

# ARTNER

Engineer Support Company

## Annual Report 2024

(Integrated Report)

For the Fiscal Year Ended January 31, 2024



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

UD FONT



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.

Company Motto

Pursuit of Mindset Pursuit of Wisdom Pursuit of Creativity

Whenever you must make a firm decision on which path to take, always stay calm and make sure to return to the basics, no matter what you are faced with.

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.

\*We put our specific meanings into these words. *Happiness* represents the idea that people will become *happy* by acting on their own initiative, rather than waiting for something to be offered. *Reflection* is the idea that, by illuminating and shining on each other, we will create a culture of promoting *reflective prosperity*.



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## Editorial Policy

Artner has been publishing the Annual Report since FY2023 as a communication tool to help stakeholders understand our values, business model, and overall value creation story for sustainable enhancement of our enterprise value. This report contains financial information about our management strategies and business activities, as well as non-financial information, including how our business is contributing to society and the environment. We will make continued efforts to enrich the content of this report, aiming to deepen stakeholders' understanding of our attractiveness, growth potential, and initiatives to increase the enterprise value in the long term.

## Guidelines Referenced

- IFRS Foundation, "International Integrated Reporting Framework"
- Ministry of Economy, Trade and Industry, "Guidance for Collaborative Value Creation 2.0"
- Global Reporting Initiative (GRI) Standards

## Publication Date

August 2024

## Reporting Period

February 1, 2023 to January 31, 2024

(Some activities before or after the above period have also been included.)

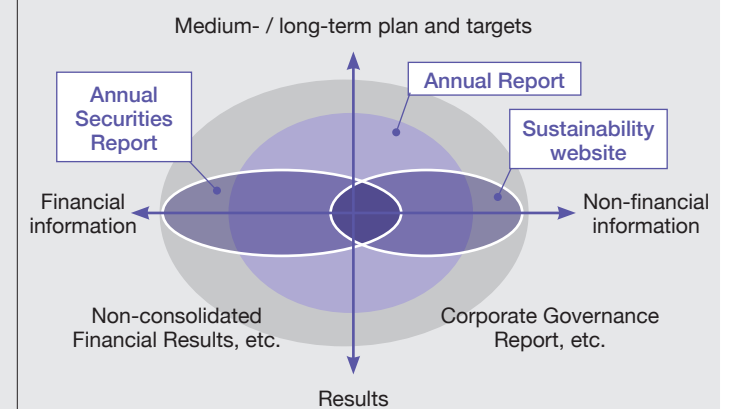
## Cautionary Note Regarding Forward-Looking Statements

This report contains various statements regarding future prospects. These statements are based on our current assumptions and forecasts and involve risks and uncertainties. For this reason, actual financial status, business developments, and results may differ from the statements herein.

## Other Disclosure Information

- Investor Relations  
<https://www.artner.co.jp/ir/>
- Sustainability  
<https://www.artner.co.jp/ct-sustainability/index/>

## Positioning of the Annual Report



At a Glance

Net Sales	Operating Margin
10.1 billion yen	15.1 %
Earnings per Share (EPS)	98.99 yen
ROE	Payout Ratio
25.3 %	75.8 %
Founded	Transaction History
September 18, 1962	Roughly 1,200 companies
Net Sales by Type of Contract with Clients	Net Sales by Industry Field with Clients

Total Number of Engineers	Average Age
1,192	30.4 years old
Recruitment of New Graduates (engineers)	Career Hires (engineers, incl. non-recent and recent graduates)
(April 2024 hires) 171	58
Engineer Composition	Unit Price of Engineers (per person per hour)
	4,331 yen
	Percentage of Artner's Former Employees Who Used the Job Change Assistance Program
	2.3 %



## Message from Our President and CEO



**SEKIGUCHI Sozo**  
President and CEO

**We aim to further increase enterprise value by supporting engineers' dreams, growth, and self-actualization, while at the same time living up to the trust we have earned from our clients over the more than 60 years of our existence.**

### Business Environment and FY2024 Financial Results

In FY2024, the world made a full-scale entry into the post-COVID-19 era. It was a year in which a resumption of normal operations could be felt among our main clients, manufacturers in industries related to automobiles and semiconductor manufacturing equipment. There was extremely strong demand for our engineers, and we achieved growth in both sales and profit for the tenth consecutive year. We expect a continued rise in development drive across various industries and demand for engineers to exceed the previous year's. Along with this trend, we anticipate steady business performance. Especially salient in FY2024 is the increase in the unit price of engineers, which has the most significant impact on improvement in operating margin. In FY2024, the unit price of engineers rose by 3.2% year on year, resulting in an increase in the operating margin from 12.9% in the previous fiscal year to 15.1%. Contributing to the rise in the unit price of engineers is our ability to supply talent to projects with high demand for engineer dispatching services. Recent years have witnessed considerably greater demand from carbon neutrality-related projects than from other industries. By supplying engineers with high added value to these projects, we have secured contract unit prices above the market average. Notably, in FY2024, the unit price of new graduate engineers at their first assignments increased more than in other years.

Another key factor supporting the increase in the unit price of engineers is the fact that our existing engineers under contract with our clients are delivering strong performance and outputs in their respective projects. We offer engineers a comprehensive curriculum and our own education system to improve their individual skills. We will further strengthen our training programs and provide career support to help engineers succeed and to contribute to client satisfaction.

In order to continuously secure and develop excellent talent in an increasingly competitive environment, it is critical to expand talent utilization channels. In our Medium-Term Business Plan (fiscal year ending January 31, 2023 to fiscal year ending

January 31, 2025), we have set a goal to increase the percentage of our contracting business, which accommodates diverse work styles, to 10%. Due to high client demand, the percentage rose from 8.6% in the previous year to 9.3% and is projected to reach the 10% target by the final year of the plan.

### Progress of Our Carbon Neutrality Efforts

At Artner, we position "carbon neutrality" as a pillar of our business activities in our Medium-Term Business Plan. By having our engineers participate in carbon neutrality-related technology development projects, we will advance the development of these technologies and support their widespread use in the market. This is how we contribute to carbon neutrality. Today, ESG initiatives are being scrutinized by clients and employees alike.

To contribute to carbon neutrality, we have set two numerical targets. One is the ratio of carbon neutrality hires among new graduate and career hires, and the other is the ratio of engineers working on carbon neutrality projects among our currently assigned engineers. We have secured 46.1% new graduates as of FY2024, compared to our FY2025 target of 55.0%. We will continue to strengthen our recruitment efforts to achieve the 55.0% target. In addition, the ratio of currently assigned engineers was 48.3% as of FY2024, just shy of our FY2025 target of 50.0%. If we can steadily supply talent to meet the strong demand from carbon neutrality-related projects, we believe we can fully achieve our targets by FY2025, the final year of the Medium-Term Business Plan.

### Future Growth Strategy

Clients have speeded up development more than the previous year, which has greatly increased the demand for engineers. Our performance this year, the final year of the Medium-Term Business Plan, depends on how well our talent supply can meet this demand. Labor shortages have become a major social issue in recent years, and the shortage of engineers is no exception.

In the increasingly competitive recruitment market environment, it will be crucial to secure the number of engineers needed for



our plan.

Supporting engineers’ dreams and self-actualization is at the core of Artner’s business. In our recruitment activities, we fully appeal to candidates with project themes and the companies with which they may be placed. Those with whom this resonated tend to join the Company. Despite the challenging recruitment market environment, our unified recruitment activities from start to end, from hiring to placement, led to 171 newly graduated engineers joining us in April 2024, about 40 more than in the previous year. In addition, we are committed to achieving our target of 100 career hires to meet client demands.

We have a three-fold strategy for future growth. The first is to actively negotiate the unit price of engineers, taking into account the current market environment, the so-called supply-demand balance, with the aim of increasing the unit price of engineers to at least that in the previous year. The second is to further educate and train engineers who are our human capital and enhance their added value. This will contribute to client satisfaction and in turn to higher unit prices of engineers. The third is to properly respond to the needs of our main clients, manufacturers in industries related to automobiles and semiconductor manufacturing equipment.

Moreover, reflecting on the progress made over the past two years, we believe we can increase our market advantage by expanding and deepening the first basic measure of “Promoting strategies by segment” in our Medium-Term Business Plan, as well as breaking down, enhancing, and complementing Artner’s strengths and weaknesses compared to other companies in the same industry.

### Building a Business Environment that Enables Continuous Improvement and Enhancement of Work Conditions for Securing Talent

A key challenge for the Company is to secure the quality and quantity of talent. Failing to meet the quality and quantity demands of our clients could open the door for competitors. Artner needs to put all that it has to address this challenge. To secure the quality of talent, we will obtain even more attractive work to provide engineers with job opportunities, and offer appropriate education, training, and follow-up. Additionally, we must create a business environment that allows for continuous, rather than temporary, improvement and enhancement of work conditions. To this end, the Company will aim to increase its added value.

As for the quantity of talent, we anticipate that we can recruit approximately 200 to 250 new graduates and 100 to 150 career hires in our current business fields. If more talent is needed, we will need to secure the necessary numbers through M&A

measures or consider strategies for recruiting foreign nationals. To increase the share of our contracting business going forward, it will become important to utilize outside talent and better organize our partner companies. In our current fields, we believe that we can resolve the quantity challenge by further securing our own engineers, foreign talent, and partner company talent.

### Artner’s Strengths and Advantages

Artner started this business in 1962. No other listed companies in the same industry have a history longer than ours. I believe it is not an exaggeration to say that we are pioneers in the engineer dispatching business. We have built a solid position in this industry for over 60 years through our achievements and by earning the trust of our clients. This is an undeniable fact and constitutes a value of the Company. Compared to other companies in the same industry, we have a higher project participation rate in high-level technology fields, including upstream and midstream processes. This is an advantage of the Company and something we should continue to maintain. Notably, our main clients in industries related to automobiles and semiconductor manufacturing equipment sectors view Artner as a go-to brand for quality engineers. This is a value we must continue to uphold. Such an image is based on our strength in being able to provide a continuous and stable supply of talent, and it is our mission to keep meeting this expectation.

### Human Capital Approach and Initiatives

Our basic view on human capital aligns with our Management Philosophy, “Engineer Support Company: We support our engineers’ dreams.” Based on the fundamental philosophy embodied in our Purpose, “support the growth and self-actualization of engineers, who are Japan’s world-class assets,” we conduct business by continually considering measures to support the growth and dreams of our engineers. Education is at the core of our human capital initiatives. Under our education philosophy to support engineers’ personal and professional growth, we offer various education and training curricula to support engineers, including our own “T-shaped specialist education system.”

Furthermore, promoting women’s participation is one of the important initiatives outlined in our Medium-Term Business Plan. We are working to establish a working environment and support programs for those who have temporarily left their engineer careers due to marriage, childcare, or other reasons and wish to return to the job market as engineers. We will also continuously foster a corporate culture in which both men and women can freely take childcare leave and will develop a track record in

increasing parental leaves.

At Artner, talent turnover is distinguished between passive and constructive turnover. We view constructive turnover as engineers growing at Artner, graduating from the Company, and moving on to new challenges. They are supported by our “job change assistance program.” We have also established the “job return program” for those who wish to return to Artner after leaving us and moving on to their second stage.

These initiatives are based on our Management Philosophy and Purpose. Our Management Philosophy and Purpose are truly the “roots” of the Company. They allow us to implement a variety of measures flexibly. As a result, when engineers move on to the next stage, we are able to send them off with a smile, rather than thinking, “why are they quitting when we have taken time to train them?” We hope that this mindset ultimately leads to employee satisfaction and creates a cycle in which our former engineers succeed at various manufacturers and use the services of Artner’s engineers.

### Respecting Human Rights

Artner is a company engaged in the business of human talent. Without underlying policies that value people, people will become mere “objects.” As long as we continue to develop this business, it is vital to give various considerations to all of our employees, whom we call “talent,” and we will advance the business accordingly. To make this intention clear, in January 2024, we announced our support for the United Nations Global Compact. In addition, we conduct ongoing training for all employees to familiarize them with our approach to human rights and to raise their awareness of human rights. Last year, we held a training on human rights, and the year before that on LGBTQ+. Going forward, when we consider organizing our partner companies, it will be very important to determine whether or not they have the same policies on talent as we do.

In particular, it will be essential that they agree with and share our Management Philosophy of being an “Engineer Support Company” and our Purpose. If they agree with and are able to uphold our Management Philosophy and Purpose, there may be an opportunity to expand the scope of our partnership and engage in further collaboration, such as providing education to the partner company’s engineers as “shared assets.”

### Donations for the 2024 Noto Peninsula Earthquake

We extend our deepest sympathies to everyone affected and displaced by the Noto Peninsula Earthquake that occurred in 2024. As part of our support for the people affected by the

earthquake, Artner made donations through the Central Community Chest of Japan. The Hokuriku area, home to universities and other educational institutions from which we regularly recruit, also has a long history of developing precision technology as a local industry. Our clients and Japan’s other leading precision machinery manufacturers are located in this region. We believe that the recovery of the Hokuriku area will help benefit Japan as a whole. We sincerely pray for the swift recovery of the affected regions.

### To Our Stakeholders

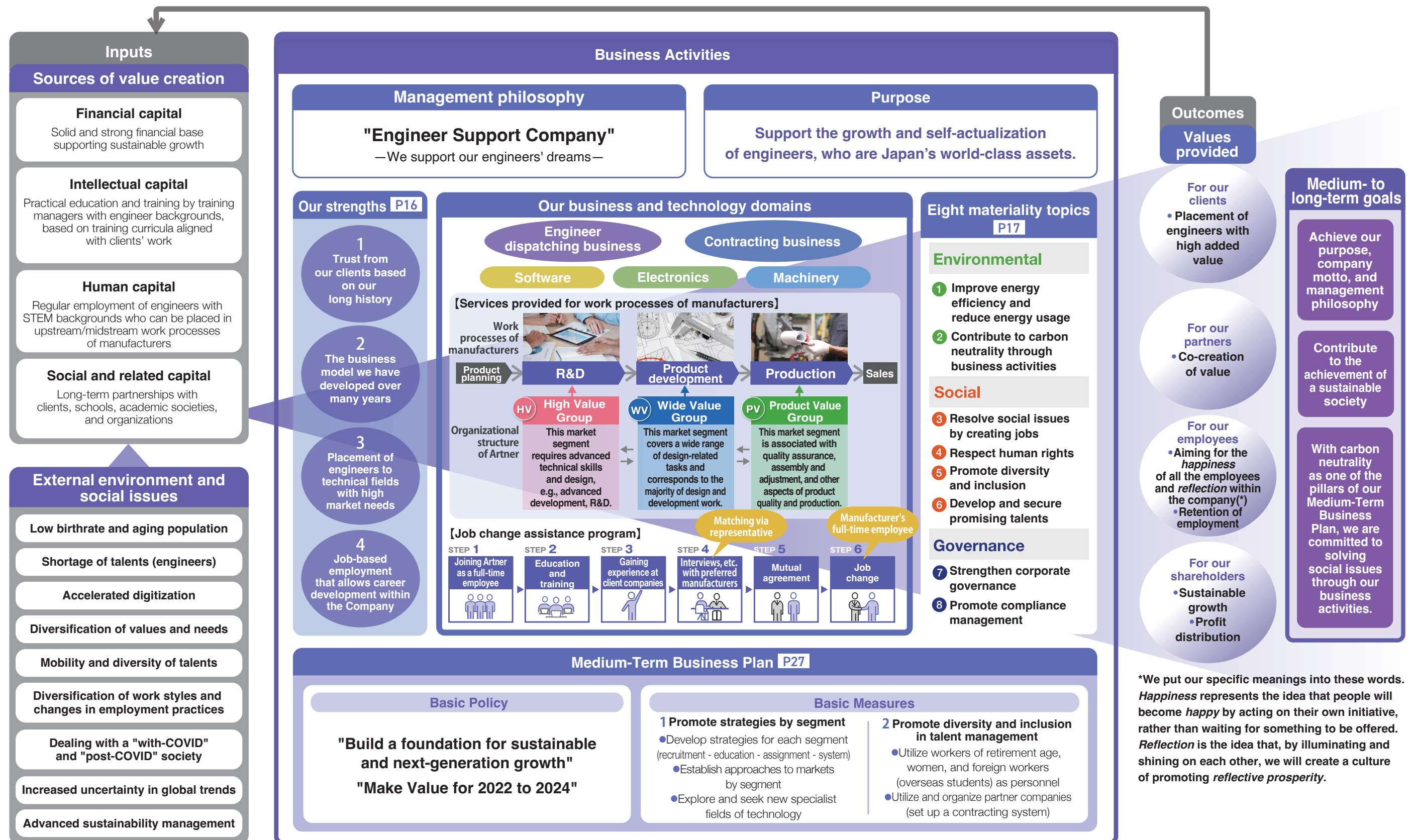
Our 60-year history has witnessed oil shocks and the global financial crisis of 2008. And then there was the COVID-19 pandemic. From these past experiences and history, we have learned that being able to adapt the business rapidly to societal changes is essential for a company to survive and persist. As we aim for our 100th anniversary, it is my role as the head of the Company to swiftly grasp the changes in client needs, shifts in employee preferences, and change in the market environment, and address them flexibly by discerning what must never change and what needs bold overhaul. We will continue to support our engineers and work to increase Artner’s value as a group of high value-added engineers. We appreciate your continued support and cooperation.





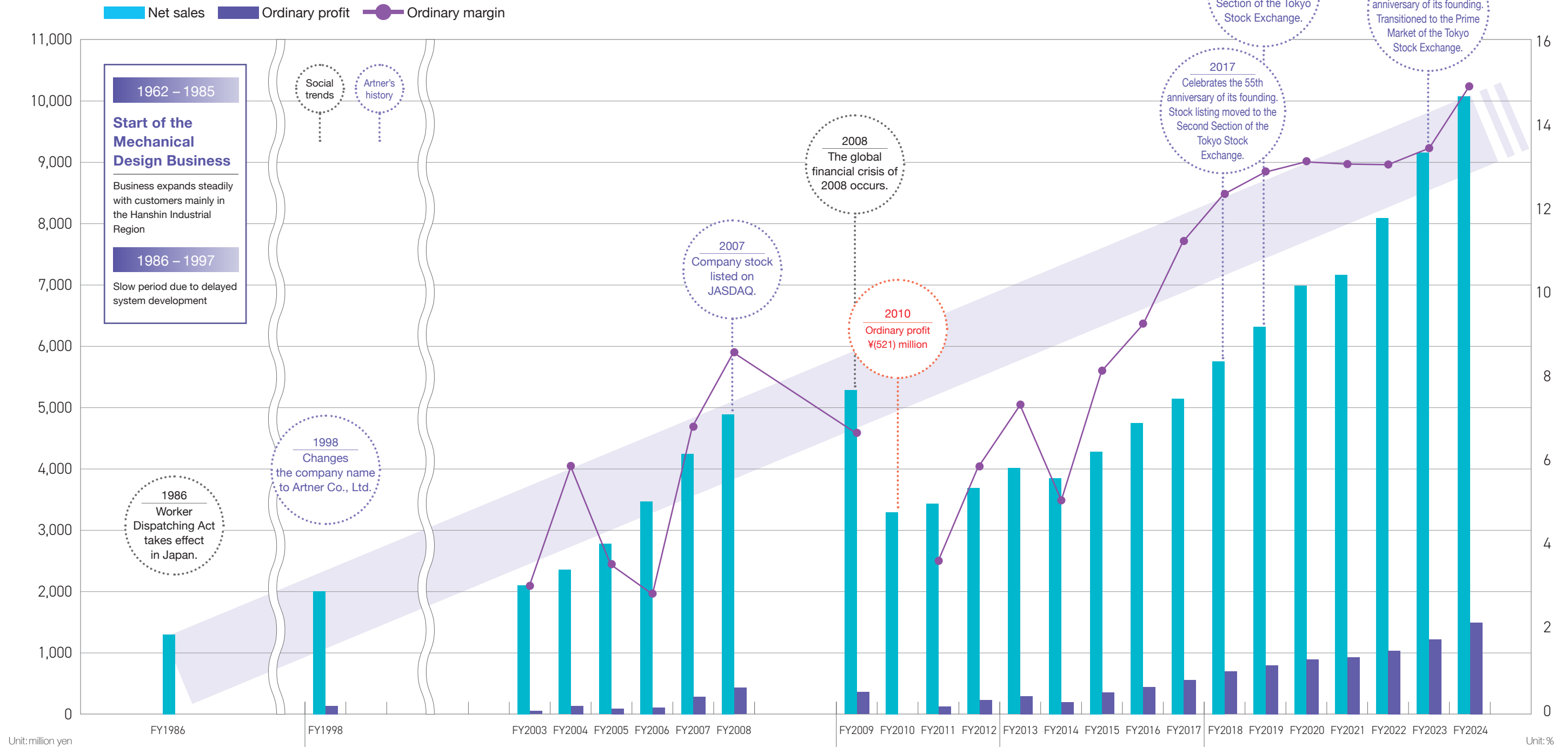
# Value Creation Process

Ever since a design firm was started by our founder, we have made continual changes in our mindset to cater to the evolving trends of the times, eventually developing our current business model as a technical service provider and creating value for engineers.



