

Engineer Support Company

Make Value



# Q2 FY2025 Briefing for Analysts and Institutional Investors

September 18, 2024



— Create the Future —

**ARTNER**



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**Artner Co., Ltd.**

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

# Company Information

<b>Name</b>	<b>Artner Co., Ltd.</b>
<b>Founded</b>	<b>September 18, 1962</b>
<b>Representative</b>	<b>President and CEO SEKIGUCHI Sozo</b>
<b>Share listing</b>	<b>Prime Market of the Tokyo Stock Exchange (Securities code: 2163)</b>
<b>General Meeting of Shareholders</b>	<b>Held in Osaka</b>
<b>Capital</b>	<b>238,284,320 yen (As of July 31, 2024)</b>
<b>Headquarters</b>	<b>Tokyo, Osaka</b>
<b>Business bases</b>	<b>Yokohama, Utsunomiya, Osaka, Nagoya</b>
<b>Learning centers</b>	<b>East Japan, West Japan</b>
<b>Business fields</b>	<b>1) Software 2) Electronics 3) Machinery</b> <small>Basic research, design, and development in the fields on the left, as well as tasks relating to them</small>
<b>Number of employees</b>	<b>1,462(As of July 31, 2024)</b>
<b>License number</b>	<b>Worker Dispatching Business (派27-020513)</b> <b>Paid Employment Agency Business (27-コ-020355)</b>

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**The Tenth Consecutive Period of Sales and Profit Growth**

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# Market Size of Engineer Dispatching Business, Our Clients' R&D Costs

## Market Size of Engineer Dispatching Business

**1.1 to 1.3 trillion yen** (estimate)

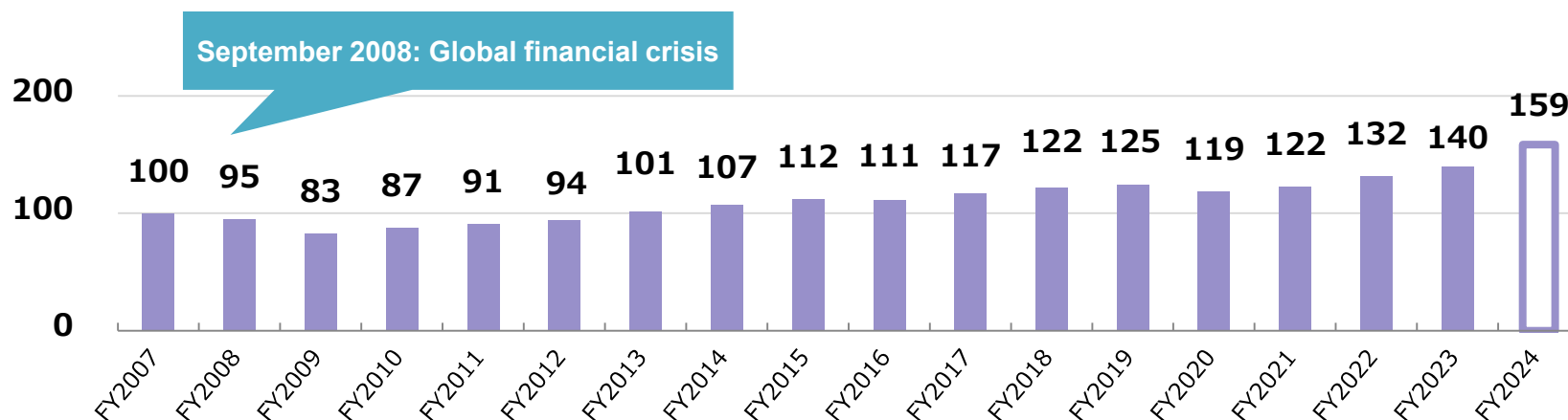
Calculated by the Company based on the “Combined results of reports on worker dispatching businesses” (Ministry of Health, Labour and Welfare)

\*The data of “annual net sales” of the worker dispatching businesses are used, which is a rough total of net sales arising from “dispatched workers on open-ended contracts” and either of “manufacturing engineers,” “information processing & communications engineers,” or “other engineers.”

\*The share is 0.8 to 0.9%; calculations based on the Company’s most recent net sales of 10.1 billion yen for FY2024.

## Our Clients' R&D Costs

Our clients continuously allocate a budget for R&D, which keeps R&D costs stable.



\*Calculations were made by using the data of FY2008 as 100 (baseline). \*The costs of our listed clients whose fiscal year ends on March 31 were totaled.

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## Factors Behind “The Tenth Consecutive Period of Sales and Profit Growth”



- Trust from our clients built on our long history
  - Over our long history of more than 60 years, we have built trust with many of our clients and have a proven track record.

⇒ We can place newly graduated engineers with little or no experience, as well as place additional existing engineers.



- Business model developed by Artner since ten periods ago
  - Even during the global financial crisis of 2008, not many engineers placed in the upstream processes of the work processes of manufacturers (R&D) experienced contract cancellations.
  - ↓
  - Artner decided to increase the ratio of engineers placed in upstream processes.
  - ↓
  - In order to recruit outstanding students who can be placed in upstream processes, internal programs (e.g., job change assistance program, performance-based salary system, limited area system) were introduced based on the needs of engineers.
  - ↓
  - Placements were made after education and training were conducted according to our clients' upstream process work.

⇒ The unit price of engineers increased, resulting in higher profit margins.



- Placement of engineers in technical fields with high market needs
  - Assigned to projects for developing electric vehicles (EVs), fuel cell vehicles (FCVs), infrastructure (charging infrastructure, hydrogen stations), automated driving, semiconductors, etc.

⇒ Utilization rate remained high.

# History (at the time of founding in 1953)

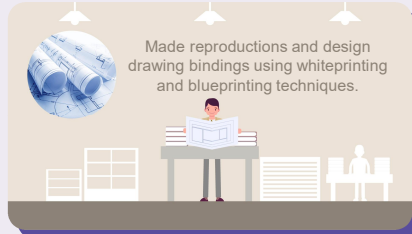
## 1953 -

- Originally founded as Sekiguchi Kogyo Co., Ltd. in Amagasaki, Hyogo in 1953.

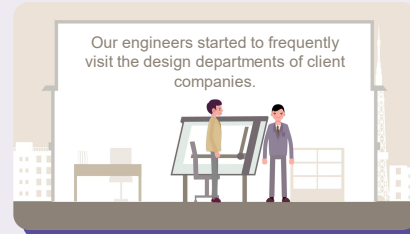


**Founded**

- Reproduces and binds design drawings received from client companies, using whiteprinting and blueprinting techniques.



- Our engineers visit frequently the design departments of client companies.



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



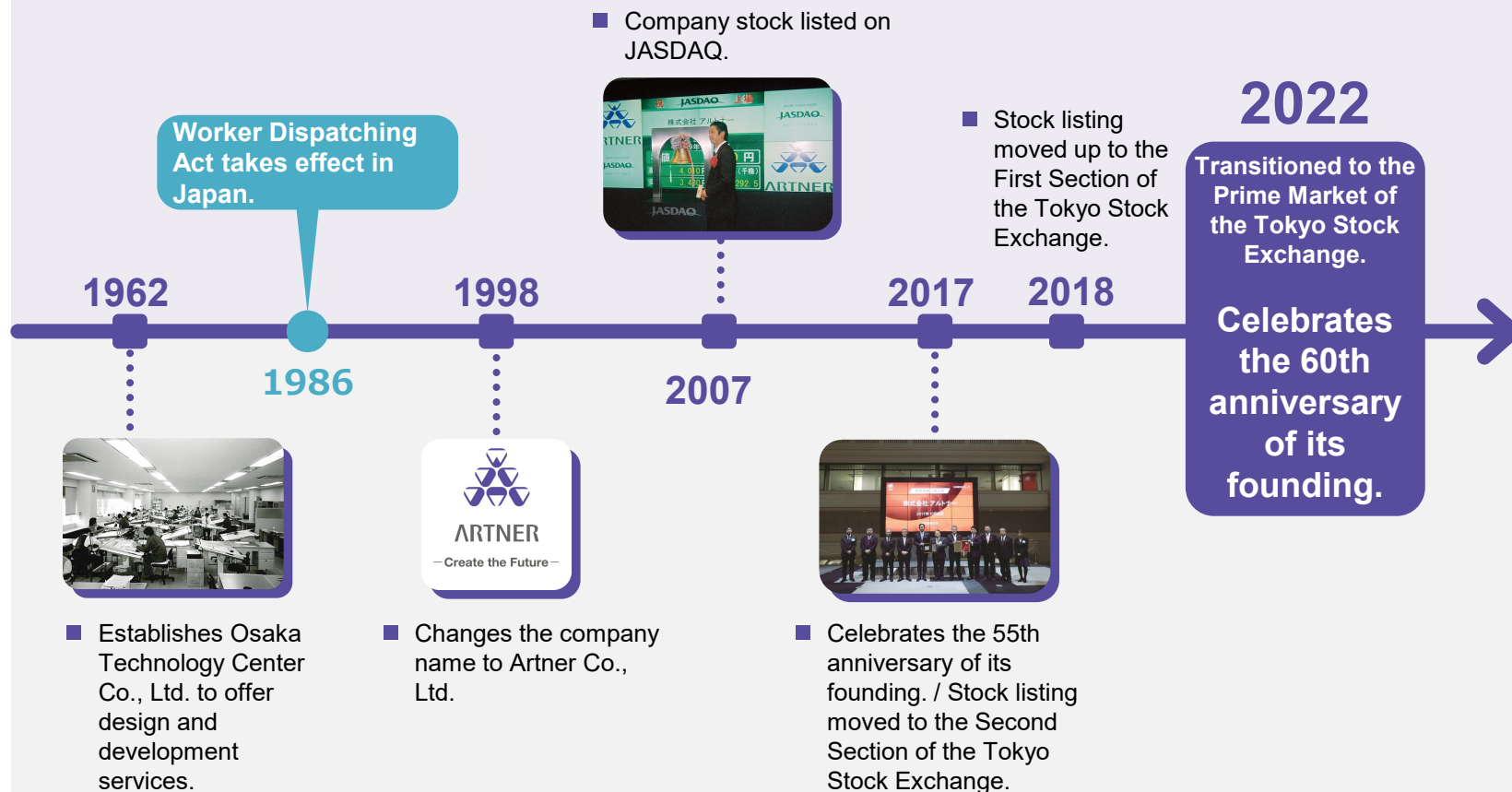
- Starts hiring employees with STEM degrees and offering a tracing service for design drawings.



- Demand increases from clients for tracing and other designing and development services.

# History (1962 to present)

## 1962 -



## Presidents Since Our Founding / Profile of President and CEO SEKIGUCHI Sozo

### ■ Presidents Since Our Founding

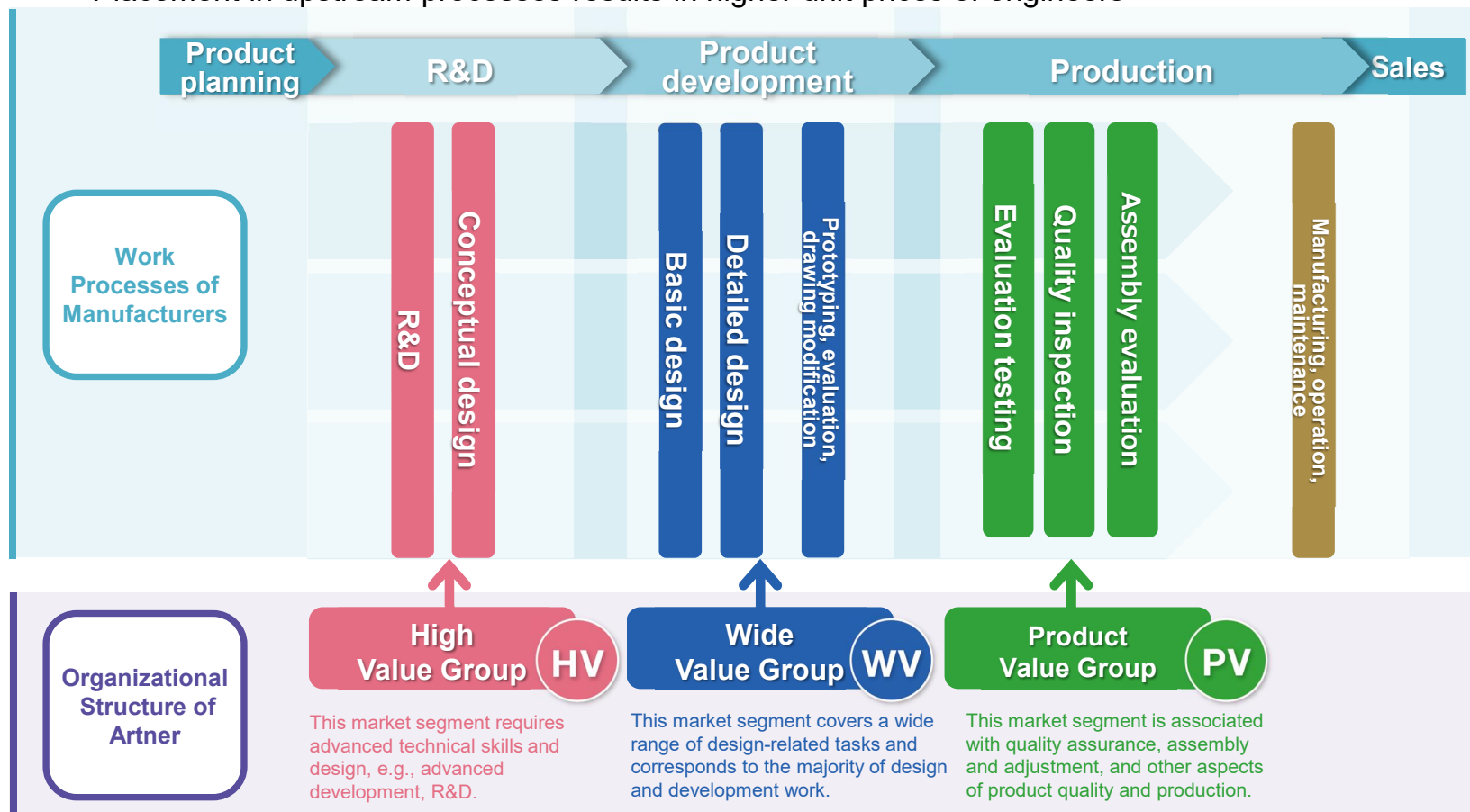
September 1962	Osaka Technology Center Co., Ltd. was established as a subsidiary of Sekiguchi Kogyo Co., Ltd. (1st) President and CEO SEKIGUCHI Noboru was appointed.
April 1984	President and CEO SEKIGUCHI Noboru retired. (2nd) President and CEO MARUHASHI Shiro was appointed.
April 1987	President and CEO MARUHASHI Shiro retired. (3rd) President and CEO SEKIGUCHI Masaru was appointed.
April 1998	Osaka Technology Center Co., Ltd. was renamed to Artner Co., Ltd.
February 2002	President and CEO SEKIGUCHI Masaru retired. (4th) President and CEO SEKIGUCHI Sozo was appointed.

