

Engineer Support Company

Make Value



FY2024 Online Briefing on Financial Results

March 26, 2024



— Create the Future —

ARTNER



Company Information

Name	Artner Co., Ltd.	
Founded	September 18, 1962	
Representative	President and CEO SEKIGUCHI Sozo	
Share listing	Prime Market of the Tokyo Stock Exchange (Securities code: 2163)	
General Meeting of Shareholders	Held in Osaka	
Capital	238,284,320 yen (As of January 31, 2024)	
Headquarters	Tokyo, Osaka	
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya	
Learning centers	East Japan, West Japan	
Business fields	1) Software 2) Electronics 3) Machinery	Basic research, design, and development in the fields on the left, as well as tasks relating to them
Number of employees	1,321 (As of January 31, 2024)	
License number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-コ-020355)	

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Market Size of Engineer Dispatching Business, Our Clients' R&D Costs

Market Size of Engineer Dispatching Business

1.1 to 1.3 trillion yen (estimate)

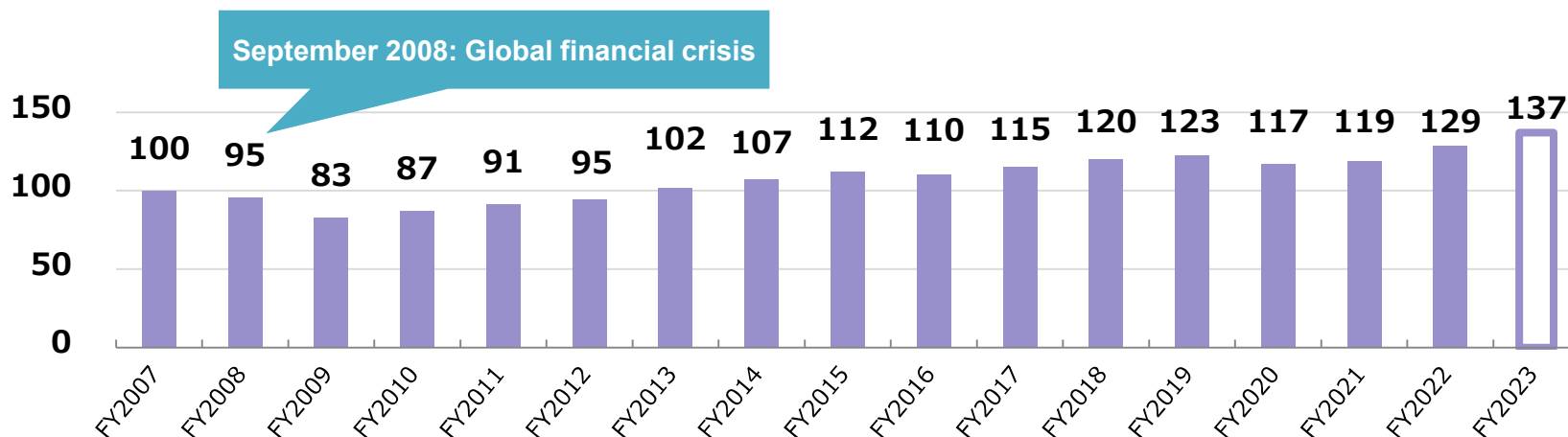
Calculated by the Company based on the "Combined results of reports on worker dispatching businesses" (Ministry of Health, Labour and Welfare)

*The data of "annual net sales" of the worker dispatching businesses are used, which is a rough total of net sales arising from "dispatched workers on open-ended contracts" and either of "manufacturing engineers," "information processing & communications engineers," or "other engineers."

*The share is 0.8 to 0.9%; calculations based on the Company's most recent net sales of 101 billion yen for FY2024.

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.

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Factors Behind “The Tenth Consecutive Period of Sales and Profit Growth”



■ Trust from our clients built on our long history

- Over our long history of 61 years, we have built trust with many of our clients and have a proven track record.

⇒ We can place newly graduated engineers with little or no experience, as well as place additional existing engineers.



■ Business model developed by Artner since tenth periods ago

- Even during the global financial crisis of 2008, not many engineers placed in the upstream processes of the work processes of manufacturers (R&D, design and development) experienced contract cancellations.
- ↓
- Artner decided to increase the ratio of engineers placed in upstream processes.
- ↓
- In order to recruit outstanding students who can be placed in upstream processes, internal programs (e.g., job change assistance program, performance-based salary system, limited area system) were introduced based on the needs of engineers.
- ↓
- Placements were made after education and training were conducted according to our clients' upstream process work.

⇒ The unit price of engineers increased, resulting in higher profit margins.



■ Placement of engineers in technical fields with high market needs

- Assigned to projects for developing electric vehicles (EVs), fuel cell vehicles (FCVs), infrastructure (charging infrastructure, hydrogen stations), automated driving, semiconductors, etc.

⇒ Utilization rate remained high.

History (at the time of founding in 1953)

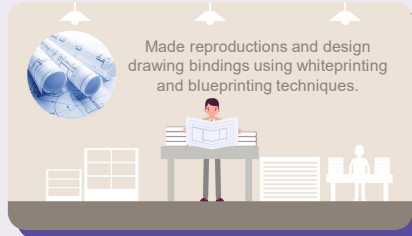
1953 -

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

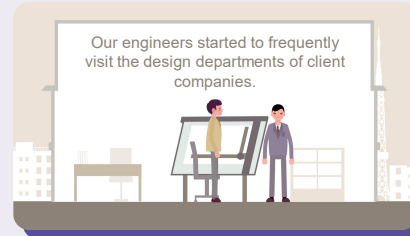


Founded

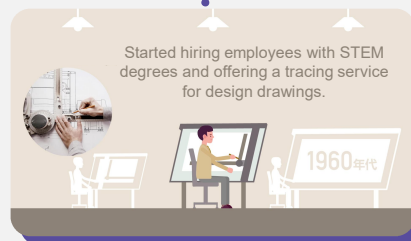
- Reproduces and binds design drawings received from client companies, using whiteprinting and blueprinting techniques.



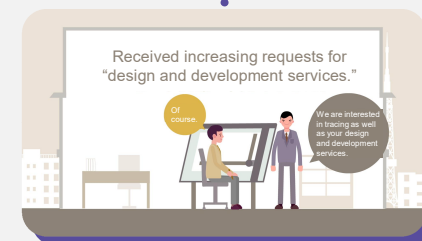
- Our engineers visit frequently the design departments of client companies.



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



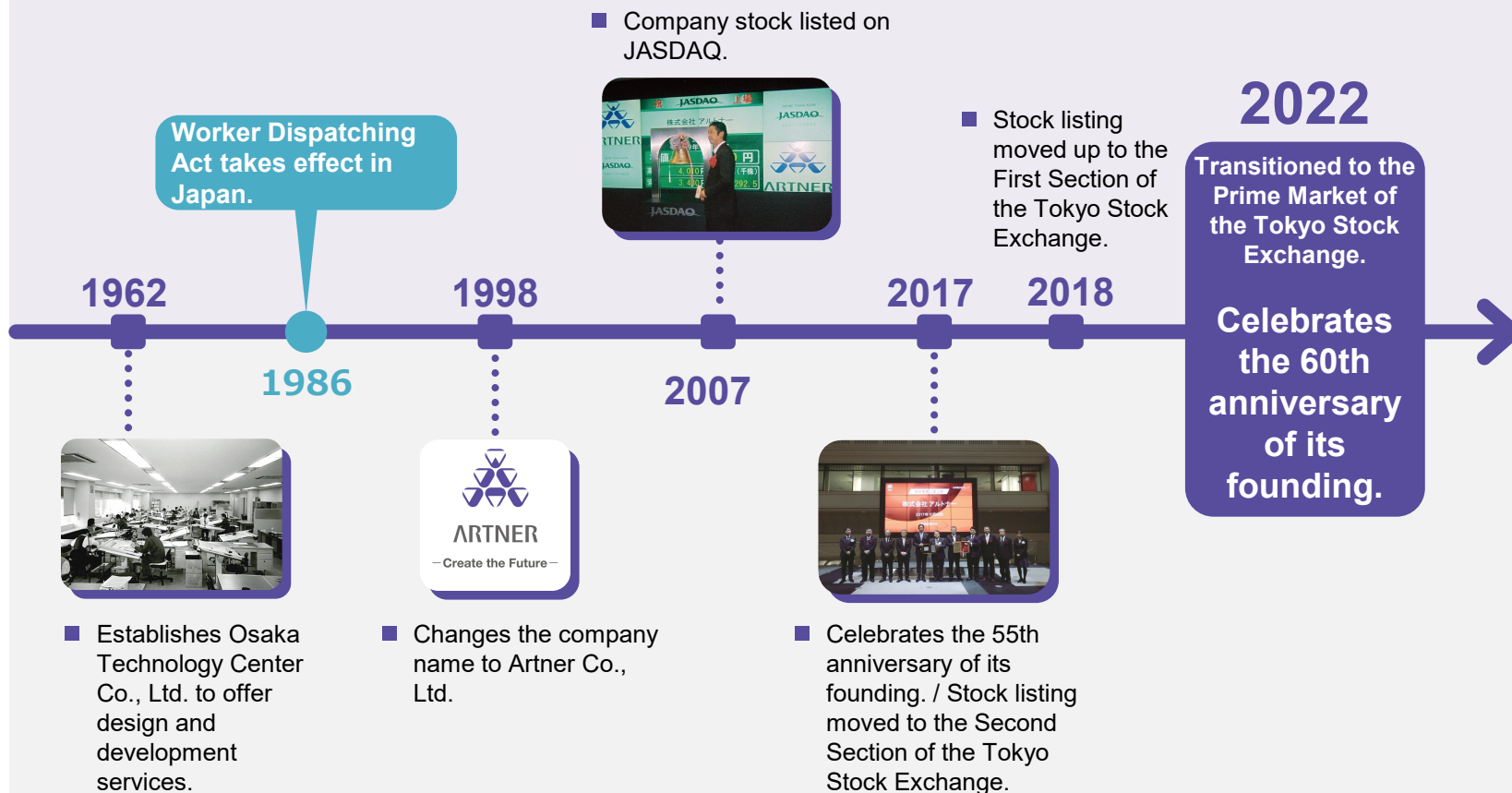
- Starts hiring employees with STEM degrees and offering a tracing service for design drawings.



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

History (1962 to present)

1962 -



Presidents Since Our Founding / Profile of President and CEO SEKIGUCHI Sozo

■ Presidents Since Our Founding

September 1962	Osaka Technology Center Co., Ltd. was established as a subsidiary of Sekiguchi Kogyo Co., Ltd. (1st) President and CEO SEKIGUCHI Noboru was appointed.
April 1984	President and CEO SEKIGUCHI Noboru retired. (2nd) President and CEO MARUHASHI Shiro was appointed.
April 1987	President and CEO MARUHASHI Shiro retired. (3rd) President and CEO SEKIGUCHI Masaru was appointed.
April 1998	Osaka Technology Center Co., Ltd. was renamed to Artner Co., Ltd.
February 2002	President and CEO SEKIGUCHI Masaru retired. (4th) President and CEO SEKIGUCHI Sozo was appointed.

■ Profile of President and CEO SEKIGUCHI Sozo, Positions and Areas of Responsibility Held in the Company

June 1983	Joined MEITEC CORPORATION
April 1988	Joined Osaka Technology Center Co., Ltd. (previous name of the Company)
March 1993	Appointed Director; Head of the Business Planning Office
February 1998	Appointed Director; Vice President
February 2002	Appointed President and CEO (current)

The Company's Groups Corresponding to the Work Processes of Manufacturers

- 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

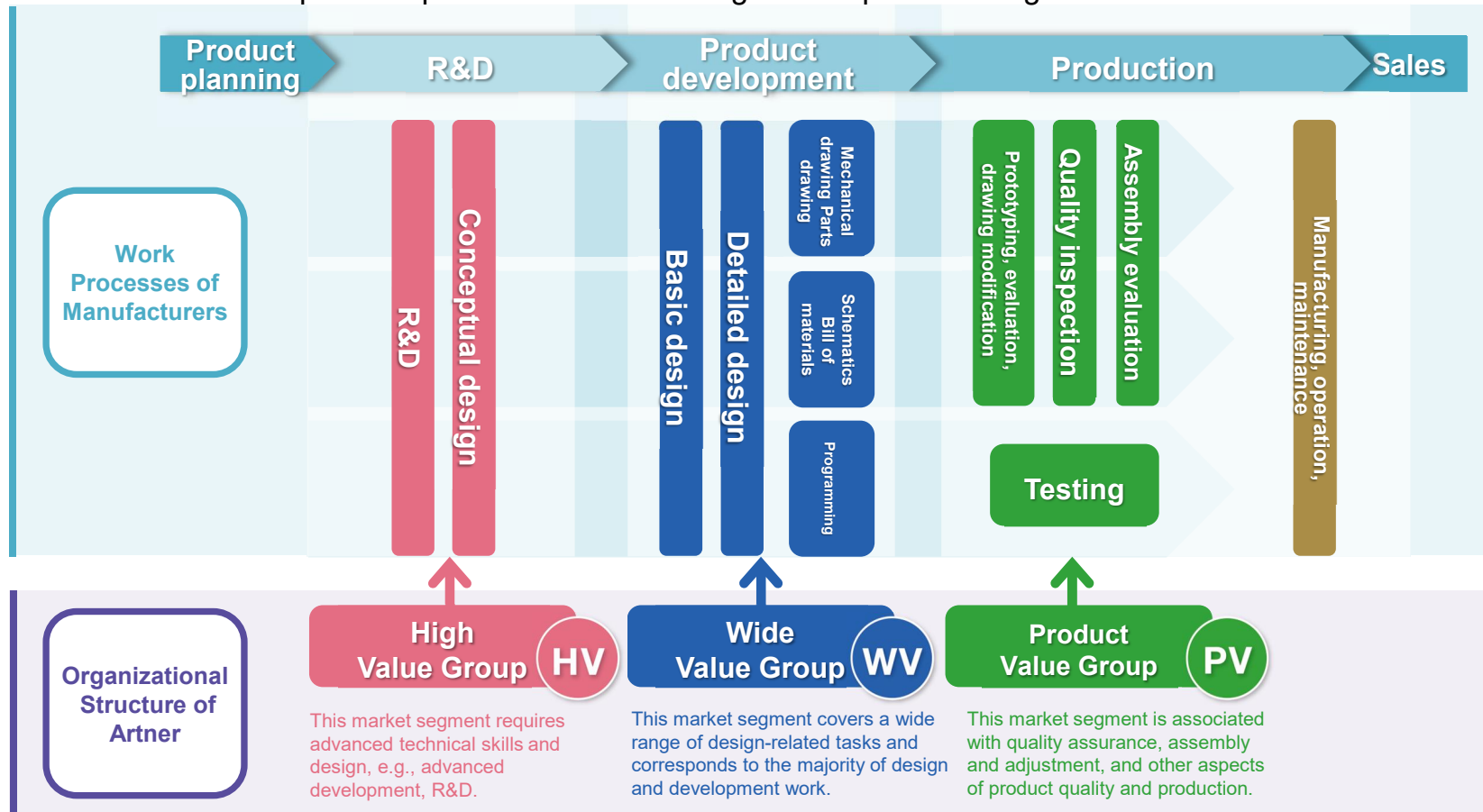
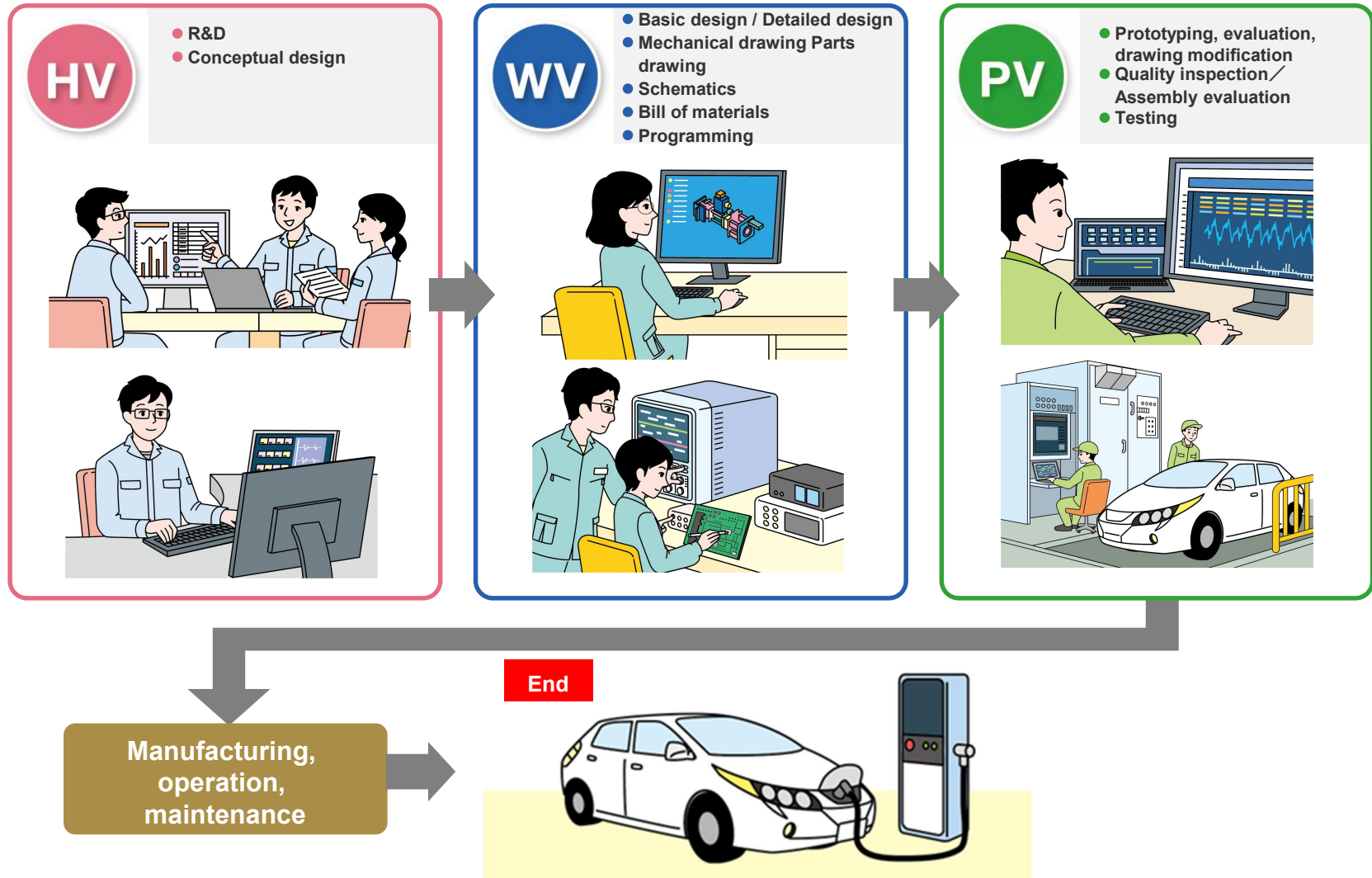


