



- Thank you for the introduction. I'm SEKIGUCHI Sozo from Artner Co., Ltd.
- Thank you all for coming to the FY2025 Briefing for Analysts and Institutional Investors today.
- Let me now move onto my presentation.

Company Information



Name	Artner Co., Ltd.
Founded	September 18, 1962
Representative	President and CEO SEKIGUCHI Sozo
Share listing	Prime Market of the Tokyo Stock Exchange (Securities code: 2163)
General Meeting of Shareholders	Held in Osaka
Capital	238,284,320 yen (As of January 31, 2025)
Headquarters	Tokyo, Osaka
Business bases	Yokohama, Utsunomiya, Osaka, Nagoya
Learning centers	East Japan, West Japan
Business fields	1) Software 2) Electronics 3) Machinery <small>Basic research, design, and development in the fields on the left, as well as tasks relating to them</small>
Number of employees	1,397(As of January 31, 2025)
License number	Worker Dispatching Business (派27-020513) Paid Employment Agency Business (27-コ-020355)

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- First, our company information.
- The company name is Artner Co., Ltd. It was founded on September 18, 1962.
- Our shares are listed on the Prime Market of the Tokyo Stock Exchange.
- The securities code is 2163.
- Our main businesses are the engineer dispatching business and contracting business.

Investment Highlights



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- First, I will report on our financial summary for FY2025.

1
Financial Summary for FY2025



Financial Summary for 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.

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.
 - A trend of engineer shortages, wage increases by companies, and rising unit prices for newly graduated engineers at their first assignments.
 - Current engineers are strategically rotated between our clients to improve their work level.

Contracting Business

- Net sales ratio 11.6 %.
 - Aggressive sales activities led to an increasing number of engineers assigned to contracted projects.
 - Shifted from engineer dispatching to contracting projects in response to client needs.

Profit

- While there were expenses, such as those related to the expansion of a training facility and recruitment-related investments, these costs were absorbed by net sales growth, which led to profit growth.

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- The market environment in FY2025 was characterized by the continued strong development drive of our main clients, manufacturers in automobile-related industries, which fueled demand for engineers.
- In addition, due to the rising demand for semiconductors for generative AI, there was also strong demand for engineers from manufacturers of semiconductor manufacturing equipment.
- In the engineer dispatching business...
 - The number of operative personnel was higher than in the previous year.
 - Furthermore, the unit price of engineers was higher than in the previous year.
- In the contracting business, its net sales ratio increased to 11.6%.
- For profits, while there were expenses, such as those related to the expansion of a training facility and recruitment-related investments, these costs were absorbed by net sales growth, resulting in profit growth.

Financial Results Highlights for FY2025

- Net sales up **10.0%**, Operating profit up **18.9%**, Ordinary profit up **18.9%**, Profit up **19.8%**. Operating margin **16.3%**.

	FY2024		FY2025		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	Percentage (%)	Result (million yen)	Percentage (%)		
Net sales	10,110	100.0	11,125	100.0	1,015	10.0
Cost of sales	6,571	65.0	7,013	63.0	442	6.7
Gross profit	3,539	35.0	4,112	37.0	573	16.2
SG&A expenses	2,016	19.9	2,302	20.7	286	14.2
Operating profit	1,522	15.1	1,810	16.3	288	18.9
Ordinary profit	1,532	15.2	1,821	16.4	289	18.9
Profit	1,051	10.4	1,260	11.3	209	19.8

■ 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.

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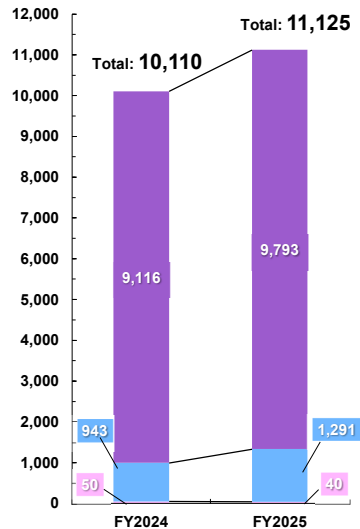
- These are our financial results highlights.
- Net sales grew by 10.0% year on year.
- Operating profit by 18.9%.
- Ordinary profit by 18.9%.
- Profit by 19.8%.
- Operating margin was 16.3%.

Net Sales by Business for FY2025

■ Engineer dispatching up 7.4% ■ Contracting up 36.9% / Percentage 11.6%

*The margins for contracting are a few percentages higher than for engineer dispatching.

Unit: million yen



	FY2024		FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Engineer dispatching	9,116	90.2	9,793	88.0	7.4	(2.1)
Contracting	943	9.3	1,291	11.6	36.9	2.3
Subtotal	10,059	99.5	11,085	99.6	10.2	0.1
Other	50	0.5	40	0.4	(19.9)	(0.1)
Total	10,110	100.0	11,125	100.0	10.0	—

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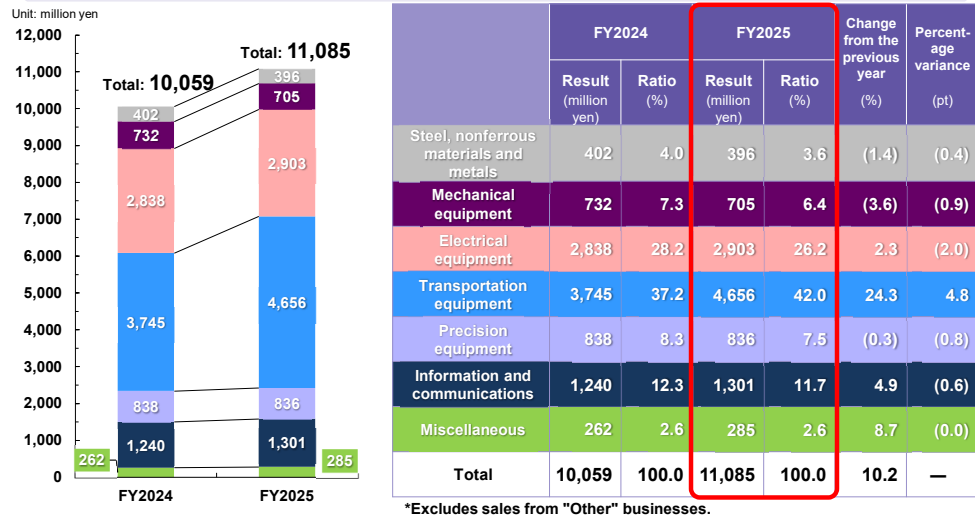
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- Here is a breakdown of net sales.
- Net sales of the engineer dispatching business grew by 7.4%.
- The contracting business by 36.9%.
- The net sales ratio of the contracting business increased to 11.6%.

Net Sales by Industry Field for FY2025

- Electrical equipment up 2.3% ■ Transportation equipment up 24.3%
- Information and communications up 4.9%

※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.



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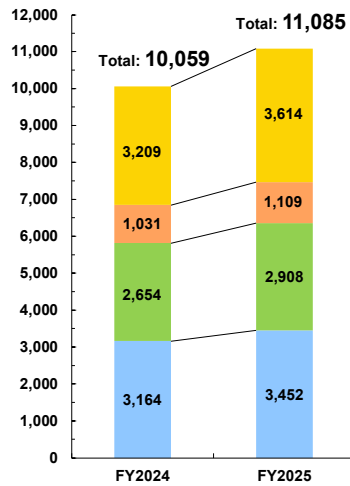
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- Here are our net sales by industry field.
- Net sales grew by 24.3% in transportation equipment, the industry field of our main clients.

Net Sales by Technology Field for FY2025

- Embedded / Model-Based up 12.6% ■ IT Solution up 7.5%
- Electronics up 9.5% ■ Machinery up 9.1%

Unit: million yen



	FY2024		FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Embedded / Model-Based	3,209	31.9	3,614	32.6	12.6	0.7
IT Solution	1,031	10.3	1,109	10.0	7.5	(0.2)
Electronics	2,654	26.4	2,908	26.2	9.5	(0.2)
Machinery	3,164	31.5	3,452	31.1	9.1	(0.3)
Total	10,059	100.0	11,085	100.0	10.2	—

*Excludes sales from "Other" businesses.

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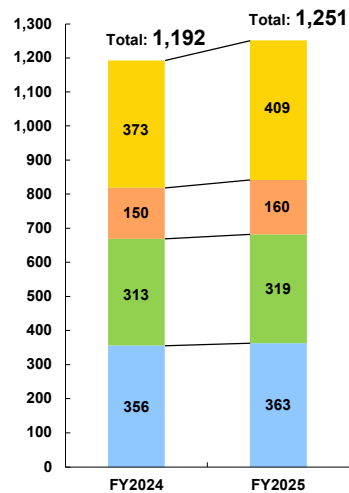
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- This shows net sales by technology field.
- Net sales in Embedded / Model-Based grew by 12.6%.
- IT Solution by 7.5%.
- The growth rate was particularly strong in the software field.

Term-end Engineer Count by Technology Field for FY2025

- Embedded / Model-Based up **9.7%** ■ IT Solution up **6.7%**
- Electronics up **1.9%** ■ Machinery up **2.0%**

Unit: million yen



	FY2024		FY2025		Change from the previous year (%)	Percent- age variance (pt)
	Result (people)	Ratio (%)	Result (people)	Ratio (%)		
Embedded / Model-Based	373	31.3	409	32.7	9.7	1.4
IT Solution	150	12.6	160	12.8	6.7	0.2
Electronics	313	26.3	319	25.5	1.9	(0.8)
Machinery	356	29.9	363	29.0	2.0	(0.8)
Total	1,192	100.0	1,251	100.0	4.9	—

*Excludes sales from "Other" businesses.

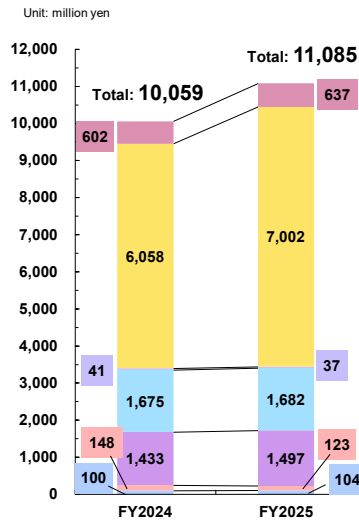
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- Now let's look at our term-end engineer count by technology field.
- The number of Embedded / Model-Based engineers went up 9.7%.
- The number of IT Solution engineers went up 6.7%.

Net Sales by Region for FY2025

■ Kanto up 15.6% ■ Kinki up 4.5% ■ Tokai up 0.4%



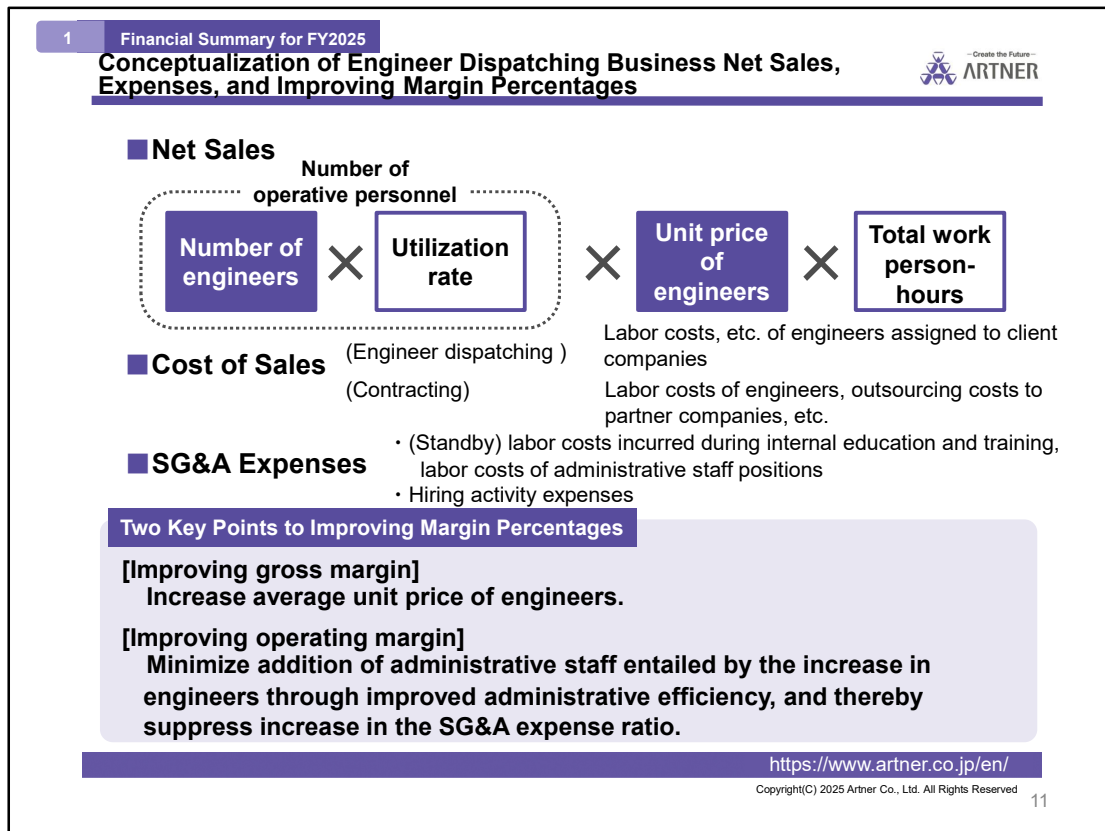
	FY2024		FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Tohoku	602	6.0	637	5.8	5.9	(0.2)
Kanto	6,058	60.2	7,002	63.2	15.6	2.9
Hokuriku	41	0.4	37	0.3	(8.2)	(0.1)
Tokai	1,675	16.7	1,682	15.2	0.4	(1.5)
Kinki	1,433	14.2	1,497	13.5	4.5	(0.7)
Chugoku	148	1.5	123	1.1	(16.8)	(0.4)
Kyushu	100	1.0	104	0.9	3.2	(0.1)
Total	10,059	100.0	11,085	100.0	10.2	—

*Excludes sales from "Other" businesses.

