

September 9, 2024

## Summary of Non-consolidated Financial Results for the Six Months Ended July 31, 2024 (Under Japanese GAAP)

Company name: Artner Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2163  
 URL: <https://www.artner.co.jp/>  
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 Scheduled date to file semi-annual securities report: September 11, 2024  
 Scheduled date to commence dividend payments: October 7, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts; for individual investors)

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

### 1. Non-consolidated financial results for the six months ended July 31, 2024 (from February 1, 2024 to July 31, 2024)

#### (1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2024	5,447	8.8	960	8.9	962	9.0	671	8.8
July 31, 2023	5,006	10.7	882	27.7	882	27.6	617	28.8

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
July 31, 2024	63.23	—
July 31, 2023	58.14	—

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

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
July 31, 2024	6,383	4,544	71.2
January 31, 2024	6,114	4,271	69.9

Reference: Equity As of July 31, 2024: ¥ 4,544 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	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2024	—	37.50	—	37.50	75.00
Fiscal year ending January 31, 2025	—	40.00			
Fiscal year ending January 31, 2025 (Forecast)			—	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

**\* Notes**

(1) Adoption of accounting treatment specific to the preparation of semi-annual 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 July 31, 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 July 31, 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)

Six months ended July 31, 2024	10,625,444 shares
Six months ended July 31, 2023	10,625,495 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* 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. Overview of Business Performance and Others

### (1) Overview of business performance during the six months ended July 31, 2024

During the first six months of the current fiscal year, Japan saw its economy gradually recover.

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

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 facts that the utilization rate remained high as demand for engineers rose, and that newly graduated engineers who joined us in 2024 were assigned to their work ahead of the initial schedule.

Moreover, the trend of engineer shortage pushed up the unit price for newly graduated engineers at their first assignments. The strategic rotation of current engineers between clients to improve their work level also led the unit price of engineers to surpass the price in the same period of the previous year. The total work person-hours slightly increased 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 10.9% of net sales.

In terms of 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, which led profits to exceed those for the same period of the previous year.

As a result of all this, net sales for the first six months of the current fiscal year totaled JPY 5,447,543 thousand (up 8.8% year on year), operating profit JPY 960,768 thousand (up 8.9% year on year), ordinary profit JPY 962,133 thousand (up 9.0% year on year), and profit JPY 671,816 thousand (up 8.8% year on year). Operating margin was 17.6%.

### (2) Overview of financial status during the six months ended July 31, 2024

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

The total assets at the end of the second quarter of the current fiscal year increased JPY 269,507 thousand compared to the end of the previous fiscal year to JPY 6,383,594 thousand. This is mostly because we recorded an increase of JPY 318,462 thousand in accounts receivable - trade, whereas we also recorded a decrease of JPY 92,392 thousand in cash and deposits.

Liabilities at the end of the second quarter decreased JPY 3,830 thousand compared to the end of the previous fiscal year to JPY 1,839,102 thousand. This is mostly because we recorded a decrease of JPY 57,174 thousand in accounts payable - other and a decrease of JPY 34,245 thousand in accrued consumption taxes, whereas we also recorded an increase of JPY 81,213 thousand in deposits received.

Net assets at the end of the second quarter increased JPY 273,338 thousand compared to the end of the previous fiscal year to JPY 4,544,492 thousand. This is mostly because we recorded an increase of JPY 273,361 thousand in retained earnings.

#### (ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the second quarter of the current fiscal year decreased JPY 92,392 thousand compared to the end of the previous fiscal year to JPY 4,185,217 thousand.

Cash flows for the first six 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 350,076 thousand (down JPY 127,553 thousand year on year). This is mostly because we recorded JPY 968,332 thousand in profit before income taxes, whereas we also recorded an increase of JPY 318,462 thousand in trade receivables and JPY 322,749 thousand in income taxes paid.

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

The cash used as a result of investing activities totaled JPY 46,146 thousand (the same period of the previous year saw a gain of JPY 1,166 thousand). This is mostly because we recorded JPY 47,691 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 396,322 thousand (down JPY 26,508 thousand year on year). This is mostly because we recorded JPY 396,297 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. Semi-annual Financial Statements and Main Notes

### (1) Semi-annual non-consolidated balance sheet

(Thousands of yen)