### ■ Profile of President and CEO SEKIGUCHI Sozo, Positions and Areas of Responsibility Held in the Company

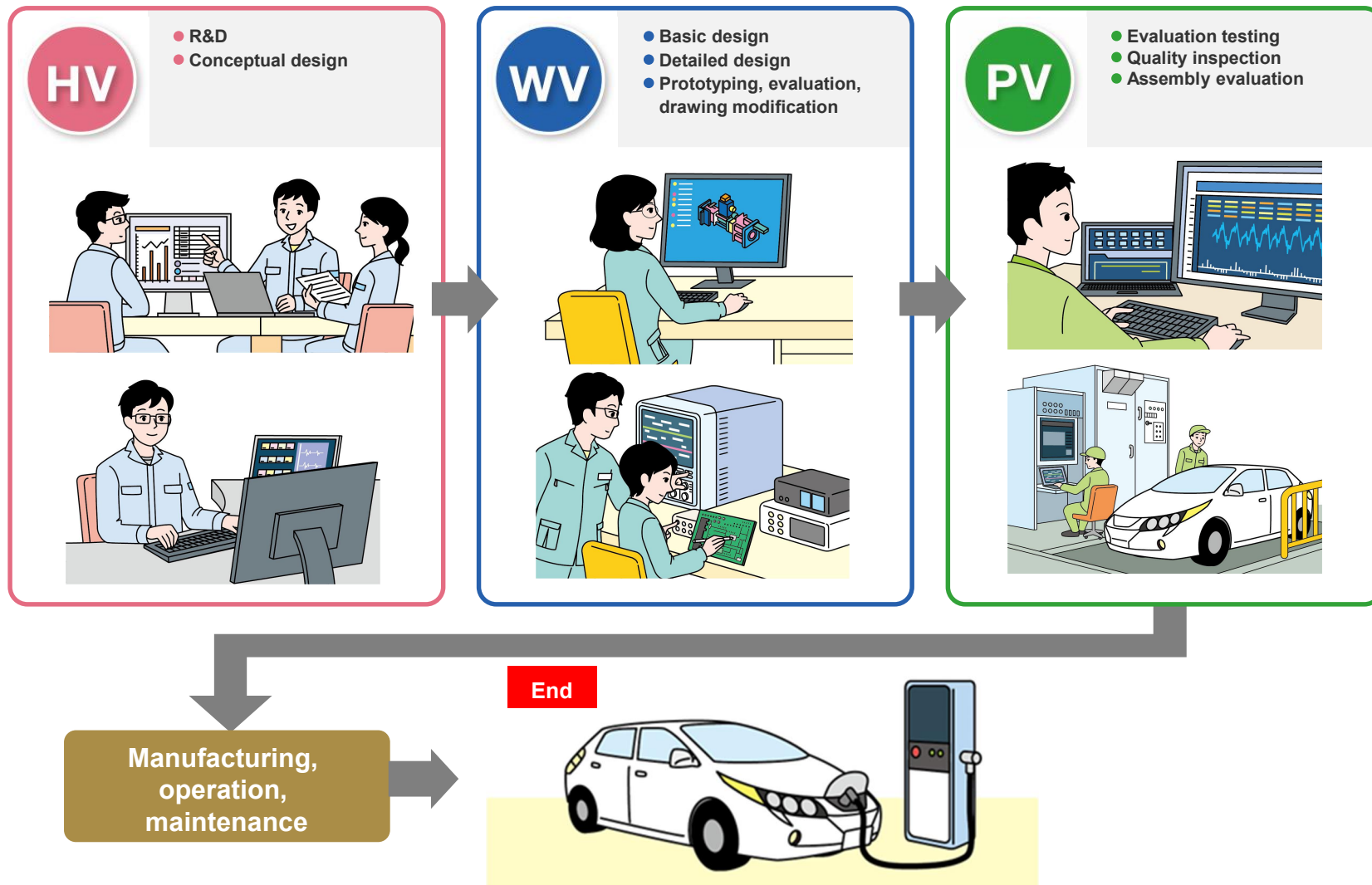
June 1983	Joined MEITEC CORPORATION
April 1988	Joined Osaka Technology Center Co., Ltd. (previous name of the Company)
March 1993	Appointed Director; Head of the Business Planning Office
February 1998	Appointed Director; Vice President
February 2002	Appointed President and CEO (current)

# 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



# Diagram of the Work Processes of Manufacturers and the Work of the Company's Engineers [Ex: electric vehicles (EVs)]





# Design and Development Projects Including “Carbon Neutrality”

## Eco Cars



### Software

- Development of brake control system
- Analysis of motors and inverters

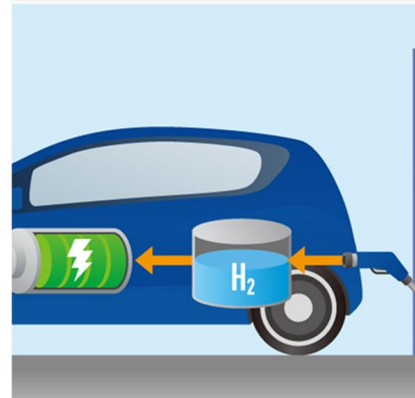
### Electronics

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

### Machinery

- Development of eco car chargers
- Development of drive motors

## Fuel Cell Vehicles (FCVs)



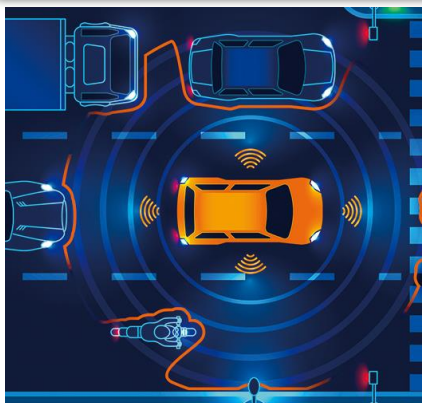
### Software

- R&D of hydrogen station system
- R&D of energy system

### Electronics

- Analysis of basic performance of fuel cells
- R&D of hydrogen safety

## Automated Driving



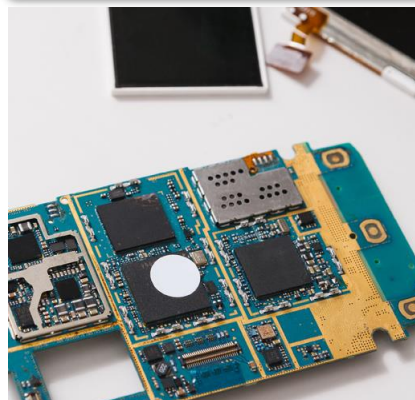
### Software

- R&D of Driving Safety Support Systems
- Advance development of automatic perimeter monitoring system using camera images

### Electronics

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

## Semiconductors



### Software

- Development of applications for semiconductor manufacturing equipment

### Electronics

- Circuit design for semiconductor lithography equipment

### Machinery

- Development of temperature controller for semiconductor lithography equipment (enclosure concept, basic design)

# Products and Systems Related to Design and Development

## Home Electronics



### Software

- Development of energy system
- Development of iPhone applications

### Electronics

- Prototyping, evaluation, and analysis of smartphone circuit boards
- Circuit design for AV equipment

### Machinery

- Design and development of home appliances (enclosure design, structural design)
- Development of in-car navigation system

## Medical Devices



### Software

- R&D of walking assist devices
- R&D of pulse measuring equipment

### Electronics

- Design and development of control board for X-ray imaging system
- Evaluation of visceral fat measuring device

### Machinery

- Development of PET system
- Improvement of blood transfusion and infusion sets, design of next set

## Motorcycle



### Software

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

### Electronics

- Design of harnesses for electrical wiring

### Machinery

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

## Aerospace Machinery



### Software

- R&D of next satellites
- Development and evaluation of simulators for satellite radio communication equipment

### Electronics

- Development of satellite inspection equipment

### Machinery

- Design and development of aircraft test jigs
- Development of passenger aircraft AV equipment
- Design and development of aircraft

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# Numerical Business Targets

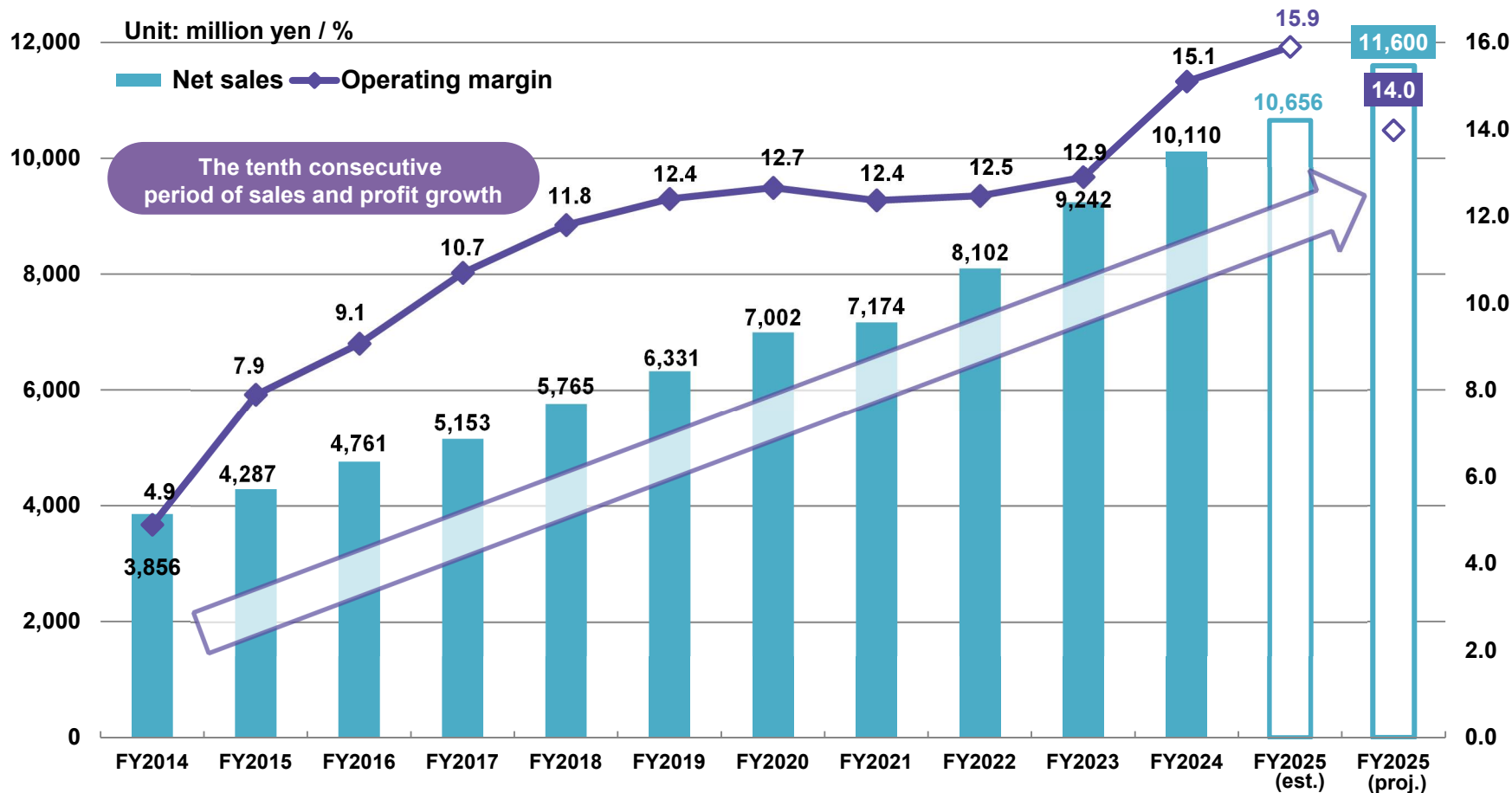
<FY2025 (final year) earnings and sales targets>

Net sales

11.6 billion yen

Operating  
margin

14.0 %



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# Financial Summary for Q2 FY2025

## Market Environment

- Manufacturers in automobile-related industries are actively developing electric vehicles, hybrid vehicles, fuel cell vehicles, etc., with the aim of achieving “carbon neutrality” at a faster pace than last year.
- Due to the rising demand for semiconductors for generative AI, there is also strong demand for engineers from manufacturers of semiconductor manufacturing equipment.

## State of Engineer Dispatching Business

- The number of operative personnel surpassed that of the same period of the preceding year.
  - Number of engineers increased. The utilization rate remained high.
  - Assignments for newly graduated engineers entering the Company in 2024 are progressing ahead of the initial schedule.
- The unit price of engineers surpassed that of the same period of the preceding year.
  - Due to the trend of engineer shortage, the unit price for newly graduated engineers at their first assignments is on the rise.
  - Current engineers are strategically rotated between our clients to improve their work level.
- Total work person-hours remained at the same level as the same period of the preceding year.

## Profit

- Operating profit for Q1 fell slightly as the Company was unable to fully absorb the costs of upfront investments such as those related to the expansion of the East Japan LC (training facility) and recruitment-related investments. In Q2, net sales absorbed these costs and led to sales growth.

## Financial Results Highlights for Q2 FY2025

- Net sales up 8.8%, Operating profit up 8.9%, Ordinary profit up 9.0%, Profit up 8.8%. Operating margin 17.6%.

	Q2 FY2024		Q2 FY2025		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)		
Net sales	5,006	100.0	5,447	100.0	441	8.8
Cost of sales	3,115	62.2	3,318	60.9	203	6.5
Gross profit	1,890	37.8	2,129	39.1	239	12.6
SG&A expenses	1,008	20.2	1,168	21.4	160	15.8
Operating profit	882	17.6	960	17.6	78	8.9
Ordinary profit	882	17.6	962	17.7	80	9.0
Profit	617	12.3	671	12.3	54	8.8

- Number of engineers increased
- Utilization rate remained high
- The number of operative personnel increased
- Unit price of engineers rose

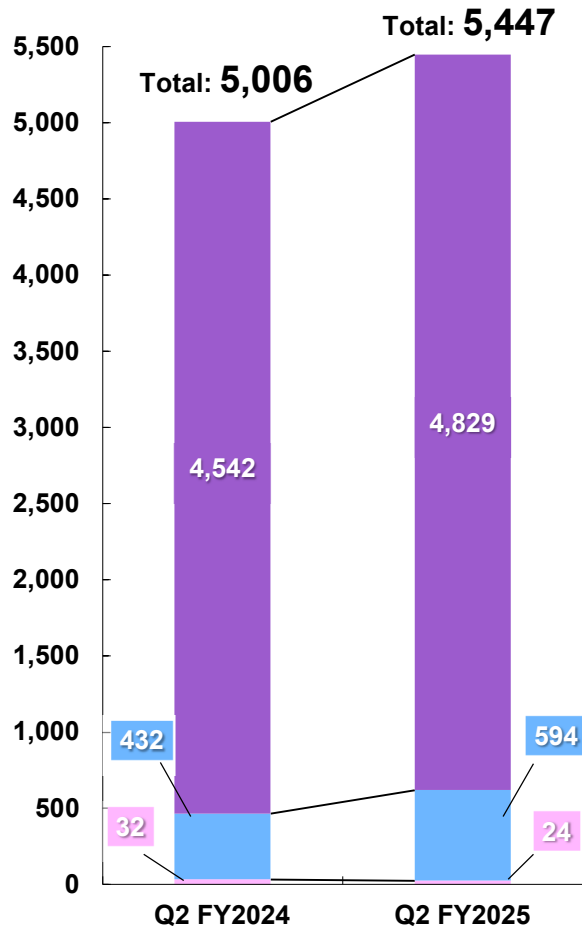
- The gross margin increased due to the rising unit price of engineers.

- Expenses were incurred from expanding the learning centers in East Japan (training facilities).
- Recruitment-related investment expenses increased.

# Net Sales by Business for Q2 FY2025

■ Engineer dispatching up 6.3% ■ Contracting up 37.4% / Percentage 10.9%

Unit: million yen

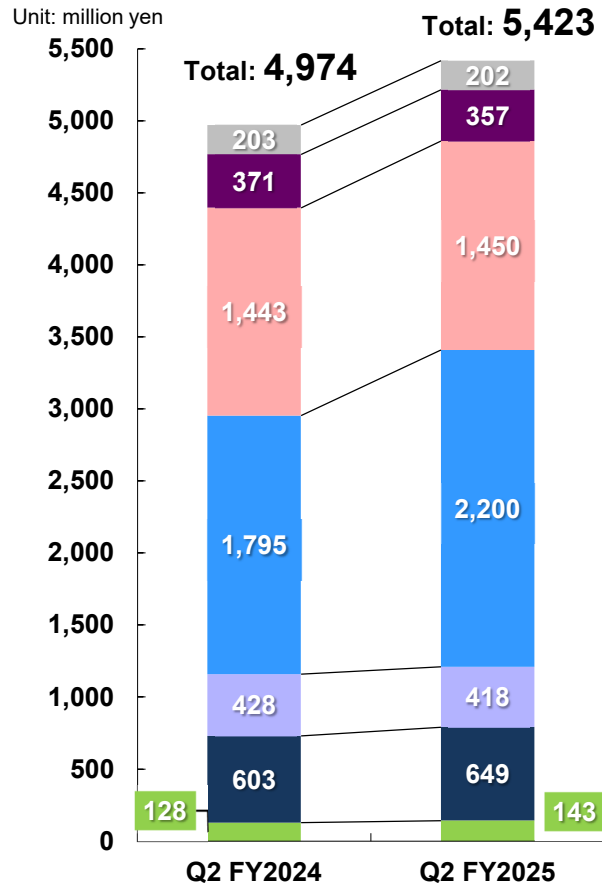


	Q2 FY2024		Q2 FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Engineer dispatching	4,542	90.7	4,829	88.7	6.3	(2.1)
Contracting	432	8.6	594	10.9	37.4	2.3
Subtotal	4,974	99.4	5,423	99.6	9.0	0.2
Other	32	0.6	24	0.4	(24.9)	(0.2)
Total	5,006	100.0	5,447	100.0	8.8	—

## Net Sales by Industry Field for Q2 FY2025

- Electrical equipment up **0.5%**
■ Transportation equipment up **22.6%**  
■ Information and communications up **7.7%**

※Our clients' demand for engineers exceeds the number we can supply. Considering the balance of industry fields, engineers were rotated strategically with the aim of increasing the unit price of engineers and improving the level of their work.



