

Engineer Support Company

Make Value



Medium-Term Business Plan (FY2026 to FY2030)

**Action to Implement Management that is
Conscious of Cost of Capital and Stock Price**

March 14, 2025



— Create the Future —

ARTNER



Artner Co., Ltd.

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

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Medium-Term Business Plan (FY2026 to FY2030)

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**Action to Implement Management that is
Conscious of Cost of Capital and Stock Price**

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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)	—

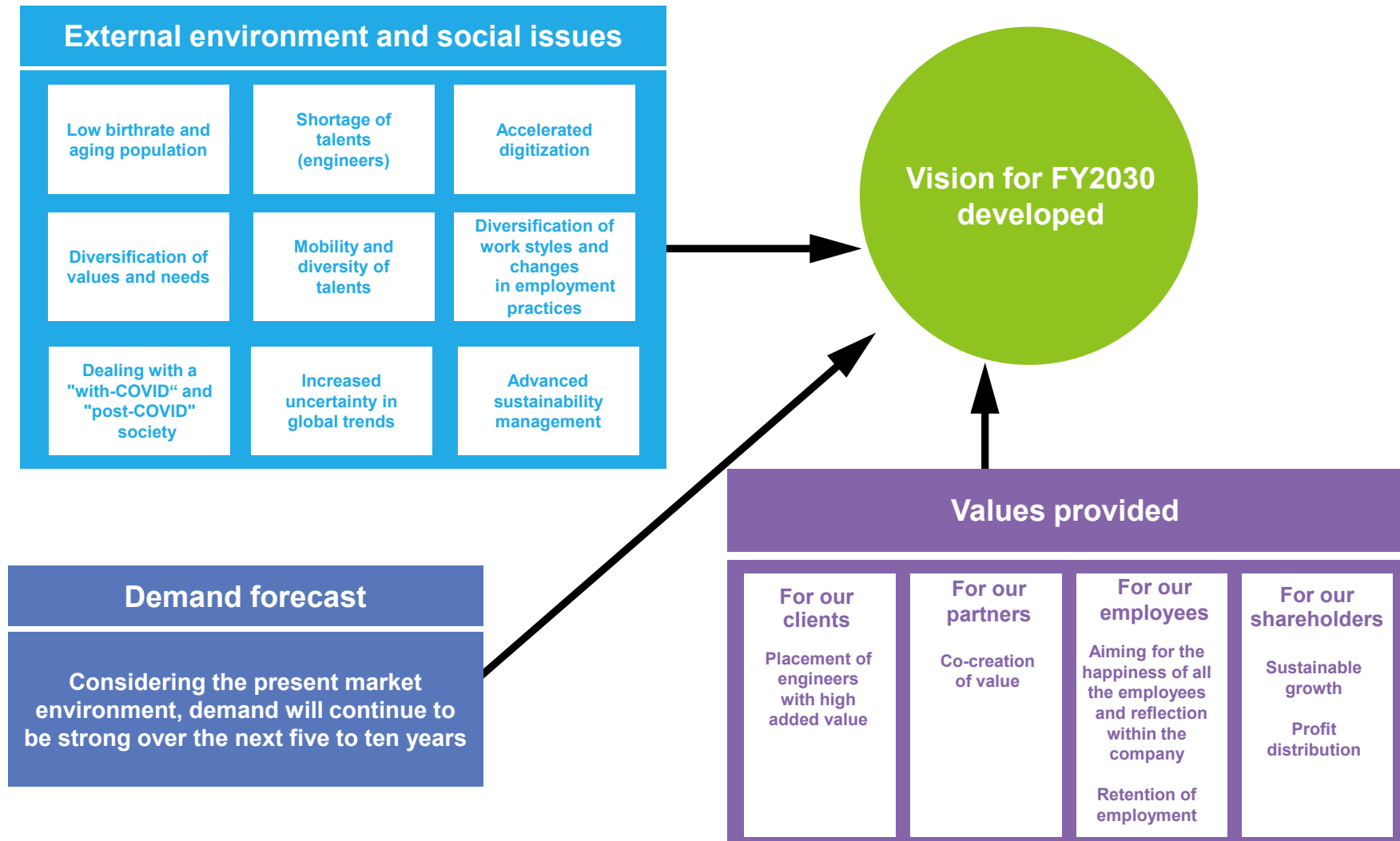
MTBP achieved

- 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.

