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Nareru Group

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Business Plan and Growth Potential

December 13, 2023

Nareru Group Inc. | TSE Growth | 9163

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Company Name	Nareru Group Inc.
Head Office Address	3rd Floor, Kojimachi Mitsuba Building, 3-5 Nibancho, Chiyoda, Tokyo
Representative	Ryo Kobayashi
Number of employees As of the end of October. 2023	3,219名(Consolidated)

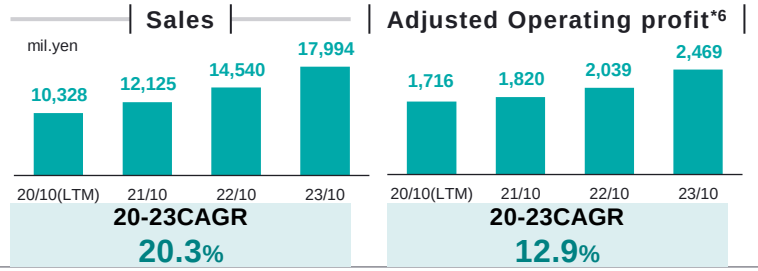
History

- **November 2008** : Established World Corporation(For engineer dispatch business of construction industry)
- **May 2019** : Advantage Partners established AP64 (now Nareru Group)(For pure investment purpose)
- **November 2019** : Made World Corporation a sbusidiary
- **December 2020** : Made ATJC a subsidiary(For entering dispatch business of the IT industry)
- **April 2021** : Acquired craftworker recruitment business
- **April 2021** : Made the Japan Construction Contractors Association a subsidiary
- **May 2021** : AP64 changes name to Nareru Group
- **October 2021** : October 2021: Established CONTRAFT(To provide information to Zenken as an individual brand)

Group overview

Nareru Group	Established in May. 2019	• Holding company
World Corporation	Established in Nov. 2008 Number of engineers: 2,601 (as of the end of May. 2023)	• Dispatch of construction engineers*1 • Dispatch of CAD operators *2 • Preparation of construction drawings
ATJC	Established in Dec. 2007 Number of engineers: 356 (as of the end of May. 2023)	• Dispatch of IT engineers/SES*3
CONTRAFT	Established in Oct. 2021	• Operation of a human resources platform for employment placement of craftsman
一般社団法人 全国建設請負業協会 Zenken (Non-consolidated)	Established in Jul. 2013	• Employment placement services for craftsman

Performance *4*5



(*1) Perform process control, safety control, quality control, and cost control at construction sites.
(*2) Create, modify, and adjust drawings using CAD (Computer Aided Design) according to instructions from designers and drafters.
(*3) Abbreviation for system engineering service. A form of consignment contract regarding the development, maintenance, and operation of software systems
(*4) Calculated based on J-GAAP for the fiscal year ended October 2020 (LTM), and based on financial figures prepared based on IFRS for the fiscal years ended October 2021 and October 2022.
(*5) After our company was established on May 27, 2019, we changed the fiscal year-end from the end of April to the end of October. As a result, the fiscal year ended October 2020 of our company is the six-month period from May 1, 2020 to October 31, 2020. "Fiscal Year Ended October 2020 (LTM)" is an unaudited figure calculated assuming the 12-month period from November 1, 2019 to October 31, 2020 as one consolidated fiscal year. Results differ from those for the six-month period ended October 2020.
(*6) For the fiscal year ended October 31, 2020 (LTM), adjusted operating income is calculated by adding back goodwill amortization and temporary expenses to operating income for the same period. For the fiscal year ended October 2021, adjusted operating income is calculated by adding back temporary expenses to operating income for the same period. For the fiscal year ended October 2022, operating income for the same period (without adjustment for temporary expenses, etc.). See page 36 for details on adjusted operating income.