\*We put our specific meanings into these words. *Happiness* represents the idea that people will become *happy* by acting on their own initiative, rather than waiting for something to be offered. *Reflection* is the idea that, by illuminating and shining on each other, we will create a culture of promoting *reflective prosperity*.

## Growth Trajectory



1998 – 2008

## First business restructuring

- ◎ Focused human resources in the Engineer Dispatching Business
- ◎ 1998: Changes the company name to Artner Co., Ltd.
- ◎ 2000: Artner Five-Year Revitalization Plan
- ◎ 2007: Company stock listed on JASDAQ.
- ◎ 2008: The global financial crisis of 2008 occurs.

2009 – 2012

## Second business restructuring

- ◎ 2011: Reorganized into the Engineer Business Division (Utsunomiya, Yokohama, Nagoya, and Osaka), Hyper Artner Business Dept., etc.

2013 – 2017

## Revamped the business model to take the company to the next stage in anticipation of a full recovery from the global financial crisis of 2008

- ◎ 2013: Four business divisions established (Hyper Artner Business Division, Engineer Business Division, Engineer Agency Business Division, and Human Resources Business Division)

2018 –

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

- ◎ Promote strategies by segment
- ◎ Promote diversity and inclusion in talent management



## Cultivated Strengths

1



### Trust from our clients built on our long history

Founded in 1962 as a design and development firm, the Company grew by winning contract work for design and development from manufacturers in the Keihanshin region, which drove Japan's rapid economic growth. In our nearly 60-year history, we have succeeded in building trust with many client companies and accumulating a proven track record as a group of engineers with roots in design and development.

2



### The business model we have developed over many years

Even during the global financial crisis of 2008, not many engineers who were placed in the upstream work processes of manufacturers (R&D) experienced contract cancellations. As such, we decided to increase our engineers' upstream assignment ratio. To help us recruit excellent students who may be suited for upstream assignments, we have introduced internal programs based on the needs of engineers (e.g., job change assistance program, performance-based salary system, and limited area system).

3



### Placement of engineers in technical fields with high market needs

Our engineers' business fields are wide-ranging. At major companies in the automobile, home electronics, industrial equipment, medical device, and information and communications sectors, engineers participate in and provide a variety of technical services for cutting-edge projects, including eco cars such as electric vehicles (EVs) and fuel cell vehicles (FCVs), driver assistance technologies, racing cars, semiconductor lithography equipment, industrial robots, and system and application development.

4



### Job-based employment that allows career development within the Company

We employ talent with STEM backgrounds as regular employees in technical jobs and offer an environment where they can focus on honing their skills as engineers. We classify the work processes of our clients into three categories: R&D; product development; and production. Correspondingly, we have established three groups for each area (High Value Group, Wide Value Group, and Product Value Group). Engineers can move between these groups according to their preferences and competence and develop their careers within the Company.

## Sources of Value Creation

The Company has grown by staying attuned to societal changes and needs and contributing to solving social issues. In the course of this, we have accumulated various capital that is the sources of our current strengths. We will seek to strategically utilize and increase this capital and pursue further value creation.



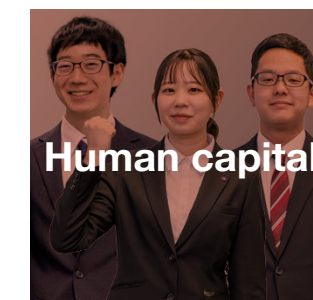
### Solid and strong financial base supporting sustainable growth

Equity ratio	Net assets	Cash flows from operating activities
<b>69.9%</b>	<b>4.27</b> billion yen	<b>1.12</b> billion yen



### Practical education and training by training managers with engineer backgrounds, based on training curricula aligned with clients' work

Percentage of training managers with engineer backgrounds	Average hours of annual training per employee (engineer)	Average cost of annual training per employee (engineer)
<b>100%</b>	<b>73.2</b> hours	<b>54,000</b> yen



### Regular employment of engineers with STEM backgrounds who can be placed in upstream/midstream work processes of manufacturers

Number of engineers	Percentage of engineers with STEM backgrounds	Engineers who can be placed in upstream/midstream work processes of manufacturers
<b>1,192</b>	<b>100%</b>	<b>88%</b>



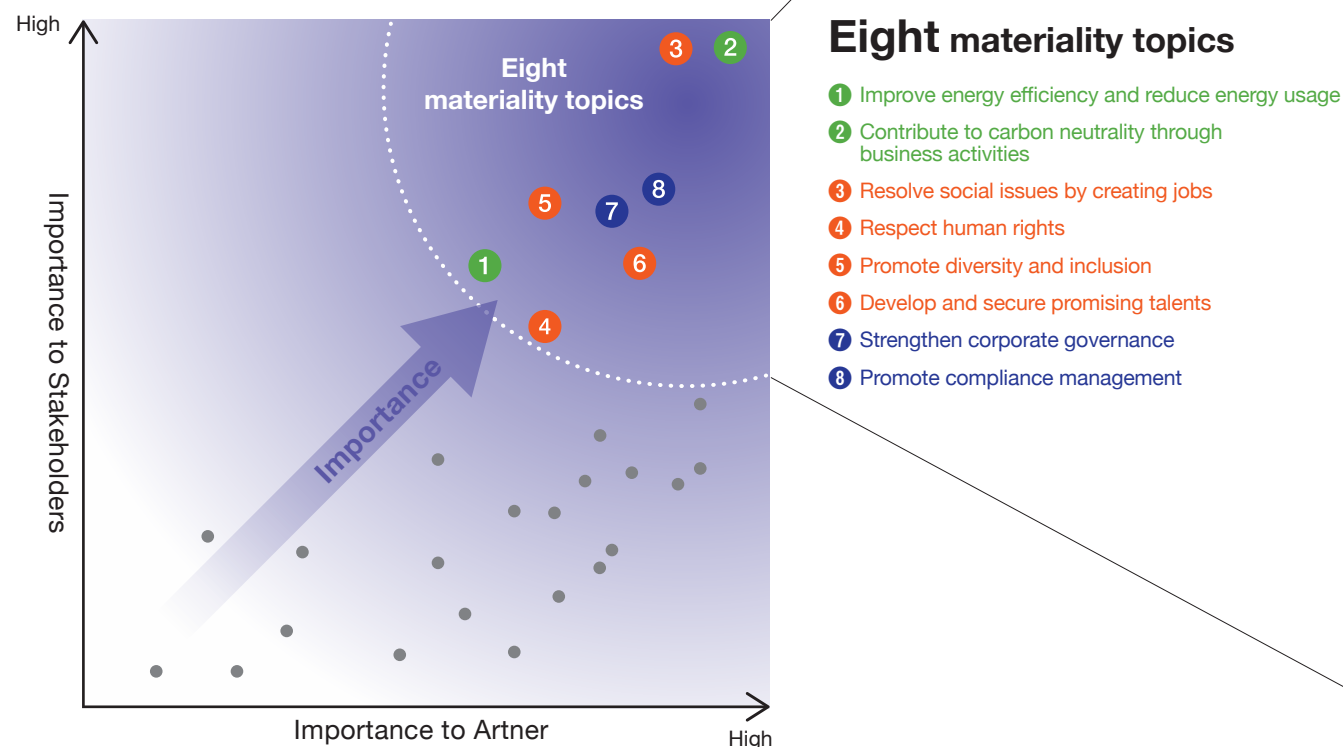
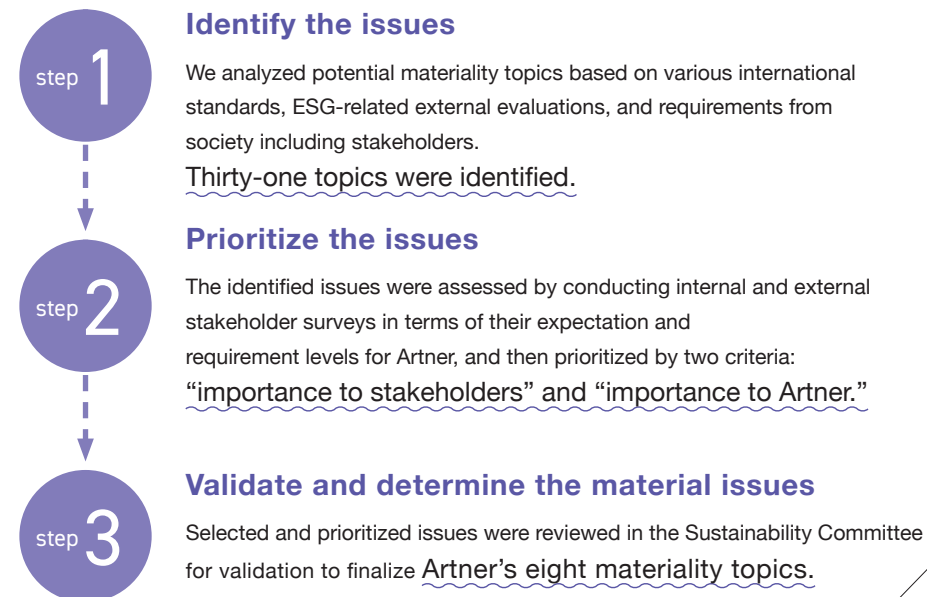
### Long-term partnerships with clients, schools, academic societies, and organizations

Transaction history	Schools from which we hired (graduate, undergraduate, junior college, technical, and professional schools)
Roughly <b>1,200</b> companies	Roughly <b>350</b> schools
Papers published	Part-time lecturing at universities by our training managers
<b>166</b>	<b>15</b> courses at 8 schools

## Materiality (Material Issues)

Considering stakeholder interests and social issues, as well as their impact on our business management, Artner has identified eight materiality topics that should be prioritized. Based on our understanding of the importance of the materiality topics we have identified, we are committed to engaging in effective management practices and business activities to resolve these issues.

### Identification Process of Materiality



### Related SDGs, Risks, and Opportunities

Through its business activities, Artner aims to help resolve social problems, thereby contributing to the realization of the UN’s Sustainable Development Goals (SDGs) for the world.



The Member States of the United Nations adopted the Sustainable Development Goals (SDGs) in September 2015. The aim of the SDGs is to achieve 17 goals by 2030 with a view towards ending all forms of poverty, fighting inequalities, and tackling climate change while ensuring that no one is left behind.

Category	ID	Item	Related SDGs	Risk	Opportunity
Environmental	1	Improve energy efficiency and reduce energy usage	13 CLIMATE ACTION	•Declining reputation and technological obsolescence if we are slow to respond	•Increasing demand for dispatch of related engineers due to a growing need to adapt to a decarbonized and recycling society
	2	Contribute to carbon neutrality through business activities	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	•Increasing risk of extreme weather and natural disasters caused by climate change •Increasing costs due to stricter environmental regulations, etc.	•Increasing funding from ESG investors
Social	3	Resolve social issues by creating jobs	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	•Increasing competition and costs in the talent acquisition market •Declining quality of talent and labor productivity •Declining reputation associated with human rights issues	•More opportunities to acquire excellent talent •Innovation creation through diversity •Higher employee motivation •Contributing to the realization of a sustainable society
	4	Respect human rights	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES		
	5	Promote diversity and inclusion	5 GENDER EQUALITY 10 REDUCED INEQUALITIES		
	6	Develop and secure promising talents	4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS		
Governance	7	Strengthen corporate governance	-	•Loss of social trust and deterioration of enterprise value due to violation of laws and regulations or corporate behavior that deviates from social norms	•Establishing a stable business foundation through more transparent decision-making and appropriate responses to changes
	8	Promote compliance management	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	•Increasing funding costs	•Strengthening relationships with diverse stakeholders •Increasing funding from ESG investors



Segment Overview

Your technical partner contributing with technological innovation and promotion in the core industrial technology fields of software, electronics, and machinery.

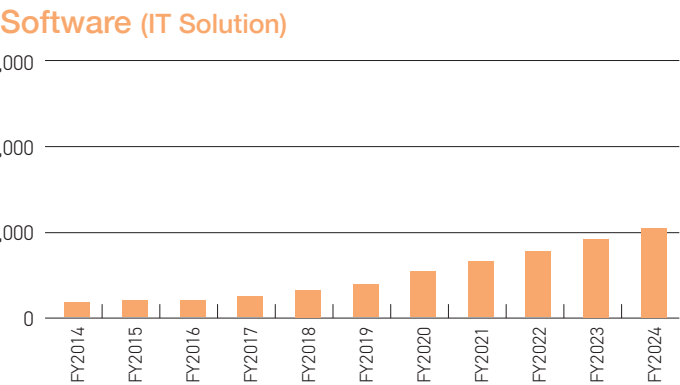
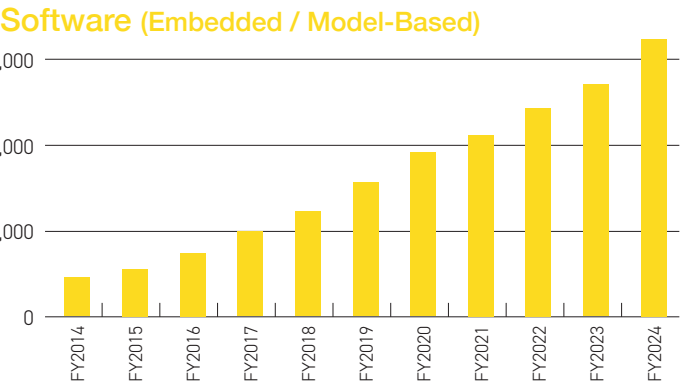
Software Net Sales Ratio 42.2%

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

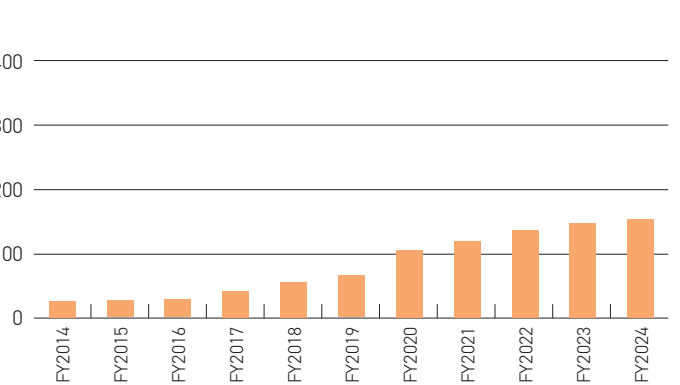
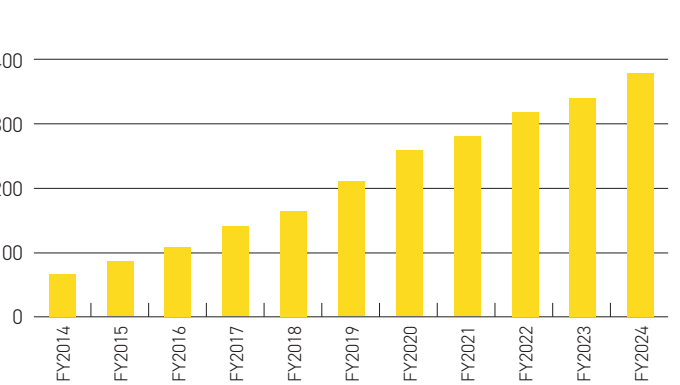
Design areas include Embedded (software development for control systems to be embedded in machinery and equipment), IT Solution (software development for network systems to be used with PCs, tablet devices, and servers), and Model-Based (upstream processes such as preliminary research based on models as well as requirement definition and design during the development phase in new development projects).