Diagram of the Work Processes of Manufacturers and the Work of the Company's Engineers [Ex: electric vehicles (EVs)]



Design and Development Projects Including “Carbon Neutrality”

Eco Cars



Software

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

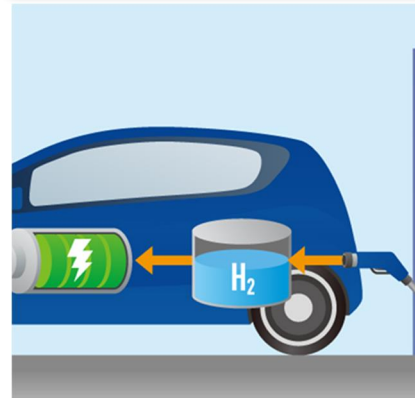
Electronics

- 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)



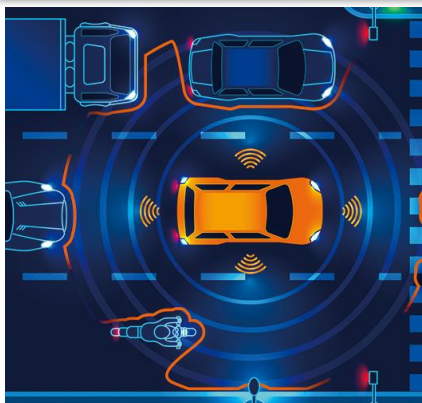
Software

- 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



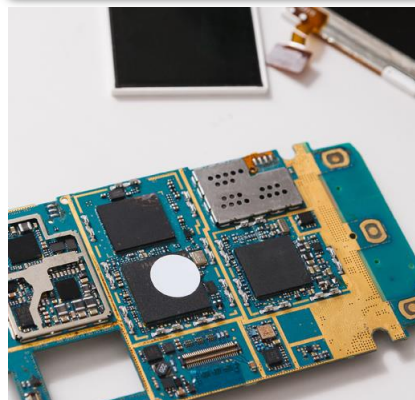
Software

- 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)

Products and Systems Related to Design and Development

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

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Numerical Business Targets

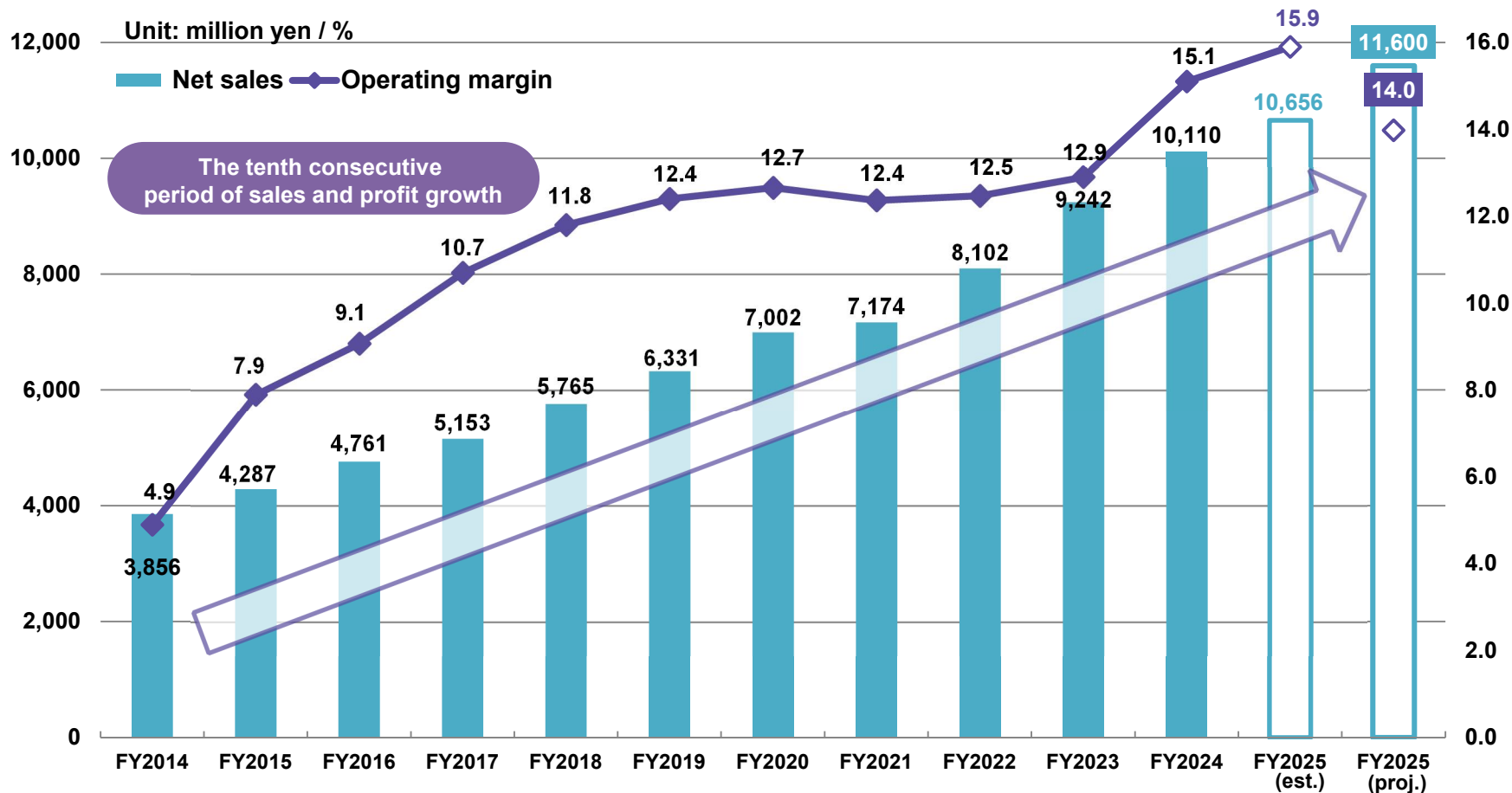
<FY2025 (final year) earnings and sales targets>

Net sales

11.6 billion yen

Operating
margin

14.0 %


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Financial Summary for FY2024

Market Environment

- The global economy is heading towards a full recovery in tandem with growth in demand post-COVID-19.
- Interest in development remains strong in various industry fields, including our main clients, manufacturers in industries related to automobiles and semiconductor manufacturing equipment.
 ➔ There is a strong demand for the Company's engineers.

State of Engineer Dispatching Business

- The number of operative personnel surpassed that of the same period of the preceding year.
 Number of engineers increased.
 Utilization rate remained high due to the upward trend in the demand for engineers.
 Assignments for newly graduated engineers entering the Company in 2023 are progressing ahead of the initial schedule.
- The unit price of engineers surpassed that of the same period of the preceding year.
 Due to the trend of engineer shortage, the unit price for newly graduated engineers at their first assignments is on the rise.
 We are negotiating unit prices with our clients, taking into account the work performance of our current engineers.
- Total work person-hours remained at the same level as the same period of the preceding year.

Expenses

- In FY2023, we provided allowance to our employees in commemoration of the Company's 60th anniversary. This allowance is not appropriated in FY2024.
 ➔ Cost of sales grew more slowly.
- We are increasing our number of staff and engaging in recruitment advertising and other forms of recruitment investment.
- Expenses for recruiting, travel, transportation, and others grew with a recovery in our recruiting and sales activities.

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Financial Results Highlights for FY2024

- Net sales up **9.4%**, operating profit up **27.5%**, ordinary profit up **27.4%**, profit up **17.5%**. Operating margin **15.1%**.

	FY2023		FY2024		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)		
Net sales	9,242	100.0	10,110	100.0	868	9.4
Cost of sales	6,168	66.7	6,571	65.0	403	6.5
Gross profit	3,073	33.3	3,539	35.0	466	15.1
SG&A expenses	1,879	20.3	2,016	19.9	137	7.3
Operating profit	1,194	12.9	1,522	15.1	328	27.5
Ordinary profit	1,203	13.0	1,532	15.2	329	27.4
Profit	895	9.7	1,051	10.4	156	17.5

■ Number of engineers increased
 ■ Utilization rate remained high
 ↓
 ■ The number of operative personnel increased
 ■ Unit price of engineers rose

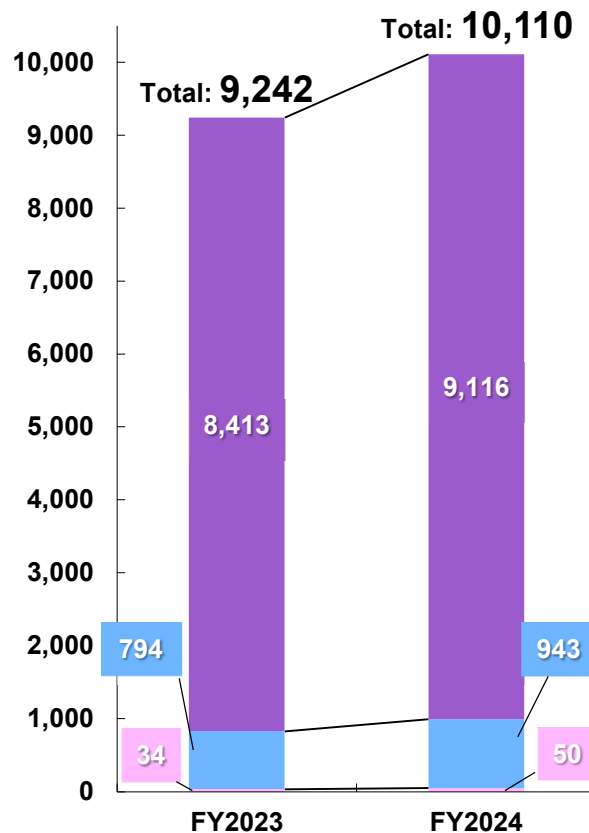
■ 60th anniversary allowance provided to employees in FY2023 but not appropriated in FY2024

■ More staff, recruitment advertising and other recruitment investment
 ■ Travel/transportation fees, etc. increased due to recovery of recruitment and sales activities

Net Sales by Business for FY2024

■ Engineer dispatching up 8.4% ■ Contracting up 18.7% / Percentage 9.3%

Unit: million yen

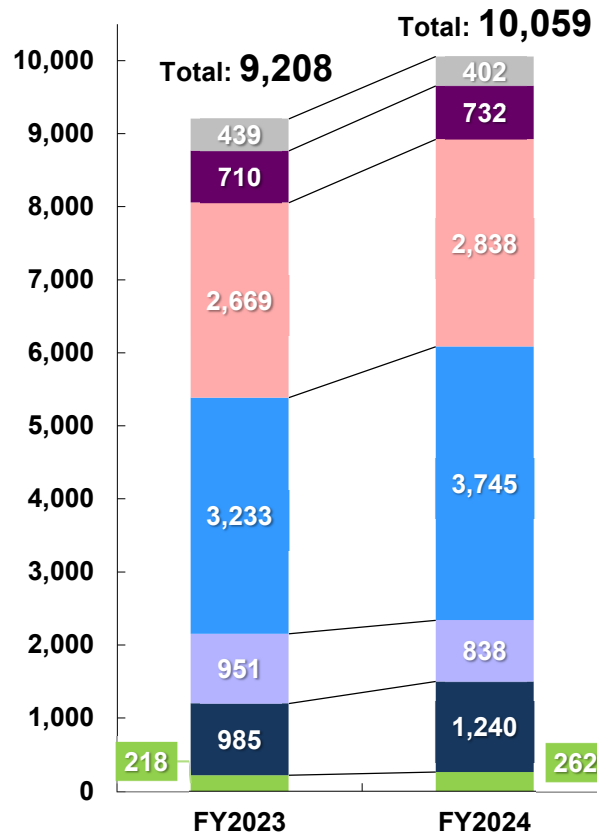


	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Engineer dispatching	8,413	91.0	9,116	90.2	8.4	(0.9)
Contracting	794	8.6	943	9.3	18.7	0.7
Subtotal	9,208	99.6	10,059	99.5	9.3	(0.1)
Other	34	0.4	50	0.5	47.3	0.1
Total	9,242	100.0	10,110	100.0	9.4	—

Net Sales by Industry Field for FY2024

- Electrical equipment up 6.3%
 ■ Transportation equipment up 15.8%
■ Information and communications up 25.9%

Unit: million yen



	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Steel, nonferrous materials and metals	439	4.8	402	4.0	(8.6)	(0.8)
Mechanical equipment	710	7.7	732	7.3	3.1	(0.4)
Electrical equipment	2,669	29.0	2,838	28.2	6.3	(0.8)
Transportation equipment	3,233	35.1	3,745	37.2	15.8	2.1
Precision equipment	951	10.3	838	8.3	(11.9)	(2.0)
Information and communications	985	10.7	1,240	12.3	25.9	1.6
Miscellaneous	218	2.4	262	2.6	20.3	0.2
Total	9,208	100.0	10,059	100.0	9.3	—

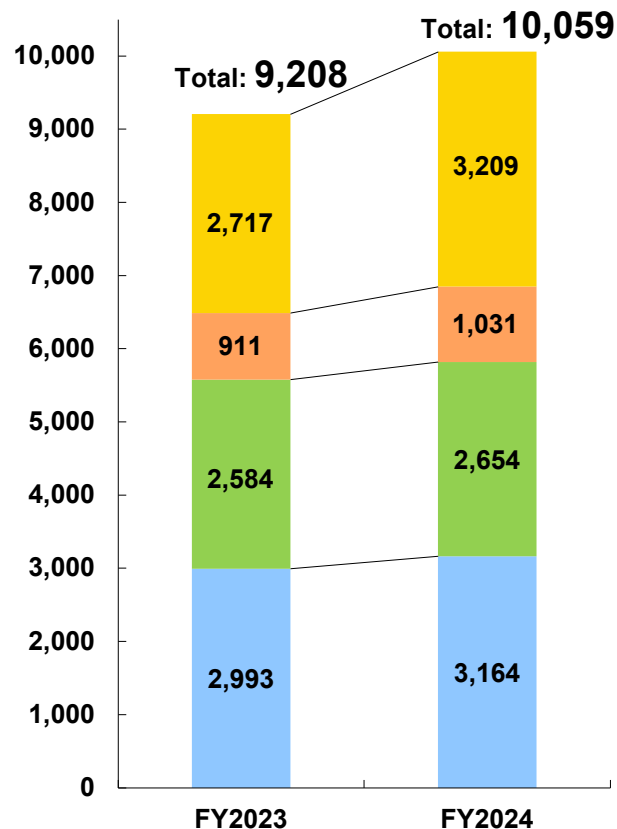
*Excludes sales from "Other" businesses.