Holding Company

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Construction Solution Business | Revenue:JPY16,044MM

Job Seekers

Hire → World Corporation | Revenue:JPY15,899MM → Engineer dispatch

Recruit → Contraft | Revenue :JPY145MM → Zenken*1 → Employment Placement

Provision of information of craft worker job seekers

Clients

IT Solution Business | Revenue:JPY1,949MM*3

Hire → (株)ATJC | Revenue:JPY1,954MM → Engineer dispatch/SES

(*1) Although World Corporation is the only member of Zenken and it owns 100% of the voting rights of the corporation, it is considered an unconsolidated subsidiary because it is financially immaterial.
(*2) Revenue figures are for FY2023.10.
(*3) The revenue of the IT solutions business is external sales after eliminating internal transactions, so it does not match the amount of revenue of ATJC.

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Mission

To solve the increasingly severe shortage of skilled professionals*1 and make Japan an **“advanced problem-solving nation”**

Vision

By combining the two technologies of IT and human resource development, we will provide and realize **"business transformation to increase productivity"** and **"development and stable supply of professional human resources"** to compensate for the decline in professional human resources.

Challenges facing the construction industry

Chronic shortage of engineers



- Market is growing
- Number of workers is decreasing

Aging of engineers



- Number of young job seekers is decreasing
- Slow in implementing new technologies

Delay in IT and DX adoption



- Hand written, manual input
- Lack of knowledge on how to use ICT tools

Supply human resources

Business efficiency support

Nareru’s raison d’etre

Provide engineering personnel



Train young engineers



Help increase business efficiency using construction ICT



(*1) We define skilled professionals as "human resources who have skills in a specific industrial field and are engaged in specialized work."

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- We mainly dispatch construction managers called site supervisors. They plays an important role in connecting the client, the construction company, and the on-site workers, the craftsmen.

Business model

Orderer
(National, local government, developer, etc.)

order

Construction company
(General contractors, engineering firms, etc.)

- Drawing order
- Dispatch request

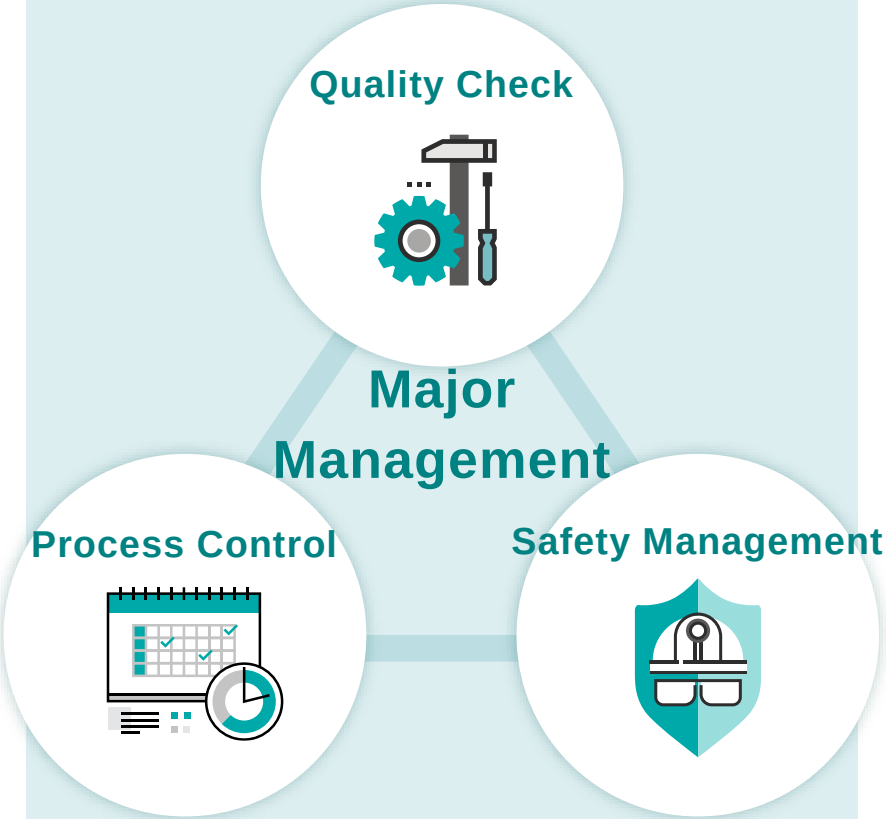
- Drawing delivery
- Dispatching engineers

