Value Creation Process

Ever since a design firm was started by our founder, we have made continual changes in our mindset to cater to the evolving trends of the times, eventually developing our current business model as a technical service provider and creating value for engineers.

Inputs

Sources of Value Creation P16

Financial Capital

Solid and strong financial base supporting sustainable growth

Intellectual Capital

Practical education and training by training managers with engineer backgrounds, based on training curricula aligned with clients' work

Human Capital

Regular employment of engineers with STEM backgrounds who can be placed in upstream/midstream work processes of manufacturers

Social and Related Capital

Long-term partnerships with clients, schools, academic societies, and organizations

Manufacturing Capital

Development of operational infrastructure that underpins stable business operation

Natural Capital

Contributions to society through reductions in environmental burden and developmental support for environmental technology

Business Activities

Management Philosophy

"Engineer Support Company"

—We support our engineers' dreams—

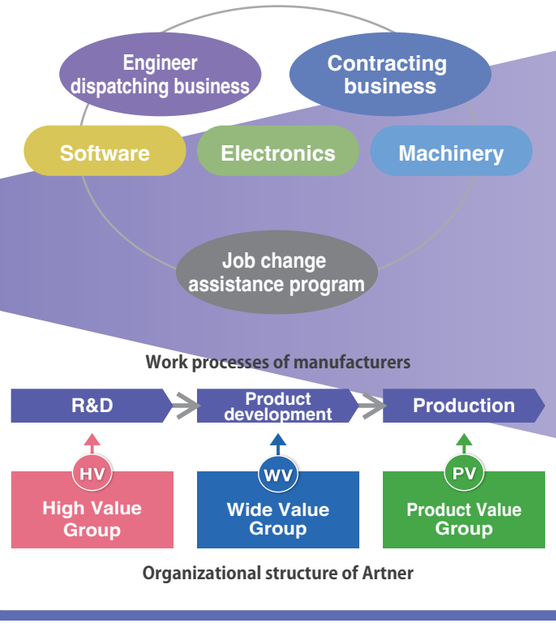
Purpose

Support the growth and self-actualization of engineers, who are Japan's world-class assets.

Our Strengths P15

1. Trust from our clients based on our long history
2. The business model we have developed over many years
3. Placement of engineers to technical fields with high market needs
4. Job-based employment that allows career development within the Company

Our Business and Technology Domains



Materiality

Environmental

1. Improve energy efficiency and reduce energy usage
2. Contribute to carbon neutrality through business activities

Social

3. Resolve social issues by creating jobs
4. Respect human rights
5. Promote diversity and inclusion
6. Develop and secure promising talents

Governance

7. Strengthen corporate governance
8. Promote compliance management

Medium-Term Business Plan P27

Basic Policy

"Build a foundation for sustainable and next-generation growth" "Make Value for 2025 to 2029"

Basic Measures

1 Promote strategies by segment | 2 Promote diversity and inclusion in talent management | 3 Explore new business and revenue opportunities

Outputs

- Placement of engineers with high added value
- Promotion of engineer development
- Engineer placement in carbon neutrality-related areas
- Reinforcement of recruitment of new graduates and career hires
- Improvement of ratio of contracting personnel

Outcomes

Financial Indicators

Net sales
¥12,046 million

Operating margin
15.1%

ROE
24.1%

For our clients

High-end fields Ratio
42.9%

For our partners

Co-creation of value

For our employees

Turnover rate (engineers)
11.2%

Employee Engagement Score
74.2%

Share of female employees (engineers)
4.9%

For our shareholders

Payout Ratio
50% or more

Social and Environmental

Share of engineers placed in carbon neutrality projects among all engineers
51.9%

Share of carbon neutrality recruitment targets for new graduates and career hires
47.3%

