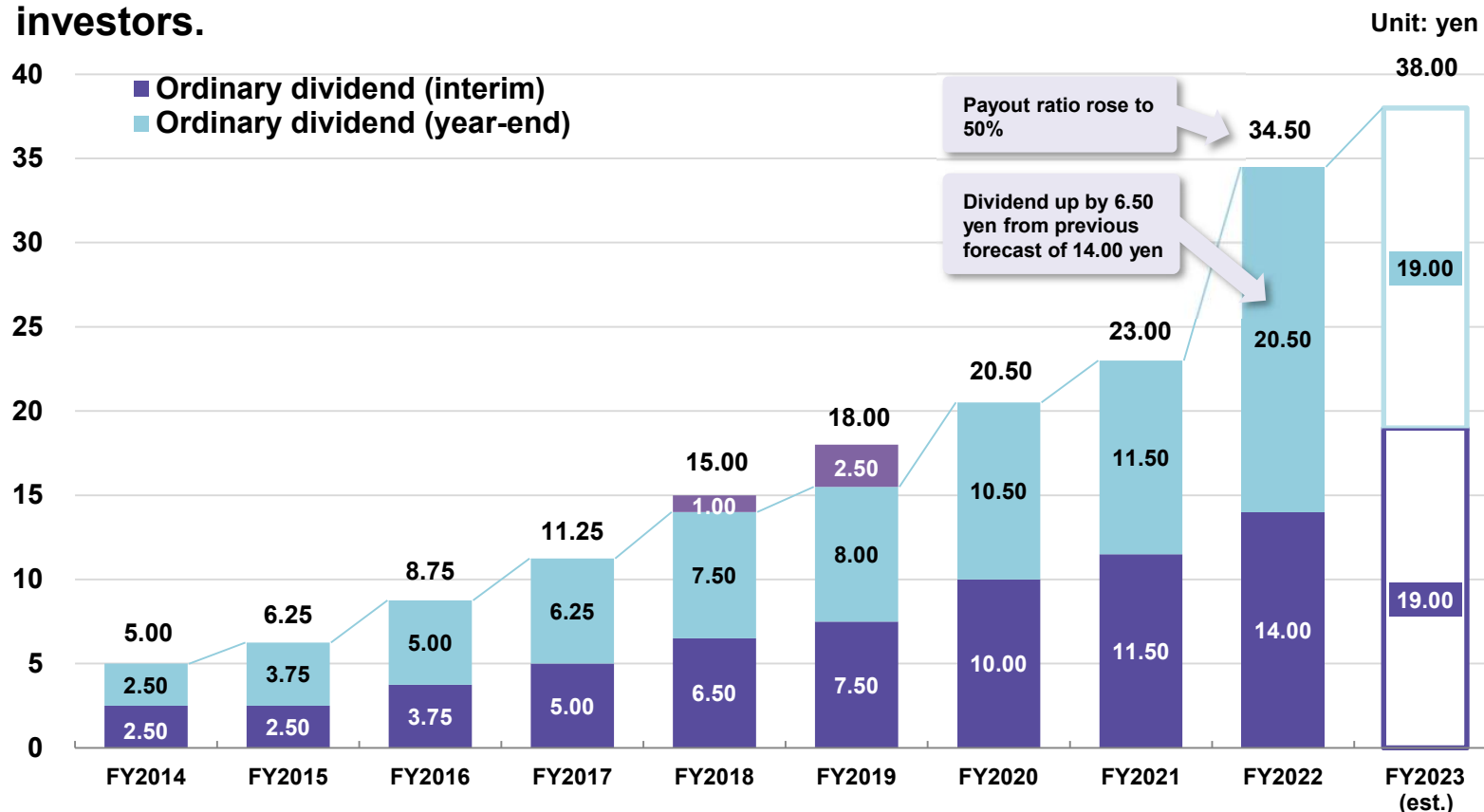
*Dividend yield (%) = individual dividend per share (total) ÷ stock price (beginning of the fiscal year, closing price) × 100

