

Make Value!



Engineer Support Company

FY2020 Telephone Conference on Financial Results



March 23, 2020

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

ARTNER CO., LTD.

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■ **Company Motto**

Pursuit of Mindset, Pursuit of Wisdom, Pursuit of Creativity

■ **Management Philosophy**

“Engineer Support Company”

—We support our engineers’ dreams—

We aim for the happiness of all the employees and reflection within the company by developing talents, fostering technologies, and contributing to society through our engineers.

■ **Origin of the Company Name**

ART

Art: Pursuing superior quality

+

ARTNER

+

PARTNER

Partner: Responding to customer trust

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

History (at the time of founding in 1953)

- Originally founded as Sekiguchi Kogyo Co., Ltd. in Amagasaki, Hyogo in 1953.
- Manufactures and sells gloves for use in heavy industries in the Hanshin Industrial Region.
- Reproduces and binds design drawings received from client companies, using whiteprinting and blueprinting techniques.
- Starts hiring employees with STEM degrees and offering a tracing service for design drawings.
- Our engineers visit frequently the design departments of client companies.
- Demand increases from clients for tracing and other designing and development services.

1953



Originally founded as Sekiguchi Kogyo Co., Ltd.



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



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



Our engineers visit the design departments of client companies frequently.



Demand from client companies increases for tracing and other designing and development services.

History (1962 to present)

- 1962 Establishes Osaka Technology Center Co., Ltd. to offer design and development services.
- 1986 Worker Dispatching Act takes effect in Japan.
- 1998 Changes the company name to Artner Co., Ltd.
- 2007 Company stock listed on JASDAQ.
- 2017 Celebrates the 55th anniversary of its founding. Stock listing moved to the Second Section of the Tokyo Stock Exchange.
- 2018 Stock listing moved up to the First Section of the Tokyo Stock Exchange.

1962



Establishes Osaka Technology Center Co., Ltd.

1986

Worker Dispatching Act takes effect in Japan.

1989



Establishes Kanto Office.

1998

Changes the company name to Artner Co., Ltd.

2007



Oct.: Company stock listed on JASDAQ.

2017



Sep.: Celebrates the 55th anniversary of its founding. /
Oct.: Stock listing moved to the Second Section of the Tokyo Stock Exchange.

2018

Feb.: New Medium-Term Business Plan starts.

Jul.: Stock listing moved up to the First Section of the Tokyo Stock Exchange.

Business locations

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



[West Japan LC]

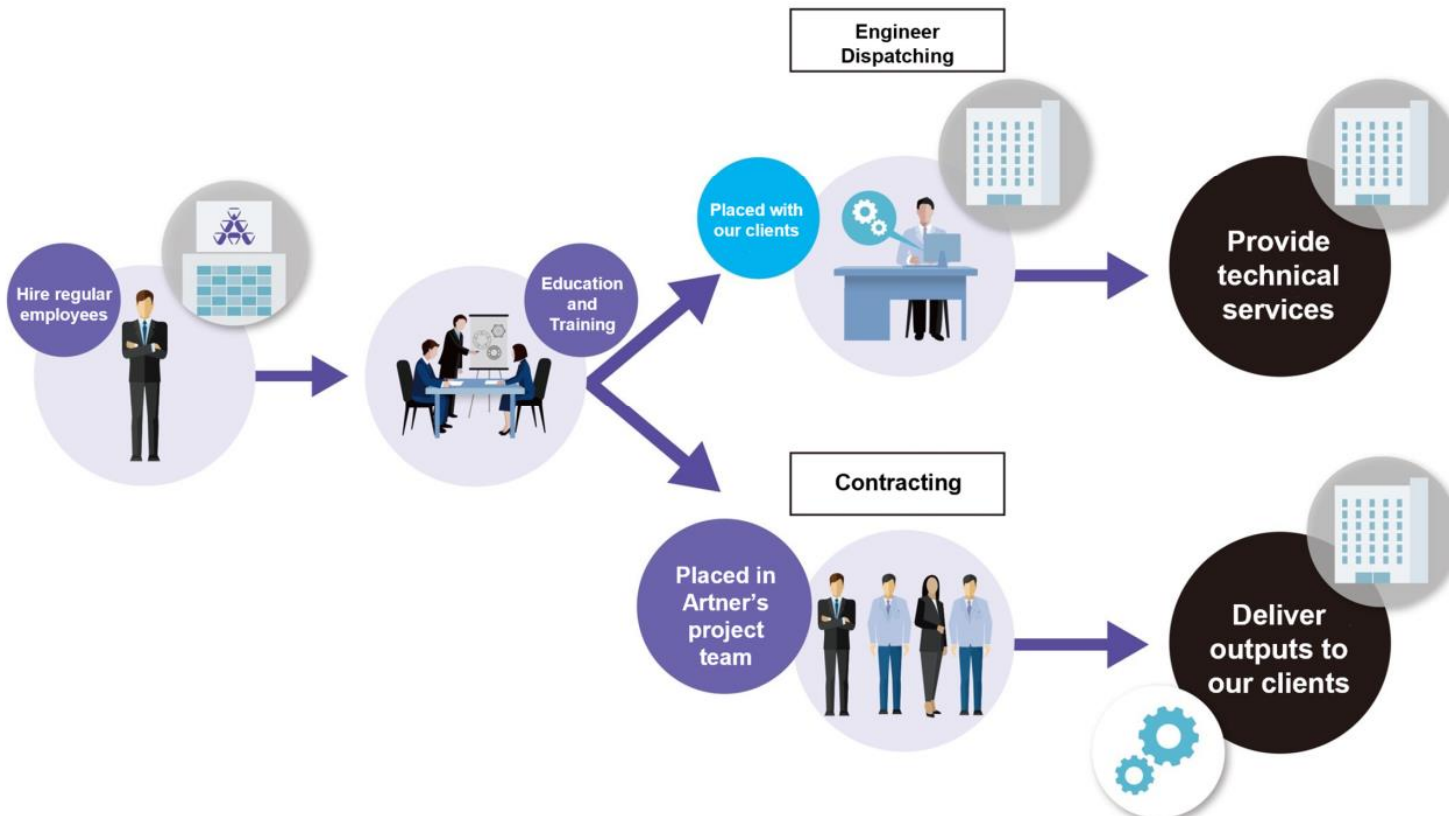


[East Japan LC]



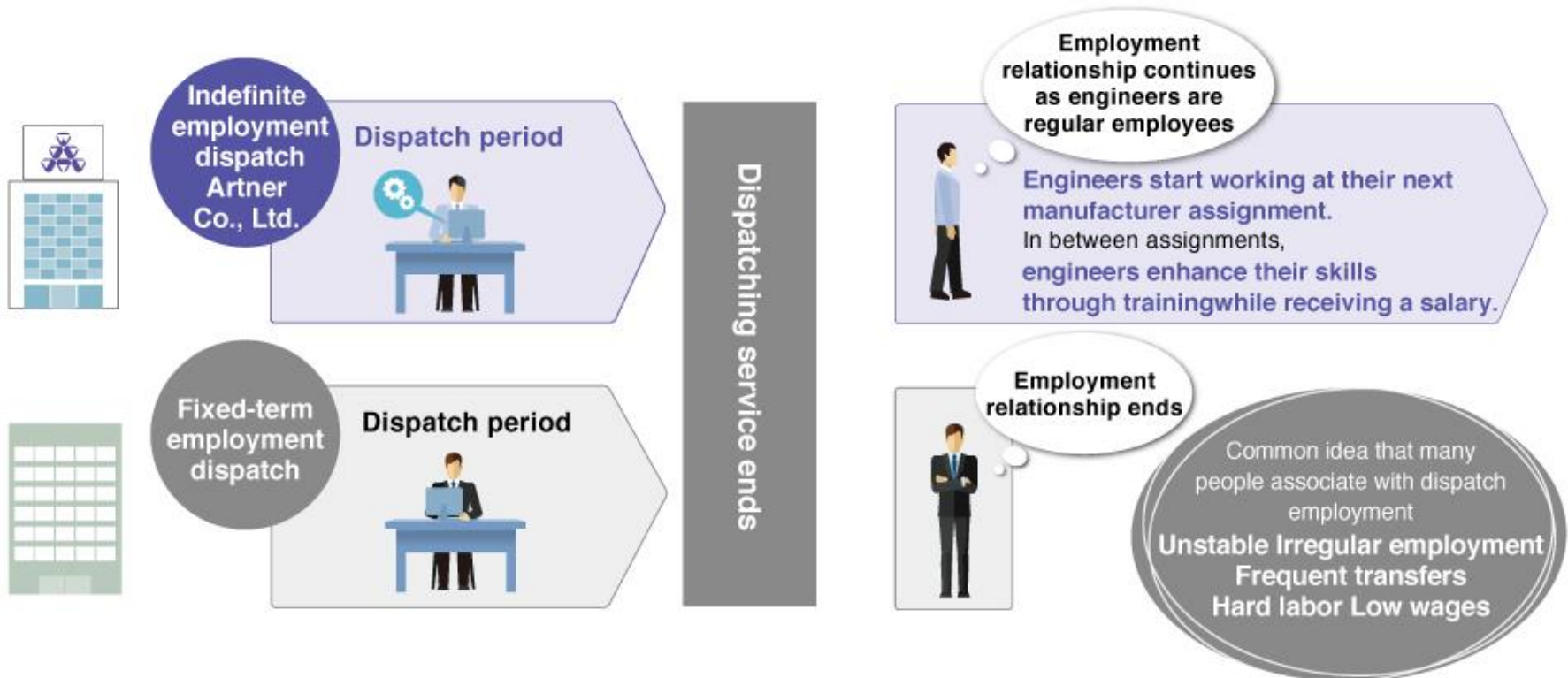
Business Model

- Hire undergraduate and graduate students in the sciences (engineering, science and engineering, science, information engineering) as regular employees. After receiving education and training, they are placed with our clients or the Company's teams
- Our training staff are engineers with extensive experience
- Our clients include transportation equipment, electrical equipment, and precision equipment manufacturers



Employment status at Artner

- Artner’s engineers with an “indefinite employment dispatch” status are hired as regular employees, meaning that the employment relationship continues even after a dispatching service ends.



Education and training flow

- After entering the Company, employees undergo a process of “general training,” “outside on-the-job training,” “basic training,” and “customized training (practical training)” before their assignment to a manufacturer’s project. After being assigned, employees take the “career support courses” to develop their ability to provide services tailored to our clients.



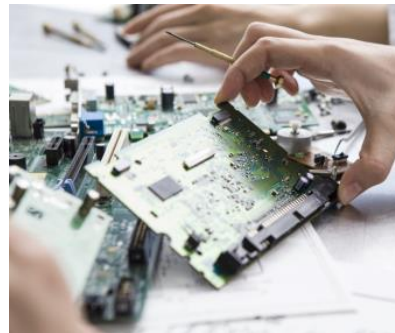
[Machinery]
(Compatible fields)
Equipment and
Devices / Mechanisms /
Resin and Sheet Metal /
Analysis

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



[Electronics]
(Compatible fields)
Electrical Equipment
/ Electronic Circuits /
Semiconductors

Electronic engineers design the circuit boards that form the heart of equipment and devices and they perform reliability assessment work for electronics.



[Software]
(Compatible fields)
Control Software

Software engineers develop software for operating electrical equipment with CPUs, including vehicles with increasingly advanced technologies and IoT devices.



[Software]
(Compatible fields)
Data Processing

Software engineers develop systems and apps, web and open systems, and package software.



■ Business with client companies in a wide range of industries for stable business

[Transportation equipment]

Honda R&D, Nissan, Subaru,
Toyota, etc.

[Precision equipment]

Nikon, Shimadzu, Terumo, etc.

[Information and communications]

Hitachi Solutions Technology, etc.

[Electrical equipment]

Canon, Daikin Rexham
Electronics, Omron, Panasonic,
etc.

[Machinery]

JTEKT, Komatsu, Zuiko, etc.

- Companies listed on the first and second sections of their respective stock exchange, as well as blue-chip, mid-sized companies
- Transaction history with roughly 400 companies

Products and systems related to design and development (1)

Automobile



Machinery

- Design and development of car bodies
- Reliability test

Electronics

- Planning and design of ECU
- Cable harness power circuit

Software

- Development of control software for automobile meters, in-car navigation systems, and dashboard cameras

Eco cars



Machinery

- Development of eco car chargers
- Development of lithium-ion batteries
- Development of drive motors

Electronics

- R&D of next-generation fuel cells
- Hybrid system design
- Safety evaluation of automotive batteries

Software

- Development and evaluation of brake control system

Advanced safety vehicle (ASV)



Electronics

- Development of parking assist system (e.g., automatic braking, accelerator control)
- Development of lane keeping

Software

- R&D of Driving Safety Support Systems
- Advance development of automatic perimeter

Motorcycle



Machinery

- Design and development of frames
- Design and development of exterior parts
- Design and development of electric motorbikes

Electronics


- Design of harnesses for electrical wiring

Software

- Development of test software
- Development of software for digital meters


Products and systems related to design and development (2)

Home electronics




Machinery	Electronics	Software
<ul style="list-style-type: none"> ● Design and development of home appliances (enclosure design, structural design) ● Development of in-car navigation system 	<ul style="list-style-type: none"> ● Prototyping, evaluation, and analysis of smartphone circuit boards ● Circuit design for AV equipment 	<ul style="list-style-type: none"> ● Development of energy system ● Development of iPhone applications

Medical devices




Machinery	Electronics	Software
<ul style="list-style-type: none"> ● Development of PET system ● Improvement of blood transfusion and infusion sets, design of next set 	<ul style="list-style-type: none"> ● Design and development of control board for X-ray imaging system ● Evaluation of visceral fat measuring device 	<ul style="list-style-type: none"> ● R&D of walking assist devices ● R&D of pulse measuring equipment

Industrial equipment



Machinery	Electronics	Software
<ul style="list-style-type: none"> ● Design and development of industrial robots ● Design of production line for health products ● Design and development of machine tools 	<ul style="list-style-type: none"> ● Development of semiconductor lithography equipment ● Design and development of production facilities 	<ul style="list-style-type: none"> ● Development of applications for semiconductor manufacturing equipment ● Development and validation of software for automatic ticket gate

