

## Message from Our President and CEO



**SEKIGUCHI Sozo**  
President and CEO

**We aim to further increase enterprise value by supporting engineers' dreams, growth, and self-actualization, while at the same time living up to the trust we have earned from our clients over the more than 60 years of our existence.**

### Business Environment and FY2024 Financial Results

In FY2024, the world made a full-scale entry into the post-COVID-19 era. It was a year in which a resumption of normal operations could be felt among our main clients, manufacturers in industries related to automobiles and semiconductor manufacturing equipment. There was extremely strong demand for our engineers, and we achieved growth in both sales and profit for the tenth consecutive year. We expect a continued rise in development drive across various industries and demand for engineers to exceed the previous year's. Along with this trend, we anticipate steady business performance. Especially salient in FY2024 is the increase in the unit price of engineers, which has the most significant impact on improvement in operating margin. In FY2024, the unit price of engineers rose by 3.2% year on year, resulting in an increase in the operating margin from 12.9% in the previous fiscal year to 15.1%. Contributing to the rise in the unit price of engineers is our ability to supply talent to projects with high demand for engineer dispatching services. Recent years have witnessed considerably greater demand from carbon neutrality-related projects than from other industries. By supplying engineers with high added value to these projects, we have secured contract unit prices above the market average. Notably, in FY2024, the unit price of new graduate engineers at their first assignments increased more than in other years.

Another key factor supporting the increase in the unit price of engineers is the fact that our existing engineers under contract with our clients are delivering strong performance and outputs in their respective projects. We offer engineers a comprehensive curriculum and our own education system to improve their individual skills. We will further strengthen our training programs and provide career support to help engineers succeed and to contribute to client satisfaction.

In order to continuously secure and develop excellent talent in an increasingly competitive environment, it is critical to expand talent utilization channels. In our Medium-Term Business Plan (fiscal year ending January 31, 2023 to fiscal year ending

January 31, 2025), we have set a goal to increase the percentage of our contracting business, which accommodates diverse work styles, to 10%. Due to high client demand, the percentage rose from 8.6% in the previous year to 9.3% and is projected to reach the 10% target by the final year of the plan.

### Progress of Our Carbon Neutrality Efforts

At Artner, we position "carbon neutrality" as a pillar of our business activities in our Medium-Term Business Plan. By having our engineers participate in carbon neutrality-related technology development projects, we will advance the development of these technologies and support their widespread use in the market. This is how we contribute to carbon neutrality. Today, ESG initiatives are being scrutinized by clients and employees alike.

To contribute to carbon neutrality, we have set two numerical targets. One is the ratio of carbon neutrality hires among new graduate and career hires, and the other is the ratio of engineers working on carbon neutrality projects among our currently assigned engineers. We have secured 46.1% new graduates as of FY2024, compared to our FY2025 target of 55.0%. We will continue to strengthen our recruitment efforts to achieve the 55.0% target. In addition, the ratio of currently assigned engineers was 48.3% as of FY2024, just shy of our FY2025 target of 50.0%. If we can steadily supply talent to meet the strong demand from carbon neutrality-related projects, we believe we can fully achieve our targets by FY2025, the final year of the Medium-Term Business Plan.

### Future Growth Strategy

Clients have speeded up development more than the previous year, which has greatly increased the demand for engineers. Our performance this year, the final year of the Medium-Term Business Plan, depends on how well our talent supply can meet this demand. Labor shortages have become a major social issue in recent years, and the shortage of engineers is no exception.

In the increasingly competitive recruitment market environment, it will be crucial to secure the number of engineers needed for



our plan.

Supporting engineers’ dreams and self-actualization is at the core of Artner’s business. In our recruitment activities, we fully appeal to candidates with project themes and the companies with which they may be placed. Those with whom this resonated tend to join the Company. Despite the challenging recruitment market environment, our unified recruitment activities from start to end, from hiring to placement, led to 171 newly graduated engineers joining us in April 2024, about 40 more than in the previous year. In addition, we are committed to achieving our target of 100 career hires to meet client demands.

We have a three-fold strategy for future growth. The first is to actively negotiate the unit price of engineers, taking into account the current market environment, the so-called supply-demand balance, with the aim of increasing the unit price of engineers to at least that in the previous year. The second is to further educate and train engineers who are our human capital and enhance their added value. This will contribute to client satisfaction and in turn to higher unit prices of engineers. The third is to properly respond to the needs of our main clients, manufacturers in industries related to automobiles and semiconductor manufacturing equipment.

Moreover, reflecting on the progress made over the past two years, we believe we can increase our market advantage by expanding and deepening the first basic measure of “Promoting strategies by segment” in our Medium-Term Business Plan, as well as breaking down, enhancing, and complementing Artner’s strengths and weaknesses compared to other companies in the same industry.

### Building a Business Environment that Enables Continuous Improvement and Enhancement of Work Conditions for Securing Talent

A key challenge for the Company is to secure the quality and quantity of talent. Failing to meet the quality and quantity demands of our clients could open the door for competitors. Artner needs to put all that it has to address this challenge. To secure the quality of talent, we will obtain even more attractive work to provide engineers with job opportunities, and offer appropriate education, training, and follow-up. Additionally, we must create a business environment that allows for continuous, rather than temporary, improvement and enhancement of work conditions. To this end, the Company will aim to increase its added value.