Trends in Net Sales by Technology Field Unit: million yen



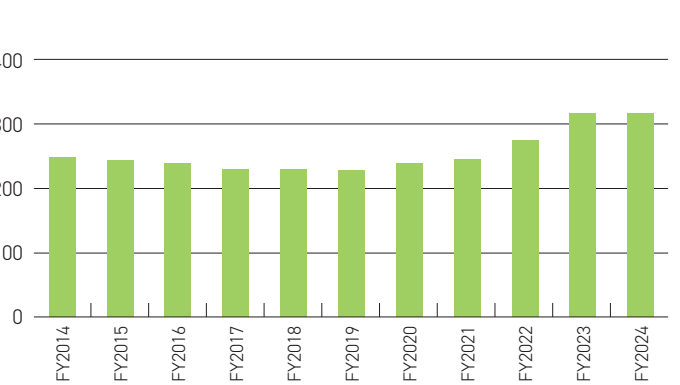
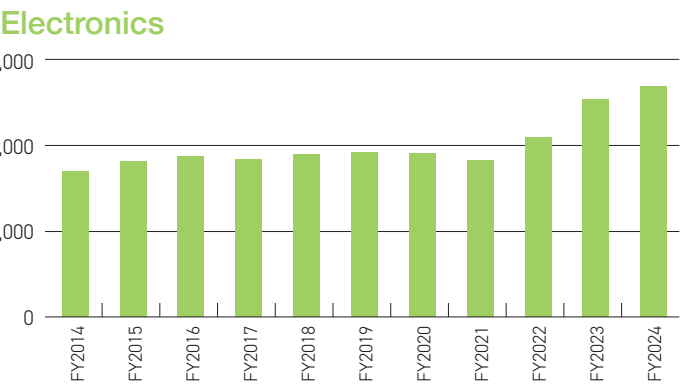
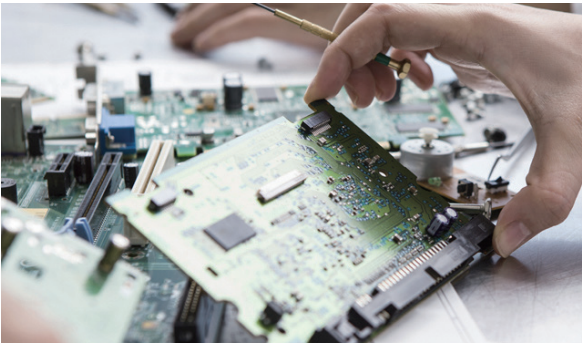
Trends in number of engineers Unit: people



Electronics Net Sales Ratio 26.4%

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

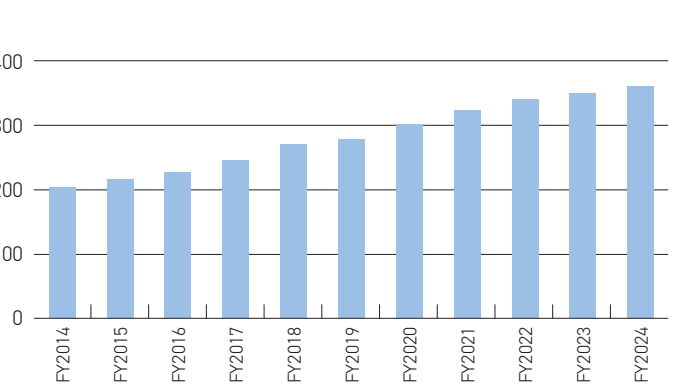
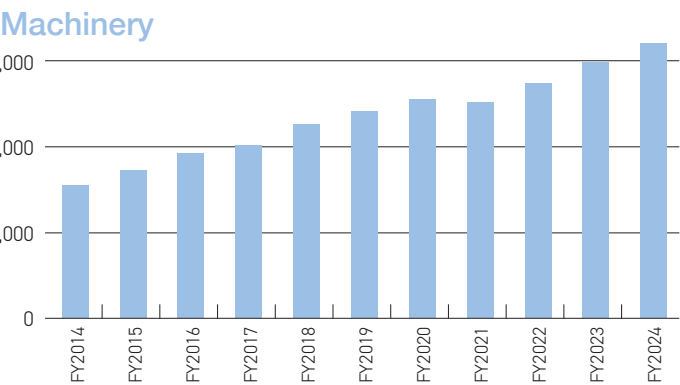
Design areas include Electrical Equipment (electrical design, production facilities, and relevant technologies), Electronic Circuits (electronic circuit design for printed circuit boards), and Electronic Devices (development of integrated circuits and individual electronic devices, and design of peripheral circuits).



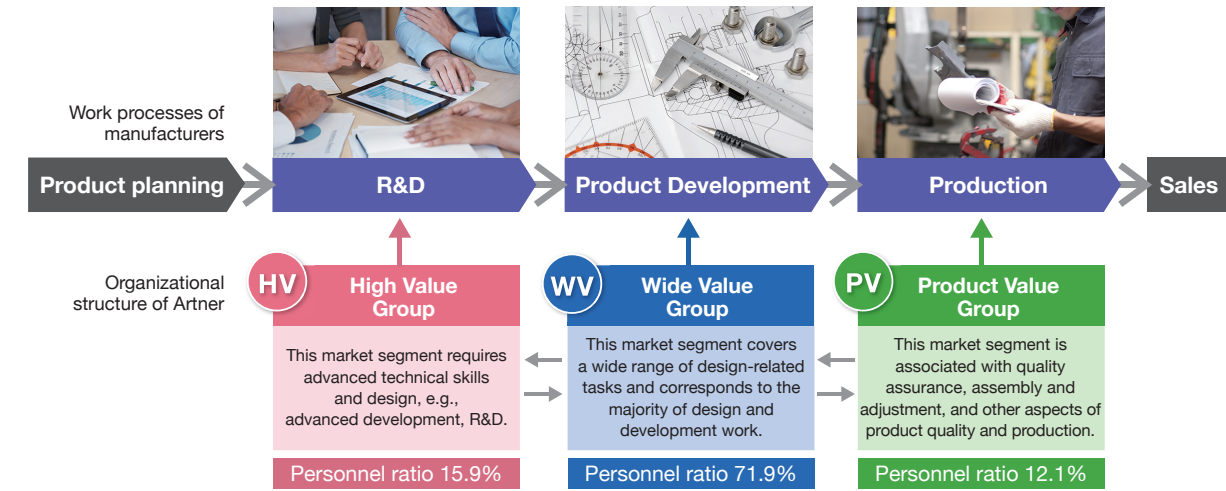
Machinery Net Sales Ratio 31.5%

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

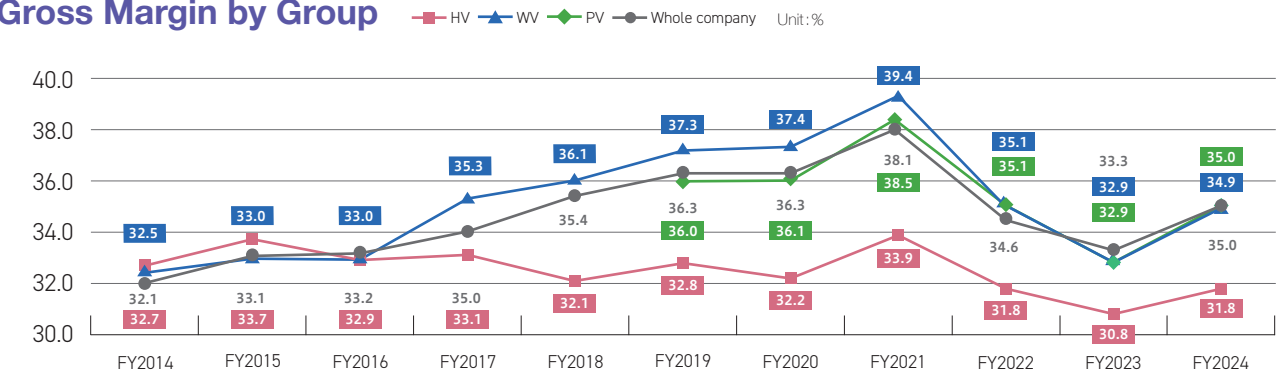
Design areas include Drive Systems (development of mechanisms for generating, converting, storing, and transmitting energy), Mechanisms (development of mechanisms for production facilities and equipment), and Structures and Materials (design of products in various formats, formulation of structures and housings, and development of new materials).



Artner's Groups Handling the Work Processes of Manufacturers

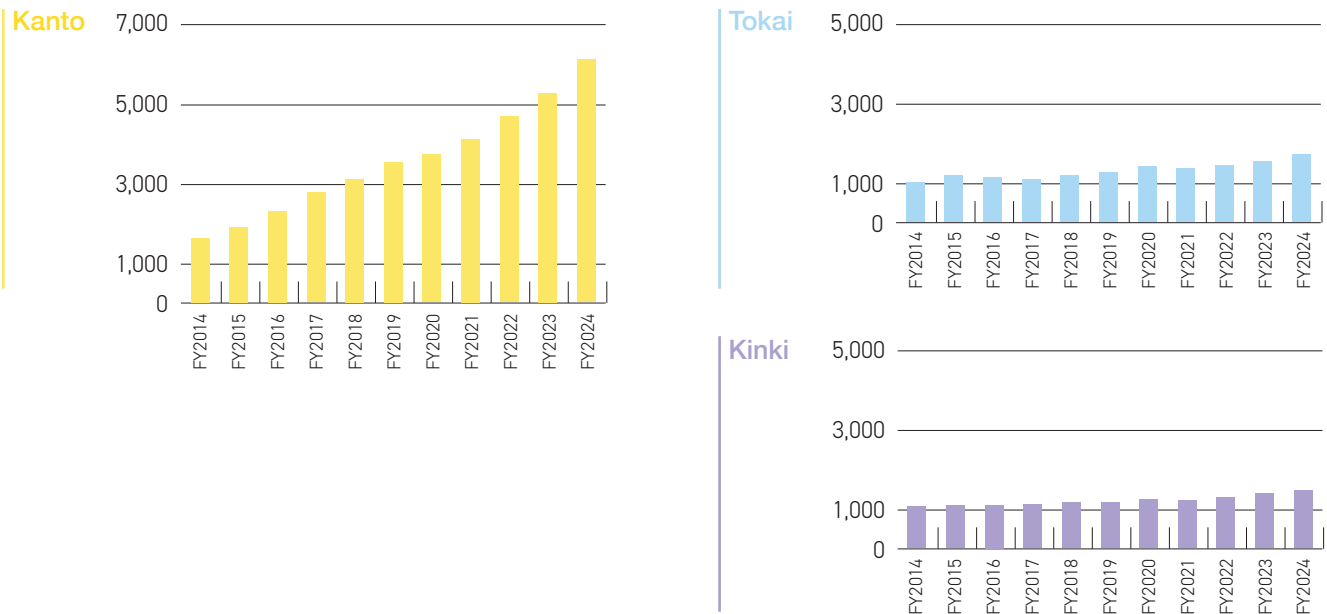


Gross Margin by Group



Trends in Net Sales by Region

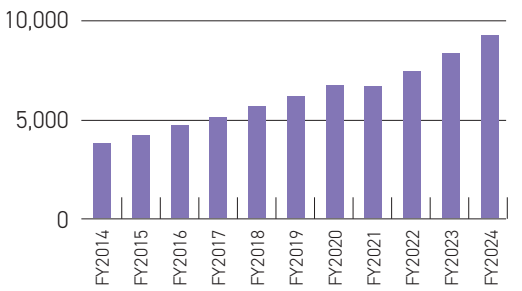
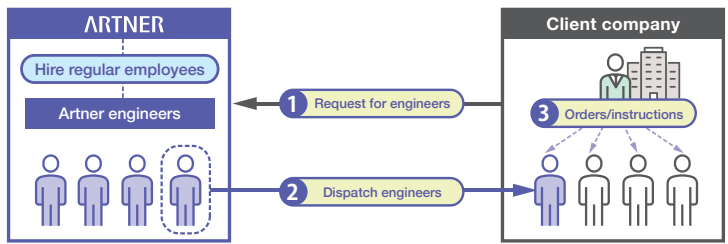
Unit: million yen



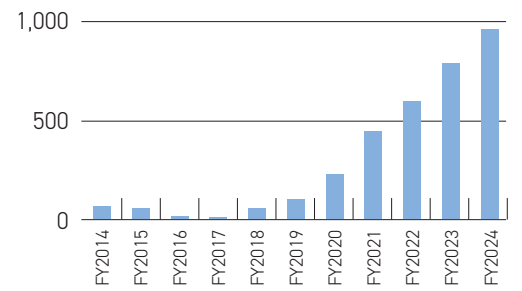
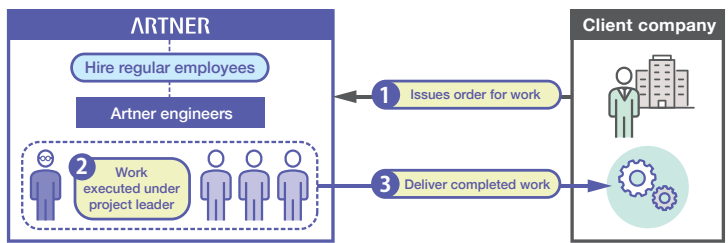
Trends in Net Sales by Business

Unit: million yen

Engineer Dispatching Net Sales Ratio 90.2%



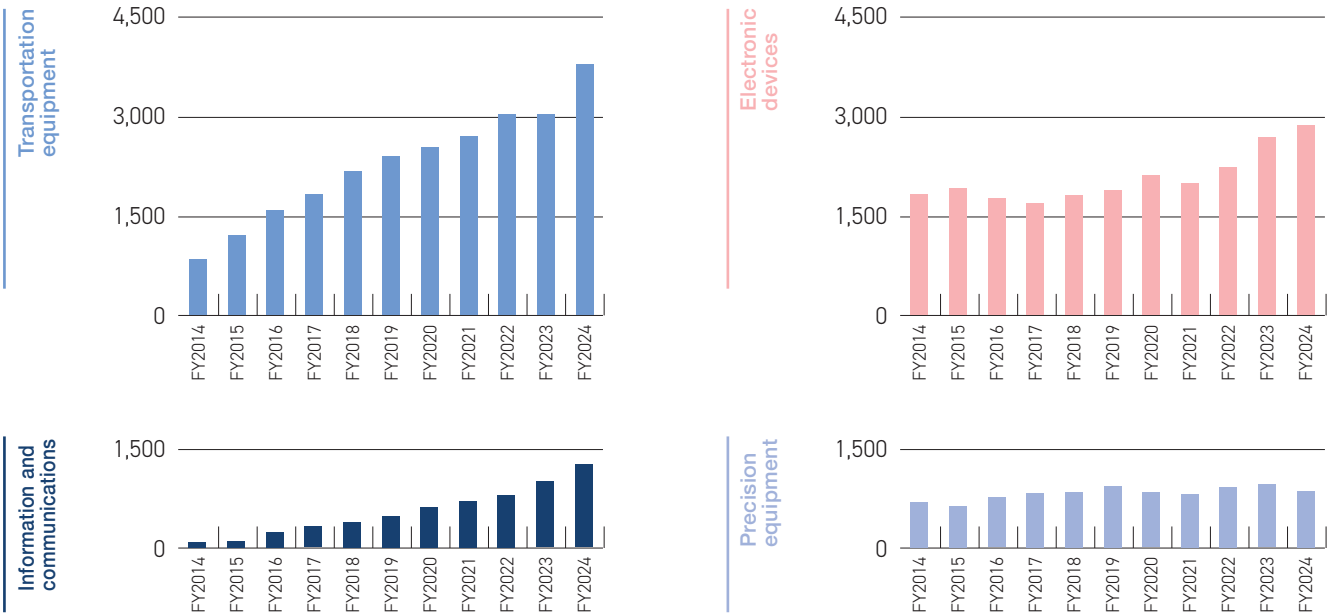
Contracting Net Sales Ratio 9.3%



Other Net Sales Ratio 0.5%

Trends in Net Sales by Industry Field

Unit: million yen





Interview with Our Chief Financial Officer (CFO)

We will establish  
a stable financial base and  
increase our enterprise  
value continuously.

HARIGAE Tomonori  
Chief Financial Officer (CFO)



Record-high Income in the Fiscal Year Ended  
January 31, 2024

In the fiscal year ended January 31, 2024, growing demand in the aftermath of COVID-19 contributed to record-high financial results, posting record-high net sales of ¥10,110 million (up 9.4% year-on-year). Profit in FY2024 also set a new record at ¥1,051 million (up 17.5% year-on-year). As a result, operating cash flows and free cash flows increased steadily to ¥1,126 million and ¥1,121 million, respectively. Additionally, earnings per share (EPS) reached ¥98.99, with a compound annual growth rate (CAGR) of 18.7% over the three-year period starting from the fiscal year ended January 31, 2021.

The Medium-Term Business Plan's  
Financial and Capital Strategy

In our Medium-Term Business Plan, we have set the following business targets: net sales of ¥11.6 billion; an operating margin of 14.0%; over 1,600 engineers; and a return on equity (ROE) of over 20%.

In the engineer dispatching business, our main business, the following indicators are used. Net sales: the amount calculated by the number of operative personnel (number of engineers × utilization rate) × unit price of engineers × total work person-hours; cost of sales: labor costs for engineers assigned to our clients; and selling, general and administrative (SG&A) expenses: labor costs for engineers undergoing in-house training (standby status) and labor costs for other staffers. Thus, “number of engineers,” “utilization rate,” and “unit price of engineers” constitute our key management indicators.

To improve the future gross margin, it is essential to increase the unit price per engineer. We will aim to increase the unit price of engineers by enhancing their added value, such as through strengthening our training programs and offering extensive career support. We will also improve the operating margin by improving administrative efficiency, thereby minimizing the addition of administrative staff associated with the increase in engineers and suppressing the increase in the SG&A expense ratio.

We will continue to work toward realizing our Medium-Term Business Plan targets of increasing the number of engineers to 1,600 and maintaining a high utilization rate, unit price of engineers, and total work person-hours. By doing so, we will endeavor to grow net sales to ¥11.6 billion, and through appropriate management of the recruitment cost ratio relative to net sales, achieve an operating margin of 14.0%.

For Improving Capital Efficiency

Given that the Company has no borrowings and has a high equity ratio, we attach importance to the cost of shareholders’

equity. We are mindful to keep the cost of shareholders’ equity at approximately 8% in managing our business. Whereas our Medium-Term Business Plan ROE target is of over 20%, we achieved an ROE of 25.3% in the fiscal year ended January 31, 2024, surpassing the cost of shareholders’ equity and realizing high capital efficiency.

Going forward, we will continue to increase profit, the numerator of ROE. As for equity, the denominator, we intend to return profits as dividends while considering the balance with retained earnings.

Cash Allocation and Shareholder Returns

For sustainable growth, we strive to ensure stable cash flows and efficient capital allocation. We aim to hold approximately three months’ worth of monthly net sales as cash on hand and reserve any surplus funds for future growth opportunities.

While our business model requires some initial investment, including personnel expenses until newly graduated engineers are operational, it does not necessitate significant capital investments. We believe that using surplus funds to finance some of the M&As will help us to adapt swiftly to various industry restructurings and strengthen our competitiveness.

In terms of profit distribution, we comprehensively consider future business developments, earnings, the management environment, as well as the strengthening of our management foundations, and positions the supply of stable dividends to our shareholders as top-priority management tasks. Accordingly, we have agreed to consider a payout ratio based on 50%. 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.

The Total Shareholder Return (TSR) \*has been as follows.

Highly Transparent and  
Trustworthy Financial Management

As a company listed on the Prime Market of the Tokyo Stock Exchange, Artner is committed to managing and disclosing our management indicators appropriately, striving for transparent and trustworthy financial management to earn and maintain trust from our stakeholders. To this end, we consider it critical to focus on upgrading our management systems and improving business processes, as well as executing proper management of our financial figures and contributing to the Board of Directors’ decision-making.

We will continue to make efforts to improve our margins and capital efficiency, always conscious of generating cash, allocating cash, and returning value to our shareholders. Moreover, by differentiating ourselves from our competitors in financial management, we will aspire to achieve sustainable growth and increase our enterprise value.

	FY2020	FY2021	FY2022	FY2023	FY2024
*TSR (Total Shareholder Return) (%)	91.8	98.3	102.7	123.1	262.9
Comparison index: TOPIX total return index (%)	110.2	121.2	129.7	138.8	183.9



Review of the Medium-Term Business Plan to Date

Background to the Medium-Term Business Plan

In order to secure outstanding talent in a fiercely competitive environment, it is essential to build a business model that will resonate with engineers and students. Better recruitment is the gateway to success in all aspects of our business.

〈Basic Policy〉

Revamped the business model to take the company to the next stage in anticipation of a full recovery from the global financial crisis of 2008

FY2014 – FY2016

Establish four business divisions in February 2013

- Hyper Artnr Business Division
- Engineer Business Division
- Engineer Agency Business Division
- Human Resources Business Division

Results

- Raised the recruitment criteria to improve the quality of our engineers.
- Shifted the projects in which our engineers participate at client companies to higher-level stages.
- Improved the unit price of newly graduated engineers on their first placement. Steadily revised the unit prices of engineers across the entire company.
- The gross profit per engineer recovered to levels prior to the global financial crisis of 2008 and reached new record highs.

