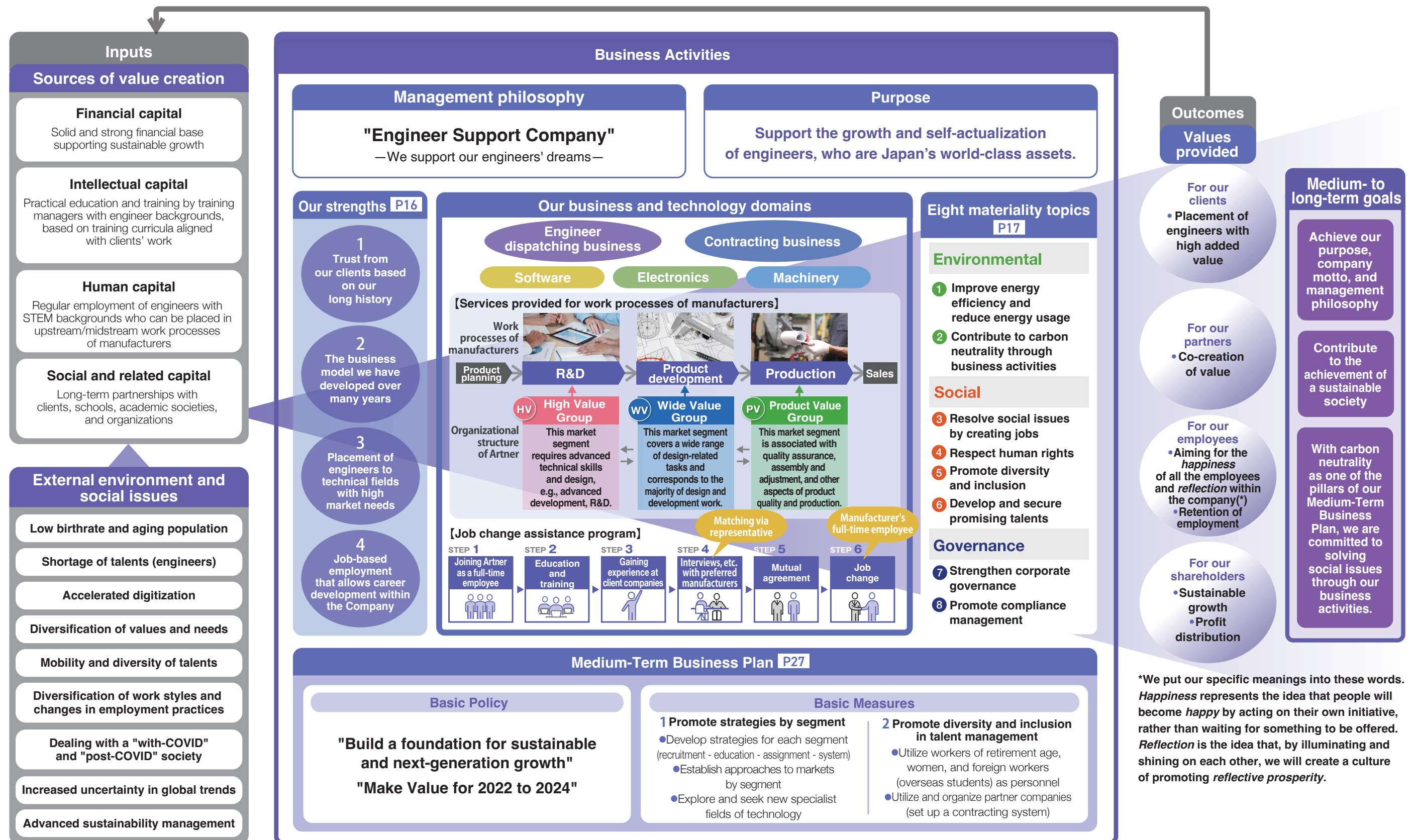


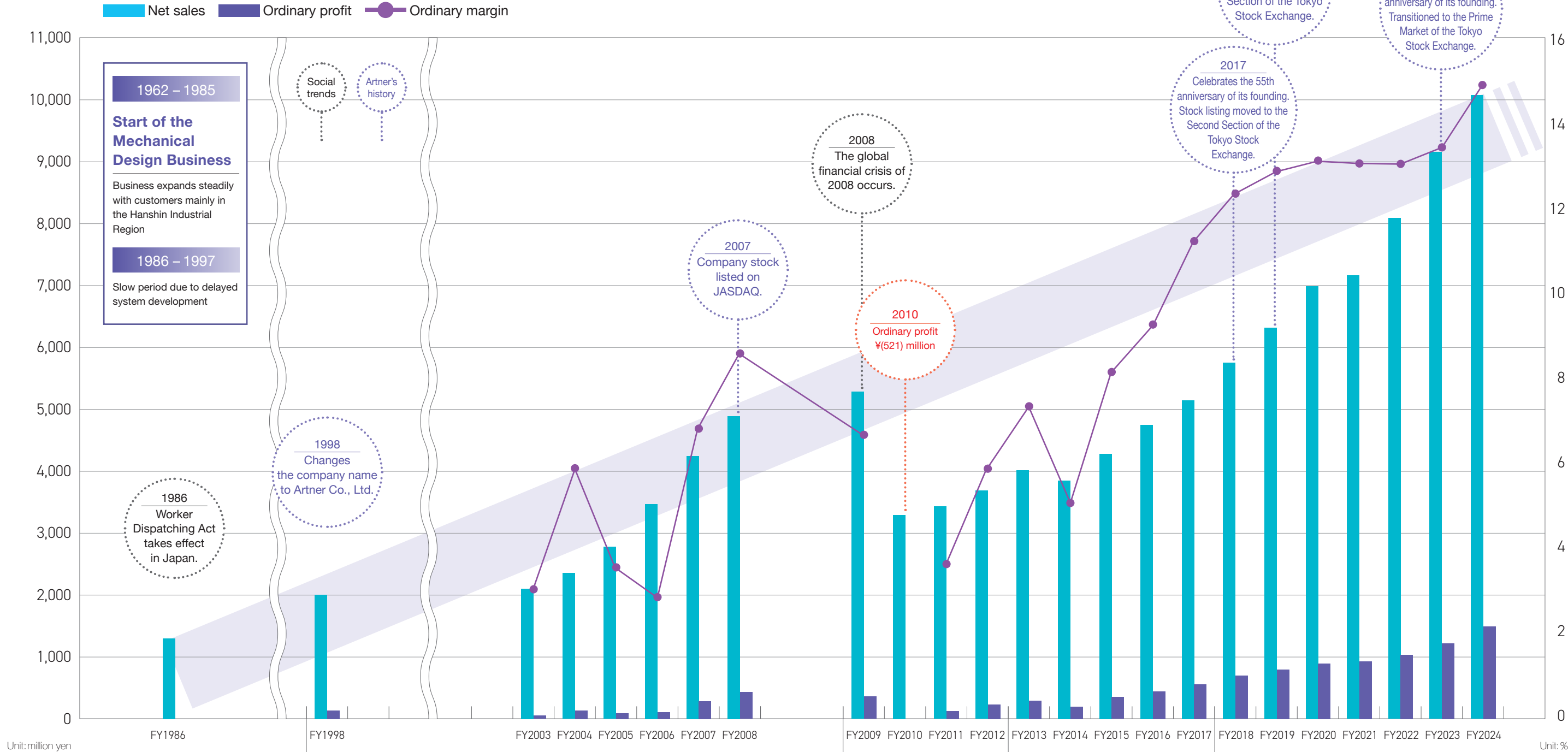
Value Creation Process

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	2009 – 2012	2013 – 2017	2018 –
	First business restructuring	Second business restructuring	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	Build a foundation for sustainable and next-generation growth
	<div>◎ Focused human resources in the Engineer Dispatching Business</div> <div>◎ 1998: Changes the company name to Artner Co., Ltd.</div> <div>◎ 2000: Artner Five-Year Revitalization Plan</div> <div>◎ 2007: Company stock listed on JASDAQ.</div> <div>◎ 2008: The global financial crisis of 2008 occurs.</div>	<div>◎ 2011: Reorganized into the Engineer Business Division (Utsunomiya, Yokohama, Nagoya, and Osaka), Hyper Artner Business Dept., etc.</div>	<div>◎ 2013: Four business divisions established (Hyper Artner Business Division, Engineer Business Division, Engineer Agency Business Division, and Human Resources Business Division)</div>	<div>◎ Promote strategies by segment</div> <div>◎ Promote diversity and inclusion in talent management</div>

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.