	Q2 FY2024		Q2 FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Steel, nonferrous materials and metals	203	4.1	202	3.7	(0.8)	(0.4)
Mechanical equipment	371	7.5	357	6.6	(3.7)	(0.9)
Electrical equipment	1,443	29.0	1,450	26.7	0.5	(2.3)
Transportation equipment	1,795	36.1	2,200	40.6	22.6	4.5
Precision equipment	428	8.6	418	7.7	(2.6)	(0.9)
Information and communications	603	12.1	649	12.0	7.7	(0.2)
Miscellaneous	128	2.6	143	2.7	12.4	0.1
<b>Total</b>	<b>4,974</b>	<b>100.0</b>	<b>5,423</b>	<b>100.0</b>	<b>9.0</b>	<b>—</b>

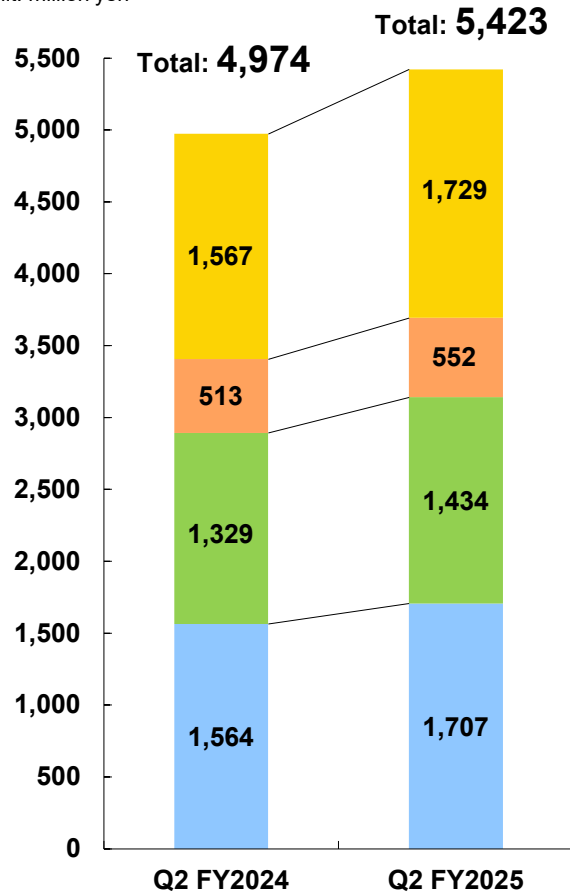
\*Excludes sales from "Other" businesses.

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

## Net Sales by Technology Field for Q2 FY2025

- Embedded / Model-Based up **10.3%**
■ IT Solution up **7.7%**  
■ Electronics up **7.9%**
■ Machinery up **9.1%**

Unit: million yen



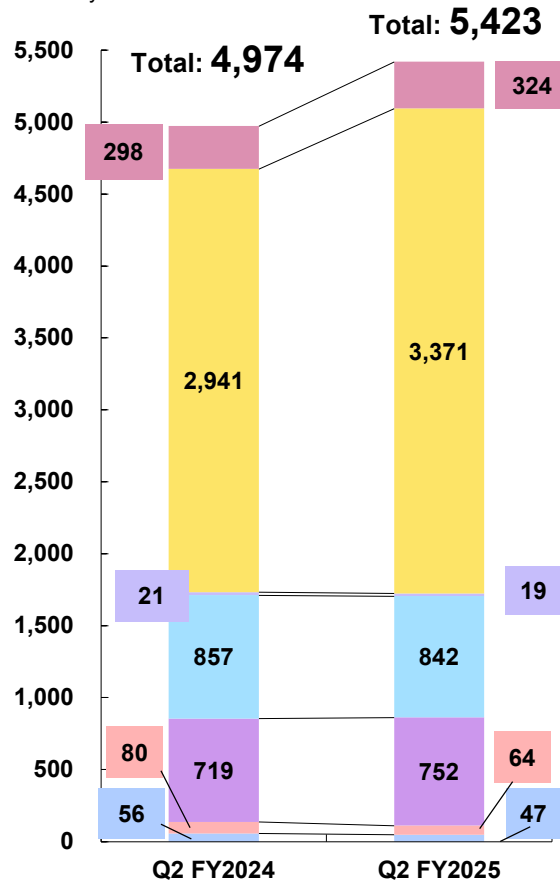
	Q2 FY2024		Q2 FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Embedded / Model-Based	1,567	31.5	1,729	31.9	10.3	0.4
IT Solution	513	10.3	552	10.2	7.7	(0.1)
Electronics	1,329	26.7	1,434	26.5	7.9	(0.3)
Machinery	1,564	31.5	1,707	31.5	9.1	0.0
Total	4,974	100.0	5,423	100.0	9.0	—

\*Excludes sales from "Other" businesses.

## Net Sales by Region for Q2 FY2025

■ Kanto up 14.6% 
 ■ Tokai down 1.8% 
 ■ Kinki up 4.7%

Unit: million yen



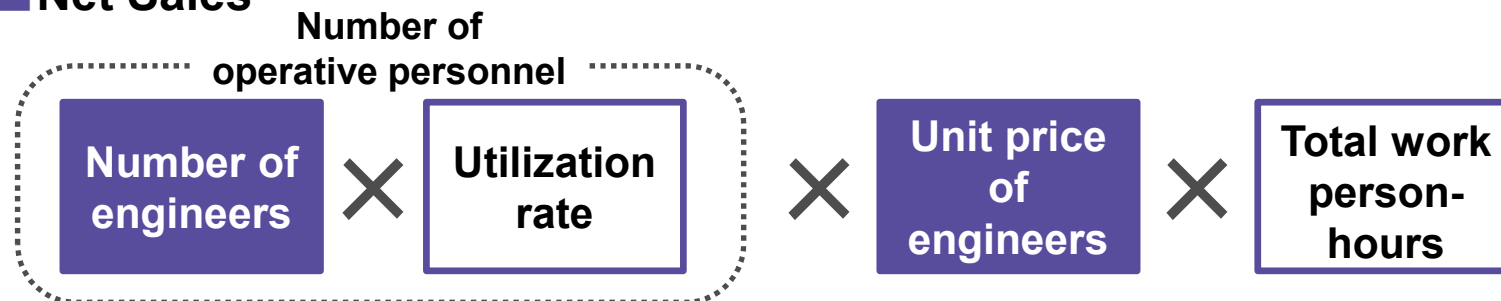
	Q2 FY2024		Q2 FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	298	6.0	324	6.0	8.9	(0.0)
Kanto	2,941	59.1	3,371	62.2	14.6	3.0
Hokuriku	21	0.4	19	0.4	(11.8)	(0.1)
Tokai	857	17.2	842	15.5	(1.8)	(1.7)
Kinki	719	14.5	752	13.9	4.7	(0.6)
Chugoku	80	1.6	64	1.2	(19.0)	(0.4)
Kyushu	56	1.1	47	0.9	(15.7)	(0.3)
Total	4,974	100.0	5,423	100.0	9.0	—

\*Excludes sales from "Other" businesses.



## Stance on Engineer Dispatching Business Net Sales, Expenses, and Improving Margin Percentages

### ■ Net Sales



■ **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]

Increase average unit price of engineers.

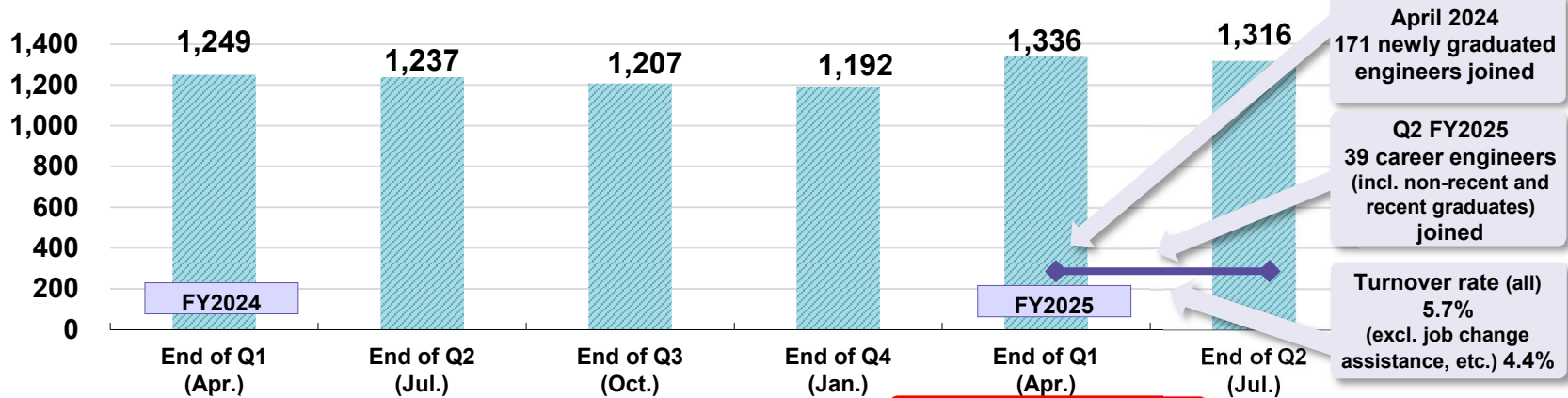
[Improving operating margin]

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.

# Term-end Engineer Count / Utilization Rate for Q2 FY2025

## Term-end Engineer Count

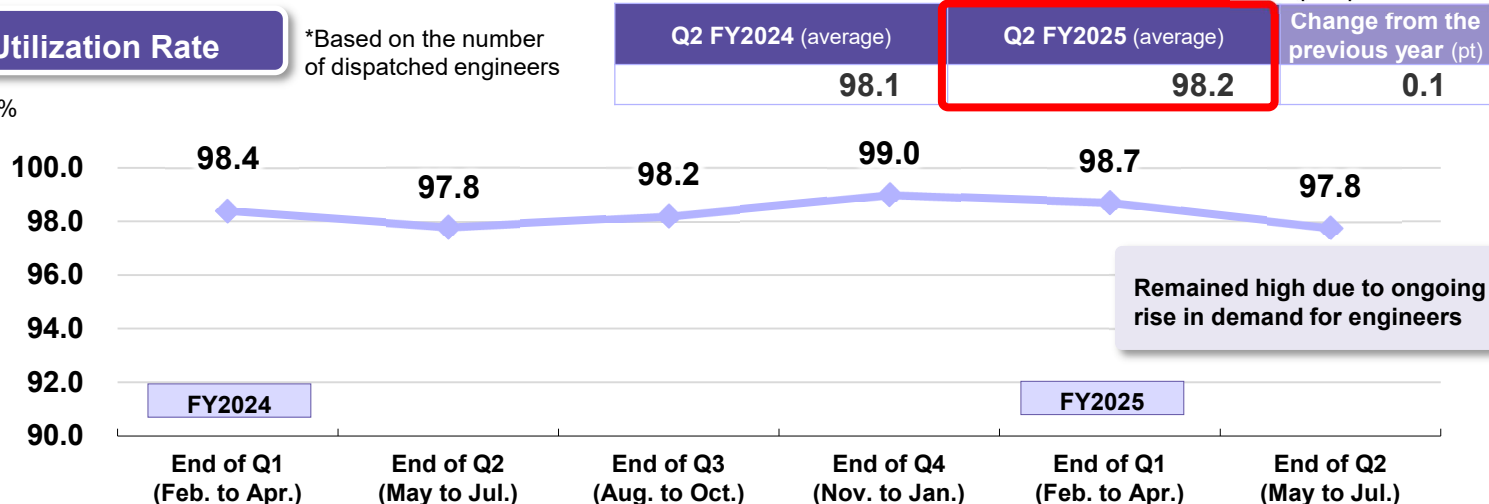
Unit: people



## Utilization Rate

\*Based on the number of dispatched engineers

Unit: %



\*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.

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# Unit Price of Engineers / Total Work Person-hours for Q2 FY2025

## Unit Price of Engineers

Q2 FY2024 (average)

4,296

Q2 FY2025 (average)

4,457

Change from the  
previous year  
(yen)

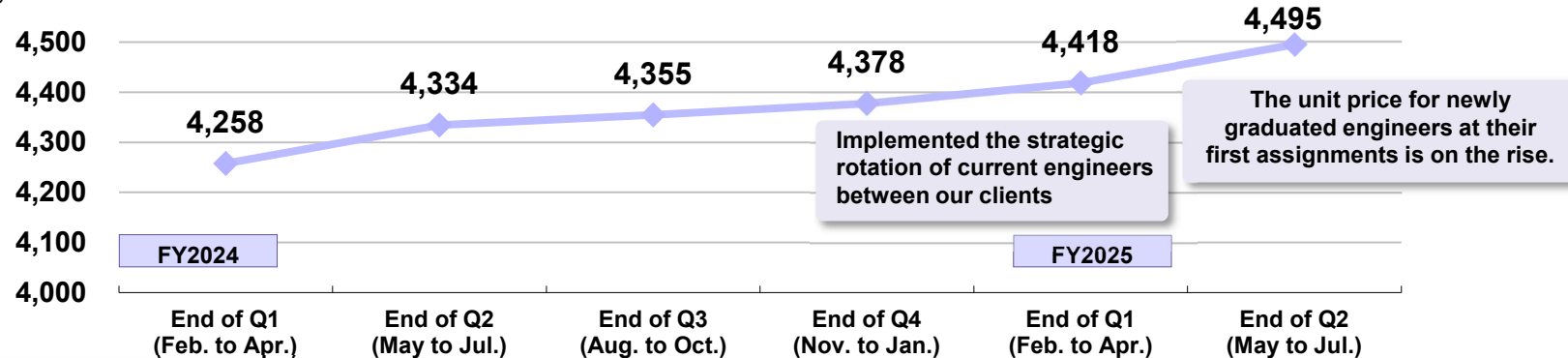
161

Change from the  
previous year (%)

3.8

\*Figures for dispatched engineers \*Per person

Unit: yen / hour



## Total Work Person-hours

Q2 FY2024 (average)

169

Q2 FY2025 (average)

169

Change from the  
previous year (h)

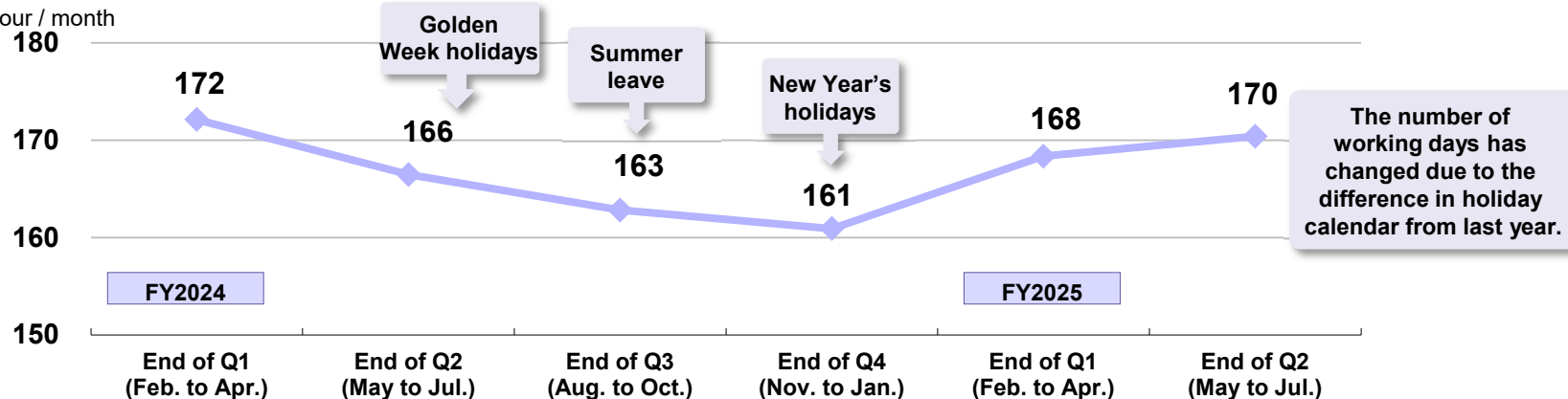
0

Change from the  
previous year (%)

0.1

\*Figures for dispatched engineers \*Per person

Unit: hour / month


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

# Investment Highlights

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## Implementation/Evaluation of Measures and Future Issues

### ■ Increase the Ratio of Tradable Shares



Secure a certain number of tradable shares through liquidation of shares held by existing shareholders, e.g., discuss with major shareholders on the sale of shares.

