Interview with Our Chief Financial Officer (CFO)

Establishing a Stable Financial Base and Continuously Improving Enterprise Value

Chief Financial Officer (CFO)
HARIGAE Tomonori

Achieved Sales and Operating Profit Growth for 12 Consecutive Periods in FY2026

Our Group made the transition to consolidated settlements of accounts as of FY2026. While there were concerns surrounding the impact of US trade policy, particularly on the automobile industry, FY2026 saw our Group achieve net sales of ¥12,046 million, profit attributable to owners of parent of ¥1,258 million, and an EPS of ¥118.47 due to increased demand from automobile-related manufacturers and semiconductor manufacturing equipment manufacturers, which constitute major customers. Additionally, operating cash flow saw a steady increase to ¥1,415 million.

Financial and Capital Strategy for the Medium-Term Business Plan (FY2026-FY2030)

For the Medium-Term Business Plan starting in the fiscal year ending January 31, 2026, our Group has set the following consolidated business targets: net sales of ¥20.0 billion; an operating margin of 15.0%; and employment of over 2,250 engineers.
Net sales of the engineer dispatching business, our main business, is primarily calculated by multiplying the number of engineers and the utilization rate to get the number of operative personnel, which is then multiplied by the contract unit price of each engineer and the total work person-hours. Also, in engineer dispatching, expenses such as labor costs for engineers assigned to our clients are recorded as cost of sales, while in contracting, expenses such as labor costs for engineers and outsourcing costs paid to partner companies are recorded as cost of sales.
Meanwhile, expenses such as labor costs for engineers incurred during internal education and training (or while on standby) and labor costs for administrative staff positions are recorded as SG&A expenses. Based on this business structure, we place importance on the number of engineers, utilization rate, and unit price of engineers as management indicators.
Regarding the market environment for FY2027, the destabilization of the international situation continues to pose a downside risk to the global economy. However, our Group's strategically important clients, such as automobile-related manufacturers and semiconductor manufacturing equipment manufacturers, are expected to increase their development speed through proactive investment in key areas under the national government's growth strategy.
With this market environment, we foresee buoyant demand for engineers our Group provides will continue. Given this forecast, in regard to individual indicators, we envision that the number of engineers will increase, that the unit price of engineers will continue to rise, and that the utilization rate and total work person-hours will remain at the same levels as the same period of the previous year.
We will continue to work toward realizing our Medium-Term Business Plan targets of increasing the number of engineers to over 2,250 and maintaining a high utilization rate, unit price of engineers, and total work person-hours. By doing so, we will endeavor to grow net sales to ¥20.0 billion, and, by managing the recruitment cost ratio relative to net sales appropriately, achieve an operating margin of 15.0%.

Improving Capital Efficiency

The Company attaches importance to the cost of shareholders' equity and recognizes it at a range of approximately 6 to 7%. Whereas our Medium-Term Business Plan ROE target is of over 20%, we achieved an ROE of 24.1% in the fiscal year ended January 31, 2026, surpassing the cost of shareholders' equity and realizing high capital efficiency. Going forward, we will continue to increase profit, the numerator in the ROE equation. With regard to the denominator, equity, we intend to invest in growth and return profits to our shareholders in line with our cash allocation policy while considering the balance with retained earnings. Additionally, our Group's P/B ratio at the end of the fiscal year ended January 31, 2026 was 4.2 times. Going forward, we will continue to strive to enhance our IR activities to ensure that we are appropriately valued by capital markets.

Cash Allocation and Shareholder Returns

In order to achieve sustainable growth, we will strive to secure stable cash flows and efficient capital allocation. We aim to hold approximately three months' worth of monthly net sales as cash on hand, and to reserve any surplus funds for future growth opportunities.
Regarding cash flow within the Medium-Term Business Plan, we expect cash inflow of approximately ¥9.8 billion (approximately ¥1.0 billion from debt leverage and approximately ¥8.8 billion from operating activities), cash outflow of approximately ¥4.8 billion from growth investment, * and shareholder returns of approximately ¥5.0 billion.
In light of the cash outflow resulting from M&A, we took out a loan to enable us to respond flexibly to changes in the business environment and to growth opportunities. Even after taking out the loan, our equity ratio remains at a high level, and we do not believe this will have a significant impact on our financial soundness.
In terms of profit distribution, we comprehensively consider future business developments, earnings, and the management environment, as well as the strengthening of our management foundations, and position the supply of stable dividends to our shareholders as top-priority management tasks. Accordingly, we have agreed to consider a payout ratio based on 50%. In addition, our basic approach is to ensure that the dividend remains at least at the same amount as the previous year and continues to increase.
To facilitate the enhancement of shareholder returns and improvement of capital efficiency, at its meeting held on March 13, 2026, our Board of Directors resolved to purchase up to 30,000 treasury shares. This purchase was completed on March 25 (total number of shares purchased: 25,700 shares; total purchase value: ¥50 million). These will be reviewed as part of future capital policies, including their utilization in stock-based compensation for board members and employees.
*M&A, alliances, facility investment (expansion of training hubs, etc.), human capital investment (education, health and productivity management), stronger business promotion (recruitment, IT/DX investment)