Site manager
- Chief of construction site
- In general, a full-time employee in a major general contractor in charge of this position

Construction manager (World Corporation)
- **Construction site process management and safety management**
- **In general, a dispatched construction engineer in charge of this position**

Craftworker (scaffold worker, plasterer, etc.)
- Field work
- In general, a subcontractor workers in charge of this position

Job Description of Construction Manager



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Business Model②: World Corporation

- Dispatching engineers to various areas of the construction industry
- Supplying human resources for the increasing number of civil engineering and construction investments in Japan

Main target

Architecture

Projects such as office buildings, high-rise condominiums, commercial facilities, SCs, factories, medical and welfare facilities, earthquake-resistant construction, etc.

Civil engineering

Urban development such as road construction, river construction, sewerage construction, bridges, dams, tunnels, railway construction, etc.

Air conditioning hygiene

Air conditioning and hygiene in high-rise buildings, condominiums, factories, etc. to provide the function as a circulatory system for buildings

Electrical equipment

Electrical installation work for high-rise condominiums, commercial facilities, shopping centers, factories, medical and welfare facilities, etc.

Examples of Dispatching Sites

*1



TSMC's Kumamoto Plant

*2



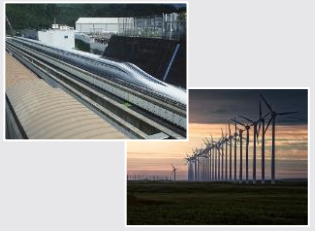
Tokyo Olympics

*3



Urban Development

*4

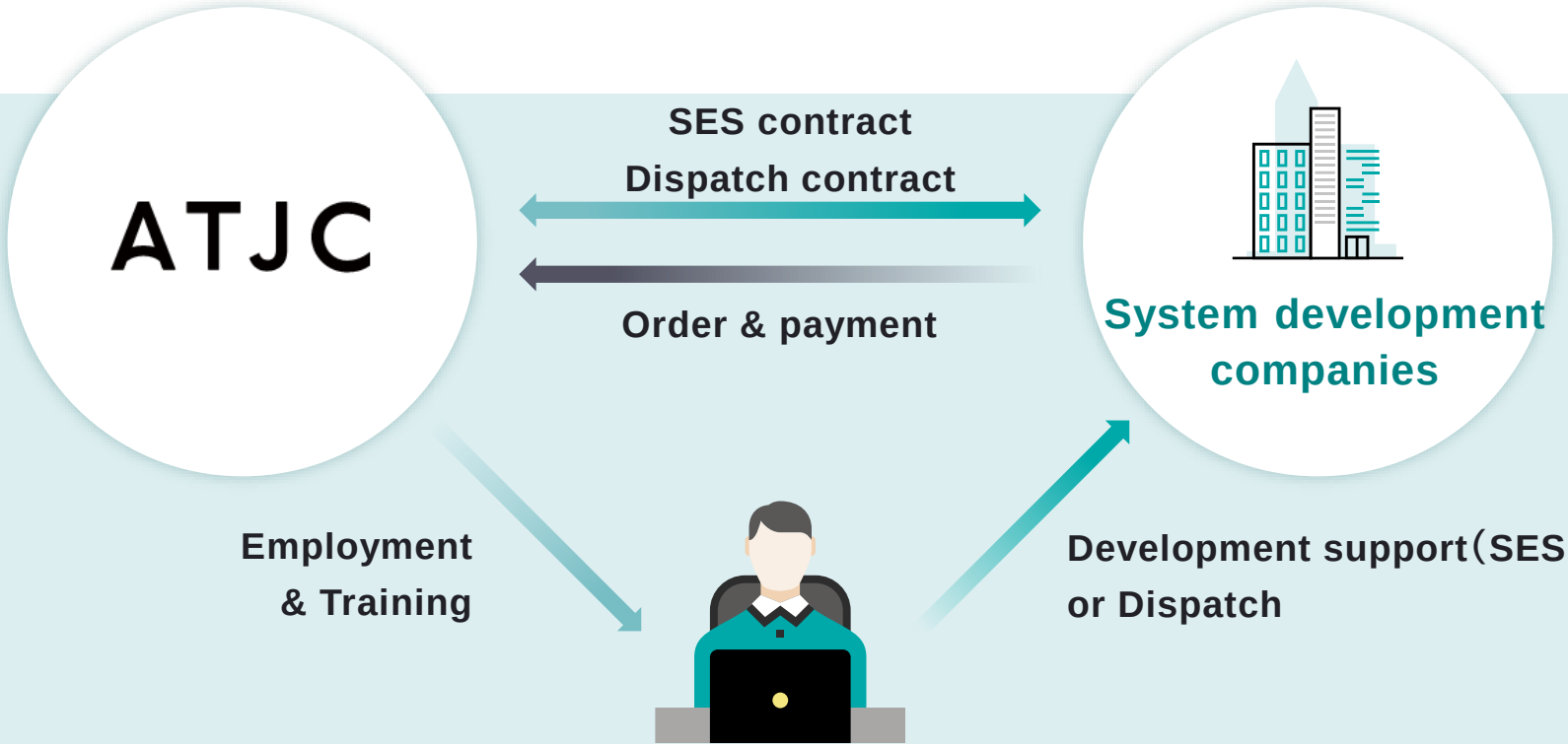


Maglev and Wind-power generation

(*1) ©李 季霖, 2021, CC BY-SA 2.0, https://www.flickr.com/photos/f097653195037/51541052478
(*2) ©Kaidog, 2023, CC BY-SA 4.0, https://commons.wikimedia.org/w/index.php?curid=128610724
(*3) ©Sakura Torch, 2023, CC BY-SA 4.0, https://commons.wikimedia.org/w/index.php?curid=128881439
(*4) ©Saruno Hirobano, 2014, CC BY-SA 3.0, https://commons.wikimedia.org/w/index.php?curid=30917648

- ATJC hires and trains IT engineers and provides System Engineering Services (SES) and dispatch services to system development companies.