Closing value at beginning of FY2021 (February 3, 2020) 807 yen / Closing value at beginning of FY2022 (February 1, 2021) 881 yen / Closing value at beginning of FY2023 (February 1, 2022) 862 yen

Dividend per share

Dividend increased for the eighth consecutive period

The top priority in business is 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)

1	Company Overview	p. 3
2	Medium-Term Business Plan (fiscal year ending January 31, 2023 to fiscal year ending January 31, 2025)	p. 17
3	Financial summary for FY2022	p. 33
4	Forecast of financial results and dividend for FY2023	p. 46
5	Reference	p. 51

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



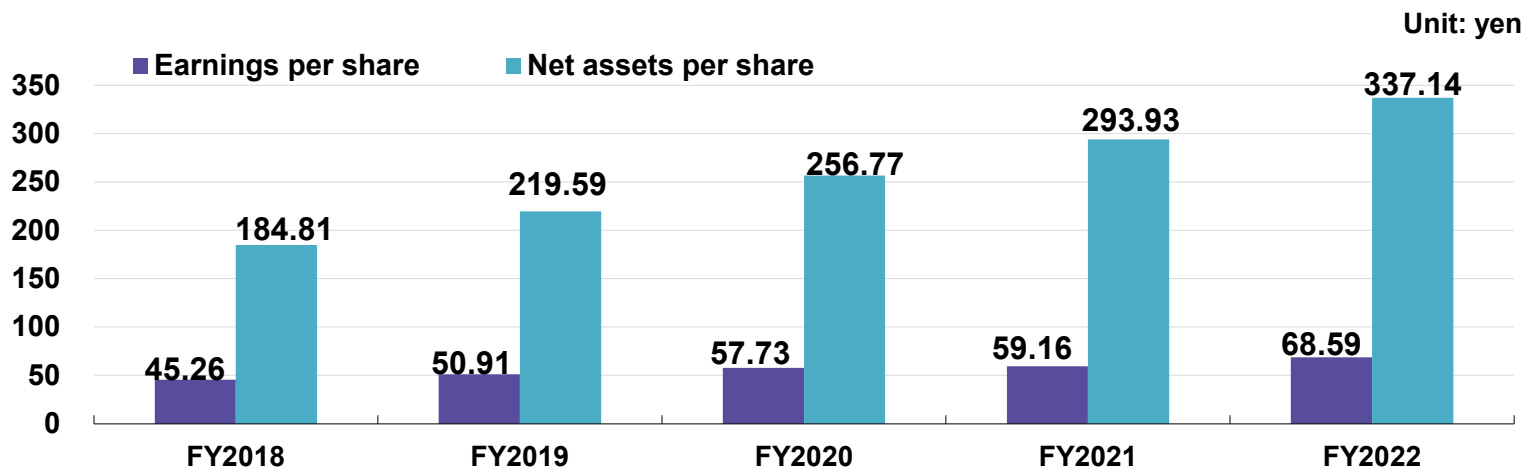
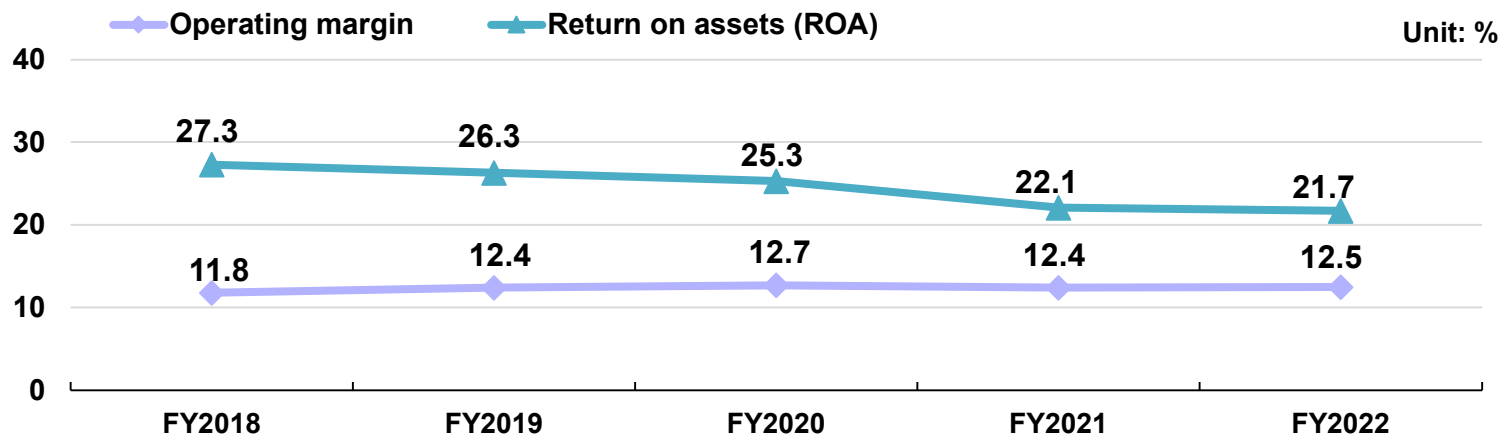
Newly graduated engineers come to the office in shifts. They enhance their knowledge through home-based training and demonstrate it through assignments performed at the office. They are given basic and practical training which give weight to employee autonomy.