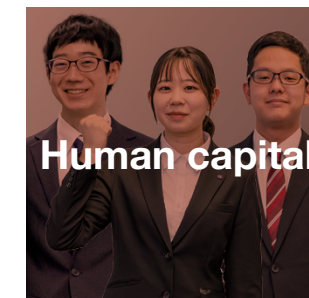
Solid and strong financial base supporting sustainable growth

Equity ratio	Net assets	Cash flows from operating activities
69.9%	4.27 billion yen	1.12 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)
100%	73.2 hours	54,000 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
1,192	100%	88%



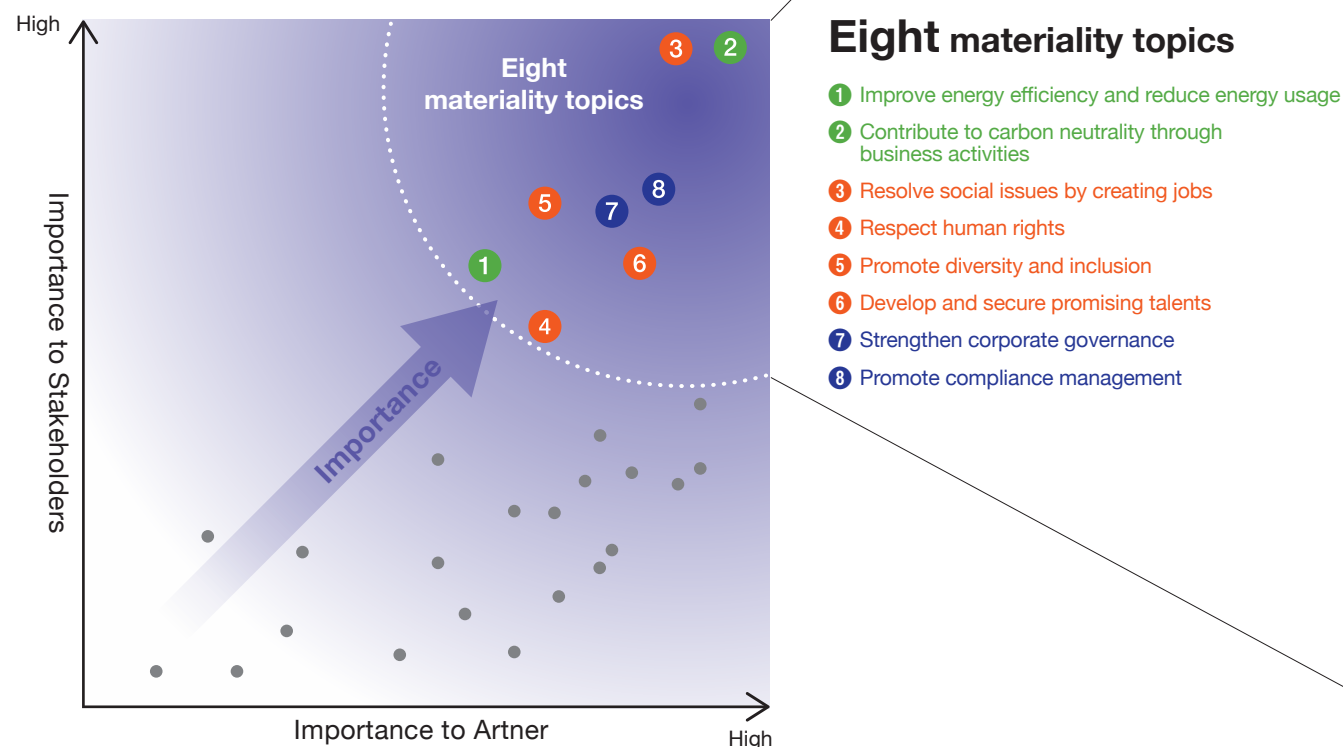
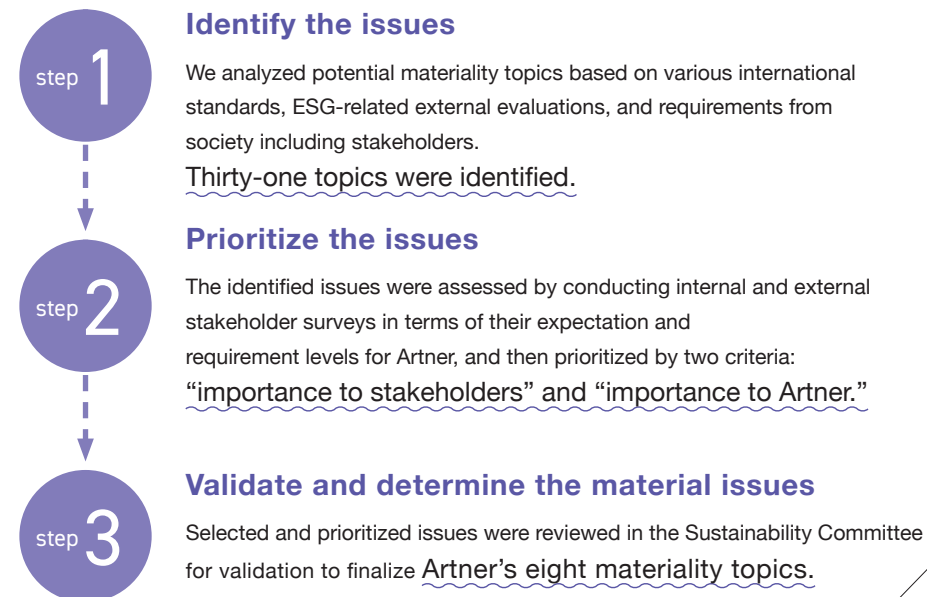
Long-term partnerships with clients, schools, academic societies, and organizations

