

April 24, 2025 - The 63rd Ordinary General Meeting of Shareholders

Key Questions and Answers

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

Q. The payout ratio is stated as 50%, but will you maintain that and perhaps increase dividend payments going forward?

A. Our dividend policy is to maintain a 50% payout ratio. However, at present the payout ratio is shifting toward nearly 70%. As you know, the Tokyo Stock Exchange has been restructured, and we chose to be listed on the Prime Market. However, since we did not meet the tradable share market capitalization criterion of 10 billion yen, there was a need to actively implement measures to bolster our stock price, which is the primary reason for the shift. Although the dividend policy is fundamentally 50%, this policy-driven measure to stimulate our stock price has resulted in a payout ratio of close to 70%. We are currently maintaining a tradable share market capitalization exceeding 10 billion yen. That issue was resolved one year ahead of schedule.

Our dividend policy aims for 50%. This is further combined with the approach of progressive dividends, which provide dividends that are at least the same amount as the previous year as a result of improved performance. We will do our utmost to improve performance and continue our sincere endeavors so that we can meet our shareholders' expectations.

Q. I think the automotive industry is being impacted by tariffs imposed by Trump. Is Artner being affected?

A. As for the impact of the Trump administration, we currently assign 80% of workers to the upstream process of R&D, so even if customer business is anticipated to deteriorate, there would be a delay in contract cancelation and termination of dispatch contracts. In addition, since the downstream process is more easily affected, we expect the impact to be comparatively light.

Q. What about retaining highly skilled engineers in-house and creating a framework akin to an internal help desk? It could compile FAQ to further boost technical skills, thereby strengthening the company's overall capabilities.

A. We dispatch employees on an individual basis and as teams, and contract for home-based work and on-site work at our customers' premises. Within those three mainstays, engineers collaborate with one another so that our reputation as a whole grows.

Q. What types of talent are increasingly needed in dispatching services for engineers in the upstream process, such as in AI? Also, what kinds of initiatives are you carrying out in that area?

A. We are distinct for placing significant weight in the upstream process of development. In other words, we have many assignment projects in the field of advanced development. Currently, there is a growing

need for talent with excellent foundational skills in sciences such as mathematics and physics. We are focusing on consciously recruiting individuals with excellent foundational skills in mathematics and physics, providing them with educational training, and assigning them to customer projects. Moving ahead, we plan to further emphasize the area of advanced development and have integrated this focus into the measures in the Medium-Term Business Plan. We will strive to secure talent in this area.

Q. What is the key to providing comprehensive employee support as the number of employees at Artner grows?

A. As the dispatch business develops, a situation can arise in which people become viewed as objects. We understand this is a fundamental issue we must be careful of. It is extremely important to develop an approach for the care and development of our engineers and employees. From that perspective, we are building an employee support system while constantly honing our approach to employee support. Fundamentally, our employee support treats our employees as human beings.

Q. How is Artner handling the recent increase in resignation services?

A. While the social phenomenon of utilizing resignation services is indeed increasing little by little, it is still just a portion of the overall number of persons resigning from jobs. Even when resignation services are used, we handle the procedure respectfully without any delays, as with ordinary resignations.

Q. Artner promotes diversity and inclusion in talent management. However, your board members are around the same age and consist solely of men. What actions are you taking toward the participation of women and foreign nationals, which is noted in the Corporate Governance Code?

A. Diversity among directors is sought after in companies listed on the Tokyo Stock Exchange, particularly in Prime Market companies. In this context, factors such as age and gender ratio, as well as the presence of foreign nationals, are necessary considerations. We will adopt the executive officer system for the first time on May 1 to launch a new structure that speeds up management processes with the principal aim of nurturing the next generation of managers. As part of this, we reorganized the previous five directors to ensure appropriate personnel assignments. Accordingly, we are proposing the election of three Directors who are not members of the Audit and Supervisory Committee, as set forth in the agenda for today's General Meeting of Shareholders. Additionally, in the interest of achieving substantive diversity among directors, we are exploring the inclusion of female directors and directors of foreign nationality with a focus on increasing the number of new directors in the five-year Medium-Term Business Plan.

Q. The current market trend is to increase the starting salary for new graduate recruits. Won't Artner's average annual salary be a disadvantage in terms of recruitment?

- A. We have a labor union, and under a cooperative labor-management relationship, we have held numerous discussions since last fiscal year, including on the approach to base salary increases going forward. The terms have finally been established for annual base salary increases, which will be carried out for our current employees. In conjunction, we will also review the table for starting salaries. Taking into consideration current starting salary increases at companies, we will review reasonable starting salaries and actively promote improvements from now on with an eye toward new graduate recruitment.
- Q. Addressing the mental health of traditionally employed engineers is difficult, but I assume it is even more difficult for a dispatch business. You stated you are focusing on mental health, but what kind of efforts are being made?
- A. Naturally, since engineers engaged in dispatch work are off-site, we recognize there are challenges in providing support to them compared to employees working in-house. Based on that recognition, members of the Technology Development Division, which is responsible for sales and upskilling, are creating more opportunities for face-to-face counseling in an effort to recognize changes in employees as soon as possible. The current method is not perfect, but we intend to continue developing our approach to employee support in our dispatch services.
- Q. Currently, the semiconductor business is thriving in Kyushu, primarily centered around manufacturing plants. However, Artner's net sales in Kyushu are low. Do you have a plan for boosting net sales going forward?
- A. At present, many of our existing clients have development sites in Kyushu. We are also aware that semiconductor plants are performing well in Kyushu. However, our field of business is dispatching engineers to development areas, so businesses only conducting manufacturing diverge from our business field. Looking ahead, once plants are built we will research areas within our purview, such as development, and promote measures in Kyushu. At this stage, please understand that we are still conducting market research.
- Q. I think Japanese technical skills are sought after in Southeastern Asia. What endeavors are you implementing overseas?
- A. We embarked on our five-year Medium-Term Business Plan on February 1. This plan establishes the goal of expanding our contracting business, which currently comprises approximately 10% of business. In that process, we will move forward with developing business in regions including Southeast Asia, prioritizing both business growth and the utilization and recruitment of local talent, to implement measures to strengthen our contracting business.