

Background to the Medium-Term Business Plan

In order to secure outstanding talent in a fiercely competitive environment, it is essential to build a business model that will resonate with engineers and students. Better recruitment is the gateway to success in all aspects of our business.

〈Basic Policy〉

Revamped the business model to take the company to the next stage in anticipation of a full recovery from the global financial crisis of 2008

FY2014 – FY2016

◎ **Establish four business divisions in February 2013**

- Hyper Artner Business Division
- Engineer Business Division
- Engineer Agency Business Division
- Human Resources Business Division

Results

- ◎ Raised the recruitment criteria to improve the quality of our engineers.
- ◎ Shifted the projects in which our engineers participate at client companies to higher-level stages.
- ◎ Improved the unit price of newly graduated engineers on their first placement. Steadily revised the unit prices of engineers across the entire company.
- ◎ The gross profit per engineer recovered to levels prior to the global financial crisis of 2008 and reached new record highs.

	(Final year target)	(Final year result)
Net sales	¥6 billion	¥4.7 billion
Operating margin	10%	9.1%
Number of engineers	800	601

For the next Medium-Term Business Plan

If we can increase the scope of work handled by our engineers at client companies from downstream to midstream and upstream processes and raise the unit price of engineers, the company will be less affected by fluctuations in the economy. To further improve business performance, we will increase the overall number of engineers while maintaining the quality of our current engineers.

FY2016 – FY2018

◎ **Improve the skill level of all engineers**

To promote the assignment of our engineers to upstream business areas where the unit price of engineers is likely to be higher, we will create segment-specific educational programs and training curricula for each business field to improve the skill level of all engineers.

Results

- ◎ Exceeded our target operating margin as a result of assigning more engineers to upstream business areas and increasing the unit price of engineers.
- ◎ The turnover rate fell as engineers felt more attracted to the company due to the renewal of our business model (establishment of four business divisions).

	(Final year target)	(Final year result)
Net sales	¥6 billion	¥5.7 billion
Operating margin	10%	11.8%
Number of engineers	800	716

For the next Medium-Term Business Plan

Since we did not achieve our net sales target mainly due to our failure to reach our target number of engineers, we will incorporate strategic measures to secure engineers into the Basic Measures section of the next Medium-Term Business Plan.

Background to the Medium-Term Business Plan

In order to meet the needs of client companies and cater to increasingly diverse business areas in manufacturing processes, we will organize the company into three segments so that we can supply engineers with a high match rate to our clients. We will also expand the contracting business with the aim of actively utilizing workers of retirement age, former female engineers, and foreign workers (including overseas students), increasing the percentage of such personnel to 10%.

〈Basic Policy〉

Build a foundation for sustainable and next-generation growth

FY2019 – FY2021

1. Promote strategies by segment

- Develop strategies for each segment (recruitment – education – assignment – system).
- Establish approaches to markets by segment.

2. Promote diversity and inclusion in talent management

- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel.
- Utilize and organize partner companies (set up a contracting system).

Results

- ◎ Business performance showed steady growth in both sales and profit.
- ◎ Because we did not reach the target number of engineers, insufficient progress was made on our Basic Policy, “Build a foundation for sustainable and next-generation growth.”

	(Final year target)	(Final year result)
Net sales	¥7.5 billion	¥7.1 billion
Operating margin	12.5%	12.4%
Number of engineers	1,000	971

For the next Medium-Term Business Plan

- ◎ Continue the Basic Policy and Basic Measures.
- ◎ Add “Explore and seek new specialist fields of technology” to the implementation measures.

FY2021 – FY2023

1. Promote strategies by segment

- Develop strategies for each segment (recruitment – education – assignment – system).
- Establish approaches to markets by segment.
- Explore and seek new specialist fields of technology.

2. Promote diversity and inclusion in talent management

- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel.
- Utilize and organize partner companies (set up a contracting system).

Results

- ◎ Business performance showed steady growth in both sales and profit.
- ◎ Further improved our operating margin.