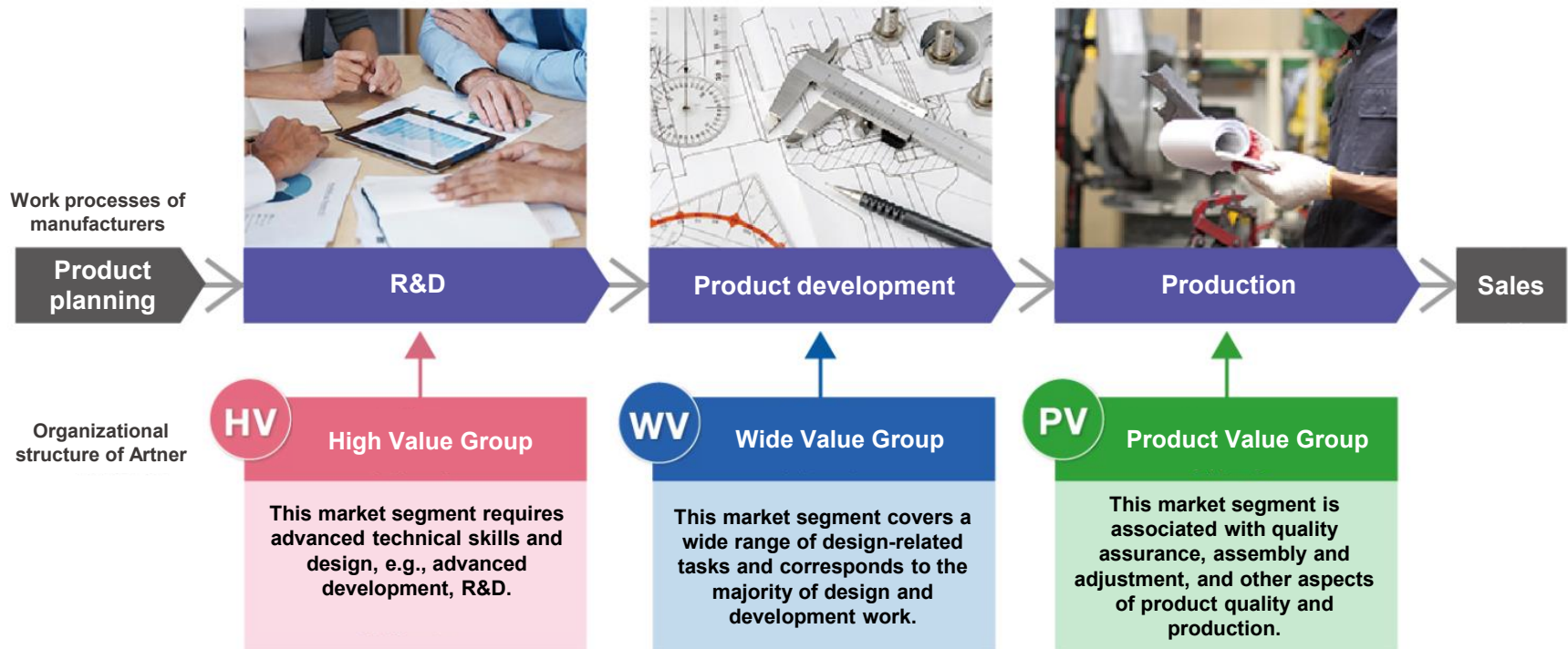
Aerospace machinery



Machinery	Electronics	Software
<ul style="list-style-type: none"> ● Design and development of aircraft test jigs ● Development of passenger aircraft AV equipment ● Design and development of aircraft 	<ul style="list-style-type: none"> ● Development of satellite inspection equipment 	<ul style="list-style-type: none"> ● R&D of next satellites ● Development and evaluation of simulators for satellite radio communication equipment

The Company's Groups corresponding to the work processes of manufacturers

- Upstream processes are markets less affected by economic conditions
- Emphasis on assignment to design and development projects (especially automobile manufacturers)
- Placement in upstream processes results in higher unit prices of engineers



Internal programs that can be chosen by engineers

Performance-based salary system



The High Value Group is responsible for the top-secret, high-level design and development projects of different manufacturers under a performance-based, generous salary system.

Limited area system



Engineers with three years of work experience (from the fourth year of their career) can limit their area of work to either the Kanto, Chubu, or Kansai region.

Internal recruitment program



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

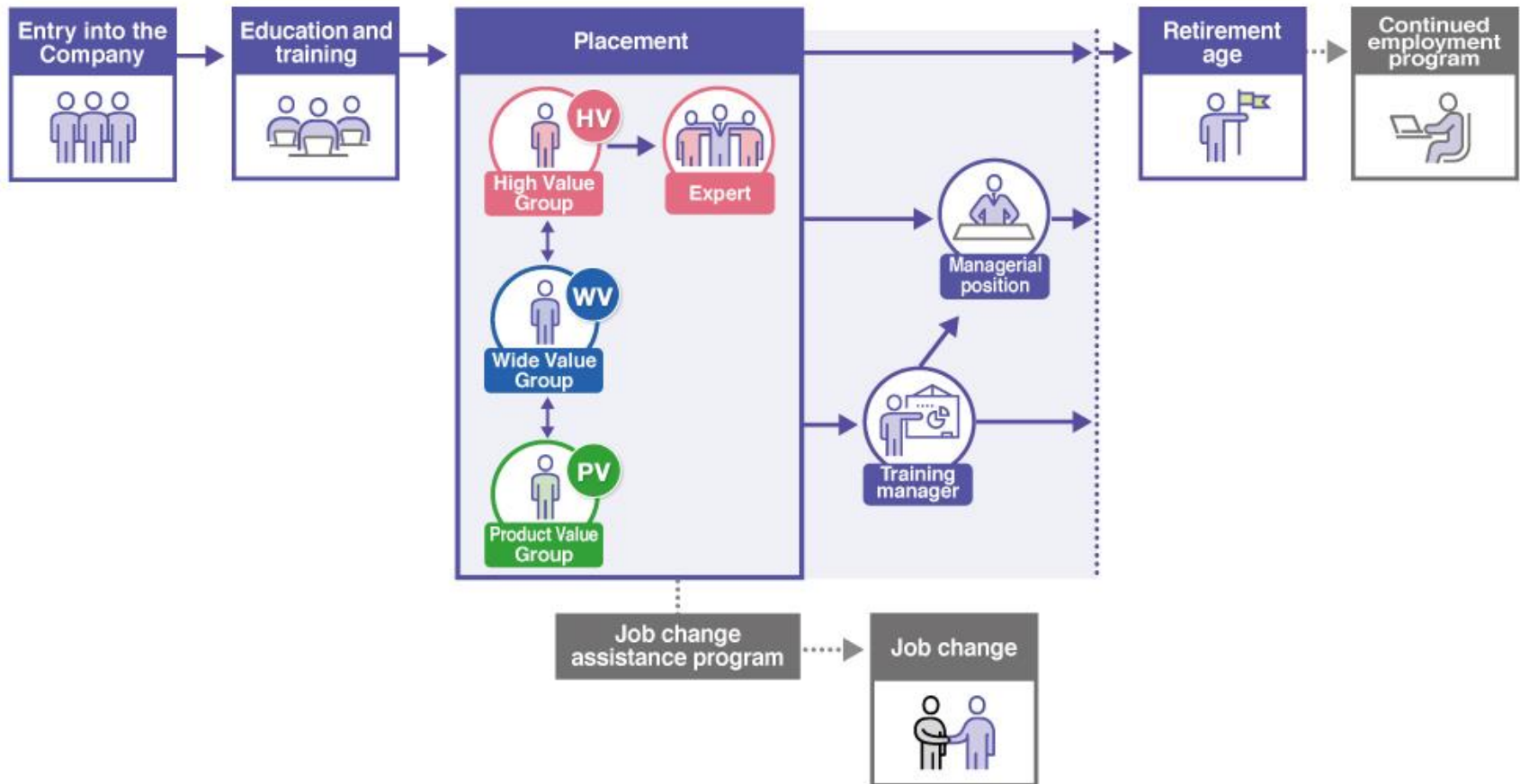
Job change assistance program



If the engineer wishes to change jobs and the client/manufacturer to which the engineer is placed wishes to officially hire the engineer, we support their career change. We also provide support for engineers who wish to return to their hometowns to work.

Career paths of engineers

- We offer various career paths for engineers, such as “to hone their skills in a high-level environment and earn high compensation,” “to work in a particular region,” “to eventually return to work in their hometowns,” and “to shift to employment with a manufacturer.”



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- **Record high income due to the sixth consecutive period of growth in both sales and profit.**

[Market environment]

- **The market environment continued to thrive in the transportation equipment field mainly for automobiles, such as electric and hybrid vehicles, and the information and communications field.**
- **Accelerated development of product software, coupled with automobile driving support technology projects, etc., increased the demand for software engineers.**

[State of engineer dispatching business]

- **The number of operative personnel was higher than that for the previous period.**
(The number of engineers was higher than that for the previous period. Utilization rate remained high. Newly graduated engineers entering the Company in April 2019 were assigned ahead of the initial schedule.)
- **The unit price of engineers was higher than that for the previous period.**
- **Total work person-hours saw a downward trend following work style reforms.**

[State of contracting business]

- **Aggressive sales activities led to an increasing number of contracted projects.**

Financial results highlights for FY2020

- Net sales up 10.6%, operating profit up 12.8%, ordinary profit up 12.5%, profit up 13.4%. Operating margin 12.7%.

	FY2019		FY2020		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)		
Net sales	6,331	100.0	7,002	100.0	671	10.6
Cost of sales	4,033	63.7	4,461	63.7	428	10.6
Gross profit	2,298	36.3	2,540	36.3	242	10.5
SG&A expenses	1,513	23.9	1,654	23.6	141	9.3
Operating profit	785	12.4	886	12.7	101	12.8
Ordinary profit	794	12.5	893	12.8	99	12.5
Profit	540	8.5	613	8.8	73	13.4

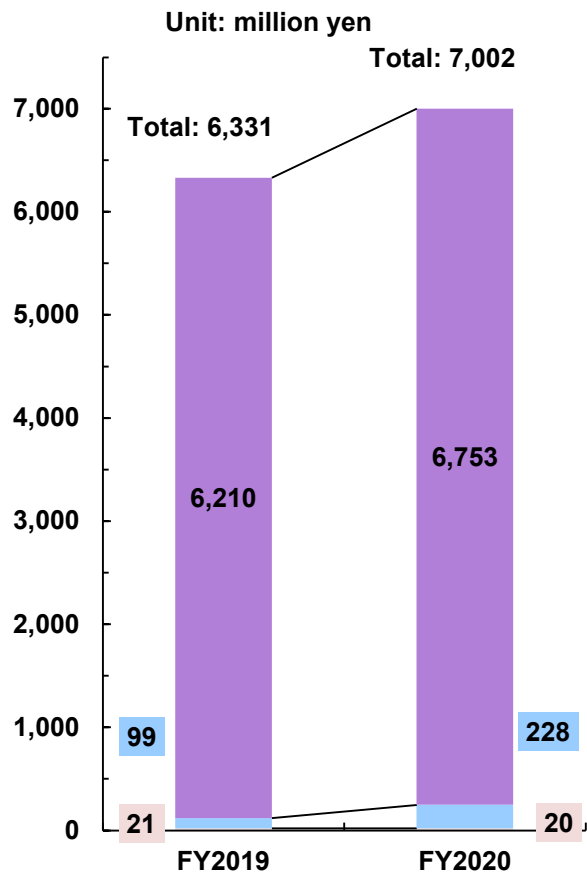
- The number of operative personnel increased.
- The unit price of engineers rose.

- Employee treatment improved.

- Recruitment expenses increased.
- The number of administration staff increased.
- Newly graduated engineer hires increased.
- The floor space of West Japan LC increased.

Financial summary for FY2020: Net sales by business

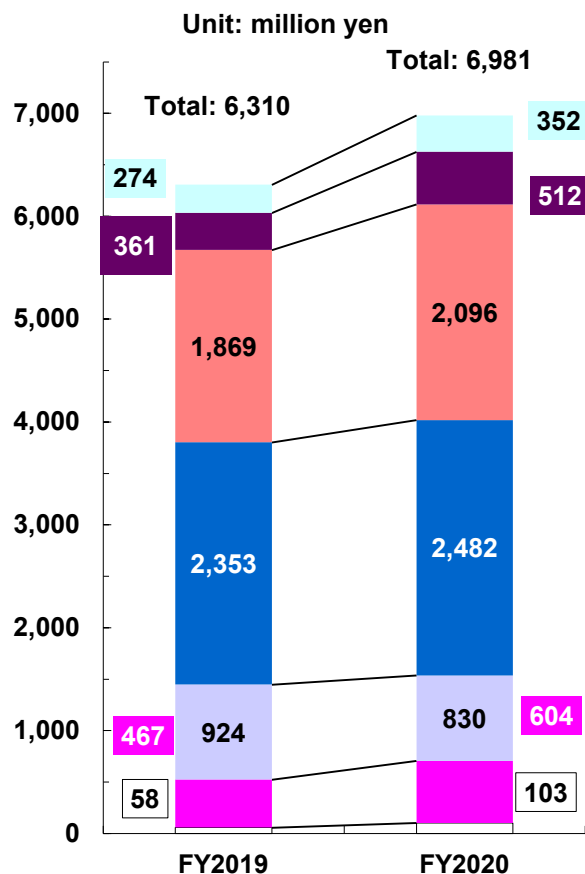
■ Engineer dispatching up 8.7% ■ Contracting up 128.8%



	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (Million yen)	Ratio (%)	Result (Million yen)	Ratio (%)		
Engineer dispatching services	6,210	98.1	6,753	96.4	8.7	(1.7)
Contracting	99	1.6	228	3.3	128.8	1.7
Subtotal	6,310	99.7	6,981	99.7	10.6	0.0
Other	21	0.3	20	0.3	(4.8)	0.0
Total	6,331	100.0	7,002	100.0	10.6	—

Financial summary for FY2020: Net sales by industry field

- Electrical equipment up 12.1% ■ Transportation equipment up 5.5%
- Information and communications up 29.2%



	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (Million yen)	Ratio (%)	Result (Million yen)	Ratio (%)		
Steel, nonferrous materials and metals	274	4.4	352	5.0	28.1	0.7
Machinery	361	5.7	512	7.3	41.6	1.6
Electrical equipment	1,869	29.6	2,096	30.0	12.1	0.4
Transportation equipment	2,353	37.3	2,482	35.6	5.5	(1.7)
Precision equipment	924	14.6	830	11.9	(10.1)	(2.8)
Information and communications	467	7.4	604	8.7	29.2	1.2
Miscellaneous	58	0.9	103	1.5	105.9	0.7
Total	6,310	100.0	6,981	100.0	10.6	—

*Excludes sales from "Other" businesses.