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.

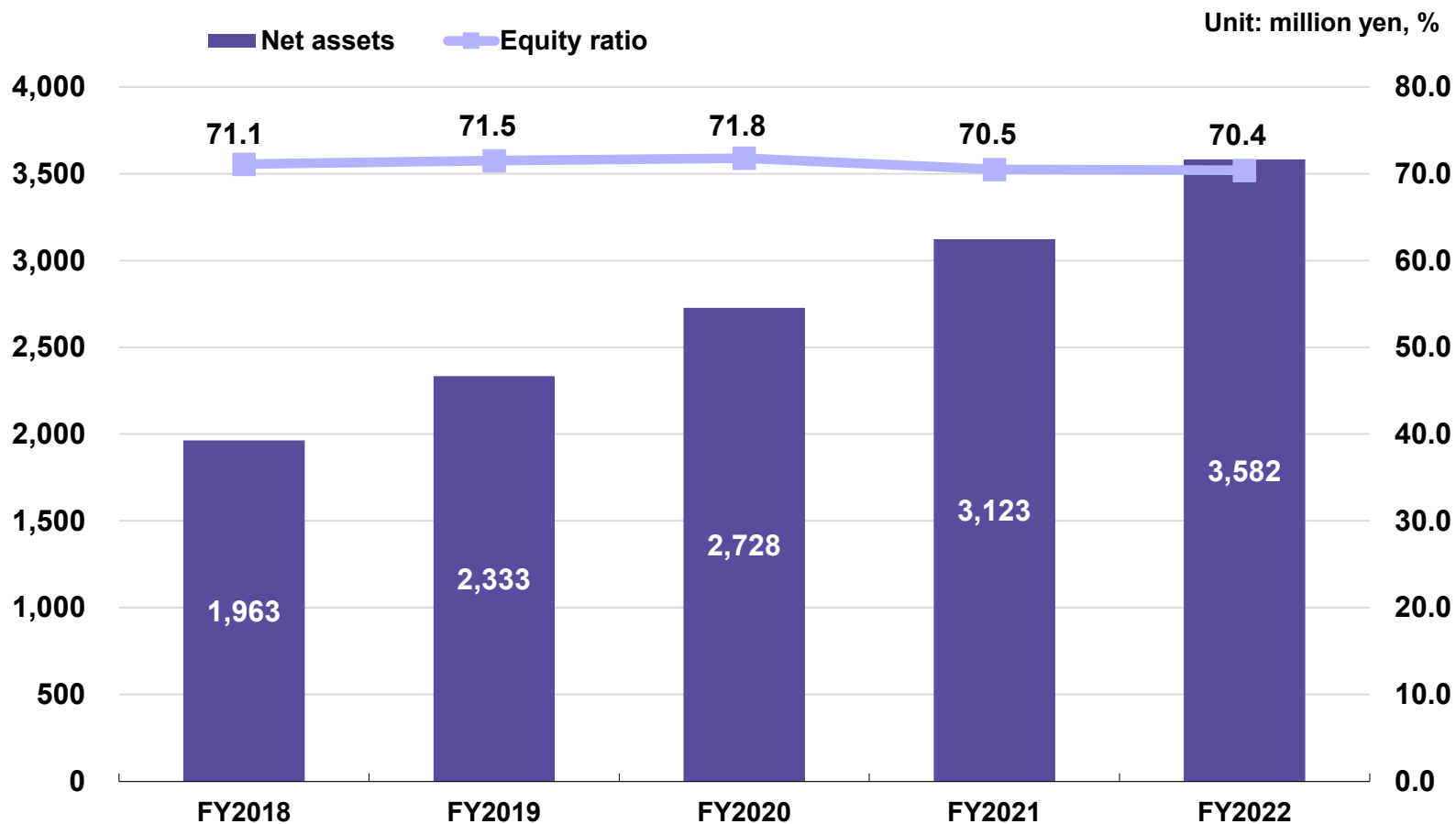
Operating margin / ROA / earnings per share and net assets per share



