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# Consolidated Financial Results for the Fiscal Year Ended October 31, 2023 (Under IFRS)

December 13, 2023

Company name: Nareru Group Inc.
Listing: Tokyo Stock Exchange
Securities code: 9163
URL: https://nareru-group.co.jp
Representative: Ryo Kobayashi, Representative Director
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Telephone: +81-03-6268-9036
Scheduled date of annual general meeting of shareholders: January 30, 2024
Scheduled date to commence dividend payments: January 31, 2024
Scheduled date to file annual securities report: January 30, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

## 1. Consolidated financial results for the fiscal year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Revenue | | Operating profit | | Profit before tax | | Profit | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| October 31, 2023 | 17,994 | 23.8 | 2,469 | 21.1 | 2,475 | 33.7 | 1,741 | 40.1 |
| October 31, 2022 | 14,540 | 19.9 | 2,039 | 16.0 | 1,852 | 16.2 | 1,242 | 19.1 |

| | Profit attributable to owners of parent | | Total comprehensive income | | Basic earnings per share | Diluted earnings per share |
|---|---|---|---|---|---|---|
| Fiscal year ended | Millions of yen | % | Millions of yen | % | Yen | Yen |
| October 31, 2023 | 1,741 | 40.1 | 1,748 | 42.7 | 209.88 | 203.61 |
| October 31, 2022 | 1,242 | 19.1 | 1,225 | 18.9 | 150.58 | — |

| | Ratio of profit to equity attributable to owners of parent | Ratio of profit before tax to total assets | Ratio of operating profit to revenue |
|---|---|---|---|
| Fiscal year ended | % | % | % |
| October 31, 2023 | 15.8 | 11.6 | 13.7 |
| October 31, 2022 | 13.4 | 9.4 | 14.0 |

(Reference) Equity in net income of affiliates: FY ended October 31, 2023: (- million yen); FY ended October 31, 2022: (- million yen)

Notes: 1. The Company was listed on the Tokyo Stock Exchange Growth Market on July 21, 2023. Accordingly, the average share price from the date of listing to the end of the fiscal year ended October 31, 2023 is deemed to be the average share price during the period when calculating diluted the current period earnings per share for the fiscal year ended October 31, 2023.

Notes: 2. Diluted the current period earnings per share for the year ended October 31, 2022 is not presented because the Company's shares are not listed and the Company has stock options, but the vesting conditions include conditions for listing.

### (2) Consolidated financial position

| | Total assets | Total equity | Total equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets | Equity attributable to owners of parent per share |
|---|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| October 31, 2023 | 22,505 | 12,177 | 12,177 | 54.1 | 1,445.17 |
| October 31, 2022 | 20,155 | 9,933 | 9,933 | 49.3 | 1,203.65 |

### (3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| October 31, 2023 | 2,314 | 22 | (536) | 4,083 |
| October 31, 2022 | 1,553 | (176) | (1,249) | 2,283 |

## 2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to equity attributable to owners of parent (Consolidated) |
|---|---|---|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended October 31, 2022 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ended October 31, 2023 | - | 0.00 | - | 95.00 | 95.00 | 800 | 45.3 | 7.2 |
| Fiscal year ending October 31, 2024 (Forecast) | - | 50.00 | - | 60.00 | 110.00 | | 48.3 | |

## 3. Forecast of consolidated financial results for the fiscal year ending October 31, 2024 (November 1, 2023 to October 31, 2024)

(Percentages indicate year-on-year changes.)

| | Revenue | | Gross profit | | Operating profit | | Profit before tax | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Second quarter (accumulated) | 10,160 | 22.4 | 2,570 | 13.0 | 1,010 | (3.9) | 980 | (4.4) |
| Full year | 21,830 | 21.3 | 5,920 | 14.5 | 2,770 | 12.2 | 2,730 | 10.3 |

| | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|
| | Millions of yen | % | Yen |
| Second quarter (accumulated) | 690 | (4.5) | 81.89 |
| Full year | 1,920 | 10.3 | 227.86 |

