V. Financial Information

1 Approach for Preparing Consolidated and Non-Consolidated Financial Statements

(1) Artner prepares its consolidated financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(i) Artner prepares its financial statements in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as the “Financial Statements Regulation”). Since the Company is a special company submitting financial statements, the preparation is done pursuant to the provisions of Article 127 of the Financial Statements Regulation.

(ii) As the current consolidated fiscal year (February 1, 2025, to January 31, 2026) is the first fiscal year that the Company has prepared consolidated financial statements, the Company has not performed comparisons with the previous consolidated fiscal year for the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement.

2 Audit Certification

Artner had its consolidated financial statements for the fiscal year (from February 1, 2025 to January 31, 2026) and its non-consolidated financial statements for the fiscal year (from February 1, 2025 to January 31, 2026) audited by KPMG AZSA LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3 Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements

Artner makes special efforts to ensure the appropriateness of its consolidated financial statements. More specifically, the Company has joined the Financial Accounting Standards Foundation to keep itself updated in order to maintain a correct understanding of accounting standards and other rules, thereby preparing to take the right actions when any changes are made to these standards and rules.

1 Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2026
Assets	
Current assets	
Cash and deposits	4,728,888
Accounts receivable - trade	1,789,787
Work in process	7,775
Raw materials and supplies	6,105
Prepaid expenses	73,320
Other	58,414
Allowance for doubtful accounts	(9,687)
Total current assets	6,654,604
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	55,128
Machinery, equipment and vehicles, net	3,300
Tools, furniture and fixtures, net	32,463
Land	2,940
Total property, plant and equipment	*1 93,832
Intangible assets	
Goodwill	1,519,366
Software	48,986
Software in progress	72,600
Other	1,727
Total intangible assets	1,642,680
Investments and other assets	
Investment securities	61,621
Deferred tax assets	473,152
Leasehold and guarantee deposits	111,541
Other	20,629
Total investments and other assets	666,945
Total non-current assets	2,403,458
Total assets	9,058,062

(Thousands of yen)

	As of January 31, 2026
Liabilities	
Current liabilities	
Current portion of long-term borrowings	108,742
Accounts payable - other	542,775
Accrued expenses	176,806
Income taxes payable	316,162
Accrued consumption taxes	230,083
Provision for bonuses	269,433
Other	229,586
Total current liabilities	1,873,590
Non-current liabilities	
Long-term borrowings	928,028
Provision for retirement benefits for directors (and other officers)	545,600
Retirement benefit liability	487,812
Total non-current liabilities	1,961,440
Total liabilities	3,835,030
Net assets	
Shareholders' equity	
Share capital	238,284
Capital surplus	168,323
Retained earnings	4,667,939
Treasury shares	(1,048)
Total shareholders' equity	5,073,498
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	745
Remeasurements of defined benefit plans	148,787
Total accumulated other comprehensive income	149,533
Total net assets	5,223,031
Total liabilities and net assets	9,058,062

(ii) Consolidated Statements of Income and Comprehensive Income

(Consolidated statement of income)

(Thousands of yen)

	Fiscal year ended January 31, 2026
Net sales	*1 12,046,664
Cost of sales	7,473,158
Gross profit	4,573,506
Selling, general and administrative expenses	*2 2,751,791
Operating profit	1,821,714
Non-operating income	
Interest income	215
Dividend income	80
Commission income	548
Sales income of training materials	651
Dividend income of insurance	1,805
Gain on forfeiture of unclaimed dividends	1,702
Other	242
Total non-operating income	5,247
Non-operating expenses	
Interest expenses	1,514
Cancellation penalty	1,563
Total non-operating expenses	3,078
Ordinary profit	1,823,883
Extraordinary income	
Gain on sale of investment securities	371
Total extraordinary income	371
Extraordinary losses	
Loss on retirement of non-current assets	1,197
Loss on sale of non-current assets	2,465
Total extraordinary losses	3,662
Profit before income taxes	1,820,591
Income taxes - current	571,661
Income taxes - deferred	(9,811)
Total income taxes	561,849
Profit	1,258,741
Profit attributable to owners of parent	1,258,741

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended January 31, 2026
Profit	1,258,741
Other comprehensive income	
Valuation difference on available-for-sale securities	(20)
Remeasurements of defined benefit plans, net of tax	21,106
Total other comprehensive income	* 21,085
Comprehensive income	1,279,827
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	1,279,827

(iii) Consolidated statement of changes in equity Fiscal year ended January 31, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	238,284	168,323	4,301,729	(965)	4,707,371
Changes during period					
Dividends of surplus			(892,532)		(892,532)
Profit attributable to owners of parent			1,258,741		1,258,741
Purchase of treasury shares				(82)	(82)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	366,209	(82)	366,126
Balance at end of period	238,284	168,323	4,667,939	(1,048)	5,073,498

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	765	127,681	128,447	4,835,818
Changes during period				
Dividends of surplus				(892,532)
Profit attributable to owners of parent				1,258,741
Purchase of treasury shares				(82)
Net changes in items other than shareholders' equity	(20)	21,106	21,085	21,085
Total changes during period	(20)	21,106	21,085	387,212
Balance at end of period	745	148,787	149,533	5,223,031

(iv) Consolidated cash flow statement

(Thousands of yen)

	Fiscal year ended January 31, 2026
Cash flows from operating activities	
Profit before income taxes	1,820,591
Depreciation	29,857
Amortization of goodwill	8,237
Increase (decrease) in allowance for doubtful accounts	702
Increase (decrease) in provision for bonuses	11,154
Increase (decrease) in provision for retirement benefits for directors (and other officers)	750
Increase (decrease) in retirement benefit liability	(45,003)
Interest and dividend income	(296)
Interest expenses	1,514
Loss on retirement of non-current assets	1,197
Loss (gain) on sale of non-current assets	2,465
Loss (gain) on sale of investment securities	(371)
Decrease (increase) in accounts receivable - other	136
Decrease (increase) in trade receivables	(121,646)
Decrease (increase) in inventories	(4,137)
Increase (decrease) in accrued consumption taxes	(23,506)
Increase (decrease) in accounts payable - other	197,023
Other, net	176,950
Subtotal	2,055,620
Interest and dividends received	296
Interest paid	(2,999)
Income taxes paid	(637,723)
Net cash provided by (used in) operating activities	1,415,192
Cash flows from investing activities	
Purchase of property, plant and equipment	(8,942)
Proceeds from sale of property, plant and equipment	4,454
Purchase of intangible assets	(78,079)
Payments of leasehold and guarantee deposits	(1,719)
Proceeds from refund of leasehold and guarantee deposits	10,249
Proceeds from sale of investment securities	477
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (1,315,518)
Other, net	(26)
Net cash provided by (used in) investing activities	(1,389,104)
Cash flows from financing activities	
Proceeds from long-term borrowings	1,000,000
Repayments of long-term borrowings	(1,998)
Purchase of treasury shares	(82)
Dividends paid	(887,697)
Net cash provided by (used in) financing activities	110,221
Net increase (decrease) in cash and cash equivalents	136,309
Cash and cash equivalents at beginning of period	4,588,976
Cash and cash equivalents at end of period	*1 4,725,285

[Notes]

(Material matters that form the basis for preparing consolidated financial statements)

1.Matters concerning the scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries2 companies

Names of consolidated subsidiaries CLIP SOFT Corporation, JOUHOU GIKEN, Ltd.