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Net Sales by Technology Field for FY2024

■ Embedded / Model-Based up 18.1%
 ■ IT Solution up 13.1%
■ Electronics up 2.9%
 ■ Machinery up 5.7%

Unit: million yen



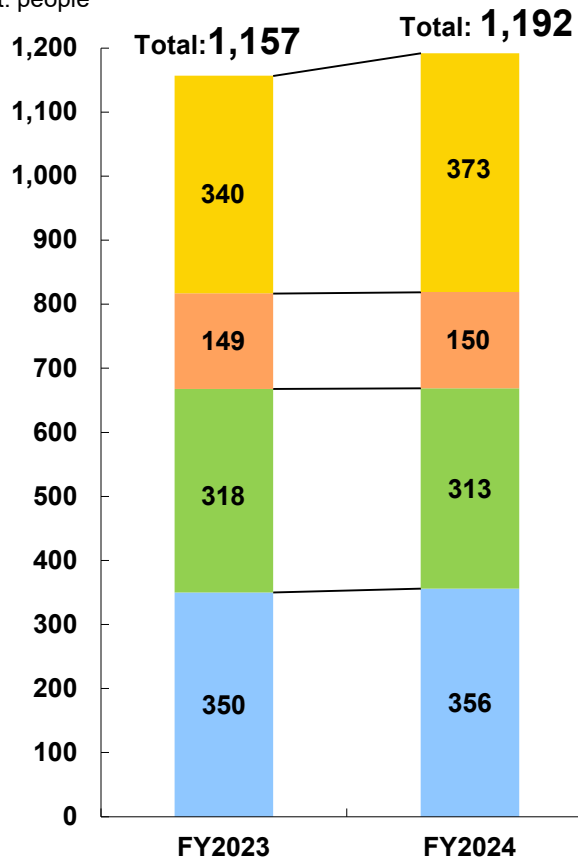
	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Embedded / Model-Based	2,717	29.5	3,209	31.9	18.1	2.4
IT Solution	911	9.9	1,031	10.3	13.1	0.4
Electronics	2,584	28.1	2,654	26.4	2.7	(1.7)
Machinery	2,993	32.5	3,164	31.5	5.7	(1.1)
Total	9,208	100.0	10,059	100.0	9.3	—

*Excludes sales from "Other" businesses.

Term-end Engineer Count by Technology Field for FY2024

- Embedded / Model-Based up 9.7%
 ■ IT Solution up 0.7%
■ Electronics down 1.6%
 ■ Machinery up 1.7%

Unit: people

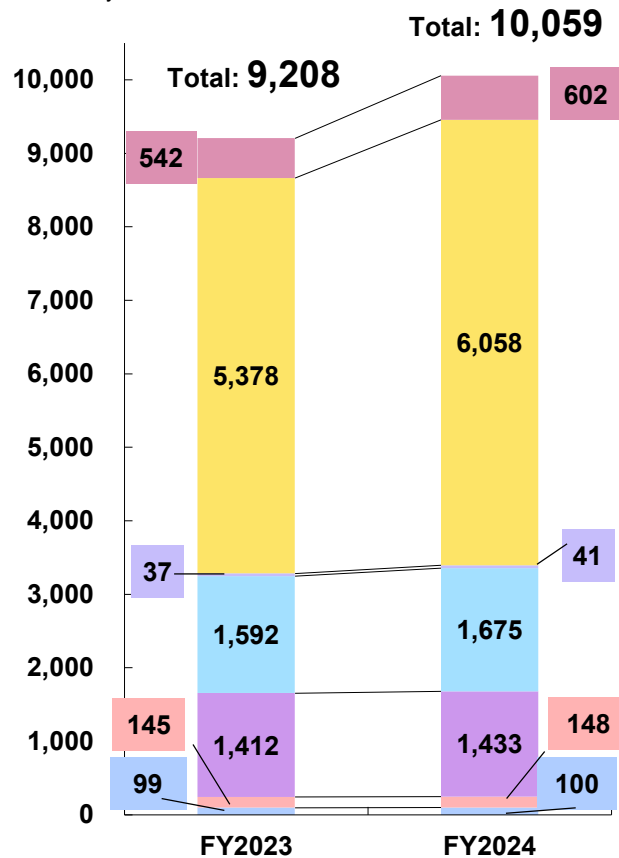


	FY2023		FY2024		Change from the previous year (%)	Percent-age variance (pt)
	Result (people)	Ratio (%)	Result (people)	Ratio (%)		
Embedded / Model-Based	340	29.4	373	31.3	9.7	1.9
IT Solution	149	12.9	150	12.6	0.7	(0.3)
Electronics	318	27.5	313	26.3	(1.6)	(1.2)
Machinery	350	30.3	356	29.9	1.7	(0.4)
Total	1,157	100.0	1,192	100.0	3.0	—

Net Sales by Region for FY2024

■ Kanto up 12.7% ■ Tokai up 5.2% ■ Kinki up 1.4%

Unit: million yen

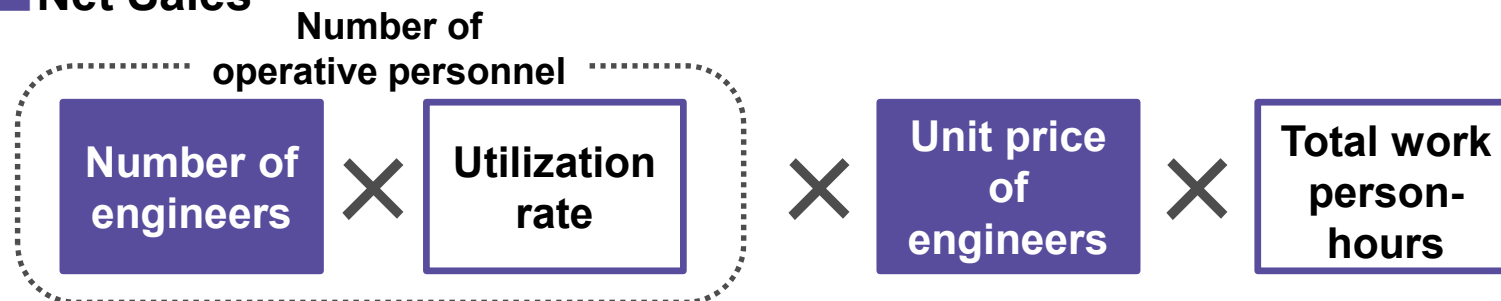


	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	542	5.9	602	6.0	11.0	0.1
Kanto	5,378	58.4	6,058	60.2	12.7	1.8
Hokuriku	37	0.4	41	0.4	10.6	0.0
Tokai	1,592	17.3	1,675	16.7	5.2	(0.6)
Kinki	1,412	15.3	1,433	14.2	1.4	(1.1)
Chugoku	145	1.6	148	1.5	2.1	(0.1)
Kyushu	99	1.1	100	1.0	1.0	(0.1)
Total	9,208	100.0	10,059	100.0	9.3	—

*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]

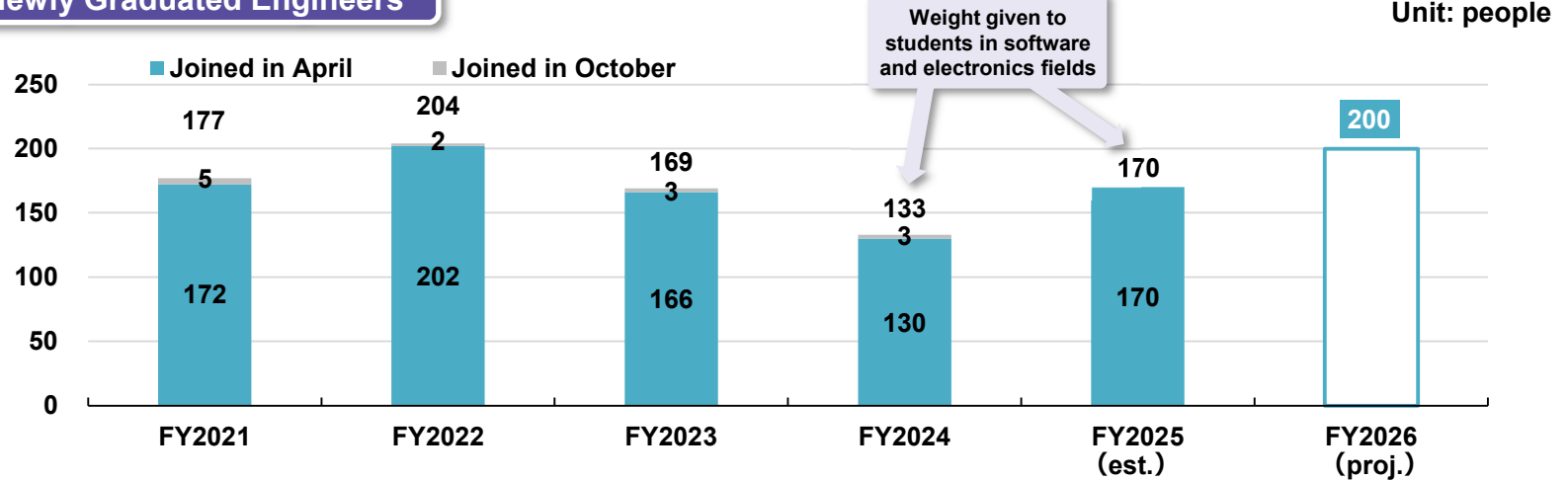
Increase average unit price of engineers.

[Improving operating margin]

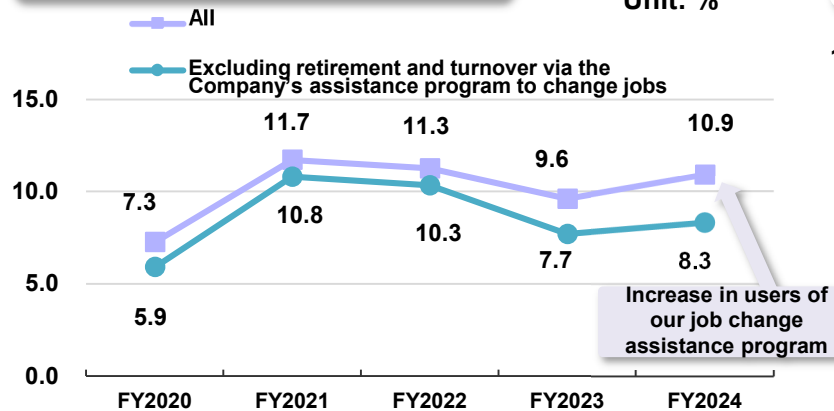
Minimize addition of administrative staff entailed by the increase in engineers through improved administrative efficiency, and thereby suppress increase in the SG&A expense ratio.

Engineer Hires for FY2024 / Turnover Rate

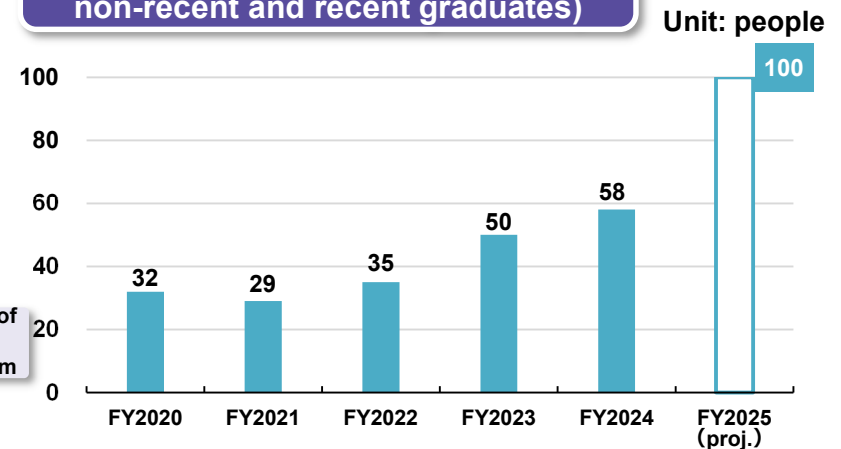
Newly Graduated Engineers



Turnover Rate

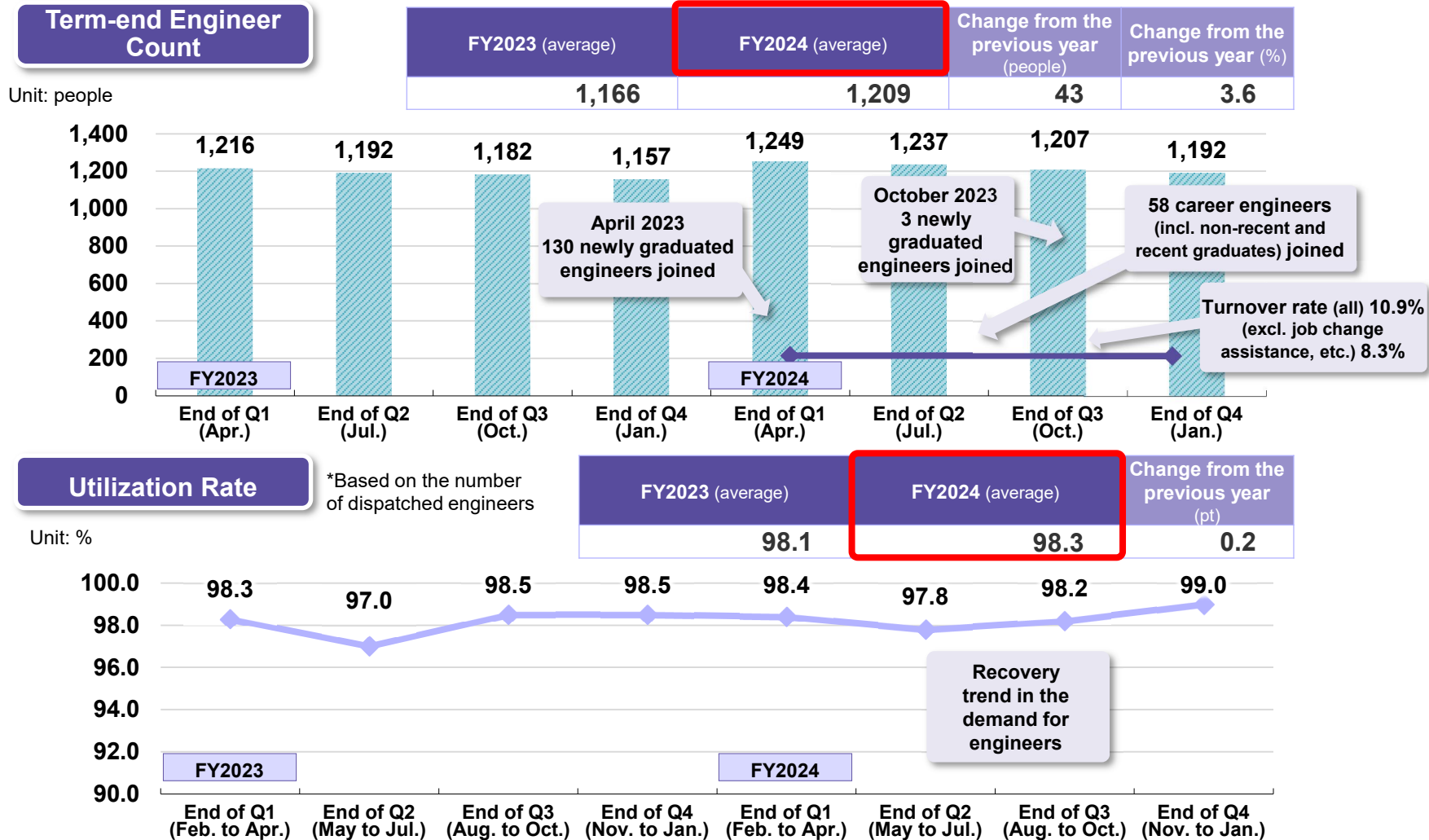


Number of Career Engineers (incl. non-recent and recent graduates)



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Term-end Engineer Count / Utilization Rate for FY2024



*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.