	(Final year target)	(Final year result)
Net sales	¥6 billion	¥4.7 billion
Operating margin	10%	9.1%
Number of engineers	800	601

For the next Medium-Term Business Plan

If we can increase the scope of work handled by our engineers at client companies from downstream to midstream and upstream processes and raise the unit price of engineers, the Company will be less affected by fluctuations in the economy. To further improve business performance, we will increase the overall number of engineers while maintaining the quality of our current engineers.

FY2016 – FY2018

Improve the skill level of all engineers

To promote the assignment of our engineers to upstream business areas where the unit price of engineers is likely to be higher, we will create segment-specific educational programs and training curricula for each business field to improve the skill level of all engineers.

Results

- Exceeded our target operating margin as a result of assigning more engineers to upstream business areas and increasing the unit price of engineers.
- The turnover rate fell as engineers felt more attracted to the Company due to the renewal of our business model (establishment of four business divisions).

	(Final year target)	(Final year result)
Net sales	¥6 billion	¥5.7 billion
Operating margin	10%	11.8%
Number of engineers	800	716

For the next Medium-Term Business Plan

Since we did not achieve our net sales target mainly due to our failure to reach our target number of engineers, we will incorporate strategic measures to secure engineers into the Basic Measures section of the next Medium-Term Business Plan.

Background to the Medium-Term Business Plan

In order to meet the needs of client companies and cater to increasingly diverse business areas in manufacturing processes, we will organize the Company into three segments so that we can supply engineers with a high match rate to our clients. We will also expand the contracting business with the aim of actively utilizing workers of retirement age, former female engineers, and foreign workers (including overseas students), increasing the percentage of such personnel to 10%.

〈Basic Policy〉

Build a foundation for sustainable and next-generation growth

FY2019 – FY2021

1. Promote strategies by segment

- Develop strategies for each segment (recruitment – education – assignment – system).
- Establish approaches to markets by segment.

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).

Results

- Business performance showed steady growth in both sales and profit.
- Because we did not reach the target number of engineers, insufficient progress was made on our Basic Policy, “Build a foundation for sustainable and next-generation growth.”

	(Final year target)	(Final year result)
Net sales	¥7.5 billion	¥7.1 billion
Operating margin	12.5%	12.4%
Number of engineers	1,000	971

For the next Medium-Term Business Plan

- Continue the Basic Policy and Basic Measures.
- Add “Explore and seek new specialist fields of technology” to the implementation measures.

FY2021 – FY2023

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).

Results

- Business performance showed steady growth in both sales and profit.
- Further improved our operating margin.

	(Final year target)	(Final year result)
Net sales	¥10 billion	¥9.2 billion
Operating margin	12.5%	12.9%
Number of engineers	1,300	1,157

For the next Medium-Term Business Plan

- Continue the Basic Policy and Basic Measures.
- Add “Explore and seek new specialist fields of technology” to the implementation measures.



# Medium-Term Business Plan (FY2023 to FY2025)

Basic Policy

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

### Make Value for 2022 to 2024

Basic Measure

#### 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 CO<sub>2</sub> 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

##### 〈Activities〉

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%

### Medium-Term Business Plan Correlation Diagram of Earnings and Sales Targets

### and Key Indicators \* □⇒□□ (FY2023) ⇒ (FY2025) figures

#### ■ Number of Engineers

Number of new graduates	130 ⇒ 220 (up 69.2%)
Number of career hires	50 ⇒ 200 (up 300%)
Turnover rate	9.6% ⇒ 8.3% (down 1.3 pt)

#### ■ Net Sales

Number of engineers	1,157 ⇒ 1,600 (up 38.36%)			
×				
Utilization rate	×	Unit price of engineers	×	Total work person-hours
↓				
¥ 9.2 billion ⇒ ¥ 11.6 billion (up 26.1%)				

#### ■ Gross Margin

Share of engineers placed in carbon neutrality projects among all engineers	46.1% ⇒ 50.0%
Increase the unit price of engineers by approximately 10% compared to other projects	
33.3% ⇒ 37.6% (up 4.3 pt)	

#### ■ Operating Margin

Recruitment cost	¥ 320 million ⇒ ¥ 660 million
Ratio of recruitment cost to net sales	3.5% ⇒ 5.7% (up 2.2 pt)
12.9% ⇒ 14.0% (up 1.1 pt)	

Numerical Business Targets ■ ROE **20% or more** ■ Payout ratio **50% or more**

# Sustainability Management









## Basic Policy

Artner’s basic approach to promoting sustainability activities is to support the growth and self-actualization of our engineers based on our management philosophy of being an “Engineer Support Company that supports our engineers’ dreams,” while seeking to maximize enterprise value, contribute to the resolution of social issues through our business activities, and build a foundation for sustainable growth and growth for the next generation. Based on this approach, we have established the following Basic Sustainability Policy as well as a human rights policy, procurement policy, and other policies to clarify the principles and direction of our corporate activities. In

addition, considering stakeholder interests and social issues, as well as their impact on our business management, we have identified eight materiality topics (material issues) that should be prioritized and are engaging in effective management practices and business activities to resolve these issues. To ensure that our sustainability initiatives are accessible to all stakeholders, we provide information in our Annual Report, on our sustainability website, and through other means.

### < Basic Sustainability Policy >

Cultivating people	To foster engineers to support manufacturing industries.
Employee happiness	To provide a workplace environment that makes the work of all employees meaningful and fulfilling.
Corporate governance	To sustain and develop positive relationships with all stakeholders, while strictly abiding by all applicable laws and regulations.
Contributing to society	To make a positive contribution to society through business, to help build a better and more prosperous world.

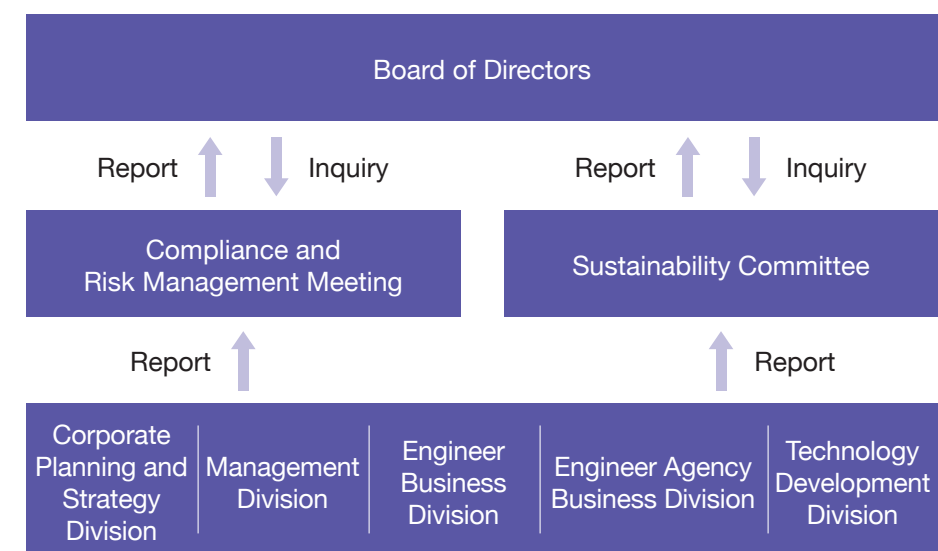
ESG	Basic policy	Related SDGs	Measures
Environmental		 	Providing personnel for technical development of eco cars
Social	Cultivating people	 	Providing personnel to support technical development of medical equipment
			Programming classes for elementary school students
			Helping employees to upgrade their skills through training and education
			New employee training to support career development
			Support system for earning qualifications
	Employee happiness	 	Mental health care for employees
			Improving the employment environment to promote active participation of women
			Diversity and LGBTQ+ initiatives
			Establishing a diversity promotion office
			Ensuring diversity and equal opportunity in employment
Governance	Corporate governance	 	Active hiring of people with disabilities
			Initiatives to clean public spaces
			Elimination of anti-social forces and measures to combat organized crime groups

## Governance

Artner sees sustainability issues, including social and environmental issues such as the recent SDGs and ESG, as key management issues, and has established the Sustainability Committee to serve as a structure to promote sustainability management. Under the direct supervision of the Board of Directors, the Committee is responsible for establishing sustainability policies, targets, and action plans, managing and

evaluating progress toward these targets, deliberating on individual measures, and reporting to the Board of Directors. The Committee, chaired by the President and CEO, is composed mainly of Directors who are not members of the Audit and Supervisory Committee, Directors who are members of the Audit and Supervisory Committee, and division heads and managers, and is held four times a year.

### < Structure for Promoting Sustainability >



## Strategy

Considering stakeholder interests and social issues, as well as their impact on our business management, we have identified eight materiality topics (material issues) that should be prioritized. Based on our understanding of the importance of the materiality topics we have identified, we will engage in effective management practices and business activities to resolve these issues.

## Risk Management

In addition to clarifying the system for the overall management of various risks, we classify and define each business risk by type and have the department in charge of each type of risk monitor and analyze the risk situation. We also have a system in place for the overall management of various types of risks through the Compliance and Risk Management Meeting, where we clarify and monitor the management and countermeasures for each type of risk.

## Indicators and Targets

We have categorized the eight materiality topics (material issues) into three areas (Environment, Social, and Governance), and set and monitor KPIs and targets for each issue. These indicators and targets are deliberated on and evaluated by the Sustainability Committee, then reported to the Board of Directors by the President and CEO, who chairs the Sustainability Committee. We review these materiality topics (material issues), indicators, and targets as necessary, based on the business environment and awareness of the issues.

\*For materiality (material issues) KPIs, targets, and results, see “Non-financial Data (KPIs, Targets, and Results)” on pages 61 and 62.

Climate Change (Information Disclosure Based on TCFD Recommendations)

We disclose information in accordance with the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).



Basic Policy

In recent years, our social environment has continued to change on a global scale, and addressing social issues, such as initiatives based on the recommendations of the TCFD, has become an important item on the management agenda. We regard addressing climate change as a material issue and have made carbon neutrality a pillar of our business activities in our new Medium-Term Business Plan (FY2023–FY2025). We will continue to strategically prioritize markets linked to carbon neutrality, such as electric vehicle (EV), fuel cell vehicle (FCV), automated driving, and semiconductor-related markets, and will focus on recruitment, education, and sales for these markets. Moreover, by having our engineers participate in carbon neutrality-related technology development projects such as these, we will advance the development of these technologies and support their widespread use in the market, thereby contributing to the realization of carbon neutrality. In July 2022, we announced our support for the recommendations from the TCFD. We will disclose information in a manner consistent with the recommendations published by the TCFD, with the aim of achieving a sustainable society.

Governance

As we have rated climate change as a high-priority issue, we have established the Sustainability Committee as a special committee for discussing sustainability-related issues including climate change. This Committee is established directly under the Board of Directors, and reports and submits the topics it discusses to the Board, which then deliberates and makes decisions on them. The content of such discussions will be disclosed externally and reflected in the Company’s management policies and various initiatives. The main members of the Committee consist of Directors who are not members of the Audit and Supervisory Committee (including the President and CEO), Directors who are Audit and Supervisory Committee members, as well as division heads and managers. The Committee is held four times a year. The Committee promotes and manages the status of sustainability issues and initiatives, including those related to climate change. The topics deliberated in the Committee are reported to the Board of Directors. The Board then deliberates and adopts the resolutions on important risks and opportunities related to

climate change, gives instructions on how to deal with them, and supervises the progress of such initiatives.

Strategy

As our social environment continues to change on a global scale, we believe that dealing with social issues, such as initiatives based on the recommendations from the TCFD, is an important managerial agenda.

Risk Management

At the Compliance and Risk Management Meeting, we identify risks that need to be addressed among various risks such as climate change, set priorities for responding to such risks, and manage progress on an ongoing basis. The topics discussed in the Meeting are reported and submitted to the Board of Directors, which then deliberates and makes decisions on such topics.

Indicators and Targets

We calculate our greenhouse gas (GHG) emissions as shown below. Our goal for FY2051 is to achieve net zero GHG emissions. (Reduce CO2 emissions by 22.6t by FY2025, compared with FY2021 levels)

Greenhouse gas (GHG) emissions (Scope 1 and Scope 2) Unit: tCO2						
Description	Target		Result			
	FY2051	FY2025	FY2021	FY2022	FY2023	FY2024
Scope 1 Use of fuel for rental cars	Net zero	86.0	26.1	18.0	11.4	7.5
Scope 2 Use of electricity at our locations			82.5	79.3	79.9	91.2
Total			108.6	97.3	91.3	98.7

\*Scope 3 emissions are currently being calculated.

<Our Response to Risks and Opportunities>

Artner conducts scenario analysis by identifying key risks and opportunities related to climate change and carrying out qualitative assessments of their impacts. We included our main business area of engineer dispatching while using two scenarios (4°C scenario and combined 1.5°C and 2°C scenarios) to examine the impact of climate change in the year 2030. We extracted risks and opportunities, and the degree of impact on our business activities was evaluated on a three-point scale of large, medium, and small. Regarding the financial impact of climate change on our business, we consider the risk of climate change to be low, as we are primarily engaged in engineer dispatching services in Japan and do not need to own production facilities or other equipment.

<Timeframe> Short-term: Impact is apparent in less than 3 years; Medium-term: Impact is apparent in 3 years to less than 10 years (up to around 2030); Long-term: Impact is apparent in 10 years or later  
<Evaluation> Based on financial impact - Large: Impact is clearly large; Medium: Degree of impact is unknown; Small: Impact is clearly small; Gray: Assumed to have no impact

Risk item			Business impact		Business impact		Response	
Large category	Medium category	Small category	Consideration: risks	Evaluation (risks)	Consideration: opportunities	Evaluation (opportunities)	Ongoing efforts	Examples of our response to risks
Transition (1.5°C and 2°C scenarios)	Technology	Advances in low-carbon technologies	Our main customers are in the automotive industry, which requires us to provide engineers who can develop products related to low-carbon technologies. If we are slower than our competitors to respond to these technologies, our engineers' skills may be considered obsolete and the demand for the dispatch of engineers may shrink, resulting in decreased sales. If new technologies need to be incorporated, costs for information gathering and training may increase.	Large	A low-carbon society may be promoted, which will lead to an increase in the demand for products using low-carbon technologies. In such a case, our sales may increase due to an increased demand for the dispatch of engineers to our existing clients and new clients.	Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers	Capture demand for the development of low-carbon products such as EVs and other low-carbon vehicles, as well as energy-saving and renewable energy equipment, etc.
	Market	Change in demand for important products	Our main customers are in the automotive industry, which requires us to provide engineers who can develop products related to low-carbon technologies. If we are slower than our competitors to respond to these technologies, our engineers' skills may be considered obsolete and the demand for the dispatch of engineers may shrink, resulting in decreased sales. If new technologies need to be incorporated, costs for information gathering and training may increase.	Medium	Since the Company's main customers belong to the automotive industry, actively attracting engineers who can deal with the design and development processes that support the shift to zero-emission vehicles (ZEVs) may lead to increased demand for the dispatch of engineers, which could result in higher sales. The advancement of low-carbon technologies has accelerated the speed of development of the low-carbon business. Enhancing our recruitment and training systems as well as our services to meet the increasing number of requests from clients could lead to increased sales. If extreme weather conditions increase, along with a rising demand for seasonal products such as air conditioning products that can deal with higher/lower outdoor temperatures, this may lead to the manufacturers' increased demand for the development of HVAC equipment, resulting in growing demands for the dispatching of engineers and increased sales.	Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers	
	Reputation	Change in reputation from customers	The momentum for decarbonization is growing throughout the supply chain. Clients may require their suppliers to reduce emissions and disclose relevant information. In particular, the automotive industry, which accounts for a major part of our customer base, is making much progress in this area than other industries. If our efforts are deemed insufficient, there is a risk that our reputation will be damaged, leading to a decrease in sales. In addition, significant costs may be required to address these issues.	Large	As the entire supply chain of the automotive industry is making an effort to reduce emissions, if we become recognized as a leader in addressing climate change issues, this could lead to increased sales.	Large	Disclosed in Medium-Term Business Plan Participate in the automotive industry, etc., our main customers	Contribute to the development of customers' low-carbon products by dispatching engineers with low-carbon skills. Acquire new clients by strengthening the low-carbon skillsets of our engineers
Physical impact (4°C scenario)	Acute	Intensifying extreme weather events (typhoons, torrential rains, landslides, storm surges, etc.)	If our clients are adversely affected by increased natural disasters causing operation downtime, etc., our sales may decrease due to reduced demand for engineers as a result of R&D budget cutbacks. Also, in the event that our offices and training facilities are affected by such disasters, costs for recovery and relocation may be incurred.	Large		—	Disaster Prevention Manual	Formulate a BCP in preparation for the potential occurrence of natural disasters
	Chronic	Increased average temperature	Rising average temperatures will increase the use of air conditioning, which may increase costs at all our business and training facilities.	Small	If rising outdoor temperatures increase the need for safer and more comfortable indoor temperatures, the manufacturers' demand for developing HVAC equipment will increase, which may result in an increased demand for the dispatching of our engineers and increased sales.	Medium	Disclosed in Medium-Term Business Plan Participation in the automotive industry, etc., for major customers	Respond to the growing demand for the development of air conditioning products



# Human Capital

## Basic Policy

Artner's Management Philosophy is "Engineer Support Company: We support our engineers' dreams," and our Purpose is to "support the growth and self-actualization of engineers, who are Japan's world-class assets." As they embody, we have promoted our business as a corporation that exists for the sake of engineers' growth while always asking ourselves what we can do for them. We believe that creating value for the engineers themselves will, in turn, create value for Artner. We also believe that talent is our greatest business asset, and that talent development and organizational development are key areas essential to the Company's growth.

## Governance

Artner has established a Sustainability Committee to maximize the value of our human capital. The Committee is composed mainly of Directors who are not members of the Audit and Supervisory Committee (including the President and CEO), Directors who are Audit and Supervisory Committee members, as well as division heads and managers. The Committee is held four times a year. At each meeting, the members hold discussions to promote and manage the progress of issues and initiatives related to human capital. The Director/Head of the Management Division serves as the overall supervisor and the Management Division's General Affairs and Human Resources Group functions as the Health and Productivity Management Promotion Office to plan, operate, and promote different health-related initiatives. The Board of Directors oversees sustainability matters, including occupational health and safety,

and deliberates on key issues such as respect for human rights, the promotion of diversity and inclusion, and talent development and retention.

## Strategy

We believe that supporting the growth and self-actualization of engineers, who are Japan's world-class assets, and creating value for the engineers themselves will, in turn, create value for Artner. We consider our engineers to be not only assets of Artner, but also shared assets of Japan, and we nurture engineers as a platform to support their growth and self-actualization based on our policy on talent development. Amid a rapidly changing work environment and mindset, driven by talent mobility and diversity, we will strive to promote the happiness of working engineers and create a new model for "life as an engineer." We are also committed to providing a satisfying work environment and supporting the growth and self-actualization of each and every one of our staff members, as stated in our basic sustainability policy: "aiming for the happiness of all employees."

## Risk Management

At Artner, the Compliance and Risk Management Meeting identifies human capital risks and Opportunities and monitors their progress. Risks that may have a significant impact on investors' decisions include the following.