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

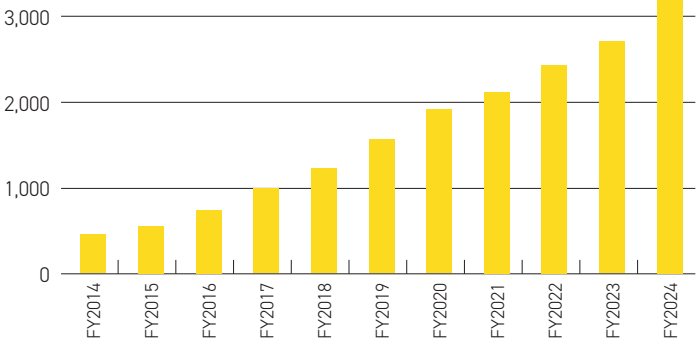
Design areas include Embedded (software development for control systems to be embedded in machinery and equipment), IT Solution (software development for network systems to be used with PCs, tablet devices, and servers), and Model-Based (upstream processes such as preliminary research based on models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



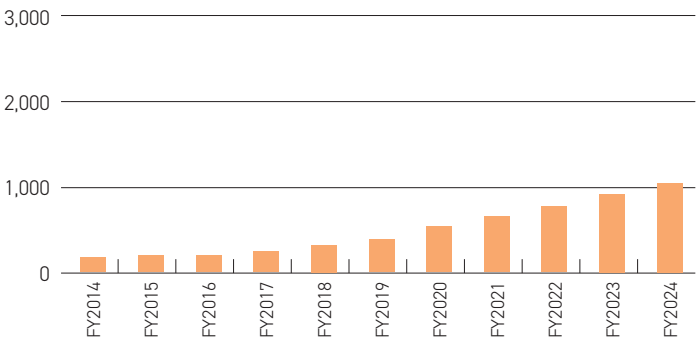
Trends in Net Sales by Technology Field

Unit: million yen

Software (Embedded / Model-Based)

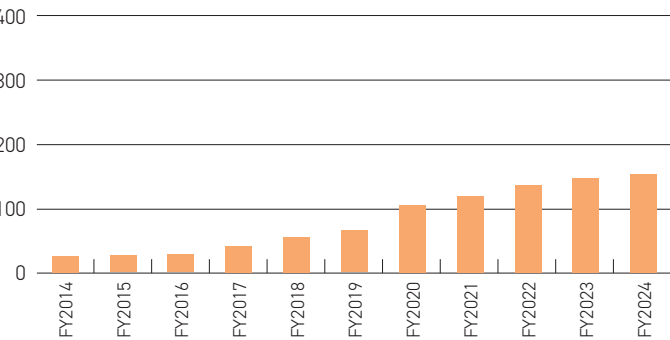
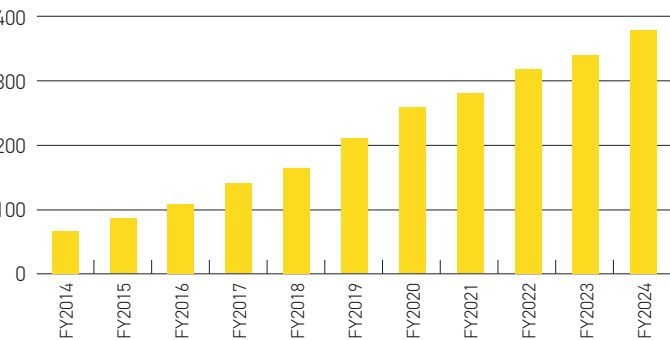


