

IV. State of the Reporting Company

1 The Company's Shares

(1) Total number of shares

(i) Total number of shares

Type	Total number of authorized shares (shares)
Common shares	36,000,000
Total	36,000,000

(ii) Total number of shares issued

Type	Number of shares issued - year-end (As of January 31, 2025)	Number of shares issued - submission date (As of April 24, 2025)	Financial instruments exchange where the Company is listed or Registered/Authorized financial instruments firms association	Definition
Common shares	10,627,920	10,627,920	Prime Market of the Tokyo Stock Exchange	Number of shares per share unit
Total	10,627,920	10,627,920	—	—

(2) Stock acquisition rights

(i) Stock option plans

Not applicable.

(ii) Rights plans

Not applicable.

(iii) Other stock acquisition rights

Not applicable.

(3) Status of corporate bond certificates, etc. with share options subject to exercise value change

Not applicable.

(4) Total number of shares issued and capital

Date	Change in the total number of shares issued (shares)	Balance of total shares issued (shares)	Change in capital (thousands of yen)	Balance of capital (thousands of yen)	Change in legal capital surplus (thousands of yen)	Balance of legal capital surplus (thousands of yen)
As of April 1, 2018 (Notes)	5,313,960	10,627,920	—	238,284	—	168,323

Note: A 2-for-1 stock split was carried out.

(5) Details by shareholder

As of January 31, 2025

As of January 31, 2023

Classification	Shareholder and shares held (number of shares per unit: 100)								Shares less than one share unit (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (people)	—	9	19	79	59	17	12,568	12,751	—
Number of shares owned (units)	—	3,944	1,354	27,173	6,231	112	66,014	104,828	145,120
Ratio of shares owned (%)	—	3.76	1.29	25.92	5.95	0.11	62.97	100.00	—

Note: Of the 2,514 treasury shares, 25 units are included in the figures under “Individuals and others” and 14 shares in those under “Shares less than one share unit.”

(6) Major shareholders

As of January 31, 2025

Name / Company name	Address	Number of shares owned (shares)	The number of shares owned as a proportion of the total number of issued shares (excluding treasury stock)
Sekiguchi Kogyo Co., Ltd.	3-20, Nangocho, Nishinomiya City, Hyogo	2,126,000	20.00
Artner Employee Stock Ownership Association	3-2-18, Nakanoshima, Kita-ku, Osaka City	802,548	7.55
Osaka Small and Medium Business Investment and Consultation Co., Ltd.	3-3-23, Nakanoshima, Kita-ku, Osaka City	480,000	4.51
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND (Standing Proxy: Citibank, N.A., Tokyo Branch)	2-2-2 OTEMACHI, CHIYODA-KU, TOKYO, JAPAN	151,000	1.42
HARIGAE Tomonori	Tsukuba City, Ibaraki	140,840	1.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	134,000	1.26
OKUSAKA Kazuya	Kishiwada City, Osaka	115,380	1.08
IZUMO Hiroyuki	Kita-ku, Osaka City	100,000	0.94
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi Chuo-ku, Tokyo	92,600	0.87
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	76,100	0.71
Total	—	4,218,468	39.70

Notes: 1. The number of shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account), Custody Bank of Japan, Ltd. (Trust Account), and The Nomura Trust and Banking Co., Ltd. (Investment Trust Account) is all for trust services.

2. The Large Shareholding Report (Change Report) made available for public inspection as of February 7, 2025 states that FMR LLC held the following shares as of January 31, 2025. However, as the Company is unable to confirm the actual number of shares owned as of January 31, 2025, this shareholder is not included in “Major shareholders” above. The details of the said Large Shareholding Report (Change Report) are as follows.

Name / Company name	Address	Number of stock certificates, etc. owned	The proportion of stock certificates, etc. owned
FMR LLC	245 SUMMER STREET BOSTON, MA 02210 U.S.A.	499,554	4.70

(7) Voting rights

(i) Shares issued

As of January 31, 2025

Classification	Number of shares (shares)	Number of voting rights	Definition
Non-voting shares	—	—	—
Shares with restricted voting rights (e.g., treasury shares)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (e.g., treasury shares)	Common shares: 2,500	—	—
Shares with full voting rights (other)	Common shares: 10,480,300	104,803	—
Shares less than one share unit	Common shares: 145,120	—	—
Total number of shares issued	10,627,920	—	—
Voting rights held by all shareholders	—	104,803	—

Note: The figure for “Shares less than one share unit” includes 14 treasury shares less than one share unit owned by Artner.

(ii) Treasury shares

As of January 31, 2025

Shareholder name / Company name	Address of shareholder	Number of shares held in the shareholder's name (shares)	Number of shares held in others' name (shares)	Total shares owned (shares)	Ratio of shares owned as a proportion of the total number of issued shares (%)
Artner Co., Ltd.	Nakanoshima 3-2-18, Kita Ward, Osaka City	2,500	—	2,500	0.02
Total	—	2,500	—	2,500	0.02

2 Acquisition of Treasury Shares

Type of shares: Acquisition of common shares under Article 155, item (vii) of the Companies Act

- (1) Acquisition of shares based on a resolution at the General Meeting of Shareholders: Not applicable.
- (2) Acquisition of shares based on a resolution by the Board of Directors: Not applicable.
- (3) Acquisition of shares not based on a resolution at the General Meeting of Shareholders or by the Board of Directors:

Classification	Number of shares (shares)	Total amount (yen)
Treasury shares acquired during the fiscal year	45	96,160
Treasury shares acquired during the period	—	—

Note: The treasury shares acquired during the period do not include shares less than one share unit purchased during the period between April 1, 2025, and the date of submission of this Annual Securities Report.