(2) Changes to the scope of consolidation

In the current consolidated fiscal year, Artner acquired all of the shares of CLIP SOFT Corporation and JOUHOU GIKEN, Ltd. to include them in the scope of consolidation.

2.Matters concerning the application of equity method

Not applicable.

3.Matters concerning the fiscal year of consolidated subsidiaries

The fiscal year-ends for CLIP SOFT Corporation and JOUHOU GIKEN, Ltd. are November 30 and December 31, respectively. In preparing consolidated financial statements, the Company has used the financial statements as of that date, making the necessary adjustments for material transactions that occurred between that date and the consolidated fiscal year-end.

4. Matters concerning the accounting policy

(1)Basis and method for valuation of material assets

(i) Available-for-sale securities

- Securities other than shares that do not have a market value

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)

- Shares that do not have a market value

Moving-average cost method

(ii) Inventories

Mainly cost method based on the specific identification method (with the amount shown on balance sheet written down as profitability declines)

(2)Method for depreciation of material depreciable assets

(i) Property, plant and equipment

Declining balance method. (Note: straight-line method for buildings (excluding facilities attached to the buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016) Service life of the assets is mostly as shown below:

Buildings and structures 3 - 24 years

Tools, furniture and fixtures 3 - 15 years

(ii) Intangible assets

Straight-line method. For software for internal use, calculation is based on usable life within Artner (5 years).

(3)Recognition criteria for material provisions

(i) Allowance for doubtful accounts

To make allowances for the non-payment of receivables, the historical default rate is used for general receivables; and receivables designated as potentially irrecoverable are determined by reviewing actual collectability on an individual claim basis to record the estimated amount that is deemed irrecoverable.

(ii) Provision for bonuses

To make allowances for the payment of bonuses to employees, the amount that should be paid in the consolidated fiscal year under review is recorded, out of the estimated payment to be made in the following consolidated fiscal year.

(iii) Provision for retirement bonuses for Directors

To make allowances for the payment of retirement bonuses for Directors, consolidated subsidiaries have recorded the amount to be paid at the end of the consolidated fiscal year under review in accordance with internal rules.

(4) Method of accounting treatment for retirement benefits

To make allowances for the payment of retirement benefits, this is recorded based on the estimate for retirement benefit liabilities as of the end of the consolidated fiscal year under review.

(Method for attributing estimated retirement benefit payments to the period)

When calculating retirement benefit liabilities, the method for attributing estimated benefit payments to the period that lasts until the end of the consolidated fiscal year under review is as per the benefit formula basis.

(Method for processing actuarial gains and losses as expenses)

Actuarial gains and losses are treated as expenses in the consolidated fiscal year following the fiscal year in which they arise. The amount is proportionally divided using the straight-line method over a certain number of years (five years) that is within the average number of employees' remaining service years at the time the differences emerge each consolidated fiscal year.

(5) Significant recognition criteria for revenue and expenses

(i) Engineer dispatching

Artner assigns its engineers to client companies based on worker dispatch agreements to offer services over the terms of the agreements. The Group judges that the Group's obligation is fulfilled with the passing of engineers' hours of operation, and thus the Group recognizes revenue based on the engineers' records of operation during the term.

(ii) Contracting

The Group receives contracts from client companies for design and development, along with other relevant work. The Group ensures that completed work is delivered or operations are performed according to the Group's instructions pursuant to each agreement with a client. The Group recognizes revenue upon completion of the client's inspection or of operations performed, as the Group judges that its obligation is fulfilled then.

(6) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over the period (10 years) during which its benefits are expected to be realized.

(7) Cash included in the statement of Consolidated cash flow

The cash included in the statement of cash flows consists of cash on hand, savings available for withdrawal at any time, and short¬term investments that can easily be converted into cash, have only a limited risk of price fluctuations, and are redeemed within three months from the date of acquisition.

(Significant accounting estimates)

Valuation of goodwill

(1) Amount recognized on consolidated financial statements for consolidated fiscal year under review

	Fiscal year ended January 31, 2026
Goodwill	JPY 1,519,366 thousand

(2) Information concerning material accounting estimates for identified items

The goodwill was recognized upon the acquisition of all shares of CLIP SOFT Corporation and JOUHOU GIKEN, Ltd. Regarding goodwill, the Group reviews whether there are any indications of impairment. If such indications are identified, the Group calculates undiscounted future cash flow over the remaining amortization period of the goodwill based on the Group's business plan and compares them with the carrying amount to determine whether an impairment loss should be recognized. If the Group determines that it is necessary to recognize an impairment loss, the Group writes down said goodwill to the recoverable amount and recognizes the resulting decrease as an impairment loss. In the consolidated fiscal year under review, the Group determined that there were indications of impairment due to a relatively large portion of acquisition costs being allocated to goodwill. However, since the undiscounted future cash flow exceeded the carrying amount of the non-current assets within the asset group that includes goodwill, the Group has determined that it is unnecessary to recognize an impairment loss. Estimates of future cash flow are based on the Group's business plan and rely on key assumptions such as staffing plans and unit prices related to net sales. Should changes arise in key assumptions due to factors such as future changes in the market environment, the amount of goodwill reported in the consolidated financial statements for the following consolidated fiscal year could be materially impacted.

(Accounting Standards to Be Implemented)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024) etc

(1) Summary

As part of efforts to make Japanese generally accepted accounting principles (GAAP) internationally consistent, the Accounting Standards Board of Japan (ASBJ) considered the development of accounting standards for leases in which assets and liabilities are recognized for all leases of lessees, taking into account international accounting standards. As a result, the ASBJ released an accounting standard for leases, etc., which, as its basic policy, is based on the single accounting model of IFRS 16, but adopts only the main provisions of IFRS 16 rather than all the provisions, aiming for a simple and convenient accounting standard that will basically not require any amendments even if a company uses the provisions of IFRS 16 for its non-consolidated financial statements.