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

| | |
|---|---|
| As of October 31, 2023 | 8,426,130 shares |
| As of October 31, 2022 | 8,252,630 shares |

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

| | |
|---|---|
| As of October 31, 2023 | - shares |
| As of October 31, 2022 | - shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Fiscal year ended October 31, 2023 | 8,296,885 shares |
| Fiscal year ended October 31, 2022 | 8,252,630 shares |

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable. The forward-looking statements do not guarantee future performance. Actual results may differ materially from those expressed or implied by these forward-looking statements due to a variety of factors. For the assumptions for the forecasts and notes on the use of the forecasts, please refer to "1. Overview of Operating Results and Others (4) Business performance forecasts " on page 5 of the Appendix.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended October 31, 2023, the Japanese economy showed a gradual normalization of economic activities as the novel coronavirus shifted to Category 5. In addition, the Japanese economy is gradually recovering, with some companies showing signs of wage increases. However, the outlook remains uncertain because of monetary tightening in Europe and the U.S., in addition to inflationary risks such as the global surge in raw material and energy prices.

In the construction industry, which is the Group's major clients, there are concerns about a sharp rise in price of construction material, but public investment remains firm, and private-sector construction investment continues to recover, leading to firm domestic construction demand.

In this environment, the Group promoted the strengthening of personnel recruitment for business growth, and the number of engineers increased. In addition, the number of active engineers increased because of dispatching engineers in response to client needs.

As a result, the Group's consolidated operating results for the year ended October 31, 2023 were as follows: revenue increased by 23.8% to 17,994,881 thousand yen, operating income increased by 21.1% to 2,469,161 thousand yen, and the current period income before income taxes increased by 33.7% to 2,475,904 thousand yen, the current period profits attributable to owners of the parent increased by 40.1% to 1,741,337 thousand yen year-on-year.

Operating results by segment are as follows.

(Construction Solutions Business)

The construction industry continues to face a chronic labor shortage, and the Company has a significant role in dispatching engineers and is expected to contribute to resolving the labor shortage. In response to these expectations, the Company worked to strengthen the recruitment and training of engineers, which resulted in an increase in the number of engineers currently employed and in operation (Notes 1).

In addition, the Company has been preparing for the upper limit of overtime work stipulated in the revised Labor Standards Act in advance, which is also applicable to the construction industry, since April 2024. As a result, overtime hours have been on a decreasing trend. However, aggressive sales activities including unit price negotiations have been successful, and the contract unit price and the utilization rate have improved. These efforts have contributed to the Company's performance (Notes 2).

As a result, revenue in this segment was 16,044,957 thousand yen (up 23.1% year on year) and the segment profit was 2,250,835 thousand yen (up 24.2% year on year).

Notes 1: The number of engineers of World Corporation increased by 20.4% year on year, and the number of active engineers of World Corporation increased by 22.3% year on year.

Notes 2: The average contract price per engineer of World Corporation increased by 3.4% year on year, and the utilization rate (including trainees) increased by 0.7 points year on year.

(IT Solution Business)

In the IT industry, labor shortages continue as well as the construction industry, and it is an area where growth and development are expected in the future. Under these circumstances, the Company recognizes that the development of IT human resources is a major issue for Japan and has focused on recruiting and training inexperienced workers. Accordingly, the number of engineers currently employed and in operation has increased in response to the needs for human resources of customers (Notes: 3).

As a result, revenue in this segment was 1,954,123 thousand yen (up 29.4% year on year) and the segment profit was 113,352 thousand yen (up 6.8% year on year).

Notes 3: The number of engineers of ATJC increased by 29.1% year on year, and the number of active engineers increased by 39.7% year on year.

**(2) Overview of Financial Position for the Fiscal Year under Review**

The financial position at the end of the fiscal year under review was as follows.

(Assets)

Total current assets at the end of the fiscal year under review were 7,060,690 thousand yen (up 2,183,393 thousand yen year on year). This was mainly due to an increase of 1,799,431 thousand yen in cash and cash equivalents resulting from the issuance of new shares through a public offering associated with the listing on the Tokyo Stock Exchange Growth Market. Total non-current assets were 15,444,376 thousand yen (up 165,755 thousand yen year on year). This was mainly due to an increase of 107,590 thousand yen in deferred tax assets.