Software (IT Solution)



Trends in number of engineers

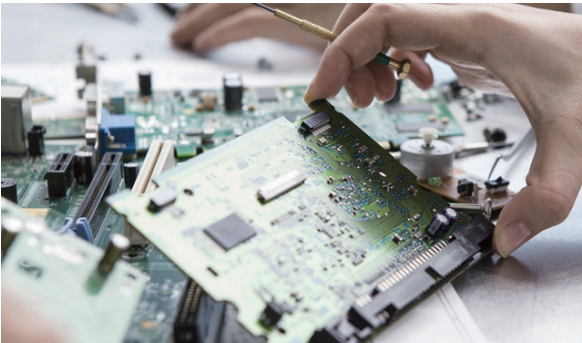
Unit: people



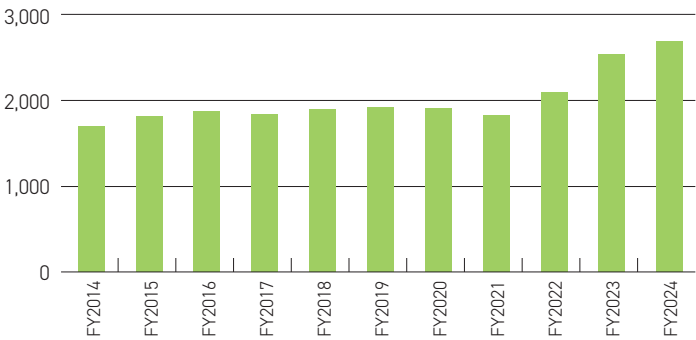
Electronics Net Sales Ratio 26.4%

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).



Electronics



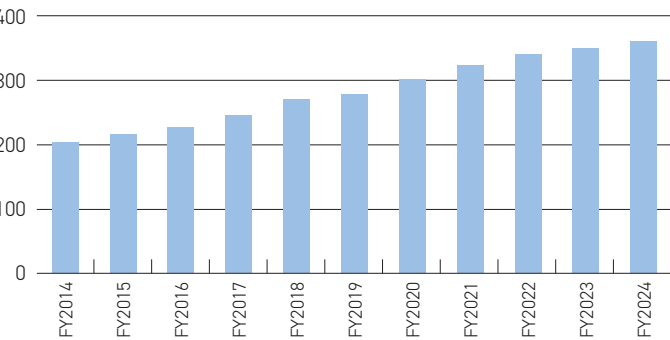
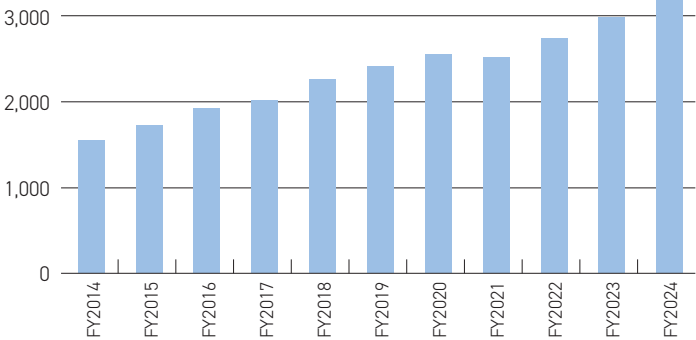
Machinery Net Sales Ratio 31.5%