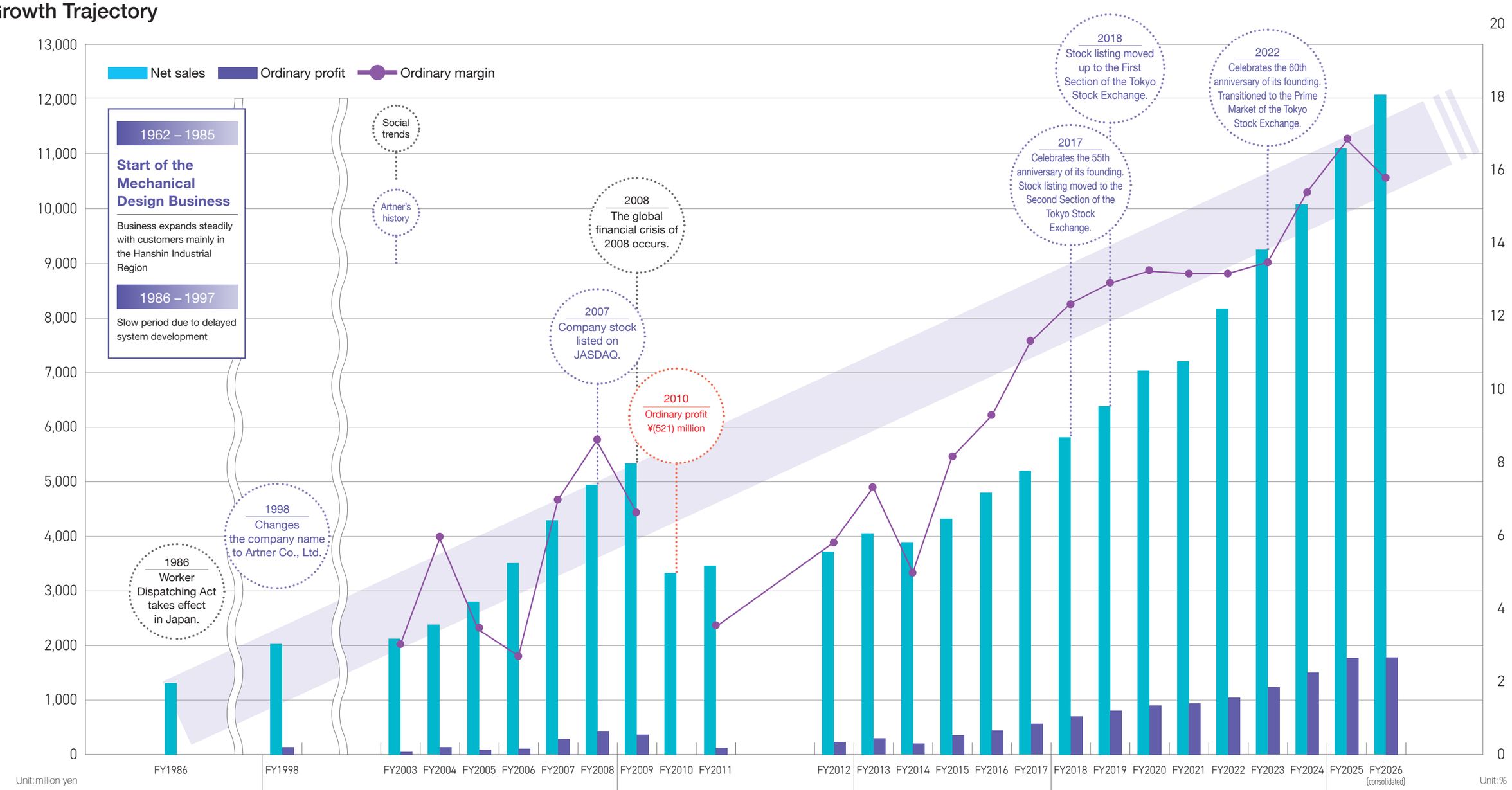
Medium- to long-term goals

Achieve our purpose, company motto, and management philosophy

Contribute to the achievement of a sustainable society

With carbon neutrality as one of the pillars of our Medium-Term Business Plan, we are committed to solving social issues through our business activities.

Growth Trajectory



1998 – 2008

First business restructuring

◎ Focused human resources in the Engineer Dispatching Business
◎ 1998: Changes the company name to Artner Co., Ltd.
◎ 2000: Artner Five-Year Revitalization Plan
◎ 2007: Company stock listed on JASDAQ.
◎ 2008: The global financial crisis of 2008 occurs.