As for the quantity of talent, we anticipate that we can recruit approximately 200 to 250 new graduates and 100 to 150 career hires in our current business fields. If more talent is needed, we will need to secure the necessary numbers through M&A

measures or consider strategies for recruiting foreign nationals. To increase the share of our contracting business going forward, it will become important to utilize outside talent and better organize our partner companies. In our current fields, we believe that we can resolve the quantity challenge by further securing our own engineers, foreign talent, and partner company talent.

### Artner’s Strengths and Advantages

Artner started this business in 1962. No other listed companies in the same industry have a history longer than ours. I believe it is not an exaggeration to say that we are pioneers in the engineer dispatching business. We have built a solid position in this industry for over 60 years through our achievements and by earning the trust of our clients. This is an undeniable fact and constitutes a value of the Company. Compared to other companies in the same industry, we have a higher project participation rate in high-level technology fields, including upstream and midstream processes. This is an advantage of the Company and something we should continue to maintain. Notably, our main clients in industries related to automobiles and semiconductor manufacturing equipment sectors view Artner as a go-to brand for quality engineers. This is a value we must continue to uphold. Such an image is based on our strength in being able to provide a continuous and stable supply of talent, and it is our mission to keep meeting this expectation.

### Human Capital Approach and Initiatives

Our basic view on human capital aligns with our Management Philosophy, “Engineer Support Company: We support our engineers’ dreams.” Based on the fundamental philosophy embodied in our Purpose, “support the growth and self-actualization of engineers, who are Japan’s world-class assets,” we conduct business by continually considering measures to support the growth and dreams of our engineers. Education is at the core of our human capital initiatives. Under our education philosophy to support engineers’ personal and professional growth, we offer various education and training curricula to support engineers, including our own “T-shaped specialist education system.”

Furthermore, promoting women’s participation is one of the important initiatives outlined in our Medium-Term Business Plan. We are working to establish a working environment and support programs for those who have temporarily left their engineer careers due to marriage, childcare, or other reasons and wish to return to the job market as engineers. We will also continuously foster a corporate culture in which both men and women can freely take childcare leave and will develop a track record in

increasing parental leaves.

At Artner, talent turnover is distinguished between passive and constructive turnover. We view constructive turnover as engineers growing at Artner, graduating from the Company, and moving on to new challenges. They are supported by our “job change assistance program.” We have also established the “job return program” for those who wish to return to Artner after leaving us and moving on to their second stage.

These initiatives are based on our Management Philosophy and Purpose. Our Management Philosophy and Purpose are truly the “roots” of the Company. They allow us to implement a variety of measures flexibly. As a result, when engineers move on to the next stage, we are able to send them off with a smile, rather than thinking, “why are they quitting when we have taken time to train them?” We hope that this mindset ultimately leads to employee satisfaction and creates a cycle in which our former engineers succeed at various manufacturers and use the services of Artner’s engineers.

### Respecting Human Rights

Artner is a company engaged in the business of human talent. Without underlying policies that value people, people will become mere “objects.” As long as we continue to develop this business, it is vital to give various considerations to all of our employees, whom we call “talent,” and we will advance the business accordingly. To make this intention clear, in January 2024, we announced our support for the United Nations Global Compact. In addition, we conduct ongoing training for all employees to familiarize them with our approach to human rights and to raise their awareness of human rights. Last year, we held a training on human rights, and the year before that on LGBTQ+. Going forward, when we consider organizing our partner companies, it will be very important to determine whether or not they have the same policies on talent as we do.

In particular, it will be essential that they agree with and share our Management Philosophy of being an “Engineer Support Company” and our Purpose. If they agree with and are able to uphold our Management Philosophy and Purpose, there may be an opportunity to expand the scope of our partnership and engage in further collaboration, such as providing education to the partner company’s engineers as “shared assets.”

### Donations for the 2024 Noto Peninsula Earthquake

We extend our deepest sympathies to everyone affected and displaced by the Noto Peninsula Earthquake that occurred in 2024. As part of our support for the people affected by the

earthquake, Artner made donations through the Central Community Chest of Japan. The Hokuriku area, home to universities and other educational institutions from which we regularly recruit, also has a long history of developing precision technology as a local industry. Our clients and Japan’s other leading precision machinery manufacturers are located in this region. We believe that the recovery of the Hokuriku area will help benefit Japan as a whole. We sincerely pray for the swift recovery of the affected regions.

### To Our Stakeholders

Our 60-year history has witnessed oil shocks and the global financial crisis of 2008. And then there was the COVID-19 pandemic. From these past experiences and history, we have learned that being able to adapt the business rapidly to societal changes is essential for a company to survive and persist. As we aim for our 100th anniversary, it is my role as the head of the Company to swiftly grasp the changes in client needs, shifts in employee preferences, and change in the market environment, and address them flexibly by discerning what must never change and what needs bold overhaul. We will continue to support our engineers and work to increase Artner’s value as a group of high value-added engineers. We appreciate your continued support and cooperation.