	Risk	Opportunity
Effectiveness of education and training	There is a risk that the training does not turn out to be as effective as expected and the unit price of engineers does not increase due to low client satisfaction, as well as the risk that we fail to satisfy the requests from clients, and they start to make complaints.	If engineers' skills improvement raises client satisfaction and client ratings, the unit price of engineers may increase and our competitiveness in the industry may elevate, creating opportunities for corporate growth.
Securing science and engineering graduates	We consider science and engineering graduates to be an important managerial resource. There is a risk that the population of science and engineering graduates may decrease due to the declining birth rate and other factors, making it significantly more difficult to hire talented graduates.	We hope to resonate with students by highlighting our recruitment method (we hire talent who meet the requirements of their intended destination, provide them with education and training as engineers, and only then assign them to projects), as well as the fact that Artner is a job-based employment company that emphasizes their skills and they will be able to quickly advance their careers while gaining experience in a variety of projects. By acquiring and training outstanding talent, we can expect to maintain and strengthen a stable earnings base.
Securing career engineers	We consider engineers with work experience to be an important managerial resource. There is a risk that the competition to secure career hires may intensify due to a shortage of engineers who wish to change jobs as a result of booming design and development activities in the manufacturing industry, making it significantly more difficult to hire talented career engineers.	We hope to resonate with job seekers by highlighting our recruitment method (we hire talent who meet the requirements of their intended destination, provide them with education and training as engineers, and only then assign them to projects), as well as the fact that Artner is a job-based employment company that emphasizes their skills and they will be able to quickly advance their careers while gaining experience in a variety of projects. By acquiring and training outstanding talent, we can expect to maintain and strengthen a stable earnings base.

## Indicators and Targets

The Company has established indicators and targets to evaluate the effectiveness of human capital initiatives in line with our Medium-Term Business Plan. The targets we set are reviewed

according to changes in the external environment and our progress made on human capital measures.  
\*For human capital KPIs, targets, and results, see "Non-Financial Data (KPIs, Targets, and Results)" on pages 61 and 62.

# Health and Productivity Management / Occupational Health and Safety

## Declaration for Health and Productivity Management

Based on Artner's management philosophy of being an Engineer Support Company, we at Artner believe that ensuring the health and peace of mind of employees at work will eventually result in achieving the happiness of all the employees and reflection within the company. Under our mission to promote human resource development and the happiness of all the employees, we declare that we will work to create a workplace environment where each and every employee can work vigorously and in good mental and physical health.

## Organization

The Director/Head of the Management Division will serve as the overall supervisor and the Management Division's General Affairs and Human Resources Group will function as the Health

and Productivity Management Promotion Office to plan, operate, and promote different initiatives. In promoting the initiatives, these stakeholders will collaborate with the Health and Safety Committee, industrial physicians, and health insurance societies, and report on the progress at the Sustainability Committee meeting.



## Health Management Results

KPI	Target	FY2022	FY2023	FY2024
Periodic health checkup, consultation rate	100.0%	100.0%	100.0%	100.0%
Stress check, consultation rate	100.0%	82.8%	78.9%	82.6%
Annual paid leave, acquisition rate (overall)	80.0% or more	76.5%	85.0%	84.9%
Annual paid leave, acquisition rate (engineers)	80.0% or more	76.5%	85.2%	85.7%
Improving health literacy (through training), attendance rate	100.0%	100.0%	100.0%	100.0%
BMI below 25, ratio	75.0%	-	69.9%	71.1%
Improving productivity (eliminating presenteeism): Assessment of work-related functionality <sup>*1</sup>	100.0%	-	92.3%	92.1%
Average age	-	30.2 years old	30.3 years old	30.4 years old
Average years of service	-	6.3 years	6.5 years	6.6 years
Absenteeism: Absence rate	0.00%	0.68%	1.17%	0.98%
Number of occupational accidents	None	3	10	6
Occupational accident-related fatality rate	0.0%	0.0%	0.0%	0.0%
Downtime due to occupational accidents	0.00 hours	76.00 hours	34.17 hours	52.50 hours
Percentage that received health and safety training, attendance rate	100.0%	100.0%	100.0%	100.0%
Percentage of employees who have received training on diseases unique to women	100.0%	-	-	87.8%
Work engagement score <sup>*2</sup>	2.7	-	-	2.6

<sup>\*1</sup> Measurement method: Wfun (a survey developed by University of Occupational and Environmental Health, Japan to measure the extent of work-related functional impairment caused by health issues)  
<sup>\*2</sup> Measurement method: New Brief Job Stress Questionnaire (work engagement is a state where employees feel vigor, dedication, and absorption toward their work)

## Mental Health Care for Employees

To support the mental and physical health of our employees, we provide them with mental health care from professional counselors, thereby helping in the prevention and early detection of mental health issues.

## Occupational Health and Safety

By considering the occupational health and safety of our employees, Artner strives to enhance enterprise value and create an organization where all the employees can work safely and with peace of mind. In addition, because we believe that

the ability of our employees to work in good health and with peace of mind will result in the well-being of all the employees and reflection within the company, we promote employee health management and health promotion initiatives.

## Risks Related to Potential Hazards Involved in Labor

We strive to prevent accidents and reduce the risk of accidents occurring by providing health and safety education for employees when they join the company and when they are assigned to clients.



Diversity and Inclusion

Improving the Employment Environment to Promote Active Participation of Women

To help establish an employment environment that enables the active participation of women and permits employees to achieve a better work-life balance, Artner has formulated a General Employers Action Plan, based on the Act on Promotion of Women’s Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. We also strive to increase the number of female executives and improve the rate of childcare and nursing leave utilization.

Diversity and LGBTQ+ Initiatives

At Artner, we believe that promoting workplace diversity and giving all employees the opportunity to demonstrate their full potential lead to innovation and value creation. For this purpose, we strive to foster an inclusive company culture, through

measures such as diversity training, LGBTQ+ study meetings, and activities to promote an understanding of gender equality by all employees.

Establishing a Diversity Promotion Office

In September 2011, Artner set up a Diversity Promotion Office (now Diversity Team), centered around people with disabilities. In addition to promoting the employment of people with disabilities, we also aim to create a workplace that enables all employees to feel fulfilled by their work.

Active Hiring of People with Disabilities

Artner actively hires people with disabilities. In 2018, Artner was officially recognized by Osaka Prefecture for its outstanding company efforts in support of people with disabilities. (This award is part of the prefecture’s initiatives to actively support the employment of people with disabilities.)

KPI	Target	FY2022	FY2023	FY2024
Share of female employees (engineers)	Increase on an ongoing basis	3.7%	4.1%	3.7%
Share of female employees (administration)	Increase on an ongoing basis	31.4%	27.6%	33.8%
Share of female employees (engineers) among new employees	Increase on an ongoing basis	3.0%	6.4%	5.2%
Share of female employees (administration) among new employees	Increase on an ongoing basis	66.7%	27.3%	47.1%
Appointment of female employees (engineers) to managerial positions	3 or more	2	2	2
Appointment of female employees to managerial positions	10 or more	6	10	10
Share of female employees in managerial positions	Increase on an ongoing basis	3.7%	3.4%	3.1%
Share of female executive officers	30.0% or more (FY2031)	0.0%	0.0%	0.0%
Additional appointment of female employees to managerial or higher positions	1 or more (FY2029)	1	1	1
Additional appointment of females in positions one rank below managerial positions as executives	1 or more (FY2029)	None	1	3
Wage difference between male and female employees (overall)	Narrow the difference	Male100.0%; Female92.8%	Male100.0%; Female94.5%	Male100.0%; Female89.2%
Wage difference between male and female employees (engineers)	Narrow the difference	Male100.0%; Female99.2%	Male100.0%; Female96.5%	Male100.0%; Female95.8%
Wage difference between male and female employees (administration)	Narrow the difference	Male100.0%; Female71.0%	Male100.0%; Female71.0%	Male100.0%; Female71.9%
Average years of service of male employees (engineers)	Increase on an ongoing basis	5.91 years	6.15 years	6.50 years
Average years of service of male employees (administration)	Increase on an ongoing basis	10.69 years	10.60 years	10.95 years
Average years of service of female employees (engineers)	Increase on an ongoing basis	3.41 years	3.37 years	4.03 years
Average years of service of female employees (administration)	Increase on an ongoing basis	7.56 years	8.34 years	7.12 years
Number of childcare leave days taken by male employees (average)	—	44.0 days	79.5 days	42.5 days
Usage rate of childcare leave (male employees)	30.0% or more (FY2029)	12.5%	30.8%	50.0%
Usage rate of childcare leave (female employees)	80.0% or more (FY2029)	100.0%	100.0%	66.7%
Usage rate of nursing care leave (male and female employees)	15.0% or more (FY2029)	1.2%	7.4%	13.7%
Share of non-Japanese talents	Recruitment on an ongoing basis	1.4%	1.0%	1.4%
Share of elderly employees (60 years of age and older)	Recruitment on an ongoing basis	1.4%	1.4%	1.3%
Employment rate of employees with disabilities	2.30% or more (legally required employment rate)	2.40% (as of June 1, 2021)	2.42% (as of June 1, 2022)	2.67% (as of June 1, 2023)

Talent Development

Policy on Talent Development

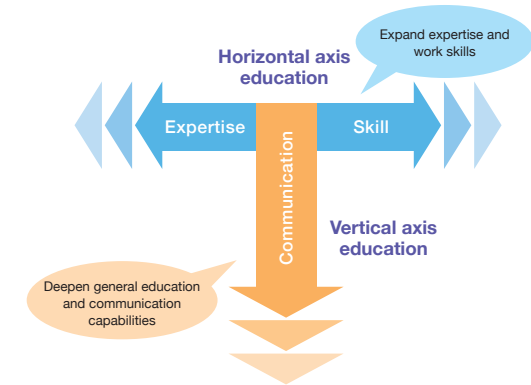
Education and Training Policy

The concept of Artner’s education and training programs is to provide all employees not only with knowledge and skills but also with confidence and practical capabilities.

T-shaped Specialist Education System

We are building a “T-shaped specialist education system,” a system for improving the skills of each and every engineer, in which the horizontal axis represents specialized knowledge and work skills, and the vertical axis represents general education and communication capabilities. Through this system, we will strive to enable new employees and workers with little or no

experience to participate in cutting-edge projects at an early stage and shift their careers to growing industry fields.



Training and Support Programs

We provide a wide range of training and support programs to help employees improve their skills and develop their careers.

Support for Employee Skill Improvement through Education and Training

To improve our employees’ skills as engineers, we are enhancing our education and training programs, including skill development seminars, career support courses, and manager training.

New Employee Training to Support Career Development

Based on the concept of “acquiring practical skills,” we provide each engineer with new employee training that enables them to

acquire a wide range of technical skills, from the basics to practical applications, to support their career development.

Qualification Acquisition Assistance Program

We help our engineers improve their skills through our qualification acquisition assistance program, under which we pay employees who possess qualifications we recommend an allowance in accordance with our rules, and cover all examination fees for relevant qualifications.

Skill Development Seminars

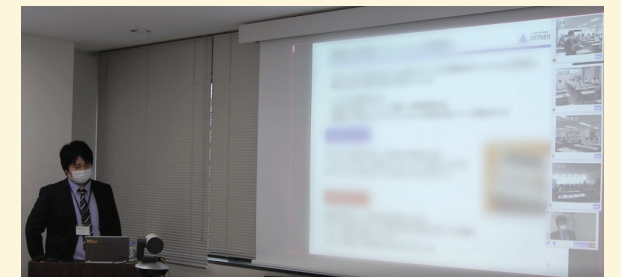
Seminars are held by inviting lecturers from various fields to help engineers acquire a wide range of knowledge and develop their human skills, not limited to specific technical areas.



Around 10 times a year, outside lecturers share technical information on various topics for our engineers’ personal growth. The seminars especially help those with practical experience to develop criteria for making effective use of their experience.

Career Support Courses

To meet the skill requirements of the manufacturers to which our engineers are dispatched, courses for different jobs and career levels are offered.



Even after being placed into a department, engineers receive both on-the-job and off-the-job team training concerning technology and products in high demand, conducted by employees actually participating in a manufacturer’s project.

Personnel Evaluation System

At Artner, we have established grades (ranks) that represent the job level of each engineer and administrative position, and conduct a fair and impartial annual evaluation based on work performance and other factors for each grade, which is reflected in pay raises.

Human Rights Policy

1. Basic view on human rights

As a company that supports the United Nations Global Compact, we recognize that respecting human rights is a social responsibility that a company must fulfill and establish this human rights policy.

2. Key international human rights norms that this policy complies with

We support and respect the following international human rights norms:

- International Bill of Human Rights (Universal Declaration of Human Rights)
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Guiding Principles on Business and Human Rights United Nations Global Compact's Ten Principles across four areas
- Children's Rights and Business Principles

3. Scope

This policy applies to all officers and employees of Artner. Furthermore, we request all clients affiliated with our businesses and services to understand and support this policy.

4. Initiatives to ensure human rights are respected in our business activities

In all of our business activities

- We will respect basic human rights without discrimination based on gender, age, place of origin, nationality, race, ethnicity, creed, religion, disease, disability, and/or other factors.
- We will create a healthy work environment, and will not engage in harassment (workplace bullying, sexual harassment, pregnancy discrimination, or any other form of harassment by any name) or any other treatment that would be recognized as inhumane by global standards.
- We will make reasonable accommodations for employees' religious practices and document the details of such accommodations.
- We will not require employees to undergo medical examinations that are not reasonably and objectively necessary in the hiring process.
- We will respect the rights of employees to form and join labor unions, to bargain collectively, and to participate in peaceful assembly of their own volition, as well as their rights to withhold such participation.
- We will prohibit forced labor and child labor.
- We will adhere to the Minimum Wage Act and pay wages exceeding the minimum wage.
- We will prohibit unreasonable treatment in accordance with the principle of equal pay for equal work.

5. Governance

Our initiatives under this policy will be regularly reported to and managed by the Compliance and Risk Management Meeting and the Sustainability Committee. The Board of Directors will be informed of its details and provide supervision.

6. Human rights due diligence

We will establish a mechanism for human rights due diligence in line with the United Nations' Guiding Principles on Business and Human Rights. We will identify and work toward preventing and mitigating negative impacts on human rights, continuously assess the effectiveness of our efforts, and make appropriate disclosures.

7. Remediation and relief

If it becomes known that our business activities caused or facilitated negative impacts on human rights, we will take appropriate measures to remedy them.

If it becomes known that our clients caused or facilitated negative impacts on human rights, we will urge the clients to take remedial actions.

We will establish a helpline to receive any reports on compliance violations related to human rights and any inquiries, and take steps for relief and remediation upon investigation. We will ensure the confidentiality and the protection of personal information of whistleblowers, and will not treat them disadvantageously based on their reports.

8. Education and training

We will continuously provide appropriate education and training to all officers and employees to ensure that this policy is integrated into all business activities and is implemented effectively. In addition, we will share this policy with all clients affiliated with our businesses and services, and hold dialogues and discussions with them on a continuous basis.

9. Information disclosure

We will appropriately disclose the progress of our initiatives for respecting human rights through our website and other means.

10. Dialogue and discussion with stakeholders

We will carry out continuous dialogues and discussions with relevant internal and external stakeholders regarding our initiatives under this policy, and strive to improve and enhance our initiatives for respecting human rights.

Initiatives

Artner has established a human rights policy in line with the United Nations Global Compact, which prohibits forced labor, slavery or labor trafficking, and child labor. In addition, we have established a mechanism for human rights due diligence in line with the United Nations' Guiding Principles on Business and Human Rights, and will identify negative impacts on human rights and work toward preventing and mitigating them, continuously assess the effectiveness of our efforts, and make appropriate disclosures. There have been zero consultations about discrimination during the current fiscal year.

< Human Rights Training >

	Training theme	Description
2023	Human rights	(1) What are human rights? (2) Increasing attention on how companies are addressing human rights (3) Subjects (rights holders) whom companies should respect (4) Human rights risks (5) Human rights fields that companies should respect (6) Main impacts of adequate/inadequate human rights efforts (7) Artner's human rights policy
2022	Diversity measures (promoting understanding of LGBTQ+)	(1) Basics of diversity management (diversity and inclusion management) (2) Basics of LGBTQ+ (3) Panel discussion (on personal experiences)
2021	Diversity measures (promoting understanding of LGBTQ+)	(1) Basics of diversity management (2) Basics of LGBTQ+ and SOGI (3) What we can do: specific actions by allies

Supply Chain Management

Artner recognizes that human rights initiatives are required not only by the Company, but also by our supply chain. We have therefore established a procurement policy and will comply with laws and regulations and respect basic human rights as a responsible member of society. We share our approach to human rights with our suppliers and strive to identify human rights risks in the supply chain as part of our procurement process.

Procurement Policy

- As a responsible member of society, we will comply with laws and regulations and respect social justice and basic human

rights.

- We will establish equal and fair business relationships and procure the best and most appropriate resources.
- We will conduct fair transactions and act by putting ourselves in our customers' shoes.
- We will meet customer needs by providing products that offer value in all aspects of price, quality, safety, and the environment.
- We will strive to use environmentally friendly products.
- We will strive to properly manage documents and information.
- We will strictly manage information that should be kept confidential.

Regional Contribution

As a member of the local community, we are involved in community outreach activities such as supporting the education of the next generation of manufacturing professionals and beautifying the environment.

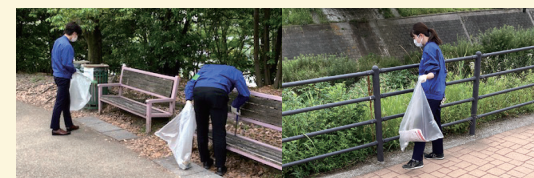
Programming classes for elementary school students

We run computer programming classes led by Artner employees for children in grades four to six at local elementary schools. Like this, we provide opportunities for children to learn how to think like a programmer.



Initiatives to clean public spaces

As part of its community service activities, Artner organizes a cleanup of Esaka Park, located near our learning centers in West Japan, and of Shin-Yokohama Ekimae Park, located near our Tokyo headquarters and learning centers in East Japan, inviting the participation of all of our directors, managers, and employees.



Donations and Support

We donate to various organizations to contribute to the achievement of the SDGs.

Support for areas affected by the 2024 Noto Peninsula Earthquake

We made donations to the 2024 Noto Peninsula Earthquake Disaster Relief Fund through the Central Community Chest of Japan. Our deepest sympathies go out to everyone in the affected areas, and we sincerely hope for the swiftest possible recovery.

Support for Akai Hane Central Community Chest of Japan (donations)

We support the Central Community Chest of Japan, an organization engaged in support and assistance for local social welfare issues around Japan (e.g., child poverty, hikikomori, elderly support, disabled support).

Support for the United Nations World Food Programme (WFP) (donations)

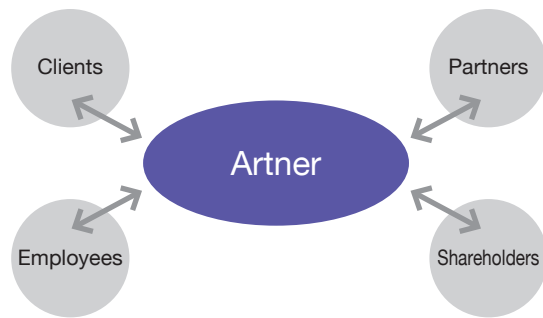
Artner endorses and donates to support the activities of the United Nations World Food Programme (WFP), which delivers food support in 83 countries and school meal support in more than 30 countries around the world, to save children in poverty from starvation and to help children grow up in good health. The UNWFP also works to promote school attendance and expand educational opportunities for children.



