

June 9, 2025

Summary of Non-consolidated Financial Results for the Three Months Ended April 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2163
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for individual investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended April 30, 2025 (from February 1, 2025 to April 30, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2025	2,847	7.6	518	9.1	519	9.2	360	9.1
April 30, 2024	2,646	6.1	475	(0.6)	476	(0.6)	330	(0.7)

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
April 30, 2025	33.96	—
April 30, 2024	31.13	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
April 30, 2025	6,766	4,622	68.3
January 31, 2025	6,687	4,708	70.4

Reference: Equity As of April 30, 2025: ¥ 4,622 million
 As of January 31, 2025: ¥ 4,708 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 31, 2025	—	40.00	—	42.00	82.00
Fiscal year ending January 31, 2026	—				
Fiscal year ending January 31, 2026 (Forecast)		42.00	—	42.00	84.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of non-consolidated financial results for the year ending January 31, 2026 (from February 1, 2025 to January 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,492	3.3	1,838	1.6	1,838	0.9	1,274	1.1	119.94

Note: Revisions to the forecast of non-consolidated financial results most recently announced: None

Note: Only the full-year forecast is shown because Artner manages performance on a fiscal year basis.

*** Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2025	10,627,920 shares
As of January 31, 2025	10,627,920 shares

- (ii) Number of treasury shares at the end of the period

As of April 30, 2025	2,514 shares
As of January 31, 2025	2,514 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended April 30, 2025	10,625,406 shares
Three months ended April 30, 2024	10,625,447 shares

- * Review of the attached quarterly financial statements by certified public accountants or an audit corporation: No

- * Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company's actual results. Actual financial and other results may differ substantially from the statements herein due to various factors.

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1. Overview of Business Performance and Others

(1) Overview of business performance during the three months ended April 30, 2025

Q1 of this fiscal year has seen the Japanese economy recover gradually. Manufacturers in automobile-related industries, which constitute our main clients, are actively developing hybrid vehicles, electric vehicles, fuel cell vehicles, etc., with the aim of achieving “carbon neutrality.” Additionally, due to growth in demand for semiconductors, there were also burgeoning requests for engineers from manufacturers in semiconductor manufacturing equipment-related industries. However, in the immediate term, there are signs of uncertainty due to the impact of U.S. trade policy, among other factors.

In the engineer dispatching business, the increase in the number of engineers coupled with utilization rates remaining high as demand for engineers rose caused the number of operative personnel to surpass that in the same period of the previous year. Moreover, in addition to the trend of engineer shortages and wage increases by companies, the strategic rotation of current engineers between clients to improve their performance level led to a continuous rise in the unit price of engineers over the previous year, causing it to surpass the unit price in the same period of the previous year. Also, while average daily total work person-hours were on the same level of those in the same period of the previous year, due to changes in the number of shift days accompanying disparities in the holiday calendar with the previous year caused average monthly total work person-hours to decline over the same period of the previous year.

In the contracting business, aggressive sales activities have led to an increasing number of engineers assigned to contracted projects. Furthermore, by shifting from engineer dispatching to contracting projects in response to client needs, the contracting business’s net sales ratio increased to 12.5%.

In terms of profits, while there were expenses related to recruitment investment and IT/DX investment as well as other expenses, these were absorbed by net sales growth, which led to profits exceeding those for the same period of the previous year.

As a result of all this, net sales for the first three months of the current fiscal year totaled JPY 2,847,819 thousand (up 7.6% year on year), operating profit JPY 518,356 thousand (up 9.1% year on year), ordinary profit JPY 519,789 thousand (up 9.2% year on year), and profit JPY 360,858 thousand (up 9.1 % year on year). Operating margin was 18.2%.

(2) Overview of financial status during the three months ended April 30, 2025

(i) Assets, liabilities, and net assets

The total assets at the end of the first quarter of the current fiscal year increased JPY 79,186 thousand compared to the end of the previous fiscal year to JPY 6,766,831 thousand. This is mostly because we recorded an increase of JPY 73,350 thousand in deferred tax assets, an increase of JPY 41,758 thousand in intangible assets, and an increase of JPY 40,567 thousand in prepaid expenses, whereas we also recorded a decrease of JPY 100,993 thousand in cash and deposits.