For the accounting treatment of lessees, the single accounting model will be applied as the method of allocating lease expenses, in which depreciation charge for right-of-use assets and interest expense on lease liabilities are recorded for all leases, regardless of whether the lease is a finance lease or an operating lease, same as IFRS 16.

(2) Implementation schedule

The Company will implement the standard and guidance starting from the beginning of FY2029.

(3) Impact from the implementation of the Accounting Standard, etc.

The Group is in the process of assessing the monetary amounts that impact the Consolidated financial statements from the implementation of the Accounting Standard for Leases, etc.

(Regarding Consolidated Balance Sheet)

*1 Accumulated depreciation of property, plant and equipment

	FY2026 (As of January 31, 2026)
Accumulated depreciation of property, plant and equipment	JPY 198,963 thousand

2 Artner has entered into overdraft agreements with its five banks in order to ensure efficient financing for working capital. The table below shows the balances of borrowings available for withdrawal at the end of the fiscal year ended January 31, 2026 according to the agreements.

	FY2026 (As of January 31, 2026)
Overdraft limit	JPY 1,350,000 thousand
Outstanding borrowing	–
Balance	1,350,000

(Regarding Consolidated Statement of Income)

*1 Revenue generated from contracts with clients

The stated amount of net sales is not broken down into revenue generated from contracts with clients and other revenues. The amount of revenue generated from contracts with clients is as stated in “Notes (Regarding Revenue Recognition) 1. Disaggregation of revenue generated from contracts with clients.”

*2 The table below shows the main item of selling, general and administrative expenses, and the amounts thereof.

	FY2026 (Fiscal year ended January 31, 2026)
Salaries and allowances	JPY 853,636 thousand
Provision for bonuses	36,954
Retirement benefit expenses	15,114
Commission paid	543,471
Provision of allowance for doubtful accounts	702

(Regarding Consolidated statement of comprehensive income)

* Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

	FY2026 (Fiscal year ended January 31, 2026)
Valuation difference on available-for-sale securities:	
Amount that arose in the current year	JPY 360 thousand
Reclassification adjustment amount	(376)
Before income taxes and tax effects	(15)
Income taxes and tax effects	(4)
Valuation difference on available for sale securities	(20)
Remeasurements of defined benefit plans, net of tax:	
Amount that arose in the current year	84,979
Reclassification adjustment amount	(51,791)
Before income taxes and tax effects	33,187
Income taxes and tax effects	(12,081)
Remeasurements of defined benefit plans, net of tax	21,106
Total other comprehensive income	21,085

(Regarding Consolidated Statement of Changes in Equity) FY2026(Fiscal year ended January 31, 2026)

1.Matters concerning the type and total number of shares issued, and the type and total number of treasury shares

	Number of shares at beginning of FY2026 (shares)	Increase in shares during FY2026 (shares)	Decrease in shares during FY2026 (shares)	Number of shares at end of FY2026 (shares)
Shares issued				
Common shares	10,627,920	–	–	10,627,920
Total	10,627,920	–	–	10,627,920
Treasury shares				
Common shares	2,514	43	–	2,557
Total	2,514	43	–	2,557

Note: The increase of 43 treasury shares (common shares) came from the purchase of shares less than one share unit.

2. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total amount of dividends(thousands of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on April 24, 2025	Common shares	446,267	42.00	January 31, 2025	April 25, 2025
Board of Directors Meeting on September 8, 2025	Common shares	446,265	42.00	July 31, 2025	October 7, 2025

(2) Dividends with a record date in the fiscal year under review and an effective date in the following fiscal year.

The following matters are scheduled to be submitted as agenda items for the Ordinary General Meeting of Shareholders to be held on April 23, 2026.

Resolution	Type of shares	Total amount of dividends (thousands of yen)	Source of funds for dividends	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders on April 23, 2026	Common shares	446,265	Retained earnings	42.00	January 31, 2026	April 24, 2026

(Regarding Consolidated cash flow statement)

*1 Relationship between cash and cash equivalents at the end of the period and the amount for the account title shown in the consolidated balance sheet

	FY2026 (Fiscal year ended January 31, 2026)
Cash and deposit account	JPY 4,728,888 thousand
Time deposits with maturities of more than three months	(3,602)
Cash and cash equivalents	4,725,285

*2 Major components of assets and liabilities of consolidated subsidiaries acquired by purchase of shares in the fiscal year ended January 31, 2026

The breakdown of the assets and liabilities at the time of initial consolidation of CLIP SOFT Corporation through the purchase of shares as well as the relationship between the acquisition cost of shares and the expenditures for the acquisition (net) are as follows.

Current assets	JPY 161,676 thousand
Non-current assets	50,547
Goodwill	329,515
Current liabilities	(35,980)
Non-current liabilities	(107,760)
Purchase value of subsidiary shares	398,000
Cash and cash equivalents of subsidiary	(99,638)
Expenditures for the acquisition, net	298,361

The breakdown of the assets and liabilities at the time of initial consolidation of JOUHOU GIKEN, Ltd. through the purchase of shares as well as the relationship between the acquisition cost of shares and the expenditures for the acquisition (net) are as follows.

Current assets	JPY 783,607 thousand
Non-current assets	254,926
Goodwill	1,198,088
Current liabilities	(145,397)
Non-current liabilities	(467,100)
Purchase value of subsidiary shares	1,624,125
Cash and cash equivalents of subsidiary	(606,967)
Expenditures for the acquisition, net	1,017,157

(Regarding Lease Transactions)

Notes on this matter have been omitted because they are of little importance.

(Regarding Financial Instruments)

1.Matters concerning financial instruments

(1) Policy on financial instruments

The Group limits its fund management to short-term deposits or any equivalents, for fund procurement, the Group procures the necessary funds mainly through bank loans in accordance with its business plan.

(2) Description of financial instruments, risks involved therein, and risk management framework

Accounts receivable are exposed to clients' credit risk. The Group mitigates this risk in line with its credit management policy.

(3) Supplementary explanations about matters concerning the fair values of financial instruments

Variable factors are taken into account when the fair value of a financial instrument is calculated. Hence, the value may fluctuate when different prerequisites are used.

2.Matters concerning the fair values of financial instruments

The amounts calculated for the consolidated balance sheet and fair value, along with differences between them, are as shown in the table below. Notes on cash, deposits, accounts receivable, and accounts payable - other have been omitted because they are in cash, and because their fair value approximates carrying amounts as they are paid/made in a short term.