(4) Acquired treasury shares disposed of/held

Classification	Fiscal year ended January 31, 2025		Acquisition period	
	Number of shares (shares)	Total value of shares for disposition (yen)	Number of shares (shares)	Total value of shares for disposition (yen)
Acquired treasury shares placed for subscription	—	—	—	—
Acquired treasury shares retired	—	—	—	—
Acquired treasury shares transferred for merger, share exchange, share delivery, or company split	—	—	—	—
Other	—	—	—	—
Number of treasury shares held	2,514	—	2,514	—

Note: The number of treasury shares held during the period does not include that of shares less than one share unit purchased or sold during the period between April 1, 2025, and the date of submission of this Annual Securities Report.

3 Dividend Policy

In terms of profit distribution, Artner comprehensively considers future business developments, earnings, the management environment, as well as the strengthening of its management foundations, and positions the supply of stable dividends to its shareholders as top-priority management tasks. In addition, our basic approach is to continue to grow our profit this year, ensuring that the dividend remains at least at the same amount as the previous year and continues to increase.

While taking into account earnings trends and other factors, Artner's basic policy calls for the biannual distribution of retained earnings in the form of interim and year-end dividends. The distributions of retained earnings are decided by the general shareholders meeting in the case of the year-end dividend and by the Board of Directors in the case of the interim dividend. Artner's Articles of Incorporation specifies that the Company may pay out dividends of surplus by resolutions of the Board of Directors pursuant to Article 459, paragraph (1) of the Companies Act.

Shareholders will receive a year-end dividend payment of 42.00 yen per share for this fiscal year. Combined with the interim dividend of 40.00 yen a share that was already paid, the dividend for the full year totals 82 yen per share. This makes the payout ratio for this fiscal year 69.1%.

Internal reserves are set aside to address projected future changes in the management environment and invest efficiently in enriching our pool of human resources, etc.

The table below shows the dividends of surplus for this fiscal year.

Date of resolution	Total amount of dividends (thousands of yen)	Dividend per share (yen)
Resolution by the Board of Directors on September 9, 2024	425,017	40.00
Resolution at the Ordinary General Meeting of Shareholders on April 24, 2025	446,267	42.00

4 Corporate Governance

(1) Overview of corporate governance

(i) Basic views on corporate governance

1. Artner's No.1 business challenge is steadily improving shareholder value over the long term. So in addition to expanding our business and ensuring profitability, we want to grow as a "technical partner" together with our client companies in various industries, as a collective of engineers focused on developing more and more advanced levels of technical expertise. At the same time, with a constant awareness of what society needs most, and a desire to create a demand for it, we strive for business efficiency and soundness to help in the sustainable development of the Company.
2. At Artner, we are highly conscious of our social responsibility as a company, so in addition to strictly observing all applicable laws and regulations, we strive to sustain and develop favorable relationships with shareholders, with our local community, with all of our client companies, and with all employees.
3. We are committed to further strengthening our internal control and risk management efforts through the application of business management systems (including internal control systems) to enable flexible adaptation to changes in the business environment. Artner also will promptly disclose relevant information both inside and outside the company and enhance business transparency.

(ii) Overview of Artner's corporate governance framework and why this framework is used

Artner is a company with an audit and supervisory committee, an organizational design defined by the Companies Act.

The Company has in place the following bodies in the framework.

(Board of Directors)

The Board of Directors, chaired by President and CEO SEKIGUCHI Sozo, is composed of six members, including three Directors who are not members of the Audit and Supervisory Committee (SEKIGUCHI Sozo, HARIGAE Tomonori, and OKUSAKA Kazuya) and three Outside Directors who are members of the Committee (NOMURA Ryuichiro, TERAMURA Yasuhiko, and MORII Shinichiro). The Board meets twice a month. The board members deliberate and decide on matters relating to the Company's monthly business performance and its business plan, as well as significant matters relating to day-to-day business operations.

The Board of Directors met 30 times in this fiscal year. The attendance of each Director was as follows.

Position	Name	Attendance
President and CEO	SEKIGUCHI Sozo	30/30 (Attendance rate 100%)
Director	HARIGAE Tomonori	30/30 (Attendance rate 100%)
Director	OKUSAKA Kazuya	30/30 (Attendance rate 100%)
Director	SATO So	30/30 (Attendance rate 100%)
Director	EGAMI Yoji	30/30(Attendance rate 100%)
Outside directors and standing member of the Audit and Supervisory Committee	NOMURA Ryuichiro	30/30 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	TERAMURA Yasuhiko	30/30 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	MORII Shinichiro	30/30 (Attendance rate 100%)

(Audit and Supervisory Committee)

The Audit and Supervisory Committee, chaired by Standing Audit and Supervisory Committee member NOMURA Ryuichiro, is composed of three Audit and Supervisory Committee members who are outside directors. The committee meets twice a month. Directors who are members of the committee also attend board meetings and other important internal meetings. The committee provides impartial and independent oversight of the Company's corporate management, based on the audit standards as well as the audit policy and plans established by the committee.

(Nomination and Remuneration Committee)

The Nomination and Remuneration Committee, chaired by Audit and Supervisory Committee member TERAMURA Yasuhiko, is composed of four members including the President and CEO and three members of the Audit and Supervisory Committee who are outside directors. The Nomination and Remuneration Committee will deliberate and report to the Board of Directors on the following matters in order to enhance the fairness and objectivity of the decision-making process of nominating and determining the remuneration of Directors as well as enhancing corporate governance.

- Matters relating to the appointment and dismissal of Directors
- Matters relating to the succession plan
- Matters relating to the nomination policy and the evaluation criteria for "abilities, qualifications, experience, and values" based on the nomination policy
- Matters relating to the appropriateness of the remuneration level of Directors
- Matters relating to the basic policy on the remuneration of Directors and the policy for determining the remuneration for each individual

The Board of Directors met six times during this fiscal year. The attendance of each Director was as follows.