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

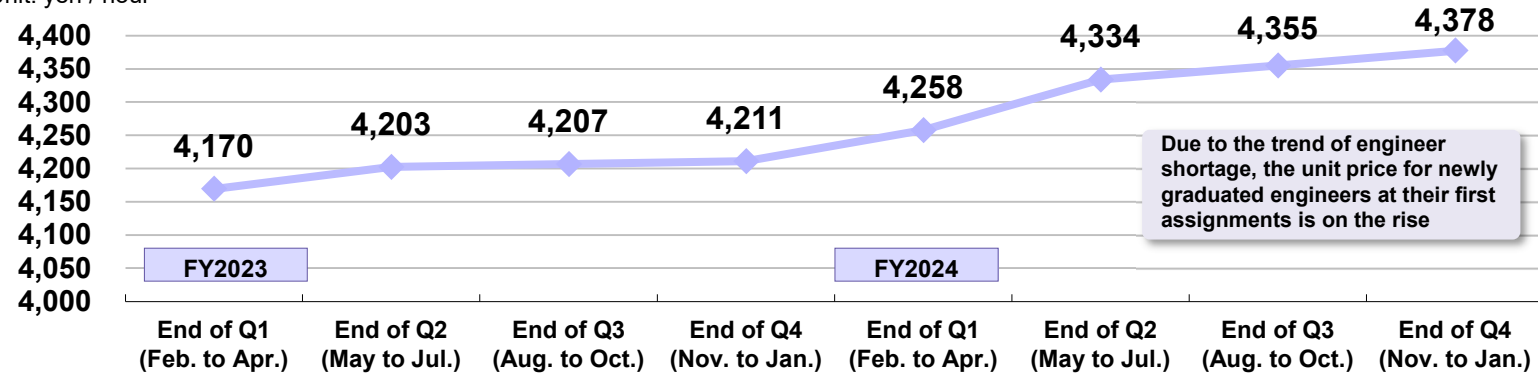
Unit Price of Engineers / Total Work Man-hours for FY2024

Unit Price of Engineers

*Figures for dispatched engineers *Per person

FY2023 (average)	FY2024 (average)	Change from the previous year (yen)	Change from the previous year (%)
4,198	4,331	133	3.2

Unit: yen / hour

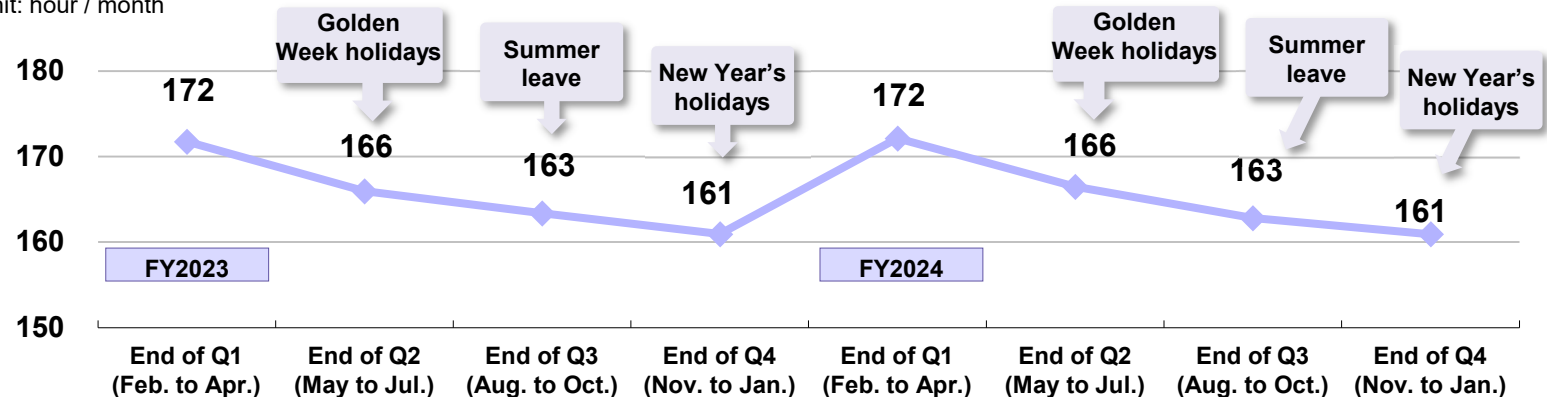


Total Work Person-hours

*Figures for dispatched engineers *Per person

FY2023 (average)	FY2024 (average)	Change from the previous year (h)	Change from the previous year (%)
165	166	1	0.1

Unit: hour / month



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Progress Toward Achieving the Prime Listing Criteria

■ Compliance With the Listing Maintenance Criteria of the Prime Market

Not met as of transition standard date (June 30, 2021)

		Number of tradable shares	Tradable share market capitalization	The ratio of tradable shares	Average daily trading value
Listing maintenance criteria		20,000 units	10 billion yen	35%	20 million yen
The Company	As of transition standard date of June 30, 2021	49,748 units	4.1 billion yen	46.8%	28 million yen
	As of Jan. 31, 2024 ^{*(1)}	74,145 units	14.9 billion yen	69.7%	118 million yen ^{*(2)}

*1 The Company's compliance is calculated based on the distribution of the Company's stock certificates, etc. as understood by the Tokyo Stock Exchange as of the standard date.

*2 The average daily trading value is based on the data notified by the Tokyo Stock Exchange for the period from January 1 to December 31, 2023.

■ Progress

The “tradable share market capitalization” criterion was unmet. However, as a result of implementing various measures, compliance was achieved as of January 31, 2024, a year ahead of the scheduled year, FY2025.

Efforts will continue to be made to further increase enterprise value and enhance IR activities for stable compliance.

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KPI Requirements for Compliance with Tradable Share Market Capitalization / Status

KPI Requirements / Actual

	As of transition standard date of June 30, 2021	As of Jan.31, 2024	Requirement		As of transition standard date of June 30, 2021	As of Jan. 31, 2024	Requirement
The ratio of tradable shares	46.80%	69.7%	70%	Price earnings ratio (PER)	12.5 times	22.3 times	15.0 times
			↓	Earnings per share (EPS)	68.59 yen	98.99 yen	93.34 yen
Number of tradable shares	4,974,000 shares	7,414,000 shares	7,439,000 shares	Stock price	858 yen	2,012 yen ^(*)	1,400 yen

Apr. 2022
Secondary offering

*Average daily closing price over a three-month period prior to the last day of the fiscal year, etc.



Progress

As of January 31, 2024, compared to the transition standard date, tradable share market capitalization increased by 10.8 billion yen (3.6 times), stock price by 1,154 yen (2.3 times), and earnings per share by 30.40 yen (1.4 times).

Measures to Achieve the KPI Requirements, their Evaluation, and Future Issues

■ Increase the Ratio of Tradable Shares



Secure 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.

⇒ April 2022: Conducted a secondary offering and increased the ratio to **69.7%**.

■ 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)

⇒ **98.99** yen (up **17.5%** year-on-year). Higher than the **93.34** yen target.

■ Increase Shareholder Returns



Payout Ratio

Based on **30%**Raise to **50%**

⇒ Implemented since FY2022

To be considered

Total Return Ratio

Share buyback

⇒ Consider as appropriate based on the situation

■ Improve Capital Efficiency

Return On Equity (ROE)

Over **20%** (aim for FY2018 actual **26.9%**)

⇒ **25.3%** (FY2024).

Measures to Achieve the KPI Requirements, Their Evaluation, and Future Issues (IR)



■ Strengthen Information Dissemination for Individual and Institutional Investors

- Hold briefings for individual and institutional investors (online or in-person) (for individual investors: 3 to 4 times a year; for institutional investors and analysts: twice a year)
- One-on-one meetings with institutional investors (phone or online)

⇒ The planned number of briefings was held. Awareness increased (survey).
 ⇒ One-on-one meetings with institutional investors increased.

Future issue

Continue to hold the same number as in FY2024.



■ Increase English-language Disclosures with Foreign Investors in Mind

- Disclosed the main corporate pages and IR pages of our website in English

⇒ Disclosed “Briefings for Analysts and Institutional Investors” and “Annual Securities Reports” in English.

Future issue

Continue to make English disclosures before the Tokyo Stock Exchange makes English disclosures mandatory in March 2025.



■ Disseminate Non-financial Information

⇒ Disclosed the Annual Report.

Future issue

Disclose human capital-related ESG data on our website, etc.

**Medium-Term Business Plan (fiscal year ending January 31, 2023
to fiscal year ending January 31, 2025)****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)

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

Recruitment Targets

- 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

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**

Share of carbon neutrality recruitment targets for new graduates and career hires

FY2025 (target)	FY2024 (result)
55.0%	46.1%

Training

Training Details

- 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

Meet the ever-increasing needs of engineers in the software, electrical and electronic fields. ⇒ **Increase trainers**

Sales

Placement in Carbon Neutrality Projects Contribute to Solving Social Issues to Improve Business Performance

Increase the unit price of engineers **by approximately 10%** compared to other projects
 ⇒ **Increase net sales and profit margins**

Share of engineers placed in carbon neutrality projects among all engineers

FY2025 (target)	FY2024 (result)
50.0%	48.3%

Numerical Business Targets <FY2025 (final year) key indicators>

Number of
engineers

1,600

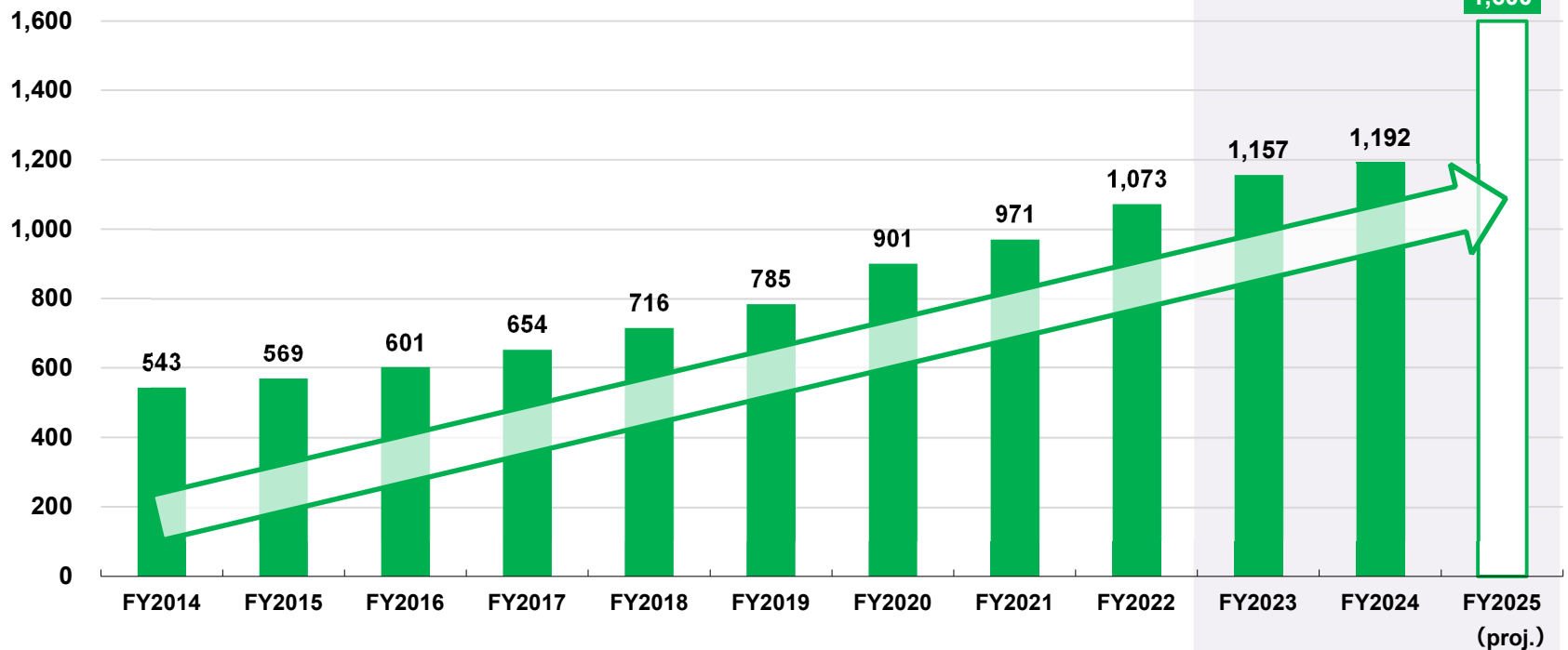
Recruitment of
new graduates :
Career hires

1:1

Dispatched :
Contracting

9:1

As of year-end / Unit: people

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

Efforts to Reach 1,600 Engineers

Recruitment of New Graduates

Target for April 2025 hires: 200 engineers
 (up 17.6% from 170 engineers in the preceding year (forecast))

FY2025 Forecast



Investment
expenses

Up 17.1%



Recruitment Activities

- Request university professors to introduce students to Artner (make first-time visits to science and engineering universities in Japan, actively visit schools whose graduates we have previously hired)
- Hold university laboratory seminars by our engineers who are alumni of that university; organize gatherings and one-on-one interviews with university alumni
- Utilize web media, exhibit at off-campus joint company information sessions, exhibit at events for international students
- Utilize employment agencies, utilize employee referral system
- Build relationships with university professors and university career centers through industry-academia collaboration (participation in academic societies, part-time lecturers at universities, etc.)
- Hold internship programs (increase the Company's name recognition) and tours of our learning centers (training facility)

Career Hires

Target for FY2025 hires: 100 engineers
 (up 72.4% from 58 engineers in the preceding year)

FY2025 Forecast



Investment
expenses

Up 34.7%



Recruitment Activities

- Actively hire year-round not only people with experience but also talented non-recent graduates with no experience
- Utilize employment agencies, utilize web media, utilize employee referral system, utilize "Hello Work" employment service
- Exhibit at job fairs; manage a career hire recruitment website
- Increase the number of staff and enhance their skills to improve the job offer acceptance rate
- Visit universities to hire postdocs

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

Efforts to Reach 1,600 Engineers

PR Content Across All Recruitment Activities

■ Provision of jobs and an enabling environment

We will provide engineers with good jobs and a good training environment, and we will further enhance our benefits including a secure salary. We will offer career paths and skill improvement plans.

■ Job-based employment

We have projects for upstream, midstream, and downstream processes. By joining the Company, starting careers from midstream, and transitioning projects, employees can complete their career advancement to upstream internally.

■ Emphasizing the job change assistance program to differentiate from other companies in the same industry

In a survey for new hires, approx. 80% responded that they found our job change assistance program to be “attractive.”

The program works to our favor when employee candidates compare the Company with other companies in the same industry.

Improving the Turnover Rate

During the COVID-19 pandemic, the number of engineers returning to Artner for training after projects were completed increased from previous years, resulting in a higher turnover rate. However, with the recovery from the pandemic, the turnover rate is expected to improve to the previous years' level.

Sales representatives will visit engineers regularly or conduct online interviews to maintain close communication.

