

April 27, 2023 - The 61st Ordinary General Meeting of Shareholders

Key Questions and Answers

(Some parts of the contents have been added or modified for easier understanding.)

Q. What is the composition ratio of engineer dispatching and contracting?

A. It's generally 9:1.

Q. The average age of full-time engineers in engineer dispatching is relatively young. What is the retention rate of veteran employees?

A. The Company's hiring policy is that the planned number of hires for the following year is roughly 20% of all existing employees. For this reason, about 20% of new graduates who are 22 or 23 years old enter the Company every year. Therefore, as a result, the structure is such that the average age generally remains at 30 years of age.

As for veteran employees, they tend not to leave the Company much after a certain number of years have passed. The commonly stated turnover rate during the first three years of employment affects the retention rate of veteran employees. The Company's turnover rate during the first three years of employment is slightly below the general average.

Q. In the Notice of Convocation for the Ordinary General Meeting of Shareholders, there is a difference between "No. of the Company's shares owned" on page 9 and "No. of shares held" on page 21 for the two executives. Please explain the factors behind this difference.

A. Including or not including the shares held by the Officer Stocks Society is a factor. The figures on page 9 include shares held by the Officer Stocks Society, and those on page 21 do not. In addition, the number of shares has changed since last year due to a large secondary offering of shares.

Q. What is your target for the stock price?

A. As announced externally, last year, following the TSE's market reorganization, the Company opted for the Prime market. However, the Company's Prime listing is subject to one condition. The current situation in the Company is that only its tradable share market capitalization does not meet the 10 billion yen standard.

In the Company, we have prepared the Medium-Term Business Plan for the three years from 2022 to 2024 and submitted a plan for fulfilling the requirement for tradable share market capitalization that does not meet the Prime listing criteria. In the plan, we set a theoretical stock price of 1,400 yen, corresponding to a tradable share market capitalization of 10 billion yen, and set it as a stock price target. The Company's current stock price is in the 1,300 yen range. We

will promote the Medium-Term Business Plan over the next two years to achieve a theoretical stock price of 1,400 yen for FY2025. As a result, we intend to achieve a tradable share market capitalization of 10 billion yen.

Q. Where do you stand in the competitive landscape? What will the engineer dispatching industry look like ten years from now? In what form will Artner exist, where does it aim to be, and what is it about to change?

I want to know the president's vision.

A. We have many competitors, both listed and unlisted. Because information about unlisted companies is difficult to obtain, we will limit our response to listed competitors. First, the industry's current state is that there are about three major companies with over 10,000 engineers. In terms of other publicly traded companies, including our company, they are generally ones with several thousand engineers. Our industry is composed of these two types. The position we aim to achieve in the engineer dispatching industry is not to reach the 10,000-person level. Our vision for the future is to become the top value-added engineering group in the industry while maintaining a staff of several thousand. We intend to recruit and train high-quality engineers with high added value compared with other companies in the industry, and then to position ourselves to provide technical services to our clients.

Q. What are your sales prospects?

A. We have already disclosed our numerical targets. As in the previous year, we expect strong demand from automotive-related manufacturers and semiconductor manufacturing equipment manufacturers, our major customers. Therefore, we intend to target them and place engineers in their projects on a priority basis. The automotive industry is currently in the midst of a once-in-a-century technological revolution. There is a great deal of work to be done. Tasks include efforts for "carbon neutrality" and developing advanced safety vehicles, etc., such as CASE. We will accurately identify these needs and efficiently place engineers in these positions.

Q. I feel that if we set not only payout ratio but also progressive dividend and DOE in terms of shareholder returns to increase market capitalization, the stock price will rise.

A. You're right that stock price measures are not just about payout ratio. Therefore, to increase the Company's stock price, we will study various shareholder return measures and actively implement feasible ones. We will take this as valuable input.