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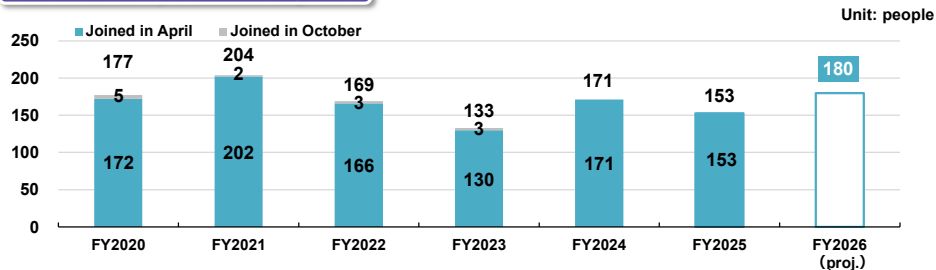
- This shows net sales by region.
- Net sales grew by 15.6% in the Kanto area where our main clients, manufacturers in automobile-related industries and manufacturers of semiconductor manufacturing equipment, are concentrated.



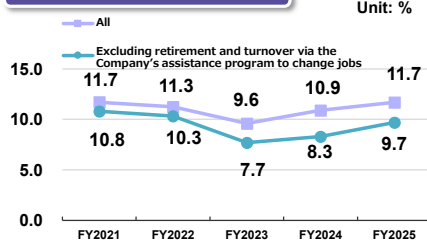
- Now, I would like to explain our conceptualization of net sales, expenses, and margin improvement.
- To calculate net sales of the engineer dispatching business, the number of engineers is multiplied by the utilization rate to get the number of operative personnel.
- The number of operative personnel is then multiplied by the unit price of engineers and total work person-hours. These elements make up the net sales.
- As cost of sales for engineer dispatching, we record the labor costs and other costs of engineers who are assigned to our clients.
- For the contracting business, we record the labor costs of engineers, as well as other costs such as the costs of outsourcing to partner companies.
- For SG&A expenses, we record the labor costs of standby engineers incurred during their internal education and training, the labor costs of administrative staff positions, and hiring activity expenses.
- On this basis, we believe there are two key points to improving margin percentages. To improve the gross margin, we need to increase the average unit price of engineers.
- To improve the operating margin, we will minimize the addition of administrative staff associated with the increase in engineers by improving administrative efficiency, and thereby suppress the increase in the SG&A expense ratio.

Newly Graduated and Career Engineers Hires for FY2025 / Turnover Rate

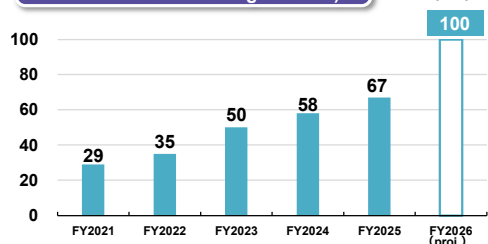
Number of Newly Graduated Engineers



Turnover Rate

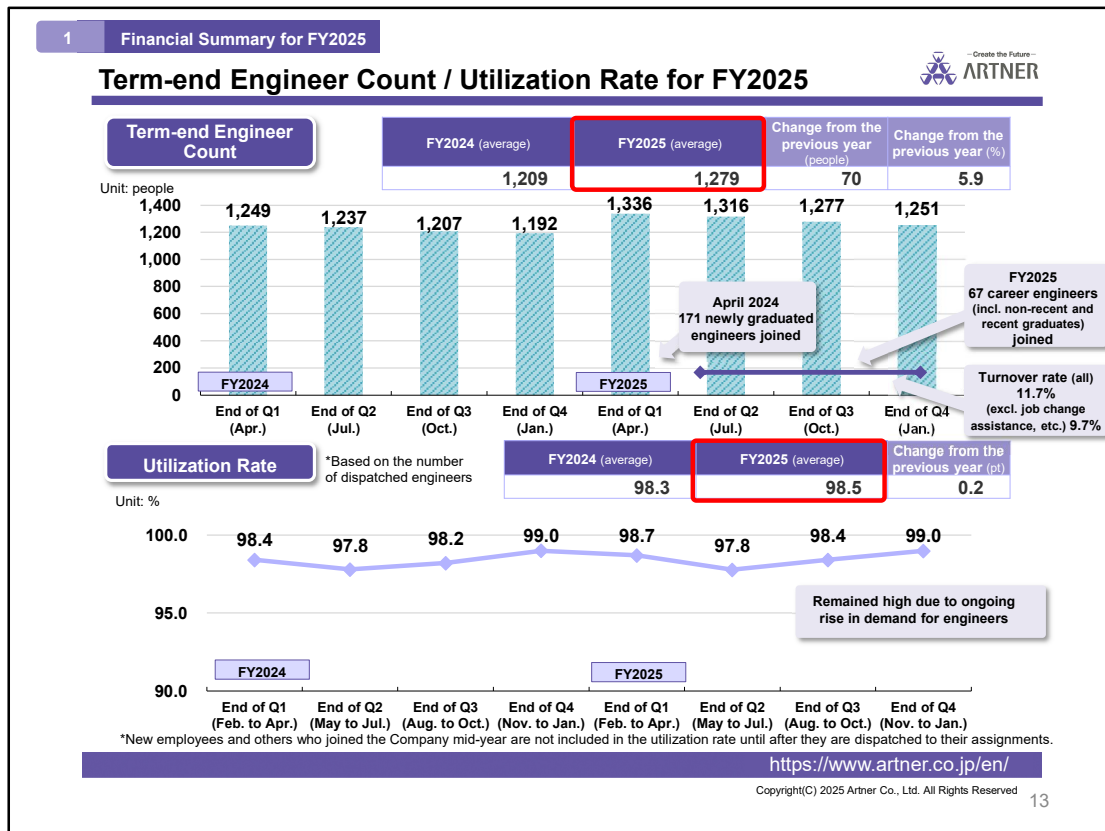


Number of Career Engineers (incl. non-recent and recent graduates)


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- Let me give you some detailed figures.
- In FY2025, 171 newly graduated engineers joined the Company.
- In FY2026, we expect 153 newly graduated engineers to join the Company.
- In FY2027, we plan to recruit 180 newly graduated engineers.
- As for the number of career engineers, in FY2025, 67 joined the Company.
- In FY2026, we project 100 career engineers will join the Company.
- Next, the turnover rate.
- In FY2025, it was 11.7%.



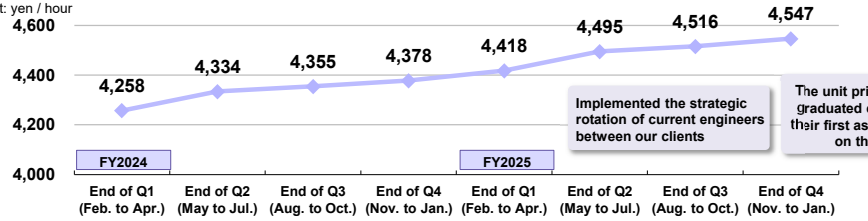
- These graphs show the term-end engineer count and the utilization rate.
- The term-end engineer count in FY2025 was 1,279 on average.
- It was 1,251 as of January 31, 2025.
- The utilization rate averaged at 98.5% and was 99.0% as of January 31 in the final quarter.

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

Unit Price of Engineers

*Figures for dispatched engineers *Per person

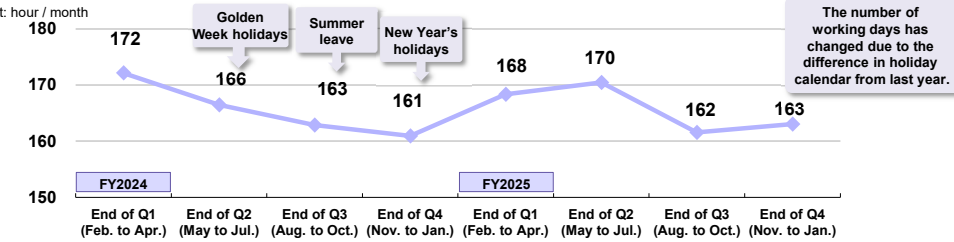
Unit: yen / hour



Total Work Person-hours

*Figures for dispatched engineers *Per person

Unit: hour / month



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- Based on these financial results for FY2025, we achieved the 11th consecutive period of growth in both sales and profit.
- I will now explain the factors behind this sales and profit growth.

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 0.9 to 1.0%; calculations based on the Company's most recent net sales of 11.1 billion yen for FY2025.

■ 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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- The first is that the market in which we operate—engineer dispatching—is seeing a steady growth in market size.
- Furthermore, manufacturers, which are our main clients, have continued to increase their R&D costs.

Factors Behind “The Eleventh 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.

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- Against the backdrop of these favorable market conditions, the first contributing factor is...
- 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.

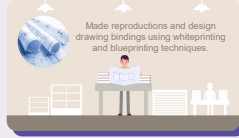
History (at the time of founding in 1953)

1953 -

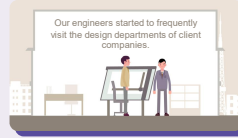
- Originally founded as Sekiguchi Kogyo Co., Ltd. in Amagasaki, Hyogo.



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



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



Founded



- 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.



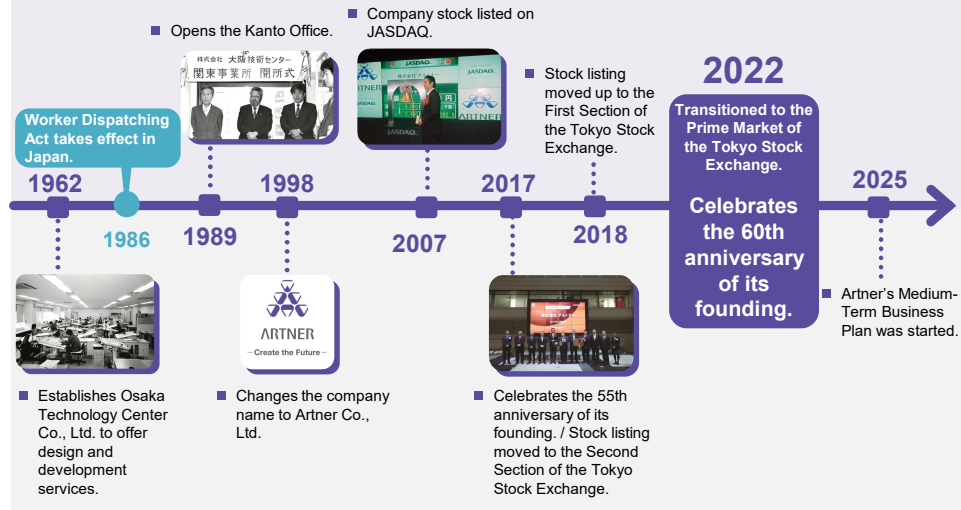
- Demand increases from clients for tracing and other designing and development services.