Position	Name	Attendance
President and CEO	SEKIGUCHI Sozo	6/6 (Attendance rate 100%)
Outside directors and standing member of the Audit and Supervisory Committee	NOMURA Ryuichiro	6/6 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	TERAMURA Yasuhiko	6/6 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	MORII Shinichiro	6/6 (Attendance rate 100%)

(Compliance and Risk Management Meeting)

The Compliance and Risk Management Meeting, chaired by the President and CEO, is composed mainly of Heads of Divisions and Departments in addition to six directors. The meeting is held monthly. In these meetings, members discuss policies and actions to ensure that all officers and employees of the Company abide by laws and the Company's Articles of Incorporation, and draw up the Risk Management Guidelines.

(Sustainability Committee)

The Sustainability Committee, chaired by the President and CEO, is composed mainly of Heads of Divisions and Departments in addition to six directors. The committee meets four times a year. At each meeting, the members hold discussions to promote and manage the progress of issues and initiatives related to sustainability.

Artner currently uses this framework because the mutual supervision of business operations by directors works well, as does the audits and supervision of the Board of Directors by the Audit and Supervisory Committee.

The diagram illustrates the Corporate Governance Framework of the Government of Karnataka. At the top is the **General Meeting of Shareholders**, which oversees the **Board of Directors** and the **The Audit and Supervisory Committee**. The Board of Directors is responsible for the **President and CEO** and oversees several committees: **Compliance and Risk Management Meeting**, **Sustainability Committee**, **Nomination and Remuneration Committee**, and the **Internal Audit Office**. The **Internal Audit Office** reports to the Board and the **External Accounting Auditor**. The **External Accounting Auditor** also reports to the **The Audit and Supervisory Committee**. The **Legal Advisors** provide consultation to the **Internal Audit Office** and the **External Accounting Auditor**. The **Corporate Planning and Strategy Division**, **Management Division**, **Engineer Business Division**, and **Technology Development Division** report to the **President and CEO**.

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graph TD
    GMS[General Meeting of Shareholders] -- "Appointment / Dismissal" --> BD[Board of Directors]
    GMS -- "Appointment / Dismissal" --> TASC[The Audit and Supervisory Committee]
    BD -- "Audit / Supervision" --> TASC
    TASC -- "Audit" --> CEO[President and CEO]
    TASC -- "Collaboration" --> EAA[External Accounting Auditor]
    TASC -- "Report" --> EAA
    EAA -- "Accounts Audit" --> CEO
    EAA -- "Collaboration" --> IAO[Internal Audit Office]
    EAA -- "Consultation / Advice" --> LA[Legal Advisors]
    CEO -- "Selection / Discharge" --> BD
    CEO -- "Inquiry" --> BD
    CEO -- "Directions / Commands" --> IAO
    IAO -- "Report" --> CEO
    IAO -- "Internal Audit" --> CEO
    IAO -- "Report" --> EAA
    IAO -- "Consultation / Advice" --> LA
    BD -- "Report" --> CRM[Compliance and Risk Management Meeting]
    BD -- "Inquiry" --> CRM
    CRM -- "Report" --> BD
    BD -- "Report" --> SC[Sustainability Committee]
    BD -- "Inquiry" --> SC
    SC -- "Report" --> BD
    BD -- "Report" --> NRC[Nomination and Remuneration Committee]
    BD -- "Inquiry" --> NRC
    NRC -- "Report" --> BD
    CRM -- "Report" --> CPD[Corporate Planning and Strategy Division]
    SC -- "Report" --> CPD
    NRC -- "Report" --> CPD
    CPD -- "Report" --> CEO
    CPD -- "Report" --> MD[Management Division]
    CPD -- "Report" --> EBD[Engineer Business Division]
    CPD -- "Report" --> TDD[Technology Development Division]
  
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(a) Design of the Internal Control System

- a. System to ensure that directors and employees execute their duties in compliance with applicable laws and regulations and the Company's Articles of Incorporation
 - 1) At Artner, we have implemented the Compliance and Risk Management Meeting, chaired by the President and CEO, as part of a system aimed at thoroughly educating employees regarding all applicable laws and regulations and the Articles of Incorporation, and also ensuring such compliance.
 - 2) We have set up an internal whistleblowing system, under which directors, employees, and other people engaged in work for the Company can report corruption or wrongdoing to the Whistleblowing Committee, which has a duty of confidentiality. It is prohibited to subject persons who submit whistleblower reports using the system to any disadvantageous treatment as a result of such reporting. The system is designed to ensure the effectiveness of whistleblowing to prevent or quickly detect violations of applicable laws and regulations.
 - 3) The Internal Audit Office, operating independently of other divisions that execute business practices, conducts internal audits. Through such audits, it verifies the appropriateness and effectiveness of the internal management system of each division, and by promoting the improvement of the systems, it ensures that all employees lawfully execute their duties.
- b. System to ensure the appropriateness of financial reporting
 - 1) Directors and employees ensure the appropriateness of financial reporting by executing their duties in compliance with the "Basic Framework of Internal Control Related to Financial Reporting."
 - 2) Directors and employees smoothly operate the system to ensure the appropriateness of financial reporting.
 - 3) The Internal Audit Office audits the operation of the system to ensure the appropriateness of financial reporting.
- c. System to store and manage information relating to the execution of duties by directors
 - 1) Information and documents relating to the execution of duties by directors are appropriately stored and managed in accordance with the "Document Management Rules," other applicable rules and regulations, and related information management system manuals.
 - 2) The Internal Audit Office conducts internal audits to confirm that this information and related documents are appropriately stored and managed.
- d. Rules and system to manage the risk of loss
 - 1) We have formulated guidelines, "Structure to Conduct Risk Management," to define a clear system for managing

different risks.