As a result, total assets at the end of the fiscal year under review were 22,505,067 thousand yen (up 2,349,148 thousand yen year on year).

(Liabilities)

Total current liabilities at the end of the fiscal year under review were 6,287,444 thousand yen (up 754,358 thousand yen year on year). This was mainly due to an increase of 647,995 thousand yen in other current liabilities. Total non-current liabilities were 4,040,407 thousand yen (down 649,173 thousand yen year on year). This was mainly due to an increase of 61,875 thousand yen in net defined benefit liability, which was offset by a decrease of 714,284 thousand yen in loans payable.

As a result, total liabilities at the end of the fiscal year under review were 10,327,852 thousand yen (up 105,185 thousand yen year on year).

(Equity)

Total equity at the end of the fiscal year under review was 12,177,215 thousand yen (up 2,243,963 thousand yen year on year). This increase was mainly due to increases of 198,368 thousand yen in common stock and 195,032 thousand yen in capital surplus resulting from the issuance of new shares through a public offering in conjunction with the listing on the Tokyo Stock Exchange Growth Market, as well as an increase of 1,762,609 thousand yen in retained earnings resulting from the recording of the current period profits attributable to owners of the parent.

**(3) Overview of Cash Flows for the Fiscal Year under Review**

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year under review totaled 4,083,222 thousand yen (up 1,799,431 thousand yen year on year).

The status of each cash flow and its factors are as follows.

(Cash Flows from Operating Activities)

Cash flows from operating activities resulted in cash inflows of 2,314,011 thousand yen (compared with cash inflows of 1,553,992 thousand yen year on year). This was mainly due to the recording of the current period income before income taxes of 2,475,904 thousand yen.

(Cash Flows from Investing Activities)

Net cash provided by investing activities was 22,053 thousand yen (compared with 176,443 thousand yen used year on year). This was mainly due to proceeds from collection of other financial assets of 145,352 thousand yen, including proceeds from cancellation of insurance funds.

(Cash Flows from Financing Activities)

Cash flows from financing activities was 536,633 thousand yen (compared with net cash used of 1,249,216 thousand yen in the previous fiscal year). This was mainly due to repayments of long-term loans payable of 714,284 thousand yen despite of proceeds from issuance of common shares of 391,929 thousand yen.

**(4) Business Performance Forecasts**

In the construction industry, which is the Group's major client, the construction market is expected to continue to show steady demand, due to an increase in maintenance and repair work associated with the deterioration of both civil engineering in public sector and buildings in private sector. On the other hand, as labor shortages and the aging of the population in the construction industry become more serious, the legal regulations including the application of the upper limit on overtime work from April 2024 are being tightened, and securing a stable supply of engineers has become an urgent issue. In addition, according to a survey by the Ministry of Health, Labor and Welfare on the "Status of General Employment Placement (Employment Security Service Statistics)," the number of new job seekers for construction, civil engineering and surveying engineers is decreasing year by year. In this environment, the demand for engineers remains strong.

Recruiting engineers is the driving force for the Group's growth. In addition to the conventional recruitment media, the Group is working to secure engineers by diversifying its recruitment channels to include its own recruiting website, recruitment agencies, and acquaintance placement. We will also take measures to strengthen retention to improve the turnover rate.

For the fiscal year ending October 31, 2024, the Group forecasts revenue of 21,830 thousand yen (up 21.3% year on year), operating income of 2,770 thousand yen (up 12.2% year on year), the current period income before income taxes of 2,730 thousand yen (up 10.3% year on year), and the current period income attributable to owners of the parent of 1,920 thousand yen (up 10.3% year on year).

For the consolidated financial results forecast for the second quarter year to date of the fiscal year ending October 31, 2024, we expect revenue of 10,160 thousand yen (up 22.4% year on year) and operating profit of 1,010 thousand yen (down 3.9% year on year).