2009 – 2012

Second business restructuring

◎ 2011:
Reorganized into the Engineer Business Division (Utsunomiya, Yokohama, Nagoya, and Osaka), Hyper Artner Business Dept., etc.

2013 – 2017

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

◎ 2013:
Four business divisions established (Hyper Artner Business Division, Engineer Business Division, Engineer Agency Business Division, and Human Resources Business Division)

2018 – 2024

Build a foundation for sustainable and next-generation growth

◎ Promote strategies by segment
◎ Promote diversity and inclusion in talent management

2025

Build a foundation for sustainable and next-generation growth

◎ Promote strategies by segment
◎ Promote diversity and inclusion in talent management
◎ Explore new business and revenue opportunities

■ CLIP SOFT Corporation and JOUHOU GIKEN, Ltd. became Artner Group companies.

Cultivated Strengths

1

Trust from our clients built on our long history

Founded in 1962 as a design and development firm, the Company grew by winning contract work for design and development from manufacturers in the Keihanshin region, which drove Japan's rapid economic growth. In our nearly 60-year history, we have succeeded in building trust with many client companies and accumulating a proven track record as a group of engineers with roots in design and development.

2

The business model we have developed over many years

Even during the global financial crisis of 2008, not many engineers who were placed in the upstream work processes of manufacturers (R&D) experienced contract cancellations. As such, we decided to increase our engineers' upstream assignment ratio. To help us recruit excellent students who may be suited for upstream assignments, we have introduced internal programs based on the needs of engineers (e.g., job change assistance program, performance-based salary system, and limited area system).

3

Placement of engineers in technical fields with high market needs

Our engineers' business fields are wide-ranging. At major companies in the automobile, home electronics, industrial equipment, medical device, and information and communications sectors, engineers participate in and provide a variety of technical services for cutting-edge projects, including software-defined vehicles (SDVs), driver assistance technologies, racing cars, semiconductor lithography equipment, industrial robots, and system and application development.

4

Job-based employment that allows career development within the Company

We employ talent with STEM backgrounds as regular employees in technical jobs and offer an environment where they can focus on honing their skills as engineers. We classify the work processes of our clients into three categories: R&D; product development; and production. Correspondingly, we have established three groups for each area (High Value Group, Wide Value Group, and Product Value Group). Engineers can move between these groups according to their preferences and competence and develop their careers within the Company.

Sources of Value Creation

The Company has grown by staying attuned to societal changes and needs and contributing to solving social issues. In the course of this, we have accumulated various capital that is the sources of our current strengths. We will seek to strategically utilize and increase this capital and pursue further value creation.

Solid and strong financial base supporting sustainable growth

Equity ratio	Net assets	Cash flows from operating activities
57.7%	5.22 billion yen	1.41 billion yen

Practical education and training by training managers with engineer backgrounds, based on training curricula aligned with clients' work

Percentage of training managers with engineer backgrounds	Average hours of annual training per employee (engineer)	Average cost of annual training per employee (engineer)
100%	86.6 hours	73,000 yen

Regular employment of engineers with STEM backgrounds who can be placed in upstream/midstream work processes of manufacturers

Number of engineers	Percentage of engineers with STEM backgrounds	Engineers who can be placed in upstream/midstream work processes of manufacturers
1,452	100%	87.8%

Long-term partnerships with clients, schools, academic societies, and organizations

Client history	Schools from which we hired (graduate, undergraduate, junior college, technical, and professional schools)
Roughly 1,500 companies	Roughly 370 schools

Papers published	Part-time lecturing at universities by our training managers
(Total) 180	5 courses at 4 schools

Development of operational infrastructure that underpins stable business operation

Number of business locations	Number of training locations
8 nationwide	2 nationwide