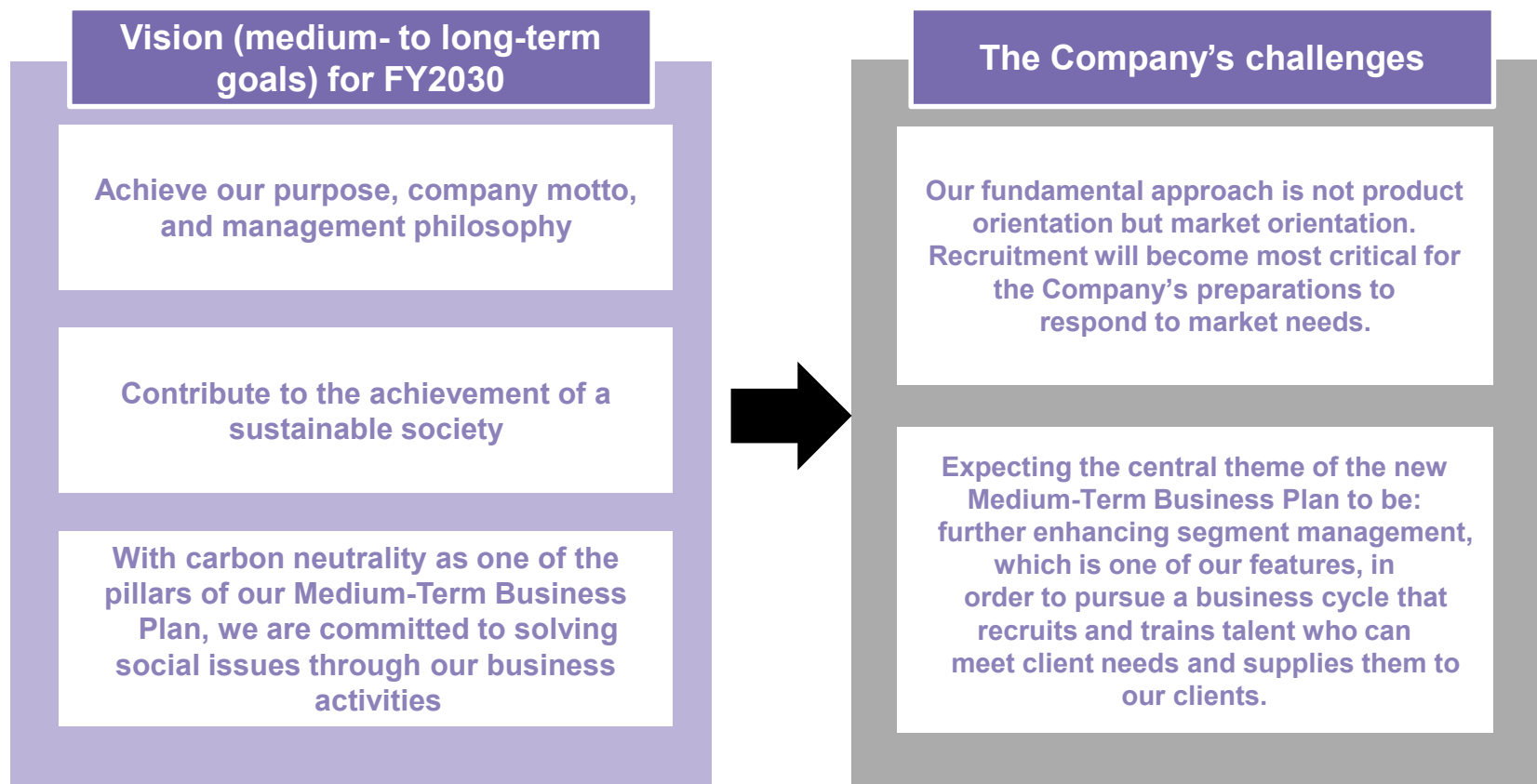
MTBP not achieved

- 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.

External environment and social issues, Demand forecast, Values provided



Challenges for achieving the vision (medium- to long-term goals) for 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 Artner employees at a compound
annual growth rate (CAGR) of approx. **10%**

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

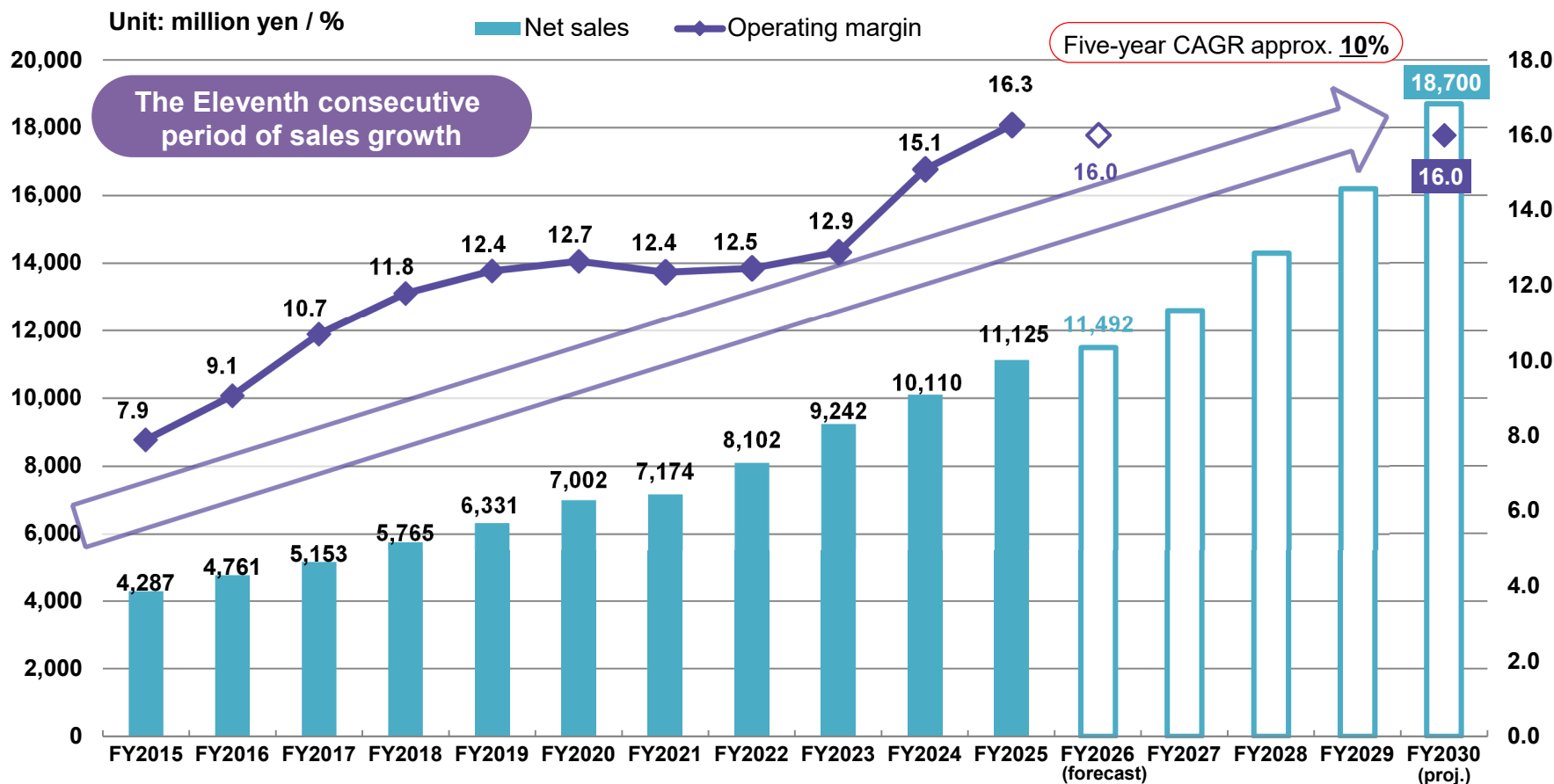
Numerical Business Targets <FY2030> earnings and sales targets