Liabilities at the end of the first quarter increased JPY 164,575 thousand compared to the end of the previous fiscal year to JPY 2,144,082 thousand. This is mostly because we recorded an increase of JPY 244,657 thousand in provision for bonuses, whereas we also recorded a decrease of JPY 121,639 thousand in income taxes payable.

Net assets at the end of the first quarter decreased JPY 85,388 thousand compared to the end of the previous fiscal year to JPY 4,622,748 thousand. This is mostly because we recorded a decrease of JPY 85,408 thousand in retained earnings.

(ii) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the first quarter of the current fiscal year decreased JPY 100,993 thousand compared to the end of the previous fiscal year to JPY 4,487,982 thousand.

Cash flows for the first three months of the current fiscal year and factors therein are as stated below.

(Net cash provided by (used in) operating activities)

The cash gained as a result of operating activities totaled JPY 365,100 thousand (up JPY 98,482 thousand year on year). This is mostly because we recorded JPY 519,055 thousand in profit before income taxes and an increase of JPY 244,657 thousand in provision for bonuses, whereas we also recorded JPY 341,738 thousand in income taxes paid and a decrease of JPY 112,400 thousand in accounts payable - other .

(Net cash provided by (used in) investing activities)

The cash used as a result of investing activities totaled JPY 49,314 thousand (down JPY 12,214 thousand year on year). This is mostly because we recorded JPY 45,629 thousand in purchase of intangible assets.

(Net cash provided by (used in) financing activities)

The cash used as a result of financing activities totaled JPY 416,779 thousand (up JPY 43,970 thousand year on year). This is because we recorded JPY 416,779 thousand in dividends paid.

(3) Explanation of earnings forecasts and other forward-looking statements

The full-year forecasts of the financial results published on March 14, 2025 remain unchanged.

Currently, the risk of a downward swing in market conditions due to the impact of U.S. trade policy and other factors is growing, and an impact on the performance of clients is envisioned to a considerable degree. However, we believe that societal issues addressed by manufacturers in automobile-related industries, including reducing CO₂ emissions, will fall outside the scope of significant R&D cost cuts. At Artner, due to the high placement ratio of engineers in the R&D and design and development domains, no impact on the company's businesses has manifested itself at this time. This April's revisions in unit prices in agreements with our clients overall, including manufacturers in automobile-related industries, led to higher prices than in the previous year. Additionally, engineer staffing agreements are automatically renewed every three months, and there were almost no visible cases of agreements terminating between the months of April and June.

Regarding agreement renewals for current engineers, renewals for the period between July and September and those for the period between October and December are expected to be finalized at the end of May and the end of August, respectively. Should agreements be terminated due to an impact on the performance of our clients, as a time lag is expected, we envision that the risk of agreement termination will arise at the end of August.

Also, should current engineers (experienced engineers) have their agreements terminated, because our clients have greater needs for individuals with experience than for those without it, we are envisioning a risk of delays in the placement of newly graduated engineers (non-experienced engineers) who joined Artner in April 2025.

We intend to continue to respond at an early stage while closely monitoring risk.

2. Quarterly Financial Statements and Main Notes

(1) Quarterly non-consolidated balance sheet

(Thousands of yen)