Financial summary for FY2020: Top ten client companies by net sales

[Top ten by net sales (Standard company name used)]

	FY2019		FY2020	
	Our clients	Segment	Our clients	Segment
1	Honda R&D Co., Ltd.	Transportation equipment	Honda R&D Co., Ltd.	Transportation equipment
2	Nikon Corporation	Precision equipment	Nikon Corporation	Precision equipment
3	Panasonic Corporation	Electrical equipment	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals
4	Terumo Corporation	Precision equipment	Terumo Corporation	Precision equipment
5	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metal	Panasonic Corporation	Electrical equipment
6	Tokyo Electron Technology Solutions Limited	Electrical equipment	Tokyo Electron Technology Solutions Limited	Electrical equipment
7	JTEKT Corporation	Machinery	DENSO TEN Limited	Electrical equipment
8	Keihin Corporation	Transportation equipment	JTEKT Corporation	Machinery
9	Hitachi Automotive Systems, Ltd.	Transportation equipment	Daikin Rexxam Electronics Co., Ltd.	Electrical equipment
10	Daikin Rexxam Electronics Co., Ltd.	Electrical equipment	Keihin Corporation	Transportation equipment

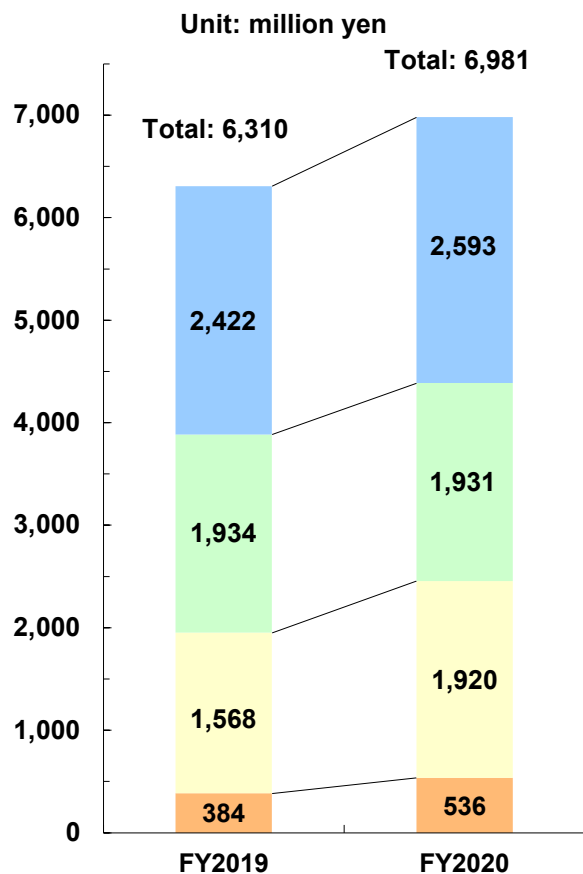
[Net sales per 10 companies]

	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (Million yen)	Ratio (%)	Result (Million yen)	Ratio (%)		
Top 10 Total	3,158	50.1	3,332	47.7	5.5	(2.3)
Top 11 to 20 Total	825	13.1	890	12.8	8.0	(0.3)
Top 21 to 30 Total	660	10.5	583	8.4	(11.7)	(2.1)
Other than the above Total	1,665	26.4	2,175	31.2	30.6	4.8
Total	6,310	100.0	6,981	100.0	10.6	—

*Excludes sales from “Other” businesses.

Financial summary for FY2020: Net sales by business field

- Machinery up 7.1%
- Control software up 22.4%
- Data processing up 39.5%

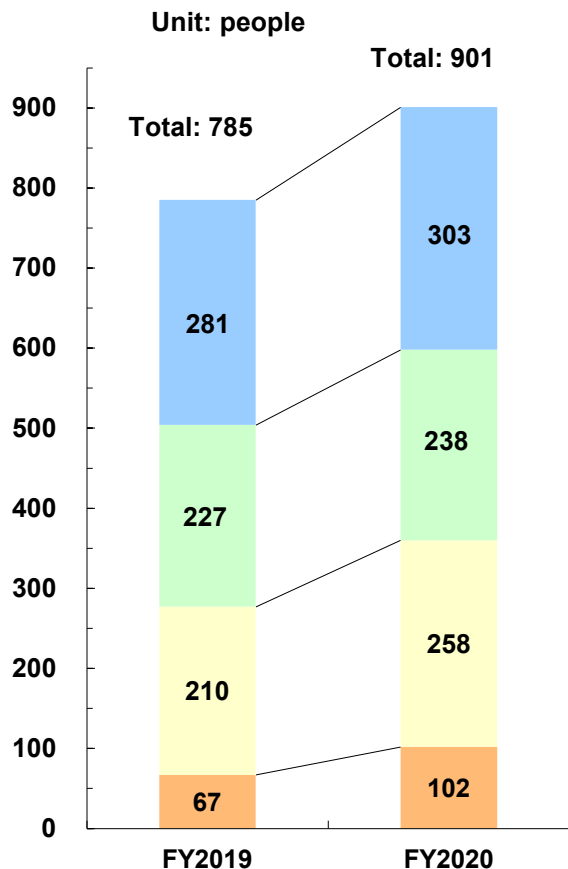


	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Retio (%)	Result (million yen)	Retio (%)		
Machinery	2,422	38.4	2,593	37.2	7.1	(1.2)
Electronics	1,934	30.7	1,931	27.7	(0.2)	(3.0)
Control software	1,568	24.9	1,920	27.5	22.4	2.6
Data processing	384	6.1	536	7.7	39.5	1.6
Total	6,310	100.0	6,981	100.0	10.6	—

*Excludes sales from "Other" businesses.

Financial summary for FY2020: Term-end engineer count by business field

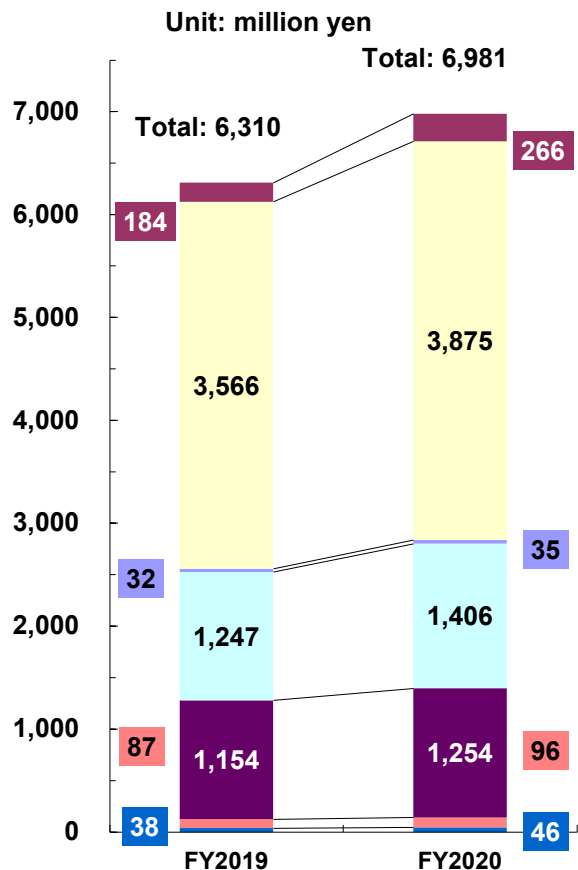
- Machinery up 7.8% ■ Control software up 22.9%
- Data processing up 52.2%



	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (People)	Retio (%)	Result (People)	Retio (%)		
Machinery	281	35.8	303	33.6	7.8	(2.2)
Electronics	227	28.9	238	26.4	4.8	(2.5)
Control software	210	26.8	258	28.6	22.9	1.9
Data processing	67	8.5	102	11.3	52.2	2.8
Total	785	100.0	901	100.0	14.8	—

Financial summary for FY2020: Net sales by region

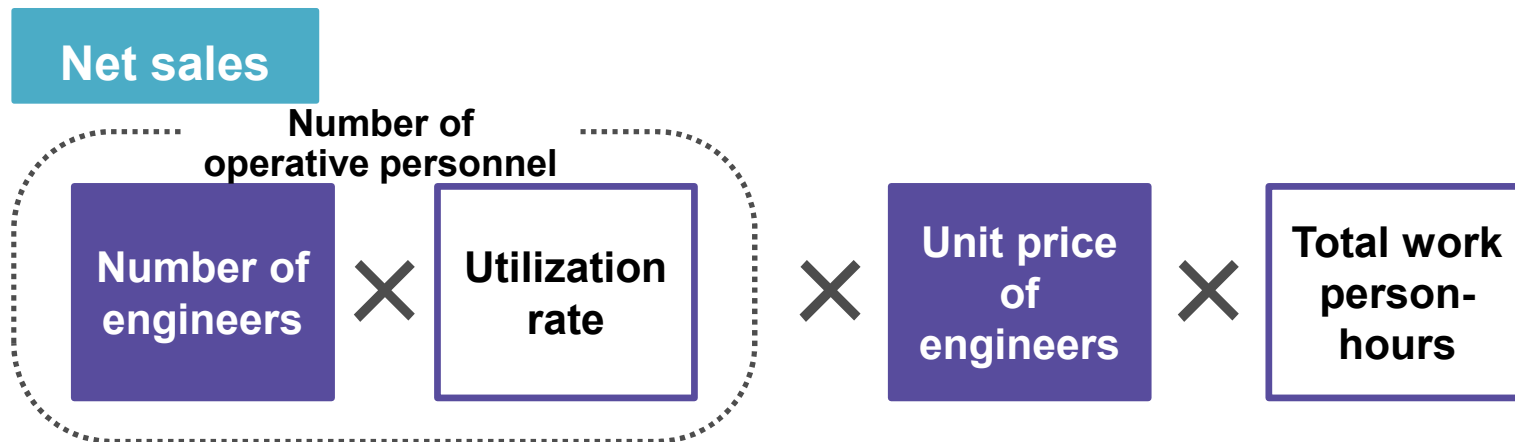
■ Kanto up 8.7% ■ Tokai up 12.7% ■ Kinki up 8.7%



	FY2019		FY2020		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	184	2.9	266	3.8	44.5	0.9
Kanto	3,566	56.5	3,875	55.5	8.7	(1.0)
Hokuriku	32	0.5	35	0.5	11.2	0.0
Tokai	1,247	19.8	1,406	20.1	12.7	0.4
Kinki	1,154	18.3	1,254	18.0	8.7	(0.3)
Chugoku	87	1.4	96	1.4	10.5	(0.0)
Kyushu	38	0.6	46	0.7	22.1	0.1
Total	6,310	100.0	6,981	100.0	10.6	—

*Excludes sales from "Other" businesses.

Stance on engineer dispatching business net sales, expenses, and improving margin percentages



Cost of sales

Labor costs, etc. of engineers assigned to client companies

SG&A expenses

- (Standby) labor costs incurred during internal education and training, labor costs of administrative staff positions
- Hiring activity expenses

Two key points to improving margin percentages

[Improving gross margin]

As we cannot shrink the labor costs of engineers, need to increase average unit price of engineers.

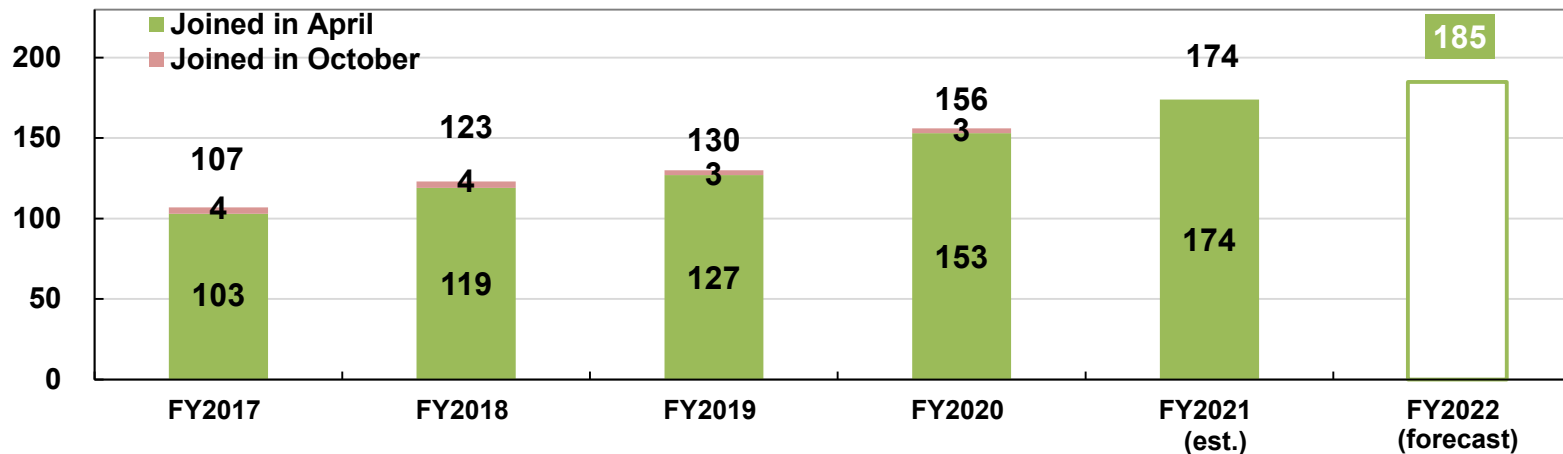
[Improving operating margin]

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

Engineer hires for FY2020 / turnover rate

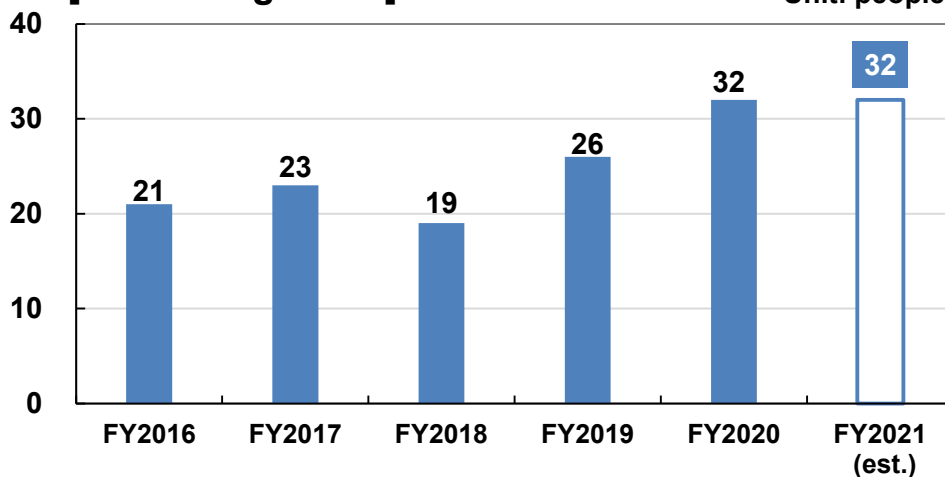
[Newly graduated engineers]