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

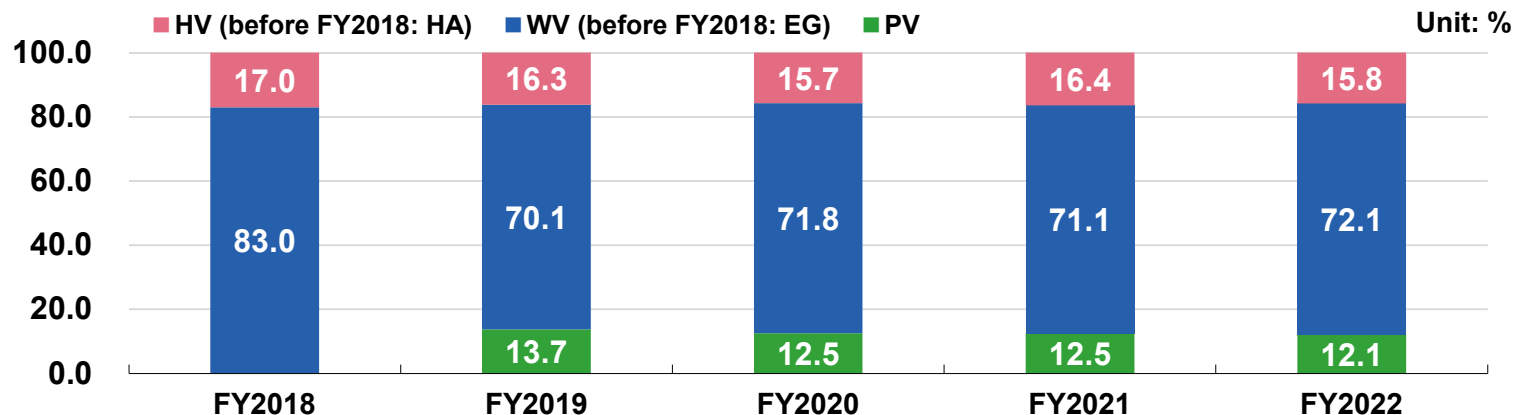
April 1, 2018 (2-for-1 stock split)