	(Final year target)	(Final year result)
Net sales	¥10 billion	¥9.2 billion
Operating margin	12.5%	12.9%
Number of engineers	1,300	1,157

Basic Policy

Build a foundation for sustainable and next-generation growth

Make Value for 2022 to 2024

Basic Measure

- Promote strategies by segment**
 - Develop strategies for each segment (recruitment – education – assignment – system).
 - Establish approaches to markets by segment.
 - Explore and seek new specialist fields of technology.
- Promote diversity and inclusion in talent management**
 - Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel.
 - Utilize and organize partner companies (set up a contracting system).

Artner's approach to sustainable growth and next-generation growth

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

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

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

Direction of our carbon neutrality initiatives

For our major customers in the automotive industry, etc.

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

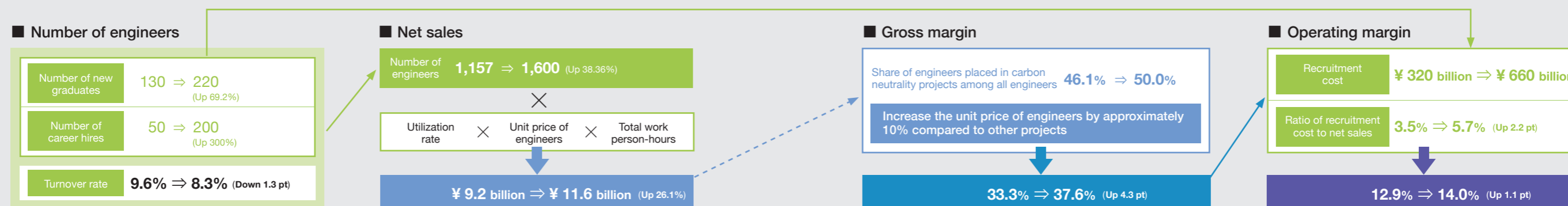
Aim for further development and market penetration

Our recruitment, training, and sales efforts with an eye to carbon neutrality

Recruitment	Training	Sales															
<p>〈Recruitment targets〉</p> <p>Students who have graduated from departments in the fields of electricity, electronics, materials science, energy, and information technology</p> <p>Experienced workers with skills and experience in the fields above</p> <p>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.</p> <p>→ Balance the numbers of new graduates and career hires to secure optimum talents</p> <p>Share of carbon neutrality recruitment targets for new graduates and career hires</p> <table border="1"> <tr> <th></th> <th>FY2025 (Target)</th> <th>FY2023 (Result)</th> </tr> <tr> <td>New graduates</td> <td>55.0%</td> <td>46.1%</td> </tr> <tr> <td>Career hires</td> <td>55.0%</td> <td>62.0%</td> </tr> </table>		FY2025 (Target)	FY2023 (Result)	New graduates	55.0%	46.1%	Career hires	55.0%	62.0%	<p>〈Training details〉</p> <p>Understanding the principles of power systems (inverter systems) for EVs and FCVs</p> <p>Optimization of infrastructure resources and AI/machine learning for human and product transactions through the introduction of cloud computing</p> <p>Model design and validation of EV battery management systems</p> <p>How to analyze the results of sensor characterization</p> <p>Recycling of chemicals and materials</p> <p>Meet the ever-increasing needs of engineers in the software, electrical and electronic fields.</p> <p>→ Increase trainers</p>	<p>〈Activities〉</p> <p>Placement in carbon neutrality projects</p> <p>Contribute to solving social issues to improve business performance</p> <p>Increase the unit price of engineers by approximately 10% compared to other projects</p> <p>→ Increase net sales and profit margins</p> <p>Share of engineers placed in carbon neutrality projects among all engineers</p> <table border="1"> <tr> <th></th> <th>FY2025 (Target)</th> <th>FY2023 (Result)</th> </tr> <tr> <td></td> <td>50.0%</td> <td>46.1%</td> </tr> </table>		FY2025 (Target)	FY2023 (Result)		50.0%	46.1%
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Medium-Term Business Plan Correlation diagram of earnings and sales targets and

key indicators • □⇒□... (FY2023) ⇒ (FY2025) figures



Your technical partner contributing with technological innovation and promotion in the core industrial technology fields of software, electronics, and machinery.