Net sales

18.7 billion yen

Operating margin

16.0 %



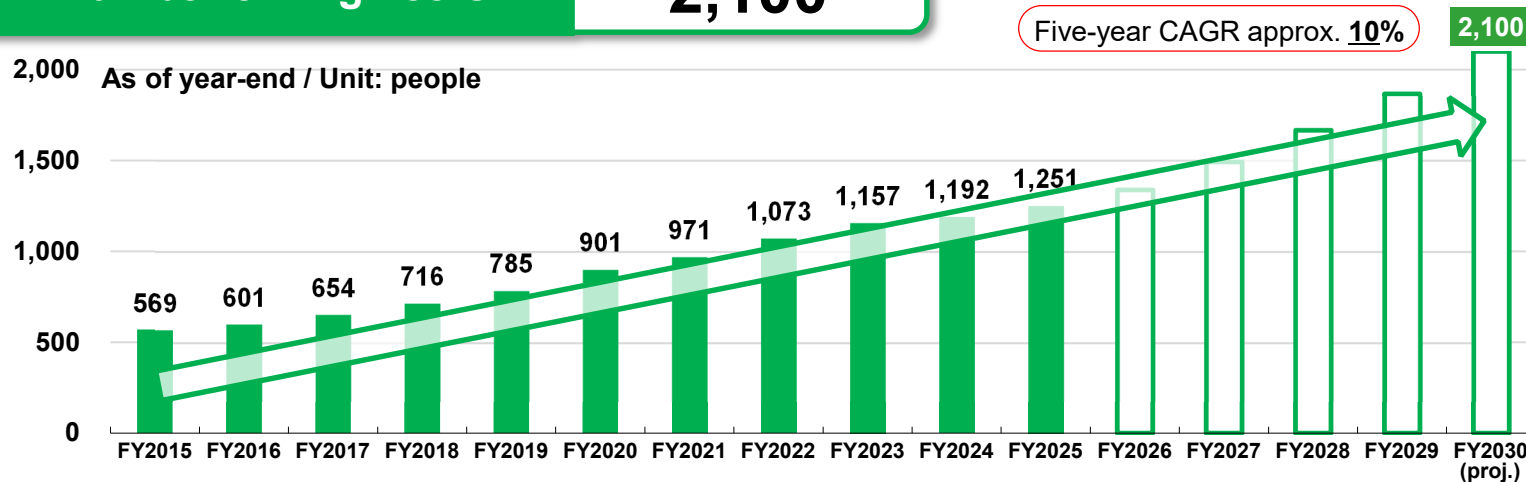
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Numerical Business Targets <FY2030>

Number of Engineers / Earnings Per Share (EPS)

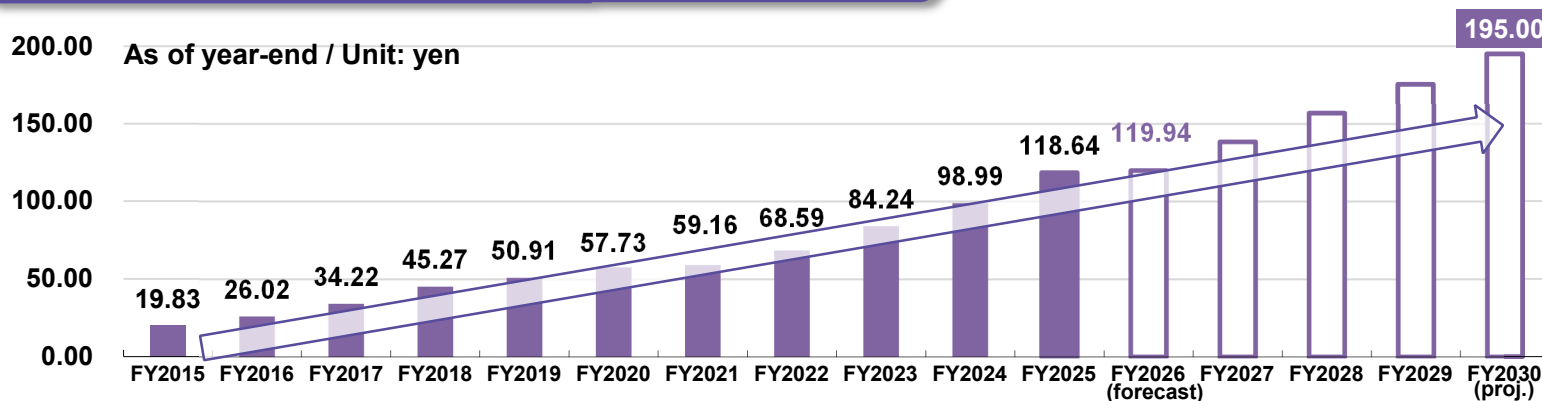
Number of Engineers

2,100



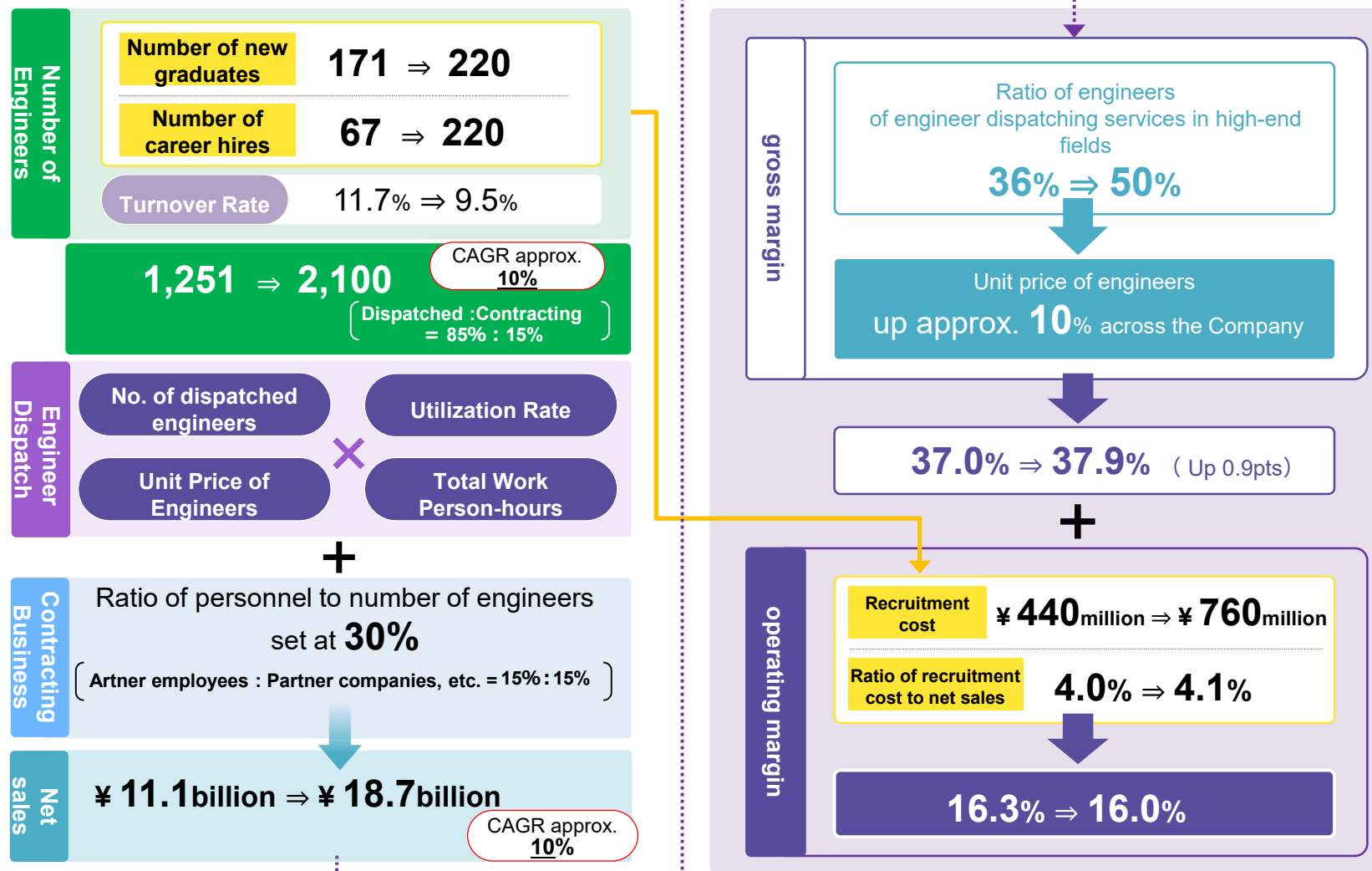
Earnings Per Share (EPS)