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History (1962 to present)

1962 -


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

■ Presidents Since Our Founding

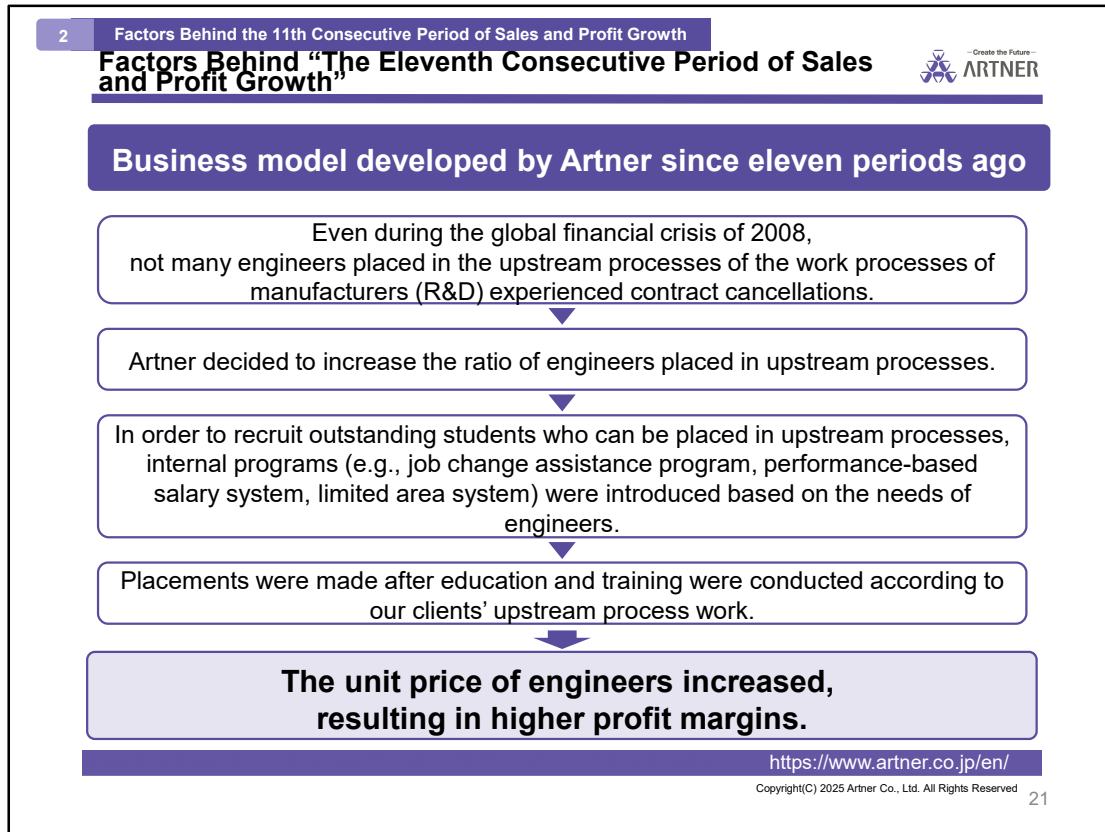
September 1962	Osaka Technology Center Co., Ltd. was established as a subsidiary of Sekiguchi Kogyo Co., Ltd. (1st) President and CEO SEKIGUCHI Noboru was appointed.
April 1984	President and CEO SEKIGUCHI Noboru retired. (2nd) President and CEO MARUHASHI Shiro was appointed.
April 1987	President and 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)
February 2012	Appointed Head of the Hyper Artner Business Division
March 2025	Appointed Head of the Corporate Planning and Strategy Division, Head of the Engineer Business Division (current)

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- The second contributing factor is...
- The business model developed by Artner over the past 11 years.
- Artner focuses on upstream processes. At this time, approximately 80% of our engineers are assigned to upstream and midstream processes.
- As a result, we have achieved high unit prices of engineers.

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

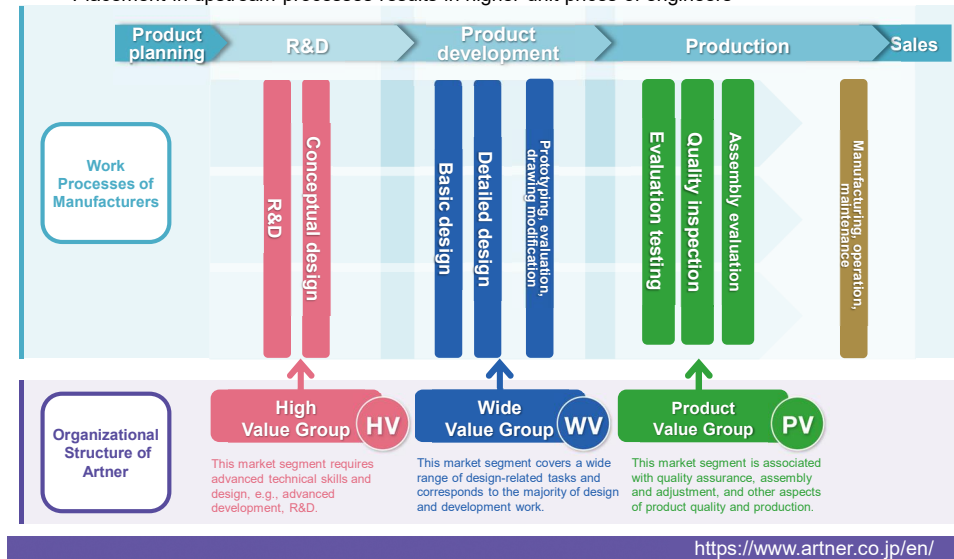
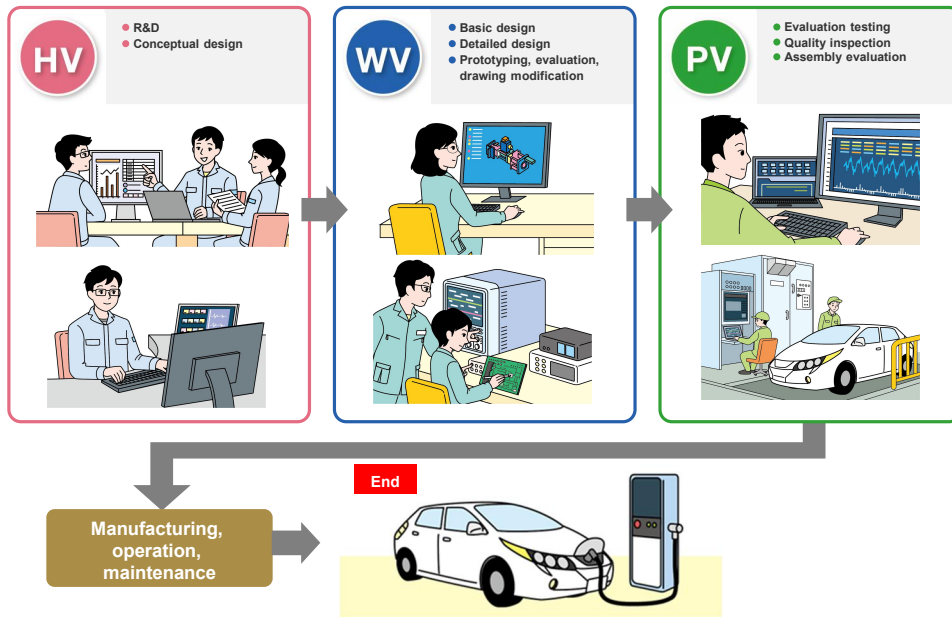
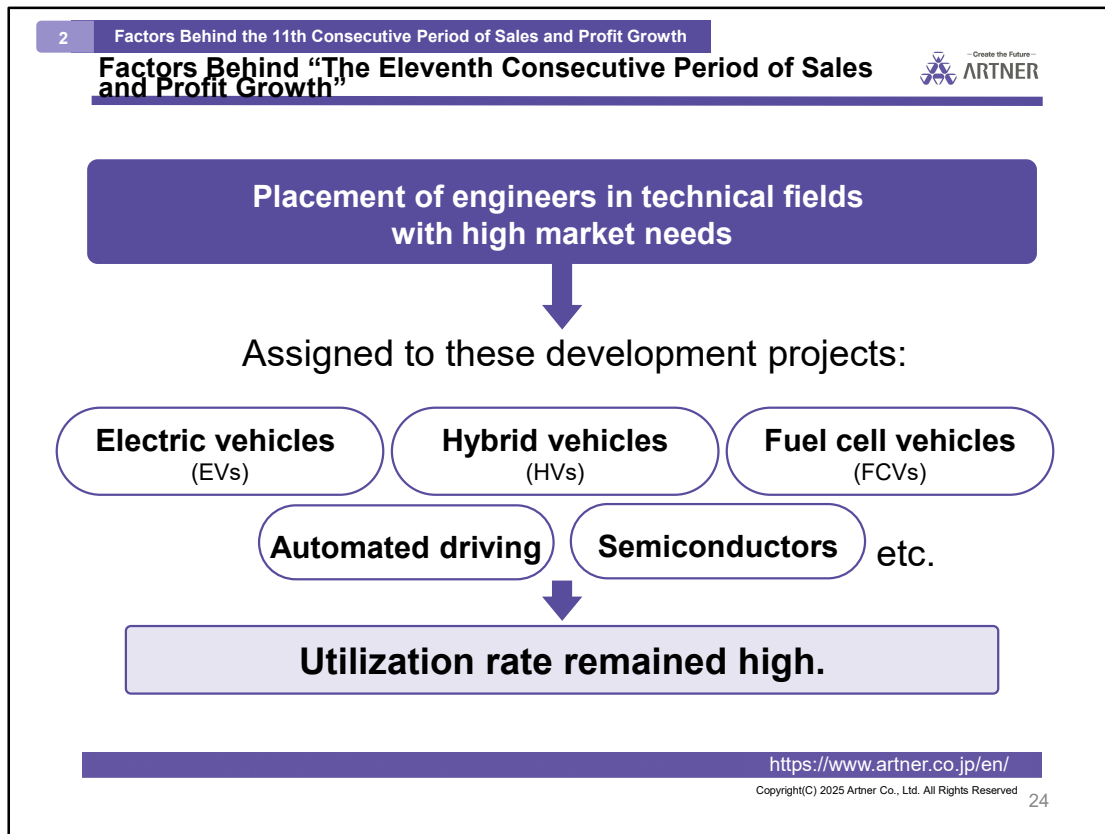


Diagram of the Work Processes of Manufacturers and the Work of the Company's Engineers [Ex: electric vehicles (EVs)]



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- Currently, we are actively placing engineers in electric vehicle, hybrid vehicle, fuel cell vehicle, automated driving, and other related projects.
- In addition, we place engineers in development projects, including semiconductor development.

Design and Development Projects Including “Carbon Neutrality”

Electric Vehicles (EV)

- Development of brake control system
- Analysis of motors and inverters
- Safety evaluation of automotive batteries
- Development of eco car chargers
- Development of drive motors



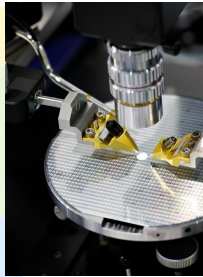
Hybrid Vehicles (HV)

- Development of power unit functions
- Design and development of control systems
- Design of hybrid systems
- R&D related to next-generation HV batteries
- In-vehicle testing and evaluation of HV transmissions



Semiconductors

- Software development and control unit development for semiconductor lithography equipment
- Development of temperature controller for semiconductor lithography equipment (enclosure concept, basic design)
- Circuit design for semiconductor lithography equipment, Development of image processing systems
- Measurement, analysis, control, and evaluation of LCD lithography equipment



Fuel Cell Vehicles (FCVs)

- R&D of hydrogen station system
- R&D of energy system
- Analysis of basic performance of fuel cells
- R&D of hydrogen safety
- R&D of next-generation fuel cells



Automated

- Software design and development for AD/ADAS
- Development of AI-based detection systems
- Advance development of automatic perimeter monitoring system using camera images
- Development of parking assist system (e.g., automatic braking, accelerator control)
- Development of lane keeping assist (e.g., steering assistance)



Racing Cars

- Driving test and analysis
- Development in the engine domain
- Design and development of chassis, suspension, and underbody components



Information and Communications

- Development of internal core systems for consultants
- Creation of open-source software



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Products and Systems Related to Design and Development

Automobiles <ul style="list-style-type: none"> ● Design of control software for electric power steering ● System testing using HILS ● Development of in-house tools (RPA) ● Design of circuits for automobile meters and HUDs ● Design of wire harness circuits ● ECU evaluation and prototyping ● Design of vehicle bodies and door ● Quality inspection of auto parts 		Medical Devices <ul style="list-style-type: none"> ● Development of control software for X-ray diagnostic equipment ● Evaluation of medical system ● Verification of medical device components and data collection ● Electrical circuit design for medical devices ● EMC evaluation of X-ray diagnostic equipment ● R&D of high-performance catheters ● Improvement of blood transfusion and infusion sets, design of next set 	
Aerospace Machinery <ul style="list-style-type: none"> ● Development of applications for satellite ground systems ● Detailed design of onboard satellite equipment ● Aircraft strength analysis 		Motorcycle <ul style="list-style-type: none"> ● software design for motorcycle ECU ● Vehicle testing in motorcycle R&D ● Design and development of motorcycle clutches 	
Home Electronics <ul style="list-style-type: none"> ● Development of software for home appliances ● System testing for home appliances ● Prototyping, evaluation, and analysis of smartphone circuit boards ● Development of AV equipment ● Design and development of home appliances (enclosure design, structural design) 		Industrial Equipment <ul style="list-style-type: none"> ● Development of control software for industrial equipment ● Development of service tools using IoT devices ● Analysis of electron microscopes and related equipment ● Design of hygiene product manufacturing equipment ● Design and development of mechanisms for production facilities 	

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- Moving on, I would like to explain our Medium-Term Business Plan.