For the forecasts of the first half of the fiscal year ending October 31, 2024, we expect an increase in sales year on year. However, we expect a decrease in profit because we expect an increase in wages for engineers in the first half, an increase in hiring expenses for engineers associated with the hiring of new graduates in April, and the cost of hiring necessary personnel for internal work other than engineers is mainly factored.

## 2. Basic Approach to the Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards since the fiscal year ended October 31, 2022 in order to improve the international comparability and convenience of financial information in capital markets.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Statement of Financial Position

(Thousands of Yen)

| | As of October 31, 2022 | As of October 31, 2023 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 2,283,790 | 4,083,222 |
| Trade receivables | 2,297,822 | 2,766,608 |
| Other financial assets | 37,550 | 10,029 |
| Other current assets | 258,133 | 200,829 |
| Total current assets | 4,877,297 | 7,060,690 |
| Non-current assets | | |
| Property, plant and equipment | 165,131 | 170,795 |
| Right-of-use assets | 309,978 | 357,446 |
| Goodwill | 14,074,688 | 14,074,688 |
| Intangible assets | 24,556 | 27,923 |
| Other financial assets | 316,922 | 319,788 |
| Deferred tax assets | 384,901 | 492,491 |
| Other non-current assets | 2,442 | 1,241 |
| Total non-current assets | 15,278,621 | 15,444,376 |
| Total assets | 20,155,918 | 22,505,067 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 25,937 | 29,759 |
| Borrowings | 2,714,284 | 2,714,284 |
| Lease liabilities | 153,081 | 201,788 |
| Income taxes payable | 431,817 | 492,821 |
| Other financial liabilities | 119,841 | 112,671 |
| Other current liabilities | 2,088,123 | 2,736,118 |
| Total current liabilities | 5,533,085 | 6,287,444 |
| Non-current liabilities | | |
| Long-term borrowings | 4,285,716 | 3,571,432 |
| Lease liabilities | 124,758 | 125,343 |
| Retirement benefit liability | 168,921 | 230,796 |
| Provisions | 110,185 | 112,835 |
| Total non-current liabilities | 4,689,581 | 4,040,407 |
| Total liabilities | 10,222,666 | 10,327,852 |
| Equity | | |
| Share capital | 50,000 | 248,368 |
| Capital surplus | 8,202,630 | 8,397,663 |
| Retained earnings | 1,556,950 | 3,319,560 |
| Other components of equity | 123,670 | 211,622 |
| Total equity attributable to owners of parent | 9,933,252 | 12,177,215 |
| Total equity | 9,933,252 | 12,177,215 |
| Total liabilities and equity | 20,155,918 | 22,505,067 |

## (2) Consolidated Statements of Profit or Loss and Comprehensive Income

### Consolidated Statement of Profit or Loss

(Thousands of Yen)

| | Fiscal year ended October 31, 2022 | Fiscal year ended October 31, 2023 |
|---|---|---|
| Revenue | 14,540,628 | 17,994,881 |
| Cost of sales | (10,310,991) | (12,825,513) |
| Gross profit | 4,229,636 | 5,169,367 |
| Selling, general and administrative expenses | (2,225,353) | (2,710,325) |
| Other income | 84,475 | 26,202 |
| Other expenses | (49,113) | (16,082) |
| Operating profit | 2,039,645 | 2,469,161 |
| Finance income | 62 | 57,272 |
| Finance costs | (187,611) | (50,529) |
| Profit before tax | 1,852,097 | 2,475,904 |
| Income tax expense | (609,392) | (734,567) |
| Profit | 1,242,704 | 1,741,337 |
| Profit attributable to | | |
| Owners of parent | 1,242,704 | 1,741,337 |
| Profit | 1,242,704 | 1,741,337 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 150.58 | 209.88 |
| Diluted earnings per share (Yen) | - | 203.61 |

## (2) Consolidated Statements of Profit or Loss and Comprehensive Income

### Consolidated Statement of Comprehensive Income

(Thousands of Yen)

| | Fiscal year ended October 31, 2022 | Fiscal year ended October 31, 2023 |
|---|---|---|
| Profit | 1,242,704 | 1,741,337 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | (17,106) | 7,642 |
| Total of items that will not be reclassified to profit or loss | (17,106) | 7,642 |
| Other comprehensive income | (17,106) | 7,642 |
| Comprehensive income | 1,225,598 | 1,748,979 |
| Comprehensive income attributable to | | |
| Owners of parent | 1,225,598 | 1,748,979 |
| Comprehensive income | 1,225,598 | 1,748,979 |