195 yen



Medium-Term Business Plan Correlation diagram of earnings and sales targets and key indicators

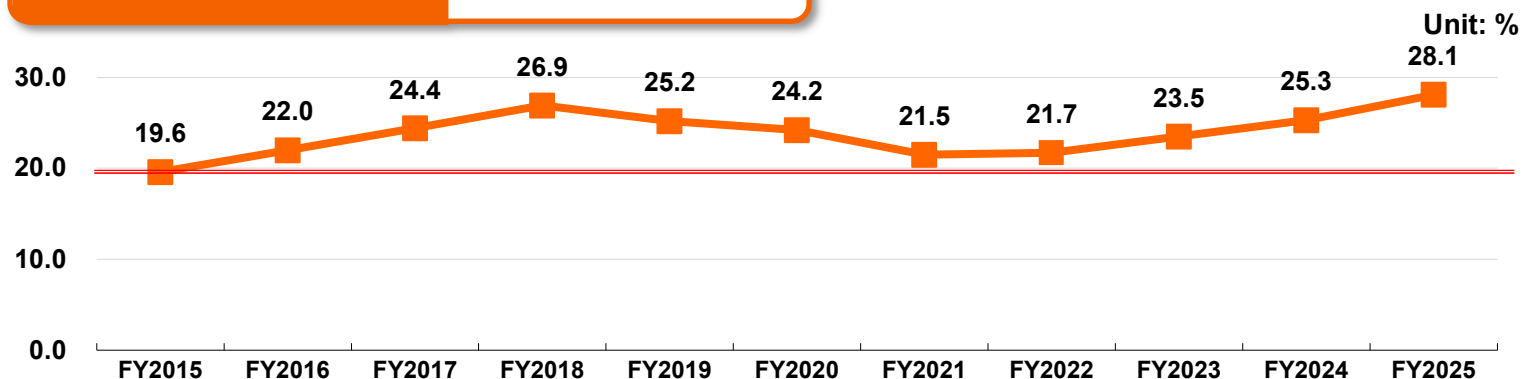
* □ ⇒ □... (FY2025) ⇒ (FY2030) figures



Numerical Business Targets <FY2030> ROE / Payout ratio

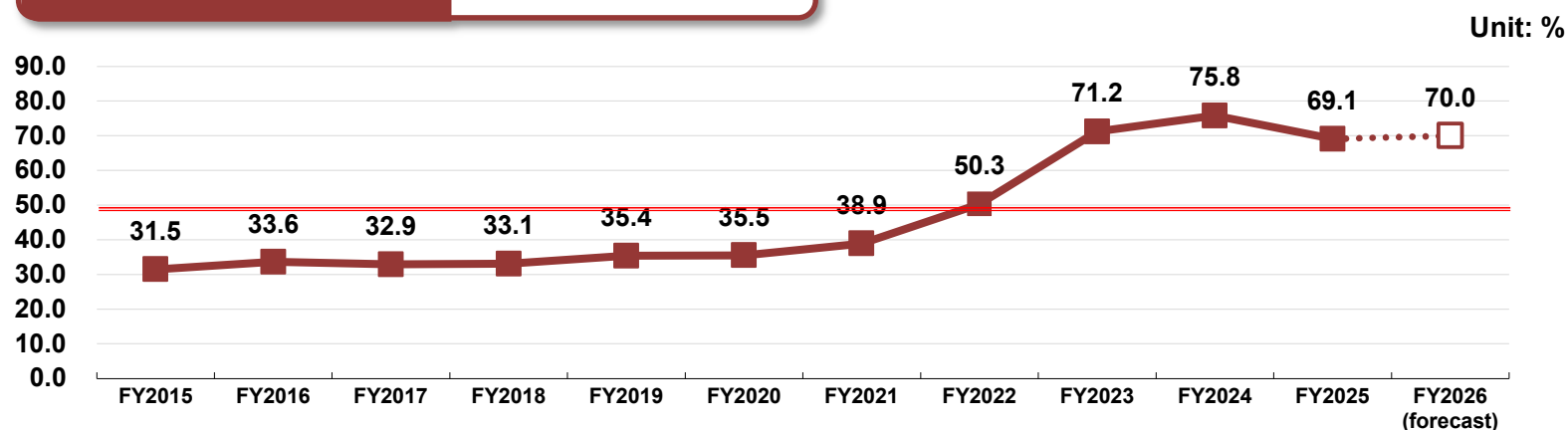
ROE

20% or more



Payout ratio

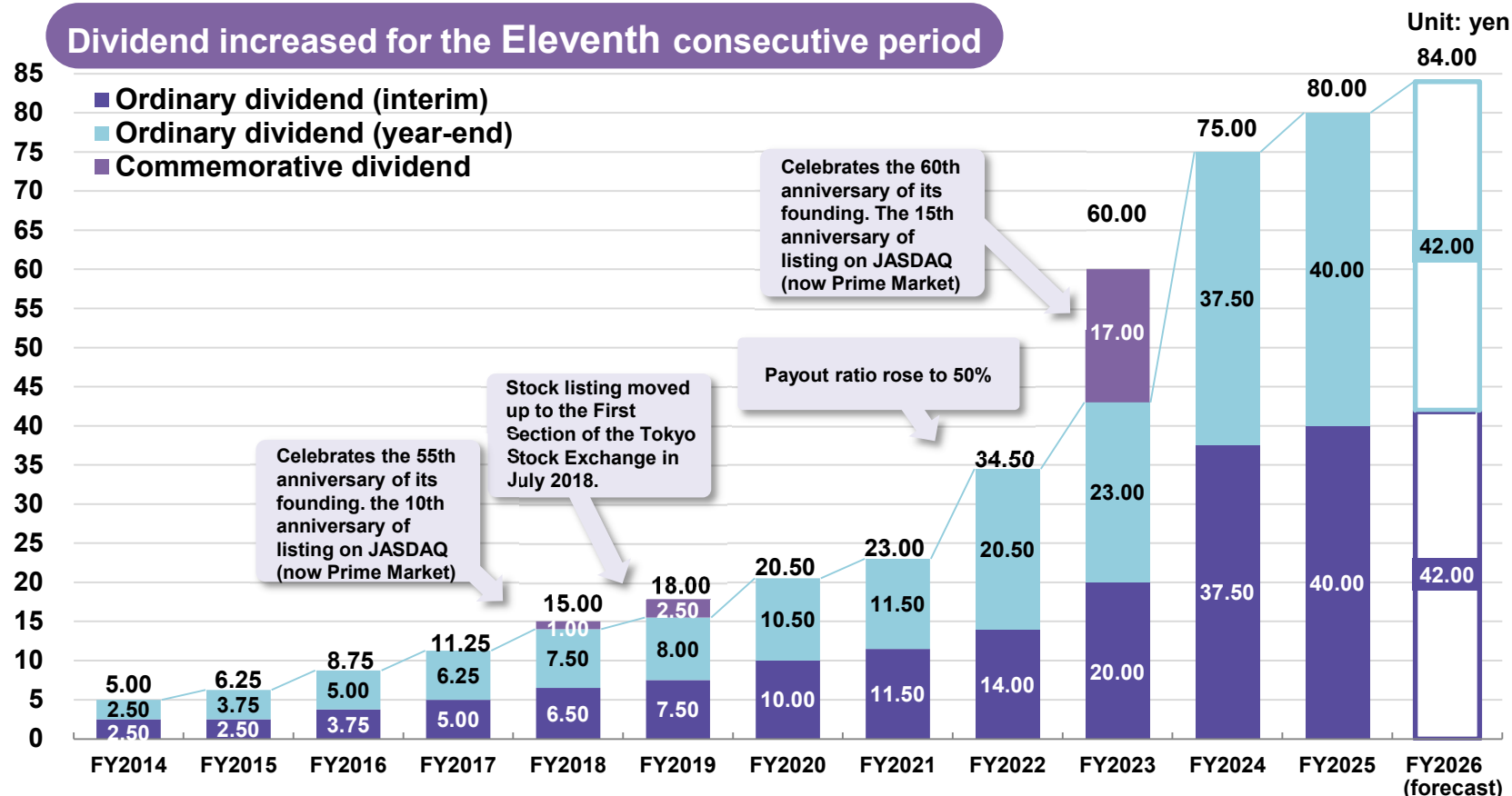
50% or more



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



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)

Numerical Targets for Sustainability (e.g., Human Capital Management, Health Management)

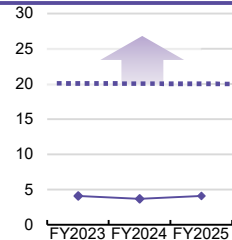
Basic policy on human capital management

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.



Share of female employees (engineers) **10% or more**

- Increase awareness of female engineers' work, childcare leave, etc. through online videos.

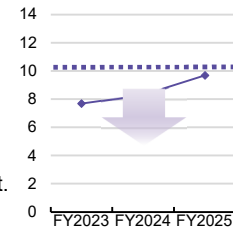


Turnover rate (engineers)

*Excluding retirement and turnover via the Company's assistance program to change jobs

Under 10%

- Provide a favorable work/education environment.
- Offer career paths and skill improvement plans.



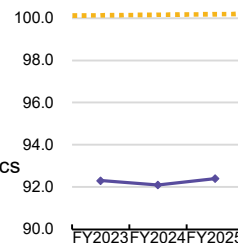
Declaration for health and productivity management

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.



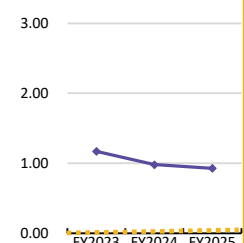
Presenteeism (Productivity at work decreases due to health issues)

- Online seminars on mental health and other topics by public health nurses. Improve the office environment. Promote workplace communication.



Absenteeism (Absent from work due to health issues)

- Send follow-up screening notices after periodic health checkups. Training for improving self-care and literacy in physical and mental well-being. Mental health training for managers.



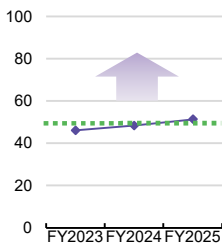
responding to carbon neutrality

With carbon neutrality as one of the pillars of our Medium-Term Business Plan, we are committed to solving social issues through our business activities.