FY2026 (As of January 31, 2026)

	Amount recorded on consolidated balance sheet(thousands of yen)	Fair value (thousands of yen)	Difference (thousands of yen)
Long-term borrowings (includes current portion)	1,036,770	1,036,770	–

Notes: 1. Planned redemption amounts after the closing date for monetary claims

FY2026 (As of January 31, 2026)

	Within 1 year (thousands of yen)	More than 1 year, within 5 years (thousands of yen)	More than 5 years, within 10 years (thousands of yen)	More than 10 years (thousands of yen)
Cash and deposits	4,728,888	–	–	–
Accounts receivable - trade	1,789,787	–	–	–
Total	6,518,675	–	–	–

2. The scheduled repayment amounts after the closing date for long-term loans payable

FY2026 (As of January 31, 2026)

	Within 1 year (thousands of yen)	More than 1 year, within 2 years (thousands of yen)	More than 2 year, within 3 years (thousands of yen)	More than 3 year, within 4 years (thousands of yen)	More than 4 year, within 5 years (thousands of yen)	More than 5 years (thousands of yen)
Long-term borrowings	108,742	107,976	107,976	107,976	104,020	500,080

3.Matters concerning the breakdown of financial instruments by each fair value level

The Group classifies the fair value of financial instruments into the following three levels in accordance with the observability and materiality of the inputs used to calculate the fair value.

Level 1 fair value: Fair value calculated using inputs related to the calculation of observable fair value that are market prices for the asset or liability being valued as formed in an active market

Level 2 fair value: Fair value calculated using inputs related to the calculation of observable fair value other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs related to the calculation of unobservable fair value

When using multiple inputs that materially affect the calculation of fair value, the Group classifies the fair value as the level with the lowest priority in the calculation of fair value among the levels to which those inputs individually belong.

(1) Financial instruments carried on the consolidated balance sheet at fair value: Not applicable.

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

FY2026 (As of January 31, 2026)

Classification	Fair value (thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (includes current portion)	–	1,036,770	–	1,036,770

(Note) Explanation of valuation techniques used to calculate fair value and inputs related to the calculation of fair value

Long-term borrowings(includes current portion)

With regard to fair value, for financial instruments with variable interest rates, as they reflect market interest rates in the short term, their fair value is considered to be nearly equal to their carrying amount. For that reason, the Group uses said carrying amount and classifies the fair value as Level 2. For financial instruments with fixed rates, fair value is calculated after discounting the total amount of principal and interest using the interest rate assumed for cases in which a similar new loan is taken out. The Group classifies the resulting fair value as Level 2.

(Regarding Investment Securities)

1.Available-for-sale securities

FY2026 (As of January 31, 2026)

	Type	Amount recorded on consolidated balance sheet (thousands of yen)	Acquisition cost (thousands of yen)	Difference (thousands of yen)
Securities recorded on consolidated balance sheet at amount that exceeds acquisition cost	(1) Stock (2) Investment trusts	1,376 –	288 –	1,087 –
	Subtotal	1,376	288	1,087
Securities recorded on consolidated balance sheet at amount that does not exceed acquisition cost	(1) Stock (2) Investment trusts	54,563 5,682	54,563 5,682	– –
	Subtotal	60,245	60,245	–
Total		61,621	60,534	1,087

2.Available-for-sale securities sold

FY2026 (As of January 31, 2026)

Type	Sold at (thousands of yen)	Total gain on sale (thousands of yen)	Total loss on sale (thousands of yen)
Stock	482	371	–

(Regarding Retirement Benefits)

1.Summary of the retirement benefit plan used

Artner uses the defined benefit retirement lump sum payment plan and the defined contribution pension plan to pay retirement benefits to its employees. In addition, some of the Company’s consolidated subsidiaries participate in the Smaller Enterprise Retirement Allowance Mutual Aid (SERAMA) Scheme, and have adopted optional defined contribution pension plans.

2. Defined benefit plan

(1) Reconciliation of the beginning and ending balances of retirement benefit liabilities

	FY2026 (As of January 31, 2026)
Balance of retirement benefit liabilities at beginning of period	JPY 532,815 thousand
Service expenses	47,460
Interest expenses	9,201
Actuarial gains and losses incurred	(84,979)
Retirement benefit payments	(16,685)
Balance of retirement benefit liabilities at end of period	487,812

(2) Reconciliation of the ending balance of retirement benefit liabilities and the provision for retirement benefits recorded on the balance sheet

	FY2026 (As of January 31, 2026)
Retirement benefit liabilities in non-savings-type plan	JPY 487,812 thousand
Net liabilities and assets recorded on consolidated balance sheet	487,812
Liabilities for retirement benefits	487,812
Net liabilities and assets recorded on consolidated balance sheet	487,812

(3) Itemized retirement benefit expenses

	FY2026 (As of January 31, 2026)
Service expenses	JPY 47,460 thousand
Interest expenses	9,201
Actuarial gains and losses processed as expenses	(51,791)
Retirement benefit expenses for defined benefit plan	4,870

(4) Remeasurements of defined benefit plans, net of tax

The breakdown of items recorded as remeasurements of defined benefit plans, net of tax (before income taxes and tax effect deduction) is as follows:

	FY2026 (As of January 31, 2026)
Actuarial gains and losses incurred	JPY 33,187 thousand

(5) Remeasurements of defined benefit plans

The breakdown of items recorded as remeasurements of defined benefit plans (before income taxes and tax effect deduction) is as follows:

	FY2026 (As of January 31, 2026)
Unrecognized actuarial gains and losses	JPY 217,113 thousand

(6) Matters concerning the basis for actuarial calculations

Basis for key actuarial calculations

	FY2026 (As of January 31, 2026)
Discount rate	3.5%

3.Defined contribution plan

The Group's required contributions to the defined contribution plan were JPY 73,770 thousand for the fiscal year under review.

(Regarding Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by main cause

	FY2026 (As of January 31, 2026)
Deferred tax assets	
Enterprise tax payable	JPY 18,599 thousand
Accrued expenses	22,969
Provision for bonuses	83,387
Provision for retirement bonuses for Directors	187,299
Liabilities for retirement benefits	153,455
Allowance for doubtful accounts	2,874
Other	17,611
Total deferred tax assets	486,197
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(13,044)
Total deferred tax liabilities	(13,044)
Net deferred tax assets	473,152

2.Statutory effective tax rate and main causes of the difference from the income tax burden rate after the application of tax effect accounting

Notes have been omitted because, the difference between the statutory effective tax rate and the income tax burden rate after the application of tax effect accounting is five-hundredths or less of the statutory effective tax rate.

3.Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, under which a special corporate tax for defense will be imposed starting from fiscal years beginning on or after April 1,

2026. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities for temporary differences expected to reverse in or after the fiscal year beginning on February 1, 2027 has changed from 30.6% to 31.5%. The impact of this tax rate change is negligible.