Unit: people



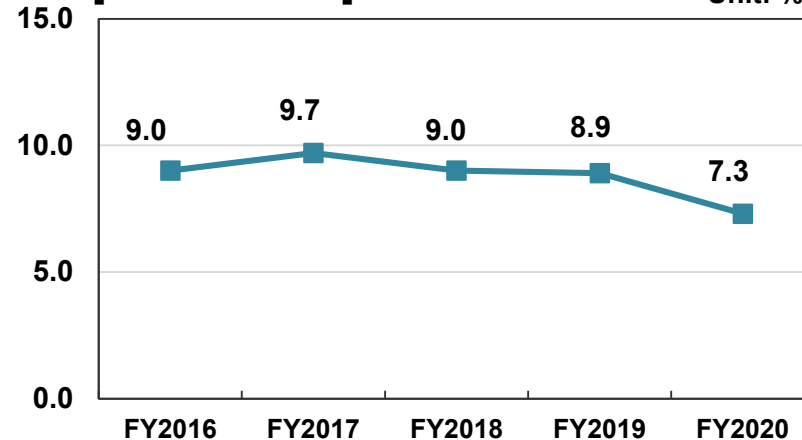
[Career engineers]

Unit: people



[Turnover rate]

Unit: %

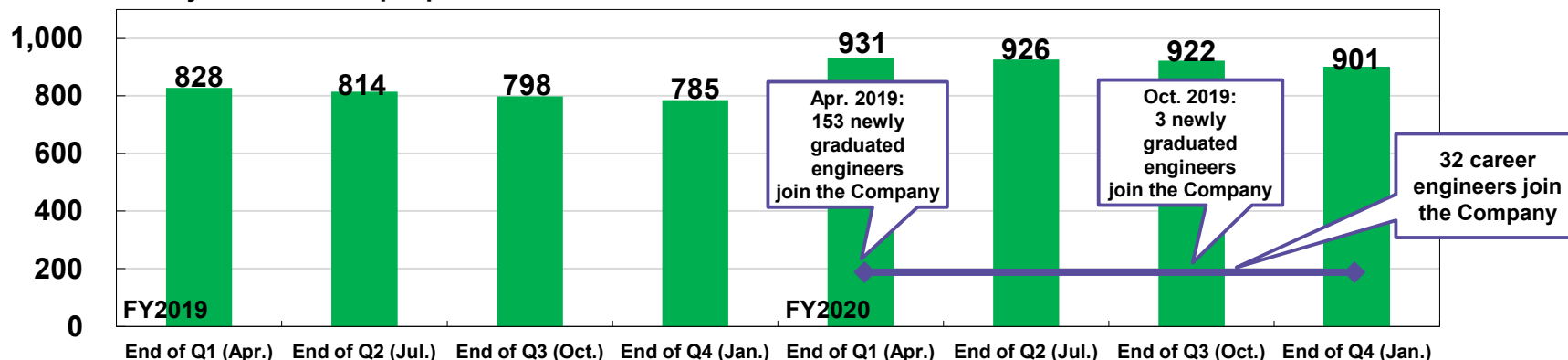


Financial summary for FY2020: Term-end engineer count / utilization rate

[Term-end engineer count]

As of year-end / Unit: people

FY2019(average)	FY2020(average)	Change from the previous year	Change from the previous year
792	898	106	13.4

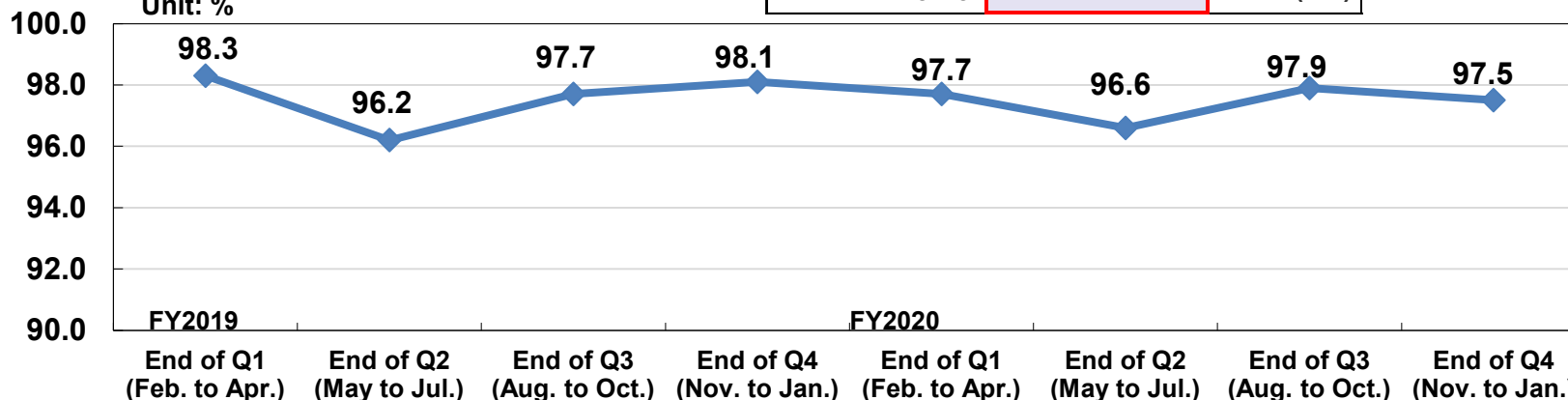


[Utilization rate (monthly)]

Unit: %

*Based on the number of dispatched engineers

FY2019(average)	FY2020(average)	Change from the previous year
97.6	97.4	(0.2)

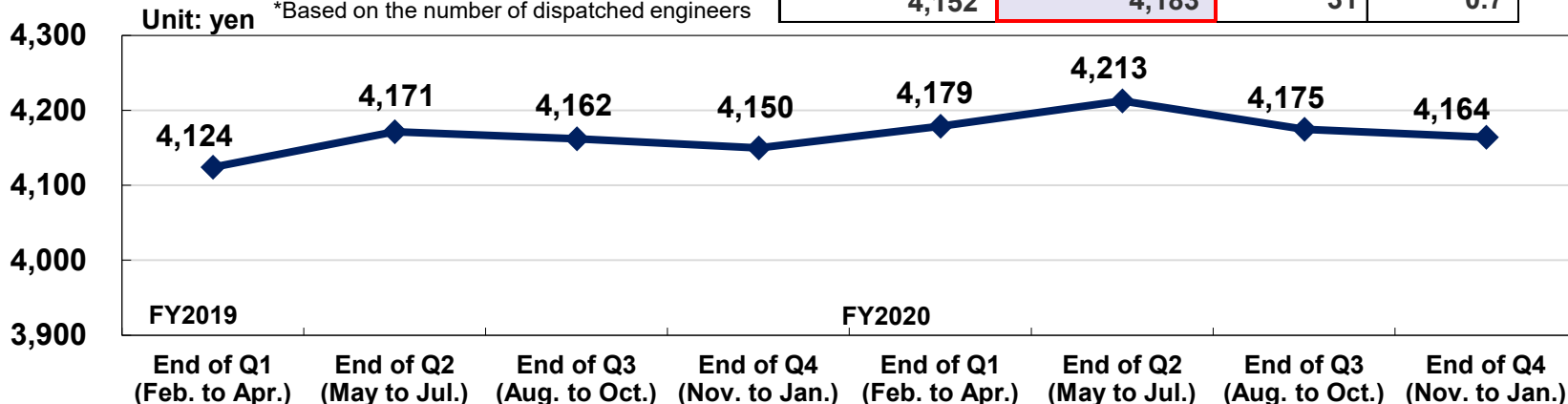


*New employees and others who joined the Company mid-year are not included in the utilization rate until after they are dispatched to their assignments.

[Unit price of engineers (hourly)]

*Per person
*Based on the number of dispatched engineers

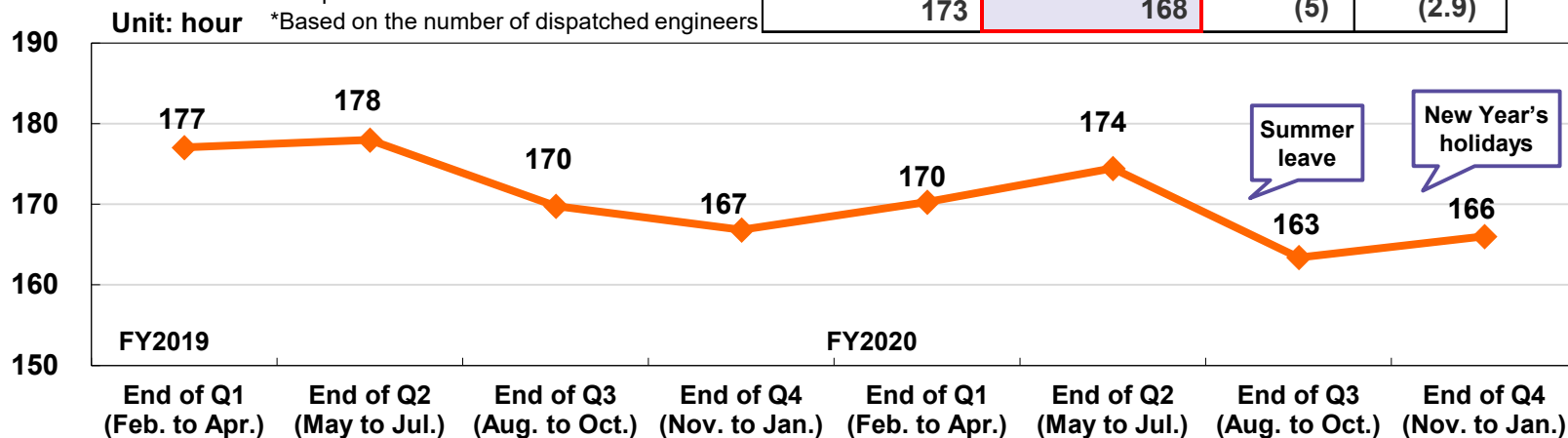
FY2019(average)	FY2020(average)	Change from the previous year	Change from the previous year
4,152	4,183	31	0.7



[Total work person-hours (monthly)]

*Per person
*Based on the number of dispatched engineers

FY2019(average)	FY2020(average)	Change from the previous year	Change from the previous year
173	168	(5)	(2.9)



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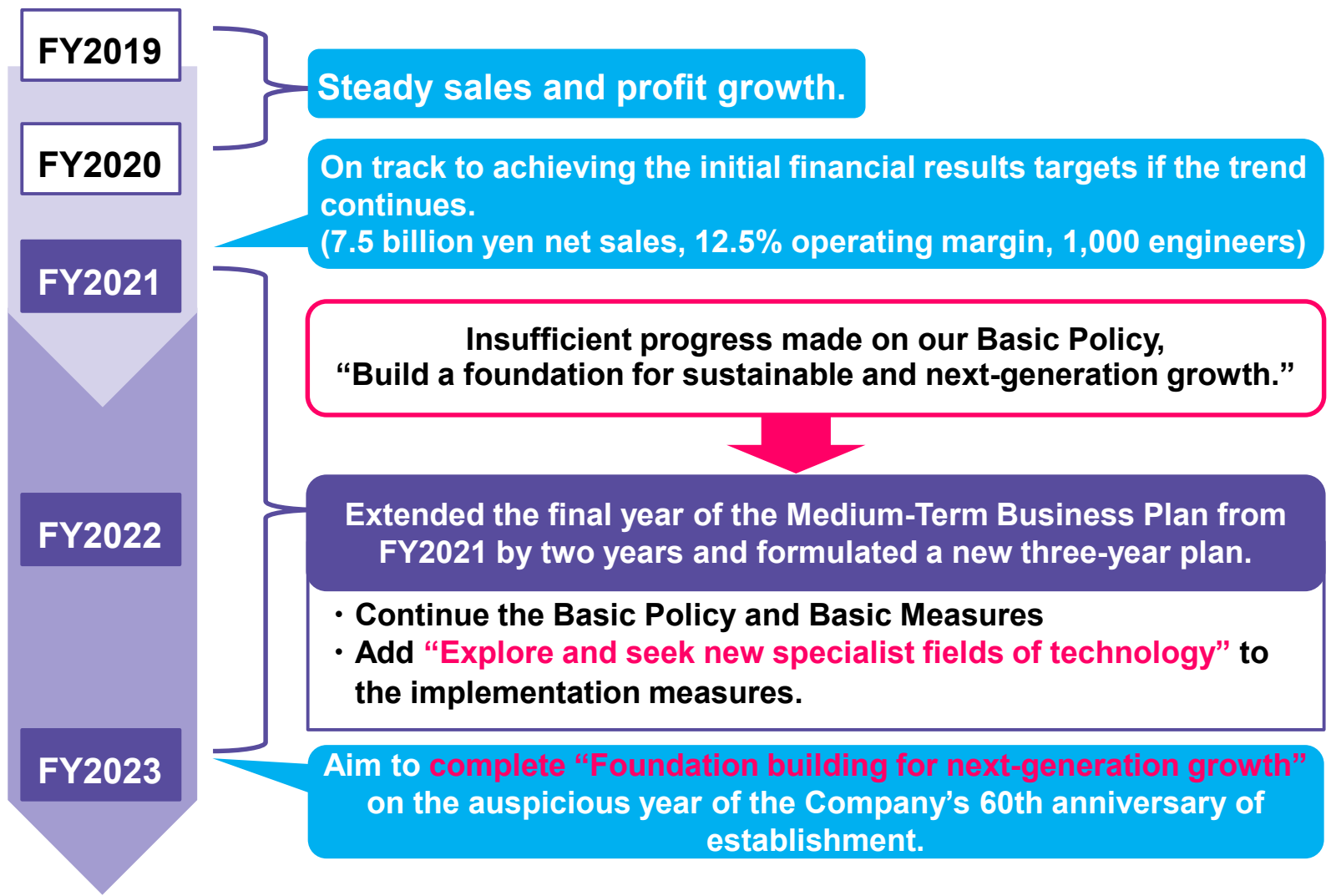
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<Basic Policy>