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

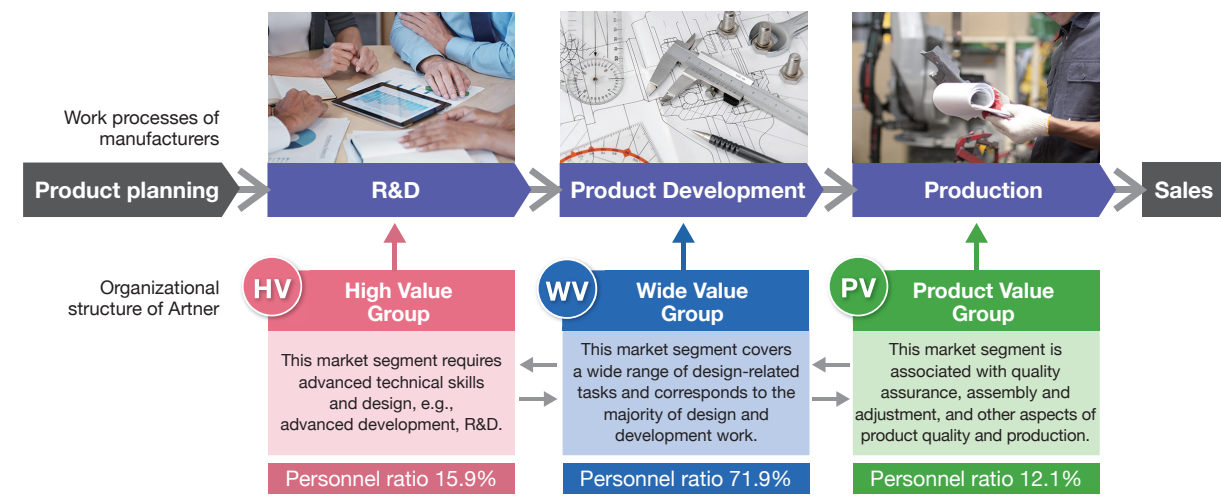
Design areas include Drive Systems (development of mechanisms for generating, converting, storing, and transmitting energy), Mechanisms (development of mechanisms for production facilities and equipment), and Structures and Materials (design of products in various formats, formulation of structures and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