(Regarding Business Combination)

Business combinations through acquisition

• CLIP SOFT Corporation

1.Overview of business combination

(1) Name and business of acquiree

Name of acquiree: CLIP SOFT Corporation

Business activities: Development of embedded software, such as for automotive instrument panels, and staffing business

(2) Main reason business combination was conducted

In the Company's Medium-Term Business Plan released on March 14, 2025, the Company is promoting its business activities to achieve its evolution into a comprehensive technical service company through M&As and alliances, while exploring new business and revenue opportunities as one of its Basic Measures. CLIP SOFT, headquartered in Hamamatsu City, Shizuoka, has development experience accumulated over time and advanced technical prowess. It engages in the development of embedded software, such as for automotive instrument panels, as well as staffing services. With CLIP SOFT becoming a subsidiary, Artner will expand its services in the IT industry (including commissioned system development and embedded software), which is expected to continue growing in the future, and will strive to further enhance its corporate value.

(3) Business combination date

September 26, 2025 (Share acquisition date)

August 31, 2025 (Deemed acquisition date)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of company following combination

No change.

(6) Ratio of voting rights acquired

100%

(7) Main basis for determining acquiring company

This is due to the Company's acquisition of shares in exchange for cash.

2.Period for which business performance of acquiree is included in consolidated financial statements

September 1, 2025 to November 30, 2025

3.Acquisition cost of acquiree and breakdown by type of consideration

Consideration for acquisition	JPY 398,000 thousand
Acquisition cost	398,000

4.Description and amounts of main acquisition-related expenses

Remuneration and commissions paid to advisors JPY 45,571 thousand

5.Amount of goodwill incurred, cause of incurrence, and method and period for amortization

(1) Amount of goodwill incurred

JPY 329,515 thousand

(2) Cause of incurrence

This is mainly future excess earnings potential expected from future business expansion.

(3) Method and period for amortization

Straight-line amortization over 10 years

6.Assets and liabilities acquired on business combination date and main breakdown thereof

Current assets	JPY 161,676 thousand
Non-current assets	50,547
Total assets	212,224
Current liabilities	35,980
Non-current liabilities	107,760
Total liabilities	143,740

7.The estimated amount and calculation method of the impact of the business combination on the consolidated profit and loss statement for the fiscal year ended January 31, 2026, assuming the business combination was completed on the beginning date of the consolidated fiscal year

Notes on this matter have been omitted because they are of little importance.

• JOUHOU GIKEN, Ltd.

1.Overview of business combination

(1) Name and business of acquiree

Name of acquiree JOUHOU GIKEN, Ltd

Business Transportation equipment design and research and development support business

(2) Main reason business combination was conducted

In the Company's Medium-Term Business Plan released on March 14, 2025, the Company is promoting its business activities to achieve its evolution into a comprehensive technical service company through M&As and alliances, while exploring new business and revenue opportunities as one of its Basic Measures. The target company is a company that was established predominantly by engineers who had originally worked at an aircraft component manufacturer. The company has produced a large number of capable engineers who are active on the frontlines of cutting-edge technological development in the automotive, aerospace, and other industries. In making JOUHOU GIKEN, Ltd. the Company's subsidiary, the Company will endeavor to expand the Group's services in the automotive and aerospace industries as the Company strives to further improve its corporate value.

(3) Business combination date

December 26, 2025 (Share acquisition date)

December 31, 2025 (Deemed acquisition date)

(4) Legal form of business combination

Acquisition of shares in exchange for cash

(5) Name of company following combination

No change.

(6) Ratio of voting rights acquired

100%

(7) Main basis for determining acquiring company

This is due to the Company's acquisition of shares in exchange for cash

2.Period for which business performance of acquiree is included in consolidated financial statements

As December 31, 2025 is established as the deemed acquisition date and only the balance sheet of the acquiree has been consolidated for the consolidated fiscal year under review, the business performance of the acquiree is not included

3.Acquisition cost of acquiree and breakdown by type of consideration

Consideration for acquisition	JPY 1,624,125 thousand
Acquisition cost	1,624,125

4.Description and amounts of main acquisition-related expenses

Remuneration and commissions paid to advisors JPY 96,831 thousand

5.Amount of goodwill incurred, cause of incurrence, and method and period for amortization

(1) Amount of goodwill incurred

JPY 1,198,088 thousand

(2) Cause of incurrence

This is mainly future excess earnings potential expected from future business expansion.

(3) Method and period for amortization

Straight-line amortization over 10 years

6.Assets and liabilities acquired on business combination date and main breakdown thereof

Current assets	JPY 783,607 thousand
Non-current assets	254,926
Total assets	1,038,533
Current liabilities	145,397
Non-current liabilities	467,100
Total liabilities	612,497

7.The estimated amount and calculation method of the impact of the business combination on the consolidated profit and loss statement for the fiscal year ended January 31, 2026, assuming the business combination was completed on the beginning date of the consolidated fiscal year

Notes on this matter have been omitted because they are of little importance.

(Regarding Asset Retirement Obligation)

Notes on this matter have been omitted because they are of little importance.

(Regarding Revenue Recognition)

1.Disaggregation of revenue generated from contracts with clients

Since the Group only has one reportable segment, the breakdown of revenue generated from contracts with clients is as follows:

(Unit: thousands of yen)

	Fiscal year ended January 31, 2026
Engineer dispatching	10,377,653
Contracting	1,615,896
Other	53,113
Revenue generated from contracts with clients	12,046,664
Other revenue	–
Net sales to external clients	12,046,664

2.Basic information for understanding revenue generated from contracts with clients

Basic information for understanding revenue is as provided in 1. Notes on material matters that form the basis for preparing consolidated financial statements 4. Matters concerning the accounting policy (5) Significant recognition criteria for revenue and expenses.

3.Information about the relationship between the satisfaction of performance obligations under contracts with clients and cash flows from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with clients that exist at the end of the fiscal year ended January 31, 2026

(1) Balance of contracts

As the balance of contracts of the Company and its consolidated subsidiaries consists of receivables arisen from contracts with clients, it is presented as accounts receivable - trade in the consolidated balance sheet. There are no contract assets or contract liabilities. Furthermore, in the fiscal year ended January 31, 2026, no revenue was recognized from performance obligations that were satisfied or partially satisfied in prior periods.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the period over which revenue is expected to be recognized has been omitted, since the initial expected contractual period with the client is one year or less. Furthermore, there are no material amounts of consideration arising from contracts with clients that are not included in the transaction price.

(Segment Data)

[Segment data]

Since the Group has only one reportable segment, notes on this matter have been omitted.

[Related information]

FY2026 (Fiscal year ended January 31, 2026)

1.Information by product and service

Since the Group’s business is in a single segment, notes on this matter have been omitted.