“Build a foundation for sustainable and next-generation growth”

“Make Value! For the Next 2020-2022”

Basic Measures

1. Promote strategies by segment

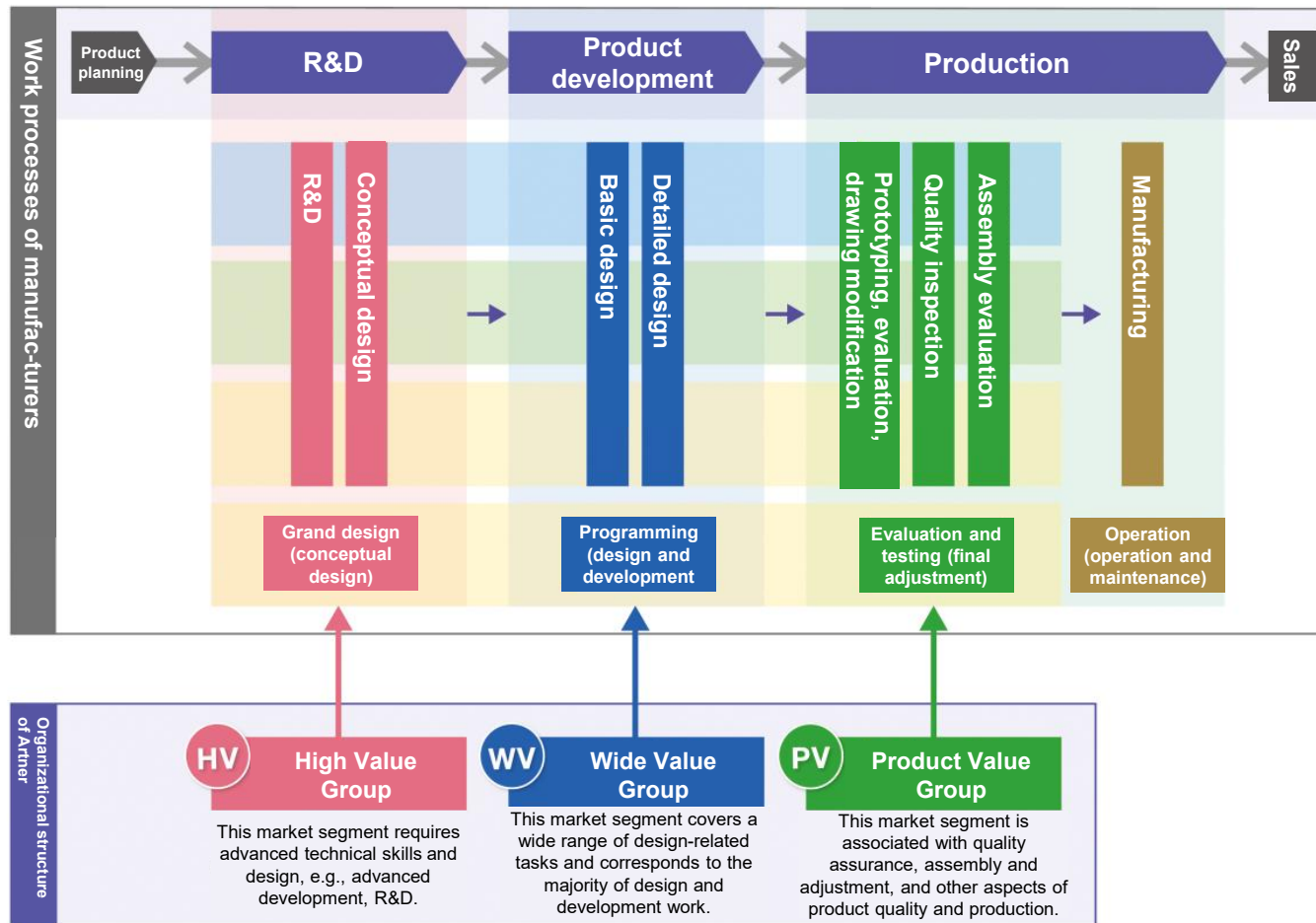
- Develop strategies for each segment (recruitment - education - assignment - system).
- Establish approaches to markets by segment.
- Explore and seek new specialist fields of technology.

2. Promote diversity and inclusion in talent management

- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel.
- Utilize and organize partner companies (set up a contracting system).

Approaches to markets by segment

- In order to meet the needs of our clients and cater to increasingly diverse business areas in manufacturing processes, we implement strategies stratified into three segments to realize a high match rate between our engineers and clients.



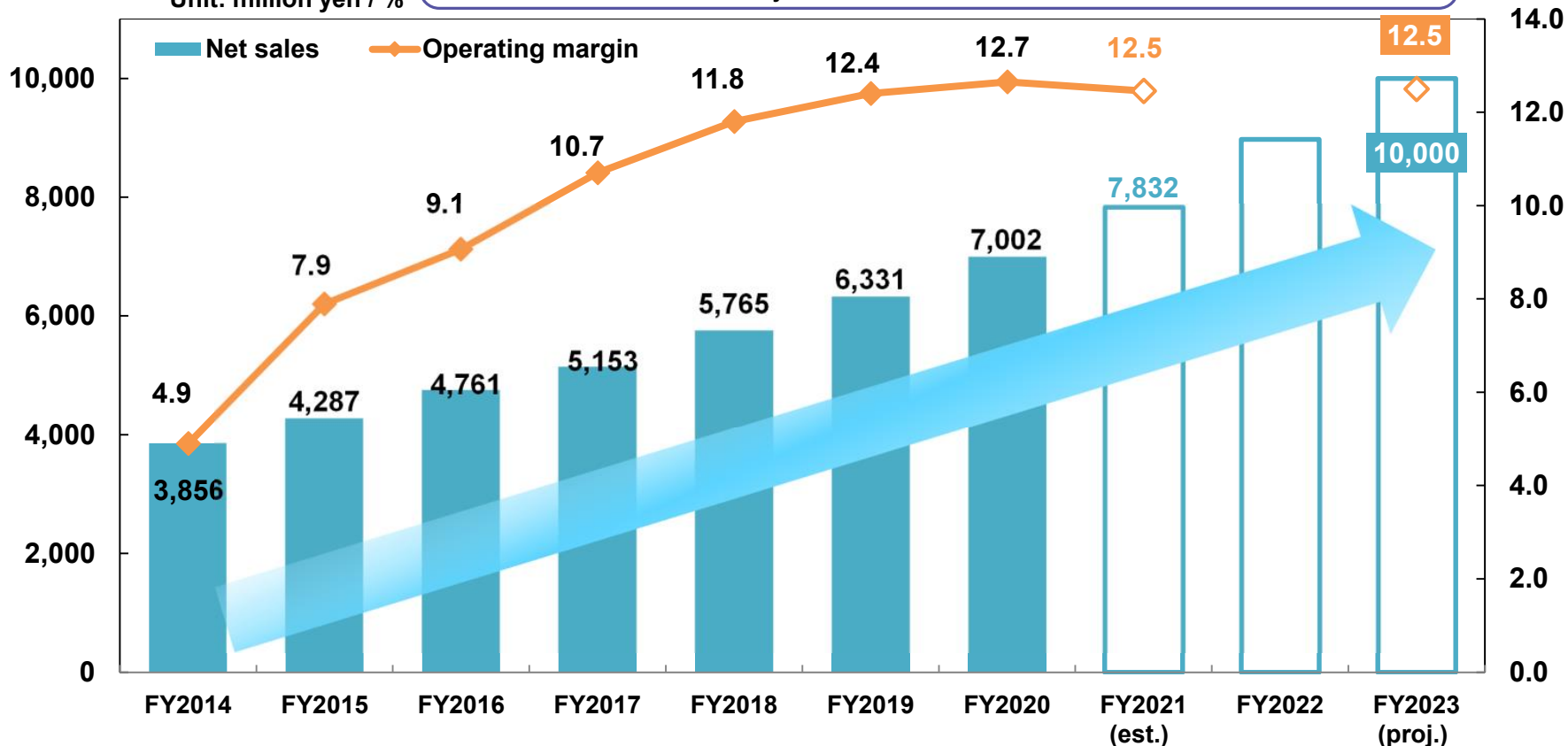
Numerical business targets <FY2023 (final year) earnings and sales targets>

Net sales 10.0 billion yen

Operating margin 12.5%

It is currently difficult to ascertain the effect the increasing spread of COVID-19 will have on our performance, so its potential impact is not factored into the above Medium-Term Business Plan targets and key indicators on the following pages. If any changes become necessary in the future, we will disclose them immediately.

Unit: million yen / %



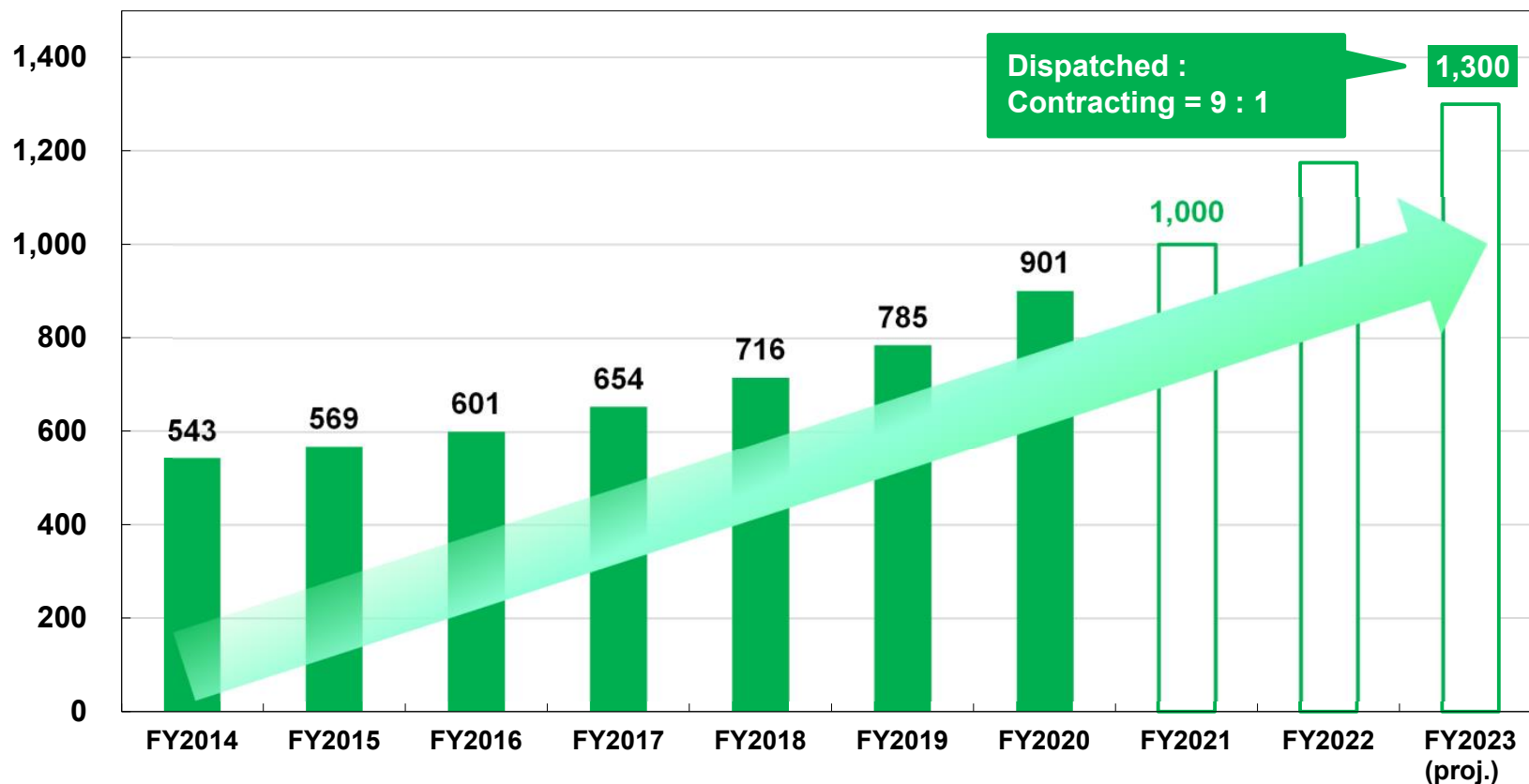
<https://www.artner.co.jp/>

Numerical business targets <FY2023 (final year) key indicators>

**Number of
engineers**

1,300

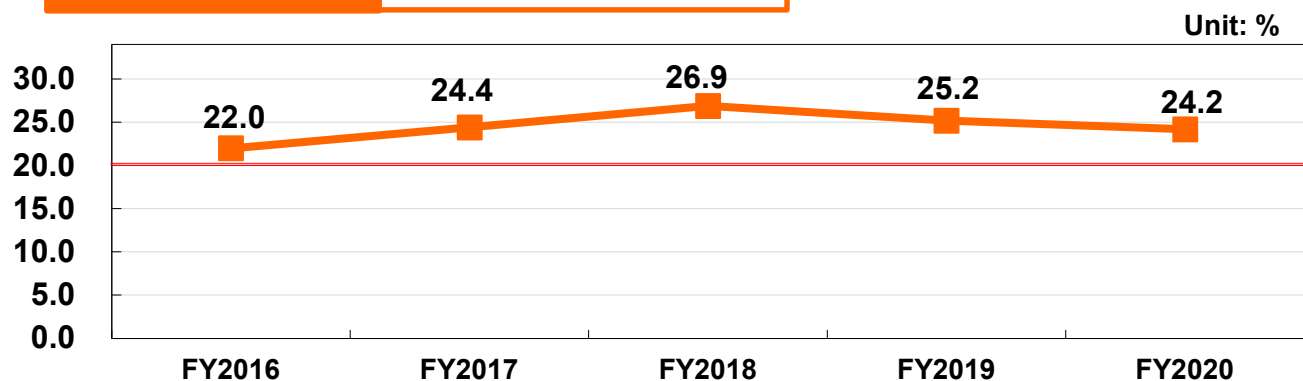
As of year-end / Unit: people



Numerical business targets <FY2023 (final year) key indicators>

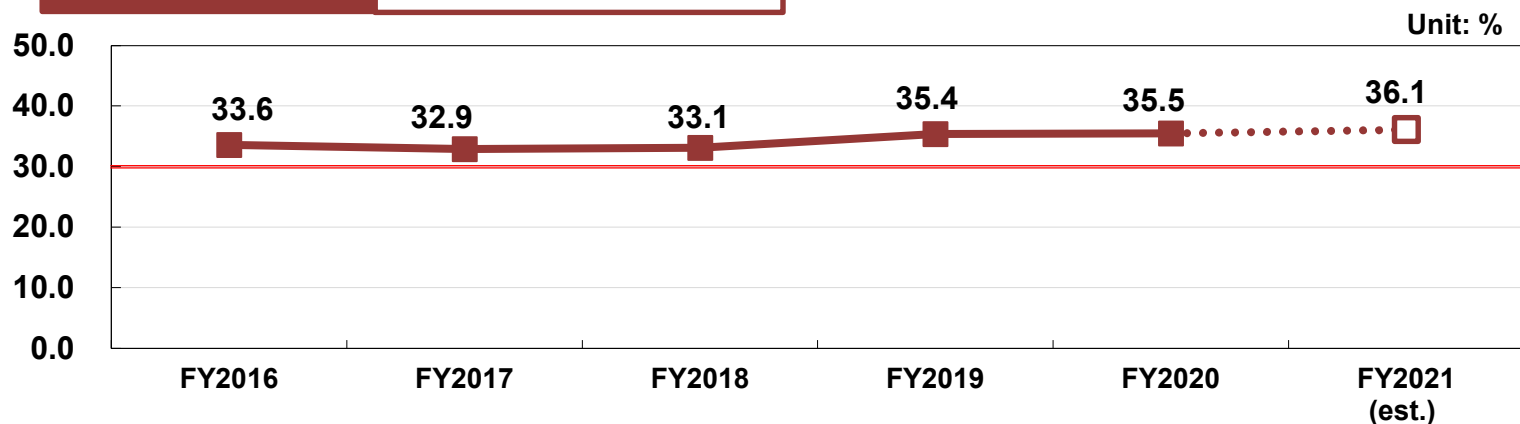
ROE

20% or more



Payout ratio

30% or more



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Forecast of financial results for FY2021 / prerequisites

- Assuming that the number of engineers increases and that the utilization rate and the unit price of engineers remain at the same level as those in the previous year, we forecast the seventh consecutive period of growth in both sales and profit and an operating margin of 12.5%.