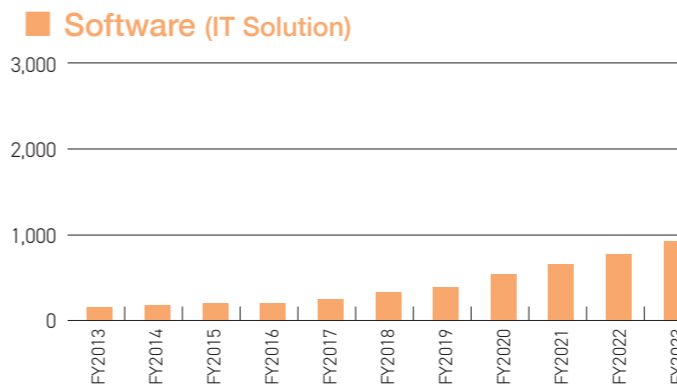
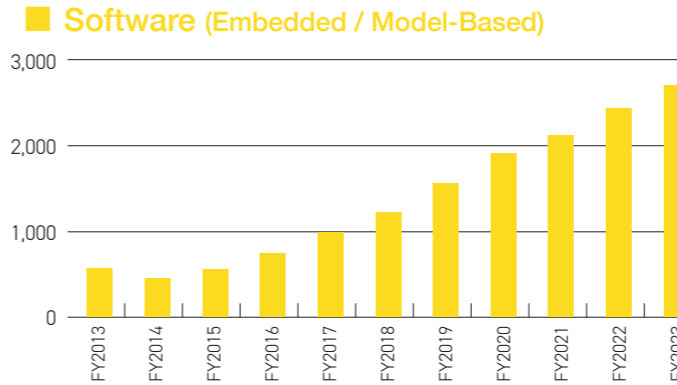
Software Net sales ratio 39.4%

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

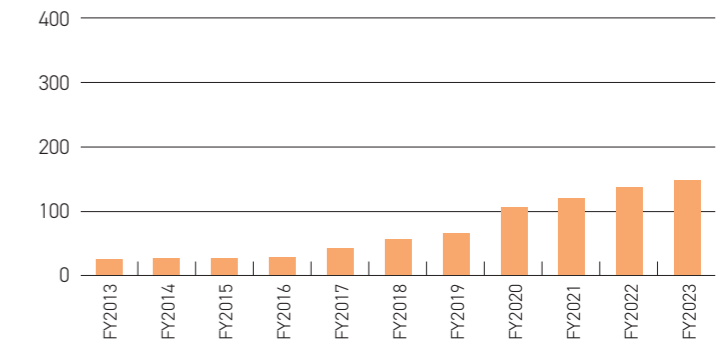
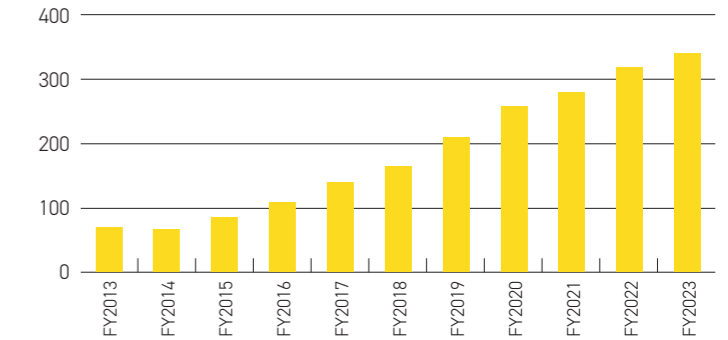
Design areas include Embedded (software development for control systems to be embedded in machinery and equipment), IT Solution (software development for network systems to be used with PCs, tablet devices, and servers), and Model-Based (upstream processes such as preliminary research based on models as well as requirement definition and design during the development phase in new development projects).