Review of Medium-Term Business Plan (FY2023 to FY2025)

	Medium-Term Business Plan (FY2023 to FY2025)	FY2025 Result	Change	Change (%)
Number of engineers (people)	1,600	1,251	(349)	(21.8)
Net sales (million yen)	11,600	11,125	(475)	(4.1)
Operating margin (%)	14.0	16.3	2.3	—
ROE (%)	20% or more	28.1	8.1	—
Payout Ratio (%)	50% or more	69.1	19.1	—
Share of engineers placed in carbon neutrality projects among all engineers (%)	50.0	51.3	1.3	—
Share of carbon neutrality recruitment targets for new graduates and career hires (%)	55.0	47.9	(7.1)	—

MTBP achieved

- The operating margin target was achieved due to increases in the unit price of engineers.
- ROE and payout ratio targets were achieved due to compliance with the Prime Market listing maintenance criteria.
- Carbon neutrality-related indicators were not achieved for recruitment.

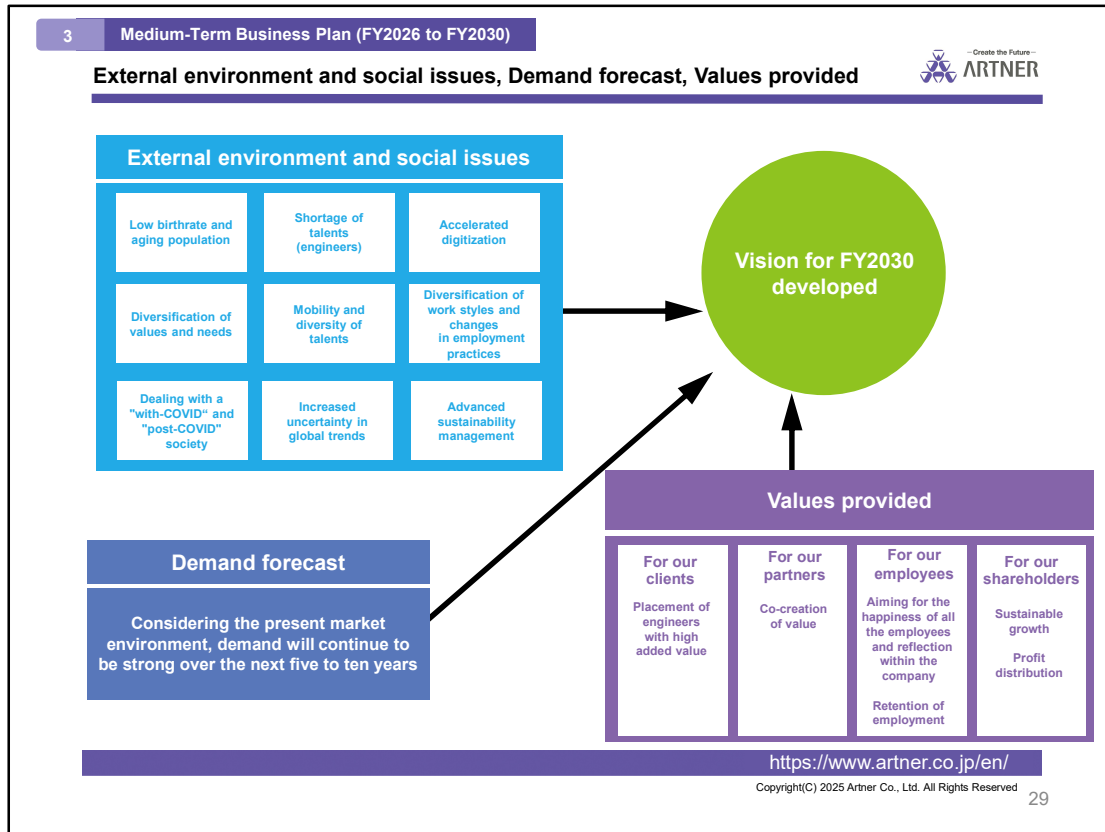
MTBP not achieved

- Net sales fell short due to the failure to meet the Medium-Term Business Plan target for the number of engineers, caused by intensifying recruitment competition.
- Carbon neutrality-related indicators were achieved for engineer placement.

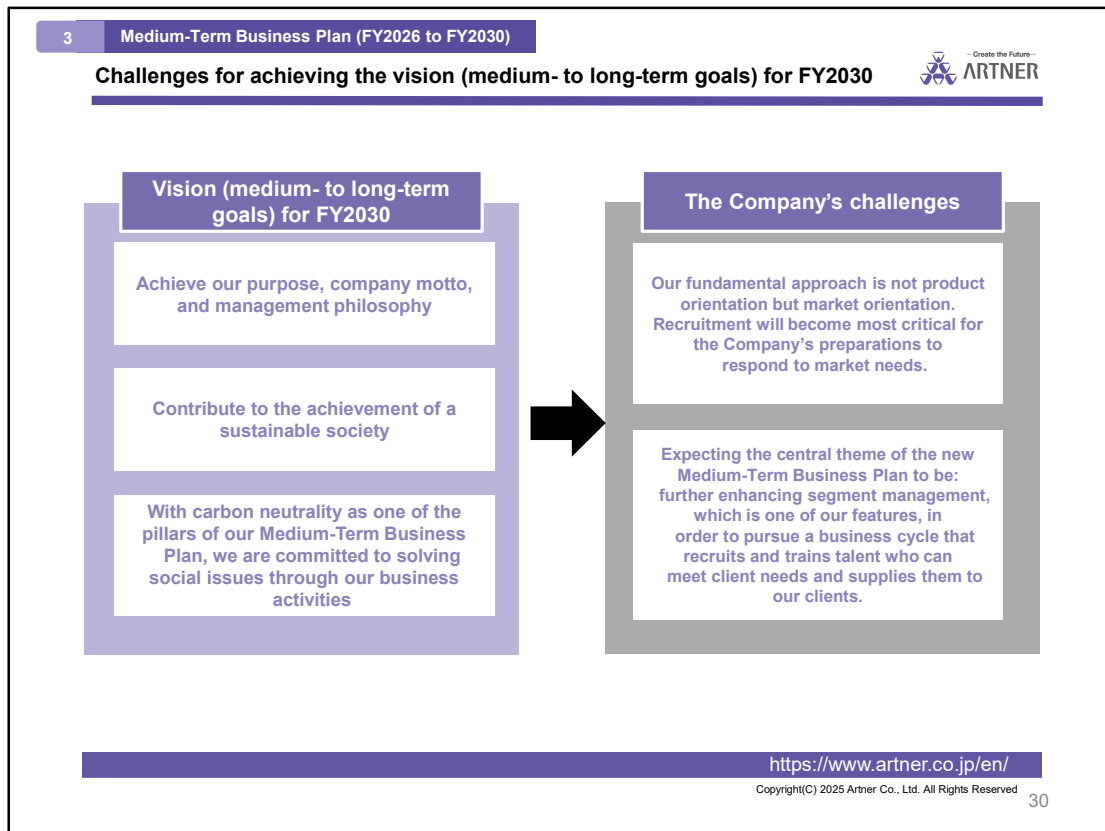
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- Let me begin with a review of the Medium-Term Business Plan from FY2023 to FY2025.
- Our target number of engineers was 1,600.
- The actual number was 1,251, falling short by 349.
- The net sales target was set at 11.6 billion yen, and actual net sales was 11.1 billion yen.
- It fell short by 475 million yen.
- The operating margin target was set at 14.0%, and the actual was 16.3%.
- ROE was 28.1% against our target of 20% or more.
- The payout ratio forecast for FY2025 is 69.1% against our target of 50% or more.
- For the share of engineers placed in carbon neutrality projects among those who are assigned to our clients, our target was 50%.
- The actual share was 51.3%.
- In addition, the share of carbon neutrality recruitment for new graduates and career hires was targeted at 55.0%, and the actual share was 47.9%.
- In summary, we achieved our Medium-Term Business Plan targets for operating margin and the unit price of engineers.
- In addition, the ROE and payout ratio targets were achieved due to compliance with the Prime Market listing maintenance criteria.
- Carbon neutrality-related indicators were achieved for engineer placement.
- The Medium-Term Business Plan target for net sales was not achieved due to the failure to meet the Medium-Term Business Plan target for the number of engineers, caused by intensifying recruitment competition.
- Carbon neutrality-related indicators were not achieved for recruitment.



- In formulating our new Medium-Term Business Plan, we took into consideration the external environment and social issues, demand forecast, and values provided as shown here.
- Based on the external environment and social issues, demand forecast, and values provided, we developed a vision for FY2030.



- What is our vision?
- Our vision for FY2030, or our medium- to long-term goals, are to, first of all, achieve our purpose, company motto, and management philosophy.
- The second is to contribute to the achievement of a sustainable society.
- The third is to be committed to solving social issues through our business activities, with carbon neutrality as one of the pillars of our Medium-Term Business Plan.
- To achieve this vision, the Company faces two challenges.
- Our fundamental approach is not product orientation but market orientation.
- Recruiting and securing talent will become most critical for the Company's preparations to respond to market needs.
- The central theme of the Medium-Term Business Plan right now is further enhancing segment management, which is one of our features, in order to pursue a business cycle that recruits and trains talent who can meet client needs and supplies them to our clients.

Medium-Term Business Plan (FY2026 to FY2030)**Basic Policy**

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

"Make Value for 2025 to 2029"

- Become a group of engineers providing the greatest added value in the industry
- Evolve into a comprehensive technical service company



Recruit new graduates and career hires,
and increase the number of Artnr employees at a compound
annual growth rate (CAGR) of approx. **10%**


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- The basic policy of the Medium-Term Business Plan is “Build a foundation for sustainable and next-generation growth.”
- Become a group of engineers providing the greatest added value in the industry.
- Evolve into a comprehensive technical service company.

3

Medium-Term Business Plan (FY2026 to FY2030)



— Create the Future —
ARTNER

Medium-Term Business Plan (FY2026 to FY2030)

Basic Measures

1

Promote strategies by segment

- Increase workforce allocation in high-end fields with a focus on carbon neutrality projects
- Enhance work assignment levels through OJT in contracting projects

Engineer dispatching services in high-end fields* **36% ⇒ 50%**

*High-end fields: the High Value Group and some work levels of the Wide Value Group
(advanced development of upcoming products, development of core technologies, development of new functions, preparing specifications, requirements analysis, functional design, etc.)

2

Promote diversity and inclusion in talent management

- Strategically shift to contracting to adapt to the changes in the business environment
- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel
- Utilize and organize partner companies

Ratio of contracting personnel **30%**

3

Explore new business and revenue opportunities

- Evolve into a comprehensive technical service company through M&A and alliances

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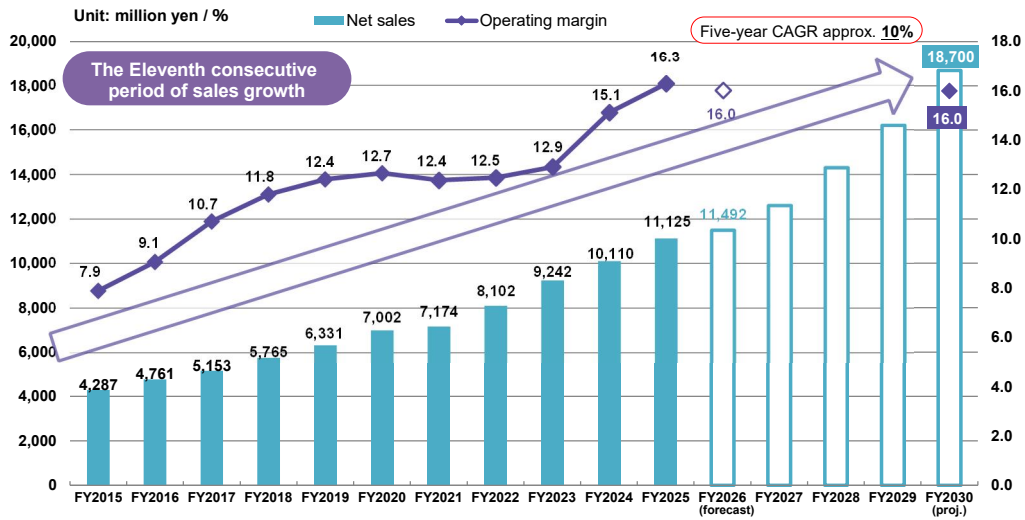
- Next, basic measures.
- The first is promote strategies by segment.
- We will increase workforce allocation in high-end fields with a focus on carbon neutrality projects.
- We will enhance work assignment levels through OJT in contracting projects.
- Our target is to increase the ratio of engineer dispatching in high-end fields from 36% to 50%.
- Our second measure is promote diversity and inclusion in talent management.
- We will strategically shift to contracting to adapt to the changes in the business environment.
- We will utilize workers of retirement age, women, and foreign workers as personnel.
- We will utilize and organize partner companies.
- We will increase the ratio of contracting personnel from the current 11% to 30%.
- The third measure is explore new business and revenue opportunities.
- We will aim to evolve into a comprehensive technical service company through M&A and alliances.