2.Information by region

(1) Net sales

Not applicable because the Group has no sales to external clients outside Japan

(2) Property, plant and equipment

Not applicable because none of the Group’s property, plant and equipment are located outside Japan.

3.Information by major customer

(Unit: thousands of yen)

Client name / Company name	Net sales
Honda Motor Co., Ltd.	2,064,750
Honda R&D Co., Ltd.	1,602,048

Note: Since the Group’s business is in a single segment, names of related segments have been omitted.

[Information about impairment loss on non-current assets in each reportable segment]

Not applicable.

[Information about amortization and unamortized balance of goodwill in each reportable segment]

Not applicable.

[Information about gain on bargain purchase in each reportable segment]

Not applicable.

[Information about related parties]

Not applicable.

(Per Share Information)

	Fiscal year ended January 31, 2026
Net assets per share	JPY 491.56
Earnings per share	JPY 118.47

Notes: 1. Diluted earnings per share are not shown because the Company has no dilutive shares.
2. The table below shows the bases for calculations of earnings per share.

	Fiscal year ended January 31, 2026
Profit attributable to owners of parent (thousands of yen)	1,258,741
Amounts not attributable to common shareholders (thousands of yen)	–
Profit attributable to owners of parent pertaining to common shares (thousands of yen)	1,258,741
Average number of shares outstanding during the period	10,625,378

(Material Post-Balance Sheet Events)

(Purchase of Treasury Shares)

The Company resolved at the meeting of its Board of Directors held on March 13, 2026, matters relating to the purchase of treasury shares pursuant to Article 156 of the Companies Act as applied by substitution pursuant to Article 165, paragraph (3) of such Act

1.Reason for purchasing treasury shares

Artner purchases treasury shares in order to facilitate the enhancement of shareholder returns and the improvement of capital efficiency as well as to execute flexible capital policies that contribute to the enhancement of corporate value over the medium to long term.

2.Description of matters relating to purchase

Type of shares to be purchased	Common shares
Total number of shares that may be purchased	30,000 shares (upper limit) (Ratio to the total number of issued shares (excluding treasury shares): 0.28%)
Total purchase value of shares	50,000,000 yen (upper limit)
Purchase period	March 16, 2026 to April 30, 2026
Purchase method	Market purchase on the Tokyo Stock Exchange

(v) Consolidated supplementary schedule

[Statement of bonds]

Not applicable.

[Statement of borrowings]

Classification	Balance at beginning of period (thousands of yen)	Balance at end of period (thousands of yen)	Average interest rate(%)	Maturity date
Current portion of long-term loans payable	–	108,742	2.42	–
Long-term borrowings (excluding current portion)	–	928,028	2.50	2027 - 2036
Other interest-bearing debt	–	–	–	–
Total	–	1,036,770	–	–

(Notes) 1. The average interest rate represents the weighted-average rate applicable to the year-end balance of loans payable.

2. The table below shows the aggregate annual maturities of long-term loans payable (excluding the current portion) within five years after the consolidated balance sheet date.

	More than 1 year, within 2 years (thousands of yen)	More than 2 year, within 3 years (thousands of yen)	More than 3 year, within 4 years (thousands of yen)	More than 4 year, within 5 years (thousands of yen)
Long-term borrowings	107,976	107,976	107,976	104,020

[Statement of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the fiscal year ended January 31, 2026 are one percent or less of the total liabilities and net assets at the beginning and the end of the fiscal year ended January 31, 2026, and as such have been omitted.

(2) Other

Semi-annual financial information for the fiscal year ended January 31, 2026

	Six months ended July 31, 2025	Fiscal year ended January 31, 2026
Net sales (thousands of yen)	–	12,046,664
Profit before income taxes (thousands of yen)	–	1,820,591
Profit attributable to owners of parent (thousands of yen)	–	1,258,741
Earnings per share (yen)	–	118.47

(Note) As the Company began preparing consolidated financial statements from the fiscal year ended January 31, 2026, information for the six months ended July 31, 2025 is not shown.

2 Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2025	As of January 31, 2026
Assets		
Current assets		
Cash and deposits	4,588,976	3,993,786
Accounts receivable - trade	1,457,629	1,578,897
Work in process	4,376	6,108
Raw materials and supplies	2,651	5,109
Prepaid expenses	54,805	53,851
Other	30,964	58,319
Allowance for doubtful accounts	(8,700)	(9,400)
Total current assets	6,130,702	5,686,674
Non-current assets		
Property, plant and equipment		
Buildings	42,134	39,619
Tools, furniture and fixtures	33,740	29,993
Land	2,940	2,940
Total property, plant and equipment	78,815	72,553
Intangible assets		
Software	19,141	48,986
Software in progress	–	72,600
Other	1,654	1,654
Total intangible assets	20,795	123,240
Investments and other assets		
Investment securities	1,498	1,376
Investments in subsidiaries and affiliates	–	2,164,527
Deferred tax assets	340,979	351,046
Leasehold and guarantee deposits	111,741	103,264
Other	3,111	2,761
Total investments and other assets	457,331	2,622,976
Total non-current assets	556,942	2,818,770
Total assets	6,687,644	8,505,444

(Thousands of yen)

	As of January 31, 2025	As of January 31, 2026
Liabilities		
Current liabilities		
Current portion of long-term loans payable	–	99,984
Accounts payable - other	303,474	540,648
Accrued expenses	103,861	116,571
Income taxes payable	366,794	294,651
Accrued consumption taxes	228,338	201,737
Provision for bonuses	223,950	241,104
Other	36,346	191,910
Total current liabilities	1,262,765	1,686,606
Non-current liabilities		
Long-term borrowings	–	900,016
Provision for retirement benefits	716,741	704,925
Total non-current liabilities	716,741	1,604,941
Total liabilities	1,979,507	3,291,548
Net assets		
Shareholders’ equity		
Share capital	238,284	238,284
Capital surplus		
Legal capital surplus	168,323	168,323
Total capital surplus	168,323	168,323
Retained earnings		
Legal retained earnings	10,460	10,460
Other retained earnings		
General reserve	40,000	40,000
Retained earnings brought forward	4,251,269	4,757,131
Total retained earnings	4,301,729	4,807,591
Treasury shares	(965)	(1,048)
Total shareholders’ equity	4,707,371	5,213,150
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	765	745
Total valuation and translation adjustments	765	745
Total net assets	4,708,137	5,213,895
Total liabilities and net assets	6,687,644	8,505,444

(ii) Non-consolidated Statements of Income

(Thousands of yen)