⇒ April 2022: Conducted a secondary offering and increased the ratio to **70.1%**

### ■ Increase Earnings Per Share (EPS)



1

Aim to expand the scale of our business by building an internal system of recruitment, training, and sales with carbon neutrality as a main pillar of our business activities

2

Conduct M&As and other activities to acquire new technical fields of expertise (e.g., chemistry, civil engineering and construction)

⇒ **98.99** yen (FY2024) (up **17.5%** year-on-year)

### ■ Increase Shareholder Returns



To be  
considered

Payout Ratio

Based on **30%**



Raise to **50%**

Share Buyback

Stock Splits

Consider within the new Medium-Term  
Business Plan from FY2026

### ■ Improve Capital Efficiency

Return On Equity (ROE)

Over **20%** (aim for FY2018 actual **26.9%**)

⇒ **25.3%** (FY2024)

## Implementation/Evaluation of Measures and Future Issues (IR)



### Strengthen Information Dissemination for Individual and Institutional Investors

- Hold briefings for individual and institutional investors (online or in-person) (for individual investors: 3 to 4 times a year; for institutional investors and analysts: twice a year)
- One-on-one meetings with institutional investors (phone or online)



### Increase English-language Disclosures with Foreign Investors in Mind

- Disclosed the main corporate pages and IR pages of our website in English
- Promote English-language disclosures before the Tokyo Stock Exchange makes English disclosures mandatory in April 2025



### Disseminate Non-financial Information

- Promote information dissemination with ESG evaluation organizations in mind. Disclosed the Annual Report.
- Continue to promote disclosure of ESG data related to social issues.

### Progress

	As of transition standard date of June 30, 2021	As of September 13, 2024	Change from the previous year	Change from the previous year (%)
Stock price (yen)	858	1,808	934	108.9
Tradable share market capitalization (billion yen)	4.1	13.4	9.2	224.4
Price Book-value Ratio (PBR) (times)	2.92	4.50	1.54	—

Continue to work to improve our enterprise value and enhance our investor relations activities in order to meet the listing maintenance criteria for stable listing on the Prime Market and to improve our stock price.

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

## Medium-Term Business Plan (fiscal year ending January 31, 2023 to fiscal year ending January 31, 2025)

### Basic Policy

**"Build a foundation for sustainable and next-generation growth"**

**"Make Value for 2022 to 2024"**

### 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)

## Artner's Approach to Sustainable Growth and Next-generation Growth



As our social environment continues to change on a global scale, dealing with social issues, such as initiatives based on the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), is an important managerial agenda



**Build an internal system of recruitment, training, and sales with carbon neutrality as a main pillar of our business activities**



Contribute to solving social issues through our business activities, increasing our corporate value and returning profits to stakeholders  
Build a foundation for sustainable growth and next-generation growth

### Direction of Our Carbon Neutrality Initiatives

For our major customers in the automotive industry, etc.



Participation by our engineers in development projects related to electric vehicles (EVs) that do not emit CO2 when driven, fuel cell vehicles (FCVs), infrastructure (charging infrastructure, hydrogen stations), automated driving, semiconductors, etc.



Aim for further development and market penetration



# Our Recruitment, Training, and Sales Efforts with an Eye to Carbon Neutrality

## Recruitment

### Recruitment Targets

- Students who have graduated from departments in the fields of electricity, electronics, materials science, energy, and information technology
- Experienced workers with skills and experience in the fields above

In order to recruit more talents that match client needs, we are committed to changing our recruitment policy, which is heavily focused on new graduates. ⇒ **Balance the numbers of new graduates and career hires to secure optimum talents**

### Share of carbon neutrality recruitment targets for new graduates and career hires

FY2025 (target)	FY2024 (result)
55.0%	46.1%

## Training

### Training Details

- Understanding the principles of power systems (inverter systems) for EVs and FCVs
- Optimization of infrastructure resources and AI/machine learning for human and product transactions through the introduction of cloud computing
- Model design and validation of EV battery management systems
- How to analyze the results of sensor characterization
- Recycling of chemicals and materials

Meet the ever-increasing needs of engineers in the software, electrical and electronic fields. ⇒ **Increase trainers**

## Sales

### Placement in Carbon Neutrality Projects Contribute to Solving Social Issues to Improve Business Performance

Increase the unit price of engineers **by approximately 10%** compared to other projects  
 ⇒ **Increase net sales and profit margins**

### Share of engineers placed in carbon neutrality projects among all engineers

FY2025 (target)	FY2024 (result)
50.0%	48.3%

# Numerical Business Targets <FY2025 (final year) key indicators>



Number of engineers

1,600

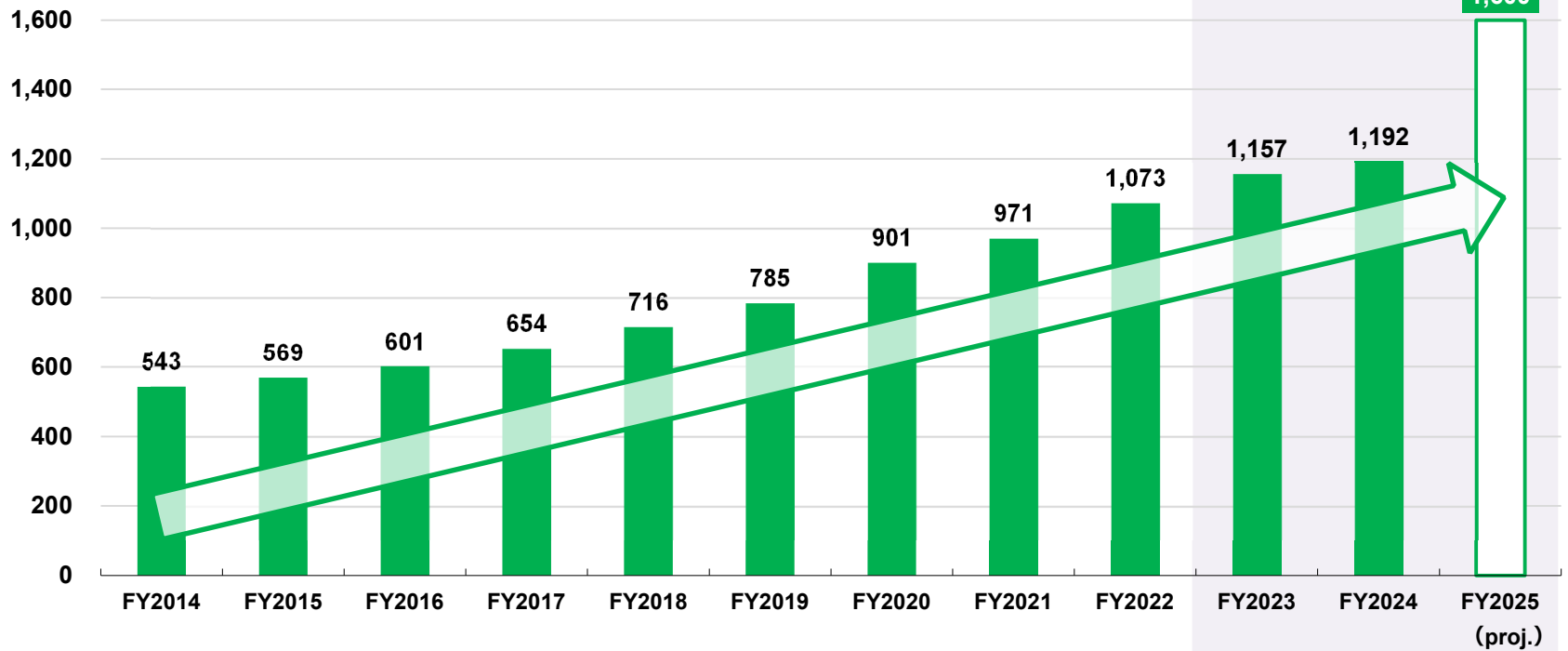
Recruitment of new graduates : Career hires

1:1

Dispatched : Contracting

9:1

As of year-end / Unit: people



## Efforts to Reach 1,600 Engineers

### Recruitment of New Graduates

**Target for April 2025 hires: 200 engineers**  
 (up 17.6% from 170 engineers in the preceding year (forecast))

### FY2025 Forecast



Investment  
expenses

**Up 17.1%**



#### Recruitment Activities

- Request university professors to introduce students to Artner (make first-time visits to science and engineering universities in Japan, actively visit schools whose graduates we have previously hired)
- Hold university laboratory seminars by our engineers who are alumni of that university; organize gatherings and one-on-one interviews with university alumni
- Utilize web media, exhibit at off-campus joint company information sessions, exhibit at events for international students
- Utilize employment agencies, utilize employee referral system
- Build relationships with university professors and university career centers through industry-academia collaboration (participation in academic societies, part-time lecturers at universities, etc.)
- Hold internship programs (increase the Company's name recognition) and tours of our learning centers (training facility)

### Career Hires

**Target for FY2025 hires: 100 engineers**  
 (up 72.4% from 58 engineers in the preceding year)

### FY2025 Forecast



Investment  
expenses

**Up 34.7%**



#### Recruitment Activities

- Actively hire year-round not only people with experience but also talented non-recent graduates with no experience
- Utilize employment agencies, utilize web media, utilize employee referral system, utilize "Hello Work" employment service
- Exhibit at job fairs; manage a career hire recruitment website
- Increase the number of staff and enhance their skills to improve the job offer acceptance rate
- Visit universities to hire postdocs

## Efforts to Reach 1,600 Engineers

### PR Content Across All Recruitment Activities

#### ■ Provision of jobs and an enabling environment

We will provide engineers with good jobs and a good training environment, and we will further enhance our benefits including a secure salary. We will offer career paths and skill improvement plans.

#### ■ Job-based employment

We have projects for upstream, midstream, and downstream processes. By joining the Company, starting careers from midstream, and transitioning projects, employees can complete their career advancement to upstream internally.

#### ■ Emphasizing the job change assistance program to differentiate from other companies in the same industry

In a survey for new hires, approx. 80% responded that they found our job change assistance program to be “attractive.”

The program works to our favor when employee candidates compare the Company with other companies in the same industry.

### Improving the Turnover Rate

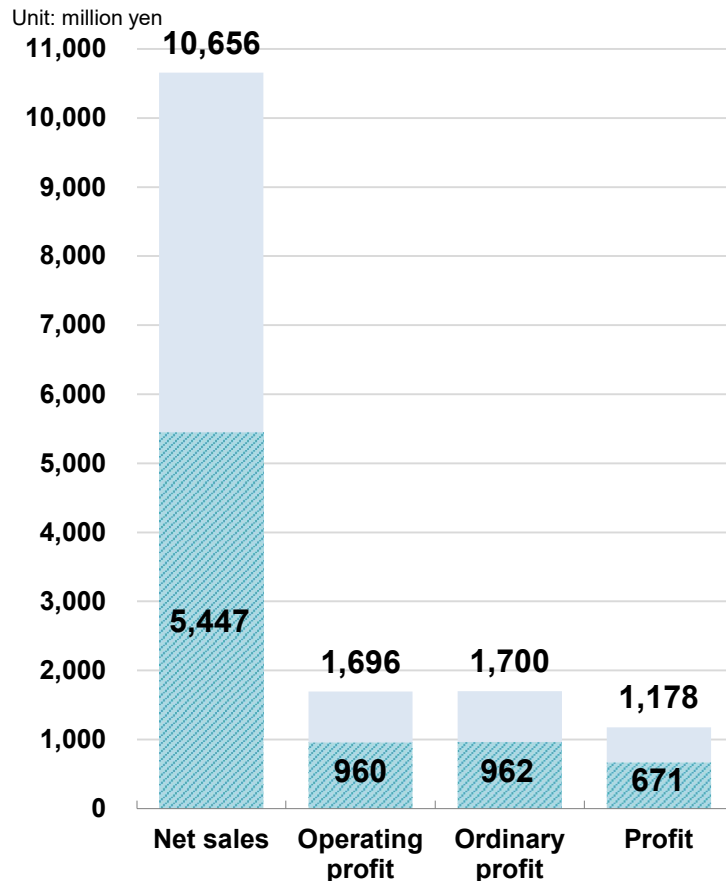
During the COVID-19 pandemic, the number of engineers returning to Artner for training after projects were completed increased from previous years, resulting in a higher turnover rate. However, with the recovery from the pandemic, the turnover rate is expected to improve to the previous years' level.

Sales representatives will visit engineers regularly or conduct online interviews to maintain close communication.

## Progress of the Forecast of Financial Results for Q2 FY2025

- Progress in this Q2 against the full financial year forecast is:  
 Net sales **51.1%**, Operating profit **56.6%**, Ordinary profit **56.6%**, Profit **57.0%**

\*In Q2, net sales and profit exceeded projections due to the higher than forecast number of operative personnel and unit price of engineers. Results are on track to achieve the forecast of financial results (full year).



	Q2 FY2025		Progress (%) of the forecast of financial results for FY2025
	Result (million yen)	Percentage (%)	
Net sales	5,447	100.0	51.1
Operating profit	960	17.6	56.6
Ordinary profit	962	17.7	56.6
Profit	671	12.3	57.0

	Forecast of financial results for FY2025	
	Full year (million yen)	Percentage (%)
Net sales	10,656	100.0
Operating profit	1,696	15.9
Ordinary profit	1,700	16.0
Profit	1,178	11.1

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

## Differences Between the Financial Results Targets in the Medium-Term Business Plan and the FY2025 Forecast of Financial Results

	Final year of Medium-Term Business Plan	Fiscal year ending January 31, 2025 forecast	Change from the previous year	Change from the previous year (%)
<b>Number of engineers</b> (people)	<b>1,600</b>	<b>Not expected to achieve the Medium-Term Business Plan</b>		
<b>Net sales</b> (million yen)	<b>11,600</b>	<b>10,656</b>	<b>(944)</b>	<b>(8.1)</b>
<b>Operating margin (%)</b>	<b>14.0</b>	<b>15.9</b>	<b>1.9</b>	<b>—</b>

**Number of  
engineers**

Not expected to achieve the Medium-Term Business Plan target due to more competitive recruitment environment

**Net sales**

Not expected to achieve the Medium-Term Business Plan target as the number of engineers is not expected to achieve the target

**Operating margin**

Expected to be higher than the Medium-Term Business Plan target due to the increasing unit price of engineers



Strive to increase the number of engineers by increasing the number of newly graduated engineers (October) and career engineers (including non-recent and recent graduates), controlling engineer turnover, etc.