Performance Management and Financial Governance at Group Companies

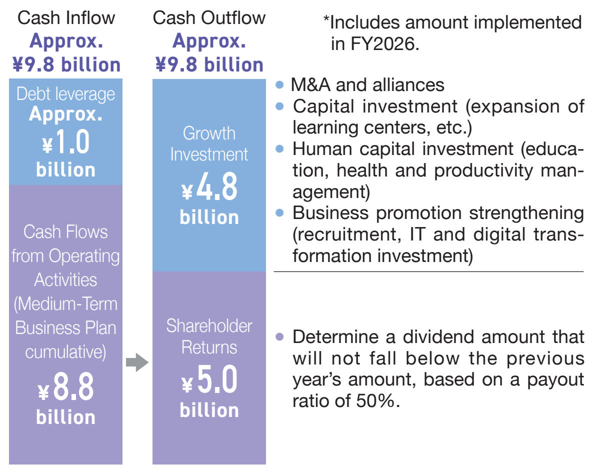
Regarding the performance of our two consolidated subsidiaries, CLIP SOFT reported net sales of ¥279 million and profit of ¥15 million for the fiscal year ended August 2025, while JOUHOU GIKEN reported net sales of ¥1,005 million and profit of ¥67 million for the fiscal year ended December 2025. Combined, these two consolidated subsidiaries showed net sales of ¥1,284 million and profit of ¥82 million.
The amount of goodwill incurred came to ¥329 million for CLIP SOFT and ¥1,198 million for JOUHOU GIKEN. As of the end of the current consolidated fiscal year (January 31, 2026), the total for the two consolidated subsidiaries was ¥1,519 million.
The amortization period and method are based on straight-line amortization over a 10-year period. Since the two consolidated subsidiaries together generate goodwill amortization of approximately ¥150 million per annum, we will appropriately manage performance for the Group overall and manifest synergies to improve performance so that we can post profits exceeding that amount.

Highly Transparent and Trustworthy Financial Management Based on Consolidated Management

As a company listed on the Prime Market of the Tokyo Stock Exchange, Artner is committed to managing and disclosing our management indicators appropriately, striving for transparent and trustworthy financial management to earn and maintain trust from our stakeholders.
Moreover, we are endeavoring to enhance our financial governance from the standpoint of consolidated management. Under a unified management system across the entire Group, we practice management that emphasizes profitability, capital efficiency, and soundness on a consolidated basis while respecting the business characteristics of each Group company. Furthermore, with stable cash generation as our starting point, we will endeavor to reinforce our management foundation that underpins sustainable growth while being mindful to adequately balance growth investment and shareholder returns.

*M&A, alliances, facility investment (expansion of training hubs, etc.), human capital investment (education, health and productivity management), stronger business promotion (recruitment, IT/DX investment)

Cash Allocation(FY2026 to FY2030)



*For cash allocation, unlike a record of changes in cash similar to a cash flow statement, we present our business management policy that dictates how we will reallocate generated cash inflow to growth investment and shareholder returns.
*The growth investment in M&A under cash outflow differs from "expenditures for the acquisition of subsidiaries" (the net amount calculated by subtracting the amount of cash and cash equivalents held by the acquired subsidiary at the time of acquisition from the amount of cash and cash equivalents paid for the acquisition) on the consolidated cash flow statement. It refers to the total amount of consideration for the acquisition.

Review of the Medium-Term Business Plan to Date

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〉

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

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

Continuations and Additions in the Next 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

Continuations and Additions in the Next 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

Continuations and Additions in the Next 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

Continuations and Additions in the Next Plan

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

FY2023 – FY2025

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

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

Results

MTBP achieved

◎ The operating margin target was achieved due to increases in the unit price of engineers.
◎ ROE and payout ratio targets were achieved due to compliance with the Prime Market listing maintenance criteria.
◎ Carbon neutrality-related indicators were achieved for engineer placement.