## (3) Consolidated Statement of Changes in Equity

Fiscal year ended October 31, 2022 (Thousands of Yen)

| | Equity attributable to owners of parent | | | | | | | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | | | Other components of equity | | | Total | |
| | Share capital | Capital surplus | Retained earnings | Share acquisition rights | Remeasurements of defined | Total | | |
| Balance on November 1, 2021 | 50,000 | 8,202,630 | 331,352 | 49,869 | - | 49,869 | 8,633,853 | 8,633,853 |
| Profit | - | - | 1,242,704 | - | - | - | 1,242,704 | 1,242,704 |
| Other comprehensive income | - | - | - | - | (17,106) | (17,106) | (17,106) | (17,106) |
| Comprehensive income | - | - | 1,242,704 | - | (17,106) | (17,106) | 1,225,598 | 1,225,598 |
| Issuance of new shares | - | - | - | - | - | - | - | - |
| Issuance of commom stock upon exercise of stock options | - | - | - | - | - | - | - | - |
| Share-based payment transactions | - | - | - | 73,800 | - | 73,800 | 73,800 | 73,800 |
| Transfer from other components of equity to retained earnings | - | - | (17,106) | - | 17,106 | 17,106 | - | - |
| Total transactions with owners | - | - | (17,106) | 73,800 | 17,106 | 90,906 | 73,800 | 73,800 |
| Balance on October 31, 2022 | 50,000 | 8,202,630 | 1,556,950 | 123,670 | - | 123,670 | 9,933,252 | 9,933,252 |

Fiscal year ended October 31, 2023 (Thousands of Yen)

| | Equity attributable to owners of parent | | | | | | | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | | | Other components of equity | | | Total | |
| | Share capital | Capital surplus | Retained earnings | Share acquisition rights | Remeasurements of defined | Total | | |
| Balance on November 1, 2022 | 50,000 | 8,202,630 | 1,556,950 | 123,670 | - | 123,670 | 9,933,252 | 9,933,252 |
| Profit | - | - | 1,741,337 | - | - | - | 1,741,337 | 1,741,337 |
| Other comprehensive income | - | - | - | - | 7,642 | 7,642 | 7,642 | 7,642 |
| Comprehensive income | - | - | 1,741,337 | - | 7,642 | 7,642 | 1,748,979 | 1,748,979 |
| Issuance of new shares | 186,618 | 183,282 | - | - | - | - | 369,901 | 369,901 |
| Issuance of commom stock upon exercise of stock options | 11,750 | 11,750 | - | - | - | - | 23,500 | 23,500 |
| Share-based payment transactions | - | - | - | 101,581 | - | 101,581 | 101,581 | 101,581 |
| Transfer from other components of equity to retained earnings | - | - | 21,272 | (13,630) | (7,642) | (21,272) | - | - |
| Total transactions with owners | 198,368 | 195,032 | 21,272 | 87,951 | (7,642) | 80,308 | 494,983 | 494,983 |
| Balance on October 31, 2023 | 248,368 | 8,397,663 | 3,319,560 | 211,622 | - | 211,622 | 12,177,215 | 12,177,215 |

## (4) Consolidated Statement of Cash Flows

(Thousands of Yen)