■ Trends in net sales by business field Unit: ¥million



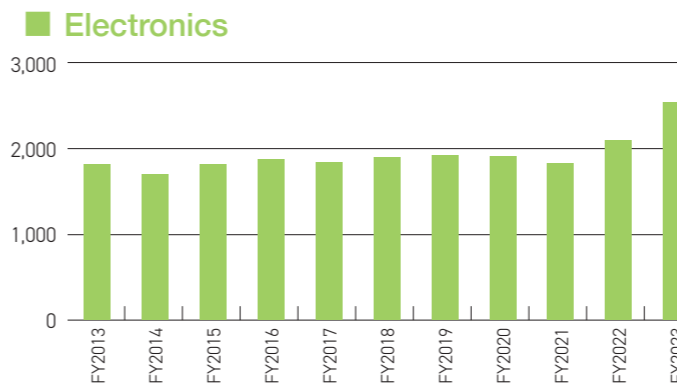
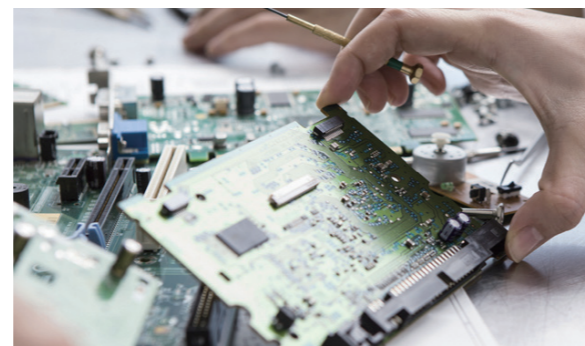
■ Trends in number of engineers Unit: people



Electronics Net sales ratio 28.1%

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

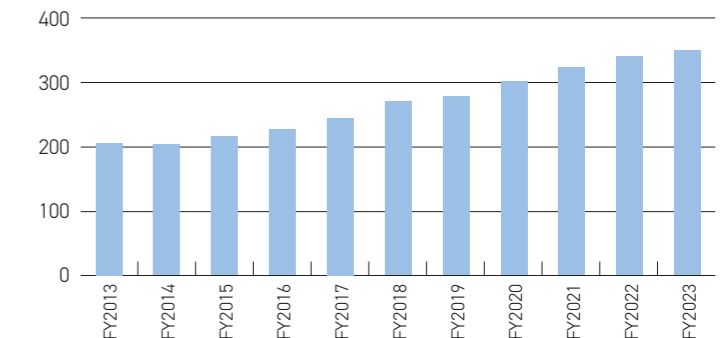
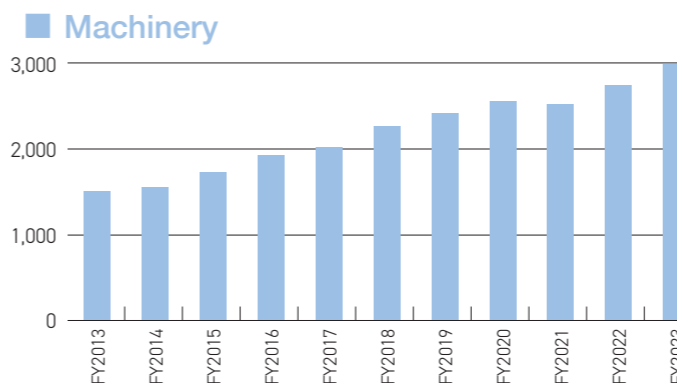
Design areas include Electrical Equipment (electrical design, production facilities, and relevant technologies), Electronic Circuits (electronic circuit design for printed circuit boards), and Electronic Devices (development of integrated circuits and individual electronic devices, and design of peripheral circuits).



