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June 10, 2024

## Summary of Non-consolidated Financial Results for the Three Months Ended April 30, 2024 (Under Japanese GAAP)

Company name: Artner Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 2163  
URL: <https://www.artner.co.jp/>  
Representative: SEKIGUCHI Sozo, President and CEO  
Inquiries: HARIGAE Tomonori, Director; Head of the Management Division  
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Scheduled date to file quarterly securities report: June 12, 2024  
Scheduled date to commence dividend payments: —  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results briefing: Yes (for individual investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Non-consolidated financial results for the three months ended April 30, 2024 (from February 1, 2024 to April 30, 2024)

#### (1) Non-consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
April 30, 2024	2,646	6.1	475	(0.6)	476	(0.6)	330	(0.7)
April 30, 2023	2,493	11.7	477	26.4	479	26.4	333	26.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
April 30, 2024	31.13		—	
April 30, 2023	31.36		—	

#### (2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of						
April 30, 2024	6,203		4,203		67.8	
January 31, 2024	6,114		4,271		69.9	

Reference: Equity As of April 30, 2024: ¥ 4,203 million  
As of January 31, 2024: ¥ 4,271 million

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen				
Fiscal year ended January 31, 2024	—	37.50	—	37.50	75.00
Fiscal year ending January 31, 2025	—				
Fiscal year ending January 31, 2025 (Forecast)		40.00	—	40.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: None

### 3. Forecast of non-consolidated financial results for the year ending January 31, 2025 (from February 1, 2024 to January 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	10,656	5.4	1,696	11.4	1,700	10.9	1,178	12.1	110.92

Note: Revisions to the forecast of non-consolidated financial results most recently announced: None

Note: Only the full-year forecast is shown because Artner manages performance on a fiscal year basis.

**\* Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2024	10,627,920 shares
As of January 31, 2024	10,627,920 shares

(ii) Number of treasury shares at the end of the period

As of April 30, 2024	2,479 shares
As of January 31, 2024	2,469 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended April 30, 2024	10,625,447 shares
Three months ended April 30, 2023	10,625,524 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

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## 1. Qualitative Information about the Quarterly Financial Results

### (1) Explanation of business performance

During the first three months of the current fiscal year, Japan saw its economy gradually recover. Manufacturers, our main clients, announced their intention to continue increasing their R&D budgets. Businesses in all industry fields were highly motivated to continue their development work. Our clients' demand for engineers exceeded the number we could provide. In these circumstances, considering the balance of our clients' industry fields, we strategically rotated engineers with the aim of increasing the unit price of engineers and improving the level of their work. As a result of the efforts, the ratio of manufacturers in industries related to automobiles increased.

We turned out to have more employees in operative personnel than the same period of the previous year because the number of engineers we have in our engineer dispatching business increased. In addition, the increase is attributable to the fact that the utilization rate remained high as demand for engineers rose. Moreover, the trend of engineer shortage and the strategic rotation of engineers have continuously pushed up the unit price of engineers from the previous period, surpassing the price in the same period of the previous year. The total work person-hours slightly decreased year on year.

The contracting business actively engaged in sales activities. Consequently, we had a larger number of engineers assigned to contracted projects, and they comprised 10.6% of net sales.

Profits steadily grew, exceeding the planned amounts and margins. The higher unit price of engineers has increased gross profit by 8.2% year on year, and operating margin was as high as 18.0%. Nevertheless, operating profit decreased 0.6% year on year because of the costs of expansion of the learning center in East Japan (a training facility), coupled with greater SG&A expenses that accompanied additional recruitment-related investment expenses.

As a result of all this, net sales for the first three months of the current fiscal year totaled JPY 2,646,075 thousand (up 6.1% year on year), operating profit JPY 475,260 thousand (down 0.6% year on year), ordinary profit JPY 476,154 thousand (down 0.6% year on year), and profit JPY 330,756 thousand (down 0.7% year on year).

### (2) Explanation of financial status

#### (i) Assets, liabilities, and net assets

The total assets at the end of the first quarter of the current fiscal year increased JPY 88,927 thousand compared to the end of the previous fiscal year to JPY 6,203,014 thousand. This is mostly because we recorded an increase of JPY 126,884 thousand in accounts receivable - trade, an increase of JPY 70,452 thousand in deferred tax assets, and an increase of JPY 39,403 thousand in property, plant and equipment, whereas we also recorded a decrease of JPY 167,721 thousand in cash and deposits.

Liabilities at the end of the first quarter increased JPY 156,713 thousand compared to the end of the previous fiscal year to JPY 1,999,646 thousand. This is mostly because we recorded an increase of JPY 217,221 thousand in provision for bonuses, whereas we also recorded a decrease of JPY 115,009 thousand in income taxes payable.

Net assets at the end of the first quarter decreased JPY 67,786 thousand compared to the end of the previous fiscal year to JPY 4,203,367 thousand. This is mostly because we recorded a decrease of JPY 67,697 thousand in retained earnings.

#### (ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first quarter of the current fiscal year decreased JPY 167,721 thousand compared to the end of the previous fiscal year to JPY 4,109,889 thousand.

Cash flows for the first three months of the current fiscal year and factors therein are as stated below.

#### (Net cash provided by (used in) operating activities)

The cash gained as a result of operating activities totaled JPY 266,617 thousand (down JPY 181,719 thousand year on year). This is mostly because we recorded JPY 476,154 thousand in profit before income taxes and an increase of JPY 217,221 thousand in provision for bonuses, whereas we also recorded JPY 322,742 thousand in income taxes paid and an increase of JPY 126,884 thousand in trade receivables.