Numerical Business Targets <FY2030> earnings and sales targets

Net sales

18.7 billion yen

Operating margin

16.0 %
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- Our net sales target was set at 18.7 billion yen.
- We will aim to achieve a 16.0% operating margin.

Numerical Business Targets <FY2030>

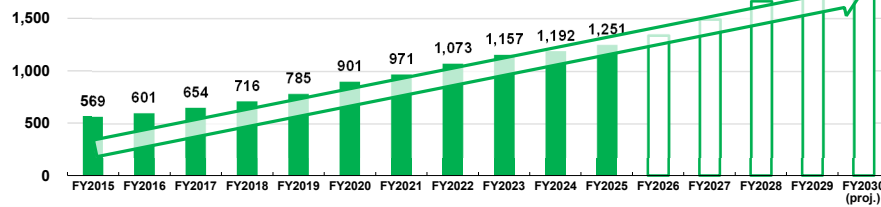
Number of Engineers / Earnings Per Share (EPS)

Number of Engineers

2,100

Five-year CAGR approx. 10%

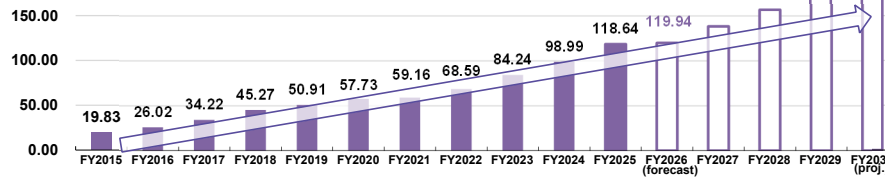
As of year-end / Unit: people



Earnings Per Share (EPS)

195 yen

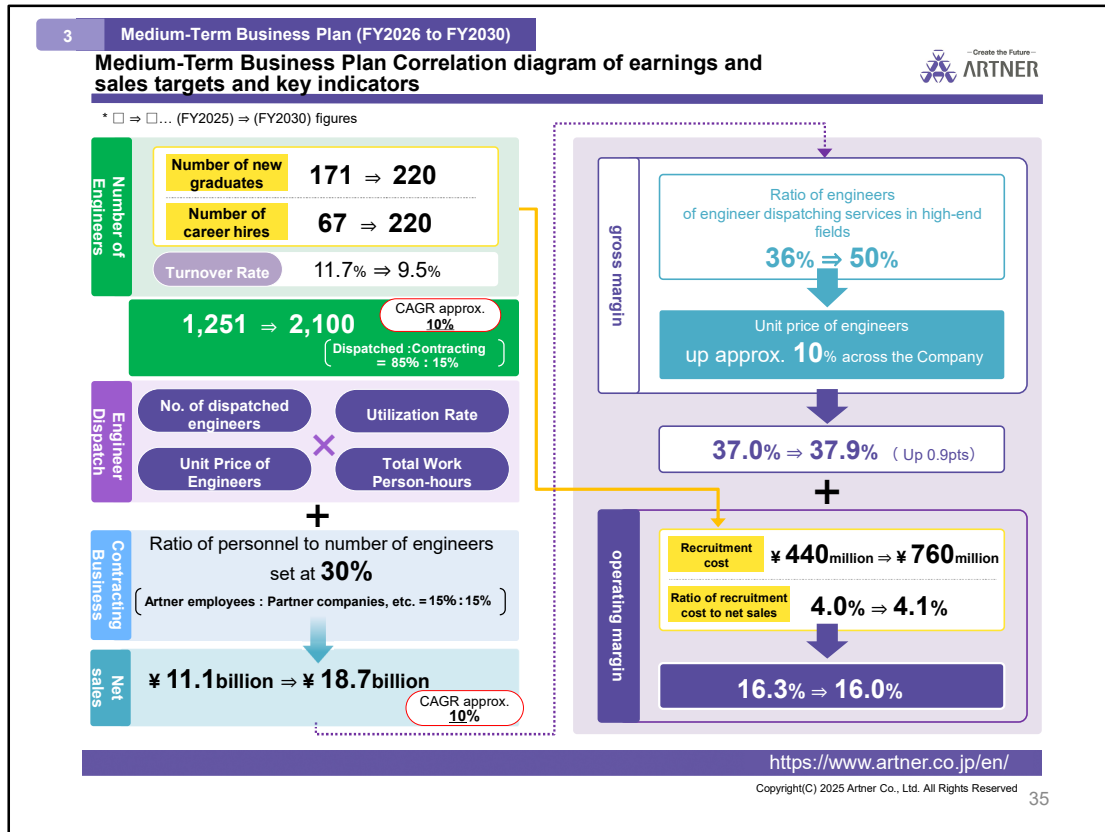
As of year-end / Unit: yen


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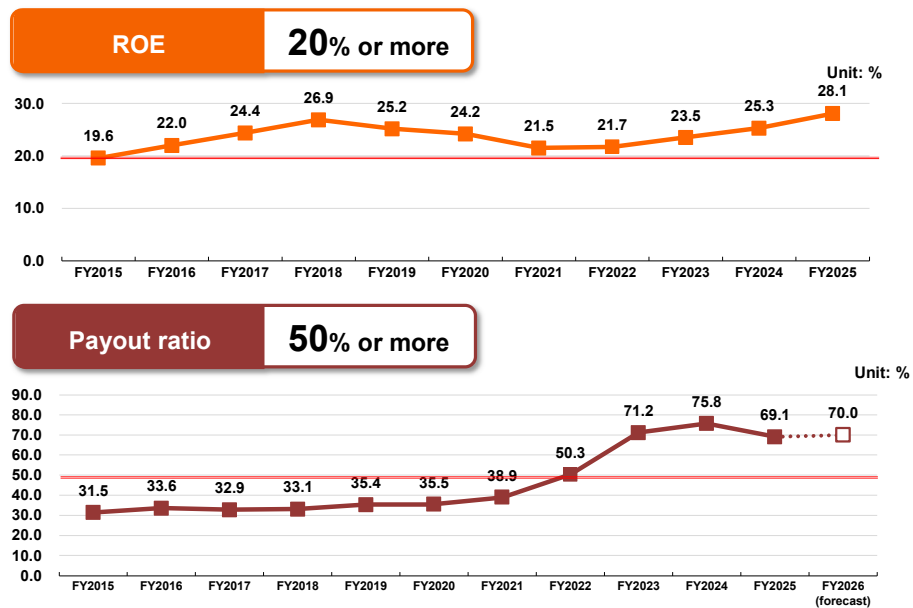
34

- The target number of engineers was set at 2,100 and the earnings per share, EPS, at 195 yen.



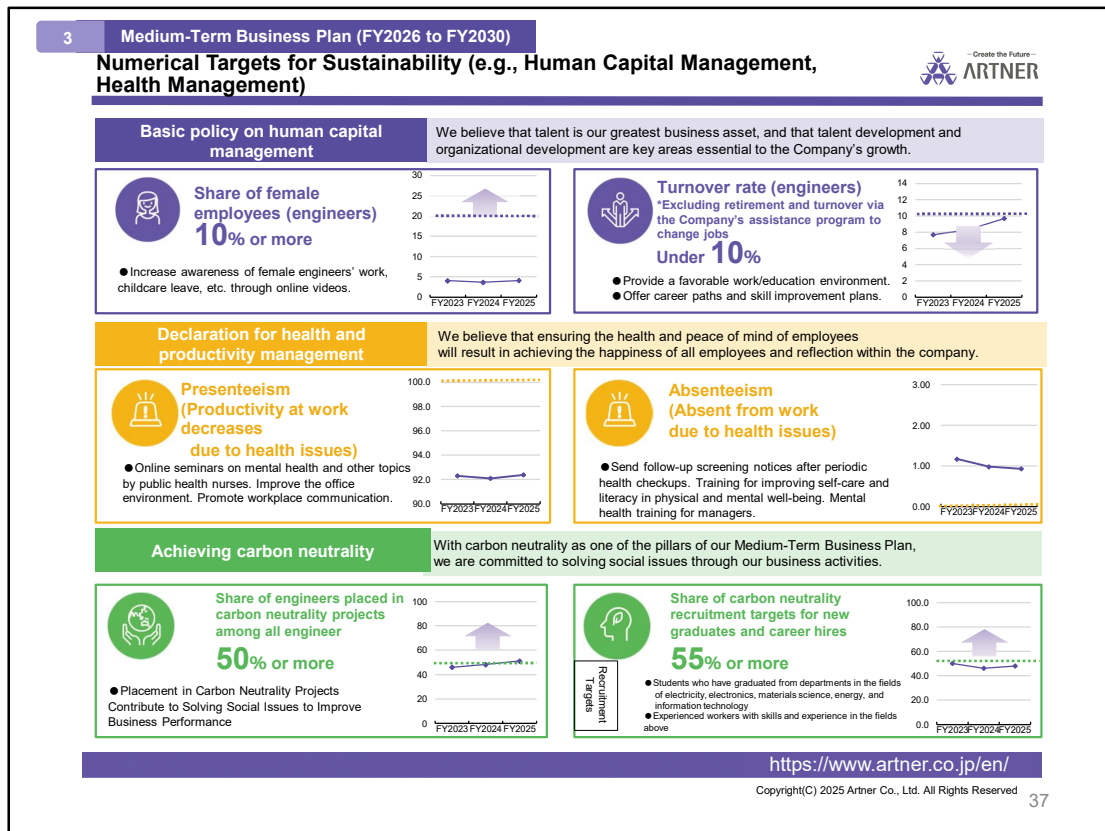
- This is a correlation diagram of Medium-Term Business Plan earnings and sales targets and key indicators.
- It shows the correlations of the number of engineers, engineer dispatching business, contracting business, net sales, gross margin, and operating margin.

Numerical Business Targets <FY2030> ROE / Payout ratio


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- Next, our numerical business targets.
- We will aim to achieve an ROE of 20% or more and a payout ratio of 50% or more.



- Lastly, numerical targets for sustainability in human capital management and health management.
- As our basic policy on human capital management, we believe that talent is our greatest business asset, and that talent development and organizational development are key areas essential to the Company's growth.
- Taking these elements into account, we will aim to increase the share of female engineers to 10% or more and decrease the turnover rate to under 10%.
- Next, Artner's declaration for health and productivity management.
- We believe that ensuring the health and peace of mind of employees will result in achieving the happiness of all employees and reflection within the Company.
- Our target figures for the declaration for health and productivity management are as shown here.
- Next, achieving carbon neutrality.
- With carbon neutrality as one of the pillars of our Medium-Term Business Plan, we are committed to fulfilling our corporate social responsibility and solving social issues through all of our business activities.
- Our targets for engineer placement in carbon neutrality-related projects and recruitment related to carbon neutrality are as shown here.

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- Moving on to “Action to Implement Management That Is Conscious of Cost of Capital and Stock Price.”

Assumptions for Cost of Capital

The Company's cost of capital is recognized to be around 6% to 8%.

Capital Asset Pricing Model (CAPM)

$$\begin{array}{c}
 \text{Risk-free Rate} \\
 \text{(10-yr govt bond yield)} \\
 \text{Around } \mathbf{1.2\%}
 \end{array}
 +
 \begin{array}{c}
 \mathbf{B} \\
 \text{(Indicator showing the} \\
 \text{Correlation btwn the overall} \\
 \text{market stock index and the} \\
 \text{stock price of individual stock)} \\
 \mathbf{1.1-1.2}
 \end{array}
 \times
 \begin{array}{c}
 \text{Market risk} \\
 \text{Premium} \\
 \text{(TOPIX expected rate of} \\
 \text{return - 10-yr govt bond yield)} \\
 \mathbf{5-6\%}
 \end{array}
 =
 \begin{array}{c}
 \text{Cost of} \\
 \text{shareholders' capital} \\
 \mathbf{6-8\%}
 \end{array}$$

*Since the Company has no interest-bearing debt, the cost of capital (= WACC) is equivalent to the cost of shareholders' capital.