Net assets / equity ratio

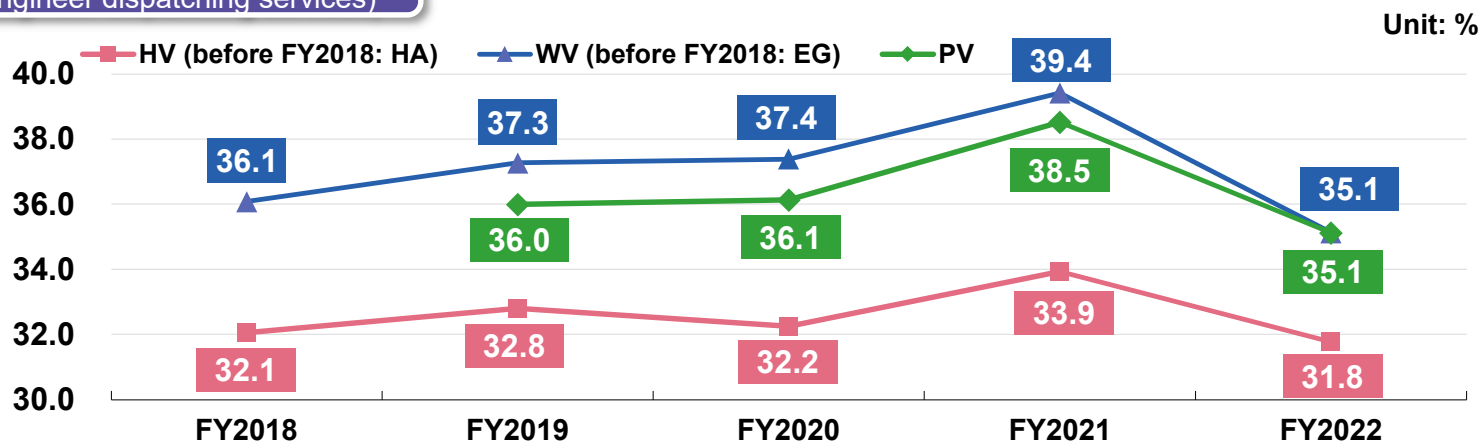


Engineer breakdown by group / gross margin

Engineer breakdown



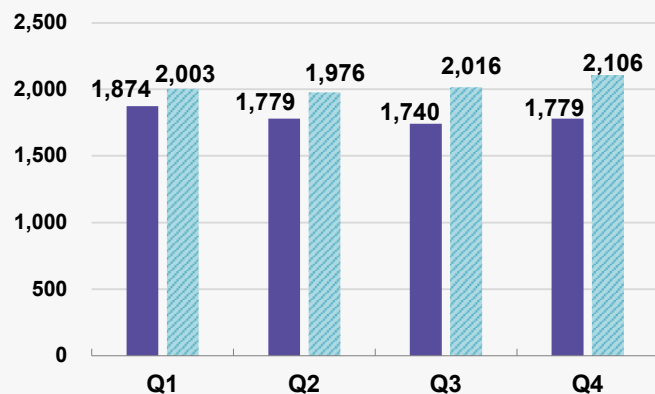
Gross margin (engineer dispatching services)