	FY2025 (Fiscal year ended January 31, 2025)	FY2026 (Fiscal year ended January 31, 2026)
Net sales	11,125,970	11,954,536
Cost of sales	7,013,019	7,410,461
Gross profit	4,112,950	4,544,074
Selling, general and administrative expenses	*1 2,302,808	*1 2,591,490
Operating profit	1,810,142	1,952,583
Non-operating income		
Interest income	28	205
Dividend income	78	80
Other	13,118	4,951
Total non-operating income	13,225	5,237
Non-operating expenses		
Interest expenses	–	1,421
Other	1,455	1,563
Total non-operating expenses	1,455	2,985
Ordinary profit	1,821,912	1,954,835
Extraordinary income		
Gain on sale of non-current assets	6,199	–
Gain on sale of investment securities	–	371
Total extraordinary income	6,199	371
Extraordinary loss		
Loss on retirement of non-current assets	–	1,197
Total extraordinary loss	–	1,197
Profit before income taxes	1,828,111	1,954,009
Income taxes - current	588,859	565,686
Income taxes - deferred	(21,349)	(10,071)
Total income taxes	567,509	555,615
Profit	1,260,601	1,398,394

[Cost of Sales Statement]

		FY2025 (Fiscal year ended January 31, 2025)		FY2026 (Fiscal year ended January 31, 2026)	
Classification	Note number	Amount (thousands of yen)	Ratio (%)	Amount (thousands of yen)	Ratio (%)
1. Labor cost		6,683,966	95.3	6,999,787	94.4
2.Expenses	*2	328,071	4.7	412,406	5.6
Total manufacturing cost for the period		7,012,038	100.0	7,412,194	100.0
Beginning inventory of work in process		5,357		4,376	
Total		7,017,395		7,416,570	
Ending inventory of work in process		4,376		6,108	
Cost of sales for the period		7,013,019		7,410,461	

FY2025 (Fiscal year ended January 31, 2025)	FY2026 (Fiscal year ended January 31, 2026)
1 Cost accounting method Job costing based on actual costs *2 Details are as shown below: Travel and transportation JPY 98,184 thousand Rent JPY 16,556 thousand	1 Cost accounting method Job costing based on actual costs *2 Details are as shown below: Travel and transportation JPY 104,240 thousand Rent JPY 11,870 thousand

(iii) Non-consolidated Statements of Changes in Equity

FY2025 (Fiscal year ended January 31, 2025)

(Unit: thousands of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Share capital	Legal capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	3,814,139	3,864,599
Changes during period							
Dividends of surplus						(823,472)	(823,472)
Profit						1,260,601	1,260,601
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	437,129	437,129
Balance at end of period	238,284	168,323	168,323	10,460	40,000	4,251,269	4,301,729

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(869)	4,270,337	815	815	4,271,153
Changes during period					
Dividends of surplus		(823,472)			(823,472)
Profit		1,260,601			1,260,601
Purchase of treasury shares	(96)	(96)			(96)
Net changes in items other than shareholders' equity			(50)	(50)	(50)
Total changes during period	(96)	437,033	(50)	(50)	436,983
Balance at end of period	(965)	4,707,371	765	765	4,708,137

FY2026 (Fiscal year ended January 31, 2026)

(Unit: thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance at beginning of period	238,284	168,323	168,323	10,460	40,000	4,251,269	4,301,729
Changes during period							
Dividends of surplus						(892,532)	(892,532)
Profit						1,398,394	1,398,394
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	–	–	–	–	–	505,861	505,861
Balance at end of period	238,284	168,323	168,323	10,460	40,000	4,757,131	4,807,591

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(965)	4,707,371	765	765	4,708,137
Changes during period					
Dividends of surplus		(892,532)			(892,532)
Profit		1,398,394			1,398,394
Purchase of treasury shares	(82)	(82)			(82)
Net changes in items other than shareholders' equity			(20)	(20)	(20)
Total changes during period	(82)	505,779	(20)	(20)	505,758
Balance at end of period	(1,048)	5,213,150	745	745	5,213,895

[Notes]

(Significant Accounting Policies)

(1) Basis and method for valuation of securities

Shares of subsidiaries

Moving-average cost method

Available-for-sale securities

Securities other than shares that do not have a market value

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)

(2) Basis and method for valuation of inventories

(i) Work in process

Cost method based on the specific identification method (with the amount shown on balance sheet written down as profitability declines)

(ii) Supplies

Cost method based on the specific identification method (with the amount shown on balance sheet written down as profitability declines)

(3) Depreciation method for non-current assets

(i) Property, plant and equipment

Declining balance method (note: straight-line method for buildings (excluding facilities attached to the buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and for structures acquired on or after April 1, 2016)

Service life of the assets is mostly as shown below:

Buildings: 3 - 24 years

Tools, furniture and fixtures: 3 - 15 years

(ii) Intangible assets

Straight-line method. For software for internal use, calculation is based on usable life within the Company (5 years).

(4) Recognition criteria for provisions

(i) Allowance for doubtful accounts

To make allowances for the non-payment of receivables, the historical default rate is used for general receivables; and receivables designated as potentially irrecoverable are determined by reviewing actual collectability on an individual claim basis to record the estimated amount that is deemed irrecoverable.

(ii) Provision for bonuses

To make allowances for the payment of bonuses to employees, the amount that should be paid in the fiscal year under review is recorded, out of the estimated payment in the following fiscal year.

(iii) Provision for retirement benefits

To make allowances for the payment of retirement benefits to employees, this is recorded based on the estimate for retirement benefit liabilities as of the end of the fiscal year under review.

(i) Method for attributing estimated retirement benefit payments to the period

When calculating retirement benefit liabilities, the method for attributing estimated benefit payments to the period that lasts until the end of the fiscal year under review is as per the benefit formula basis.

(ii) Method for processing actuarial gains and losses as expenses

Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise. The amount is proportionally divided using the straight-line method over a certain number of years (five years) that is within the average number of employees’ remaining service years at the time the differences emerge each fiscal year.

(5) Recognition criteria for revenue and expenses

(a) Engineer dispatching services

Artner assigns its engineers to client companies based on worker dispatch agreements to offer services over the terms of the agreements. The Company judges that its obligation is fulfilled with the passing of engineers’ hours of operation, and thus the Company recognizes revenue based on engineers’ records of operation during the term.

(b) Contracting

Artner receives contracts from client companies for design and development, along with other relevant work. The Company ensures that completed work is delivered or operations are performed according to the Company’s instructions pursuant to each agreement with a client. The Company recognizes revenue upon completion of the client’s inspection or of operations performed, as the Company judges that its obligation is fulfilled then.