Compensate for the shortage of engineers by increasing the unit price of engineers.

**1**

**The Tenth Consecutive Period of Sales and Profit Growth**

**p. 3**

**2**

**Financial summary for Q2 FY2025**

**p. 14**

**3**

**Action to Implement Management that is Conscious of Stock Price**

**p. 24**

**4**

**Stable and Continuous Dividend Payments**

**p. 35**

**5**

**Reference**

**p. 39**

## Forecast of Dividends for FY2025

**Payout Ratio**

 Based on **50%**

 FY2025 (forecast) **72.1%**

- The interim dividend for this period is ¥40, the same as the dividend forecast. Our planned year-end dividend is ¥40. Our planned annual dividend is ¥80.

	Annual dividends per share (yen)			Dividend yield (%)	Payout ratio (%)	Dividend on equity ratio (DOE) (%)
	Second quarter-end	Fiscal year-end	Total			
FY2024	37.50	37.50	75.00	3.39	75.8	19.2
FY2025 (forecast)	40.00	40.00	80.00	4.27	72.1	

\*Dividend yield (%) = individual dividend per share (total) ÷ share price (year-end, closing price) × 100

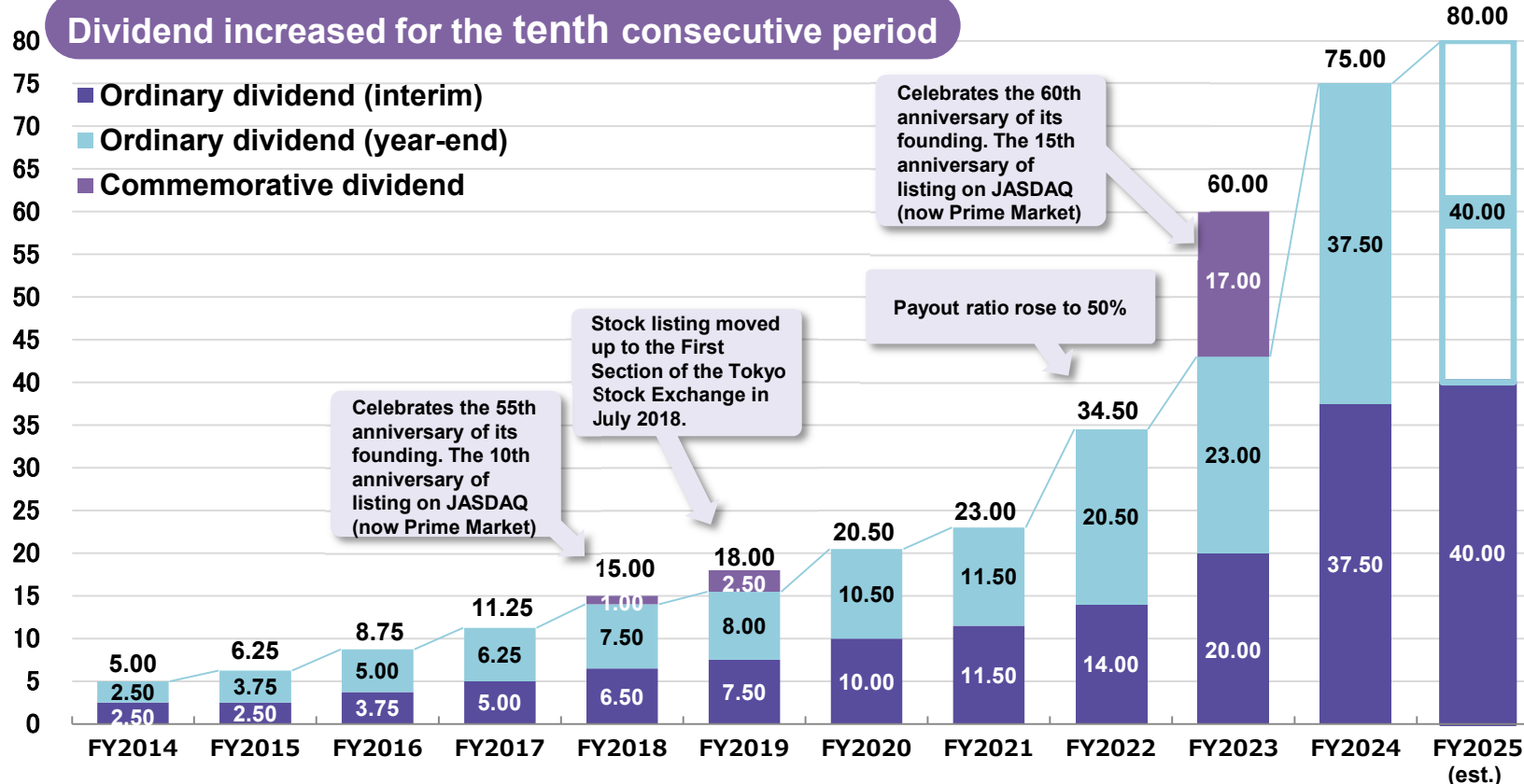
Closing price at ending of FY2024 (January 31, 2024) 2,211 yen / Closing price at ending of Q2 FY2025 (July 31, 2024) 1,874 yen



## Dividend Per Share

- We intend to increase our profit every year and determine a dividend amount that will not fall below the previous year's amount, based on a payout ratio of 50%.

Unit: yen

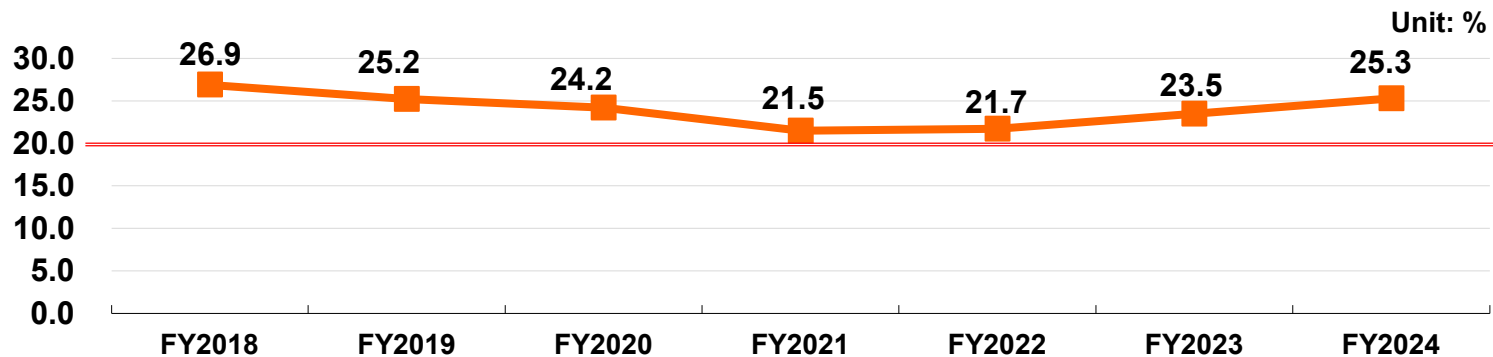
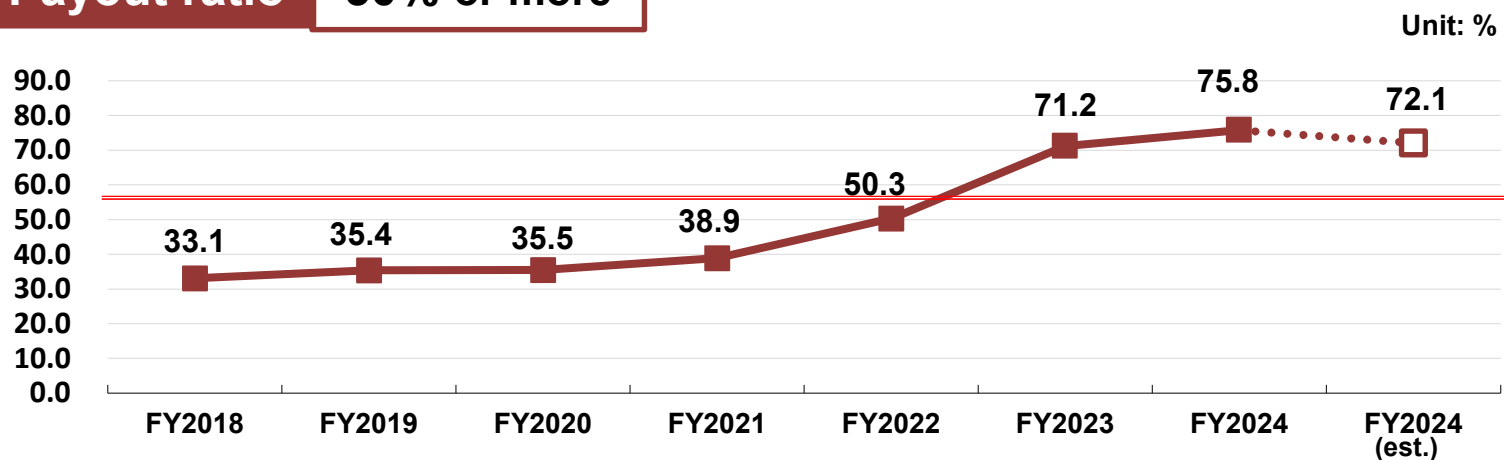


Dividends per share were retroactively revised to factor in the impact of stock splits conducted as follows.  
 •February 1, 2017 (2-for-1 stock split) •April 1, 2018 (2-for-1 stock split)

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

## Numerical Business Targets <FY2025 (final year) key indicators>

**ROE**
**20% or more**

 (Aim to achieve FY2018 actual level of **26.9%**)

**Payout ratio**
**50% or more**


**1**

**The Tenth Consecutive Period of Sales and Profit Growth**

**p. 3**

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**p. 39**

## Company Motto / Management Philosophy / Origin of the Company Name Corporate Logo



### ■ 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

### ■ Corporate Logo



Our corporate logo was designed with a motif of shimmering water droplets that evoke fresh and clear ideas with a futuristic taste. Each droplet also represents our proud engineers individually, forming an “A (Artnr)” that stands for a group of excellent talents. Furthermore, each opening of the droplets signifies our open-mindedness to freely incorporate and disseminate different ideas.

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

## Purpose

### **Support the growth and self-actualization of engineers, who are Japan's world-class assets.**

For resource-poor Japan, its engineers are assets, of which we can boast to the world.

Artner is a platform that supports the growth and  
self-actualization of engineers.

Artner nurtures engineers not only as assets of Artner,  
but also as shared assets of Japan.

Amid a rapidly changing work environment and mindset,  
attributed to the fluidity of talents and various diversity initiatives, Artner is committed to  
promoting the happiness of working engineers to create “a new way of life” for them.

## To Achieve Our Purpose

### Mission

As an “Engineer Support Company,” we are committed to creating “a new way of life” for engineers.

### Vision

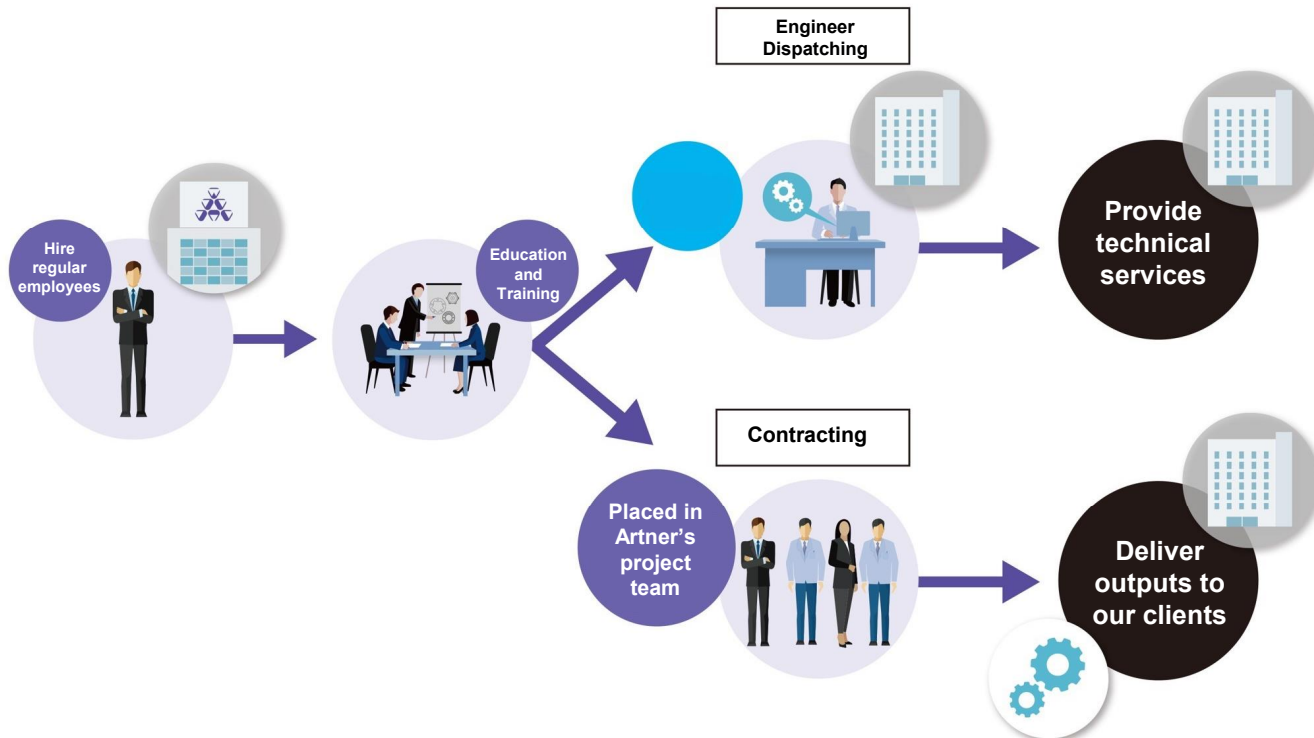
We will improve the quality of our engineers to become, within 10 years, a group of engineers providing the greatest added value in the industry. The talents developed by Artner will support the world of manufacturing.

### Values

Competent engineers are capable of selecting what they need, and making every effort to attain happiness for themselves. Artner supports the career and skill development of each and every engineer to offer a wide range of projects that fit with their desires and qualifications.