(Net cash provided by (used in) investing activities)

The cash used as a result of investing activities totaled JPY 61,529 thousand (up JPY 54,393 thousand year on year). This is mostly because we recorded JPY 35,972 thousand in purchase of property, plant and equipment.

(Net cash provided by (used in) financing activities)

The cash used as a result of financing activities totaled JPY 372,809 thousand (down JPY 19,177 thousand year on year). This is mostly because we recorded JPY 372,784 thousand in dividends paid.

(3) Explanation of earnings forecasts and other forward-looking statements

The full-year forecasts of the financial results published on March 14, 2024 remain unchanged.

## 2. Quarterly Financial Statements and Main Notes

### (1) Quarterly non-consolidated balance sheet

(Thousands of yen)

	As of January 31, 2024	As of April 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,277,610	4,109,889
Accounts receivable - trade	1,240,516	1,367,401
Work in process	5,357	4,214
Raw materials and supplies	3,455	3,457
Other	80,714	88,441
Allowance for doubtful accounts	(7,400)	(8,200)
<b>Total current assets</b>	<b>5,600,255</b>	<b>5,565,205</b>
Non-current assets		
Property, plant and equipment	69,803	109,207
Intangible assets	24,979	27,768
Investments and other assets		
Leasehold and guarantee deposits	94,786	106,350
Other	324,262	394,482
<b>Total investments and other assets</b>	<b>419,048</b>	<b>500,833</b>
<b>Total non-current assets</b>	<b>513,831</b>	<b>637,809</b>
<b>Total assets</b>	<b>6,114,087</b>	<b>6,203,014</b>
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	343,469	228,460
Provision for bonuses	188,499	405,720
Other	619,303	670,367
<b>Total current liabilities</b>	<b>1,151,271</b>	<b>1,304,547</b>
Non-current liabilities		
Provision for retirement benefits	691,661	695,098
<b>Total non-current liabilities</b>	<b>691,661</b>	<b>695,098</b>
<b>Total liabilities</b>	<b>1,842,933</b>	<b>1,999,646</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	238,284	238,284
Capital surplus	168,323	168,323
Retained earnings	3,864,599	3,796,902
Treasury shares	(869)	(894)
<b>Total shareholders' equity</b>	<b>4,270,337</b>	<b>4,202,615</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	815	752
<b>Total valuation and translation adjustments</b>	<b>815</b>	<b>752</b>
<b>Total net assets</b>	<b>4,271,153</b>	<b>4,203,367</b>
<b>Total liabilities and net assets</b>	<b>6,114,087</b>	<b>6,203,014</b>

## (2) Quarterly non-consolidated profit and loss statement

(Thousands of yen)

	Three months ended April 30, 2023	Three months ended April 30, 2024
Net sales	2,493,648	2,646,075
Cost of sales	1,528,482	1,601,951
Gross profit	965,166	1,044,124
Selling, general and administrative expenses	487,233	568,864
Operating profit	477,933	475,260
Non-operating income		
Interest income	0	0
Dividend income	58	7
Commission income	140	146
Sales income of training materials	384	515
Gain on forfeiture of unclaimed dividends	473	483
Other	110	132
Total non-operating income	1,167	1,285
Non-operating expenses		
Cancellation penalty	—	389
Other	—	1
Total non-operating expenses	—	390
Ordinary profit	479,100	476,154
Profit before income taxes	479,100	476,154
Income taxes - current	217,254	215,823
Income taxes - deferred	(71,340)	(70,424)
Total income taxes	145,914	145,398
Profit	333,186	330,756

## (3) Quarterly non-consolidated cash flow statement

(Thousands of yen)

	Three months ended April 30, 2023	Three months ended April 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	479,100	476,154
Depreciation	5,910	5,383
Increase (decrease) in allowance for doubtful accounts	1,000	800
Increase (decrease) in provision for bonuses	202,763	217,221
Increase (decrease) in provision for retirement benefits	10,723	3,436
Interest and dividend income	(58)	(8)
Decrease (increase) in accounts receivable - other	(482)	(624)
Decrease (increase) in trade receivables	(159,452)	(126,884)
Decrease (increase) in inventories	(1,138)	1,141
Increase (decrease) in accrued consumption taxes	1,946	18,682
Increase (decrease) in accounts payable - other	(58,716)	(92,630)
Other, net	130,316	86,680
Subtotal	611,912	589,351
Interest and dividends received	58	8
Income taxes paid	(163,634)	(322,742)
Net cash provided by (used in) operating activities	448,336	266,617
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,050)	(35,972)
Purchase of intangible assets	(5,143)	(5,697)
Payments of leasehold and guarantee deposits	—	(11,827)
Proceeds from refund of leasehold and guarantee deposits	64	263
Other, net	(6)	(8,294)
Net cash provided by (used in) investing activities	(7,135)	(61,529)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(75)	(24)
Dividends paid	(391,910)	(372,784)
Net cash provided by (used in) financing activities	(391,986)	(372,809)
Net increase (decrease) in cash and cash equivalents	49,214	(167,721)
Cash and cash equivalents at beginning of period	3,975,881	4,277,610
Cash and cash equivalents at end of period	4,025,095	4,109,889



(4)Notes on the quarterly financial statements  
(Notes on the Going Concern Assumption)  
Not applicable

(Notes on Substantial Changes in the Amount of Shareholders' Equity)  
Not applicable