- 2) We have classified and defined management risks in accordance with these policies, and each responsible division identifies and analyzes the risk situation for each type of risk. We have set up a system in which the various kinds of risks are managed through the Compliance and Risk Management Meeting. Management and countermeasures for each type of risk are clarified and managed in the meeting.
- 3) The Internal Audit Office, which is directly overseen by the President and CEO, is responsible for audits in accordance with an internal audit plan. The office examines the method and details of audit implementation and revises the audit method as and when needed.
- e. System to ensure that directors execute their duties efficiently
 - 1) Board of Directors meetings are held twice a month, as the basis of a system to ensure that Directors execute their duties efficiently. Extraordinary board meetings are also held as and when needed. The scope of authority of the Board of Directors is clearly defined in the "Board of Directors Rules."
 - 2) To ensure efficient business management by the directors, we have formulated "Organizational Rules," "Administrative Authority Rules," "Division of Duties Rules," "Division of Duties (Administrative Authority) Statement," and other internal rules.
- f. System to ensure appropriate business practices in a corporate group consisting of companies, parent companies, and subsidiaries
The company does not currently have any parent companies or subsidiaries.
- g. Matters relating to employees who assist with the duties of the Audit and Supervisory Committee, independence of such employees from other directors who are not members of the committee, and ensuring the effectiveness of the committee's instructions to such employees
 - 1) If requested by the Audit and Supervisory Committee, an employee can be appointed to assist with the duties of the committee.
 - 2) The appointment or dismissal, reassignment, and performance evaluation of such employees require the approval of the Audit and Supervisory Committee.
 - 3) If the Audit and Supervisory Committee requests the appointment of an employee to assist with its work, the appointment of a suitable employee to assist with the work needed by the committee is made in consultation with the committee. The appointment is made with the prior approval of the committee, and with an assurance of independence. To ensure the effectiveness of the instructions of the Audit and Supervisory Committee to the applicable employee, the employee works exclusively for the committee, without being assigned any other work.
- h. System to enable directors who are not members of the Audit and Supervisory Committee and employees to report to the Audit and Supervisory Committee
 - 1) Directors who are members of the Audit and Supervisory Committee attend meetings of the Board of Directors and other important meetings and receive reports on the state of business practice execution from other directors who are not members of the committee.
 - 2) Directors who are members of the Audit and Supervisory Committee are able to view important internal decision request circulars, written decisions, and reports that are not discussed at the important meetings mentioned above, and they also receive explanation of the contents of such documents as and when needed.
 - 3) Directors or employees should report to the Audit and Supervisory Committee any of the following: a risk that may significantly harm the company; misconduct relating to execution of duties by directors who are not members of the Audit and Supervisory Committee; significant violation of an applicable law, regulation, or the Articles of Incorporation; reports relating to the state of internal audits; facts reported based on the internal whistleblowing system; and any other matter requested for the purposes of the Audit and Supervisory Committee.
- i. System to ensure that persons who make whistleblower reports to the Audit and Supervisory Committee are not subjected to any disadvantageous treatment as a result of such reporting
In accordance with internal rules, it is prohibited to subject persons who submit whistleblower reports using the system to disadvantageous treatment in retaliation for whistleblowing.
- j. Matters relating to policies concerning procedures for prepayment or reimbursement of expenses arising from the execution of duties by the Audit and Supervisory Committee members or other processing of expenses or monetary obligations arising from the execution of such duties
The procedures for prepayment or reimbursement of expenses arising from the execution of duties by members of the Audit and Supervisory Committee or other processing of expenses or monetary obligations arising from the execution of

such duties are carried out appropriately through applications made by members of the Audit and Supervisory Committee.

- k. Other systems to ensure that audits of the Audit and Supervisory Committee are effectively conducted
 - 1) The President and CEO and the Head of the Internal Audit Office strive to enable sufficient opportunities for consultation with the Audit and Supervisory Committee members to examine the establishment of a suitable working environment for the committee, in order to ensure the effectiveness of audits.
 - 2) To ensure the effectiveness of audits by the Audit and Supervisory Committee, the committee members demand that the President and CEO and the Board of Directors strive to make continuous improvements to the auditing system.
 - 3) The Internal Audit Office, which is the internal auditing department of the Company, and the division responsible for oversight of compliance and risk management meet regularly with the Audit and Supervisory Committee to exchange opinions regarding issues to be addressed.
 - 4) If the Audit and Supervisory Committee deems it necessary to appoint legal advisors or other external advisors when conducting an audit, such advisors can be appointed.
- l. Basic approach to the exclusion of antisocial forces
 - 1) To fulfill its obligations of corporate social responsibility and to protect the Company, any relations with antisocial forces are cut off.
 - 2) In the event that the company is subjected to any unreasonable demands by antisocial forces, we respond resolutely by legal means.
 - 3) We set up a “System for Cutting off Relations with Antisocial Forces” based on the manual for dealing with antisocial forces.
 - 4) In preparation for unreasonable demands by antisocial forces, we are building close partnerships with an external specialized agency, and in the event that we are subjected to an unreasonable demand by antisocial forces, we will consult with the agency regarding how to respond, or request a response from the agency.
 - 5) Under no circumstances do we, for the sake of convenience, respond by engaging in behind-the-scenes dealing with or providing money to antisocial forces.
 - 6) We regularly inform directors and employees of our “System for Cutting off Relations with Antisocial Forces” and promote awareness of it.
- m. Internal system for exclusion of antisocial forces
 - 1) Under the Head of the Management Division, the General Affairs Group, as department responsible for exclusion of antisocial forces, strives to prevent the Company from being subjected to any unreasonable demands from such forces.
 - 2) We have concluded advisory agreements with a legal advisor and retired police officers, and collaborate with a specialized agency.
 - 3) In collaboration with the Head of the Management Division, the General Affairs Group receives guidance and advice from the legal advisor as circumstances demand, and maintains a database of information on antisocial forces. As and when needed, the group also reports the details of such information to the Board of Directors. Based on the information, each division and the Compliance and Risk Management Meetings examine approaches to the exclusion of antisocial forces.
 - 4) We distribute a manual for dealing with antisocial forces to all employees and promote awareness of it.
 - 5) The General Affairs Group raises awareness of issues relating to the exclusion of antisocial forces regularly at internal training sessions.