Quarterly (accounting period) financial results

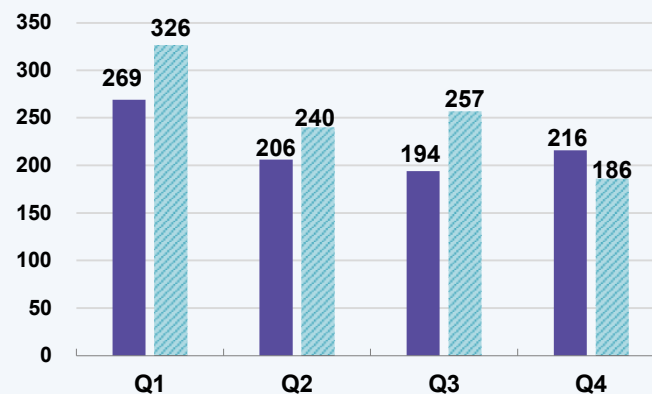
Net sales

■ FY2021 ■ FY2022 Unit: million yen



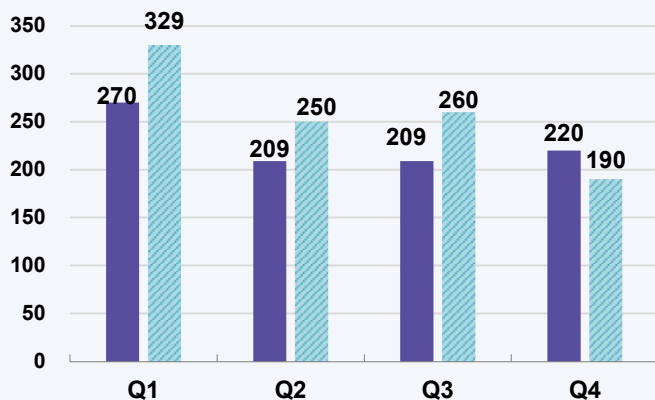
Operating profit

■ FY2021 ■ FY2022 Unit: million yen



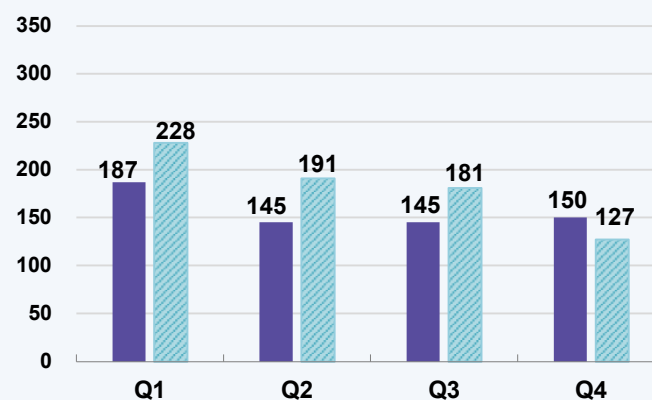
Ordinary profit

■ FY2021 ■ FY2022 Unit: million yen



Profit

■ FY2021 ■ FY2022 Unit: million yen



Quarterly (accounting period) financial results, numerical data

FY2022

	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	2,003	100.0	6.9	24.7	1,976	100.0	11.1	24.4	2,016	100.0	15.8	24.9	2,106	100.0	18.4	26.0
Cost of sales	1,197	59.8	4.4	22.6	1,281	64.8	16.6	24.2	1,343	66.7	26.7	25.3	1,480	70.3	30.3	27.9
Gross profit	806	40.2	10.8	28.8	695	35.2	2.3	24.8	672	33.3	(1.2)	24.0	625	29.7	(2.7)	22.3
SG&A expenses	480	24.0	4.8	26.8	455	23.0	(4.0)	25.4	414	20.6	(14.6)	23.2	439	20.9	3.0	24.6
Operating profit	326	16.3	21.1	32.3	240	12.2	16.6	23.8	257	12.8	32.3	25.5	186	8.8	(14.1)	18.4
Ordinary profit	329	16.4	21.8	31.9	250	12.7	19.5	24.3	260	12.9	24.5	25.3	190	9.1	(13.3)	18.5
Profit	228	11.4	22.1	31.4	191	9.7	31.7	26.2	181	9.0	24.6	24.8	127	6.1	(15.3)	17.5