Forecast of Financial Results for Reporting Period 63 (Fiscal year ending January 31, 2025) / Prerequisites

- In FY2025, the market environment will move faster toward a full recovery in the aftermath of COVID-19.
- Our strategically important clients, such as automobile-related manufacturers and semiconductor manufacturing equipment-related manufacturers, are projected to further increase their development speed.
- The demand for Artner's engineers is projected to remain strong.

【Forecast of Financial Results】

	FY2024		FY2025		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	% of Net sales	Result (million yen)	% of Net sales		
Net sales	10,110	100.0	10,656	100.0	546	5.4
Operating profit	1,522	15.1	1,696	15.9	174	11.4
Ordinary profit	1,532	15.2	1,700	16.0	168	10.9
Profit	1,051	10.4	1,178	11.1	127	12.1

【Prerequisites】

Newly graduated engineers (April, October) (people)	133	170	37	27.8
Number of career engineers (incl. non- recent and recent graduates) (people)	58	100	42	72.4
Turnover rates (%)	10.9	Decreased YoY		
Utilization rates (%)	98.3	Same level as preceding year		
Unit price of engineers (yen)	4,331	Increased YoY		
Total work man-hours (h)	166	Same level as preceding year		

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

Differences Between the Financial Results Targets in the Medium-Term Business Plan and the FY2025 Forecast of Financial Results

	Final year of Medium-Term Business Plan	Fiscal year ending January 31, 2025 forecast	Change from the previous year	Change from the previous year (%)
Number of engineers (people)	1,600	Not expected to achieve the Medium-Term Business Plan		
Net sales (million yen)	11,600	10,656	(944)	(8.1)
Operating margin (%)	14.0	15.9	1.9	—

**Number of
engineers**

Not expected to achieve the Medium-Term Business Plan target due to more competitive recruitment environment

Net sales

Not expected to achieve the Medium-Term Business Plan target as the number of engineers is not expected to achieve the target

Operating margin

Expected to be higher than the Medium-Term Business Plan target due to the increasing unit price of engineers



Strive to increase the number of engineers by increasing the number of newly graduated engineers (October) and career engineers (including non-recent and recent graduates), controlling engineer turnover, etc.

Compensate for the shortage of engineers by increasing the unit price of engineers.

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The Tenth Consecutive Period of Sales and Profit Growth

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Financial Summary for Q2 FY2024

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Progress Toward Achieving the Prime Listing Criteria

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Stable and Continuous Dividend Payments

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Reference

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FY2024 / FY2025 Dividend Per Share

Payout Ratio
Based on 50%

 FY2024 **75.8%** / FY2025(forecast) **72.1%**

- **FY2024**... Ordinary dividend(Year-end)**37.5** yen. Combined with the interim dividend of **37.5** yen, the total ordinary dividend was **75.0** yen.
- **FY2025**...Expected annual dividend **80.0** yen ((interim **40.0** yen, year-end **40.0** (forecast) yen) (Up **5.0** yen year-on-year)

	Annual dividends per share (yen)					Dividend yield (%)	Payout ratio (%)	Dividend on equity ratio (DOE) (%)
	Ordinary dividend			Commemorative dividends	Total			
	Second quarter-end	Fiscal year-end	Total					
FY2023	20.00	23.00	43.00	17.00	60.00	6.96	71.2	16.7
FY2024	37.50	37.50	75.00			7.45	75.8	19.2
FY2025 (forecast)	40.00	40.00	80.00			3.70	72.1	

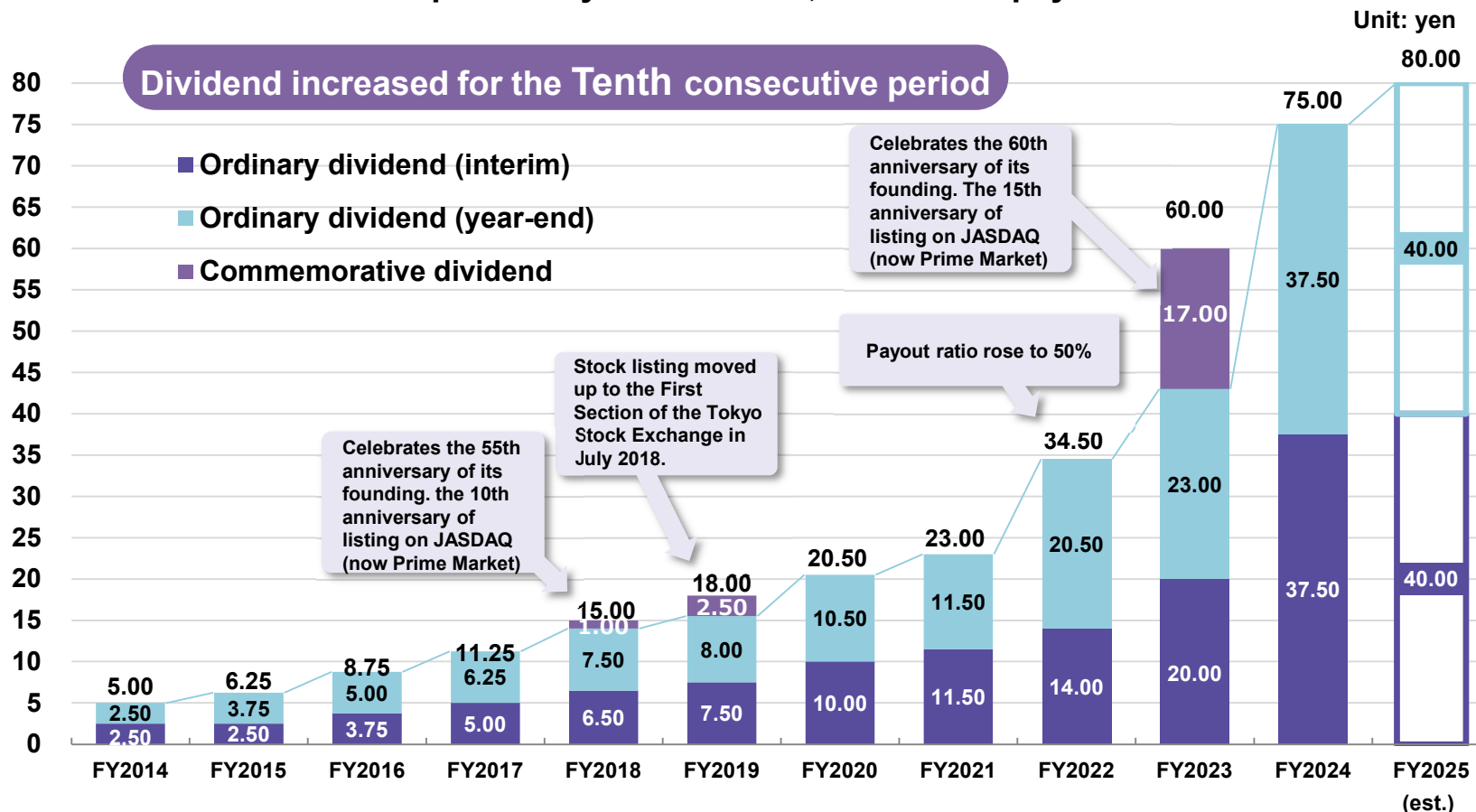
*Dividend yield (%) = individual dividend per share (total) ÷ share price (year-end, closing price) × 100

Closing value at ending of FY2023 (January 31, 2022) 862 yen / Closing value at ending of FY2024 (July 31, 2023) 1,828 yen / Closing value at ending of FY2025 (January 31, 2024) 2,161 yen

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

Dividend Per Share

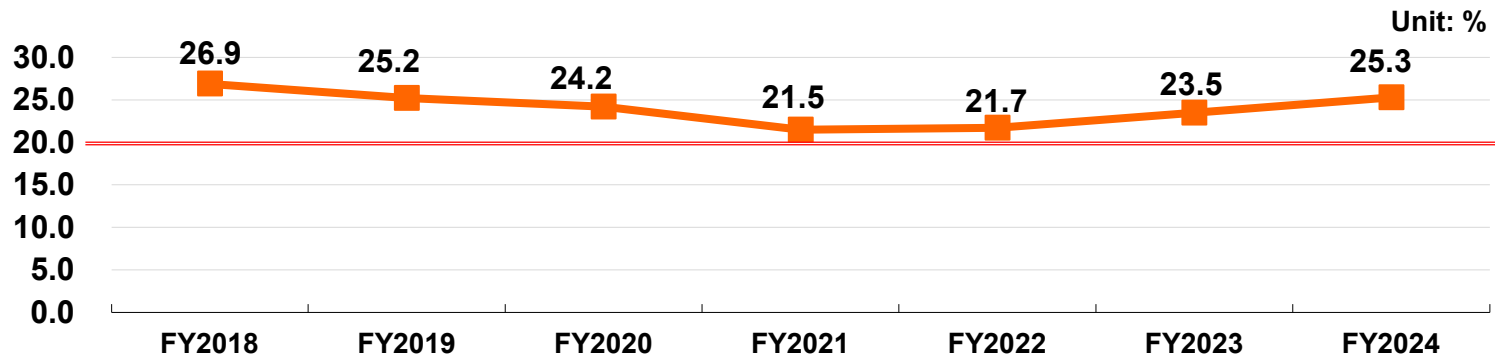
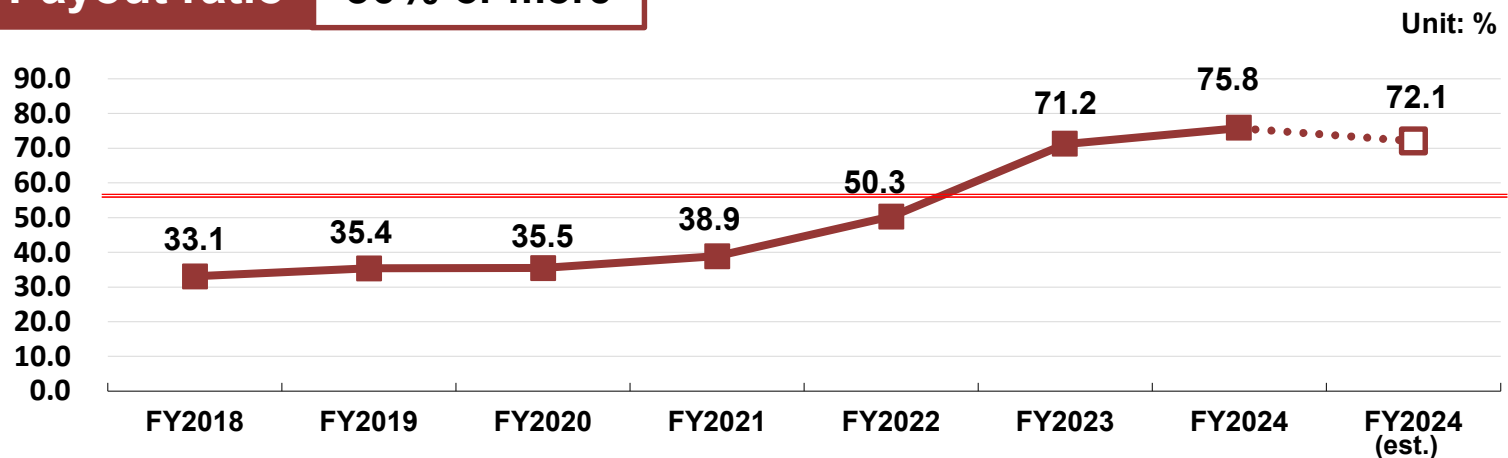
- We intend to increase our profit every year and determine a dividend amount that will not fall below the previous year's amount, based on a payout ratio of 50%.



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)

Numerical Business Targets <FY2025 (final year) key indicators>

ROE
20% or more

 (Aim to achieve FY2018 actual level of **26.9%**)

Payout ratio
50% or more

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

1

The Tenth Consecutive Period of Sales and Profit Growth

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Financial Summary for FY2024

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Company Motto / Management Philosophy / Origin of the Company Name Corporate Logo



■ 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

■ Corporate Logo



Our corporate logo was designed with a motif of shimmering water droplets that evoke fresh and clear ideas with a futuristic taste. Each droplet also represents our proud engineers individually, forming an “A (Artner)” that stands for a group of excellent talents. Furthermore, each opening of the droplets signifies our open-mindedness to freely incorporate and disseminate different ideas.

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

Purpose

Support the growth and self-actualization of engineers, who are Japan's world-class assets.

For resource-poor Japan, its engineers are assets, of which we can boast to the world.

Artner is a platform that supports the growth and
self-actualization of engineers.

Artner nurtures engineers not only as assets of Artner,
but also as shared assets of Japan.

Amid a rapidly changing work environment and mindset,
attributed to the fluidity of talents and various diversity initiatives, Artner is committed to
promoting the happiness of working engineers to create “a new way of life” for them.

To Achieve Our Purpose

Mission

As an “Engineer Support Company,” we are committed to creating “a new way of life” for engineers.

Vision

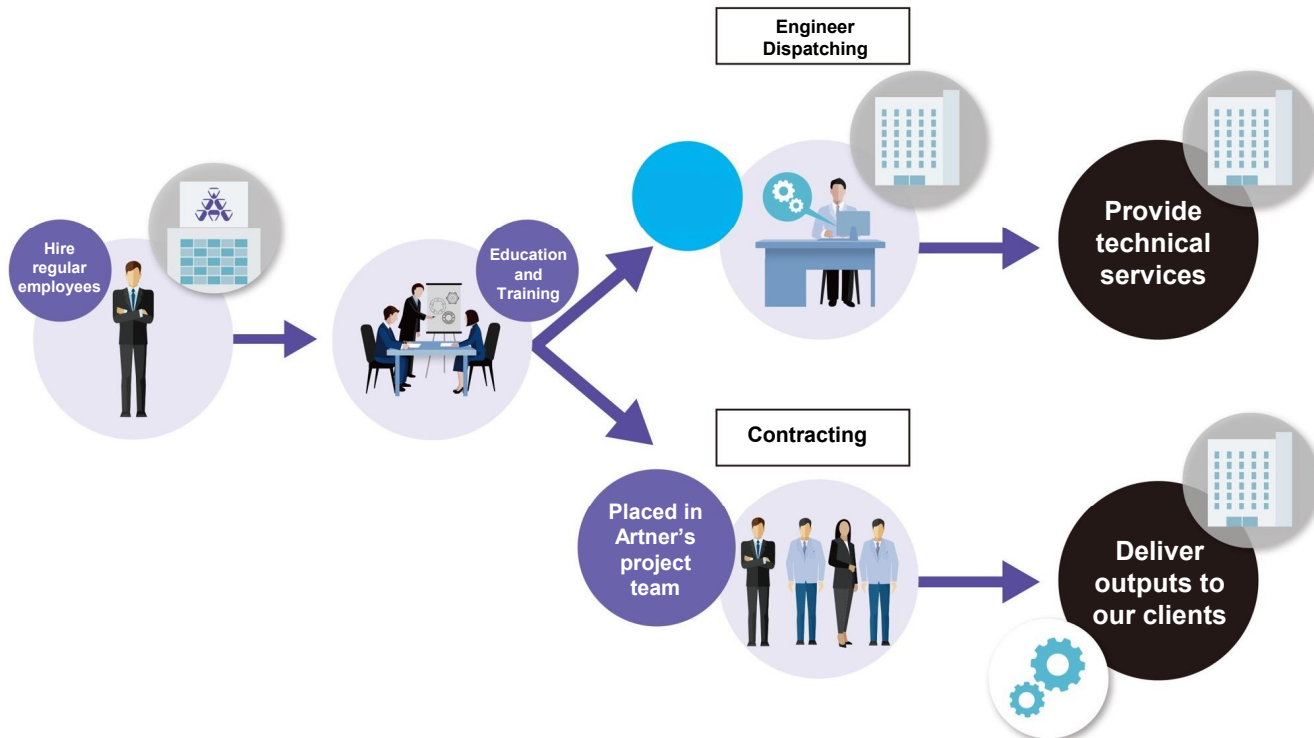
We will improve the quality of our engineers to become, within 10 years, a group of engineers providing the greatest added value in the industry. The talents developed by Artner will support the world of manufacturing.

Values

Competent engineers are capable of selecting what they need, and making every effort to attain happiness for themselves. Artner supports the career and skill development of each and every engineer to offer a wide range of projects that fit with their desires and qualifications.