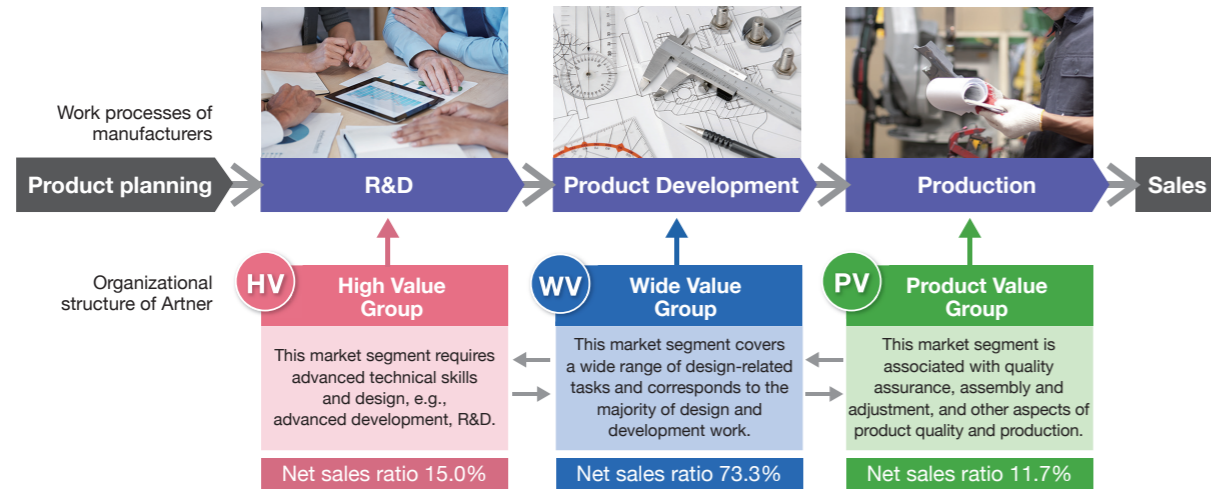
Machinery Net sales ratio 32.5%

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

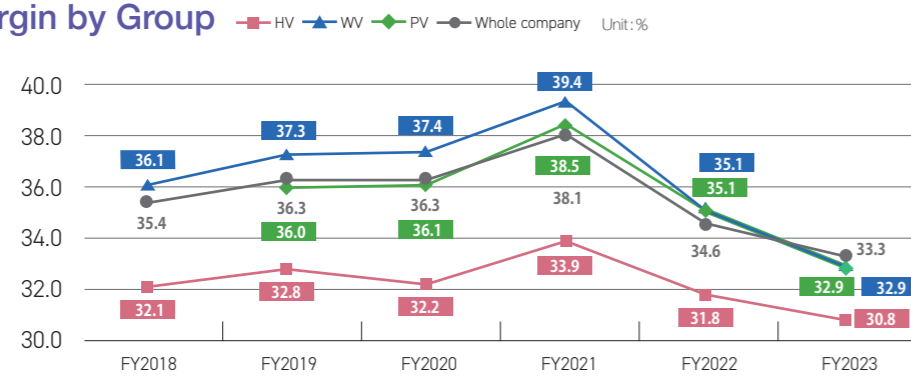
Design areas include Drive Systems (development of mechanisms for generating, converting, storing, and transmitting energy), Mechanisms (development of mechanisms for production facilities and equipment), and Structures and Materials (design of products in various formats, formulation of structures and housings, and development of new materials).



