Message from Our President and CEO

SEKIGUCHI Sozo
President and CEO

We will strengthen our talent base and management foundation and continue to grow as a group of high-achieving engineers.

Sales and Operating Profit Growth Achieved for 12 Consecutive Periods

In FY2026, the Artner Group achieved sales and operating profit growth for 12 consecutive periods. This is mostly because demand for engineers from our main customers, namely automobile-related manufacturers and semiconductor manufacturing equipment manufacturers, remained strong, and because we could substantially raise unit prices.

Just over 97% of our contracts are ongoing ones with existing customers, with renewals mainly occurring in April. Contracts concluded in April incorporate unit price revisions for the following fiscal year. Under the resulting structure, trends toward improved working conditions at client companies are readily reflected in our contract unit prices. Due in part to recent inflation, many major companies are moving to improve working conditions for their employees. Progress in improvements from the standpoints of both securing labor and ensuring stability in employees' livelihoods has been observed. In fact, over the last two years or so, Artner has realized unit price revisions at levels higher than usual. This has been a significant contributor to our strong performance. Furthermore, based on the status of recent negotiations for FY2027, we expect to successfully realize unit price revisions at a level equal to or higher than those for FY2026.

Our Group's high operating margin is also frequently lauded by our investors. However, this came about not by curbing engineer salaries but by steadily increasing our added value in the form of our unit prices. Increases in our gross margin allow us to maintain a high operating margin while bolstering our investment in talent through an improved labor share.

Additionally, despite the market environment remaining extremely challenging in terms of securing talent, we successfully increased the number of engineers year on year. As a result, the number of operative personnel also exceeded that of the previous year, and we believe that such cumulative efforts to secure talent have been another key factor that has supported our continuous sales and operating profit growth.

In addition, the percentage of personnel working in the contracting business, which constitutes a key indicator of our Medium-Term Business Plan (FY2026 to FY2030), is steadily rising toward our target. In terms of industry fields, growth in the transportation equipment field, which constitutes a focus area for Artner and includes automobile-related manufacturers, was remarkably strong compared to other industry fields. Looking at individual technology fields, growth was particularly notable in the software field, where requests and demand from major customers are considerable. As a result, growth in the Kanto area, where automobile-related manufacturers and semiconductor manufacturing equipment manufacturers are concentrated, has been higher than in other areas. This trend was another factor that underpinned our performance in FY2026.

Advancing Three Basic Measures Under the New Medium-Term Business Plan

Our new Medium-Term Business Plan, with FY2026 as its first fiscal year, has gotten underway. It sets forth three Basic Measures: "Promote strategies by segment," "Promote diversity and inclusion in talent management," and "Explore new business and revenue opportunities." Through this series of measures, Artner will simultaneously pursue the creation of high added value, the reinforcement of its talent base, and the capturing of future growth opportunities.

Basic Measure 1
Reinforcing Our High-Earnings Base by Promoting Strategies by Segment

Our Basic Measure of "Promote strategies by segment" can be broadly separated into two aims. The first aim is to build a foundation that enables us to sustain high added value. We have set forth a target of increasing the ratio of engineer dispatching in high-end fields to 50% (result for FY2026: 42.9%). By shifting the focus of engineer placement from downstream and midstream to midstream and upstream, we will provide high added value on a continuous basis and build a foundation for a highly profitable company well into the future. The second aim is to shift our talent to business areas where it is difficult for AI to replace people in anticipation of potential breakthroughs in AI that may occur in the future. We believe it is extremely likely that in the near future, the impact of AI will become apparent in certain business areas, leading to changes in the desired employee profile and the nature of added value. How can we recruit and develop highly skilled talent who are difficult for AI to replace? We will make repeated predictions while carefully reviewing information from the field to determine a concrete direction to take in answering that question.

Basic Measure 2
Broadening the Talent Base That Underpins Our Growth by Promoting Diversity and Inclusion in Talent Management

Under our Basic Measure of “Promote diversity and inclusion in talent management,” we have adopted the concrete target of increasing the percentage of personnel working in the contracting business to 30%. With securing talent becoming increasingly difficult down the road, utilization of our employees will, on its own, eventually reach a quantitative breaking point. Given that, we believe it is necessary for us to broaden opportunities to utilize a diverse range of talent by expanding our contracting business and increasing the contracting ratio in strategic fields. Moreover, in advancing this Basic Measure, we must work on expanding our partner companies, broaden the range of talent we utilize, and evolve our structure into one that is less affected by relationships with temporary dispatching services.

Basic Measure 3
M&A and Alliances to Create New Business and Revenue Opportunities

Our third Basic Measure is “Explore new business and revenue opportunities.” We are aiming to evolve into a comprehensive technical service company through M&A and alliances. As we do so, our foremost priority will be the presence of partners capable of complementing and reinforcing our strong points and weak points. CLIP SOFT and JOUHOU GIKEN, which became members of the Group in FY2026, are precisely such partners. To be more specific, CLIP SOFT enhances us in the embedded software field, which is our strong point, while JOUHOU GIKEN complements us in the mechanical hardware field, which is our weak point.
Additionally, we have business alliances with Fujitechno holdings and Japaniace, key partners that compensate for our weak points and reinforce our strong ones. Through such collaboration with them, we will incorporate the business fields and functions we could not have on our own, and speed up our evolution into a comprehensive technical service company.