MTBP not achieved

◎ Net sales fell short due to the failure to meet the Medium-Term Business Plan target for the number of engineers, caused by intensifying recruitment competition.
◎ Carbon neutrality-related indicators were not achieved for recruitment.

	(Final year target)	(Final year result)
Net sales	¥11.6 billion	¥11.1 billion
Operating margin	14.0%	16.3%
Number of engineers	1,600	1,251

Continuations and Additions in the Next Plan

◎ Continue the substance of the Basic Policy and Basic Measures.

Medium-Term Business Plan (FY2026 to FY2030)

External environment and social issues

Low birthrate and aging population	Shortage of talents (engineers)	Accelerated digitization
Diversification of values and needs	Mobility and diversity of talents	Diversification of work styles and changes in employment practices
Dealing with "with-COVID" and "post-COVID" society	Society Increased uncertainty in global trends	Advanced sustainability management

Demand forecast

Considering the present market environment, demand will continue to be strong over the next five to ten years

Values provided

For our clients Placement of engineers with high added value	**For our partners** Co-creation of value
For our employees Aiming for the happiness of all the employees and reflection within the Company Retention of employment	**For our shareholders** Sustainable growth Profit distribution

Vision for FY2030 developed

Vision (medium- to long-term goals) for FY2030

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

The Company's challenges

Our fundamental approach is not product orientation but market orientation. Recruitment will become most critical for the Company's preparations to respond to market needs.

Expecting the central theme of the new Medium-Term Business Plan to be: further enhancing segment management,which is one of our features, in order to pursue a business cycle that recruits and trains talent who can meet client needs and supplies them to our clients.

< Basic Policy >

"Build a foundation for sustainable and next-generation growth"

"Make Value for 2025 to 2029"

· Become a group of engineers providing the greatest added value in the industry
· Evolve into a comprehensive technical service company

Recruit new graduates and career hires, and increase the number of Artner employees at a compound annual growth rate (CAGR) of approx. **10%**

< Basic Measures >

① Promote strategies by segment

- Increase workforce allocation in high-end fields with a focus on carbon neutrality projects
- Enhance work assignment levels through OJT in contracting projects

Engineer dispatching services in high-end fields*
36% ⇒ 50%

② Promote diversity and inclusion in talent management

- Strategically shift to contracting to adapt to the changes in the business environment
- Utilize workers of retirement age, women, and foreign workers (overseas students) as personnel
- Utilize and organize partner companies

Ratio of contracting personnel
30%

③ Explore new business and revenue opportunities

- Evolve into a comprehensive technical service company through M&A and alliances

*High-end fields: the High Value Group and some work levels of the Wide Value Group (advanced development of upcoming products, development of core technologies, development of new functions, preparing specifications, requirements analysis, functional design, etc.)
⇒ Result for fiscal year ended January 31, 2026: 42.9%

Aim of Making CLIP SOFT/JOUHOU GIKEN into Group Companies

Company name	Share transfer date	Headquarters	Business fields	Number of employees	Main clients	Purpose
CLIPSOFT	2025 September 26	Shizuoka Pref. Hamamatsu City	evelopment of embedded software, such as for automotive instrument panels, and staffing business	33 (As of Jan. 2026)	• DAYSYS Corporation • Yazaki Parts Co., Ltd. • Yamaha Motor Co., Ltd.	To engineer an expansion of Artner's services in the IT industry (including contract system development and embedded software), which is anticipated to continue growing in the future
情報技研 JOUHOU GIKEN CO.,LTD.	2025 December 26	Tochigi Pref. Utsunomiya City	Transportation equipment design and research and development support business	116 (As of Jan. 2026)	Honda Motor Co., Ltd. • SUBARU CORPORATION • FUJI AEROSPACE TECHNOLOGY CO., LTD.	To engineer an expansion of the Artner Group's services in the automotive and aerospace industries

The Company has made CLIP SOFT and JOUHOU GIKEN into Group companies to serve as partners with whom it can mutually complement and reinforce strong and weak points.

		CLIPSOFT	情報技研 JOUHOU GIKEN	
		Strong point	Strong point	Weak point
ARTNER —Create the Future—	Strong point	Embedded software area		Embedded software area
	Weak point		Mechanical hardware area	