It is currently difficult to ascertain the effect the increasing spread of COVID-19 will have on our performance, so the forecast of financial results below does not factor in its potential impact. If any changes become necessary in the future, we will disclose them immediately.

[Forecast of financial results for FY2021]

	FY2020		FY2021		Change from the previous year	Change from the previous year (%)
	Result	Percentage (%)	Forecast	Percentage (%)		
Net sales (million yen)	7,002	100.0	7,832	100.0	830	11.9
Operating profit (million yen)	886	12.7	975	12.5	89	10.1
Ordinary profit (million yen)	893	12.8	979	12.5	86	9.6
Profit (million yen)	613	8.8	677	8.6	64	10.4

[Prerequisites for FY2021]

Newly graduated engineers(April, October) (people)	156	174	18	11.5
Career engineers (people)	32	32	0	0.0
Turnover rate (%)	7.3	Same level as preceding year		
Utilization rate (%)	97.4	Same level as preceding year		
Unit price of engineers (yen)	4,183	Same level as preceding year		

Newly graduated engineers joining in April 2021(people)	185
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FY2020 / FY2021 Dividend per share

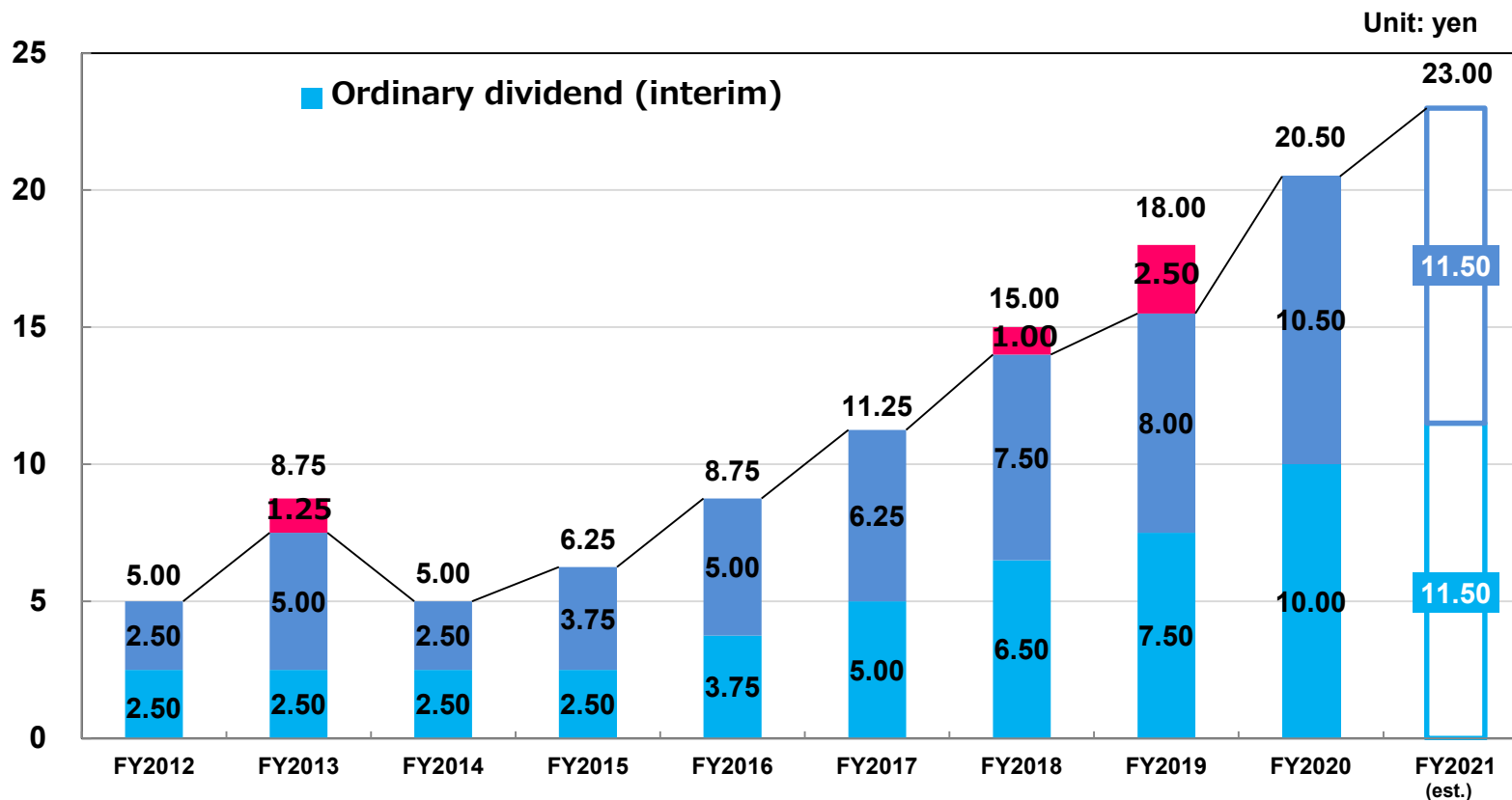
- FY2020... Ordinary dividend (year-end) 10.5 yen (1.5 yen more than initial forecast of 9.0 yen).
Combined with the interim dividend of 10.0 yen, the total ordinary dividend was 20.5 yen.
- FY2021... Expected ordinary dividend 23.0 yen (interim 11.5 yen, year-end 11.5 yen). (Ordinary dividend up 2.5 yen)

	Annual dividends per share (yen)					Dividend yield (%)	Payout ratio (%)	Dividend on equity ratio (DOE) (%)
	ordinary dividend			commemorative dividend	Total			
	Second quarter-end	Fiscal year-end	Total					
FY2020	7.50	8.00	15.50	2.50	18.00	1.63	35.4	8.9
FY2021	10.00	10.50	20.50			2.26	35.5	8.6
FY2022(est.)	11.50	11.50	23.00			2.85	36.1	

*Dividend yield (%) = individual dividend per share (total) ÷ stock price (beginning of the fiscal year, closing price) × 100
 FY2019 (Closing value at beginning of year): 2,212 yen (before 2-for-1 stock split),
 FY2020 (Closing value at beginning of year): 906 yen,
 FY2021 (Closing value at beginning of year): 807 yen

Dividend per share

■ The Company considers it its top priority in business to pay stable dividends to shareholders and investors.



*Dividends per share were retroactively revised to factor in the impact of stock splits conducted as follows.
 • February 1, 2011 (3-for-1 stock split) • February 1, 2017 (2-for-1 stock split) • April 1, 2018 (2-for-1 stock split)

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Impact of “equal pay for equal work” on our financial results and corporate activities

**Entered into force
April 2020:**

**Revised Worker Dispatching Act (realization of
equal pay for equal work)**

The dispatching business operators must ensure fair treatment of dispatched workers by either of the following methods for determining treatment.

(Equal and balanced treatment method) ... Equal and balanced treatment between dispatched workers and regular workers employed by clients

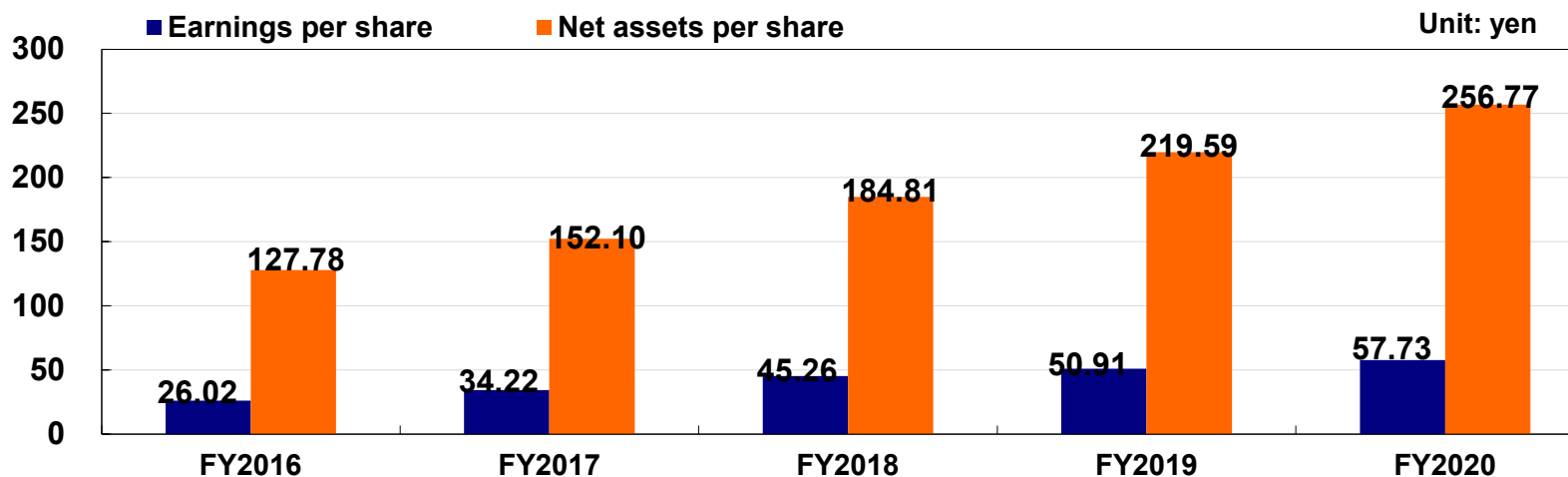
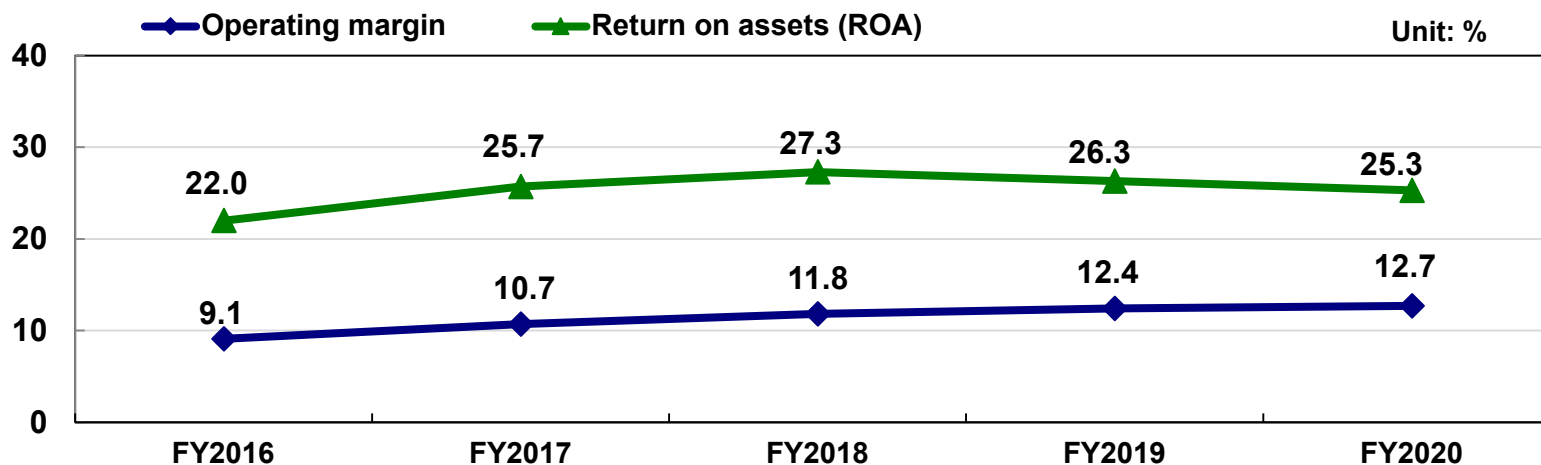
(Labor-management agreement method) ... Treatment based on a labor-management agreement that meets certain requirements

[Our response]

- **Selected the labor-management agreement method as the method for determining treatment.**
- **Compare the wages of all employees with the standard wages for recruited jobs in the Employment Security Service Statistics.**
- **Conclude a labor-management agreement with the labor union regarding treatment that meets certain requirements.**
- **Corrective measures for employees for whom certain requirements are unmet.**