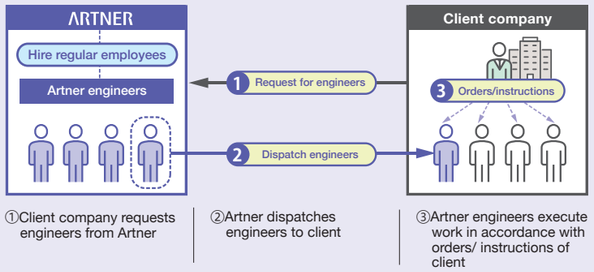
Contributions to society through reductions in environmental burden and developmental support for environmental technology

Energy consumption (crude oil equivalent)	Greenhouse gas (GHG) emissions (Scope 1 and Scope 2)
57.1 kL/year	141.9 tCO2

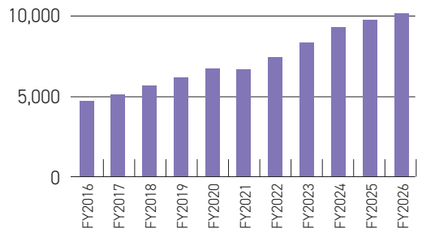
Artner's Businesses & Market Environment

Business Model

Business Model

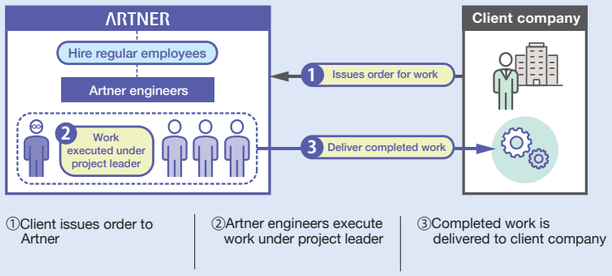


Trends in Net Sales by Business Unit: million yen

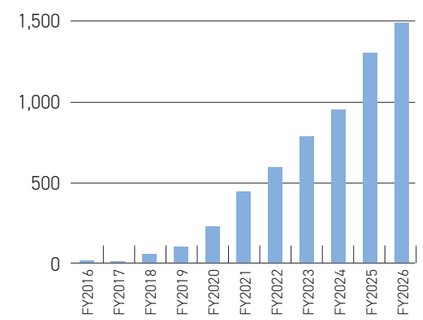


Artner concludes full-time employee contracts with engineers, and our corporate clients (dispatch destination) and Artner engineers are connected under a chain of command system. By not assuming the role of direct employers, our corporate clients can achieve substantial savings in terms of time and costs related to employment.

Contracting Business



Trends in Net Sales by Business Unit: million yen

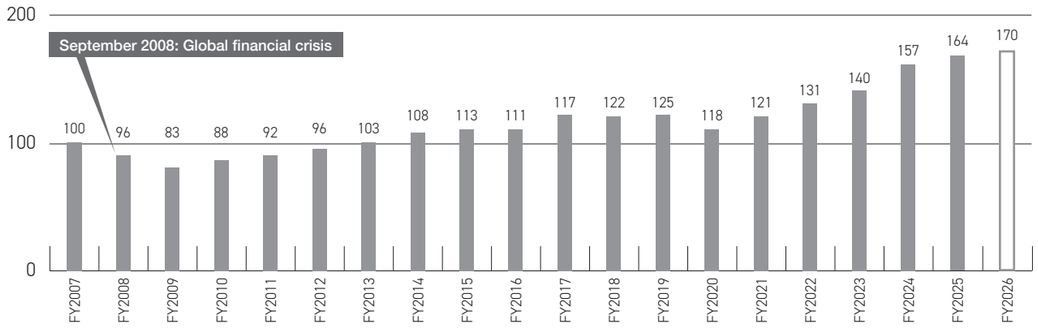


This business handles everything from orders for design and development work to delivery. It takes on orders for actual work and can respond to various requests of corporate clients from design and development work to design and engineering work.

Market Size

Our Clients' R&D Costs

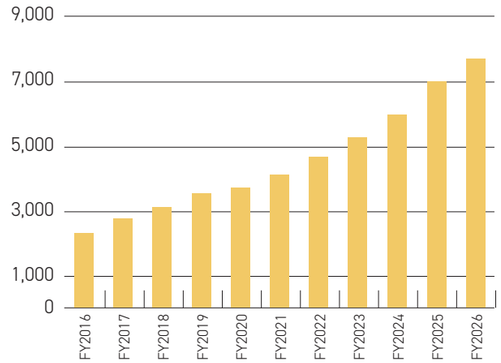
Our clients continuously allocate a budget for R&D, which keeps R&D costs stable.