| | Fiscal year ended October 31, 2022 | Fiscal year ended October 31, 2023 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 1,852,097 | 2,475,904 |
| Depreciation | 237,782 | 244,626 |
| Impairment losses | 29,046 | - |
| Share-based payment expenses | 73,800 | 101,581 |
| Finance income and finance costs | 187,548 | 41,792 |
| Gain on sale of property, plant and equipment | - | (227) |
| Loss on retirement of property, plant and equipment | 16,991 | 7,162 |
| Decrease (increase) in trade receivables | (419,490) | (468,786) |
| Increase (decrease) in trade payables | 1,193 | 3,822 |
| Increase (decrease) in accrued expenses | 100,187 | 320,987 |
| Increase (decrease) in accounts payable-bonuses | 52,348 | 151,415 |
| Increase (decrease) in retirement benefit liability | 88,041 | 73,560 |
| Other | 28,289 | 181,125 |
| Subtotal | 2,247,835 | 3,132,965 |
| Interest and dividends received | 69 | 66 |
| Interest paid | (127,677) | (48,680) |
| Income taxes paid | (566,234) | (770,339) |
| Net cash provided by (used in) operating activities | 1,553,992 | 2,314,011 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (68,065) | (44,387) |
| Proceeds from sale of property, plant and equipment | - | 227 |
| Purchase of intangible assets | (5,610) | (12,464) |
| Payments for loans receivable | (7,004) | (2,557) |
| Collection of loans receivable | 5,591 | 2,792 |
| Purchase of other financial assets | (101,852) | (65,609) |
| Collection of other financial assets | 508 | 145,352 |
| Other | (10) | (1,300) |
| Net cash provided by (used in) investing activities | (176,443) | 22,053 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 2,000,000 | - |
| Proceeds from long-term borrowings | 4,950,000 | - |
| Repayments of long-term borrowings | (8,010,000) | (714,284) |
| Proceeds from issuance of shares | - | 391,929 |
| Repayments of lease liabilities | (178,216) | (206,188) |
| Payment of financial commission | (11,000) | (3,520) |
| Other | - | (4,569) |
| Net cash provided by (used in) financing activities | (1,249,216) | (536,633) |
| Net increase (decrease) in cash and cash equivalents | 128,333 | 1,799,431 |
| Cash and cash equivalents at beginning of period | 2,155,457 | 2,283,790 |
| Cash and cash equivalents at end of period | 2,283,790 | 4,083,222 |

## (5) Notes on Consolidated Financial Results

### (Note on Assumption about Going Concern)

Not applicable.

### (Segment Information)

#### (1) Overview of Reportable Segments

The reportable segments of the Group are components of the Group for which separate financial information is available and are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate performance.

In the Group, operating companies by service category develop comprehensive strategies for the services they provide and engage in business activities.

Therefore, the Group is composed of segments classified by service based on the above, and the two reportable segments are "Construction Solution" and "IT Solution" based on the characteristics of services and similarity of sales markets.

The main services and businesses of each reportable segment are as follows.

| Reportable Segments | Main Services or Business Details |
|---|---|
| Construction Solution | Dispatch of construction management engineers, CAD engineers, etc. to construction companies such as general contractors. |
| IT Solution | Provide services through dispatch of engineers and system engineering service contracts for development projects and infrastructure management work for system integrators, etc. |

#### (2) Information of Reportable Segments

The accounting policies on the reportable segments are generally the same as those for the consolidated financial statements. Information by reportable segment of the Group is as follows.

The profit of reportable segments is based on operating profit. Inter-segment transactions are based on prevailing market prices.

Fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022)

(Thousands of Yen)

| | Reportable segments | | | Adjustment amount (Notes:1,2) | Consolidated Statement |
|---|---|---|---|---|---|
| | Construction Solution | IT Solution | Total | | |
| Revenue | | | | | |
| Revenue from external customers | 13,033,578 | 1,507,050 | 14,540,628 | - | 14,540,628 |
| Intersegment sales or transfers | - | 3,350 | 3,350 | (3,350) | - |
| Total | 13,033,578 | 1,510,400 | 14,543,979 | (3,350) | 14,540,628 |
| Segment profit | 1,812,879 | 106,154 | 1,919,033 | 120,612 | 2,039,645 |
| Finance income | | | | | 62 |
| Finance costs | | | | | (187,611) |
| Profit before tax | | | | | 1,852,097 |
| Segment assets | 21,108,680 | 1,638,702 | 22,747,383 | (2,591,464) | 20,155,918 |
| (Other income and expenses) | | | | | |
| Depreciation | 195,961 | 28,556 | 224,517 | 13,265 | 237,782 |
| Impairment loss | 29,046 | - | 29,046 | - | 29,046 |
| (Other assets) | | | | | |
| Increase in non-current assets (Notes:3) | 201,820 | 86,603 | 288,424 | - | 288,424 |

Notes: 1. Adjustments of revenue and profit / loss between segments are due to elimination of inter-segment transactions.
Notes: 2. Adjustments of segment assets are mainly corporate assets that do not belong to reportable segments.
Notes: 3. The increase in non-current assets is the sum of property, plant and equipment, and intangible assets consisting of software and right-of-use assets.