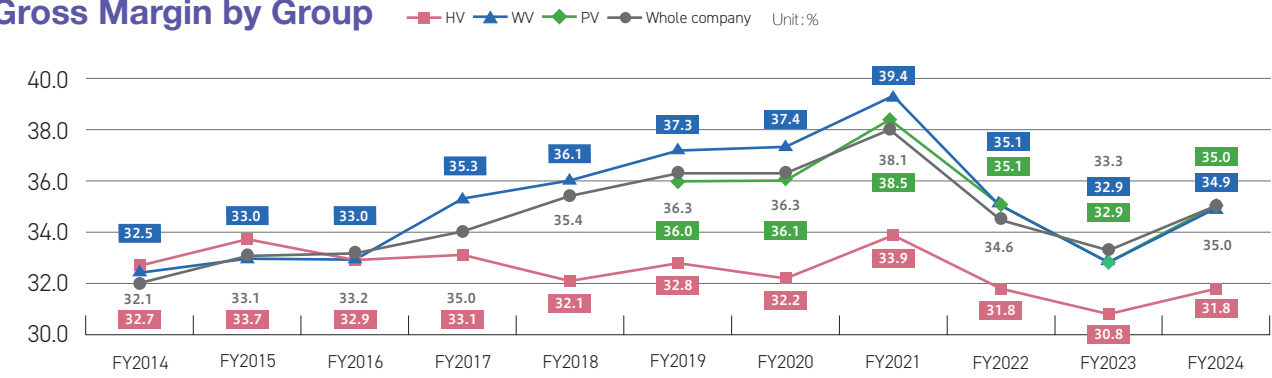
Machinery



Artner's Groups Handling the Work Processes of Manufacturers

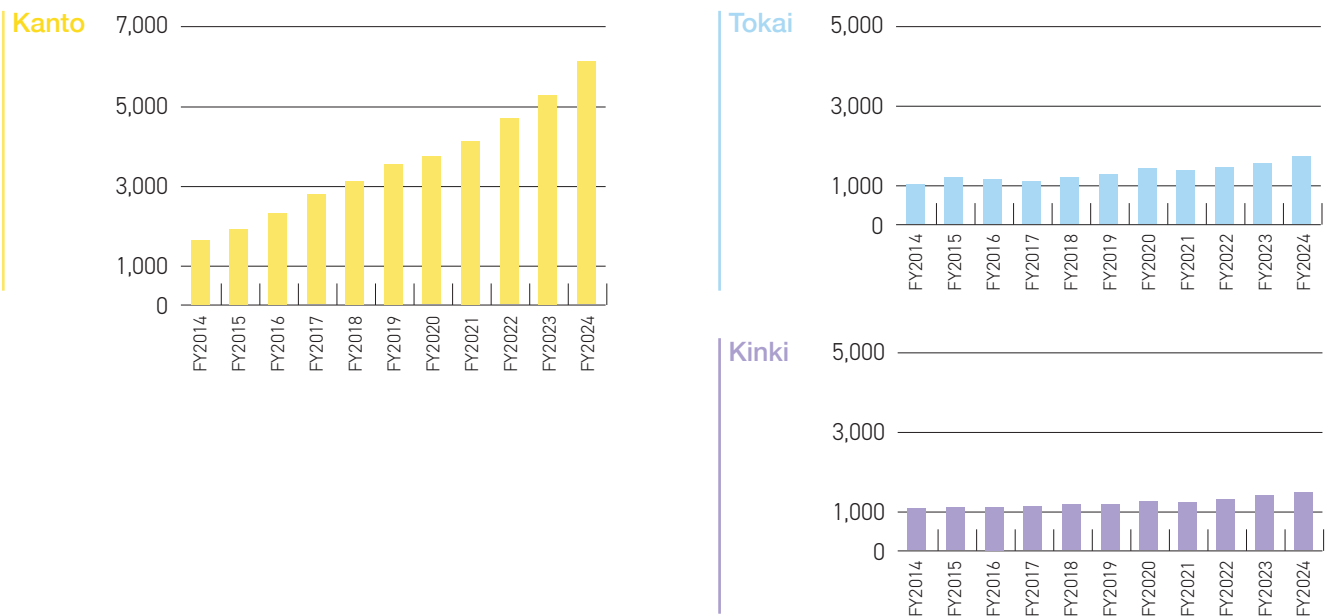


Gross Margin by Group



Trends in Net Sales by Region

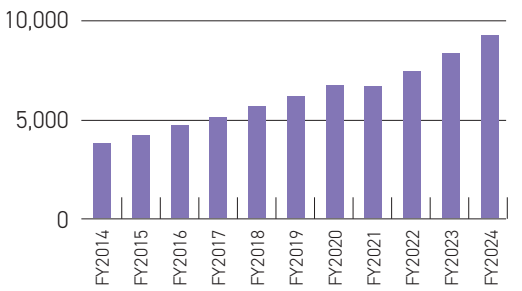
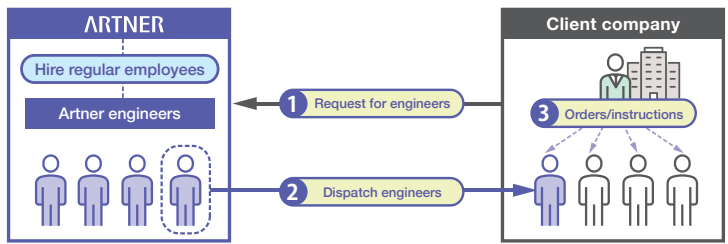
Unit: million yen



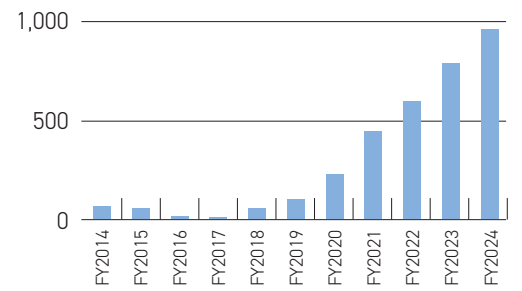
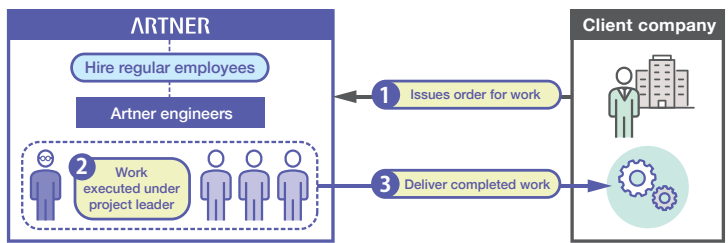
Trends in Net Sales by Business

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