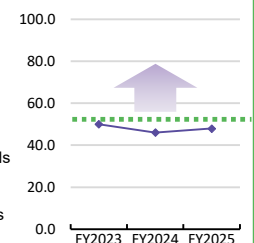
Share of engineers placed in carbon neutrality projects among all engineer **50% or more**

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



Share of carbon neutrality recruitment targets for new graduates and career hires **55% or more**

- 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



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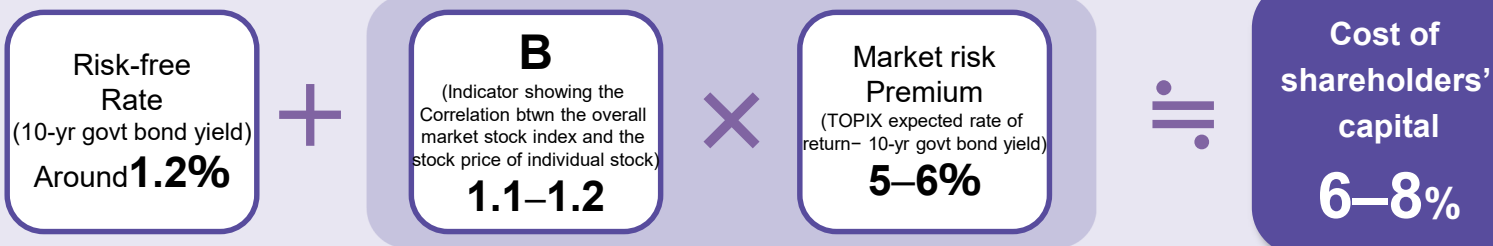
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Assumptions for Cost of Capital

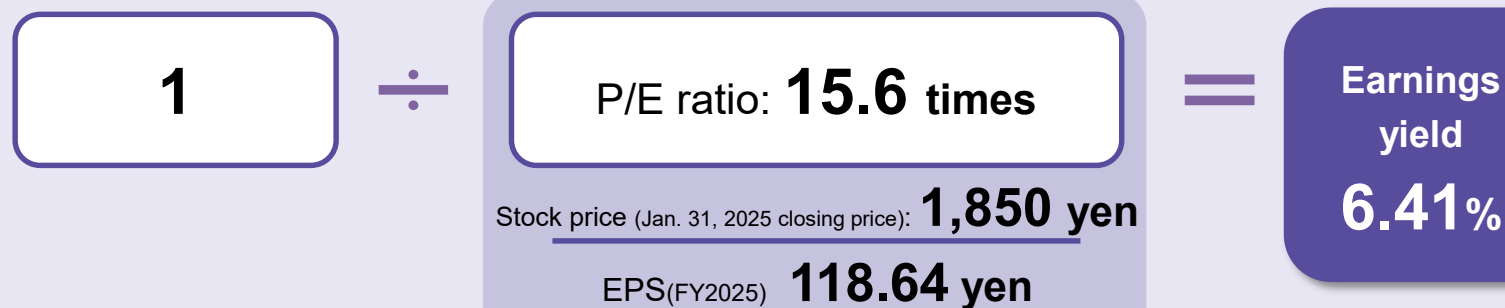
The Company's cost of capital is recognized to be around 6% to 8%.

Capital Asset Pricing Model (CAPM)



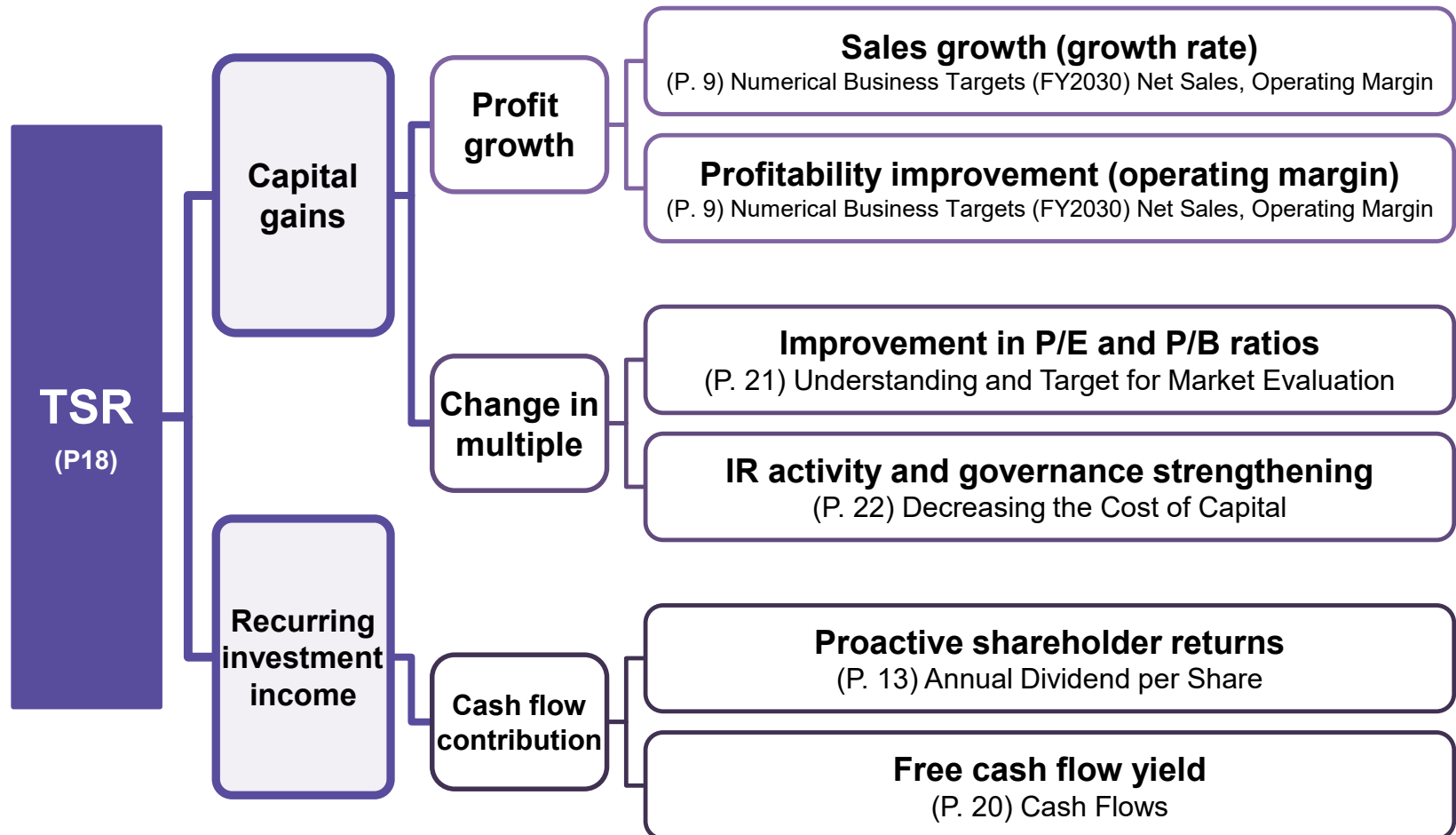
*Since the Company has no interest-bearing debt, the cost of capital (= WACC) is equivalent to the cost of shareholders' capital.