Business Model

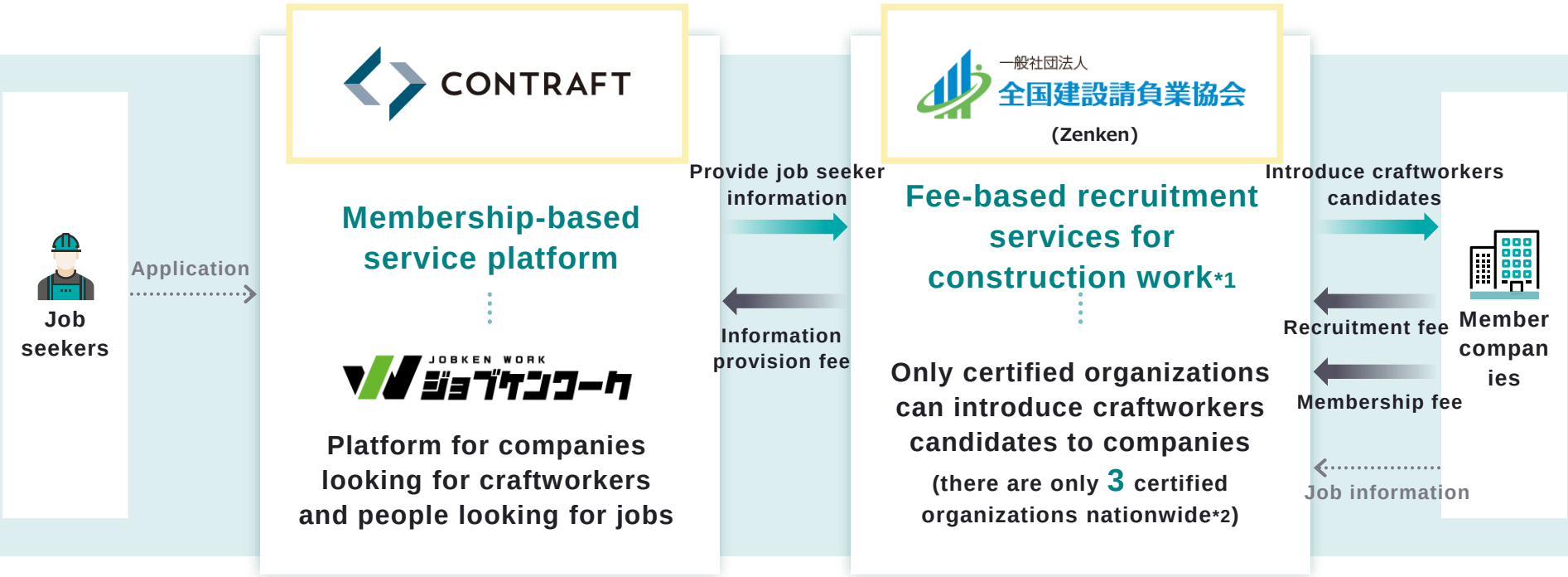


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- Utilize job seeker information and expand into recruitment business

Nareru's craftworkers recruitment business model

Flow of services　Flow of money



(*1) "Fee-based recruitment service for construction work" means fee-based and intermediate service in which an organization acts as an intermediary to match job offers with respect to the construction business from its members (employers) with job applications from other members or persons regularly employed by such members (job seekers).

(*2) As of Feburary 2023, researched by Nareru Group (general incorporated foundation Miyagi Construction Center, general incorporated association Okinawa Prefecture Construction Industry Association, general incorporated association All Japan Construction Contractors Association)

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1

High growth potential of the market for dispatching construction engineers due to labor shortage

Ratio of job openings to job seekers in the construction industry*1

*Architectural, civil, and surveying engineers (part-time and regular positions) in 2022

5.51x

demand for dispatching construction engineers *2

* in 2022

c. 63,000 people shortage

2

Industry's top class*3 growth rates and profitability backed by our inexperienced worker recruitment strategy

Sales growth rate

*CAGR for years ended Oct. 2021-Oct. 2023

21.8%

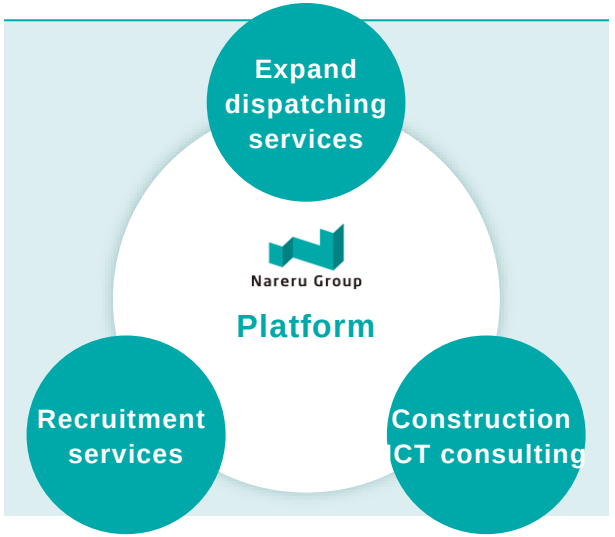
Operating margin

*Year ended October 2023

13.7%

3

High growth potential as a construction human resources platform company



(*1) Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Services Statistics)".