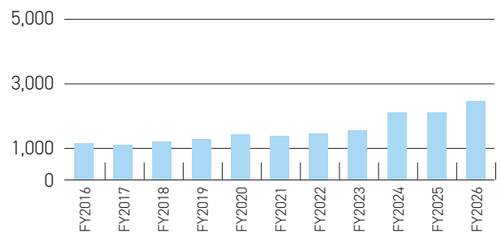
*Calculations were made by using the data of FY2007 as 100 (baseline). *The costs of our listed clients whose fiscal year ends on March 31 were totaled

Trends in Net Sales by Region Unit: million yen

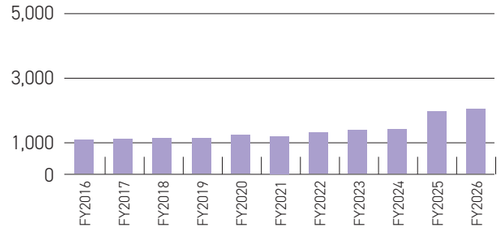
Kanto



Tokai

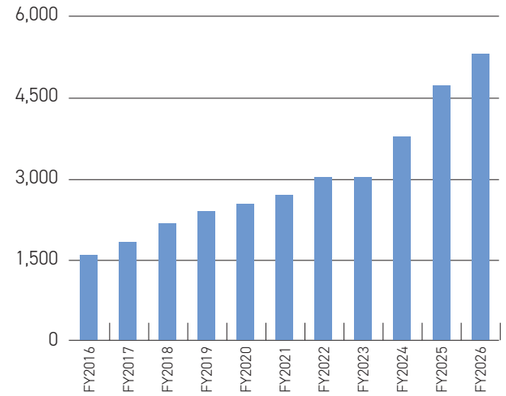


Kinki

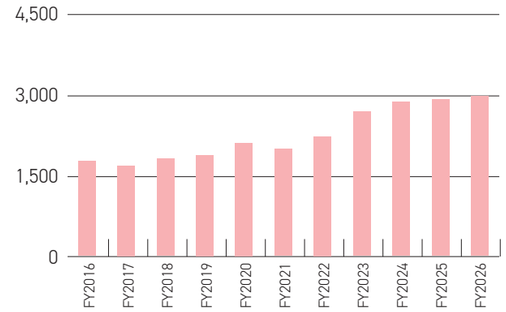


Trends in Net Sales by Industry Field Unit: million yen

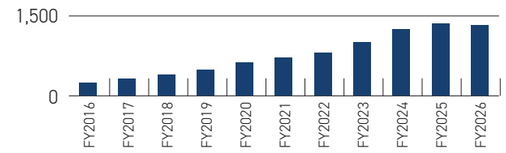
Transportation equipment



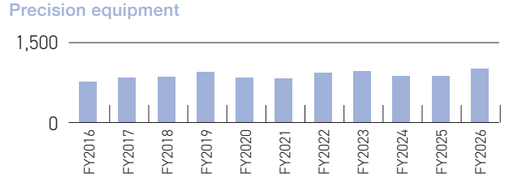
Electronic devices



Information and communications



Precision equipment



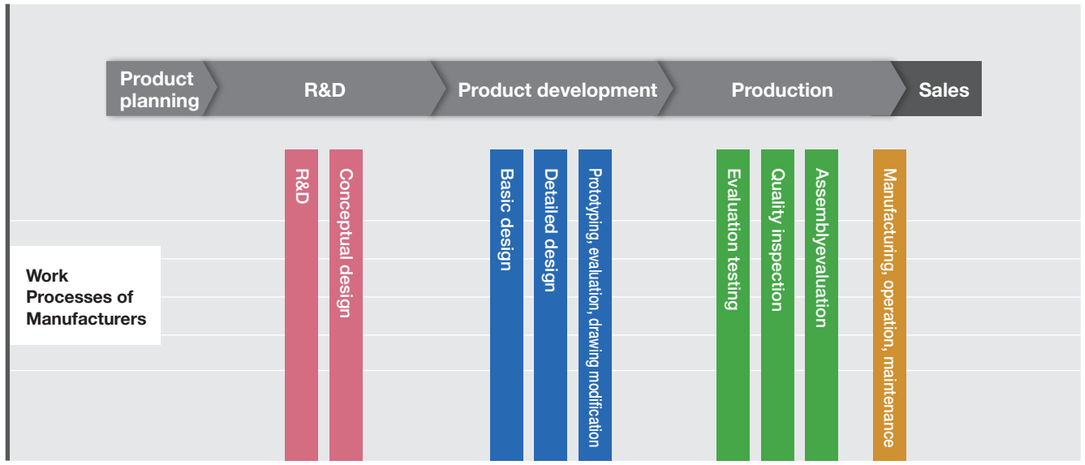
Market Size of Engineer Dispatching Business

1.3 to 1.6 trillion yen (estimate)

Calculated by our Group based on "Aggregated Results of Reports on Temporary Employment Businesses" (Ministry of Health, Labor and Welfare)