Earnings yield (inverse of P/E ratio)

$$\begin{array}{c}
 \mathbf{1}
 \end{array}
 \div
 \begin{array}{c}
 \text{P/E ratio: } \mathbf{15.6 \text{ times}} \\
 \text{Stock price (Jan. 31, 2025 closing price): } \mathbf{1,850 \text{ yen}} \\
 \text{EPS}_{\text{(FY2025)}} \mathbf{118.64 \text{ yen}}
 \end{array}
 =
 \begin{array}{c}
 \text{Earnings} \\
 \text{yield} \\
 \mathbf{6.41\%}
 \end{array}$$

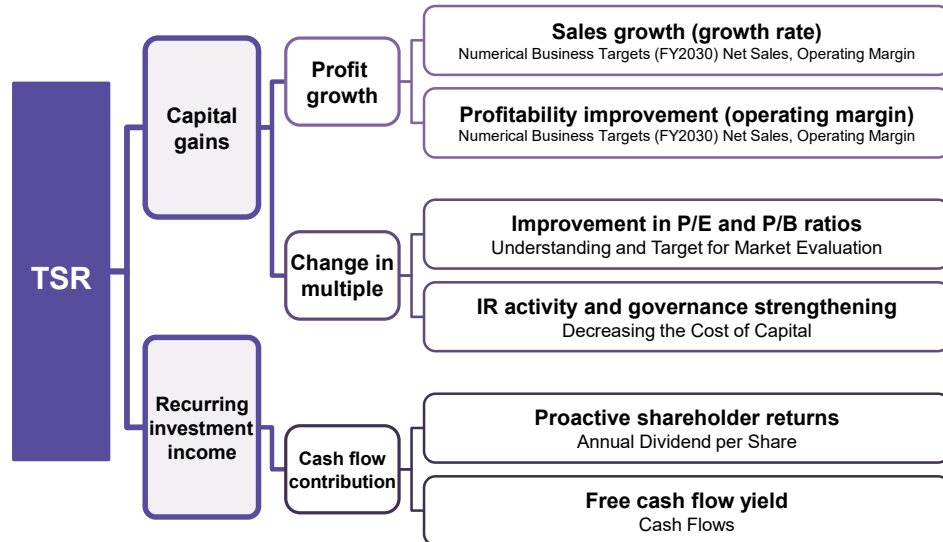
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- As our assumptions for cost of capital, we recognize our cost of capital to be around 6% to 8%.
- These are the respective calculation models.

Total Shareholder Return (TSR) Logic Tree

Aiming to increase TSR to sustainably improve enterprise value



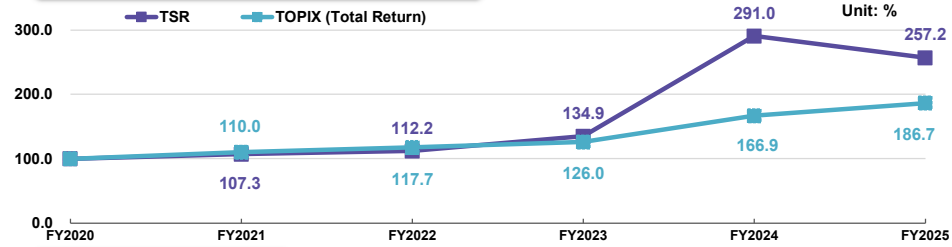
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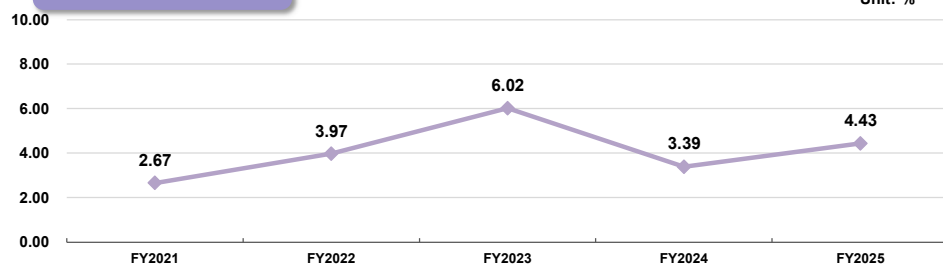
- This is a total shareholder return logic tree.
- Capital gains and recurring investment income.

TSR(Total Shareholder Return) / Dividend yield

TSR(Total Shareholder Return)



Dividend yield


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- The first figure shows total shareholder returns.
- The second figure shows dividend yields.

Cash Allocation

For sustainable growth, we strive to ensure stable cash flows and efficient capital allocation.

Medium-Term Business Plan (FY2026 to FY2030)

Cash Inflow



Cash Outflow



- M&A and alliances
- Capital investment (expansion of learning centers, etc.)
- Human capital investment (education, health and productivity management)
- Business promotion strengthening (recruitment, IT and digital transformation investment)

- 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%.

- Hold some of it as cash on hand for future investments.

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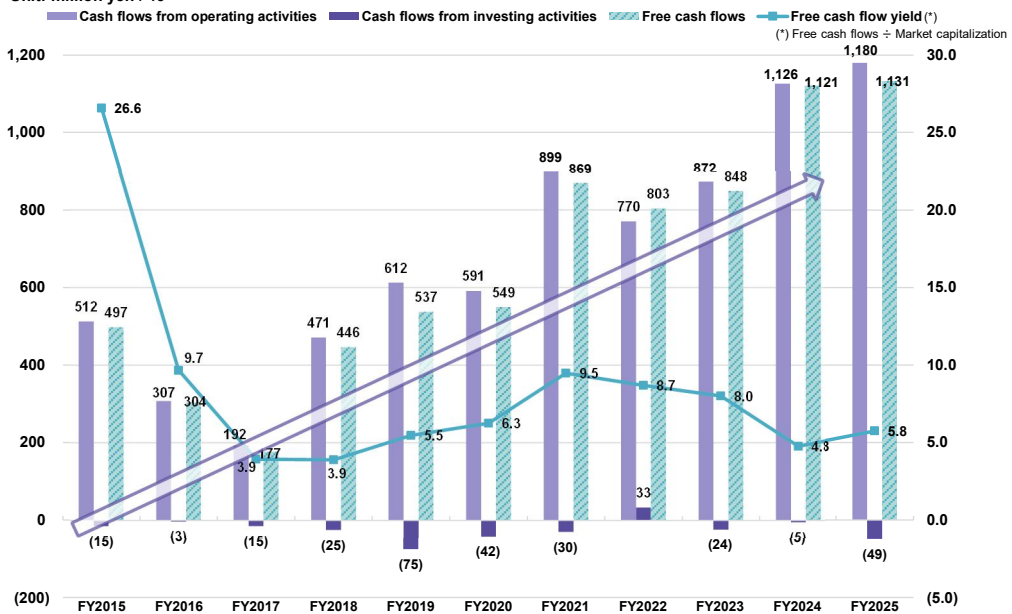
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- This shows our cash allocation plan.
- Growth investment, shareholder returns, and securing on-hand liquidity.

Cash flows

Unit: million yen / %

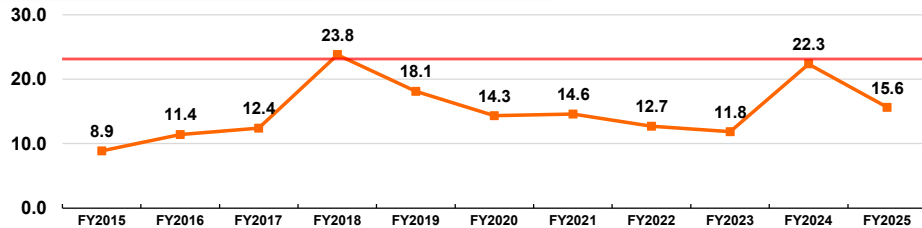

<https://www.artner.co.jp/en/>

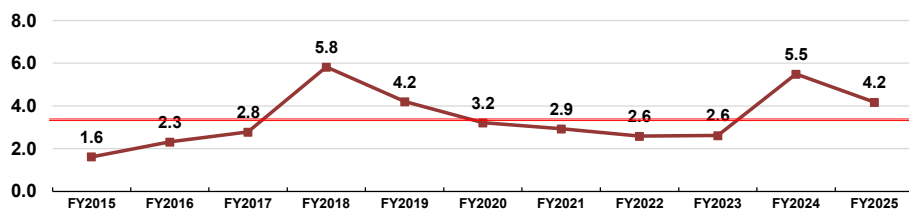
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- This figure shows the changes in cash flows.

Understanding and Target for Market Evaluation

P/E ratio
18.5 times or more

 (Industry average approx. 17.6 times [March 2025])
 Unit: %

P/B ratio
3 times or more

 (Industry average approx. 2.8 times [March 2025])
 Unit: %

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- Next, our understanding and target for market evaluation. We will aim to increase the P/E ratio to 18.5 times or more.
- We will aim to maintain the P/B ratio of 3 times or more consistently.
- The figures show the past ratios.

Decreasing the Cost of Capital

“Key Points Considering the Investor’s Point of View” (Tokyo Stock Exchange)

If the disclosure of information necessary for investment decisions is inadequate, the uncertainty of management becomes a source of anxiety for investors, which increases the cost of shareholders’ capital. In such cases, eliminating information asymmetry through enhanced disclosure and effective dialogue with investors is considered an effective way to reduce the cost of shareholders’ capital.

In addition, to increase investor confidence in management and in the stability and sustainability of earnings, strengthening corporate governance and other measures are also considered effective means of reducing the cost of shareholders’ capital.

Point 1 Eliminating information asymmetry (strengthening IR activities)

Strengthen Information Dissemination for Individual and Institutional Investors

For details, see “Dialogue with Shareholders and Investors.”

Increase English-language Disclosures with Foreign Investors in Mind

Enhance distribution of English-language materials and videos.

Disseminate Non-financial Information

Promote information dissemination on human capital management, health management, and related topics.

Point 2 Strengthening corporate governance

Nomination and Remuneration Committee

Enhance the fairness, transparency, and objectivity of the procedures for the nomination and remuneration, etc. of Directors.

Incentive policies for Directors

Stipulate that performance-linked bonus may be paid to Directors out of up to 2% of annual profit.

Analysis and evaluation of the effectiveness of the Board of Directors

Under Japan’s Corporate Governance Code, make the Board of Directors work better.

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- Next, decreasing the cost of capital.

Dialogue with Shareholders and Investors

Number of dialogues

FY2025

Briefing for
Individual Investors

6 times

Briefing for Analysts and
Institutional Investors

2 times

Feedback for members of the Executive Team and the Board of Directors

- Investors' perspectives are shared with members of the Executive Team as necessary by circulating Q&As and surveys from briefings for individual investors, briefings for analysts and institutional investors, and one-on-one meetings with institutional investors and analysts.
- Investors' points of interest are shared at company-wide meetings attended by middle managerial or higher positions, including members of the Executive Team (twice a year).

Main dialogue themes and topics of interest to shareholders and investors

Topics and questions that have been included based on dialogue, etc.

Growth rate of the number of engineers

It was shared with directors and staff in charge of recruitment that "investors have a strong interest in the growth rate of the number of engineers."

Progress of new graduate and career hires
and initiatives being taken

"Efforts to reach 1,600 engineers" was added in the investor briefing materials. Investment expenses and initiatives are now published.

Hiring of foreign engineers

Relevant information was added to "FAQs" on the Company's website.

Whether the payout ratio exceeding 70% will be
sustainable, whether it will return to 50% at some point

President and CEO Sekiguchi's response was included in the investor briefing Questions and Answers.

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- Dialogue with shareholders and investors.

Adapting to the Rules of Next-Generation TOPIX

Next-generation TOPIX Periodic review of issues: Once a year, last business day of October
(base date: last business day of August)

Transitional measures to next-generation TOPIX

- The first periodic review will be in October 2026 and the second will be in October 2028.
- Issues that are no longer selected as constituents after the first periodic review (issues subject to transitional measures) will have their weightings reduced in eight stages on a quarterly basis.
- Issues will be replaced every year after October 2028.

Requirements for the continued selection of Artner as a constituent

For continued selection, the percentage of cumulative free-float adjusted market capitalization must be in the top 97% (minimum value approx. 23 billion yen (October 2024)).

	Stock price	Market capitalization	Free-float weight	Free-float market capitalization	EPS	P/E ratio
Target	3,600 yen	38.3 billion yen	60%	23.0 billion yen	195 yen	18.5 times
As of Jan. 31, 2025	1,850 yen	19.7 billion yen	60%	11.8 billion yen	118.64 yen	15.6 times

Measures to increase stock price

Increase P/E ratio through active IR activities

Increase Shareholder Returns
Based on 50% payout ratio
(To be considered)
Share buyback, stock split

Increase Earnings Per Share (EPS)
Increase workforce allocation in high-end fields with a focus on carbon neutrality projects

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

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- Lastly, adapting to the rules of next-generation TOPIX. The requirements for the continued selection of Artner as a constituent are as follows.
- First, a target stock price of 3,600 yen.
- Market capitalization of 38.3 billion yen.
- Free-float weight of 60%.
- Free-float market capitalization of 23.0 billion yen.
- EPS of 195 yen, and P/E ratio of 18.5 times. We will carry out our operations with a view to achieving these targets.
- The figures for FY2025 are as shown here.

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- Next is our forecast of financial results and dividend for FY2026.

Forecast of Financial Results for FY2026 / Prerequisites

- The destabilization of the international situation poses a downside risk to the global economy. However, our strategically important clients, such as automobile-related manufacturers and semiconductor manufacturing equipment-related manufacturers, are projected to further increase their development speed.
- The demand for Artner's engineers is projected to remain strong.