(b) Risk management framework

Artner is aware that risk management is critical to its business. We also acknowledge that risk management related to compliance with laws and regulations as well as internal rules is particularly important. To ensure the risk is fully managed, we have set up the Compliance and Risk Management Meeting. To properly manage personal information, we use a personal information protection management system that conforms to the Personal Information Protection Management Systems -- Requirements (JIS Q 15001). We have also set up an internal whistleblowing system in order to prevent violations of laws and regulations and avoid risks, thereby developing and enhancing our risk management framework.

(c) Agreements limiting liability

a. Directors

Artner has an agreement in place that limits the liability for damages specified in Article 423, paragraph (1) of the Companies Act with each director (non-Executive Director) pursuant to Article 427, paragraph (1) of the said Act. The limit of liability based on the

agreement is an amount prescribed by laws and regulations.

b. Accounting Auditor

Artner has an agreement in place that limits the liability for damages specified in Article 423, paragraph (1) of the Companies Act with KPMG AZSA LLC who is our Accounting Auditor pursuant to Article 427, paragraph (1) of the said Act. The limit of liability based on the agreement is an amount prescribed by laws and regulations.

(d) Summary of a directors and officers liability insurance policy

Artner has a directors and officers liability insurance (D&O Insurance) policy in place with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act. The insured persons covered by this policy are directors, and they do not pay the insurance premiums. To provide a summary, this insurance policy, together with the special clauses, shall cover damages that may arise when an insured director assumes liabilities as a result of the execution of his duties or due to claims brought against him for being held responsible for the consequences of his action. However, the policy has an exclusion that the insurance company contends precludes coverage, such as liabilities incurred as a result of an unlawful act that an insured individual willfully and knowingly commits.

(e) Number of directors

Artner specifies in its Articles of Incorporation that it shall have up to ten directors (excluding directors who are members of the Audit and Supervisory Committee) and up to five directors who are members of the Audit and Supervisory Committee.

(f) Election of directors

Artner specifies in its Articles of Incorporation that resolutions on the election of directors shall be made with the approval of a majority of the votes of the shareholders who are present and hold at least one-third of the total votes of the shareholders who are entitled to exercise such rights.

The Articles of Incorporation also prescribes that no cumulative voting shall be allowed on the resolutions of the election of directors.

(g) Resolutions that may be passed by the Board of Directors instead of the General Meeting of Shareholders and reasons thereof

a. Acquisition of treasury shares

Artner's Articles of Incorporation specifies that the Company may acquire its treasury shares following a resolution by the Board of Directors, pursuant to Article 165, paragraph (2) of the Companies Act. The purpose of this provision is to acquire treasury shares through market transactions or by other means so that we are able to carry out flexible capital policies to adapt to change of the business environment.

b. Organ deciding dividends of surplus

Artner specifies in its Articles of Incorporation that, to ensure flexible capital policies and dividend policies, the Company's Board of Directors may resolve on the matters such as dividends of surplus prescribed in the items under Article 459, paragraph (1) of the Companies Act, unless otherwise provided for in laws and regulations.

c. Release from liability of directors

Artner specifies in its Articles of Incorporation that, pursuant to Article 426, paragraph (1) of the Companies Act, the Company's Board of Directors, instead of the General Meeting of Shareholders, may resolve to release directors (including former directors) from their liability related to the acts defined in Article 423, paragraph (1) of the said Act to the extent legally permissible. The purpose of this provision is to provide an environment that enables directors to fulfill their expected role as they perform their duties by achieving their full potential.

d. Release from liability of Accounting Auditors

Artner specifies in its Articles of Incorporation that, pursuant to Article 426, paragraph (1) of the Companies Act, the Company's Board of Directors, instead of the General Meeting of Shareholders, may resolve to release an Accounting Auditor (or a former Accounting Auditor) from their liability related to the acts defined in Article 423, paragraph (1) of the said Act to the extent legally permissible. This provision has been set in the wake of the enforcement of the Companies Act that has made accounting auditors subject to shareholder derivative suits, so that a balance is kept between our directors and Accounting Auditor.

(h) Requirements for special resolutions at the General Meeting of Shareholders

Artner specifies in its Articles of Incorporation that, regarding the requirement for a special resolution at the General Meeting of Shareholders as prescribed in Article 309, paragraph (2) of the Companies Act, the resolution is adopted if shareholders with at least one-third of the total votes of the shareholders who are entitled to exercise their right to vote are present, and at least two-thirds of the votes approve the resolution. The purpose of this provision is to ensure the smooth running of the General Meeting of Shareholders by relaxing the quorum of the General Meeting of Shareholders for a special resolution.

(2) Executive Officers

(i) Executive Team

Males: 6: Females: - (ratio of women in the Executive Team: -%)