*Approximate sales figures for "indefinite-term dispatched workers" classified as "manufacturing engineers," "information processing and communications engineers," and "other engineers" within the "annual net sales" of the worker dispatching business
*When calculated using the net sales figure ¥12 billion for FY2026, our Group's most recent fiscal year, market share is 0.7–0.9%

Artner's Businesses & Market Environment

The Company's Groups Corresponding to the Work Processes of Manufacturers



Organizational Structure of Artner

HV
High Value Group

This market segment requires advanced technical skills and design, e.g., advanced development, R&D.

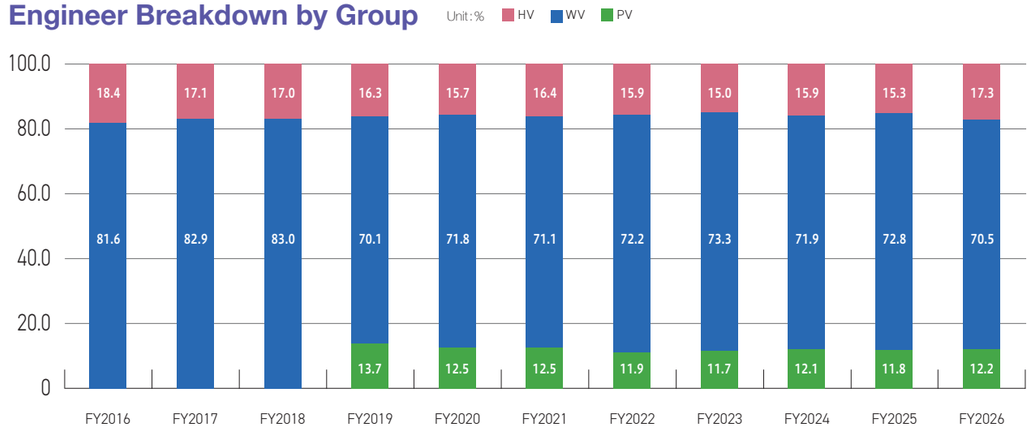
WV
Wide Value Group

This market segment covers a wide range of design-related tasks and corresponds to the majority of design and development work.