【Forecast of Financial Results】

	FY2025		FY2026		Change from the previous year (million yen)	Change from the previous year (%)
	Result (million yen)	% of Net sales	Forecast (million yen)	% of Net sales		
Net sales	11,125	100.0	11,492	100.0	367	3.3
Operating profit	1,810	16.3	1,838	16.0	28	1.6
Ordinary profit	1,821	16.4	1,838	16.0	17	0.9
Profit	1,260	11.3	1,274	11.1	14	1.1

【Prerequisites】

Newly graduated engineers (April, October) (people)	171	153	(18)	(10.5)
Number of career engineers (incl. non-recent and recent graduates) (people)	67	100	33	49.3
Turnover rates (%)	11.7	Decreased YoY		
Utilization rates (%)	98.5	Same level as preceding year		
Unit price of engineers (yen)	4,494	Increased YoY		
Total work man-hours (h)	166	Same level as preceding year		

*The contribution to sales and profit varies depending on when engineers joined the Company and when they were placed with our clients.

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- The prerequisites for our financial results forecast for FY2026 are as follows. The destabilization of the international situation poses a downside risk to the global economy. However, we project that our strategically important clients, such as automobile-related manufacturers and semiconductor manufacturing equipment manufacturers, will further increase their development speed.
- The demand for Artner's engineers is projected to remain strong.
- Based on these prerequisites, we forecast net sales to grow by 3.3% year on year.
- Operating profit by 1.6%.
- Ordinary profit by 0.9%.
- Profit by 1.1%.
- The prerequisites for these indicators are as shown here.

FY2025 / FY2026 (forecast) Dividend per share
Payout ratio Based on 50% FY2025 **69.1%** / FY2026(forecast) **70.0%**
FY2025

 dividend (year-end) **42 yen** (**2 yen** more than initial forecast of **40 yen**).
 Combined with the interim dividend of **40 yen**, annual dividend was **82 yen**.

**FY2026
(forecast)**

 Expected ordinary dividend **84 yen** (interim **42 yen**, year-end **42 yen**).
 (Ordinary dividend up **2 yen**)

	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	7.45	75.8	19.2
FY2025	40.00	42.00	82.00	3.79	69.1	19.4
FY2026 (forecast)	42.00	42.00	84.00	4.63	70.0	

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

Closing value at beginning of FY2024 (February 1, 2023) 1,007 yen / Closing value at beginning of FY2025 (February 1, 2024) 2,161 yen

/ Closing value at beginning of FY2026 (February 1, 2025) 1,813 yen

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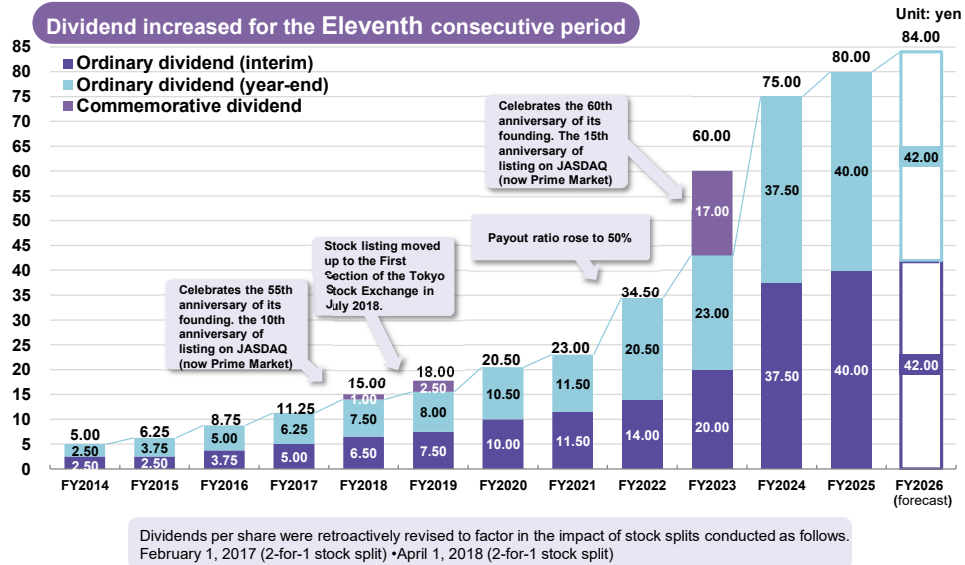
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- Next, the dividend per share in FY2025 and FY2026.
- Based on a 50% payout ratio, we expect a payout ratio of 69.1% for FY2025.
- We forecast 70.0% for FY2026.
- For FY2025, we expect a year-end dividend of 42 yen, 2 yen more than the initial forecast of 40 yen.
- Combined with the interim dividend of 40 yen, we expect an annual dividend of 82 yen.
- Our forecast for FY2026.
- An annual dividend of 84 yen.
- The interim dividend is estimated at 42 yen and the year-end dividend at 42 yen.
- We forecast the dividend to be paid to be 2 yen more than in the previous period.

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%.

Dividend increased for the Eleventh consecutive period


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- This graph shows annual dividends per share over the past years.

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- Lastly, I would just like to refer to some parts of the reference section.

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 (Artner)” 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.

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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.

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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.

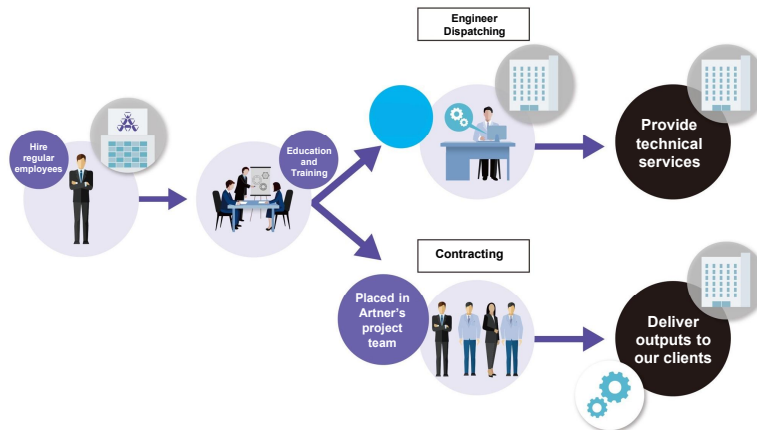
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Business Model

- 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

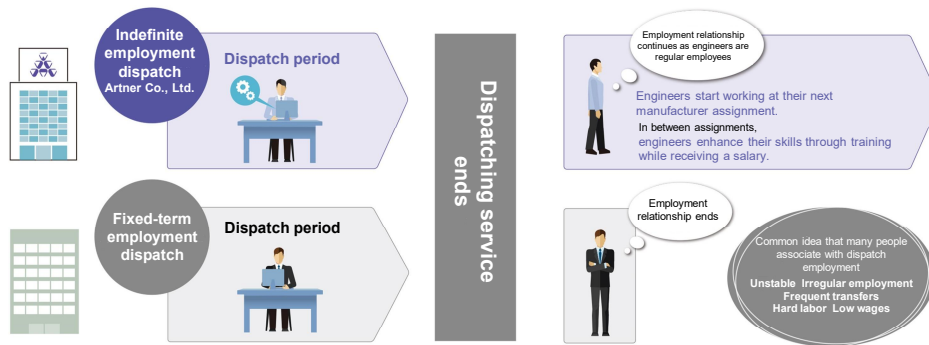


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Employment Status at Artner

- 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.



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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.

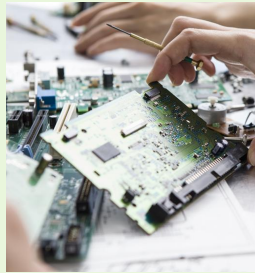


Electronics

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.



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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 (now Astemo, Ltd.), 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 1,300 companies**

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Top Ten Corporate Clients by Net Sales in FY2025

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

	FY2024		FY2025	
	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	Bosch Corporation	Transportation equipment	Lasertec Corporation	Electronic devices
5	Lasertec Corporation	Electronic devices	Bosch Corporation	Transportation equipment
6	Terumo Corporation	Precision equipment	Tokyo Electron Miyagi Ltd.	Electronic devices
7	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals	Hitachi Astemo, Ltd. (now Astemo, Ltd.)	Transportation equipment
8	Tokyo Electron Miyagi Ltd.	Electronic devices	Terumo Corporation	Precision equipment
9	Hitachi Astemo, Ltd. (now Astemo, Ltd.)	Transportation equipment	JEOL Ltd.	Electronic devices
10	SMC Corporation	Mechanical equipment	Sumitomo Electric Industries, Ltd.	Steel, nonferrous materials and metals

■ Net Sales Per 10 Companies

	FY2024		FY2025		Change from the previous year (%)	Percentage variance (pt)
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)		
Top 10	4,586	45.6	5,357	48.3	16.8	2.7
Top 11 to 20	1,483	14.8	1,507	13.6	1.6	(1.2)
Top 21 to 30	976	9.7	959	8.7	(1.7)	(1.0)
Other than the above	3,012	29.9	3,260	29.4	8.2	(0.5)
Total	10,059	100.0	11,085	100.0	10.2	—

*Excludes sales from "Other" businesses.

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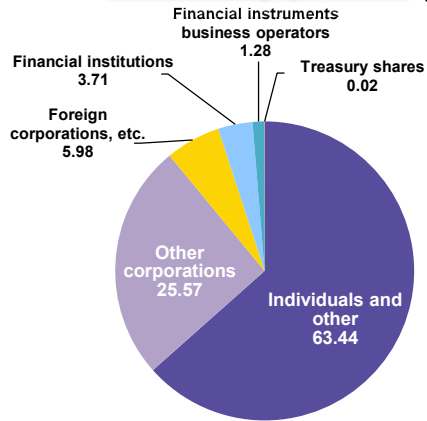
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- First, our top ten corporate clients by net sales in FY2025.
- The top ten companies are mainly manufacturers in automobile-related industries and manufacturers of semiconductor manufacturing equipment.

Data by Owner Category (as of July 31, 2025)

Share Distribution by Owner Category

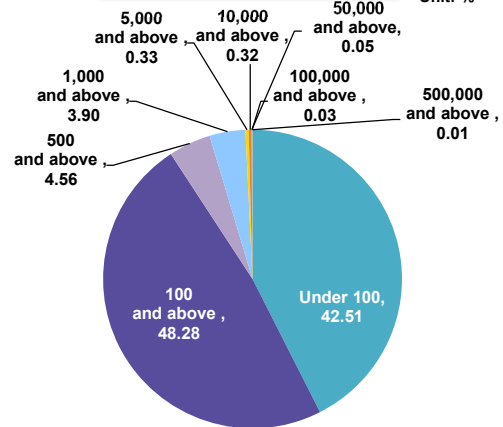
Unit: %



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

Shareholder Distribution by Number of Shares Held

Unit: %

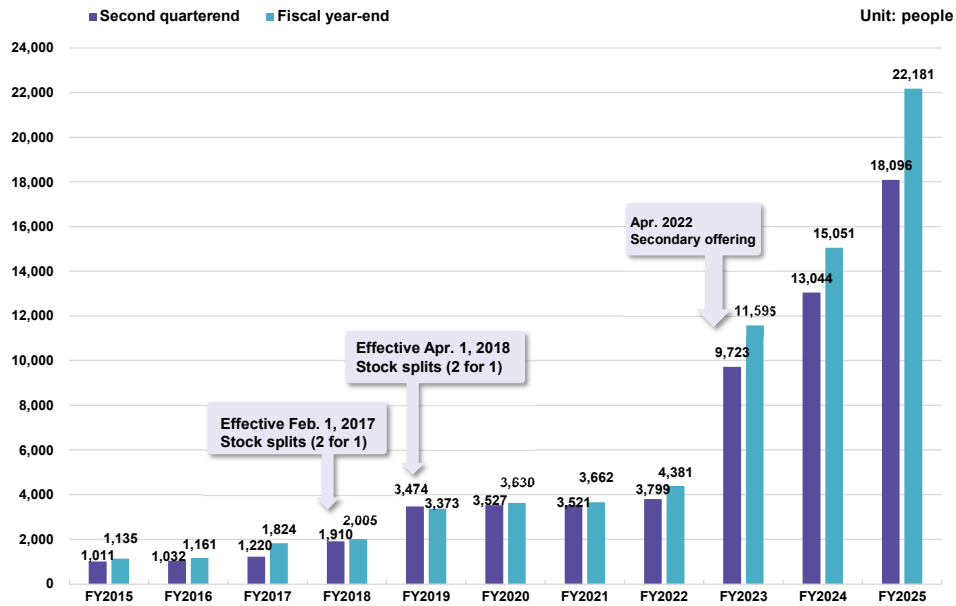


■ Under 100
 ■ 100 and above
 ■ 500 and above
 ■ 1,000 and above
 ■ 5,000 and above
 ■ 10,000 and above
 ■ 50,000 and above
 ■ 100,000 and above
 ■ 500,000 and above

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Term-end Shareholder Numbers


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- The trend in term-end shareholder numbers.
- In FY2025, there were 22,181 shareholders.