Title	Name	Date of birth	Career summary	Terms of office	Number of shares owned (shares)
President and CEO Head of the Corporate Planning and Strategy Division, Head of the Engineer Business Division	SEKIGUCHI Sozo	December 31, 1964	June 1983: Joined MEITEC CORPORATION (now MEITEC Group Holdings Inc.) 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) February 2012: Appointed Head of the Hyper Artner Business Division March 2025: Appointed Head of the Corporate Planning and Strategy Division, Head of the Engineer Business Division (current)	Note 3	8,262
Managing Director Head of the Management Division, Head of the Engineer Agency Business Division	HARIGAE Tomonori	May 24, 1954	April 1978: Joined Toyobo Interior Co., Ltd. March 1982: Joined Osaka Technology Center Co., Ltd. (previous name of the Company) March 1990: Appointed Head of the Kanto Business Dept. March 1991: Appointed Director March 1993: Appointed Managing Director; Head of the General Affairs Dept. February 2007: Appointed Managing Director; Head of the Management Division May 2008: Appointed Director; Head of the Management Division March 2025: Appointed Director; Head of the Management Division, Head of the Engineer Agency Business Division April 2025: Appointed Managing Director; Head of the Management Division, Head of the Engineer Agency Business Division (current)	Note 3	145,080
Director Head of the Technology Development Division	OKUSAKA Kazuya	September 3, 1955	April 1978: Joined Osaka Technology Center Co., Ltd. (previous name of the Company) October 1993: Appointed Head of the No.3 Business Dept. February 2002: Appointed Standing Auditor April 2004: Appointed Managing Director; Head of the Human Resources Dept. February 2007: Appointed Managing Director; Head of the Human Resources Division April 2007: Appointed Managing Director; Head of the Business Management Division March 2009: Appointed Managing Director; Head of the Technology Development Division February 2010: Appointed Managing Director; Head of the Business Promotion Division February 2011: Appointed Managing Director; Head of the Engineer Business Division April 2011: Appointed Director; Head of the Engineer Business Division February 2013: Appointed Director; Head of the Human Resources Business Division February 2016: Appointed Director; Head of the Engineer Business Division March 2025: Appointed Director; Head of the Technology Development Division (current)	Note 3	145,726
Director (Audit and Supervisory Committee member)	NOMURA Ryuichiro	February 18, 1956	April 1978: Joined Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.) May 1999: Appointed Kinshicho Branch Manager April 2002: Appointed Hiroshima Branch Manager April 2004: Appointed Head of the Securities Agency Sales Dept. October 2005: Appointed Head of the Solution Sales Dept. April 2007: Appointed Executive Officer; Head of the Solution Sales Dept. April 2008: Joined Mizuho Realty Co., Ltd. as Senior Managing Executive Officer September 2016: Joined Taiyo House Co., Ltd. as Vice President March 2020: Joined Nihon Unist Inc. as Advisor August 2020: Joined Marubeni Private Reit Inc. as Executive Officer July 2022: Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee (current)	Note 4	541

Director (Audit and Supervisory Committee member)	TERAMURA Yasuhiko	November 22, 1955	April 1978: Joined The Bank of Yokohama, Ltd. December 1997: Appointed New York Branch Manager April 2003: Appointed Executive Officer; Head of the Financial Markets Dept. April 2006: Appointed Managing Executive Officer June 2006: Joined Kyodo Shiryō Co., Ltd. (now Feed One Co., Ltd.) as Part-time Auditor November 2007: Joined Mabuchi Corporation as Managing Director November 2008: Appointed Senior Managing Director June 2011: Joined Sagami Transportation & Warehouse Co., Ltd. as Outside Director November 2018: Joined Multitrans, Ltd. as CEO April 2021: Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee (current)	Note 4	2,139
Director (Audit and Supervisory Committee member)	MORII Shinichiro	November 28, 1953	March 1976: Joined Takara Standard Co., Ltd. May 2006: Appointed Kansai Direct Demand Branch President April 2011: Appointed Executive Officer; Kansai Direct Demand Branch President April 2013: Appointed Managing Executive Officer; Kansai Direct Demand Branch President April 2019: Appointed Managing Executive Officer; Kansai Direct Demand Branch Manager and Chubu Direct Demand Branch Manager June 2020: Appointed Advisor April 2021: Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee (current)	Note 4	1,139
Total					302,887

Notes: 1. The numbers of shares owned are real holdings that contain each owner's equity in the Artner Officer Stocks Society, including shares less than one unit. The number of shares acquired by the Artner Officer Stocks Society was not confirmed as of the date of submission of this report. Hence, the number shown is the real holdings as of the end of the fiscal year ended January 31, 2025.

2. Messrs. Nomura, Teramura, and Morii are outside directors.

3. One year from the conclusion of the Ordinary General Meeting of Shareholders held on April 24, 2025

4. Two years from the conclusion of the Ordinary General Meeting of Shareholders held on April 24, 2025

(ii) Status of Outside Directors

Artner has three outside directors, all of whom hold shares of the Company. Apart from this shareholding position, none of the three outside directors has any vested interests in the Company, including personal, capital, or business relationships.

Each outside director plays a role in ensuring that highly effective audits are conducted, from an objective and neutral view point, and we believe that the current system satisfactorily fulfills its management monitoring and advisory functions. The three outside directors are designated as independent directors as defined by the Tokyo Stock Exchange and they are registered with the exchange.

Although the Company does not have any specific standards or policies regarding independence for the appointment of outside directors, when making such appointments we not only meet the regulatory requirements established by the Companies Act, but also take into account the Tokyo Stock Exchange's criteria for ensuring the independence of independent directors.

(iii) Mutual cooperation between supervision or audits by outside directors and internal audits, audits by Audit and Supervisory Committee members, and accounting audits; relations with the internal control department

Artner has three outside directors, and they are directors who are members of the Audit and Supervisory Committee.

The Head of the Internal Audit Office and the Audit and Supervisory Committee consult with each other and exchange information and views when preparing their annual audit plans and creating audit reports. This enables them to share information and conduct audits efficiently.

The Internal Audit Office and the Audit and Supervisory Committee exchange information and views with an external accounting auditor of record in order to have a common understanding of issues subject to audits and other relevant matters. They also seek professional advice and guidance from the Accounting Auditor as needed.