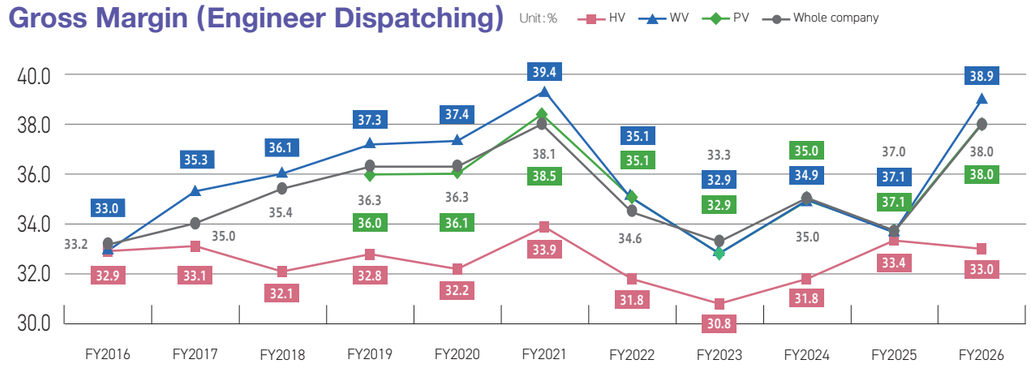
PV
Product Value Group

This market segment is associated with quality assurance, assembly and adjustment, and other aspects of product quality and production.

Engineer Breakdown by Group



Gross Margin (Engineer Dispatching)



Average Unit Price of Engineers (by Group)

HV…lower 6,000 yen range WV…approximately 4,500 yen PV…lower 4,000 yen range

Improvement of Service Quality

As we achieve our purpose to "Support the growth and self-actualization of engineers, who are Japan's world-class assets," and our management philosophy "Engineer Support Company," we stay committed to engaging in the following activities in order to enhance customer satisfaction and improve service quality.

Before engineer placement

We provide industry knowledge of the client company, and train the engineer using the same types of tools as those used in the field.

After engineer placement

We conduct interviews with the client company on a regular basis. We also train the engineer to meet the needs of the company.

Complaint Handling Procedure

At our company, complaints are handled by the person in charge, who prioritizes them by reporting to their manager and working with the related departments. Once the complaint is resolved, records are shared with all departments, the cause is investigated, and a system is built to ensure the same complaint does not arise multiple times.

Segment Overview

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

Trends in Net Sales by Technology Field Unit: million yen

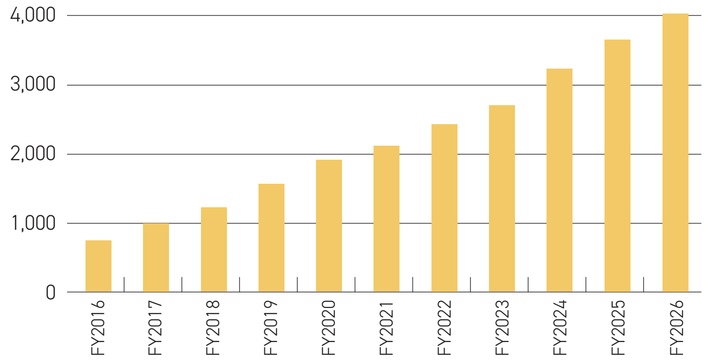
Trends in Number of Engineers Unit: people

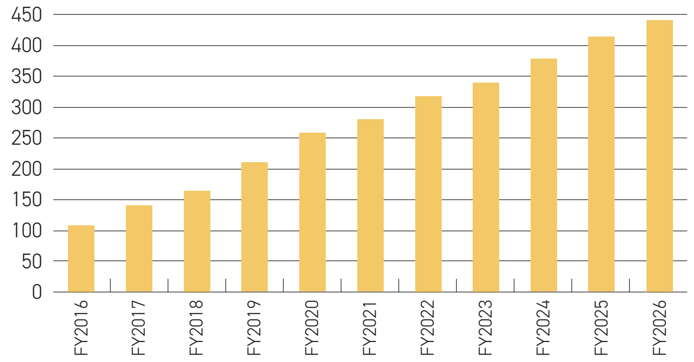
Software Net Sales Ratio 44.9%

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

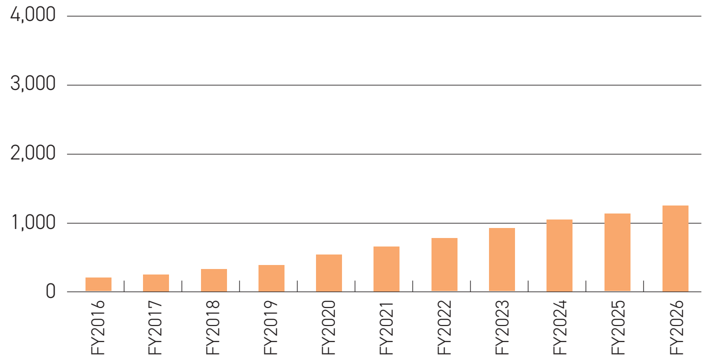
Design areas include Embedded (software development for control systems to be embedded in machinery and equipment), IT Solution (software development for network systems to be used with PCs, tablet devices, and servers), and Model-Based (upstream processes such as preliminary research based on models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