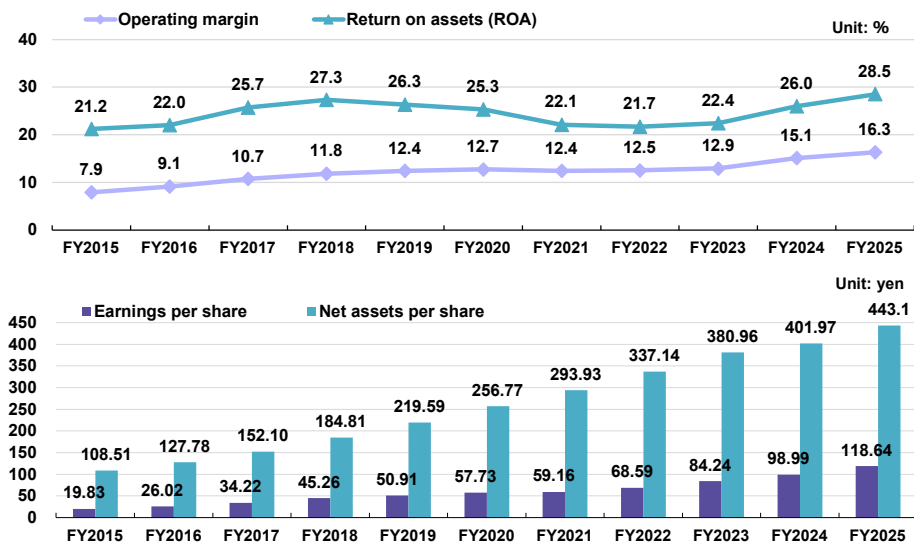
Stock Price Changes (January 4, 2022 – March 12, 2025)



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Operating Margin / ROA / Earnings Per Share and Net Assets Per Share

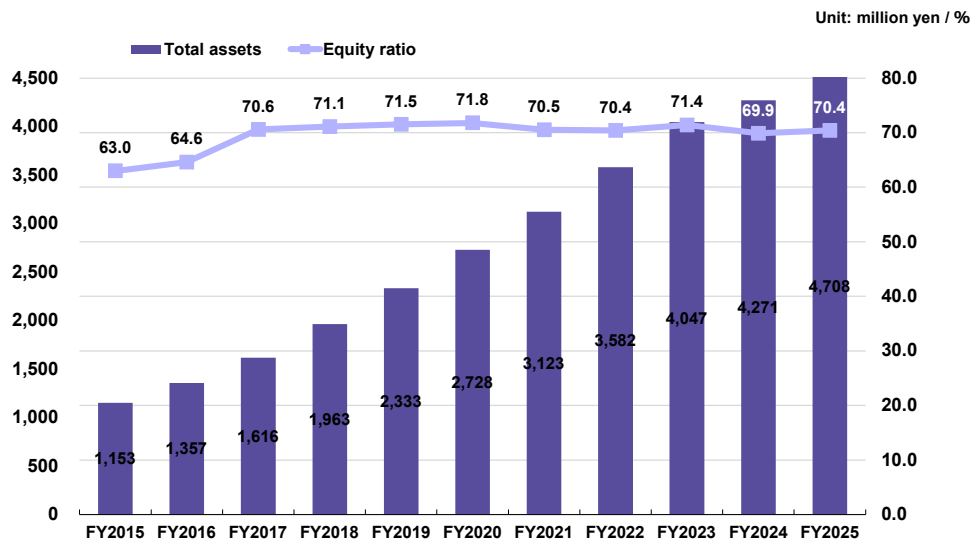


*Earnings per share and net assets per share were retroactively revised to factor in the impact of stock splits conducted as follows.
April 1, 2018 (2-for-1 stock split)

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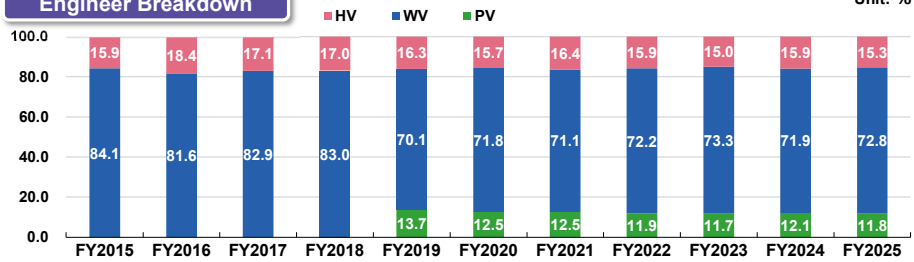
Net Assets / Equity Ratio


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

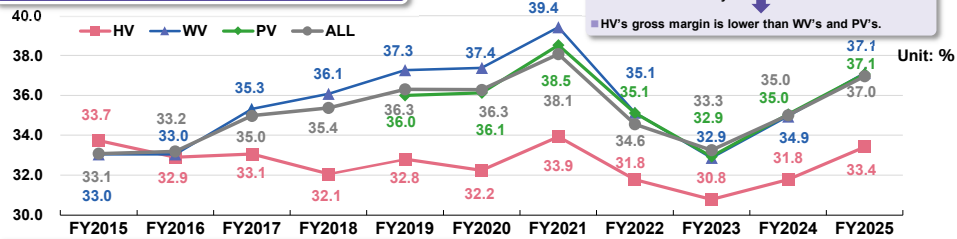
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Engineer Breakdown by Group / Gross Margin

Engineer Breakdown



Gross Margin (engineer dispatching)



Average Unit Price of Engineers (by group)

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

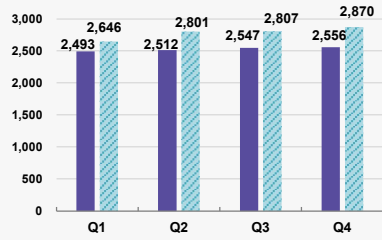
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Quarterly (accounting period) Financial Results

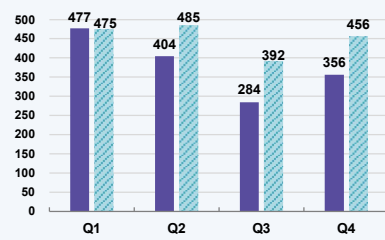
Net sales

■ FY2024 ■ FY2025 Unit: million yen



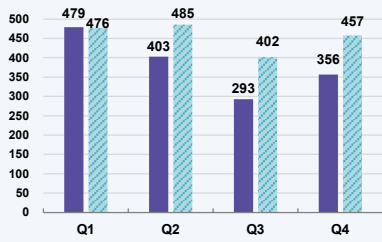
Operating profit

■ FY2024 ■ FY2025 Unit: million yen



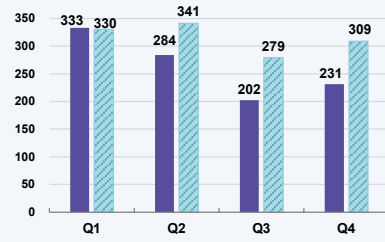
Ordinary profit

■ FY2024 ■ FY2025 Unit: million yen



Profit

■ FY2024 ■ FY2025 Unit: million yen


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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	23.8	2,801	100.0	11.5	25.2	2,807	100.0	10.2	25.2	2,870	100.0	12.3	25.8	11,125	100.0	10.0
Cost of sales	1,601	60.5	4.8	22.8	1,716	61.3	8.2	24.5	1,857	66.2	5.8	26.5	1,837	64.0	8.1	26.2	7,013	63.0	6.7
Gross profit	1,044	39.5	8.2	25.4	1,084	38.7	17.2	26.4	950	33.8	20.0	23.1	1,033	36.0	20.6	25.1	4,112	37.0	16.2
SG&A expenses	568	21.5	16.8	24.7	599	21.4	14.9	26.0	557	19.9	10.0	24.2	576	20.1	15.3	25.0	2,302	20.7	14.2
Operating profit	475	18.0	(0.6)	26.3	485	17.3	20.1	26.8	392	14.0	38.0	21.7	456	15.9	28.2	25.2	1,810	16.3	18.9
Ordinary profit	476	18.0	(0.6)	26.1	485	17.3	20.4	26.7	402	14.3	37.2	22.1	457	15.9	28.3	25.1	1,821	16.4	18.9
Profit	330	12.5	(0.7)	26.2	341	12.2	19.9	27.1	279	10.0	37.9	22.2	309	10.8	33.7	24.5	1,260	11.3	19.8

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

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

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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 (%)
FY2019	716	130	26	8.9	785	69	9.6
FY2020	785	156	32	7.3	901	116	14.8
FY2021	901	177	29	11.7	971	70	7.8
FY2022	971	204	35	11.3	1,073	102	10.5
FY2023	1,073	169	50	9.6	1,157	84	7.8
FY2024	1,157	133	58	10.9	1,192	35	3.0
FY2025	1,192	171	67	11.7	1,251	59	4.9
FY2026 (proj.)	1,251	153	100	Decreased YoY			

*Calculated based on operative regular employees:

$(\text{Previous FY term-end engineer count} + \text{new graduate hire count} + \text{career engineer count}) \times (1 - \text{turnover rate}) \neq \text{term-end engineer count}$

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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, hybrid vehicles (HVs), fuel cell vehicles (FCVs), automated driving, semiconductors, etc.



Aim for further development and market penetration

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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

target	FY2024 (result)
55.0%	47.9%

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

target	FY2024 (result)
50.0%	51.3%

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Efforts to Reach 2,100 Engineers

Recruitment of New Graduates

Target for April 2026 hires: 180 engineers
 (up 17.6% from 153 engineers in the preceding year (forecast))

FY2026 Forecast



Investment
expenses

Up 14.6%



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 (incl. non-recent and recent graduates)

Target for FY2026 hires: 100 engineers
 (up 49.3% from 67 engineers in the preceding year)

FY2026 Forecast



Investment
expenses

Up 14.9%



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

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Efforts to Reach 2,100 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.

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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.

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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.

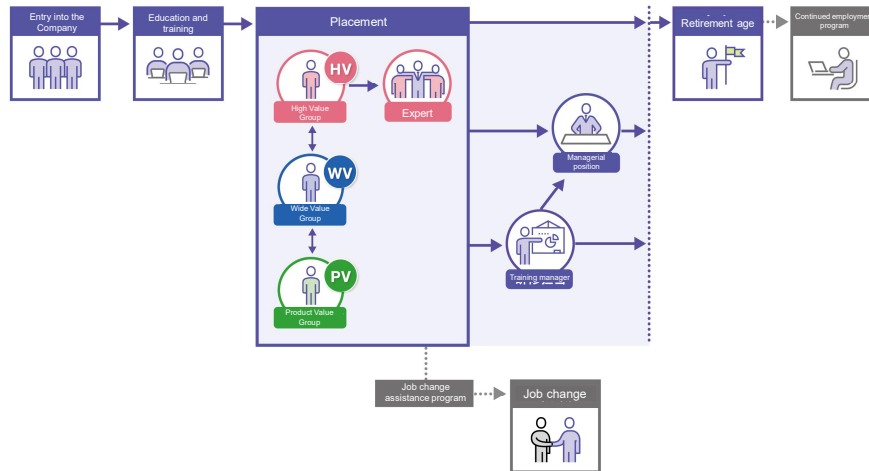
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Career Paths of Engineers

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



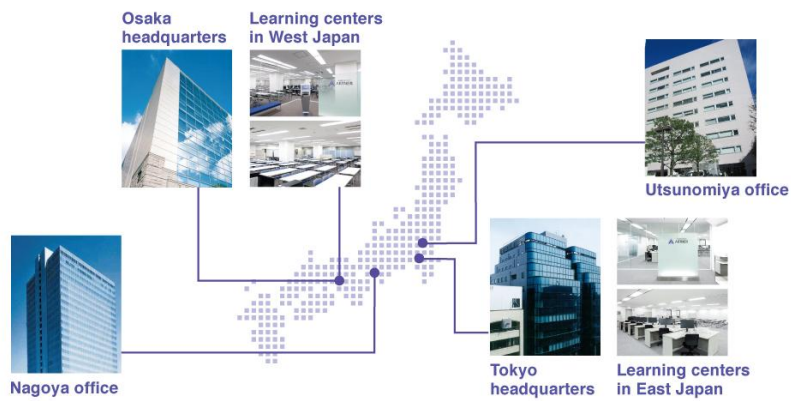
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Locations

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



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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.



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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.



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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

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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

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



■ “Carbon Neutrality”



- Personnel for technical development of eco cars

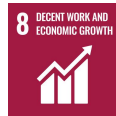


- Endorsed Task Force on Climate-related Financial Disclosures (TCFD) recommendations

■ 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

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- This concludes my explanation.
- Thank you very much for your attention.