(*2) Created by Nareru Group based on Human Touch Research Institute "2030 forecast for construction engineers", 2023

(*3) Compared with sales growth rates and operation margins of the "Engineer Dispatch Companies". "Engineer Dispatch Companies" mean, amongst 17 companies listed on "the Sales Ranking of engineer Dispatching Industry" by gyokai-search.com, the following companies that meet the conditions of (i) a listed company, (ii) the annual sales of 10 billion yen or more and (iii) sales from the engineers dispatching business account for the majority of its total sales: TechnoPro Holdings, WDB Group, Meitec, Altech Corporation, Open Up Group (former BeNext-Yumeshin), Forum Engineering, and Copro Holdings. See page 15 for comparison of sales growth rate (CAGR in last 3 years) and operating profit margin (most recent fiscal year)

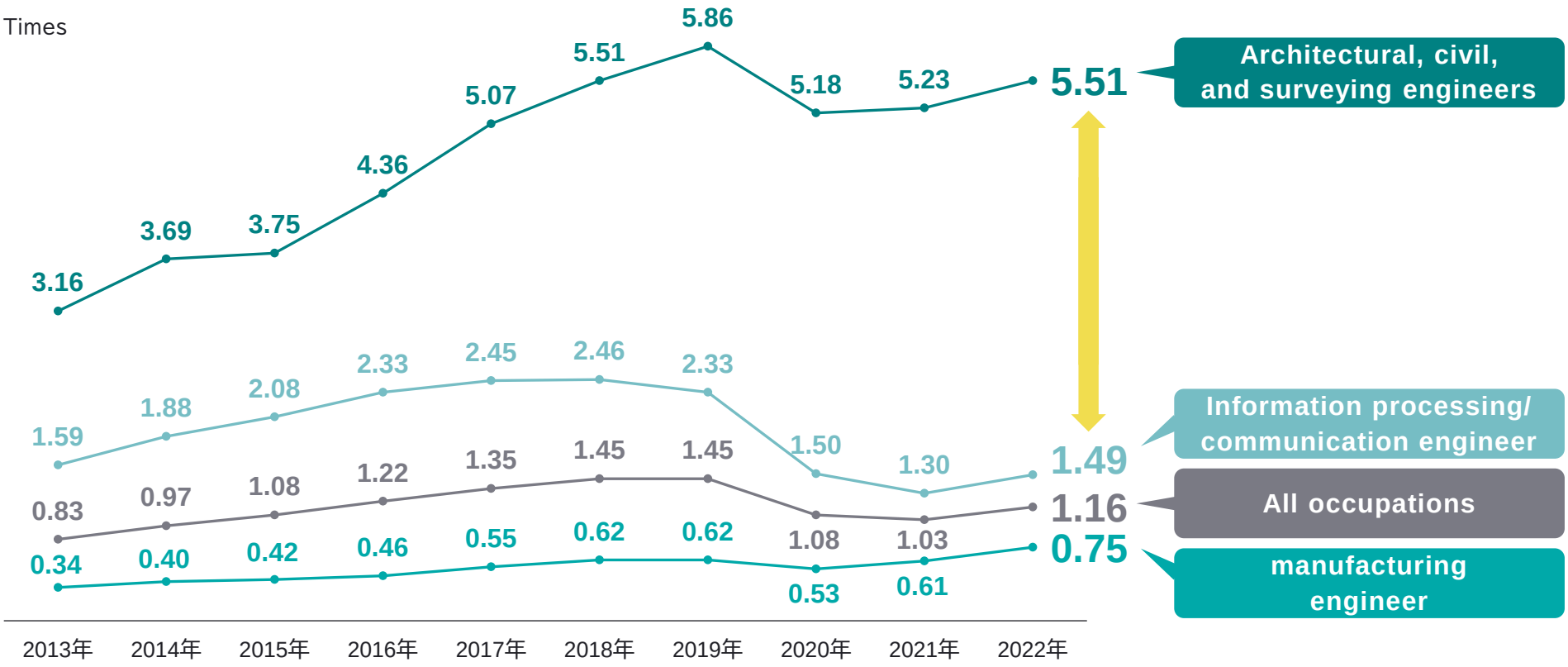
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High growth potential of the market for dispatching construction engineers due to labor shortage

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- The labor shortage in the construction industry is becoming more serious than in other industries.