(3) Audits

(j) Internal audits and audits by the Audit and Supervisory Committee

An internal audit is conducted by the Internal Audit Office, which consists of one Head and one member, in accordance with the internal audit plan approved by the President and CEO. The audit examines whether the Company's departments perform their operations in compliance with laws and regulations and other rules. It also reviews the consistency of these operations with the management policy, along with the validity of operational efficiency. Moreover, as our effort to ensure the effectiveness of internal audits, we have established a framework that enables direct reporting at Compliance and Risk Management Meetings (convened once a month) attended by the President and CEO and other Directors, Directors who are members of the Audit and Supervisory

Committee, and division and department heads.

Artner is a company with an audit and supervisory committee. The Audit and Supervisory Committee consists of three outside directors (one full-time director and two part-time directors). Outside Director NOMURA Ryuichiro has decades of experience in a financial institution and has engaged in the management of other companies. His knowledge of finance and accounting is considerable. Outside Director TERAMURA Yasuhiko has decades of experience in a financial institution and has been on the management teams of other companies. His knowledge of finance and accounting is considerable.

Outside Director MORII Shinichiro has worked in key posts (e.g., branch manager) as an Executive Officer. His knowledge of finance and accounting is enormous.

The Audit and Supervisory Committee met 26 times during this fiscal year. The attendance of each Audit and Supervisory Committee member was as follows.

Position	Name	Attendance
Outside directors and standing member of the Audit and Supervisory Committee	NOMURA Ryuichiro	26/26 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	TERAMURA Yasuhiko	26/26 (Attendance rate 100%)
Outside directors and member of the Audit and Supervisory Committee	MORII Shinichiro	26/26 (Attendance rate 100%)

As its specific tasks, the Audit and Supervisory Committee develops the audit policies and plans, and reviews the legitimacy of execution of duties by directors, the legitimacy of financial statements and business reports, etc., and the competence of the Accounting Auditor. Directors who are members of the Audit and Supervisory Committee attend board meetings and other important meetings to offer their opinions as necessary. They also regularly meet with the President and CEO as a means to audit the legitimacy and validity of execution of duties by directors (excluding directors who are members of the Audit and Supervisory Committee).

Activities of full-time Audit and Supervisory Committee members include communication with and information gathering from directors and others in relevant posts, creation and enhancement of the audit environment, and perusal of documents about important managerial decisions, in accordance with the audit policies and plans set forth by the Audit and Supervisory Committee.

(ii) Accounting Audits

- a. Accounting firm name
KPMG AZSA LLC
- b. Continuous audit period
20 years
- c. Certified public accountants who performed the service
NAKAHATA Takahide (Designated Limited Liability and Engagement Partner)
KOMATSUNO Satoru (Designated Limited Liability and Engagement Partner)
- d. Assistants in the audit service
Eight certified public accountants and 13 others serve as assistants in Artner's accounting audit service.
- e. Policy and reason for selection of the audit firm
The Audit and Supervisory Committee consults the Practical Guidelines for Auditors regarding Accounting Auditor Evaluation and Selection Criteria published by the Japan Audit & Supervisory Board Members Association, and conducts a comprehensive review to select an Accounting Auditor. In this process, the committee ensures that the accounting firm has independence as an Accounting Auditor and a proper quality management framework, which covers misconduct risk; that the firm has in place an audit framework designed for the size and business of Artner; and that the audit plan and cost are practical and fair. We have selected KPMG AZSA LLC as our Accounting Auditor because we decided that the firm has all these elements to conduct proper accounting audits of Artner. The Audit and Supervisory Committee will also dismiss the Accounting Auditor based on the consent of all Audit and Supervisory Committee members if any of the items of Article 340, paragraph (1) of the Companies Act applies to the Accounting Auditor.
- f. Evaluation of the Accounting Auditor by Audit and Supervisory Committee members and the Audit and Supervisory Committee
The Audit and Supervisory Committee consults the Practical Guidelines for Auditors regarding Accounting Auditor Evaluation and Selection Criteria published by the Japan Audit & Supervisory Board Members Association, and evaluates the Accounting Auditor from all angles, such as the quality management framework the Auditor has developed and how it operates, of the independence and expertise the Auditor has, among others, to determine that the Auditor is qualified.

(iii) Details of audit fees

a. Audit fees for certified public accountants

Fiscal year ended January 31, 2023		Fiscal year ended January 31, 2024	
Fees for audit services (thousands of yen)	Fees for non-audit service (thousands of yen)	Fees for audit services (thousands of yen)	Fees for non-audit service (thousands of yen)
20,000	—	20,000	—

The non-audit service at Artner during the previous fiscal year is preparation of comfort letters related to prospectuses for stock offerings.

b. Fees for an organization in the same network to which the certified public accountants belong
Not applicable.

c. Details of other fees based on important audit services
Not applicable.

d. Policy for determining audit fees

Artner's policy for determining fees for an audit by certified public accountants is that the Company reviews the audit plan, details of the audit, and the audit schedule, among others, presented by the Accounting Auditor and receives approval from the Audit and Supervisory Committee to decide on proper fees.

e. Reason for the approval of the Audit and Supervisory Committee given to fees for the Accounting Auditor and other relevant fees

The Audit and Supervisory Committee reviewed the policy, contents, and the basis for calculation of estimates shown in the audit plan, which would constitute grounds for fees paid to the Accounting Auditor. Then the committee received and examined required reports about the contents submitted by relevant internal departments, and determined that the policy, contents, and the basis were all fair for an accounting audit of Artner. Hence, the committee approved the fees for the Accounting Auditor.

(4) Remuneration for directors

(i) Policies for determining remuneration for directors and calculation methods

The remuneration of directors consists of a basic remuneration and a performance-linked bonus. The upper limits of the remuneration established by resolution at the general meeting of shareholders held on April 27, 2017, are ¥200 million per year for five directors who are not members of the Audit and Supervisory Committee and ¥30 million per year for three directors who are members of the Committee.

The Board of Directors and the Audit and Supervisory Committee are responsible for deliberating and determining the remuneration of the Executive Team, which is composed of a fixed remuneration and performance-linked remuneration. The remuneration of directors who are not members of the Audit and Supervisory Committee is determined solely by the Board of Directors, whereas the remuneration of the Audit and Supervisory Committee members is determined by deliberation among the members of the Committee.