	As of January 31, 2024	As of July 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,277,610	4,185,217
Accounts receivable - trade	1,240,516	1,558,978
Work in process	5,357	4,100
Raw materials and supplies	3,455	3,108
Other	80,714	97,706
Allowance for doubtful accounts	(7,400)	(9,300)
Total current assets	5,600,255	5,839,811
Non-current assets		
Property, plant and equipment	69,803	87,091
Intangible assets	24,979	25,444
Investments and other assets		
Leasehold and guarantee deposits	94,786	108,186
Other	324,262	323,060
Total investments and other assets	419,048	431,247
Total non-current assets	513,831	543,783
Total assets	6,114,087	6,383,594
<b>Liabilities</b>		
Current liabilities		
Income taxes payable	343,469	316,893
Provision for bonuses	188,499	205,349
Other	619,303	618,432
Total current liabilities	1,151,271	1,140,675
Non-current liabilities		
Provision for retirement benefits	691,661	698,427
Total non-current liabilities	691,661	698,427
Total liabilities	1,842,933	1,839,102
<b>Net assets</b>		
Shareholders' equity		
Share capital	238,284	238,284
Capital surplus	168,323	168,323
Retained earnings	3,864,599	4,137,961
Treasury shares	(869)	(894)
Total shareholders' equity	4,270,337	4,543,674
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	815	817
Total valuation and translation adjustments	815	817
Total net assets	4,271,153	4,544,492
Total liabilities and net assets	6,114,087	6,383,594

## (2) Semi-annual non-consolidated profit and loss statement

(Thousands of yen)

	Six months ended July 31, 2023	Six months ended July 31, 2024
Net sales	5,006,636	5,447,543
Cost of sales	3,115,704	3,318,541
Gross profit	1,890,932	2,129,001
Selling, general and administrative expenses	1,008,899	1,168,233
Operating profit	882,032	960,768
Non-operating income		
Interest income	0	3
Dividend income	151	45
Commission income	282	291
Sales income of training materials	441	572
Gain on forfeiture of unclaimed dividends	473	483
Other	246	464
Total non-operating income	1,597	1,860
Non-operating expenses		
Interest expenses	98	—
Cancellation penalty	690	494
Other	12	1
Total non-operating expenses	800	495
Ordinary profit	882,829	962,133
Extraordinary income		
Gain on sale of non-current assets	—	6,199
Gain on sale of investment securities	7,938	—
Total extraordinary income	7,938	6,199
Profit before income taxes	890,768	968,332
Income taxes - current	278,358	295,524
Income taxes - deferred	(5,311)	992
Total income taxes	273,046	296,516
Profit	617,721	671,816

## (3) Semi-annual non-consolidated cash flow statement

(Thousands of yen)

	Six months ended July 31, 2023	Six months ended July 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	890,768	968,332
Depreciation	12,009	11,926
Increase (decrease) in allowance for doubtful accounts	1,400	1,900
Increase (decrease) in provision for bonuses	6,188	16,850
Increase (decrease) in provision for retirement benefits	21,447	6,765
Interest and dividend income	(152)	(49)
Interest expenses	98	—
Gain on sale of non-current assets	—	(6,199)
Loss (gain) on sale of investment securities	(7,938)	—
Decrease (increase) in accounts receivable - other	72	(285)
Decrease (increase) in trade receivables	(236,219)	(318,462)
Decrease (increase) in inventories	(205)	1,604
Increase (decrease) in accrued consumption taxes	(51,204)	(34,245)
Increase (decrease) in accounts payable - other	(91,932)	(56,209)
Other, net	96,895	80,847
Subtotal	641,226	672,776
Interest and dividends received	152	49
Interest paid	(98)	—
Income taxes paid	(163,650)	(322,749)
Net cash provided by (used in) operating activities	477,629	350,076
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,398)	(47,691)
Proceeds from sale of property, plant and equipment	—	28,944
Purchase of intangible assets	(5,718)	(5,697)
Payments of leasehold and guarantee deposits	—	(13,663)
Proceeds from refund of leasehold and guarantee deposits	64	263
Proceeds from sale of investment securities	9,231	—
Other, net	(13)	(8,301)
Net cash provided by (used in) investing activities	1,166	(46,146)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(129)	(24)
Dividends paid	(422,700)	(396,297)
Net cash provided by (used in) financing activities	(422,830)	(396,322)
Net increase (decrease) in cash and cash equivalents	55,965	(92,392)
Cash and cash equivalents at beginning of period	3,975,881	4,277,610
Cash and cash equivalents at end of period	4,031,846	4,185,217



(4) Notes on the semi-annual financial statements

(Notes on the Going Concern Assumption)

Not applicable

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable

(Notes on the Segment Data)

Since we have only one reportable segment, notes on this matter have been omitted.