Building on an Alignment of Philosophies, We Will Endeavor to Deepen Our Group Management and Management Foundation with an Eye Toward the Age of AI

Going forward, we need to create a group of engineers with a strong background in AI and information technology. We plan to provide training that covers AI, ranging from fundamentals to practical applications, to prepare our talent to make full use of AI tools. We will also work to establish a structure for this plan.
In addition to internal development, absorbing the capabilities that we need at an early stage through collaboration with external parties is a key challenge in our endeavors to boost our competitiveness going forward. For that reason, we believe that it will be vital to integrate into the Group, or form alliances with, partners who have an edge in AI and information technology. When doing so, the fundamental premise for Artner in selecting partners will be an alignment of philosophies. Training engineers, supporting their career development, driving their engagement, and elevating their professional standing. All of these underpin our Management Philosophy. They are also our Purposes. At the core of this philosophy is the belief that talent is our asset. We have set forth a Basic Policy of cultivating talent possessing both technical and human capabilities. This approach remains steadfast even in this era of significant changes in our business environment, AI included.
As a temporary engineer dispatching company, Artner brings forth value by dispatching talent to its customers and contributing to their businesses through the technical skills of such talent. In other words, intrinsically, talent is the foundation of our business and the source of our competitiveness. That is precisely why we believe that, unless there is alignment in our approach toward the growth of engineers and improvements in both their engagement and professional standing, discrepancies will arise at the core of our business operations, namely in recruitment, development, placement, and evaluation, thereby making integration in the true sense of the word difficult.
From this standpoint, CLIP SOFT and JOUHOU GIKEN were incredibly aligned with Artner in terms of not only business but also philosophy. That is exactly why we intend to move forward with strategies aligned with our Basic Measures while simultaneously appreciating the philosophies and cultures that CLIP SOFT and JOUHOU GIKEN have built up to this point.
Regardless of the respective size of our companies, we will focus on each other’s positive points and be open to learning from one another when there are things to learn. Such a stance is essential for us to grow together as members of the same Group. As such, as we move forward, we will make a more conscious effort to increase in number the various points of interaction among our Group companies.
Moreover, to support the management of the Group in this fashion, rather than simply expanding administration in tandem with increases in the number of engineers, we will build a more efficient management and operation structure with fewer members by leveraging digital transformation (DX) and AI.

Long-Term Vision: Align the Interests of Artner and Employees to Become a Company of Choice

With difficulties in securing talent and the shrinking labor force becoming social issues shared across all industries, we have set a long-term vision looking more than 10 years into the future, which is to establish a structure to align the interests of Artner and its employees so that we will evolve into a company of choice. Establishing well-developed systems for employee benefits, compensation, and education and training, among others, is key to hiring talent and improving the retention rate. Currently, we are examining the introduction of a stock-based compensation plan. We believe this measure has the potential to align the interests of Artner and its employees by having Artner’s growth generate returns for them. Another priority for us is matching recruitment locations and work locations. For employees, being able to work in a region of their own choosing is of great value. We believe the key to expanding possibilities toward making that happen lies in the contracting business. If we continue to develop business locations and strengthen collaboration with our community-rooted Group companies, options for locally recruited talent to work in the same locality will expand. In fact, regarding the new members of our Group, CLIP SOFT is based in Hamamatsu and Shizuoka, while JOUHOU GIKEN is based in Utsunomiya. The ability to establish Group company locations in areas where we are strengthening recruitment is of great significance in increasing options for matching recruitment locations and work locations.
In an age where applicants choose companies, the degree to which we can line up the conditions necessary to be a company of choice is becoming increasingly important. We are convinced that developing frameworks and mechanisms for that purpose as part of our current Medium-Term Business Plan will give us a strong foothold in the next Medium-Term Plan. We are also certain that those frameworks and mechanisms will serve as a solid foundation for the long-term vision we have set beyond the Plan.

Ensuring Both Growth and Returns to Meet Shareholders’ Expectations

We recognize that our shareholders and investors expect us to continuously improve our enterprise value. To meet that expectation, first and foremost, it is important that we grow our businesses and continuously expand our profits. In addition, for shareholder returns, we place importance on progressive dividends that do not decline in their amount year over year, based on a payout ratio of 50%. Moreover, to facilitate the enhancement of shareholder returns and improvement of capital efficiency, we purchased treasury shares in March 2026 and, starting in August 2026, will implement a 2-for-1 stock split (common shares) for the purpose of offering investors a better investment environment. Our policy is to consider matters flexibly while taking into account the circumstances surrounding us. While ensuring both growth investment and shareholder returns, we will continue our efforts to deepen people’s understanding of our sustainable growth through repeated, proactive dialogue and communication. We hope you will look forward to the future growth of Artner.