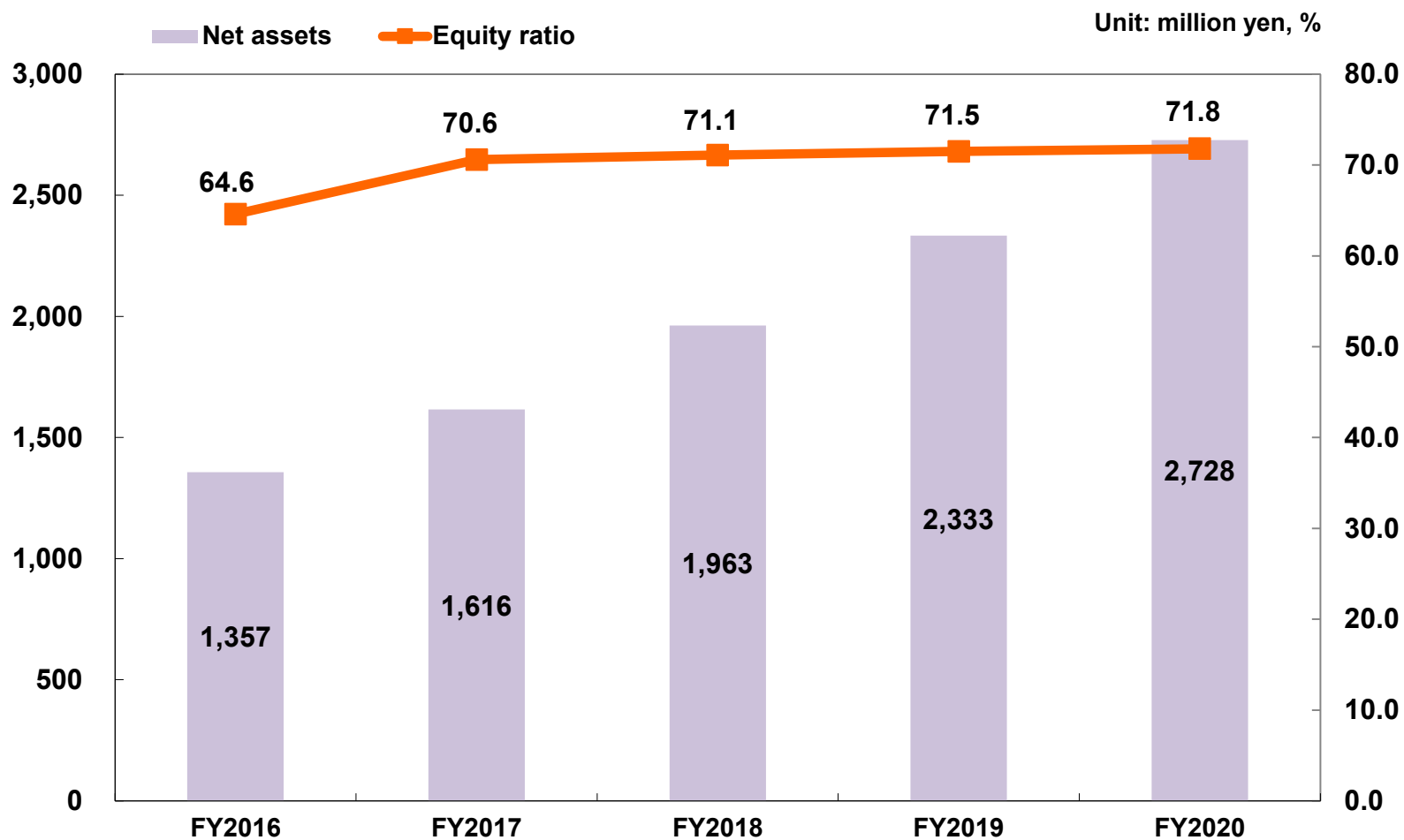
**Even if the above corrective measures are taken,
the impact on the Company’s profit will be negligible.**

Operating margin / ROA / earnings per share and net assets per share



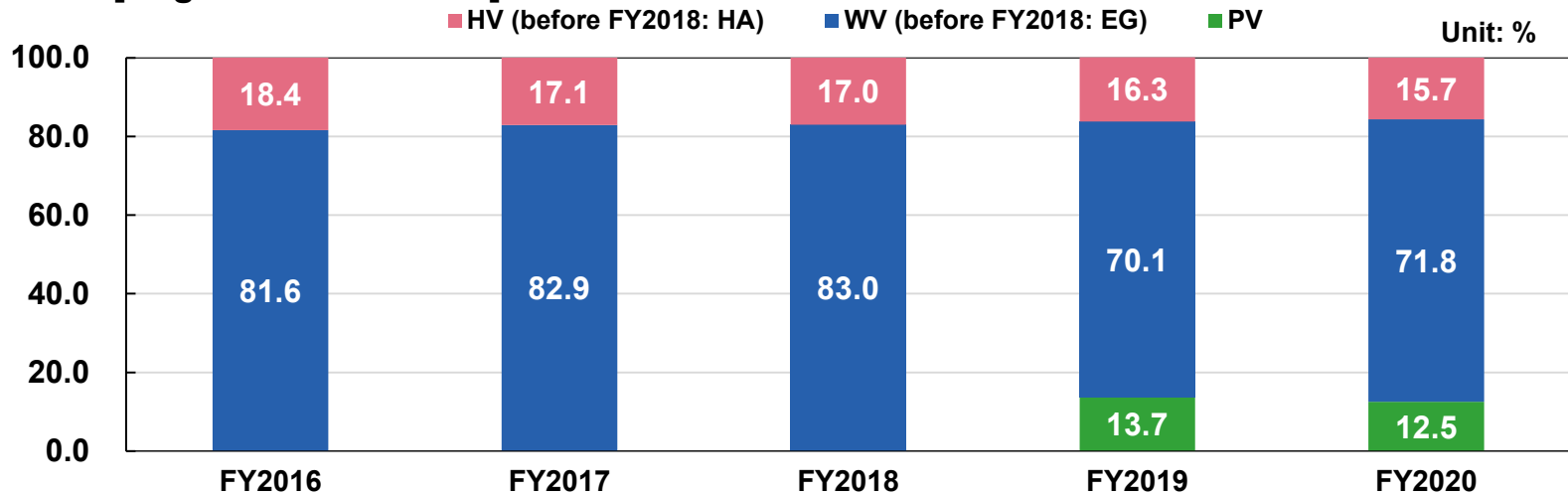
*Earnings per share and net assets per share were retroactively revised to factor in the impact of stock splits conducted as follows.
 • February 1, 2017 (2-for-1 stock split) • April 1, 2018 (2-for-1 stock split)

Net assets / equity ratio

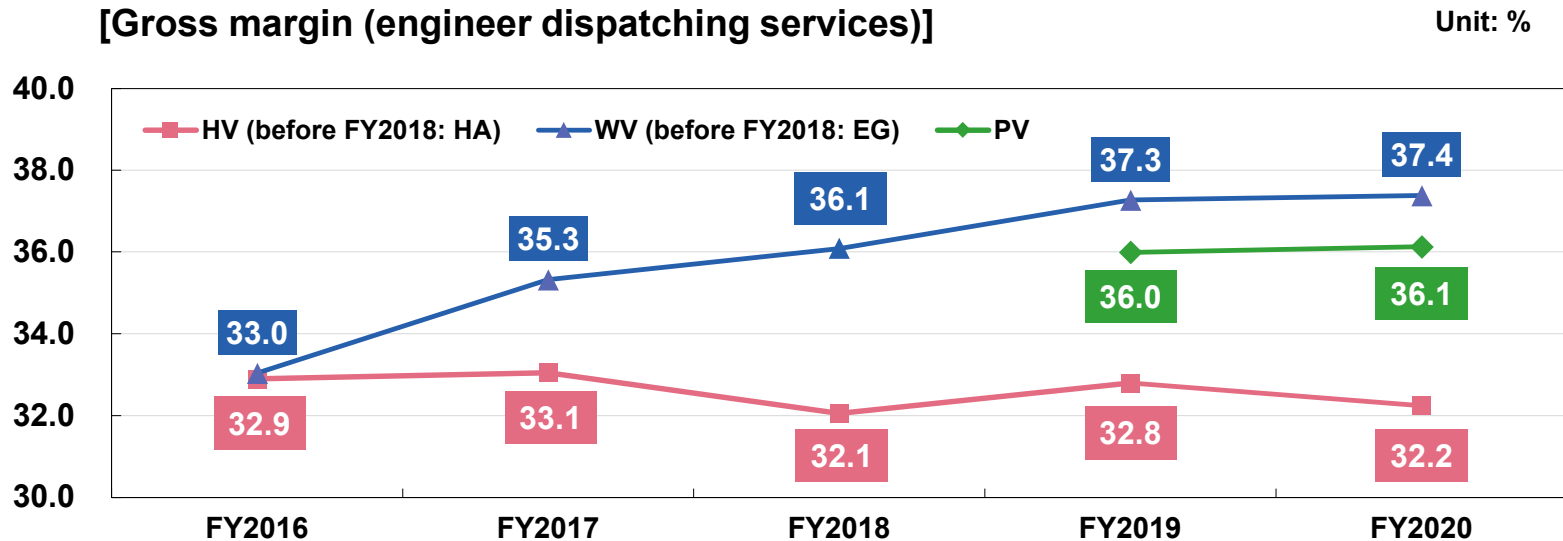


Engineer breakdown / gross margin by HV (former HA), WV (former EG), and PV groups

[Engineer breakdown]



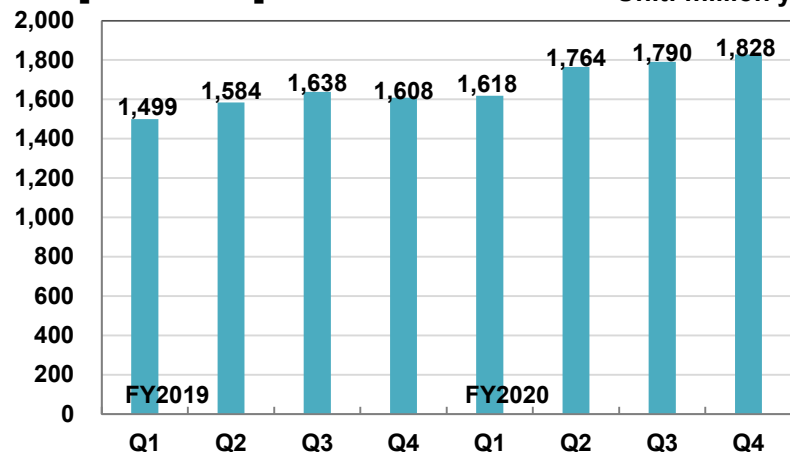
[Gross margin (engineer dispatching services)]



Quarterly (accounting period) financial results

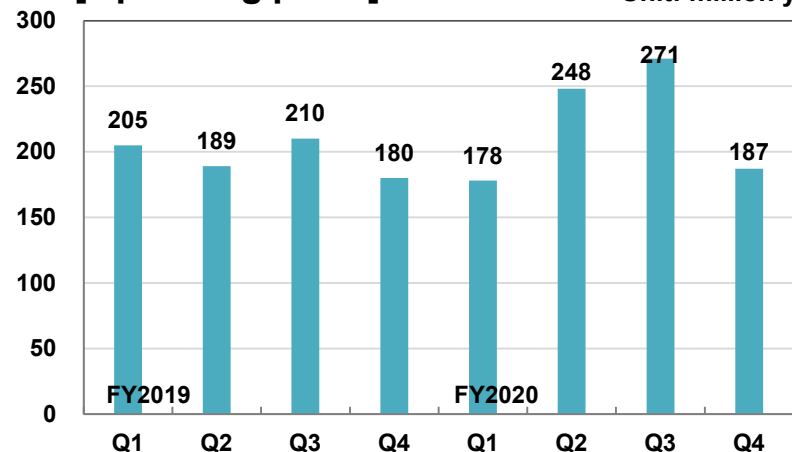
[Net sales]

Unit: million yen



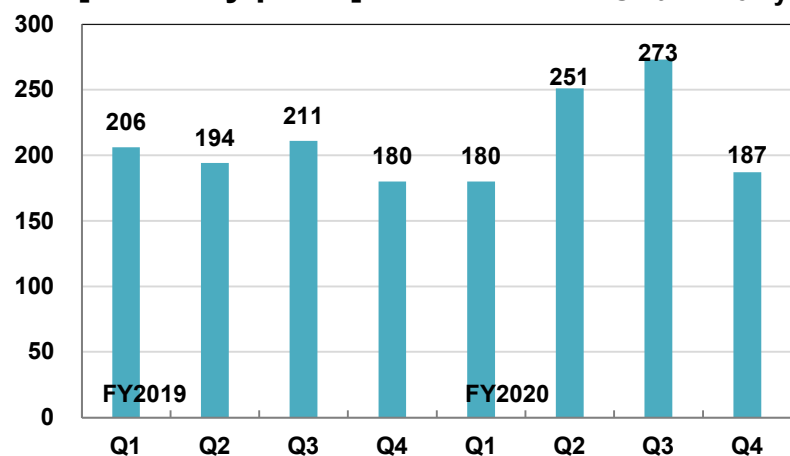
[Operating profit]

Unit: million yen



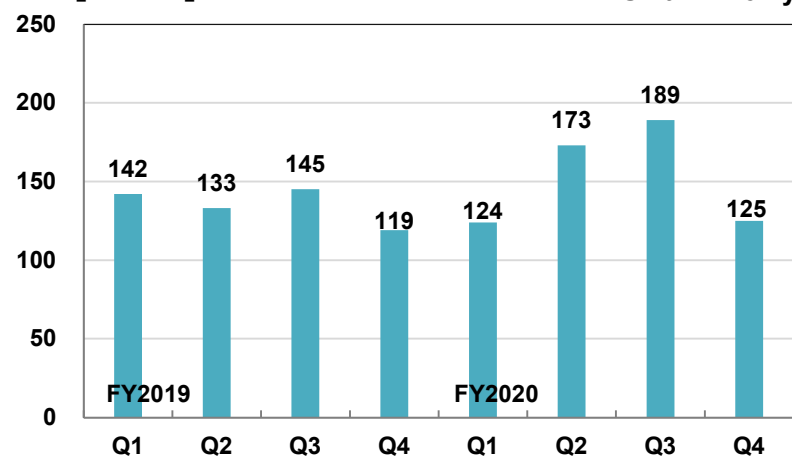
[Ordinary profit]

Unit: million yen



[Profit]

Unit: million yen



Quarterly (accounting period) financial results, numerical data

[FY2020]