Artner's Groups handling the work processes of manufacturers

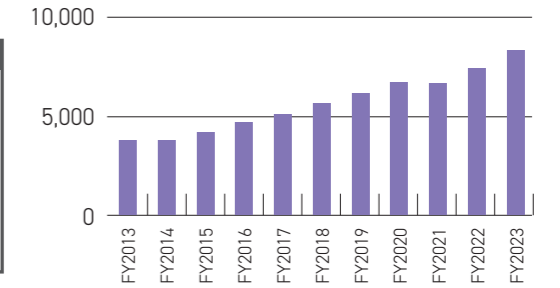
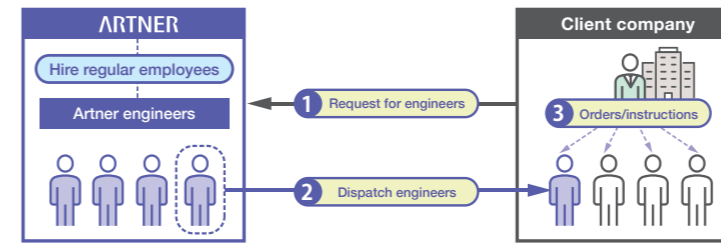


Gross margin by Group

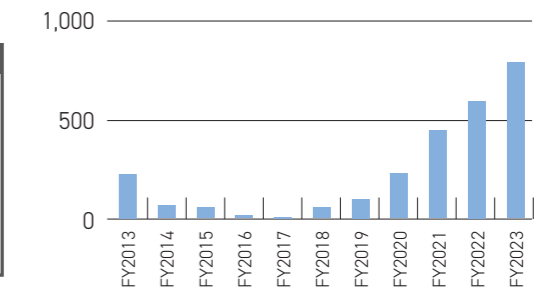
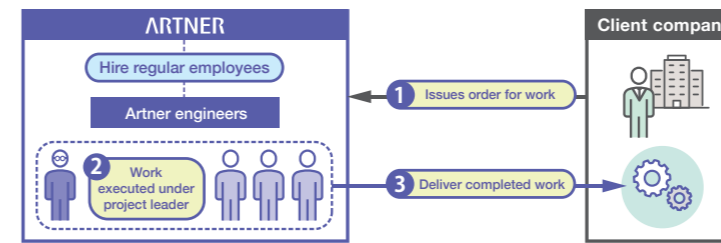


Trends in net sales by business

Engineer dispatching Net sales ratio 91.0%

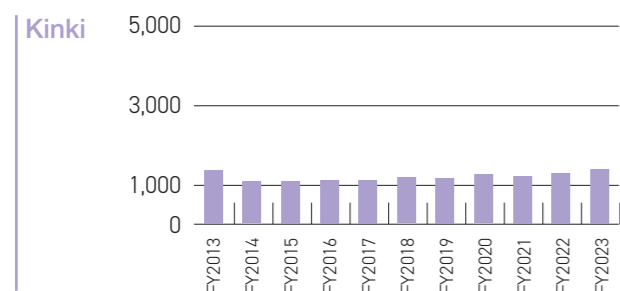
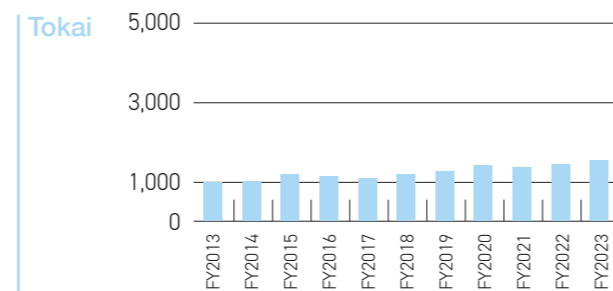
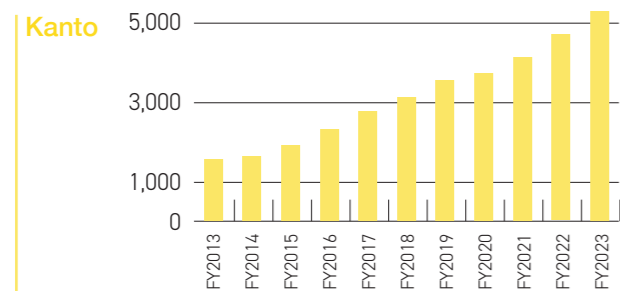


Contracting Net sales ratio 8.6%



Other Net sales ratio 0.4%

Trends in net sales by region



Trends in net sales by industry field