How to determine the policy for determining the remuneration for each individual is set forth in the rules concerning the remuneration of directors, resolved by the Board of Directors.

The Board of Directors receives reports that are deliberated by the Nomination and Remuneration Committee based on the policy for determining the remuneration and within the range of the total amount resolved by the General Meeting of Shareholders, so the Board of Directors deems that the content of the report is in line with the said policy.

The policy for determining the percentage of the amount of remuneration for each individual shall be decided based on the reports that are deliberated by the Nomination and Remuneration Committee, comprehensively taking into account the role and contribution status of each director as well as business performance.

The basic remuneration is determined based on the amount established for each director position, with the Company's business performance, relative weight against employee salaries, and remuneration levels at other companies taken into consideration.

However, if it is not appropriate to pay a remuneration calculated in such a manner due to a significant decline in the Company's business performance or other factors, the Company reserves the right to reduce the amount of basic remuneration.

The metrics for performance-linked bonuses is calculated using a formula based on the Company's annual profit, as this is judged to be the most reasonable way to measure the performance of directors. For the fiscal year ended January 31, 2025, the target metrics for performance-linked bonuses had been set at ¥1,178million, and the result was ¥1,287 million.

The processes that the Board of Directors and the Audit and Supervisory Committee went through to determine the remuneration of directors for the fiscal year ended January 31, 2025, are summarized as follows:

With regard to the remuneration for directors who are not members of the Audit and Supervisory Committee, the amount of basic remuneration was determined by resolution of the Board of Directors on April 26, 2018, and has since remained unchanged. The amount of a performance-linked bonus for each director was determined by resolution of the Board of Directors on February 28, 2025.

With regard to the remuneration for directors who are members of the Audit and Supervisory Committee, the amount of basic remuneration was determined by deliberation among the members of the Committee on April 26, 2018, and has since remained unchanged. The amount of a performance-linked bonus for each director was determined by deliberation among the members of the Committee on February 28, 2025.

- (ii) Total amount of remuneration by type of director, amount by type of remuneration, and the number of corresponding directors

Type of director	Total amount of remuneration (thousands of yen)	Amount by type of remuneration (thousands of yen)		Number of corresponding directors
		Basic remuneration	Performance-linked bonus	
Directors who are not members of the Audit and Supervisory Committee or outside directors	119,120	95,472	23,647	5
Director and member of the Audit and Supervisory Committee but are not outside directors	—	—	—	—
Outside directors	25,502	23,400	2,102	3

- (iii) Total amount of remuneration for each director
We have omitted providing information here as no directors were paid remuneration of ¥100 million or more.

(5) Shares held

- (i) Criteria for and definitions of the classifications of shares for investment
Artner defines shares held to gain profits from fluctuations in the value of the stocks or by receiving dividends as shares solely for investment purposes, and any other shares held as shares for non-investment purposes, and classifies the shares it holds accordingly.

- (ii) Shares held for non-investment purposes

- a. Policy on holding shares for non-investment purposes; approach for examining the rationality of holding those shares; details of the board review concerning the advisability of holding each of the stocks Artner has the policy that it holds shares in enterprises after considering from all angles whether the shareholding will help the Company continue to grow and raise its medium- to long-term enterprise value. We review these enterprises' future outlook and stock prices, and discuss the validity of the shareholding at board meetings. We also reduce the number of shares that no longer serve the purpose of holding them.

- b. Number of stocks and amount recorded on the balance sheet

	Number of stocks (stocks)	Total amount recorded on the balance sheet (thousands of yen)
Unlisted shares	—	—
Shares other than unlisted shares	5	1,498

(Stocks that increased in the number of shares during the fiscal year under review)

	Number of stocks (stocks)	Total acquisition value associated with increase in number of shares (thousands of yen)	Reason for increase in number
Unlisted shares	—	—	—
Shares other than	—	—	—

(Stocks that decreased in the number of shares during the fiscal year under review)

	Number of stocks (stocks)	Total sale value associated with decrease in number of shares (thousands of yen)
Unlisted shares	—	—
Shares other than unlisted shares	—	—

- c. Information regarding the numbers of specific shares for investment and of deemed shares held sorted by stock, and the amounts recorded on the balance sheet

Specific shares for investment

Stock	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2023	Purpose of shareholding, summary of business tie-ups etc., quantitative effect of shareholding, and reason for increase in number of shares	Partner's shares held
	Number of shares (shares)	Number of shares (shares)		
	Amount recorded on balance sheet (thousands of yen)	Amount recorded on balance sheet (thousands of yen)		
Copro-Holdings Co., Ltd.	200	200	We hold the shares to collect information about industry trends and other relevant matters. Some of these shares were sold during this fiscal year.	No
	332	330		
TechnoPro Holdings, Inc.	100	100	We hold the shares to collect information about industry trends and other relevant matters. Some of these shares were sold during this fiscal year.	No
	310	343		
Abist Co., Ltd.	100	100	We hold the shares to collect information about industry trends and other relevant matters. Some of these shares were sold during this fiscal year.	No
	305	315		
MEITEC Group Holdings Inc.	100	100	We hold the shares to collect information about industry trends and other relevant matters. Some of these shares were sold during this fiscal year.	No
	301	293		
Altech Corporation.	100	100	We hold the shares to collect information about industry trends and other relevant matters. Some of these shares were sold during this fiscal year.	No
	248	288		

Notes: Although it is a challenge to describe a quantitative effect of a shareholding, we have examined economic rationality and validity of holding the shares to ensure that we hold these shares for the purposes that are in line with our policy on shareholdings.

Deemed shares held
Not applicable.

(iii) Shares held solely for investment purposes
Not applicable