	As of January 31, 2025	As of April 30, 2025
Assets		
Current assets		
Cash and deposits	4,588,976	4,487,982
Accounts receivable - trade	1,457,629	1,487,319
Work in process	4,376	4,284
Raw materials and supplies	2,651	2,877
Other	85,769	121,003
Allowance for doubtful accounts	(8,700)	(8,900)
Total current assets	6,130,702	6,094,567
Non-current assets		
Property, plant and equipment	78,815	78,610
Intangible assets	20,795	62,553
Investments and other assets		
Leasehold and guarantee deposits	111,741	111,881
Other	345,590	419,218
Total investments and other assets	457,331	531,099
Total non-current assets	556,942	672,264
Total assets	6,687,644	6,766,831
Liabilities		
Current liabilities		
Income taxes payable	366,794	245,155
Provision for bonuses	223,950	468,607
Other	672,021	712,362
Total current liabilities	1,262,765	1,426,124
Non-current liabilities		
Provision for retirement benefits	716,741	717,958
Total non-current liabilities	716,741	717,958
Total liabilities	1,979,507	2,144,082
Net assets		
Shareholders' equity		
Share capital	238,284	238,284
Capital surplus	168,323	168,323
Retained earnings	4,301,729	4,216,320
Treasury shares	(965)	(965)
Total shareholders' equity	4,707,371	4,621,962
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	765	786
Total valuation and translation adjustments	765	786
Total net assets	4,708,137	4,622,748
Total liabilities and net assets	6,687,644	6,766,831

(2) Quarterly non-consolidated profit and loss statement

(Thousands of yen)

	Three months ended April 30, 2024	Three months ended April 30, 2025
Net sales	2,646,075	2,847,819
Cost of sales	1,601,951	1,728,872
Gross profit	1,044,124	1,118,947
Selling, general and administrative expenses	568,864	600,590
Operating profit	475,260	518,356
Non-operating income		
Interest income	0	42
Dividend income	7	7
Commission income	146	145
Sales income of training materials	515	436
Gain on forfeiture of unclaimed dividends	483	789
Other	132	11
Total non-operating income	1,285	1,433
Non-operating expenses		
Cancellation penalty	389	—
Other	1	—
Total non-operating expenses	390	—
Ordinary profit	476,154	519,789
Extraordinary losses		
Loss on retirement of non-current assets	—	734
Total extraordinary losses	—	734
Profit before income taxes	476,154	519,055
Income taxes - current	215,823	231,557
Income taxes - deferred	(70,424)	(73,359)
Total income taxes	145,398	158,197
Profit	330,756	360,858

(3) Quarterly non-consolidated cash flow statement

(Thousands of yen)

	Three months ended April 30, 2024	Three months ended April 30, 2025
Cash flows from operating activities		
Profit before income taxes	476,154	519,055
Depreciation	5,383	6,879
Increase (decrease) in allowance for doubtful accounts	800	200
Increase (decrease) in provision for bonuses	217,221	244,657
Increase (decrease) in provision for retirement benefits	3,436	1,217
Interest and dividend income	(8)	(50)
Loss on retirement of non-current assets	—	734
Decrease (increase) in accounts receivable - other	(624)	152
Decrease (increase) in trade receivables	(126,884)	(29,690)
Decrease (increase) in inventories	1,141	(133)
Increase (decrease) in accrued consumption taxes	18,682	16,822
Increase (decrease) in accounts payable - other	(92,630)	(112,400)
Other, net	86,680	59,345
Subtotal	589,351	706,788
Interest and dividends received	8	50
Income taxes paid	(322,742)	(341,738)
Net cash provided by (used in) operating activities	266,617	365,100
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,972)	(3,538)
Purchase of intangible assets	(5,697)	(45,629)
Payments of leasehold and guarantee deposits	(11,827)	(140)
Proceeds from refund of leasehold and guarantee deposits	263	—
Other, net	(8,294)	(6)
Net cash provided by (used in) investing activities	(61,529)	(49,314)
Cash flows from financing activities		
Purchase of treasury shares	(24)	—
Dividends paid	(372,784)	(416,779)
Net cash provided by (used in) financing activities	(372,809)	(416,779)
Net increase (decrease) in cash and cash equivalents	(167,721)	(100,993)
Cash and cash equivalents at beginning of period	4,277,610	4,588,976
Cash and cash equivalents at end of period	4,109,889	4,487,982

(4) Notes on the quarterly financial statements
(Notes on the Going Concern Assumption)
Not applicable

(Notes on Substantial Changes in the Amount of Shareholders' Equity)
Not applicable

(Notes on the Segment Data)
Since we have only one reportable segment, notes on this matter have been omitted.