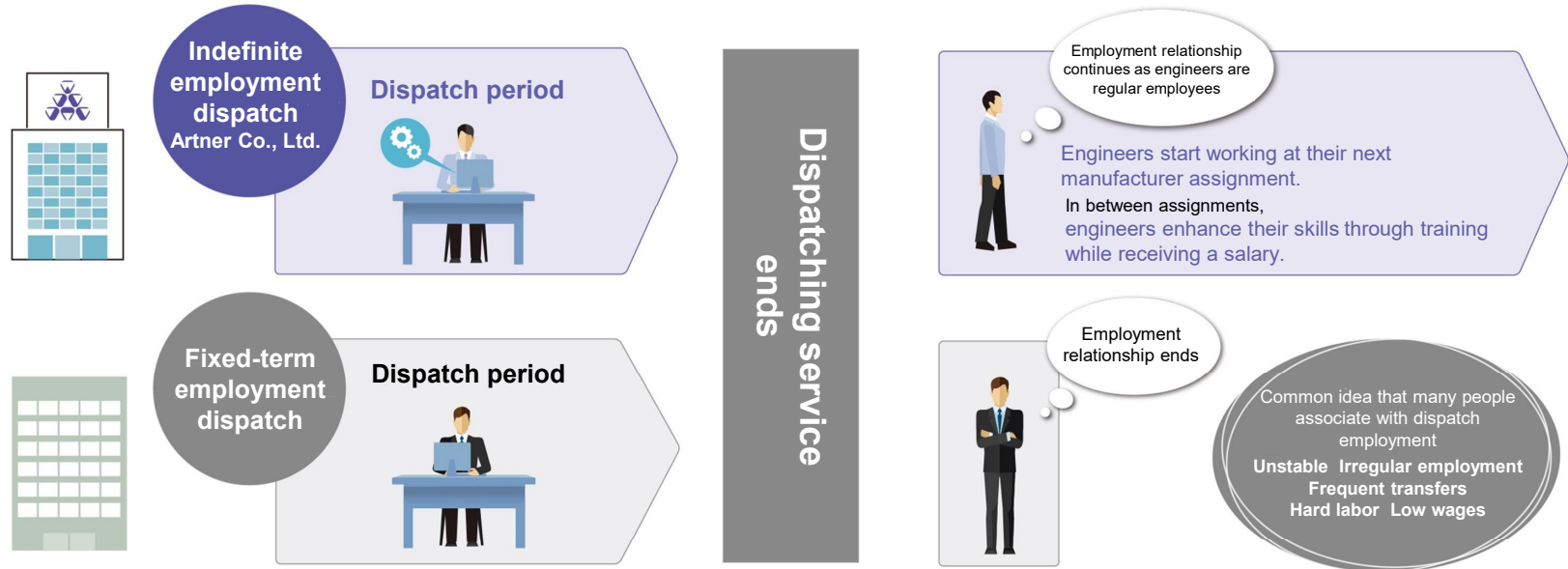
## Business Model

- Hire undergraduate, graduate, technical, and professional 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, precision equipment manufacturer, and information and communications companies



## 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.





# Business Fields

## Software

### Compatible Fields

**Embedded  
IT Solution  
Model-Based**

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

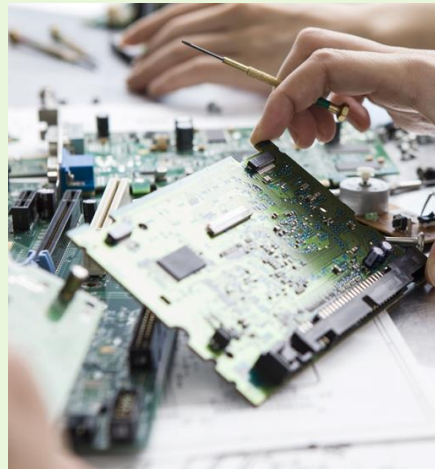


## Electronics

### Compatible Fields

**Electrical Equipment  
Electronic Circuits  
Electronic Devices**

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



## Machinery

### Compatible Fields

**Drive Systems  
Mechanisms  
Structures and Materials**

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



## Our Clients (by industry, in alphabetical order, standard company name used)

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

### Transportation equipment

**BOSCH, Hitachi Astemo, Honda Motor, Nissan Motor, SUBARU, TOYOTA MOTOR, etc.**

### Electronic devices

**KIOXIA Engineering, Lasertec, Panasonic, Tokyo Electron, etc.**

### Precision equipment

**NIKON, SHIMADZU, Terumo, etc.**

### Mechanical equipment

**DISCO, JTEKT, Komatsu, SMC, etc.**

### Information and communications

**FUJI SOFT INCORPORATED, Hitachi Hi-System21, Mitsubishi Electric Software, 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 1,200 companies**

# Top Ten Corporate Clients by Net Sales in FY2024

## ■ Top Ten by Net Sales (Standard company name used)

	FY2023		FY2024	
	Our clients	Segment	Our clients	Segment
1	Honda Motor Co., Ltd.	Transportation equipment	Honda Motor Co., Ltd.	Transportation equipment
2	Honda R&D Co., Ltd.	Transportation equipment	Honda R&D Co., Ltd.	Transportation equipment
3	Nikon Corporation	Precision equipment	Nikon Corporation	Precision equipment
4	Terumo Corporation	Precision equipment	Bosch Corporation	Transportation equipment
5	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals	Lasertec Corporation	Electronic devices
6	Tokyo Electron Miyagi Ltd.	Electronic devices	Terumo Corporation	Precision equipment
7	Bosch Corporation	Transportation equipment	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals
8	Lasertec Corporation	Electronic devices	Tokyo Electron Miyagi Ltd.	Electronic devices
9	Tokyo Electron Technology Solutions Limited	Electronic devices	Hitachi Astemo, Ltd.	Transportation equipment
10	SMC Corporation	Mechanical equipment	SMC Corporation	Mechanical equipment

## ■ Net Sales Per 10 Companies

	FY2023		FY2024		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Top 10	4,161	45.2	4,586	45.6	10.2	0.4
Top 11 to 20	1,329	14.4	1,483	14.8	11.6	0.3
Top 21 to 30	884	9.6	976	9.7	10.4	0.1
Other than the above	2,832	30.8	3,012	29.9	6.4	(0.8)
Total	9,208	100.0	10,059	100.0	9.3	—

\*Excludes sales from "Other" businesses.

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

## Internal Programs that Can be Chosen by Engineers

### Performance-based Salary System



The HV 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.

# What is the Job Change Assistance Program?

## Basic Policy

The program respects the choices made by our engineers, whether they choose to develop their careers as regular employees of the Company or go work at our client to challenge themselves in a new world.

### Benefit to Our Clients

Clients can assess the abilities of Artner engineers during their placement period (3 to 5 years) before hiring them.

### Benefit to Our Engineers

Engineers can gain experience and develop their skills at Artner and have their abilities be evaluated by clients based on their actual onsite work.

### Benefit to Artner

#### Recruitment

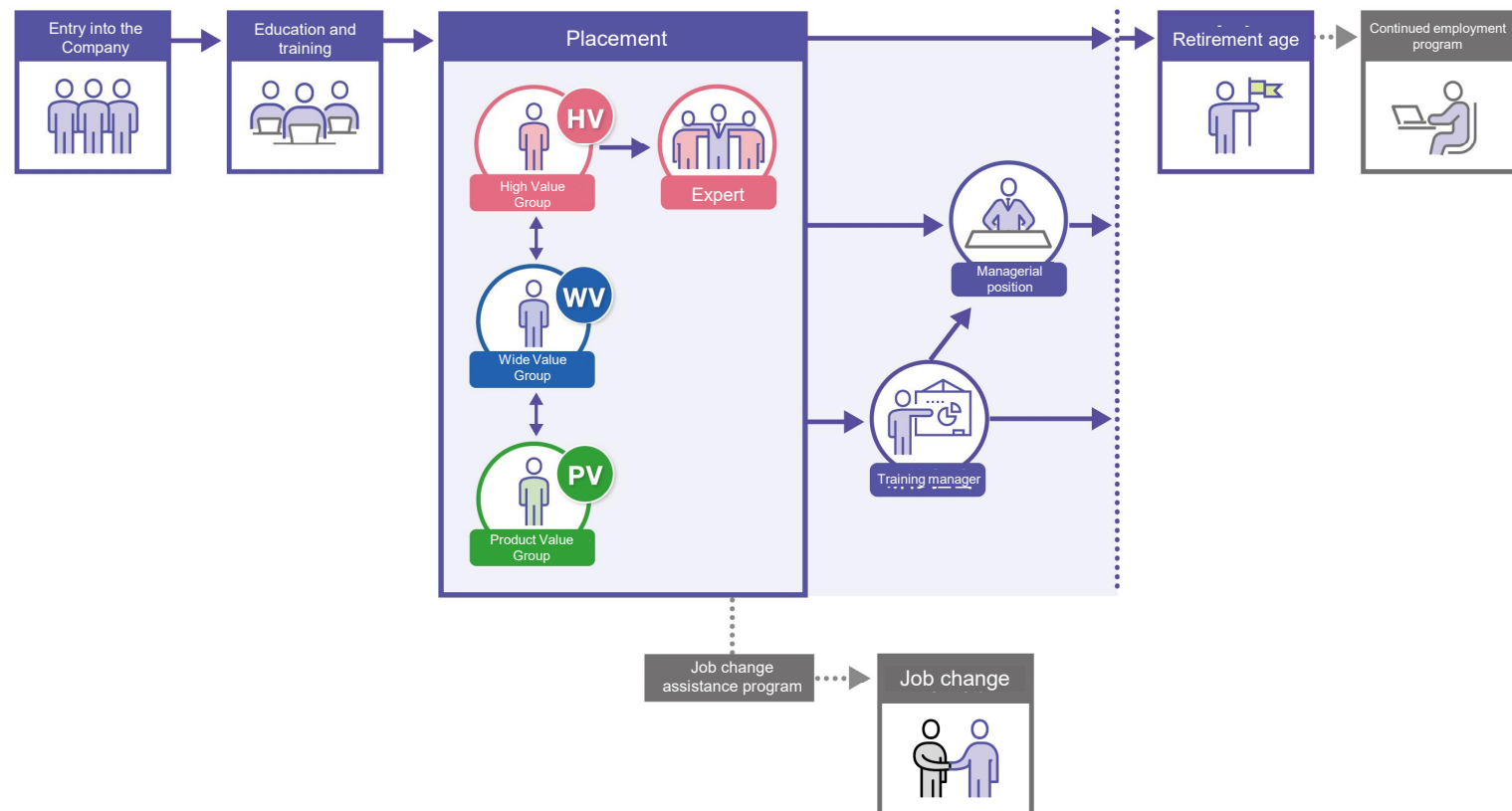
The program encourages students who wish to work at a manufacturer but had little interest in engineer dispatching and did not consider joining Artner to become interested and decide to join the Company upon comparing it With other companies.

#### Sales

If engineers from Artner are successful after changing jobs, the reputation of “Artner’s former employee” will improve. Such engineers will further strengthen the relationship between the Company and our clients.

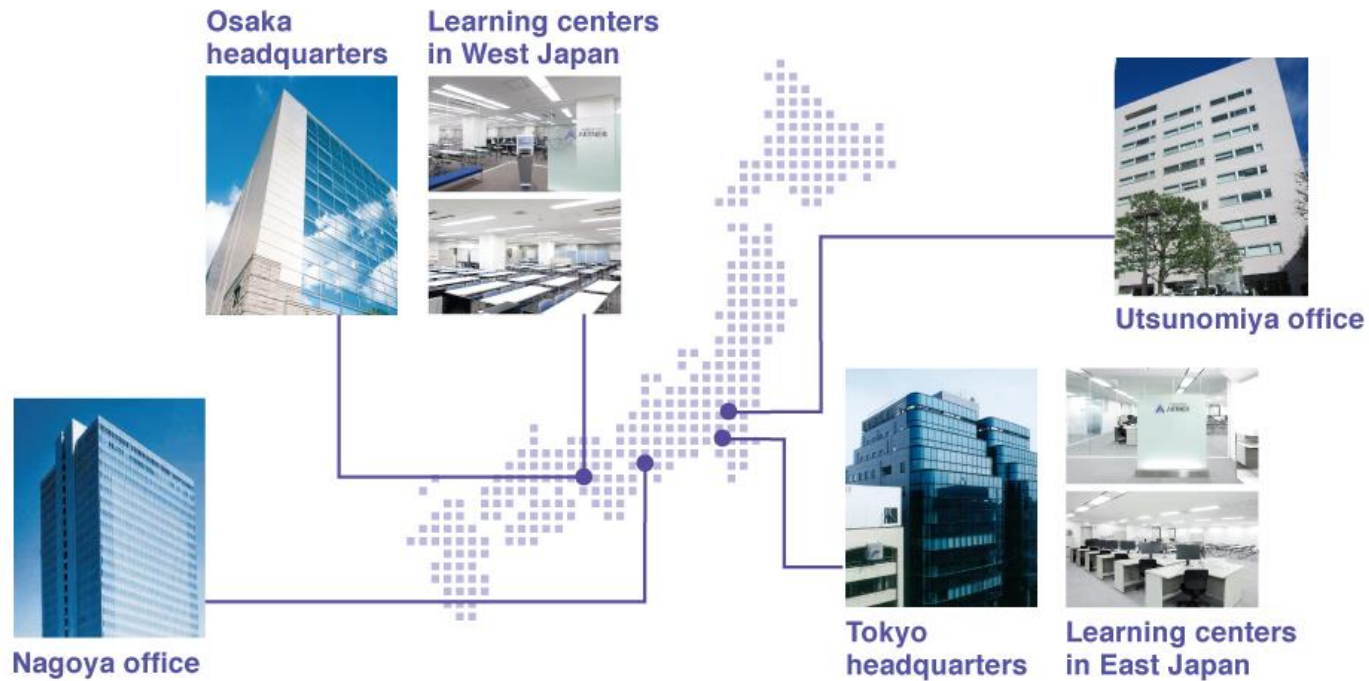
## Career Paths of Engineers

- 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.”



# Business Locations

<b>Headquarters</b>	Tokyo, Osaka
<b>Business bases</b>	Yokohama, Utsunomiya, Osaka, Nagoya
<b>Learning centers</b>	East Japan, West Japan





## 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.





# Industry-academia collaboration

- Deepening industry-academia collaboration by combining universities' advanced technologies and Artner's practical skills.

## Lectures at Universities

Our training staff give practical lectures at universities as part-time lecturers and seminar lecturers.



## Collaboration with Academic Societies and Organizations

We present papers at affiliated academic societies and organizations. We are deepening our friendship with members of universities.

- Japan Society for Graphic Science
- Japan Society for Design Engineering
- The Japan Society of Mechanical Engineers
- The Institute of Electrical Engineers of Japan, etc.

## Publication of Educational Materials

With the cooperation of companies and universities, we have put together books on the training know-how that we have accumulated, and use the books in our education and training.



## Skill Development Papers

Our training systems and outputs are made available as papers to educational and business professionals. The papers are used for developing a wide range of human resources.



## Skill Development Seminars

- The seminars are held by inviting lecturers from diverse fields. Participants acquire a range of knowledge, not limited to specific technical fields, and develop their human skills.



Around 10 times a year, outside lecturers share technical information on various topics for employees' personal growth.

The seminars especially help those with practical experience to develop criteria for making effective use of their experience.

### TOEIC Score Improvement Seminar

- Learn how to acquire useful English by preparing for TOEIC®

### Seminar on Next-generation Business Skills Needed in the New Normal Era

- Our potential to design the future of the organization

### Technological Capability Booster Lectures

- Strategy for developing China's new technology industries and 4K / 8K and 5G
- Introduction to feature engineering for data science
- Introduction to contactless power transfer
- IoT security
- Analytical methods for thermal stress problems

### Human Skill Enhancement Seminar

- Adapting to an era of diversity

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

## Career Support Courses

- Courses are offered in line with jobs and career levels to ensure employees possess the skills required by the manufacturers with which they are placed.



Even after being assigned to a department, employees who are participating in a manufacturer's project receive training on technologies and products in high demand, both as on-the-job and off-the-job team training.