Stakeholder Engagement

Stakeholder Engagement

To ensure that our company runs sustainably, it is important that we hold dialogues with stakeholders and integrate their expectations and demands into our business strategy and activities. While creating more opportunities for communication, we will strive to further reflect stakeholder perspectives into our corporate management.



Stakeholder	Approach	Engagement	Frequency	Values provided
Clients	We will become a group of ambitious and highly motivated engineers that live up to the trust of our clients and grow together, building on dialogues with clients in diverse industries as their trusted technical partner.	<ul style="list-style-type: none"><li>●Information provision through our Annual Report, IR Reports, and official website</li><li>●Dialogues and hearings with clients</li><li>●Talent education and training</li><li>●Job change assistance program</li></ul>	Regularly Any time	<ul style="list-style-type: none"><li>●Placement of engineers with high added value</li></ul>
Partners	We will aim to build good partnerships based on mutual trust through equitable and fair transactions.	<ul style="list-style-type: none"><li>●Information provision through our Annual Report, IR Reports, and official website</li><li>●Dialogues using online conferencing tools</li><li>●Improve energy efficiency and reduce energy usage</li><li>●Contribute to carbon neutrality through business activities</li></ul>	Regularly Any time	<ul style="list-style-type: none"><li>●Co-creation of value</li></ul>
Employees	We will aim for the happiness of all employees and reflection within the company, believing that talent is our greatest business asset, and that talent development and organizational development are key areas essential to the Company's growth.	<ul style="list-style-type: none"><li>●Provision of skill development opportunities through training and seminars</li><li>●Employee Stock Ownership Association</li><li>●Health and productivity management</li><li>●Mental health care</li><li>●Labor union</li><li>●Social gatherings</li><li>●A range of salary systems</li><li>●Limited area system</li><li>●Internal recruitment program</li><li>●Job change assistance program</li></ul>	Regularly Any time	<ul style="list-style-type: none"><li>●Happiness of all the employees and reflection within the company</li><li>●Retention of employment</li></ul>
Shareholders	Artner's No.1 business challenge is steadily improving shareholder value over the long term. In addition to expanding our business and ensuring profitability, we will aim to build trustful relationships through faithful and fair information disclosures and active communication.	<ul style="list-style-type: none"><li>●General Meeting of Shareholders</li><li>●Briefing for analysts and institutional investors</li><li>●Briefing for individual investors</li><li>●Information provision through our Annual Report, IR Reports, and official website</li><li>●One-on-one meetings</li><li>●Inquiry form and telephone</li></ul>	Regularly Any time	<ul style="list-style-type: none"><li>●Sustainable growth</li><li>●Profit distribution</li></ul>

Outside Evaluation

Participation in Initiatives

United Nations Global Compact

Artner signed the “United Nations Global Compact” (hereinafter UNGC) proposed by the United Nations and was registered as a business participant on January 16, 2024. In addition, Artner joined the “Global Compact Network Japan,” which comprises Japanese UNGC signatory companies and organizations, on the same date.



External Evaluation

CDP

Artner received a “B-” score, the fourth highest score among eight scores (A, A-, B, B-, C, C-, D, D-), based on data reported through CDP’s Climate Change 2023 Questionnaire. CDP is an international environmental NGO established in 2000 in the United Kingdom. It runs the global disclosure system for investors, companies, states, regions, and cities to manage their environmental impacts, and assesses companies’ actions toward making a positive environmental impact. Artner received a “B-” score, which indicates that the Company demonstrates environmental management. It exceeds the average “C” score received by companies in Asia and companies in the IT and software development sector.



The Task Force on Climate-related Financial Disclosures (TCFD)

In July 2022, Artner announced its support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and has rated climate change as a high-priority issue. With an aim to achieve a more sustainable society, we are committed to taking necessary actions and initiatives based on the environmental activity policy.



S&P/JPX Carbon Efficient Index

Artner has been selected as a constituent of the S&P/JPX Carbon Efficient Index.



Certified Health and Productivity Management Outstanding Organizations

Artner was recognized for the second consecutive year as one of the Certified Health and Productivity Management Outstanding Organizations (2024, large enterprise category) under the Certified Health and Productivity Management Outstanding Organizations Recognition Program, operated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The recognition program recognizes corporations, including large companies and small- and medium-sized enterprises, that practice particularly excellent health and productivity management, based on their efforts to address local health issues and cooperate with the health initiatives conducted by Nippon Kenko Kaigi. Artner has been promoting health and productivity management based on its declaration, and its efforts have been recognized by external organizations.





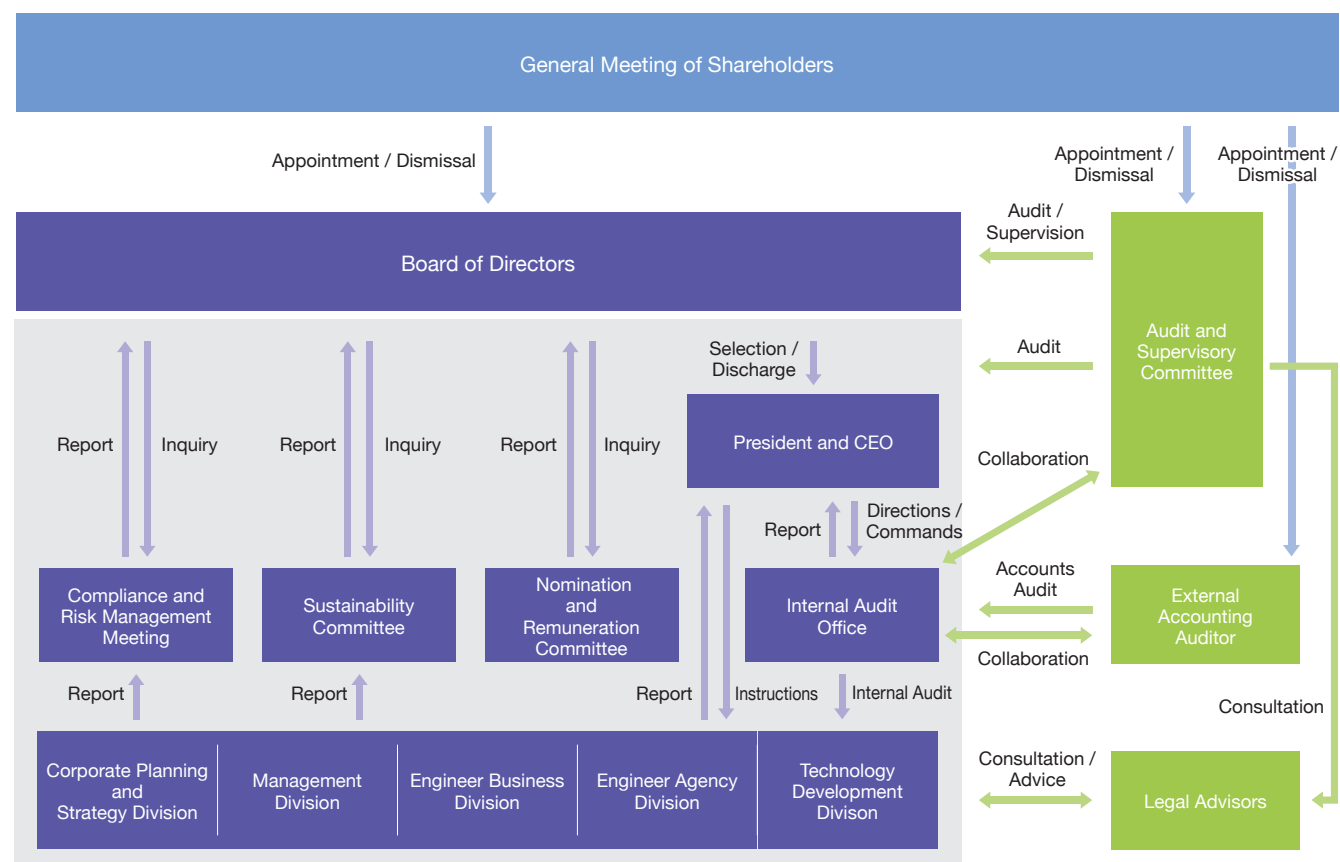
## Basic Views

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.

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.

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. In this way, we will constantly improve our business management. Artner also will promptly disclose relevant information both inside and outside the Company and enhance business transparency.

## Company Organization and Internal Control System



## Overview of the Current Corporate Governance System

The Company has in place the Audit and Supervisory Committee, and has five Directors who are not members of the Audit and Supervisory Committee and three Directors who are members of it.

### Board of Directors

The Board of Directors is comprised of eight Directors, five of whom are not members of the Audit and Supervisory Committee and three who are members of the Committee.

The Board meets twice a month: at a mid-month business report board meeting, the members deliberate on the Company's monthly business performance; and at a regular month-end board meeting, they deliberate and decide on matters relating to the Company's management plan, as well as significant matters relating to day-do-day business operations.

### Compliance and Risk Management Meeting

The Company convenes Compliance and Risk Management Meetings once a month, attended by the President and CEO and other Directors who are not members of the Audit and Supervisory Committee, Directors who are members of the Committee, and division and department heads.

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 Company convenes the Sustainability Committee four times a year, attended by the President and CEO and other Directors who are not members of the Audit and Supervisory Committee, Directors who are members of the Committee, and division and department heads.

The members hold discussions to promote and manage the progress of issues and initiatives related to sustainability.

### Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of three Outside Directors and 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 a member of the Audit and Supervisory Committee, is composed of four members including the President and CEO and three members of the Audit and Supervisory Committee who are Outside Directors, and will be held at least four times a year.

The Nomination and Remuneration Committee will report to the Board of Directors on the appointment/dismissal and remuneration of Directors 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.

### External Accounting Auditor

The Company employs KPMG AZSA LLC as its accounting auditor.

The Company has no conflict of interest with the accounting firm or with the firm's managing partners who conduct accounting audits of the Company.

Activities of the Board of Directors and Committees (FY2024)

< Attendance >

Position	Name	Board of Directors	Compliance and Risk Management Meeting	Sustainability Committee	Audit and Supervisory Committee	Nomination and Remuneration Committee
President and CEO	SEKIGUCHI Sozo	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)		4 out of 4 meetings (100% attendance rate)
Director	HARIGAE Tomonori	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)		
Director	OKUSAKA Kazuya	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)		
Director	SATO So	29 out of 30 meetings (97% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)		
Director	EGAMI Yoji	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)		
Outside Director and standing member of the Audit and Supervisory Committee	NOMURA Ryuichiro	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)	26 out of 26 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)
Outside Director and member of the Audit and Supervisory Committee	TERAMURA Yasuhiko	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)	26 out of 26 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)
Outside Director and member of the Audit and Supervisory Committee	MORII Shinichiro	30 out of 30 meetings (100% attendance rate)	12 out of 12 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)	26 out of 26 meetings (100% attendance rate)	4 out of 4 meetings (100% attendance rate)

< Discussion and Resolution Themes >

Board of Directors	Discussions and Resolutions
	General Meeting of Shareholders / Policy for the Mid-Term Business Plan / Corporate planning and strategy / Department policies and business plan for the fiscal year ending January 31, 2025 / Financial results, finances, and dividends / Revisions to the forecast of financial results / Nomination of director candidates and remuneration of directors / Internal controls / Organizational changes and personnel transfers / Rule revisions / Reappointment of the Accounting Auditor(s) / Joining the UN Global Compact / Donations to support organizations / Compliance with "Handling of Transition Measures and Other Matters Relating to the Continued Listing Criteria" / Updating and disclosing ESG data / COVID-19 measures, etc.
Compliance and Risk Management Meeting	Discussions
	Performance trends in the manufacturing industry / Competition with other companies in the industry / Effectiveness of education and training / Securing suitable clients for our dispatching business / Regulations on total work person-hours / Securing science and engineering graduates / Securing career engineers / Information management / Laws, regulations, licenses, and permits / Disasters, accidents, etc. / Climate change / M&A / Medium-Term Business Plan, etc.
Sustainability Committee	Discussions
	Policies and goals related to sustainability, including social and environmental issues such as the SDGs and ESG / Formulation of an action plan / Management and evaluation of progress toward goals / Individual measures, etc.
Audit and Supervisory Committee	Discussions
	Audit policy, audit plan, audit methods, assignment of audit duties, etc. / Appointment and dismissal of Accounting Auditor(s) / Appointment, dismissal, and remuneration of directors who are not members of the Audit and Supervisory Committee, etc.
Nomination and Remuneration Committee	Discussions
	Appointment and dismissal of directors / Selection and discharge of the President and CEO / Selection and discharge of representative directors / Remuneration, etc., of directors who are not members of the Audit and Supervisory Committee / Remuneration limits for directors and directors who are members of the Audit and Supervisory Committee / Succession planning (including successor development), etc.

Policy and Process for Appointment or Removal of Director Candidates Who Are Not Members of the Audit and Supervisory Committee

The Nomination and Remuneration Committee deliberates and reports to the Board of Directors on director candidates who are not members of the Audit and Supervisory Committee after an extensive scrutiny of their knowledge, experience, and ability necessary to manage the Company’s business divisions and day-to-day operations. The Board of Directors then nominates the director candidates.

Policy and Process for Appointment or Removal of Director Candidates Who Are Members of the Audit and Supervisory Committee

The Nomination and Remuneration Committee deliberates and reports to the Board of Directors on director candidates who are members of the Audit and Supervisory Committee after an extensive scrutiny of their experience, expertise in corporate financing and accounting, practical knowledge on the Company’s businesses, and general knowledge on corporate management necessary to audit and oversee the performance of duties by directors who are not members of the Audit and Supervisory Committee. The Board of Directors then nominates the director candidates.

Appointment or Removal of the President and CEO

The Board of Directors, which includes three Outside Directors who are members of the Audit and Supervisory Committee, deliberates on the appointment or removal of the President and CEO from office when such need arises, based on the business performance of the Company as well as the job performance of the President and CEO. Regarding future CEO appointments and dismissals, the Nomination and Remuneration Committee, a voluntary advisory board composed of a majority of Independent Directors, shall deliberate and report to the Board of Directors, thereby establishing a structure with high fairness, transparency, and objectivity under appropriate supervision from the Board of Directors.

Succession Plan

The Company recognizes that it is critically important to have in place a succession plan for the President and CEO and other members of the Executive Team. The Board of Directors is responsible for nominating successors to these members from among qualified candidates after an extensive scrutiny of their experience, knowledge, and expertise in recruiting, training, sales, and administrative functions that support the Company’s engineer placement business. Regarding future nominations of successors to the President and CEO, and other members of the Executive Team, the voluntarily established Nomination and Remuneration Committee, composed of a majority of Independent Directors, shall deliberate and make recommendations to the Board of Directors, thereby establishing a structure with high fairness, transparency and objectivity under appropriate supervision from the Board of Directors.

Appointment or Removal of Executive Team Members

The Board of Directors makes a decision upon deliberation of the job performance of the member and other factors.

Status of Outside Directors

The Company has three outside directors, all of whom hold shares of the Company. Apart from this shareholding position, none of the three outside directors have 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 viewpoint, 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.





Risk Management

Summary of Major Risks and Countermeasures

Artner has defined a clear system for managing different risks in which we classify and define management risks, and each responsible division identifies and analyzes the risk situation for each type of risk. Under this system, 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.

Risk	Definition	Countermeasure
Performance trends in the manufacturing industry	Our major clients belong to the manufacturing industry, and we dispatch engineers primarily to their design and development departments. There is a risk that these major clients may reduce their capital investments, R&D costs, and the use of external engineers due to economic recession and other factors in the countries or regions in which they operate. There is a risk that significant changes in the business environment may take place for automobile-related manufacturers, which account for a large share of our sales.	We will strengthen measures such as sector rotation and new business development and sales in order to build a client base that is capable of ensuring stable earnings that are not dependent on specific sectors or influenced by specific corporate trends.
Competition with other companies in the industry	There is a risk that competition with other companies may intensify due to market contraction or new entrants in the engineer staffing industry, where we operate our business, and this may result in a fierce price competition.	We will facilitate the improvement of all engineers' skill levels through educational programs and training curricula segmented by business field, with the aim of promoting the assignment of engineers to upstream business areas where the unit price of engineers is likely to be higher.
Effectiveness of education and training	There is a risk that the training does not turn out to be as effective as expected and the unit price of engineers does not increase due to low customer satisfaction, as well as the risk that we fail to satisfy the requests from clients, and they start to make complaints.	We will support our engineers in improving their skills by providing general, external, basic, customized, and/or career training based on our long-accumulated experience. We will strive to improve the technical and human skills of our staff by holding skill development seminars for all employees and human development training for managers.
Securing suitable clients for our dispatching business	Although we always strive to secure and expand our clients for our engineer dispatching business, there is a risk that we may be unable to find suitable clients that match our engineers and cannot maintain or improve the unit price of engineers and/or utilization rates.	We will secure and expand our business partners by strengthening our new business development and sales capabilities, utilizing online conferencing tools, and making proposals for the selection of engineers, team dispatching, and organization of contracting services in response to client needs.
Regulations on total work person-hours	The total work person-hours of our engineers are determined based on the business conditions of the client company. There is a risk that the revisions to relevant laws and regulations generate a larger pressure against long working hours, which may result in a significant decrease in the total work person-hours of engineers.	To compensate for a decrease in the total work person-hours, we will facilitate the improvement of all engineers' skill levels through educational programs and training curricula segmented by business field, with the aim of promoting the assignment of engineers to upstream business areas where the unit price of engineers is likely to be higher.
Securing science and engineering graduates	We consider science and engineering graduates to be an important managerial resource, and there is a risk that the population of science and engineering graduates may decrease due to the declining birth rate and other factors, making it significantly more difficult to hire talented graduates.	We will attract students by offering a variety of options, including a performance-based salary system, a limited area system, an internal recruitment program, and a job change assistance program.
Securing career engineers	We consider engineers with work experience to be an important managerial resource, and there is a risk that the competition to secure career hires may intensify due to a shortage of engineers who wish to change jobs as a result of booming design and development activities in the manufacturing industry, making it significantly more difficult to hire talented career engineers.	We will attract prospective employees by offering a variety of options, including a performance-based salary system, a limited area system, an internal recruitment program, and a job change assistance program.
Information management	There is a risk that information may be leaked to outside parties for some reason, and our social credibility will be damaged. There is a risk that system failures and other problems may be caused by computer viruses, unauthorized access, natural disasters, or other unforeseen events.	We will acquire the "PrivacyMark" and introduce other such measures to properly manage personal information, confidential information, and all other information obtained in the course of business operations. We will take appropriate cybersecurity measures to ensure the stable supply of our services.
Laws, regulations, licenses, and permits	There is a risk that we may violate the Worker Dispatching Act and other relevant laws and regulations, which would hinder the continuity of our business. There is a risk that revisions to relevant laws and regulations may be made that are significantly unfavorable to our business.	We consider compliance with the Worker Dispatching Act and other relevant laws and regulations to be one of our highest priorities, and we will maintain a legal compliance system by monitoring compliance with laws and regulations via internal audits and by regularly confirming compliance with laws and regulations at different meetings. We will take appropriate measures whenever relevant laws and regulations are revised.
Disasters, accidents, etc.	There is a risk that natural disasters, man-made disasters, and other disasters and accidents that significantly exceed our predictions may take place. There is a risk that our business activities may be hindered as a result of the spread of COVID-19 and other infectious diseases.	We will establish a Business Continuity Plan (BCP) and manual to deal with such disasters and accidents in an effort to mitigate the damage.
Climate change	There is a risk that our business activities may be halted or stagnated as a result of our facilities being damaged by natural disasters due to climate change. If a carbon tax is introduced or environmental regulations are tightened as part of the government's efforts to transition to a decarbonized society, there is a risk that we may be unable to offer personnel that meet our clients' demands for engineers committed to carbon neutrality initiatives.	We have announced our support for the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and have rated climate change as a high-priority issue. We will commit to taking actions and initiatives based on our environmental activity policy with the aim of achieving a more sustainable society.
Mergers and acquisitions	There are risks of significant capital demands and amortization of goodwill, etc. Such M&As may not necessarily generate synergies as expected, and there is a risk that business performance may not progress as expected due to major changes in the business environment or business conditions.	Our M&As are implemented after thorough consideration of the risks involved by conducting preliminary research through detailed due diligence on market trends and client needs, as well as the financial status and contractual relationships of the target company.
Medium-Term Business Plan	There is a risk that the market environment or economic conditions may change dramatically beyond expectations, and the business environment may not develop as predicted.	We will promote the Medium-Term Business Plan with carbon neutrality as the pillar of our business activities and establish internal systems for recruitment, training, and sales activities.