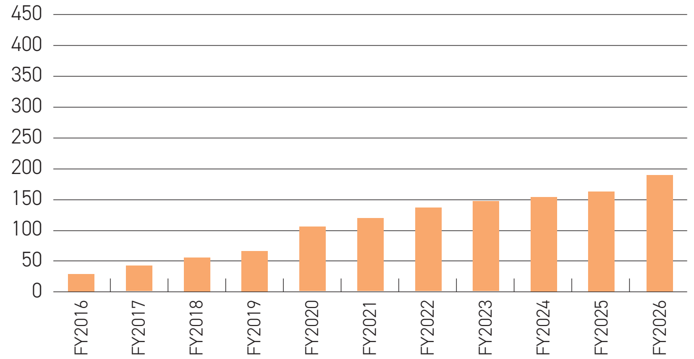
Software (Embedded / Model-Based)





Software (IT Solution)

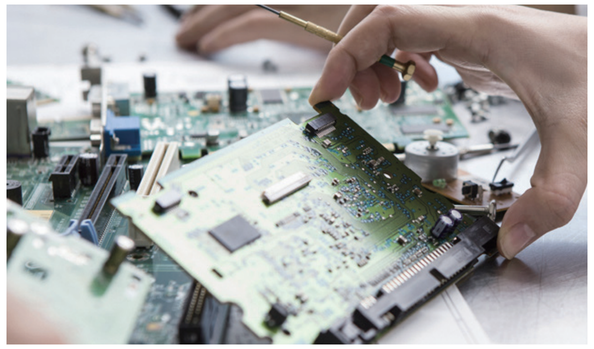




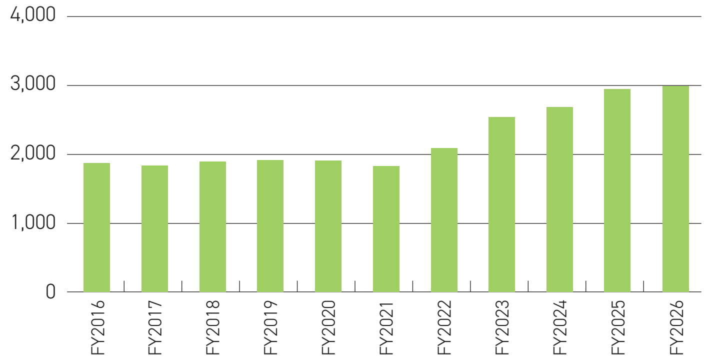
Electronics Net Sales Ratio 25.2%

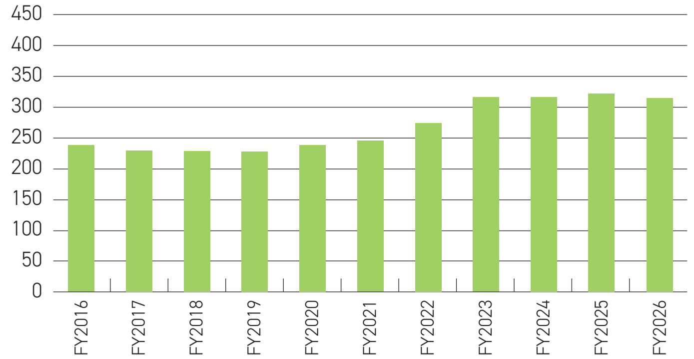
Electronic engineers design the circuit boards that form the heart of equipment and devices and they conduct reliability assessments of such systems.

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).



Electronics





Machinery Net Sales Ratio 29.9%

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).

Machinery