(Significant Accounting Estimates)

Valuation of shares of subsidiaries

Amount recognized on financial statements for the fiscal year under review: shares of subsidiaries JPY 2,164,527 thousand

Information concerning material accounting estimates for identified items

Shares of subsidiaries are recorded at the acquisition cost of the shares of CLIP SOFT Corporation and JOUHOU GIKEN, Ltd. As these shares of subsidiaries are shares that do not have a market value, a valuation loss is recognized if their substantial value declines significantly and no recovery is expected. For the fiscal year under review, the Company determined that it was unnecessary to recognize a valuation loss because the substantial value, which reflects excess earning power, had not declined significantly. The evaluation of excess earning power is based on the Company’s business plan and relies on key assumptions such as staffing plans and unit prices related to net sales. Should changes arise in key assumptions due to factors such as future changes in the market environment, the amount of shares of subsidiaries reported in the financial statements for the following fiscal year could be materially impacted.

(Changes in the Method of Presentation)

(Changes in the method of presentation due to the application of Article 127 of the Financial Statements Regulation and the exemption from notes in line with the simplification of non-consolidated disclosure)

As Artner has come to prepare consolidated financial statements from the fiscal year under review, Artner, as a special company submitting financial statements, prepares the balance sheet, the statement of income, the statement of changes in equity, the statement of property, plant and equipment and the statement of provisions based on the forms prescribed in Article 127, paragraph (1) of the Financial Statements Regulation. In addition, the notes listed in each item of Article 127, paragraph (2) of the Financial Statements Regulation have been changed to the notes on the matters listed in each item of the Regulation on Corporate Accounting.

(Regarding Non-consolidated Balance Sheet)

1. Artner has entered into overdraft agreements with its five banks in order to ensure efficient financing for working capital. The table below shows the balances of borrowings available for withdrawal according to the agreements.

	FY2025 (As of January 31, 2025)	FY2026 (As of January 31, 2026)
Overdraft limit	JPY 1,350,000 thousand	JPY 1,350,000 thousand
Outstanding borrowing	–	–
Balance	1,350,000	1,350,000

(Regarding Non-consolidated Statement of Income)

*1 Selling expenses accounted for approximately 6% in FY2025, and 6% in FY2026, and general and administrative expenses 94% in FY2025, and 94% in FY2026.

The table below shows the main item of selling, general and administrative expenses, and the amounts thereof.

	FY2025 (Fiscal year ended January 31, 2025)	FY2026 (Fiscal year ended January 31, 2026)
Salaries and allowances	JPY 770,292 thousand	JPY 852,440 thousand
Travel and transportation	111,760	122,507
Rent	193,257	198,477
Provision for bonuses	38,499	36,954
Retirement benefit expenses	19,742	15,114
Commission paid	289,858	400,976
Depreciation	24,788	29,481
Provision of allowance for doubtful accounts	1,300	700

(Regarding Investment Securities)

Shares of subsidiaries (carrying amount on the balance sheet: JPY 2,164,527 thousand) are shares that do not have a market value, and therefore the note on their fair value is omitted.

(Regarding Tax Effect Accounting)

(1) Breakdown of deferred tax assets and deferred tax liabilities by main cause

	FY2025 (As of January 31, 2025)	FY2026 (As of January 31, 2026)
Deferred tax assets		
Enterprise tax payable	JPY 20,343 thousand	JPY 18,599 thousand
Accrued expenses	17,250	19,856
Provision for bonuses	68,483	73,729
Provision for retirement benefits	219,179	221,781
Allowance for doubtful accounts	2,660	2,874
Impairment loss	366	377
Other	13,032	14,168
Total deferred tax assets	341,316	351,388
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(337)	(342)
Total deferred tax liabilities	(337)	(342)
Net deferred tax assets	340,979	351,046

(2) Statutory effective tax rate and main causes of the difference from the income tax burden rate after the application of tax effect accounting

For FY2025, notes have been omitted because the difference between the statutory effective tax rate and the income tax burden rate after the application of tax effect accounting was 5/100 or less of the statutory effective tax rate. The breakdown for FY2026 is as follows: statutory effective tax rate 30.6%; (adjustments) entertainment expenses and other items permanently non-deductible 0.5%; dividends received and other items permanently excluded from income (0.0)%; per capita inhabitant tax 0.1%; tax credits under the wage increase promotion tax system (2.0)%; effect of change in tax rate (0.3)%; other (0.4)%; income tax burden rate after the application of tax effect accounting 28.4%.

(3) Change in the income tax rate after the closing date

The Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025) was promulgated on March 31, 2025, under which a special corporate tax for defense will be imposed starting from fiscal years beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will change from 30.6%, which applies to the fiscal year beginning on February 1, 2025, to 31.5% for temporary differences expected to reverse in or after the fiscal year beginning on February 1, 2027. The impact on monetary amounts from the tax rate change is negligible.

(Regarding Business Combination)

Business combinations through acquisition: The same information is stated in the Notes to Consolidated Financial Statements (Regarding Business Combination), and therefore this note is omitted.

(Regarding Revenue Recognition)

Basic information for understanding revenue generated from contracts with clients is the same as that stated in the Notes to Consolidated Financial Statements (Regarding Revenue Recognition), and therefore this note is omitted.

(Material Post-Balance Sheet Events)

The same information is stated in the Notes to Consolidated Financial Statements (Material Post-Balance Sheet Events), and therefore this note is omitted.

(iv) Supplementary schedule

[Statement of property, plant and equipment]

Asset Type	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (thousands of yen)	Balance at end of period (thousands of yen)	Accumulated depreciation/ amortization at end of period (thousands of yen)	Depreciation/amortization in period (thousands of yen)	Net balance at end of period (thousands of yen)
Property, plant and equipment Buildings	106,280	2,809	1,057	108,032	68,413	4,498	39,619
Tools, furniture and fixtures	81,862	6,132	–	87,995	58,001	9,880	29,993
Land	2,940	–	–	2,940	–	–	2,940
Total property, plant and equipment	191,082	8,942	1,057	198,967	126,414	14,378	72,553
Intangible assets Software	137,988	45,629	31,551	152,066	103,079	15,412	48,986
Software in progress	–	72,600	–	72,600	–	–	72,600
Other	1,654	–	–	1,654	–	–	1,654
Total intangible assets	139,643	118,229	31,551	226,320	103,079	15,412	123,240

[Statement of provisions]

Classification	Balance at beginning of period (thousands of yen)	Increase during period (thousands of yen)	Decrease during period (spending for purpose) (thousands of yen)	Decrease during period (other) (thousands of yen)	Balance at end of period (thousands of yen)
Allowance for doubtful accounts	8,700	9,400	–	8,700	9,400
Provision for bonuses	223,950	241,104	223,950	–	241,104

Note: “Decrease during period (other)” under allowance for doubtful accounts is the amount updated using the historical default rate for general receivables.

(2) Details of Main Assets and Liabilities

Since the Company prepares consolidated financial statements, this information is omitted.

(3) Other

Not applicable.