Compliance

Development of the Internal Control System

The Company has developed an internal control system in accordance with the basic framework of the internal control system established by the Board of Directors.

Compliance and Risk Management Meeting	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.
Internal Whistleblowing System	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.
Internal Audits by the Internal Audit Office	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.

Anti-corruption Policy

1. Basic view on preventing corruption	We establish this anti-corruption policy in accordance with the spirit of the United Nations Global Compact.	ment Meeting and the Sustainability Committee. The Board of Directors will be informed of its details and provide supervision.
2. Scope	This policy applies to all officers and employees of Artner. Furthermore, we request all clients affiliated with our businesses and services to understand and support this policy.	5. Whistleblowing system
3. Initiatives to prevent corruption in our business activities	<ul style="list-style-type: none"><li>•Prohibition of bribery</li><li>•Prohibition of facilitation payments</li><li>•Prohibition of illegal political contributions</li><li>•Prohibition of money laundering</li><li>•Prohibition of insider trading</li><li>•Prohibition of conflict-of-interest transactions</li></ul>	We will establish a helpline to receive any reports on compliance violations related to anti-corruption and any inquiries, and take steps for relief and remediation upon investigation. We will ensure the confidentiality and the protection of personal information of whistleblowers, and will not treat them disadvantageously based on their reports.
4. Governance	Our initiatives under this policy will be regularly reported to and managed by the Compliance and Risk Manage-	6. Education and training
		We will continuously provide appropriate education and training to all officers and employees to ensure that this policy is integrated into all business activities and is implemented effectively.



Interview with Outside Directors

(center) **NOMURA Ryuichiro**  
Director and standing member of the  
Audit and Supervisory Committee

(left) **TERAMURA Yasuhiko**  
Director and member of the  
Audit and Supervisory Committee

(right) **MORII Shinichiro**  
Director and member of the  
Audit and Supervisory Committee



What experience do you have that contributes to your roles as Outside Directors and Audit and Supervisory Committee members?

Nomura: I was appointed a part-time member of the Company’s Audit and Supervisory Committee in 2022, and I have served as a standing Audit and Supervisory Committee member since 2023. As for my previous work experience, after working in banking for 30 years, I was involved in management at a real estate company for eight years and served as the representative of a REIT company under a general trading company after that. I have experience with transactions between banks and business corporations, as well as experience at the New York Branch and in a department in charge of money and FX market transactions. In particular, the many years I spent working with loans have proved helpful in looking over Artner’s finances and accounts. Also, due to my experience serving as the head of a securities agency department, I am proud to say that I can think from a shareholder’s perspective on various matters, such as IR departments, stock-related matters, and general meetings of shareholders.

Teramura: I was appointed a standing member of the Company’s Audit and Supervisory Committee in 2021, and I have served as a part-time Audit and Supervisory Committee member since 2023. During my 29 years working in banking, I was involved in various matters, such as business transactions, overseas branches, and fund management departments. In particular, my experience in finance and accounting, especially in a funds and securities department, helps in discussions concerning Artner’s management strategies, as well as financial strategies. After that, I was seconded to a global logistics company, where I was involved in management for 13.5 years, taking part in transactions in the automobile and machinery industries, as well as in M&A transactions.

Morii: I have served as a member of the Company’s Audit and Supervisory Committee since 2021. In my previous position, I engaged in area management as a branch president for a manufacturer and was involved for a long time in intra-area marketing and sales in general, as well as coordination with the production and development departments and medium-term area strategies. At Artner, I hope to contribute to consultations regarding new business development and sales with respect to our clients.

In particular, what do you keep in mind or attach importance to when performing your duties as Outside Directors?

Nomura: Based on my prior experience and knowledge, outside directors are expected to offer advice from different points of view to help their company grow. I strive for appropriate

management by voicing my opinions at board meetings from a neutral, objective standpoint and by leveraging my experience, which differs from that of Inside Directors.

Teramura: Me too. I hope that opinions from different points of view lead to new insights internally and help us to improve our work and establish Management Policies. In addition, since there are internal circumstances that I am not familiar with, I conduct investigations sufficiently in advance and strive for effective communication when conducting interviews with managers at each business office. In particular, I strive to proactively take opportunities to talk with the Internal Audit Office and the Corporate Planning and Strategy Division to gather information.

Morii: Judgments made solely based on the executive side of our work tend to get carried away by company-specific ethics and practices. I also strive to provide objective advice and supervision from an independent perspective that leverages my experience and knowledge.

What do you applaud in terms of the effectiveness of the Board of Directors? What issues are there, if any?

Nomura: Regarding the two separately held board meetings, I greatly applaud how our business performance is reported in detail at the business report board meeting and how management strategies are also discussed at the regular board meeting, with an eye to increasing enterprise value over the medium to long term. Going forward, I hope that they become places that allow for more proactive exchanges of opinions on the direction we should take with respect to client trends and the state of other companies in the same industry.

Teramura: I feel that regular board meetings allow for expert-level discussions on governance and other topics, and that they are helpful for avoiding aspects that tend to end up being about daily performance management. However, since many agenda items are previous concerns that are still ongoing, discussions are rarely exciting, which I feel is an issue. On this point, it is also key that we Outside Directors raise concerns from a perspective that is different from before.

Morii: I applaud how Compliance and Risk Management Meetings are held regularly to eliminate risks related to maintaining or improving our enterprise value before they become apparent. Also, I feel that the sharing of directions and challenges by the Directors in charge of each department is done well.

What is your assessment of Artner’s governance and internal control systems?

Nomura: The Management Division, which is the main division in charge of governance, as well as other departments, has



a high level of awareness with respect to governance, and I feel that the business management system at Artner has a strong framework. I applaud the fact that the Internal Control System, which responds to risks that may harm the Company, is also being discussed appropriately. On the other hand, with respect to work efficiency optimization, such as the promotion of IT applications for sales and administrative duties, we must continue improving.

Teramura: I actually feel that governance is being managed well in terms of work sites. Talents having expert-level skills are



assigned and placed even in the Internal Audit Office, and its collaboration with the Board of Directors and the Audit and Supervisory Committee is also good. Previously, some departments had shortages in staff to support and manage dispatched engineers at business sites, but we increased the number of staff significantly last fiscal year.

Morii: With committees such as the Audit and Supervisory Committee and the Nomination and Remuneration Committee in place, I believe Artner's governance and internal control systems are being appropriately managed through the Board of Directors, the Sustainability Committee, the Information Disclosure Committee, and Compliance and

Risk Management Meetings. I also greatly applaud how information exchanges and meetings with Audit and Supervisory Committee members, accounting firms, and the Internal Audit Office are held on a regular basis.

### With worker and engineer shortages projected to become increasingly serious going forward, what are your thoughts on Artner's value and significance to society?

Nomura: I believe that fulfilling our role in society and growing stably over the long term by supporting engineers will help to increase our value to society. I think that providing educational opportunities for employees to improve their skills and striving to enhance their technical and human capabilities will also lead to contributions to society. By appropriately operating the Company into the future based on our Management Philosophy and continuing the Company, I believe that we will sufficiently demonstrate our significance to society, even amid the engineer shortages of the present day.

Teramura: In Japan, simultaneous recruiting of new graduates is the norm for major companies. When I heard from a person who provides employment support for undergraduate students that there are engineering students who give up on engineering because they are unable to get a job at their dream company, I introduced Artner to that person. After brushing up their skills at Artner for several years as dispatched engineers, many employees shift to employment with a manufacturer through our "job change assistance program." It can be said that our value to society lies in the fact that we provide opportunities for our employees to grow as engineers. Even among manufacturers, there are more and more companies that utilize a certain number of dispatched engineers due to fluctuations in the economy and technological innovations. With regard to these points as well, I feel that we provide sufficient value to society.

Morii: We conclude regular employee contracts with engineers and offer in-house training in stages on an ongoing basis via our own education system. As a result, we are able to compensate for our clients' engineer shortages and achieve substantial savings for our clients in terms of costs and time related to employment as a group that provides the greatest added value in the industry, and I think that is our value.

### What are some of the management challenges facing Artner? What are your expectations for Artner in the future?

Nomura: One critical challenge for the Company is the development of next-generation management talents by proactively promoting young employees. By presenting challenges and granting authority to incredibly capable

employees regardless of their age or years of service, I believe that we can tear down the barriers between departments and improve our business performance. It is important that we also change our human resources system and the way we evaluate business performance. I think that increasing the size of the Company will, in turn, allow us to increase the number of administrative talents and make it easier to reform our human resources system.

Teramura: I believe that the development of next-generation management talents is imperative for the Company. As discussed by the Nomination and Remuneration Committee, while we have many expert talents, I feel that there is a shortage of talents who understand the various functions of the Company and can be entrusted with handling management for the future. It is necessary that we make systematic efforts to develop such management talents.

Morii: While the Company's immediate task was to satisfy the criterion for tradable share market capitalization, which is part of the listing maintenance criteria for the Prime Market, we were able to achieve that. While we still face challenges such as making progress toward diversity and inclusion in talent management and addressing the aging of Directors, they are being considered along with the strengthening of our system for career hires.



### Lastly, please leave us with a message from your respective standpoints.

Nomura: We were able to satisfy the listing maintenance criteria for the Prime Market. However, we believe the real battle lies ahead. The Company must aim to achieve sustained growth and increase its enterprise value, and fulfill its obligations to society in cooperation with shareholders and other stakeholders. I hope that Artner's Directors and employees will work together to achieve our shared targets. As an Outside Director, I will also strive to contribute to the development of the Company, even if only a little.

Teramura: For the past two years, satisfying the listing maintenance criteria for the Prime Market was a high-priority issue, but we were able to achieve those criteria last fiscal year with everyone's cooperation. Going forward, I would like all of Artner's Directors and employees to continue sharing their wisdom with each other and aim for further growth.

Morii: In an industry with a market size that exceeds one trillion yen, our market share is still low with much room for increases. I believe that all of us at Artner must not forget our efforts last fiscal year to satisfy the listing maintenance criteria for the Prime Market and must continue those efforts with the same sense of urgency so that we do not betray our stakeholders' expectations.



Executive Team

Directors Who Are Not Members of the Audit and Supervisory Committee  
As of April 25, 2024



SEKIGUCHI Sozo | President and CEO

Born December 31, 1964

June 1983

April 1988

March 1993

February 1998

Joined MEITEC CORPORATION (now MEITEC Group Holdings Inc.)

Joined Osaka Technology Center Co., Ltd. (previous name of the Company)

Appointed Director; Head of the Business Planning Office

Appointed Director; Vice President

February 2002

February 2012

Appointed President and CEO (current)

Appointed Head of the Hyper Artner Business Division



HARIGAE Tomonori | Director | Head of the Management Division

Born May 24, 1954

April 1978

March 1982

March 1990

March 1991

March 1993

Joined Toyobo Interior Co., Ltd.

Joined Osaka Technology Center Co., Ltd. (previous name of the Company)

Appointed Head of the Kanto Business Dept.

Appointed Director

Appointed Managing Director; Head of the General Affairs Dept.

February 2007

May 2008

Appointed Managing Director; Head of the Management Division

Appointed Director; Head of the Management Division (current)



OKUSAKA Kazuya | Director | Head of the Engineer Business Division

Born September 3, 1955

April 1978

October 1993

February 2002

April 2004

February 2007

April 2007

Joined Osaka Technology Center Co., Ltd. (previous name of the Company)

Appointed Head of the No.3 Business Dept.

Appointed Standing Auditor

Appointed Managing Director; Head of the Human Resources Dept.

Appointed Managing Director; Head of the Human Resources Division

Appointed Managing Director; Head of the Business Management Division

March 2009

February 2010

February 2011

April 2011

February 2013

February 2016

Appointed Managing Director; Head of the Technology Development Division

Appointed Managing Director; Head of the Business Promotion Division

Appointed Managing Director; Head of the Engineer Business Division

Appointed Director; Head of the Engineer Business Division

Appointed Director; Head of the Human Resources Business Division

Appointed Director; Head of the Engineer Business Division (current)



SATO So | Director | Head of the Corporate Planning and Strategy Division; Head of the Engineer Agency Business Division

Born August 14, 1973

April 1998

June 2004

April 2007

February 2013

Joined Nihon Bayer Agrochem (now Bayer Crop Science)

Joined Aon Affinity

Joined Artner Co., Ltd.; Appointed Head of the Corporate Planning and Strategy Division

Appointed Head of the Corporate Planning and Strategy Division; Head of the Engineer Agency Business Division

April 2015

February 2016

February 2022

Appointed Director; Head of the Corporate Planning and Strategy Division; Head of the Engineer Agency Business Division

Appointed Director; Head of the Corporate Planning and Strategy Division

Appointed Director; Head of the Corporate Planning and Strategy Division; Head of the Engineer Agency Business Division (current)



EGAMI Yoji | Director | Head of the Technology Development Division

Born September 26, 1958

April 1981

February 2007

April 2007

February 2010

Joined Osaka Technology Center Co., Ltd. (previous name of the Company)

Appointed Head of the Technology Development Dept. of the Human Resources Division

Appointed Director; Head of the Human Resources Division

Appointed Director; Head of the Business Promotion Division

February 2011

February 2013

February 2016

February 2022

Appointed Director; Head of the Human Resources Business Division

Appointed Director; Head of the Engineer Business Division

Appointed Director; Head of the Human Resources Business Division

Appointed Director; Head of the Technology Development Division (current)

Directors Who Are Members of the Audit and Supervisory Committee  
As of April 25, 2024



NOMURA Ryuichiro | Director and standing member of the Audit and Supervisory Committee | Outside Director / Independent Director

Born February 18, 1956

April 1978

May 1999

April 2002

April 2004

October 2005

April 2007

Joined Mizuho Realty Co., Ltd. as Senior Managing Executive Officer

Joined Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.)

Appointed Kinshicho Branch Manager

Appointed Hiroshima Branch Manager

Appointed Head of the Securities Agency Sales Dept.

Appointed Head of the Solution Sales Dept.

Appointed Executive Officer; Head of the Solution Sales Dept.

April 2008

September 2016

March 2020

August 2020

July 2022

April 2023

Joined Taiyo House Co., Ltd. as Vice President

Joined Nihon Unist Inc. as Advisor

Joined Marubeni Private Reit Inc. as Executive Officer

Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee

Joined Artner Co., Ltd. as Director and standing member of the Audit and Supervisory Committee (current)



TERAMURA Yasuhiko | Director and member of the Audit and Supervisory Committee | Outside Director / Independent Director

Born November 22, 1955

April 1978

December 1997

April 2003

April 2006

June 2006

November 2007

Joined The Bank of Yokohama, Ltd.

Appointed New York Branch Manager

Appointed Executive Officer; Head of the Financial Markets Dept.

Appointed Managing Executive Officer

Joined Kyodo Shiryō Co., Ltd. (now Feed One Co., Ltd.) as Part-time Auditor

Joined Mabuchi Corporation as Managing Director

November 2008

June 2011

November 2018

April 2021

April 2023

Appointed Senior Managing Director

Joined Sagami Transportation & Warehouse Co., Ltd. as Outside Director

Joined Multitrans, Ltd. as CEO

Joined Artner Co., Ltd. as Director and standing member of the Audit and Supervisory Committee

Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee (current)



MORII Shinichiro | Director and member of the Audit and Supervisory Committee | Outside Director / Independent Director

Born November 28, 1953

March 1976

May 2006

April 2011

April 2013

Joined Takara Standard Co., Ltd.

Appointed Kansai Direct Demand Branch President

Appointed Executive Officer; Kansai Direct Demand Branch President

Appointed Managing Executive Officer;

April 2019

June 2020

April 2021

Kansai Direct Demand Branch President

Appointed Managing Executive Officer; Kansai Direct Demand Branch Manager and Chubu Direct Demand Branch Manager

Appointed Advisor

Joined Artner Co., Ltd. as Director and member of the Audit and Supervisory Committee (current)

Skill Matrix of Executives

Note: The table below does not represent all the experience and expertise possessed by each Director.

Name	Positions and areas of responsibility	Corporate management	Skills	Business strategy	Recruitment and development	Sales	Finance and accounting	Governance
SEKIGUCHI Sozo	President and CEO	●		●	●	●	●	
HARIGAE Tomonori	Director and Head of the Management Division	●			●	●	●	
OKUSAKA Kazuya	Director and Head of the Engineer Business Division	●	●		●	●		
SATO So	Director, Head of the Corporate Planning and Strategy Division, and Head of the Engineer Agency Business Division	●		●	●		●	
EGAMI Yoji	Director and Head of the Technology Development Division	●	●		●	●		
NOMURA Ryuichiro	Outside Director and standing member of the Audit and Supervisory Committee	●				●	●	●
TERAMURA Yasuhiko	Outside Director and member of the Audit and Supervisory Committee	●					●	●
MORII Shinichiro	Outside Director and member of the Audit and Supervisory Committee					●		●

< Definition of Each Skill >

- Corporate management : Competence and experience engaging in corporate management and important decision-making.
- Skills : Possesses a high level of expertise in the Company's business fields, and has competence and experience promoting the growth and self-actualization of engineers.
- Business strategy : Competence and experience discerning medium- and long-term societal changes and guiding the Company's strategy accordingly.
- Recruitment and development : Competence and experience maintaining and creating the Company's unique "high value-added engineering group" even as the competition for talent intensifies.
- Sales : Competence and experience conducting appropriate sales from the client's perspective based on their diversifying needs.
- Finance and accounting : Possesses adequate knowledge in finance and accounting, and has competence and experience working on financial strategies for enhancing enterprise value.
- Governance : Adequate knowledge and experience needed to establish a corporate governance framework.