Fiscal year ended October 31, 2023 (November 1, 2022 to October 31, 2023)

(Thousands of Yen)

| | Reportable segments | | | Adjustment amount (Notes:1,2) | Consolidated Statement |
|---|---|---|---|---|---|
| | Construction Solution | IT Solution | Total | | |
| Revenue | | | | | |
| Revenue from external customers | 16,044,957 | 1,949,923 | 17,994,881 | - | 17,994,881 |
| Intersegment sales or transfers | - | 4,200 | 4,200 | (4,200) | - |
| Total | 16,044,957 | 1,954,123 | 17,999,081 | (4,200) | 17,994,881 |
| Segment profit | 2,250,835 | 113,352 | 2,364,188 | 104,972 | 2,469,161 |
| Finance income | | | | | 57,272 |
| Finance costs | | | | | (50,529) |
| Profit before tax | | | | | 2,475,904 |
| Segment assets | 18,553,191 | 1,773,743 | 20,326,935 | 2,178,131 | 22,505,067 |
| (Other income and expenses) | | | | | |
| Depreciation | 207,498 | 23,357 | 230,856 | 13,770 | 244,626 |
| Impairment loss | - | - | - | - | - |
| (Other assets) | | | | | |
| Increase in non-current assets (Notes:3) | 265,643 | 5,664 | 271,307 | 3,660 | 274,967 |

Notes: 1. Adjustments of revenue and profit / loss between segments are due to elimination of inter-segment transactions.
Notes: 2. Adjustments of segment assets are mainly corporate assets that do not belong to reportable segments.
Notes: 3. The increase in non-current assets is the sum of property, plant and equipment, and intangible assets consisting of software and right-of-use assets.

## (Per Share Information)

### (1) Basic Earnings per Share

Basic earnings per share and the basis for calculating are as follows:

(Thousands of Yen)

| | Fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022) | Fiscal year ended October 31, 2023 (November 1, 2022 to October 31, 2023) |
|---|---|---|
| Profit attributable to ordinary shareholders of owners of parent | | |
| Profit attributable to owners of parent | 1,242,704 | 1,741,337 |
| Profit not attributable to ordinary shareholders of owners of parent | - | - |
| Profit used for calculating earnings per share | 1,242,704 | 1,741,337 |
| Average number of shares outstanding during the period (Share) | 8,252,630 | 8,296,885 |
| Basic earnings per share (Yen) | 150.58 | 209.88 |

### (2) Diluted Earnings per Share

Diluted earnings per share and the basis for calculation are as follows:

(Thousands of Yen)

| | Fiscal year ended October 31, 2022 (November 1, 2021 to October 31, 2022) | Fiscal year ended October 31, 2023 (November 1, 2022 to October 31, 2023) |
|---|---|---|
| Profit attributable to ordinary shareholders (diluted) | | |
| Profit used for calculation of basic earnings per share | 1,242,704 | 1,741,337 |
| Adjustments to profit | - | - |
| Profit used for calculating diluted earnings per share | 1,242,704 | 1,741,337 |
| Average number of shares outstanding during the period (Share) | 8,252,630 | 8,296,885 |
| Effect of dilutive potential common shares: Share option | - | 255,222 |
| After adjustment for dilutive effect (Share) | - | 8,552,107 |
| Diluted earnings per share (Yen) | - | 203.61 |

Notes: Diluted the current period earnings per share for the year ended October 31, 2022 is not presented because the Company's shares are not listed and the Company has stock options, but the vesting conditions include conditions for listing.

## (Important Subsequent Events)

Not applicable.