### Software Skill Development Courses

- Introduction to JavaScript
- Introduction to MicroPython
- Introduction to IoT Microcontroller ESP32
- MBD engineers in the automobile industry
- Practical algorithm development
- Power window pinch detection

### Electronics Skill Development Courses

- Improving work efficiency using Excel VBA
- Sequence control and production site

### Machinery Skill Development Courses

- Basics of resin sheet metal design
- Product conceptual design training
- Fluid mechanics in our surroundings

## Artner's Initiatives for Achieving SDGs in the Medium-Term Business Plan

### ■ “Carbon Neutrality”



- Personnel for technical development of eco cars

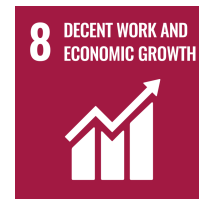


- Participating in the “Fun to Share” climate change campaign and providing
- Endorsed Task Force on Climate-related Financial Disclosures (TCFD) recommendations

### ■ Promote Diversity and Inclusion in Talent Management



- Diversity and LGBTQ initiatives
- Improving the employment environment to promote active participation of women



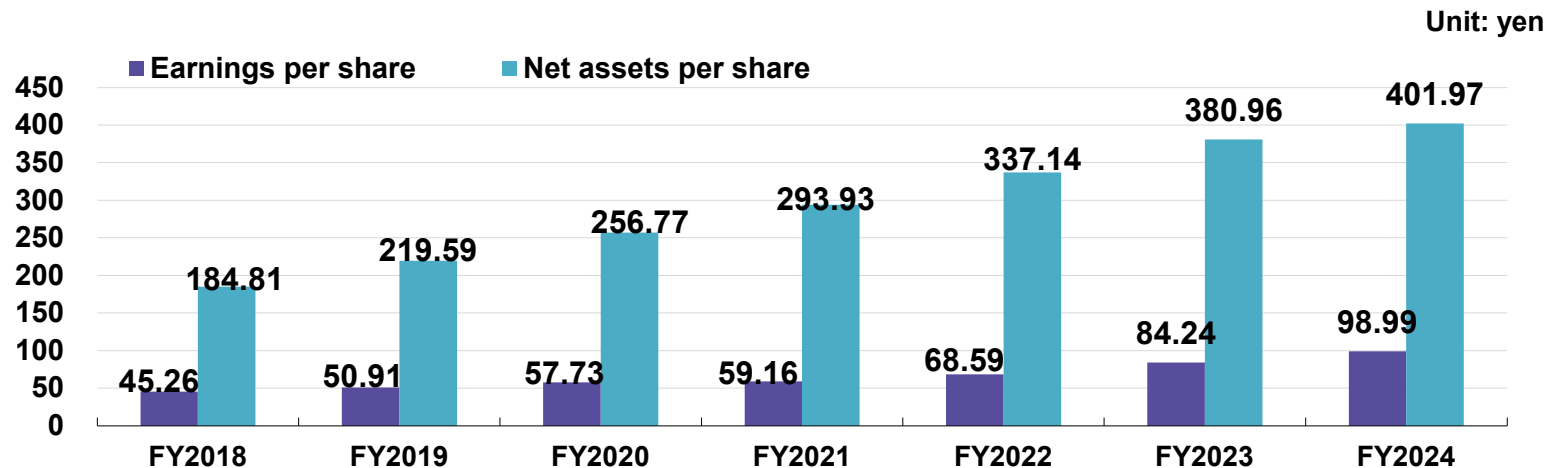
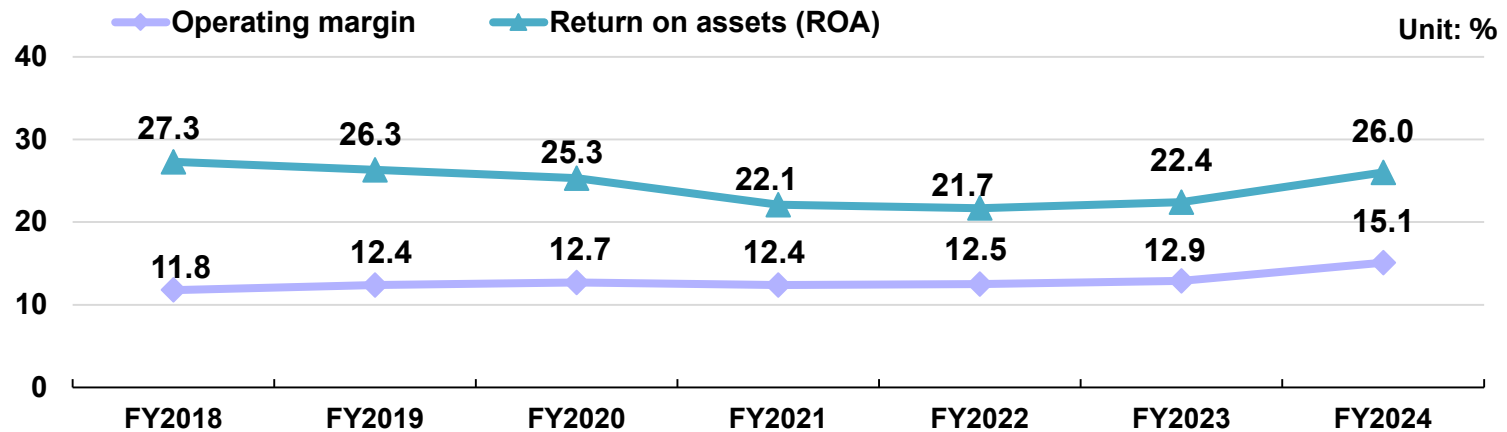
- Establishing a diversity promotion office



- Ensuring diversity and equal opportunity in employment
- Active hiring of people with disabilities

- Establishing a diversity promotion office
- Diversity and LGBTQ initiatives

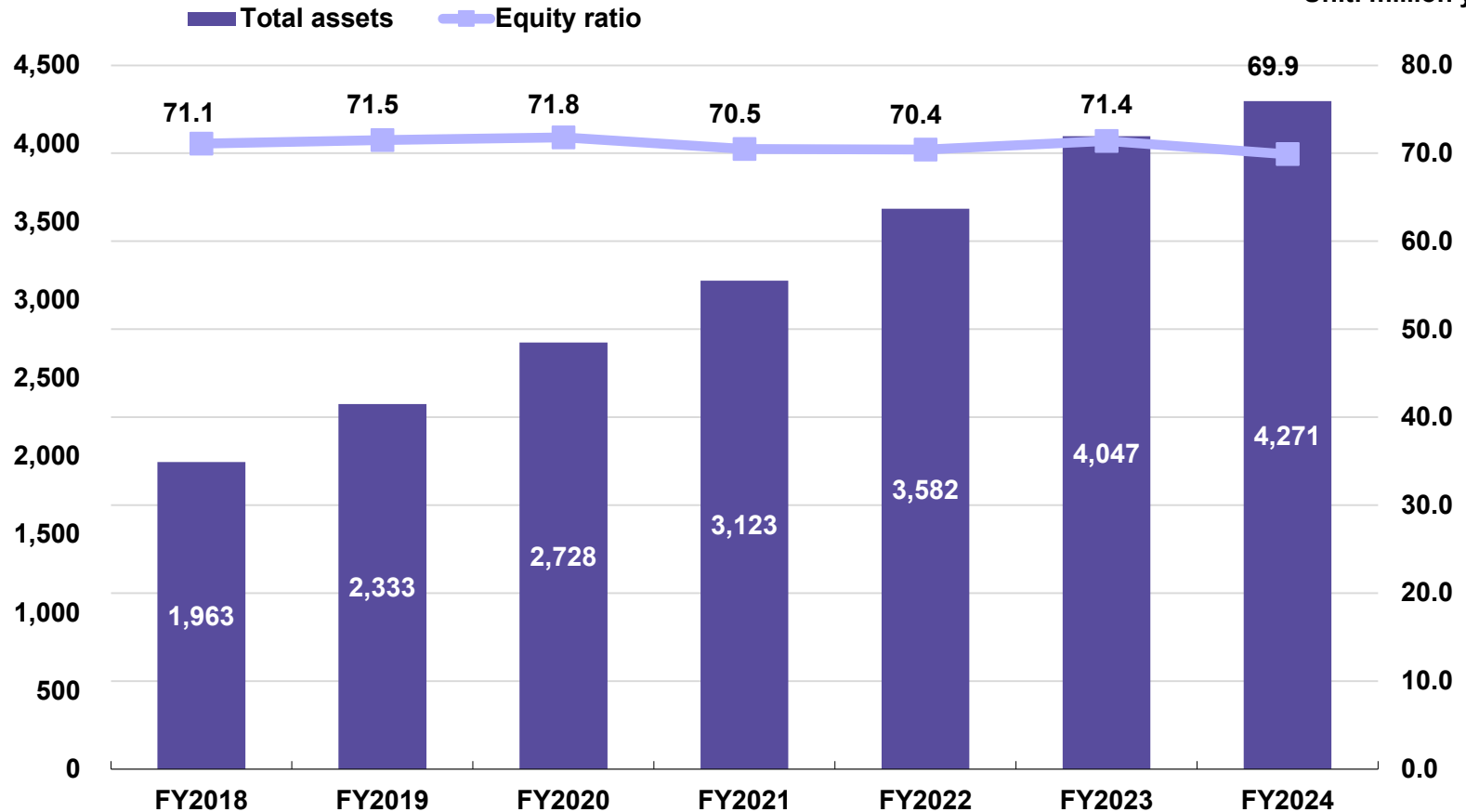
# Operating Margin / ROA / Earnings Per Share and Net Assets Per Share — Create the Future — ARTNER



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

## Net Assets / Equity Ratio

Unit: million yen / %

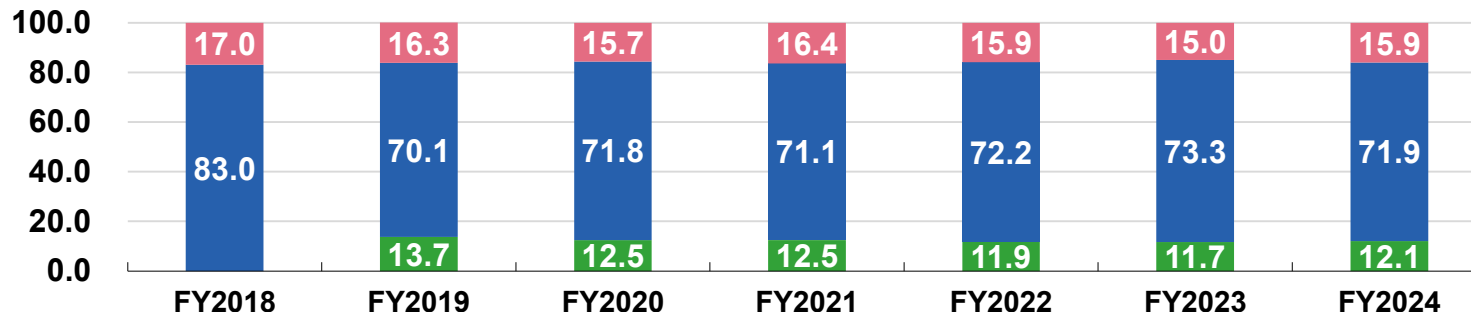


# Engineer Breakdown by Group / Gross Margin

## Engineer Breakdown

■ HV ■ WV ■ PV

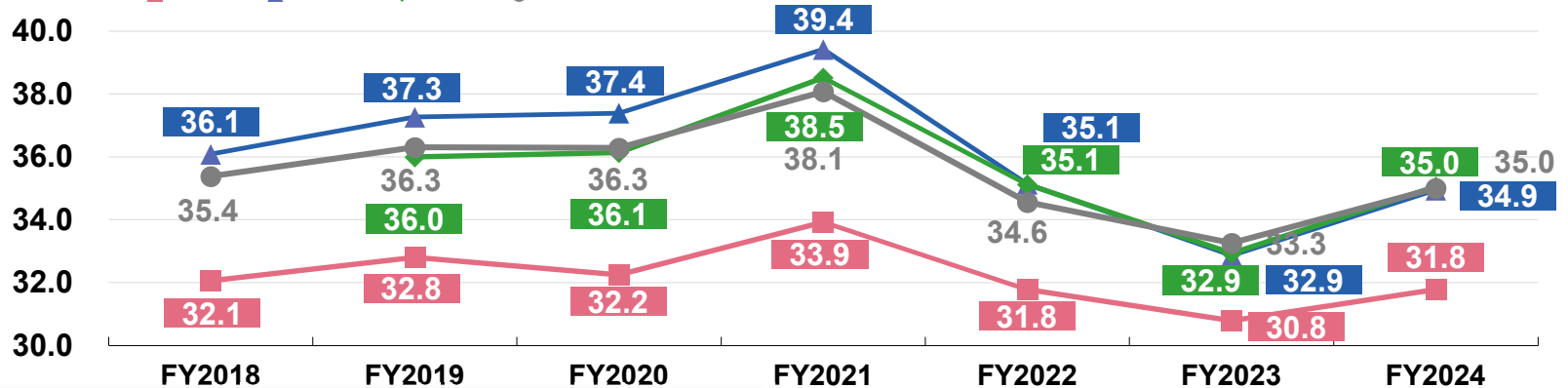
Unit: %



## Gross Margin (engineer dispatching)

■ HV ■ WV ■ PV ■ ALL

Unit: %



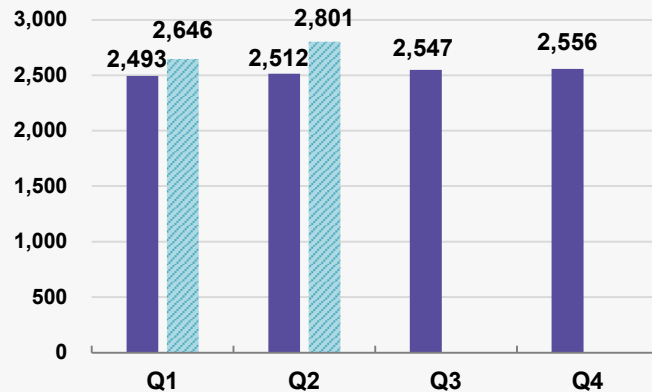
## Average Unit Price of Engineers (by group)

■ HV...approximately 5,000 yen ■ WV ... approximately 4,000 yen ■ PV... approximately 3,000 yen

# Quarterly (accounting period) Financial Results

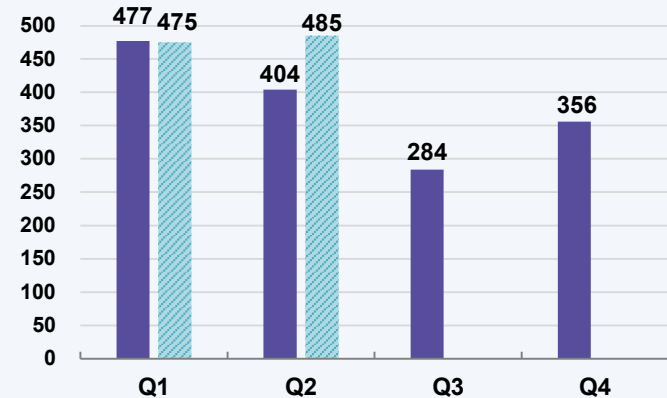
## Net sales

■ FY2024 ■ FY2025 Unit: million yen



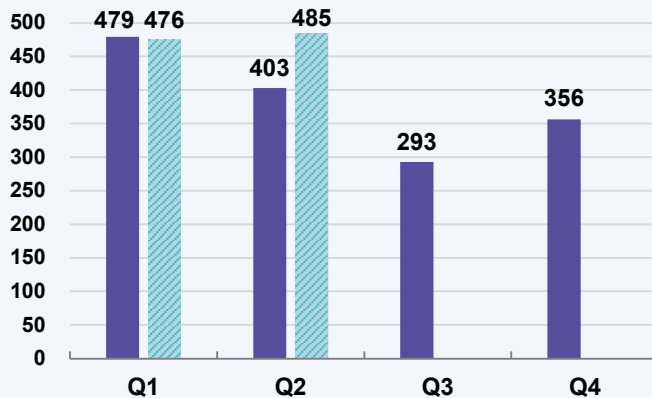
## Operating profit

■ FY2024 ■ FY2025 Unit: million yen



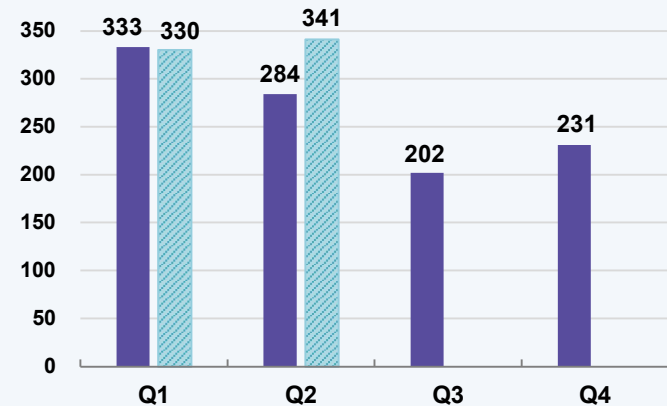
## Ordinary profit

■ FY2024 ■ FY2025 Unit: million yen



## Profit

■ FY2024 ■ FY2025 Unit: million yen





# Quarterly (accounting period) Financial Results, Numerical Data

## FY2025

	Q1(Feb. to Apr.)				Q2(May to Jul. )				Q3(Aug. to Oct.)				Q4(Nov. to Jan.)				full-year		
	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) (%)	Result (million yen)	Percent -age (%)	YOY (%)
Net sales	2,646	100.0	6.1	24.8	2,801	100.0	11.5	26.3									10,656	100.0	5.4
Cost of sales	1,601	60.5	4.8		1,716	61.3	8.2												
Gross profit	1,044	39.5	8.2		1,084	38.7	17.2												
SG&A expenses	568	21.5	16.8		599	21.4	14.9												
Operating profit	475	18.0	(0.6)	28.0	485	17.3	20.1	28.6									1,696	15.9	11.4
Ordinary profit	476	18.0	(0.6)	28.0	485	17.3	20.4	28.6									1,700	16.0	10.9
Profit	330	12.5	(0.7)	28.1	341	12.2	19.9	28.9									1,178	11.1	12.1