Earnings yield (inverse of P/E ratio)



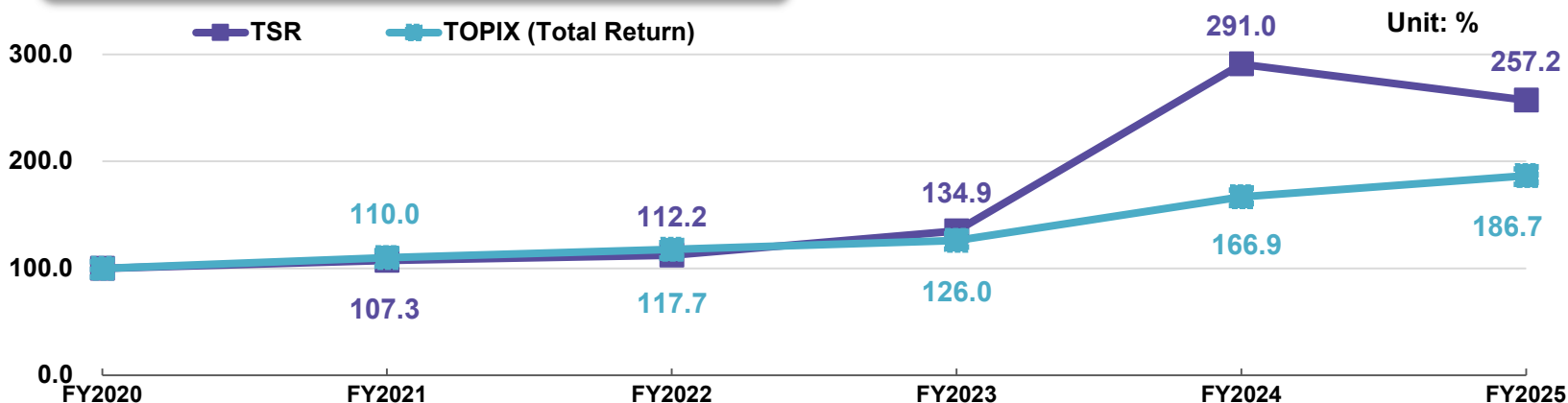
Total Shareholder Return (TSR) Logic Tree

Aiming to increase TSR to sustainably improve enterprise value

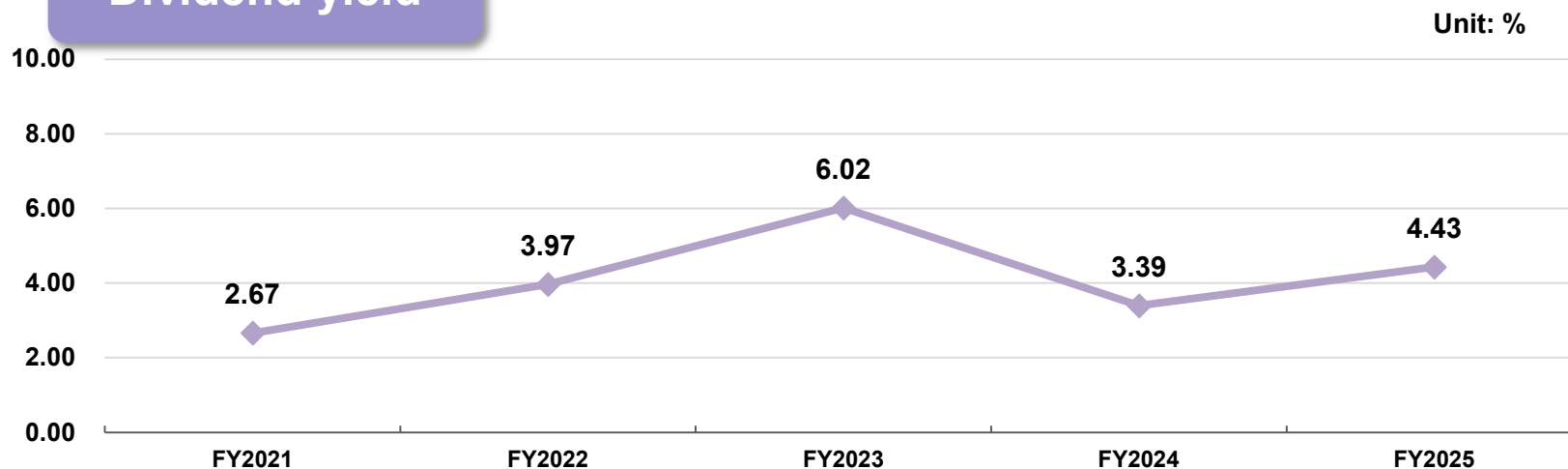


TSR(Total Shareholder Return) / Dividend yield

TSR(Total Shareholder Return)



Dividend yield



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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