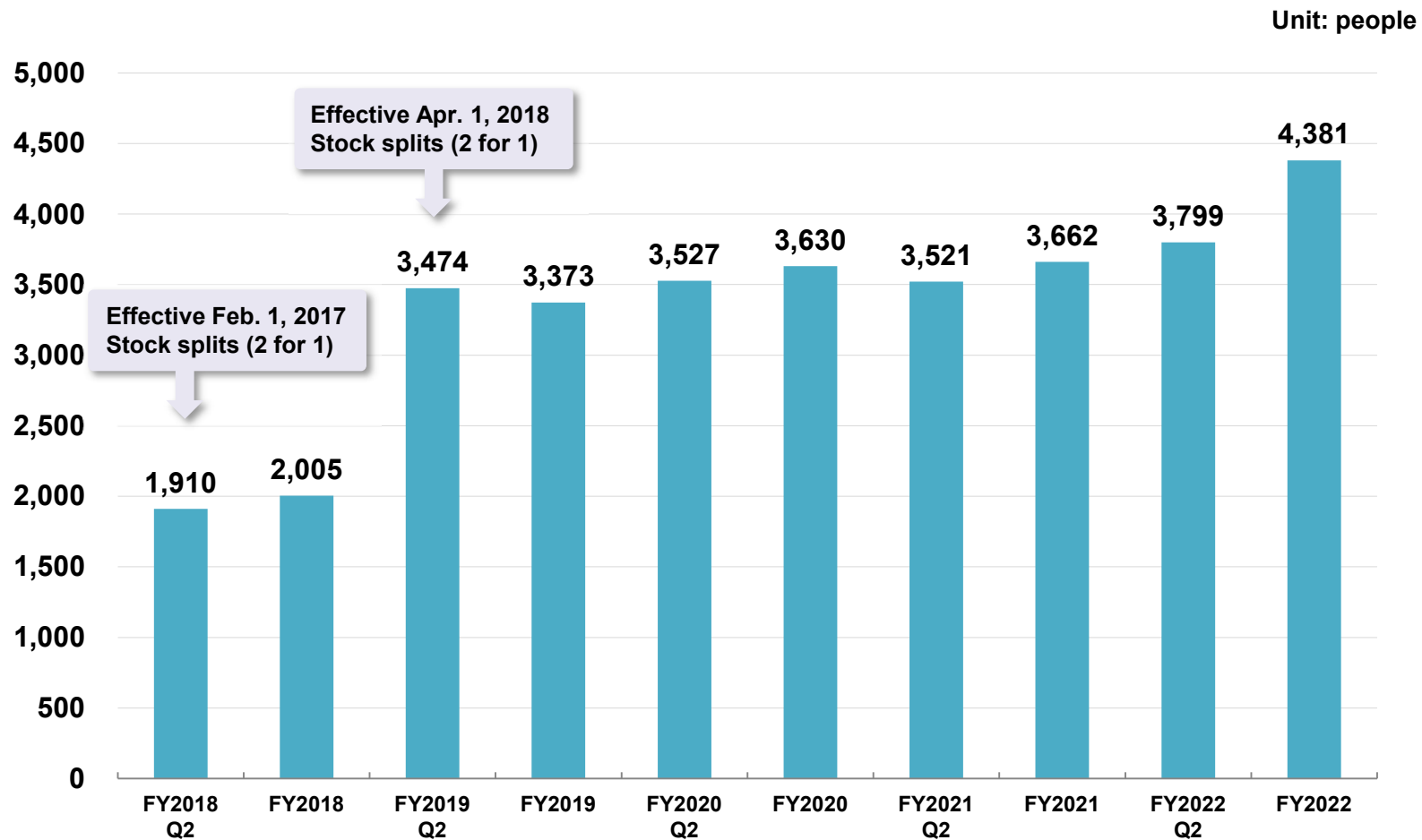
*(1) Quarterly composition of full-year financial results

FY2021

	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	1,874	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