\*(1) Quarterly composition of forecast of financial results (full year)

## FY2024

	Q1(Feb. to Apr.)				Q2(May to Jul. )				Q3(Aug. to Oct.)				Q4(Nov. to Jan.)				full-year		
	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) (%)	Result (million yen)	Percent -age (%)	YOY (%)
Net sales	2,493	100.0	11.7	24.7	2,512	100.0	9.7	24.9	2,547	100.0	7.5	25.2	2,556	100.0	8.8	25.3	10,110	100.0	9.4
Cost of sales	1,528	61.3	10.2	23.3	1,587	63.2	5.6	24.2	1,755	68.9	5.4	26.7	1,699	66.5	5.5	25.9	6,571	65.0	6.5
Gross profit	965	38.7	14.2	27.3	925	36.8	17.6	26.2	791	31.1	12.7	22.4	856	33.5	15.9	24.2	3,539	35.0	15.1
SG&A expenses	487	19.5	4.3	24.2	521	20.8	10.0	25.9	507	19.9	10.2	25.2	500	19.6	4.6	24.8	2,016	19.9	7.3
Operating profit	477	19.2	26.4	31.4	404	16.1	29.2	26.5	284	11.2	17.4	18.7	356	13.9	36.6	23.4	1,522	15.1	27.5
Ordinary profit	479	19.2	26.4	31.3	403	16.1	29.1	26.3	293	11.5	17.2	19.1	356	13.9	36.6	23.3	1,532	15.2	27.4
Profit	333	13.4	26.5	31.7	284	11.3	31.5	27.1	202	8.0	16.9	19.3	231	9.0	(4.4)	22.0	1,051	10.4	17.5

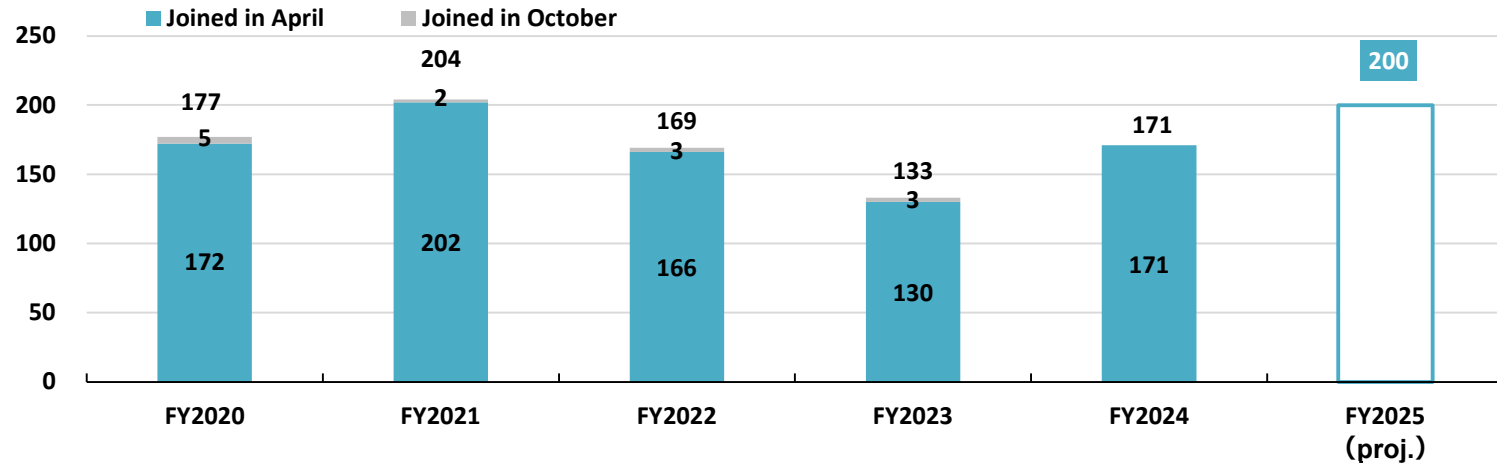
\*(2) Quarterly composition of full-year financial results

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

# Engineer Hires for FY2025 / Turnover Rate

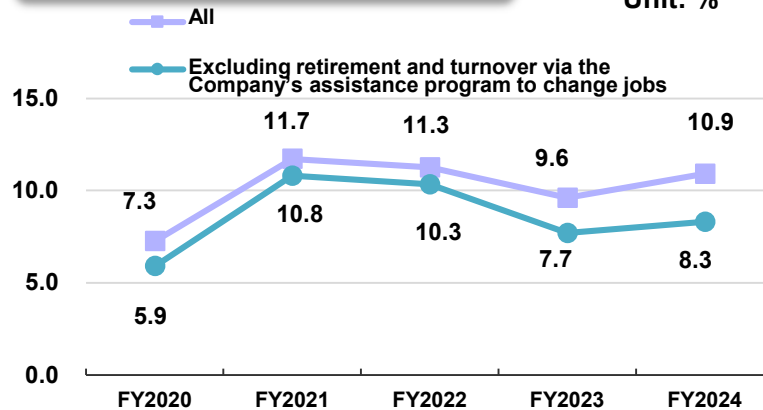
## Newly Graduated Engineers

Unit: people



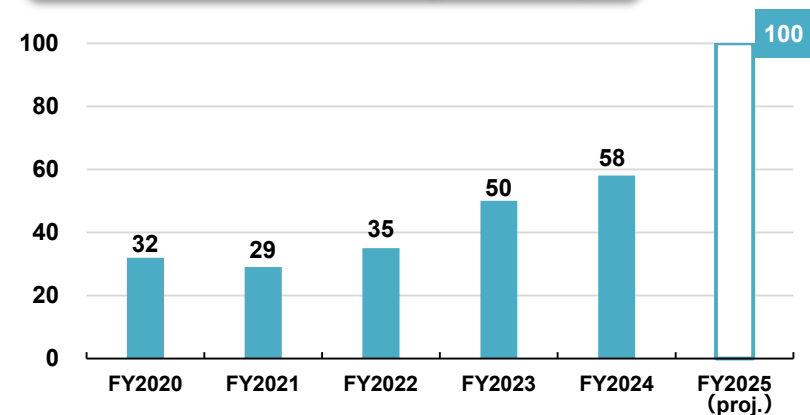
## Turnover Rate

Unit: %



## Number of Career Engineers (incl. non-recent and recent graduates)

Unit: people


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

## Number of Engineers

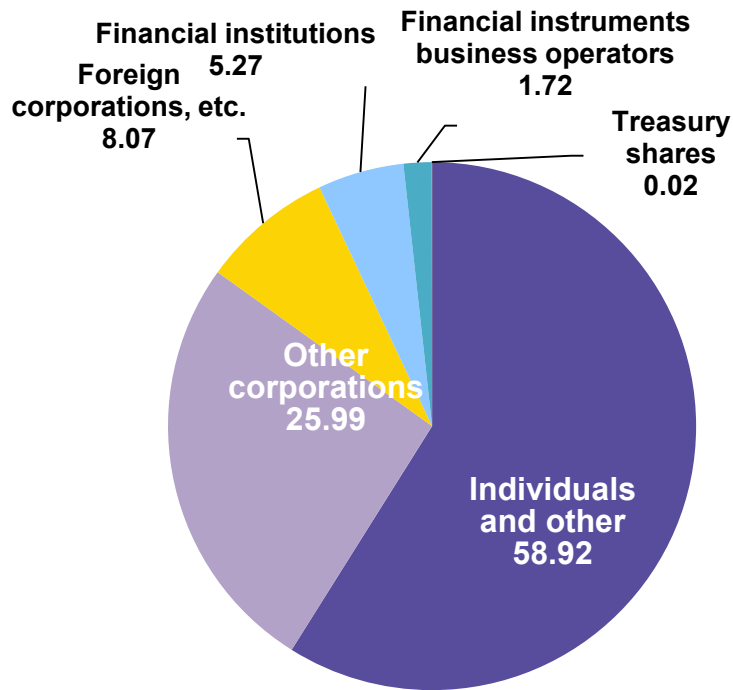
	Previous FY term- end engineer count  (people)	Newly graduated engineers  (people)	Number of career engineers (incl. non- recent and recent graduates) (people)	Turnover rate*  (%)	Term-end engineer count  (people)	Change from the previous year  (people)	Change from the previous year  (%)
<b>FY2019</b>	<b>716</b>	<b>130</b>	<b>26</b>	<b>8.9</b>	<b>785</b>	<b>69</b>	<b>9.6</b>
<b>FY2020</b>	<b>785</b>	<b>156</b>	<b>32</b>	<b>7.3</b>	<b>901</b>	<b>116</b>	<b>14.8</b>
<b>FY2021</b>	<b>901</b>	<b>177</b>	<b>29</b>	<b>11.7</b>	<b>971</b>	<b>70</b>	<b>7.8</b>
<b>FY2022</b>	<b>971</b>	<b>204</b>	<b>35</b>	<b>11.3</b>	<b>1,073</b>	<b>102</b>	<b>10.5</b>
<b>FY2023</b>	<b>1,073</b>	<b>169</b>	<b>50</b>	<b>9.6</b>	<b>1,157</b>	<b>84</b>	<b>7.8</b>
<b>FY2024</b>	<b>1,157</b>	<b>133</b>	<b>58</b>	<b>10.9</b>	<b>1,192</b>	<b>35</b>	<b>3.0</b>
<b>FY2025 (forecast)</b>	<b>1,192</b>	<b>170</b>	<b>100</b>	<b>Decreased YoY</b>			

\*Calculated based on operative regular employees:  
 (Previous FY term-end engineer count + new graduate hire count + career engineer count) × (1 − turnover rate) ≠ term-end engineer count

## Data by Owner Category (as of July 31, 2024)

Share Distribution by Owner Category

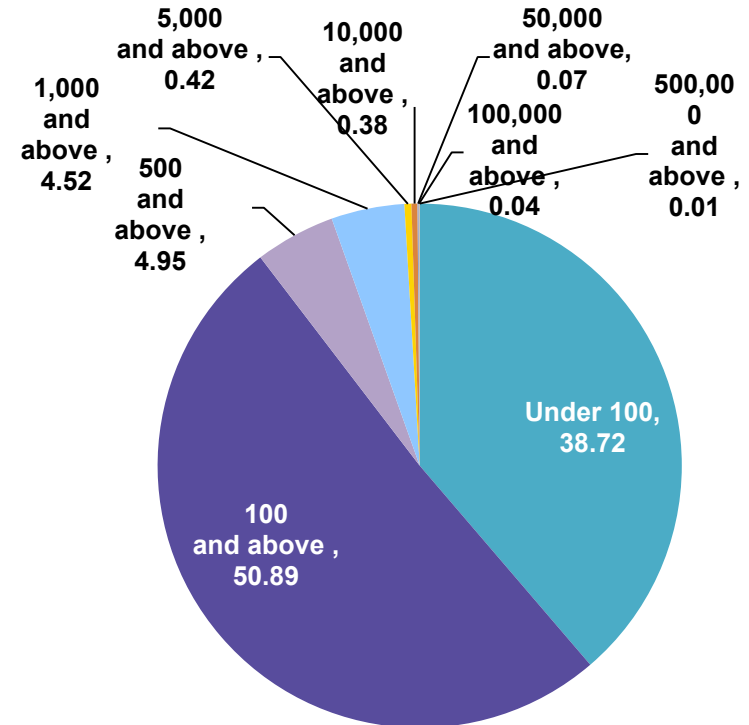
Unit: %



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

Shareholder Distribution by Number of Shares Held

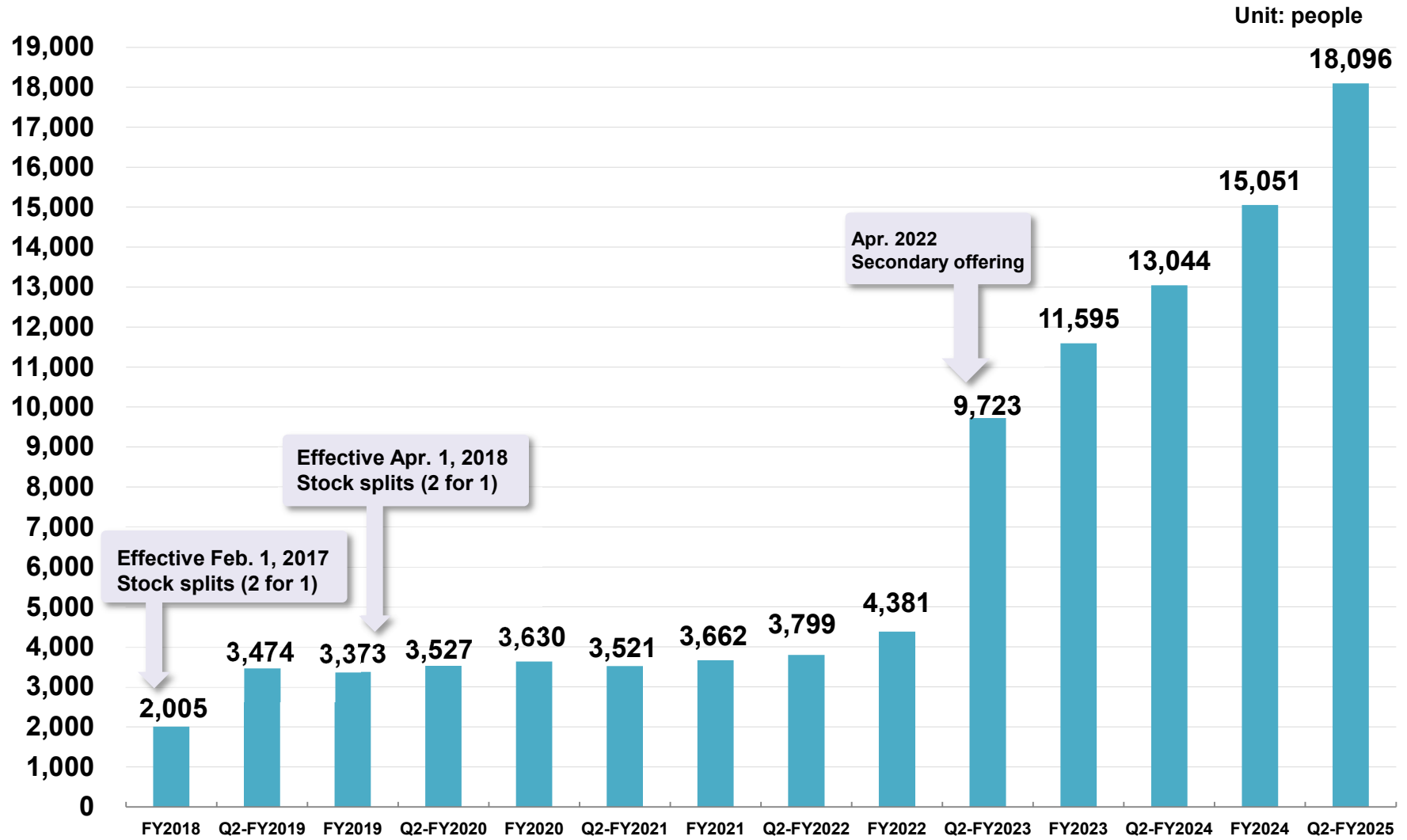
Unit: %



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

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## Term-end Shareholder Numbers



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# Stock Price Changes (January 4, 2022 – September 5, 2024)



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

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**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, actual results may differ from the forward-looking statements in this document due to various factors, such as changes in the business environment.**

### **(Processing of numbers)**

**As the amounts in the text and figures of this document are rounded down to the nearest unit, the total of breakdowns may not coincide with the official total numbers. In addition, as ratios (%) are rounded to the first decimal place, the total of their breakdown may not add up to 100.0%.**