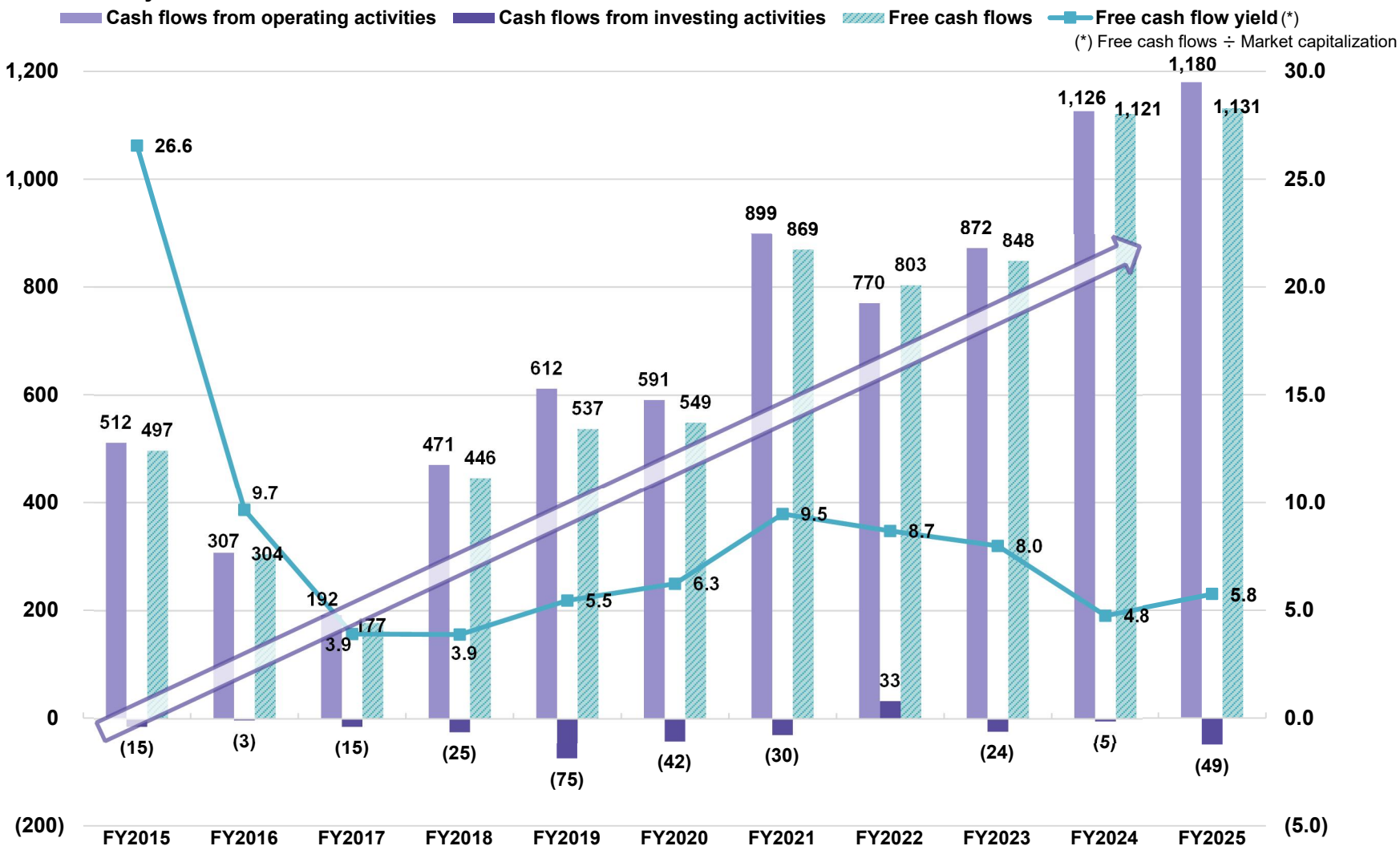
Cash Outflow



- 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.

Cash flows

Unit: million yen / %



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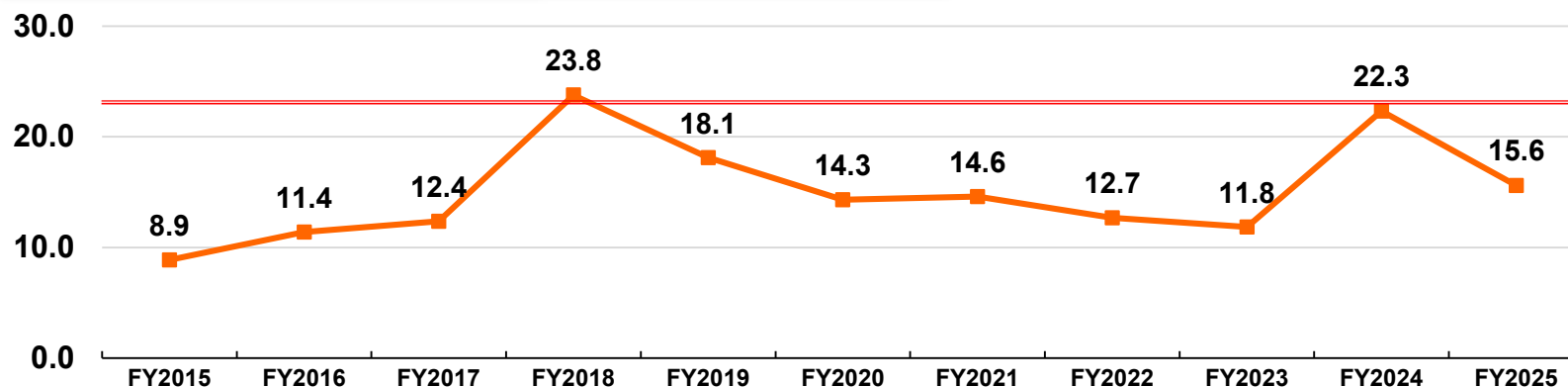
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Understanding and Target for Market Evaluation

P/E ratio

18.5 times or more

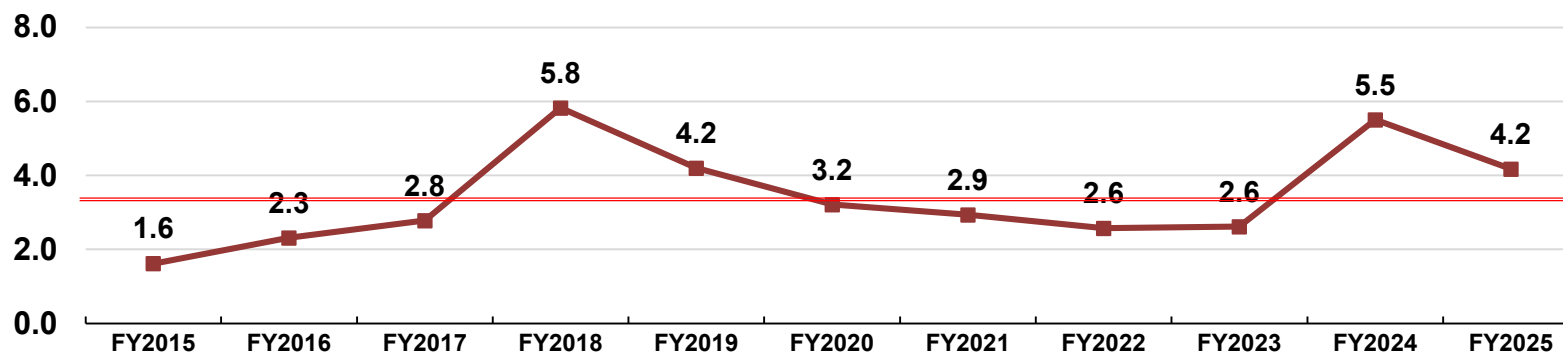
Unit: %



P/B ratio

3 times or more

Unit: %



“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 p.23
“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.

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.

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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