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

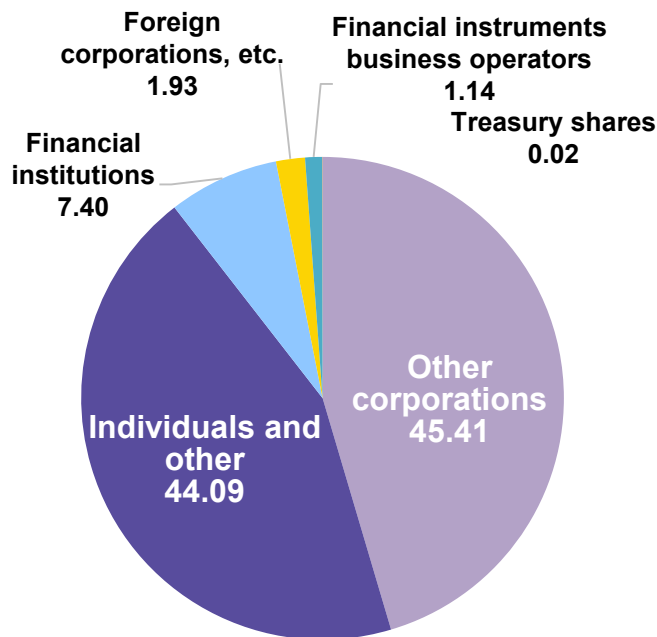
Term-end shareholder numbers



Data by owner category (As of January 31, 2022)

Share Distribution by Owner Category

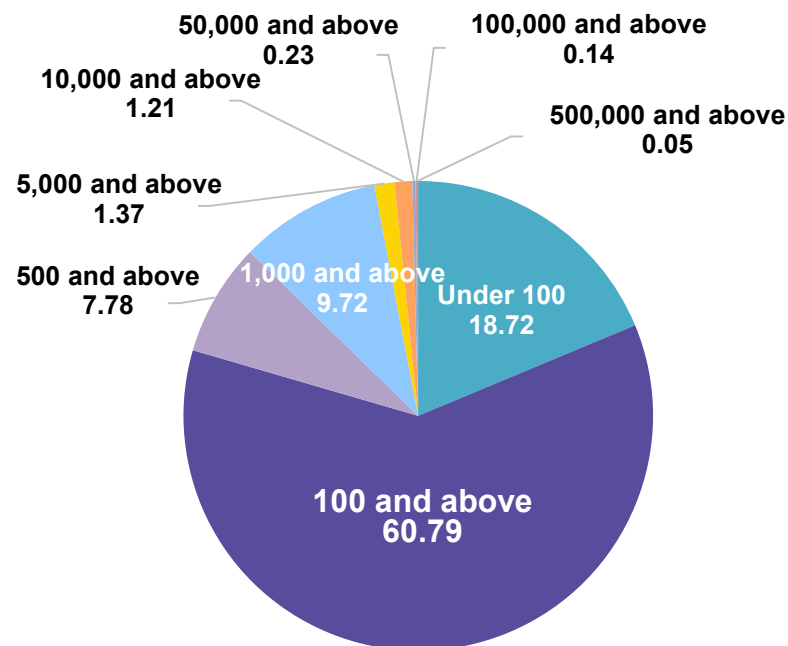
Unit: %



- Other corporations
- Individuals and other
- Financial institutions
- Foreign corporations, etc.
- Financial instruments business operators
- Treasury shares

Shareholder Distribution by Number of Shares Held

Unit: %



- Under 100
- 100 and above
- 500 and above
- 1,000 and above
- 5,000 and above
- 10,000 and above
- 50,000 and above
- 100,000 and above
- 500,000 and above

<https://www.artner.co.jp/>

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, 2022)
Headquarters	Tokyo, Osaka
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya
Learning centers	East Japan, West Japan
Business fields	1) Software 2) Electronics 3) Machinery <small>Basic research, design, and development in the fields on the left, as well as tasks relating to them</small>
Number of employees	1,180 (As of January 31, 2022)
License number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-コ-020355)

Handling of this document

This document is intended to provide information to help you deepen your understanding of the Company, and is not intended to solicit investment in securities issued by the Company.

Although this document has been created carefully to ensure its accuracy, its completeness is not guaranteed.

The Company shall not be held liable for any failure or damage caused by the use of forecast data or information contained in this document.

(Forward-looking statements)

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.

Therefore, actual results may differ from the forward-looking statements in this document due to various factors, such as changes in the business environment.

(Processing of numbers)

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%.