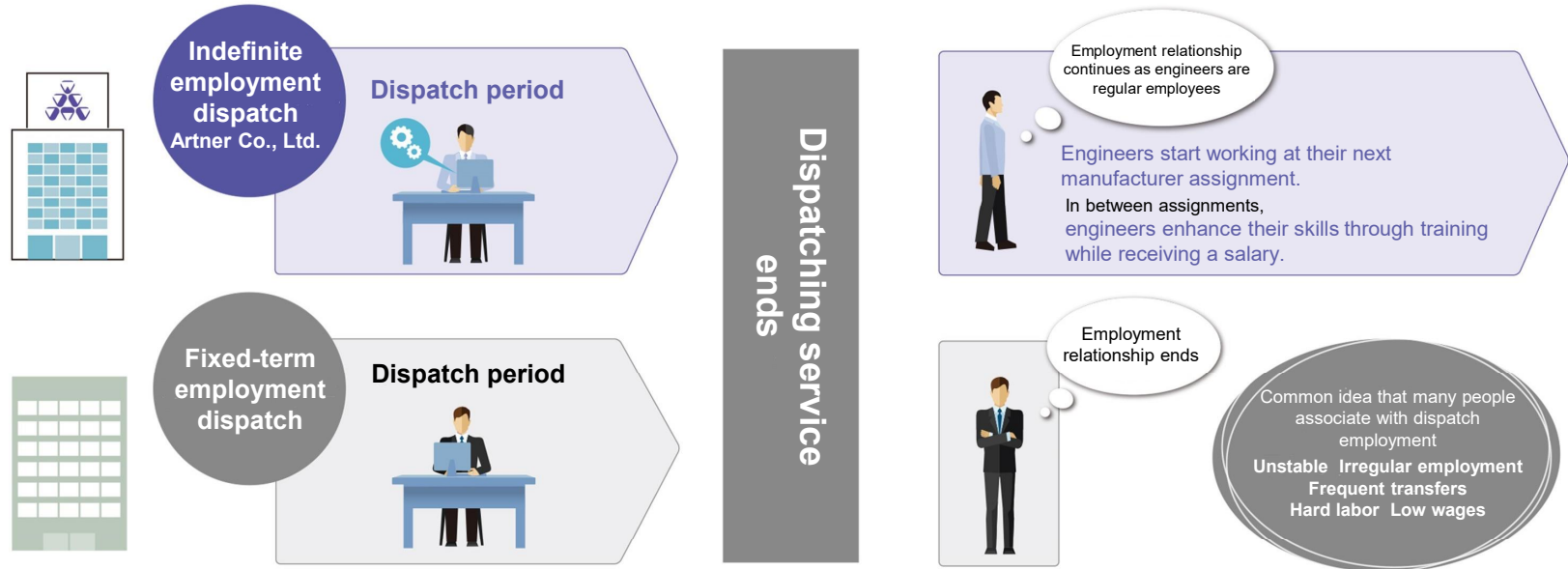
Business Model

- 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.



Business Fields

Software

Compatible Fields

**Embedded
IT Solution
Model-Based**

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

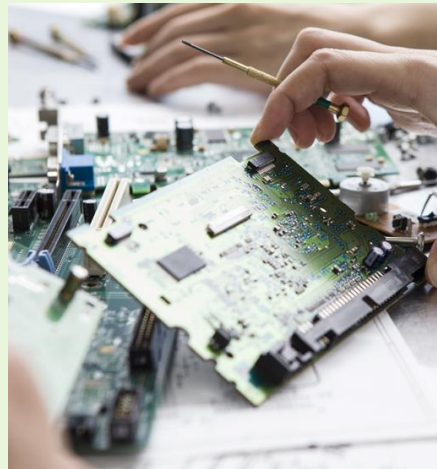


Electronics

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

SUBARU, TOYOTA MOTOR, Nissan Motor, Hitachi Astemo, BOSCH, Honda Motor, etc.

Electronic devices

KIOXIA Engineering, Tokyo Electron, Panasonic, Lasertec, etc.

Precision equipment

SHIMADZU, Terumo, NIKON, etc.

Mechanical equipment

SMC, Komatsu, JTEKT, DISCO, etc.

Information and communications

Hitachi Hi-System21, FUJI SOFT INCORPORATED, Mitsubishi Electric Software, 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 1,200 companies**

Top Ten Corporate Clients by Net Sales in FY2024

■ Top Ten by Net Sales (Standard company name used)

	FY2023		FY2024	
	Our clients	Segment	Our clients	Segment
1	Honda Motor Co., Ltd.	Transportation equipment	Honda Motor Co., Ltd.	Transportation equipment
2	Honda R&D Co., Ltd.	Transportation equipment	Honda R&D Co., Ltd.	Transportation equipment
3	Nikon Corporation	Precision equipment	Nikon Corporation	Precision equipment
4	Terumo Corporation	Precision equipment	Bosch Corporation	Transportation equipment
5	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals	Lasertec Corporation	Electronic devices
6	Tokyo Electron Miyagi Ltd.	Electronic devices	Terumo Corporation	Precision equipment
7	Bosch Corporation	Transportation equipment	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals
8	Lasertec Corporation	Electronic devices	Tokyo Electron Miyagi Ltd.	Electronic devices
9	Tokyo Electron Technology Solutions Limited	Electronic devices	Hitachi Astemo, Ltd.	Transportation equipment
10	SMC Corporation	Mechanical equipment	SMC Corporation	Mechanical equipment

■ Net Sales Per 10 Companies

	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Top 10	4,161	45.2	4,586	45.6	10.2	0.4
Top 11 to 20	1,329	14.4	1,483	14.8	11.6	0.3
Top 21 to 30	884	9.6	976	9.7	10.4	0.1
Other than the above	2,832	30.8	3,012	29.9	6.4	(0.8)
Total	9,208	100.0	10,059	100.0	9.3	—

*Excludes sales from "Other" businesses.

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

Internal Programs that Can be Chosen by Engineers

Performance-based Salary System



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.

Limited Area System



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.

Internal Recruitment Program



Engineers may switch their affiliation between the HV Group and the WV Group, or between the WV Group and the PV Group.

Job Change Assistance Program



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.

What is the Job Change Assistance Program?

Basic Policy

The program respects the choices made by our engineers, whether they choose to develop their careers as regular employees of the Company or go work at our client to challenge themselves in a new world.

Benefit to Our Clients

Clients can assess the abilities of Artner engineers during their placement period (3 to 5 years) before hiring them.

Benefit to Our Engineers

Engineers can gain experience and develop their skills at Artner and have their abilities be evaluated by clients based on their actual onsite work.

Benefit to Artner

Recruitment

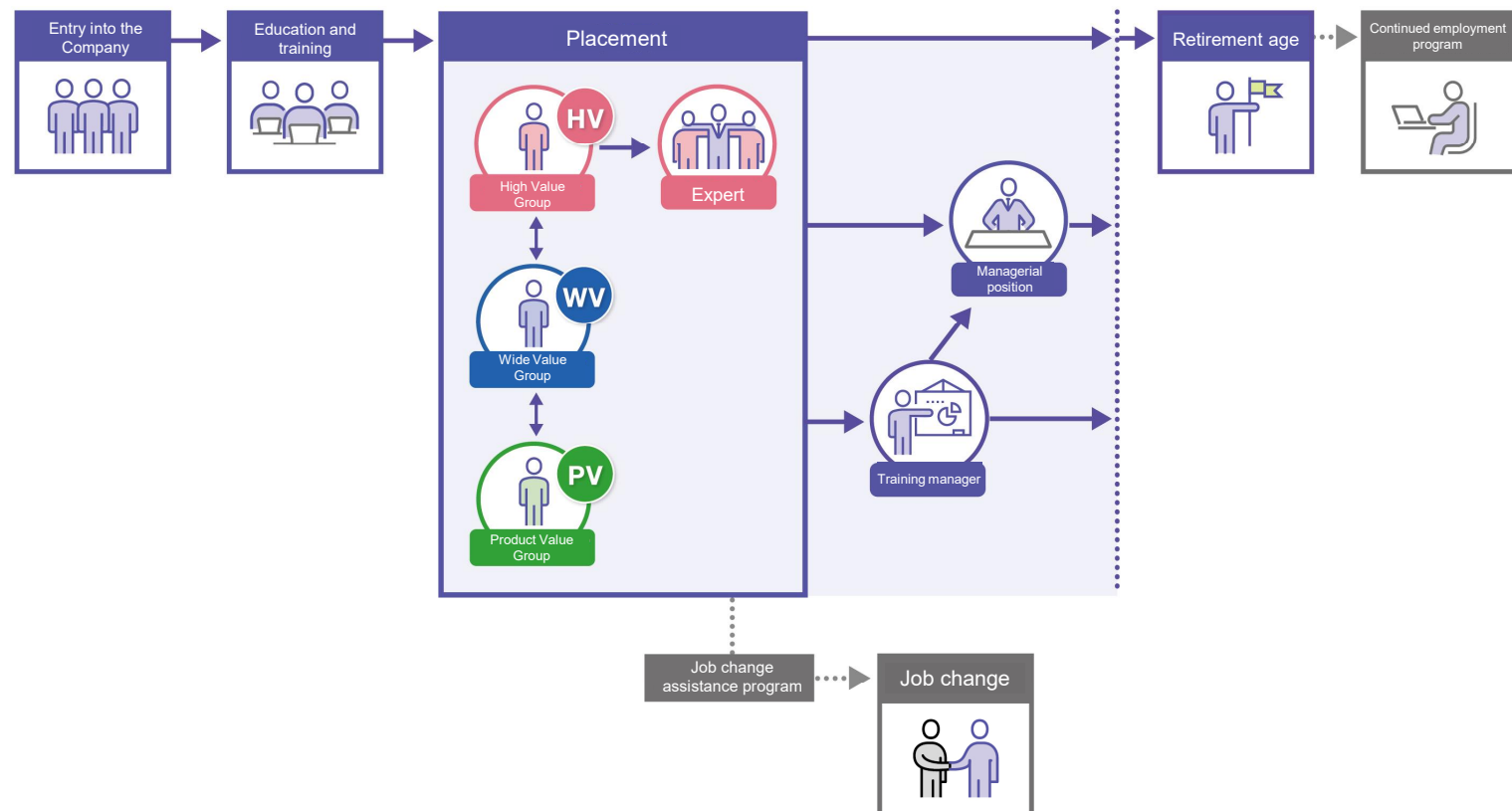
The program encourages students who wish to work at a manufacturer but had little interest in engineer dispatching and did not consider joining Artner to become interested and decide to join the Company upon comparing it With other companies.

Sales

If engineers from Artner are successful after changing jobs, the reputation of “Artner’s former employee” will improve. Such engineers will further strengthen the relationship between the Company and our clients.

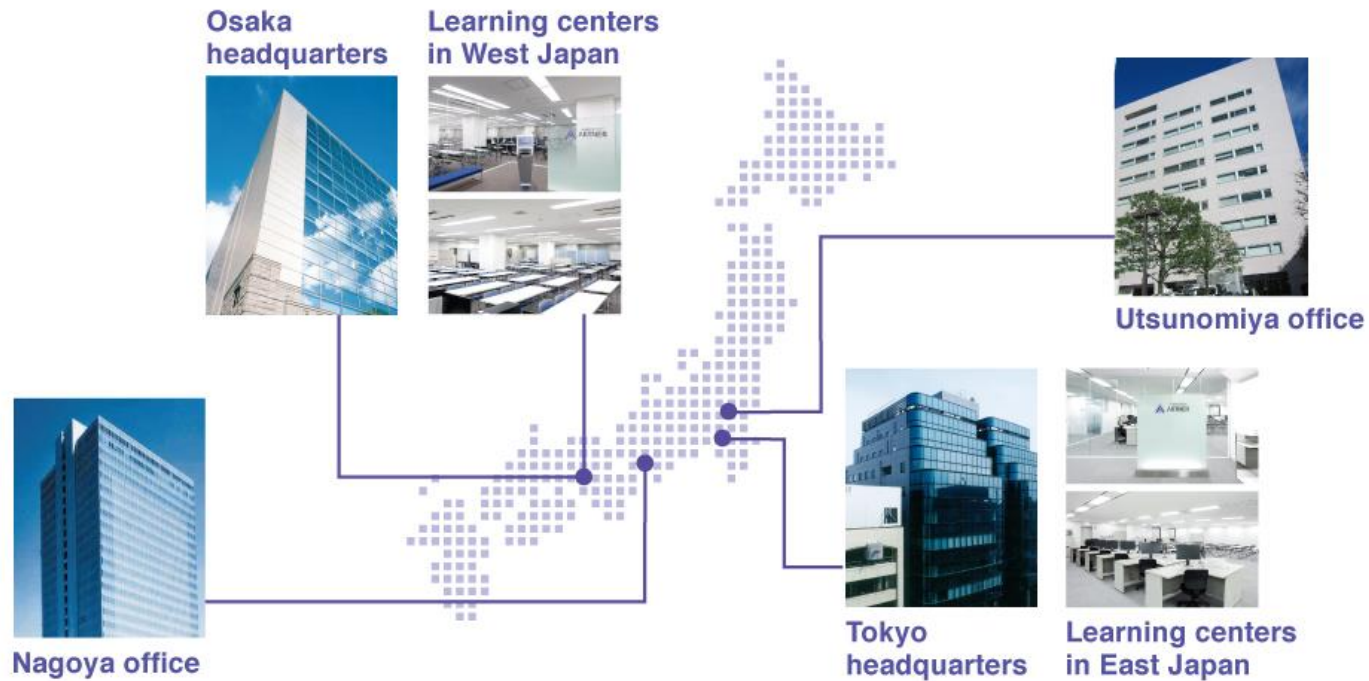
Career Paths of Engineers

- 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.”



Business Locations

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



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.



Industry-academia collaboration

- Deepening industry-academia collaboration by combining universities' advanced technologies and Artner's practical skills.

Lectures at Universities

Our training staff give practical lectures at universities as part-time lecturers and seminar lecturers.



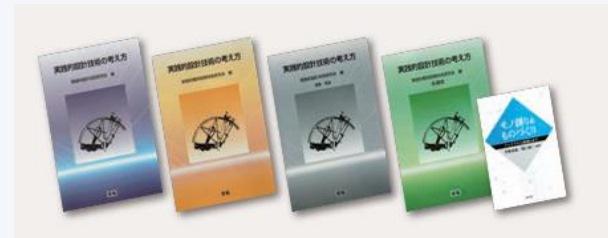
Collaboration with Academic Societies and Organizations

We present papers at affiliated academic societies and organizations. We are deepening our friendship with members of universities.

- Japan Society for Graphic Science
- Japan Society for Design Engineering
- The Japan Society of Mechanical Engineers
- The Institute of Electrical Engineers of Japan, etc.

Publication of Educational Materials

With the cooperation of companies and universities, we have put together books on the training know-how that we have accumulated, and use the books in our education and training.



Skill Development Papers

Our training systems and outputs are made available as papers to educational and business professionals. The papers are used for developing a wide range of human resources.



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

Skill Development Seminars

- The seminars are held by inviting lecturers from diverse fields. Participants acquire a range of knowledge, not limited to specific technical fields, and develop their human skills.



Around 10 times a year, outside lecturers share technical information on various topics for employees' personal growth.

The seminars especially help those with practical experience to develop criteria for making effective use of their experience.

TOEIC Score Improvement Seminar

- Learn how to acquire useful English by preparing for TOEIC®

Seminar on Next-generation Business Skills Needed in the New Normal Era

- Our potential to design the future of the organization

Technological Capability Booster Lectures

- Strategy for developing China's new technology industries and 4K / 8K and 5G
- Introduction to feature engineering for data science
- Introduction to contactless power transfer
- IoT security
- Analytical methods for thermal stress problems

Human Skill Enhancement Seminar

- Adapting to an era of diversity

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

Career Support Courses

- Courses are offered in line with jobs and career levels to ensure employees possess the skills required by the manufacturers with which they are placed.



Even after being assigned to a department, employees who are participating in a manufacturer's project receive training on technologies and products in high demand, both as on-the-job and off-the-job team training.