	Q1				Q2				Q3				Q4			
	Result (million yen)	Percent -age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(1) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(1) (%)
Net sales	1,618	100.0	7.9	23.1	1,764	100.0	11.3	25.2	1,790	100.0	9.3	25.6	1,828	100.0	13.7	26.1
Cost of sales	1,005	62.1	8.8	22.5	1,078	61.2	9.8	24.2	1,148	64.1	6.6	25.7	1,229	67.2	17.1	27.5
Gross Profit	613	37.9	6.6	24.1	685	38.8	13.7	27.0	642	35.9	14.3	25.3	599	32.8	7.3	23.6
SG&A expenses	434	26.8	17.4	26.2	436	24.7	5.6	26.4	371	20.7	5.5	22.4	412	22.6	9.1	24.9
Operating profit	178	11.1	(12.9)	20.2	248	14.1	31.4	28.1	271	15.1	29.0	30.6	187	10.2	3.7	21.1
Ordinary profit	180	11.2	(12.8)	20.2	251	14.3	29.6	28.2	273	15.3	29.2	30.6	187	10.3	3.7	21.0
Profit	124	7.7	(12.5)	20.3	173	9.9	30.4	28.3	189	10.6	30.3	30.9	125	6.9	4.8	20.5

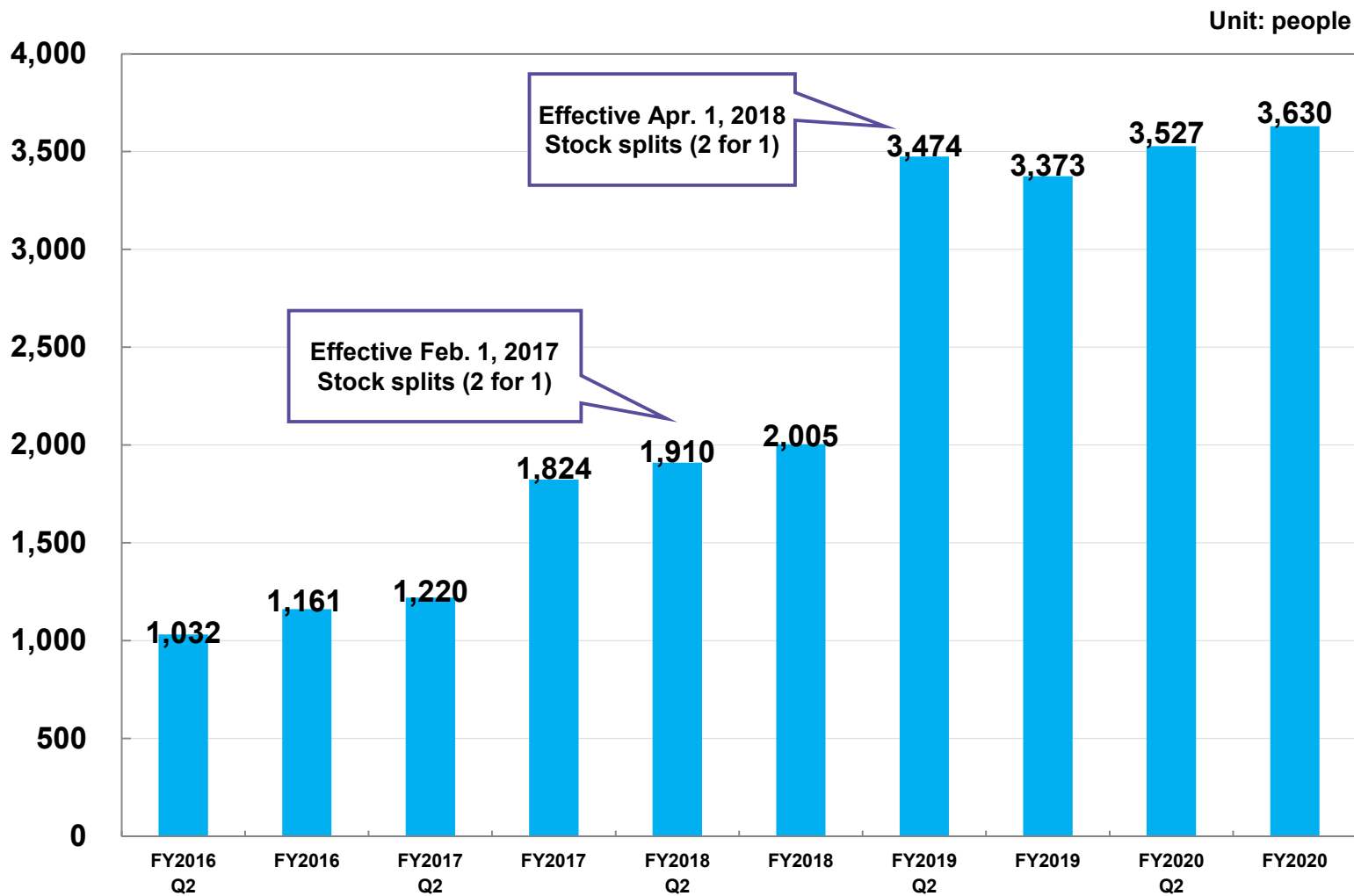
*(1) Quarterly composition of full-year financial results

[FY2019]

	Q1				Q2				Q3				Q4			
	Result (million yen)	Percent -age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(2) (%)	Result (million yen)	Percent -age (%)	YOY (%)	*(2) (%)
Net sales	1,499	100.0	8.4	23.7	1,584	100.0	9.6	25.0	1,638	100.0	11.8	25.9	1,608	100.0	9.5	25.4
Cost of sales	924	61.6	10.2	22.9	982	62.0	6.8	24.4	1,076	65.7	7.6	26.7	1,049	65.3	8.6	26.0
Gross Profit	575	38.4	5.7	25.0	602	38.0	14.3	26.2	562	34.3	20.9	24.4	558	34.7	11.0	24.3
SG&A expenses	369	24.6	6.0	24.4	413	26.1	15.8	27.3	351	21.5	5.8	23.2	378	23.5	18.2	25.0
Operating profit	205	13.7	5.2	26.2	189	11.9	11.3	24.1	210	12.8	58.5	26.8	180	11.2	(1.5)	23.0
Ordinary profit	206	13.8	5.4	26.1	194	12.3	11.2	24.5	211	12.9	56.8	26.7	180	11.3	(1.7)	22.8
Profit	142	9.5	4.1	26.3	133	8.4	11.4	24.7	145	8.9	56.5	26.9	119	7.4	(9.0)	22.1

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

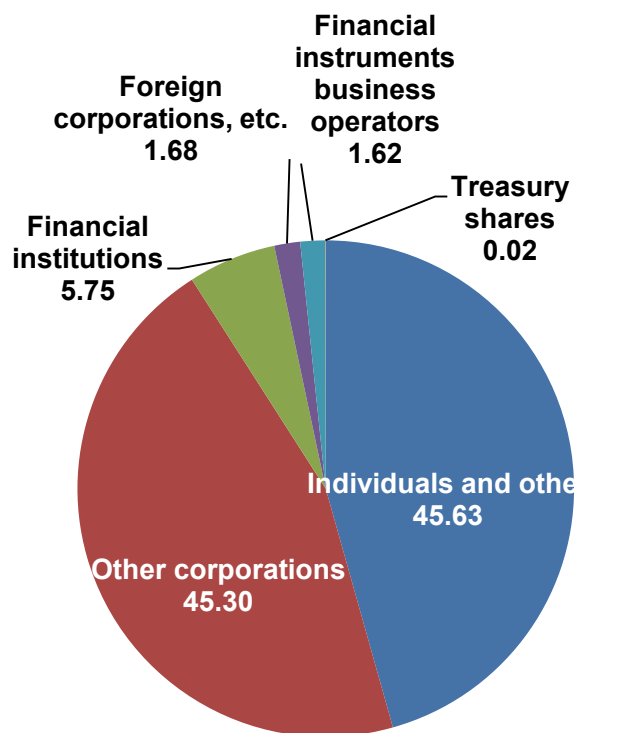
Term-end shareholder numbers



Data by owner category (As of January 31, 2020)

■ Share Distribution by Owner Category

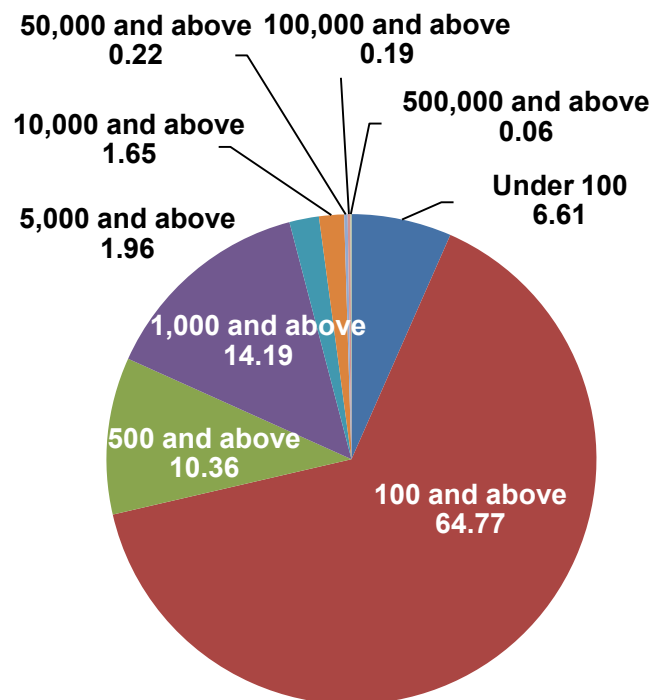
Unit: %



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

■ Shareholder Distribution by Number of Shares Held

Unit: %

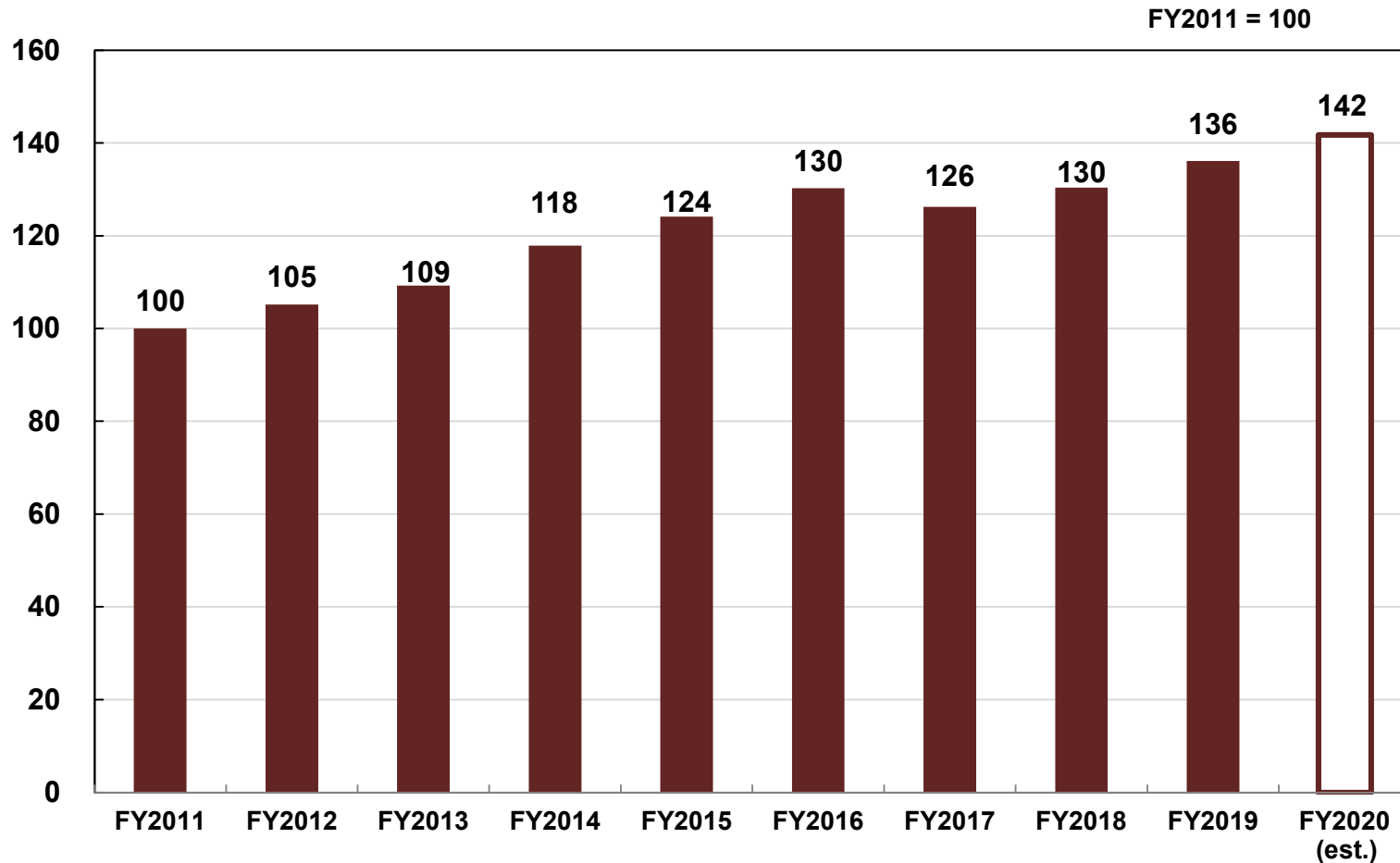


- Under 100
- 500 and above
- 1,000 and above
- 5,000 and above
- 10,000 and above
- 50,000 and above
- 100,000 and above
- 500,000 and above

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

Our clients' R&D costs

■ The R&D costs of our client manufacturers have remained steady



*Calculations were made by using the data of FY2011 as 100 (baseline).

*The costs of our listed clients whose fiscal year ends on March 31 were totaled.

Company Information

Name	Artner Co., Ltd.
Founded	September 18, 1962
Representative	President and CEO SEKIGUCHI Sozo
Share listing	First Section of the Tokyo Stock Exchange (Securities code: 2163)
General Meeting of Shareholders	Held in Osaka
Capital	238,284,320 yen (As of January 31, 2020)
Headquarters	Tokyo, Osaka
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya
Learning centers	East Japan, West Japan
Business fields	1) Machinery 2) Electronics 3) Software Basic research, design, and development in the above fields, as well as tasks relating to them
Number of employees	1,002 (As of January 31, 2020)
License number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-コ-020355)

■ Handling of this document

This document is intended to provide information to help you deepen your understanding of the Company, and is not intended to solicit investment in securities issued by the Company.

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

The Company shall not be held liable for any failure or damage caused by the use of forecast data or information contained in this document.

The opinions, forecasts, and other information contained in this document are based on our assessment at the time this document was prepared, and they may include potential risks and uncertainties. Therefore, please note that actual results may differ from the forward-looking statements in this document due to various factors, such as changes in the business environment.