## Financial Statements

## Balance Sheet

(Thousands of yen)

	As of January 31, 2023	As of January 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,975,881	4,277,610
Accounts receivable - trade	1,129,522	1,240,516
Work in process	4,099	5,357
Raw materials and supplies	3,689	3,455
Prepaid expenses	30,788	45,848
Accounts receivable - other	365	573
Other	23,610	34,292
Allowance for doubtful accounts	(6,700)	(7,400)
<b>Total current assets</b>	<b>5,161,256</b>	<b>5,600,255</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	109,981	92,265
Accumulated depreciation	(72,934)	(59,506)
<b>Buildings, net</b>	<b>37,046</b>	<b>32,758</b>
Structures	1,172	-
Accumulated depreciation	(1,172)	-
<b>Structures, net</b>	<b>0</b>	<b>-</b>
Tools, furniture and fixtures	51,188	48,178
Accumulated depreciation	(33,494)	(36,818)
<b>Tools, furniture and fixtures, net</b>	<b>17,693</b>	<b>11,360</b>
Land	25,685	25,685
<b>Total property, plant and equipment</b>	<b>80,424</b>	<b>69,803</b>
<b>Intangible assets</b>		
Software	25,715	23,324
Telephone subscription right	1,654	1,654
<b>Total intangible assets</b>	<b>27,370</b>	<b>24,979</b>
<b>Investments and other assets</b>		
Investment securities	10,099	1,570
Investments in capital	1,250	1,200
Long-term prepaid expenses	563	671
Deferred tax assets	296,162	319,608
Leasehold and guarantee deposits	94,876	94,786
Other	1,185	1,211
<b>Total investments and other assets</b>	<b>404,137</b>	<b>419,048</b>
<b>Total non-current assets</b>	<b>511,932</b>	<b>513,831</b>
<b>Total assets</b>	<b>5,673,188</b>	<b>6,114,087</b>

(Thousands of yen)

	As of January 31, 2023	As of January 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - other	279,675	272,523
Accrued expenses	82,074	95,003
Income taxes payable	179,813	343,469
Accrued consumption taxes	221,798	210,039
Deposits received	17,700	20,245
Unearned revenue	37	-
Provision for bonuses	165,195	188,499
Other	7,290	21,491
<b>Total current liabilities</b>	<b>953,585</b>	<b>1,151,271</b>
<b>Non-current liabilities</b>		
Provision for retirement benefits	671,645	691,661
<b>Total non-current liabilities</b>	<b>671,645</b>	<b>691,661</b>
<b>Total liabilities</b>	<b>1,625,230</b>	<b>1,842,933</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	238,284	238,284
<b>Capital surplus</b>		
Legal capital surplus	168,323	168,323
<b>Total capital surplus</b>	<b>168,323</b>	<b>168,323</b>
<b>Retained earnings</b>		
Legal retained earnings	10,460	10,460
<b>Other retained earnings</b>		
General reserve	40,000	40,000
Retained earnings brought forward	3,585,798	3,814,139
<b>Total retained earnings</b>	<b>3,636,258</b>	<b>3,864,599</b>
Treasury shares	(739)	(869)
<b>Total shareholders' equity</b>	<b>4,042,126</b>	<b>4,270,337</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	5,832	815
<b>Total valuation and translation adjustments</b>	<b>5,832</b>	<b>815</b>
<b>Total net assets</b>	<b>4,047,958</b>	<b>4,271,153</b>
<b>Total liabilities and net assets</b>	<b>5,673,188</b>	<b>6,114,087</b>



## Profit and Loss Statement

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Net sales	9,242,360	10,110,524
Cost of sales	6,168,503	6,571,185
Gross profit	3,073,856	3,539,339
Selling, general and administrative expenses	1,879,747	2,016,489
Operating profit	1,194,108	1,522,849
Non-operating income		
Interest income	1	1
Dividend income	284	179
Commission income	574	574
Sales income of training materials	593	518
Rental income from land and buildings	408	302
Dividend income of insurance	6,870	7,297
Subsidy income	594	783
Other	1,130	1,263
Total non-operating income	10,457	10,920
Non-operating expenses		
Interest expenses	130	98
Cancellation penalty	1,330	1,020
Other	49	35
Total non-operating expenses	1,511	1,153
Ordinary profit	1,203,054	1,532,616
Extraordinary income		
Gain on sale of investment securities	-	7,938
Total extraordinary income	-	7,938
Extraordinary losses		
Loss on retirement of non-current assets	0	13,197
Total extraordinary losses	0	13,197
Profit before income taxes	1,203,054	1,527,357
Income taxes - current	348,034	496,775
Income taxes - deferred	(40,127)	(21,235)
Total income taxes	307,906	475,540
<b>Profit</b>	<b>895,148</b>	<b>1,051,817</b>

## Cash Flow Statement

(Thousands of yen)

	Fiscal year ended January 31, 2023	Fiscal year ended January 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,203,054	1,527,357
Depreciation	25,922	24,717
Increase (decrease) in allowance for doubtful accounts	700	700
Increase (decrease) in provision for bonuses	23,745	23,304
Increase (decrease) in provision for retirement benefits	92,111	20,016
Interest and dividend income	(285)	(181)
Interest expenses	130	98
Loss on retirement of non-current assets	0	13,197
Loss (gain) on sale of investment securities	-	(7,938)
Decrease (increase) in accounts receivable – other	970	(207)
Decrease (increase) in trade receivables	(118,368)	(110,993)
Decrease (increase) in inventories	(3,200)	(1,025)
Increase (decrease) in accrued consumption taxes	18,531	(11,759)
Increase (decrease) in accounts payable – other	24,139	(8,116)
Other, net	4,945	(5,343)
Subtotal	1,272,396	1,463,826
Interest and dividends received	285	181
Interest paid	(130)	(98)
Income taxes paid	(399,953)	(337,660)
Net cash provided by (used in) operating activities	872,598	1,126,248
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,042)	(2,398)
Purchase of intangible assets	(7,099)	(12,922)
Payments of leasehold and guarantee deposits	(10,154)	(54)
Proceeds from refund of leasehold and guarantee deposits	238	144
Proceeds from sale of investment securities	-	9,231
Other, net	(26)	23
Net cash provided by (used in) investing activities	(24,085)	(5,975)
Cash flows from financing activities		
Purchase of treasury shares	-	(129)
Dividends paid	(426,831)	(818,414)
Net cash provided by (used in) financing activities	(426,831)	(818,414)
Net increase (decrease) in cash and cash equivalents	421,681	301,729
Cash and cash equivalents at beginning of period	3,554,199	3,975,881
<b>Cash and cash equivalents at end of period</b>	<b>3,975,881</b>	<b>4,277,610</b>

## 11-Year financial Summary

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>■ Operating Results (million yen)</b>											
Net sales	3,856	4,287	4,761	5,153	5,765	6,331	7,002	7,174	8,102	9,242	10,110
Gross profit	1,238	1,418	1,580	1,802	2,039	2,298	2,540	2,731	2,800	3,073	3,539
Operating profit	188	336	431	553	681	785	886	887	1,010	1,194	1,522
Ordinary profit	193	341	432	564	690	794	893	910	1,032	1,203	1,532
Profit before income taxes	192	338	427	564	690	792	893	913	1,057	1,203	1,527
Profit	118	210	276	363	480	540	613	628	728	895	1,051
Cash flows from operating activities	77	512	307	192	471	612	591	899	770	872	1,126
Cash flows from investing activities	8	(15)	(3)	(15)	(25)	(75)	(42)	(30)	33	(24)	(5)
Cash flows from financing activities	(233)	(123)	(79)	(105)	(134)	(169)	(215)	(232)	(270)	(426)	(818)
Free cash flows	85	497	304	177	446	537	549	869	803	848	1,121
<b>■ Financial Position (million yen)</b>											
Total assets	1,385	1,830	2,102	2,289	2,763	3,264	3,801	4,432	5,088	5,673	6,114
Net assets	995	1,153	1,357	1,616	1,963	2,333	2,728	3,123	3,582	4,047	4,271
<b>■ Per Share Data (yen)</b>											
Earnings per share	11.20	19.83	26.02	34.22	45.27	50.91	57.73	59.16	68.59	84.24	98.99
Net assets per share	93.67	108.51	127.78	152.10	184.81	219.59	256.77	293.93	337.14	380.96	401.97
Dividend per share	5.00	6.25	8.75	11.25	15.00	18.00	20.50	23.00	34.50	60.00	75.00
* Earnings per share and net assets 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)											
<b>■ Management Indicators (%)</b>											
Equity ratio	71.8	63.0	64.6	70.6	71.1	71.5	71.8	70.5	70.4	71.4	69.9
Return on equity (ROE)	12.1	19.6	22.0	24.4	26.9	25.2	24.2	21.5	21.7	23.5	25.3
Return on assets (ROA)	13.2	21.2	22.0	25.7	27.3	26.3	25.3	22.1	21.7	22.4	26.0
Gross margin	32.1	33.1	33.2	35.0	35.4	36.3	36.3	38.1	34.6	33.3	35.0
Operating margin	4.9	7.9	9.1	10.7	11.8	12.4	12.7	12.4	12.5	12.9	15.1



Non-financial Data (KPIs, Targets, and Results)

Category	ID	Item	KPI	Target	FY2022	FY2023	FY2024	
Environmental	1	Improve energy efficiency and reduce energy usage	Greenhouse gas (GHG) emissions (Scope 1 and Scope 2)	Net zero (FY2051)	97.3 tCO2 (FY2022)	91.3 tCO2 (FY2023)	98.7 tCO2 (FY2024)	
			Greenhouse gas (GHG) emissions (Scope 1 and Scope 2) per unit of net sales	-	0.0120 (tCO2 / million yen) (FY2022)	0.0101 (tCO2 / million yen) (FY2023)	0.0097 (tCO2 / million yen) (FY2024)	
			Energy consumption (crude oil equivalent)	Reduction on an ongoing basis	48.7 (kl/year) (FY2022)	49.9 (kl/year) (FY2023)	48.2 (kl/year) (FY2024)	
			Energy consumption (crude oil equivalent) per unit of net sales	-	0.0060 (kl / million yen) (FY2022)	0.0054 (kl / million yen) (FY2023)	0.0048 (kl / million yen) (FY2024)	
			Reduction rate of copy paper used	Reduction on an ongoing basis	14.5% reduction (FY2022)	5.9% reduction (FY2023)	6.2% reduction (FY2024)	
	2	Contribute to carbon neutrality through business activities	Share of engineers placed in carbon neutrality projects among all engineers	50.0% (FY2025)	41.3% (FY2022)	46.1% (FY2023)	48.3% (FY2024)	
Social	3	Resolve social issues by creating jobs	Share of carbon neutrality recruitment targets for new graduates and career hires	55.0% (FY2025)	40.1% (FY2022)	50.0% (FY2023)	46.1% (FY2024)	
	4	Respect human rights	Number of serious human rights issues	None	None (FY2022)	None (FY2023)	None (FY2024)	
			Number of discrimination incidents	None	None (FY2022)	None (FY2023)	None (FY2024)	
			Percentage of employees who have received harassment training	100.0%	100.0% (FY2022)	100.0% (FY2023)	100.0% (FY2024)	
			Number of inquiries to harassment helpline	Appropriate response to inquiries	None (FY2022)	None (FY2023)	1 (FY2024)	
	5	Promote diversity and inclusion	Percentage of the Company’s former employees who used job change assistance program	1.7% (FY2025)	0.8% (FY2022)	1.7% (FY2023)	2.3% (FY2024)	
			Share of regular employees hired mid-career	-	2.0% (FY2022)	4.8% (FY2023)	7.7% (FY2024)	
			Number of employees	-	1,180 (as of January 31, 2022)	1,276 (as of January 31, 2023)	1,321 (as of January 31, 2024)	
			Number of temporary employees (average)	-	10 (FY2022)	16 (FY2023)	24 (FY2024)	
	6	Develop and secure promising talents	Average hours of annual training per employee (engineer)	Same level each year	163.9 hours (FY2022)	81.2 hours (FY2023)	73.2 hours (FY2024)	
			Average cost of annual training per employee (engineer)	Same level each year	63,000 yen (FY2022)	62,000 yen (FY2023)	54,000 yen (FY2024)	
			Percentage of employees who have received talent development training	Same level each year	89.1% (FY2022)	84.8% (FY2023)	87.4% (FY2024)	
			Turnover rate (engineers) *Excluding retirement and turnover via the Company’s assistance program to change jobs	7.1% (FY2025)	10.3% (FY2022)	7.7% (FY2023)	8.3% (FY2024)	
			Turnover rate (engineers)	8.8% (FY2025)	11.3% (FY2022)	9.6% (FY2023)	10.9% (FY2024)	
			Payment related to regional and social contribution	-	2,000,000 yen (FY2022)	2,000,000 yen (FY2023)	2,000,000 yen (FY2024)	
	Governance	7	Strengthen corporate governance	Appointment ratio of Independent Directors	One-third or more	37.5% (as of January 31, 2022)	37.5% (as of January 31, 2023)	37.5% (as of January 31, 2024)
Number of Outside Directors				-	3 (as of January 31, 2022)	3 (as of January 31, 2023)	3 (as of January 31, 2024)	
Ratio of Outside Directors in the Nomination and Remuneration Committee				Majority	75.0% (as of January 31, 2022)	75.0% (as of January 31, 2023)	75.0% (as of January 31, 2024)	
Remuneration of Outside Directors				-	22,000,000 yen (FY2022)	24,000,000 yen (FY2023)	25,000,000 yen (FY2024)	
Number of Directors				-	8 (as of January 31, 2022)	8 (as of January 31, 2023)	8 (as of January 31, 2024)	
Board of Directors				Number of meetings held	-	30 times (FY2022)	31 times (FY2023)	30 times (FY2024)
				Attendance rate	-	99.2% (FY2022)	98.8% (FY2023)	99.6% (FY2024)
				Attendance rate of Independent Directors	-	97.8% (FY2022)	96.8% (FY2023)	100.0% (FY2024)
Compliance and Risk Management Meeting				Number of meetings held	-	12 times (FY2022)	12 times (FY2023)	12 times (FY2024)
				Attendance rate	-	96.9% (FY2022)	99.0% (FY2023)	100.0% (FY2024)
				Attendance rate of Independent Directors	-	91.7% (FY2022)	97.3% (FY2023)	100.0% (FY2024)
Sustainability Committee				Number of meetings held	-	4 times (FY2022)	4 times (FY2023)	4 times (FY2024)
				Attendance rate	-	93.8% (FY2022)	100.0% (FY2023)	100.0% (FY2024)
				Attendance rate of Independent Directors	-	83.4% (FY2022)	100.0% (FY2023)	100.0% (FY2024)
Audit and Supervisory Committee				Number of meetings held	-	25 times (FY2022)	26 times (FY2023)	26 times (FY2024)
				Attendance rate	-	100.0% (FY2022)	100.0% (FY2023)	100.0% (FY2024)
				Attendance rate of Independent Directors	-	100.0% (FY2022)	100.0% (FY2023)	100.0% (FY2024)
Nomination and Remuneration Committee				Number of meetings held	-	-	4 times (FY2023)	4 times (FY2024)
				Attendance rate	-	-	100.0% (FY2023)	100.0% (FY2024)
				Attendance rate of Independent Directors	-	-	100.0% (FY2023)	100.0% (FY2024)
Evaluation of the effectiveness of the Board of Directors				Once	Once	Once	Once	
8		Promote compliance management	Percentage of employees who have received compliance training	100.0%	100.0% (FY2022)	100.0% (FY2023)	100.0% (FY2024)	
			Percentage of employees who have received information security training	100.0%	100.0% (FY2022)	100.0% (FY2023)	100.0% (FY2024)	
			Number of major compliance violations	None	None (FY2022)	None (FY2023)	None (FY2024)	
			Number of major information security incidents	None	None (FY2022)	None (FY2023)	None (FY2024)	
			Number of inquiries to whistleblowing helpline	Appropriate response to inquiries	None (FY2022)	None (FY2023)	None (FY2024)	
			Number of major dispositions related to corruption	None	None (FY2022)	None (FY2023)	None (FY2024)	
			Number of instances where employees were fined for corruption, etc.	None	None (FY2022)	None (FY2023)	None (FY2024)	

Company Data

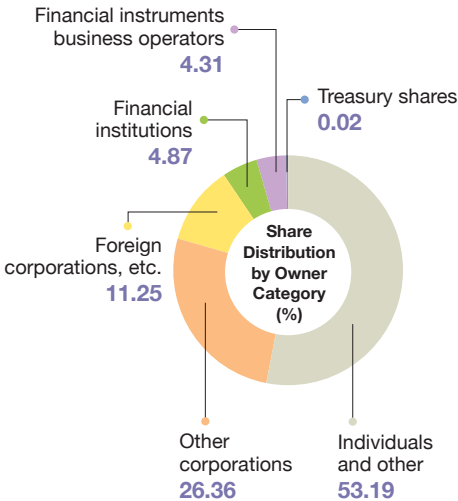
As of January 31, 2024

Stock Data

Fiscal Year-End	January 31
Ordinary General Meeting of Shareholders	April
Record dates for dividends of surplus	January 31 and July 31 (when interim dividends are provided)
Number of shares per share unit	100 shares

Total number of authorized shares	36,000,000 shares
Number of shares issued	10,627,920 shares
Number of tradable shares	74,145 units
Number of shareholders	15,051
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-Chome, Chiyoda-ku, Tokyo 100-8212, Japan

Share Distribution by Owner Category



Major Shareholders

Name	Number of Shares Held	Ratio (%)*
Sekiguchi Kogyo Co., Ltd.	2,126,000	20.00
Artner Employee Stock Ownership Association	808,148	7.60
Osaka Small and Medium Business Investment and Consultation Co., Ltd.	480,000	4.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	285,900	2.69
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO) (Standing Proxy: MUFG Bank, Ltd.)	243,439	2.29
JPMorgan Securities Japan Co., Ltd.	203,547	1.91
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (Standing Proxy: Settlement and Clearing Services Division, Mizuho Bank, Ltd.)	180,000	1.69
THE BANK OF NEW YORK MELLON 140040 (Standing Proxy: Settlement and Clearing Services Division, Mizuho Bank, Ltd.)	166,259	1.56
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE (Standing Proxy: MUFG Bank, Ltd.)	151,138	1.42
HARIGAE Tomonori	140,840	1.32
Total	4,785,271	45.03

\* The number of shares owned as a proportion of the total number of issued shares (excluding treasury stock).

Stock Price Changes (February 3, 2014 – January 31, 2024)



	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
FY high (yen)	243	399	466	1,153	1,341	1,058	1,102	930	1,080	2,404
FY low (yen)	133	175	210	398	566	671	527	774	820	994

\*Artner's stock price and TOPIX, shown as line graphs, are both indexed to 100 as of February 3, 2014.  
\*Stock prices 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)

Company Overview As of January 31, 2024

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
Headquarters	Tokyo headquarters Sumitomo Fudosan Realty and Development Shin-Yokohama Building 5F, 2-5-5 Shin-Yokohama, Kohoku Ward, Yokohama City 222-0033  Osaka headquarters Sumitomo Nakanoshima Building 2F, 3-2-18 Nakanoshima, Kita Ward, Osaka City 530-0005
Business bases	Yokohama, Osaka, Utsunomiya, Nagoya
Learning centers	East Japan, West Japan
Business fields	1) Software 2) Electronics 3) Machinery Basic research, design, and development in the above fields, as well as tasks relating to them
Number of employees	1,321
License Number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-工-020355)

(Caution regarding forward-looking statements, etc.)  
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.