Software Skill Development Courses

- Introduction to JavaScript
- Introduction to MicroPython
- Introduction to IoT Microcontroller ESP32
- MBD engineers in the automobile industry
- Practical algorithm development
- Power window pinch detection

Electronics Skill Development Courses

- Improving work efficiency using Excel VBA
- Sequence control and production site

Machinery Skill Development Courses

- Basics of resin sheet metal design
- Product conceptual design training
- Fluid mechanics in our surroundings

Artner's Initiatives for Achieving SDGs in the Medium-Term Business Plan

■ “Carbon Neutrality”



- Personnel for technical development of eco cars

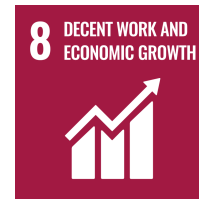


- Participating in the “Fun to Share” climate change campaign and providing
- Endorsed Task Force on Climate-related Financial Disclosures (TCFD) recommendations

■ Promote Diversity and Inclusion in Talent Management



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



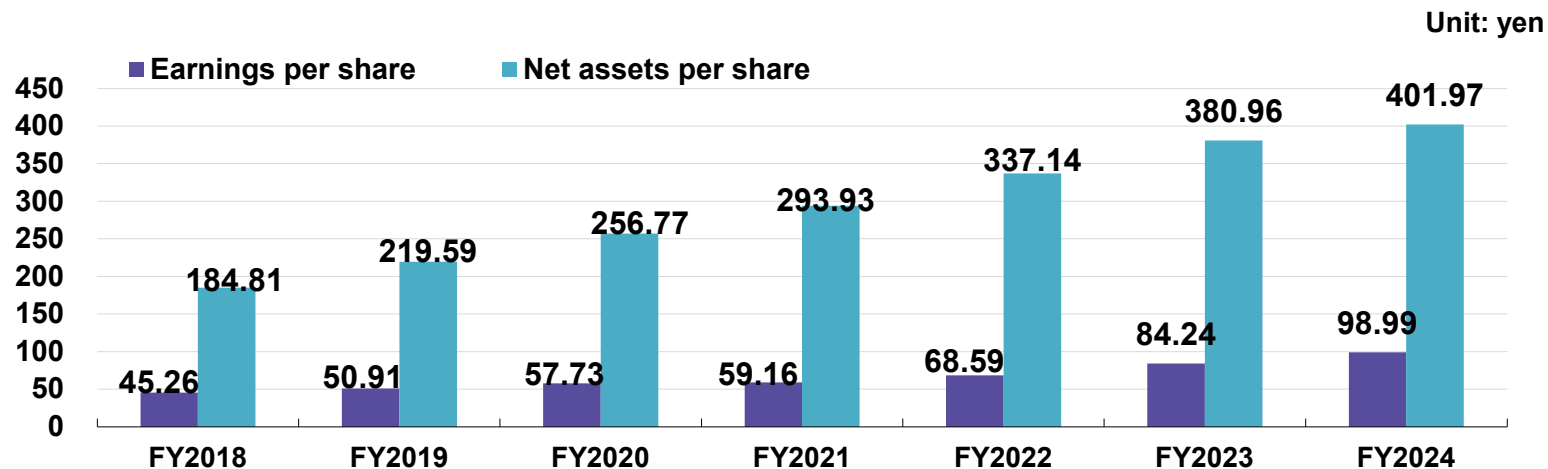
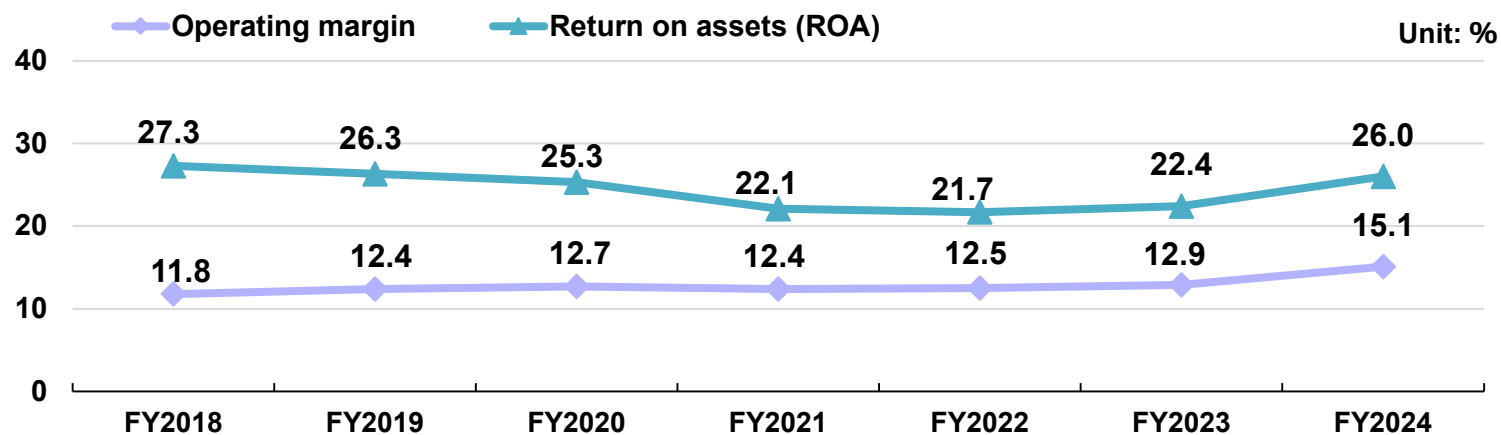
- Establishing a diversity promotion office



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

- Establishing a diversity promotion office
- Diversity and LGBTQ initiatives

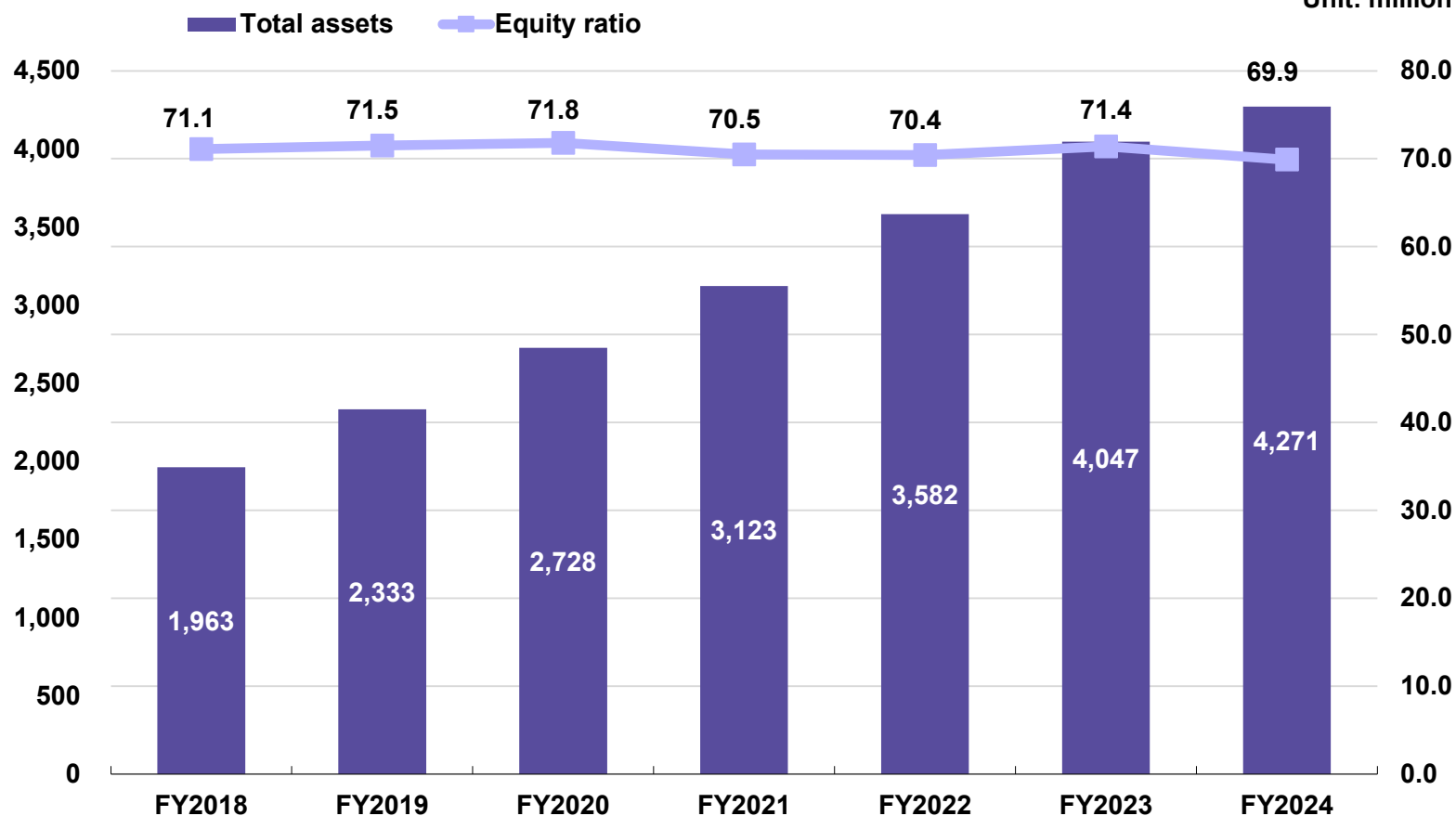
Operating Margin / ROA / Earnings Per Share and Net Assets Per Share — Create the Future — ARTNER



*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

Unit: million yen / %

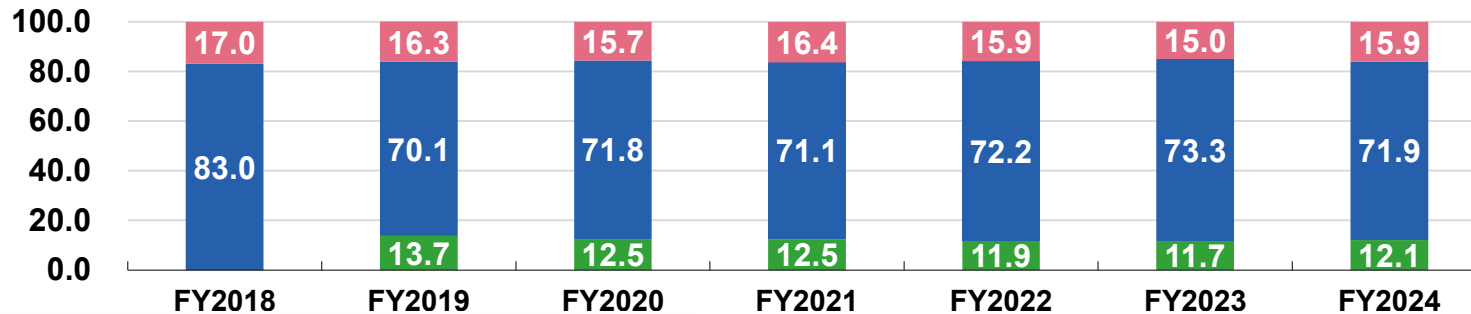


Engineer Breakdown by Group / Gross Margin

Engineer Breakdown

■ HV ■ WV ■ PV

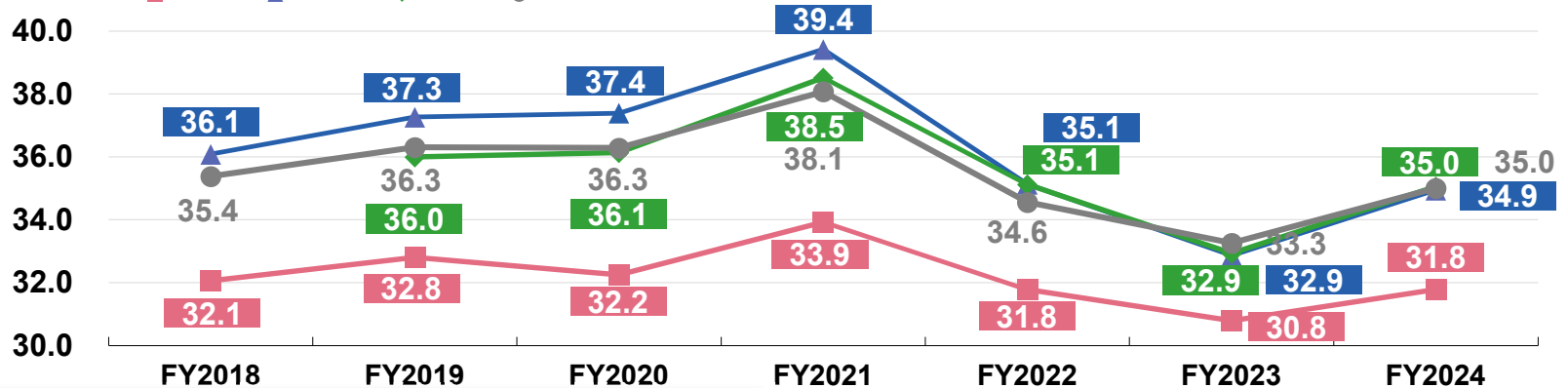
Unit: %



Gross Margin (engineer dispatching)

■ HV ▲ WV ◆ PV ● ALL

Unit: %



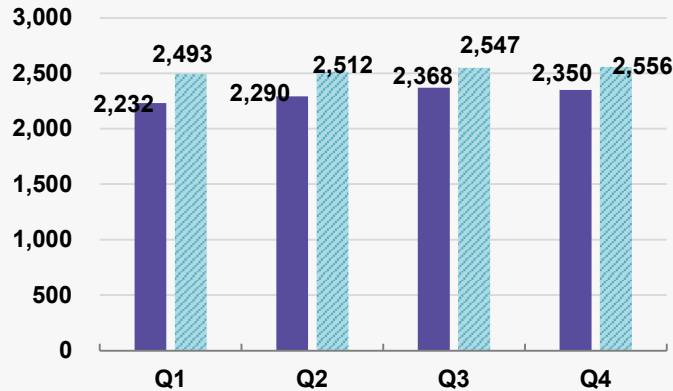
Average Unit Price of Engineers (by group)

■ HV...approximately 5,000 yen ■ WV ... approximately 4,000 yen ■ PV... approximately 3,000 yen

Quarterly (accounting period) Financial Results

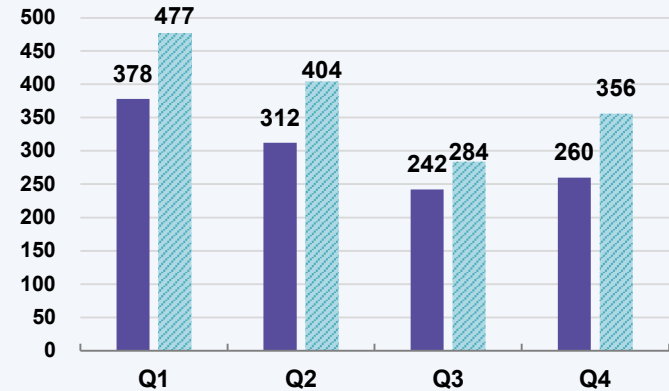
Net sales

■ FY2023 ■ FY2024 Unit: million yen



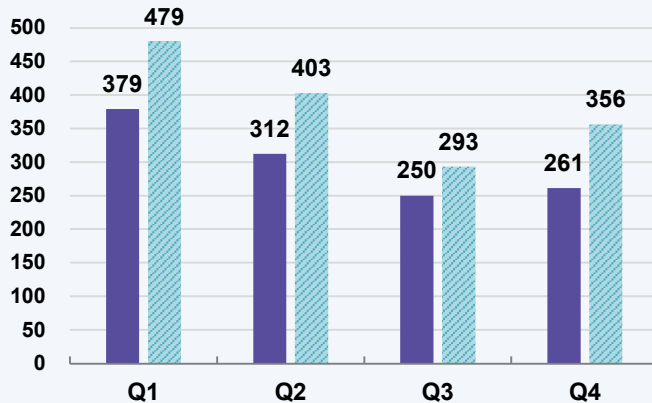
Operating profit

■ FY2023 ■ FY2024 Unit: million yen



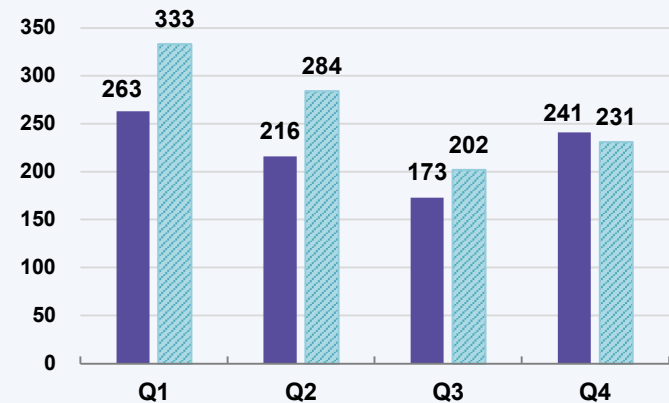
Ordinary profit

■ FY2023 ■ FY2024 Unit: million yen



Profit

■ FY2023 ■ FY2024 Unit: million yen


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

Quarterly (accounting period) Financial Results, Numerical Data

FY2024

	Q1 (Feb. to Apr.)				Q2 (May to Jul.)				Q3 (Aug. to Oct.)				Q4 (Nov. to Jan.)				Full-year		
	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) (%)	Result (million yen)	Percent -age (%)	YOY (%)
Net sales	2,493	100.0	11.7	24.7	2,512	100.0	9.7	24.9	2,547	100.0	7.5	25.2	2,556	100.0	8.8	25.3	10,110	100.0	9.4
Cost of sales	1,528	61.3	10.2	23.3	1,587	63.2	5.6	24.2	1,755	68.9	5.4	26.7	1,699	66.5	5.5	25.9	6,571	65.0	6.5
Gross profit	965	38.7	14.2	27.3	925	36.8	17.6	26.2	791	31.1	12.7	22.4	856	33.5	15.9	24.2	3,539	35.0	15.1
SG&A expenses	487	19.5	4.3	24.2	521	20.8	10.0	25.9	507	19.9	10.2	25.2	500	19.6	4.6	24.8	2,016	19.9	7.3
Operating profit	477	19.2	26.4	31.4	404	16.1	29.2	26.5	284	11.2	17.4	18.7	356	13.9	36.6	23.4	1,522	15.1	27.5
Ordinary profit	479	19.2	26.4	31.3	403	16.1	29.1	26.3	293	11.5	17.2	19.1	356	13.9	36.6	23.3	1,532	15.2	27.4
Profit	333	13.4	26.5	31.7	284	11.3	31.5	27.1	202	8.0	16.9	19.3	231	9.0	(4.4)	22.0	1,051	10.4	17.5

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

FY2023

	Q1 (Feb. to Apr.)				Q2 (May to Jul.)				Q3 (Aug. to Oct.)				Q4 (Nov. to Jan.)				Full-year		
	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) (%)	Result (million yen)	Percent -age (%)	YOY (%)
Net sales	2,232	100.0	11.4	24.2	2,290	100.0	15.9	24.8	2,368	100.0	17.5	25.6	2,350	100.0	11.6	25.4	9,242	100.0	14.1
Cost of sales	1,387	62.1	15.9	22.5	1,503	65.6	17.3	24.4	1,666	70.3	24.0	27.0	1,611	68.6	8.8	26.1	6,168	66.7	16.3
Gross profit	845	37.9	4.8	27.5	787	34.4	13.1	25.6	702	29.7	4.5	22.8	739	31.4	18.1	24.0	3,073	33.3	9.8
SG&A expenses	467	20.9	(2.8)	24.9	474	20.7	4.2	25.2	460	19.4	10.9	24.5	478	20.3	8.8	25.4	1,879	20.3	5.0
Operating profit	378	16.9	16.0	31.7	312	13.7	30.0	26.2	242	10.2	(5.9)	20.3	260	11.1	40.1	21.9	1,194	12.9	18.2
Ordinary profit	379	17.0	15.0	31.5	312	13.7	24.6	26.0	250	10.6	(4.1)	20.8	261	11.1	36.7	21.7	1,203	13.0	16.5
Profit	263	11.8	15.1	29.4	216	9.4	13.1	24.2	173	7.3	(4.1)	19.4	241	10.3	89.3	27.0	895	9.7	22.8

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

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Number of Engineers

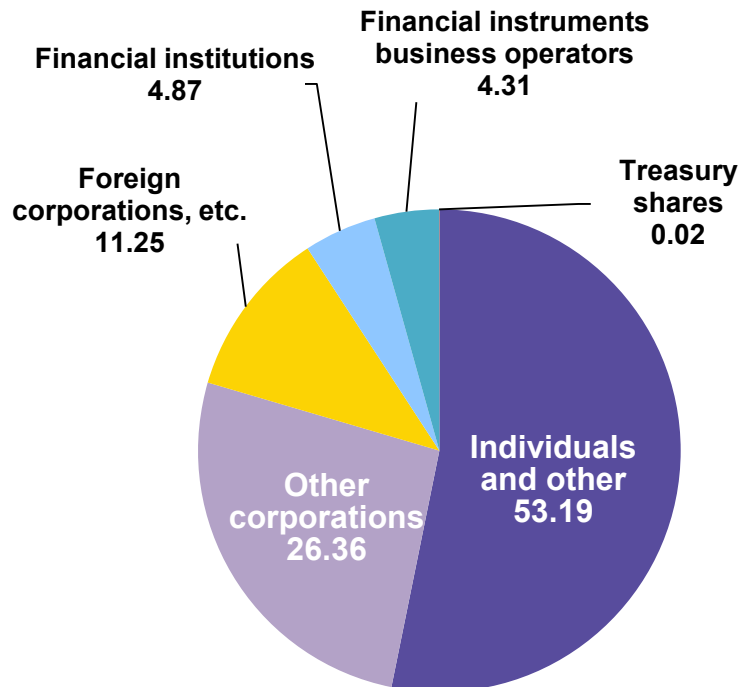
	Previous FY term- end engineer count (people)	Newly graduated engineers (people)	Number of career engineers (incl. non- recent and recent graduates) (people)	Turnover rate* (%)	Term-end engineer count (people)	Change from the previous year (people)	Change from the previous year (%)
FY2019	716	130	26	8.9	785	69	9.6
FY2020	785	156	32	7.3	901	116	14.8
FY2021	901	177	29	11.7	971	70	7.8
FY2022	971	204	35	11.3	1,073	102	10.5
FY2023	1,073	169	50	9.6	1,157	84	7.8
FY2024	1,157	133	58	10.9	1,192	35	3.0
FY2025 (forecast)	1,192	170	100	Decreased YoY			

*Calculated based on operative regular employees:
 (Previous FY term-end engineer count + new graduate hire count + career engineer count) × (1 − turnover rate) ≠ term-end engineer count

Data by Owner Category (as of July 31, 2024)

Share Distribution by Owner Category

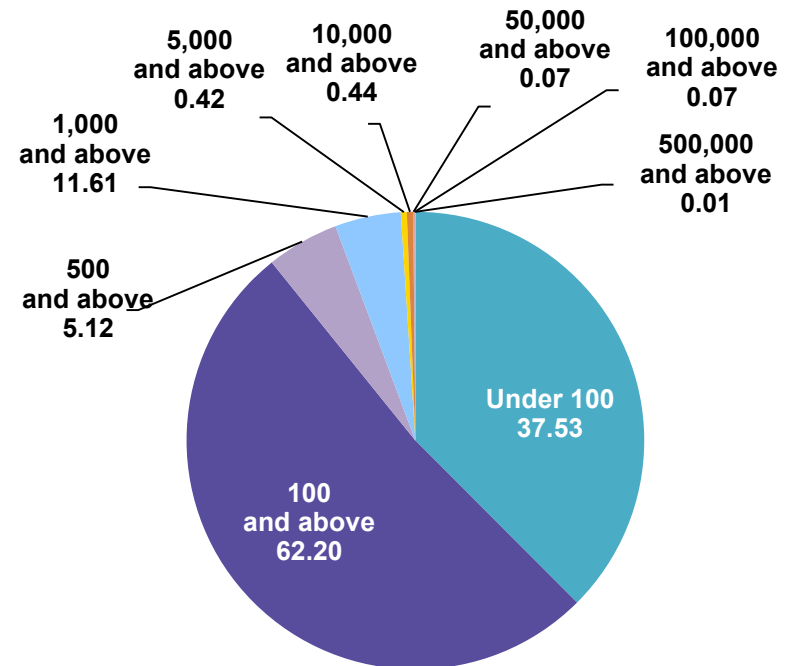
Unit: %



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

Shareholder Distribution by Number of Shares Held

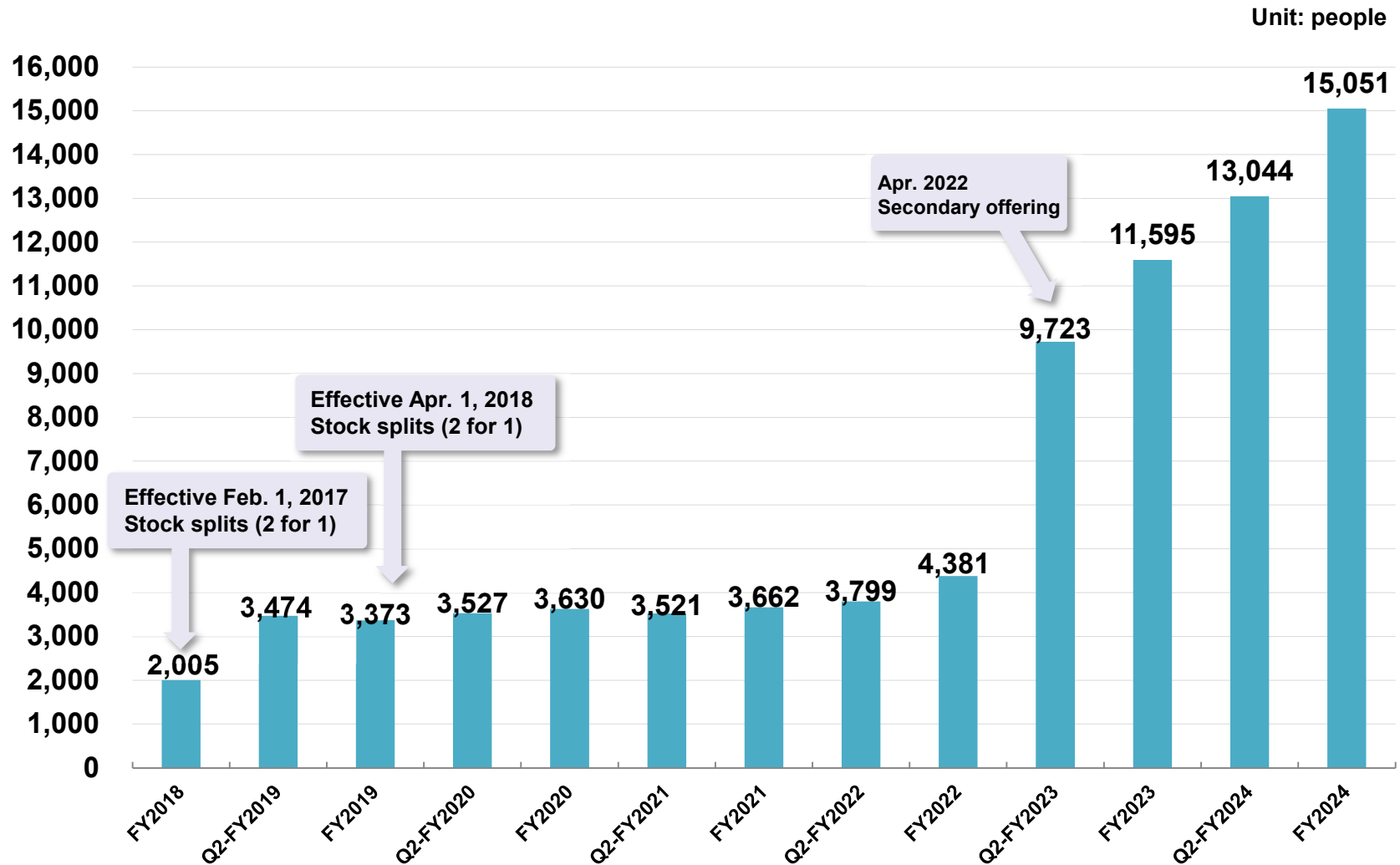
Unit: %



- 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

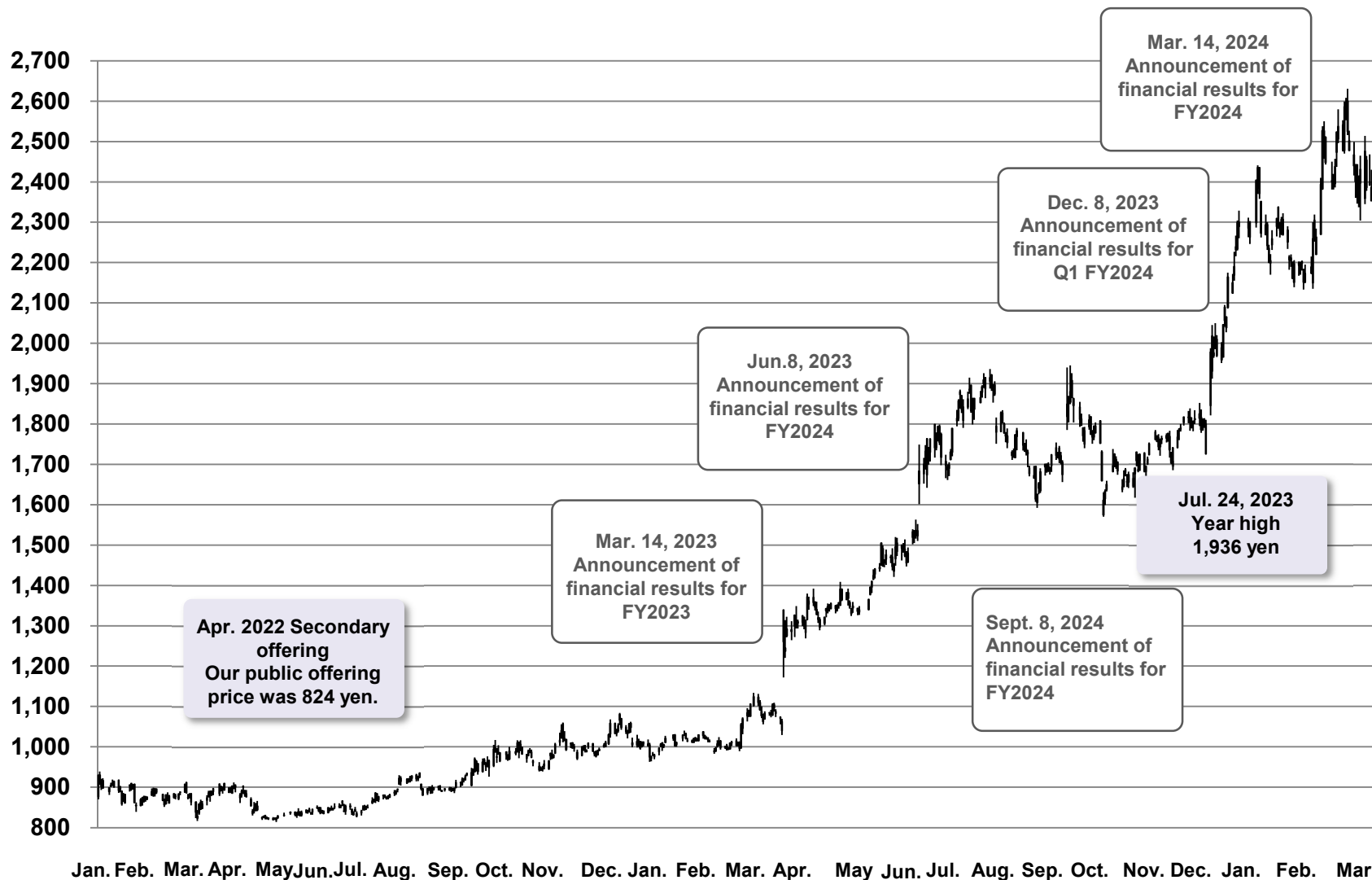
<https://www.artner.co.jp/>

Term-end Shareholder Numbers



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Stock Price Changes (January 4, 2022 – March 22, 2024)



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

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

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(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.

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(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%.