Ratio of job openings to job seekers in the construction industry



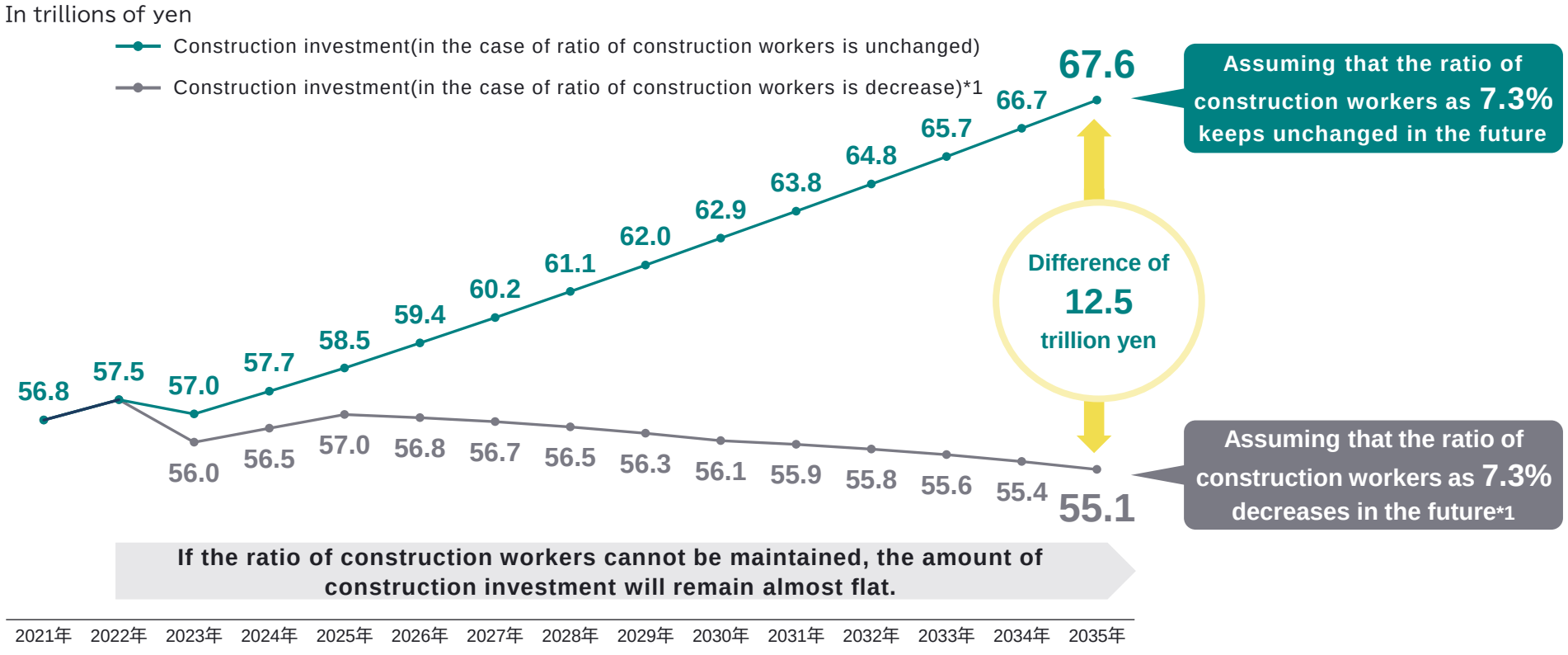
Source: Created by Nareru Group based on Ministry of Health, Labour and Welfare "General Employment Placement Status (Employment Security Service Statistics)"
Part-time and regular positions

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- Securing construction workers is an urgent issue, and the increasing importance of the construction engineers dispatching business

Construction investment forecasts by scenario

Securing a stable construction workforce is important for mid-term and long-term market growth



Source: Created by Nareru Group based on Research Institute of Construction and Economy “Construction Economy Report No. 74”, March 2022
Ratio of construction workers: Ratio of workers in the construction industry to workers in all industries
Both conditions are below, (1) The total factor productivity (TFP increase rate) of the construction industry will continue to remain at around 1.9%, the average value since 2002. (2) Predictions in the “baseline case” based on certain assumptions and trial calculations by the Institute of Construction Economics

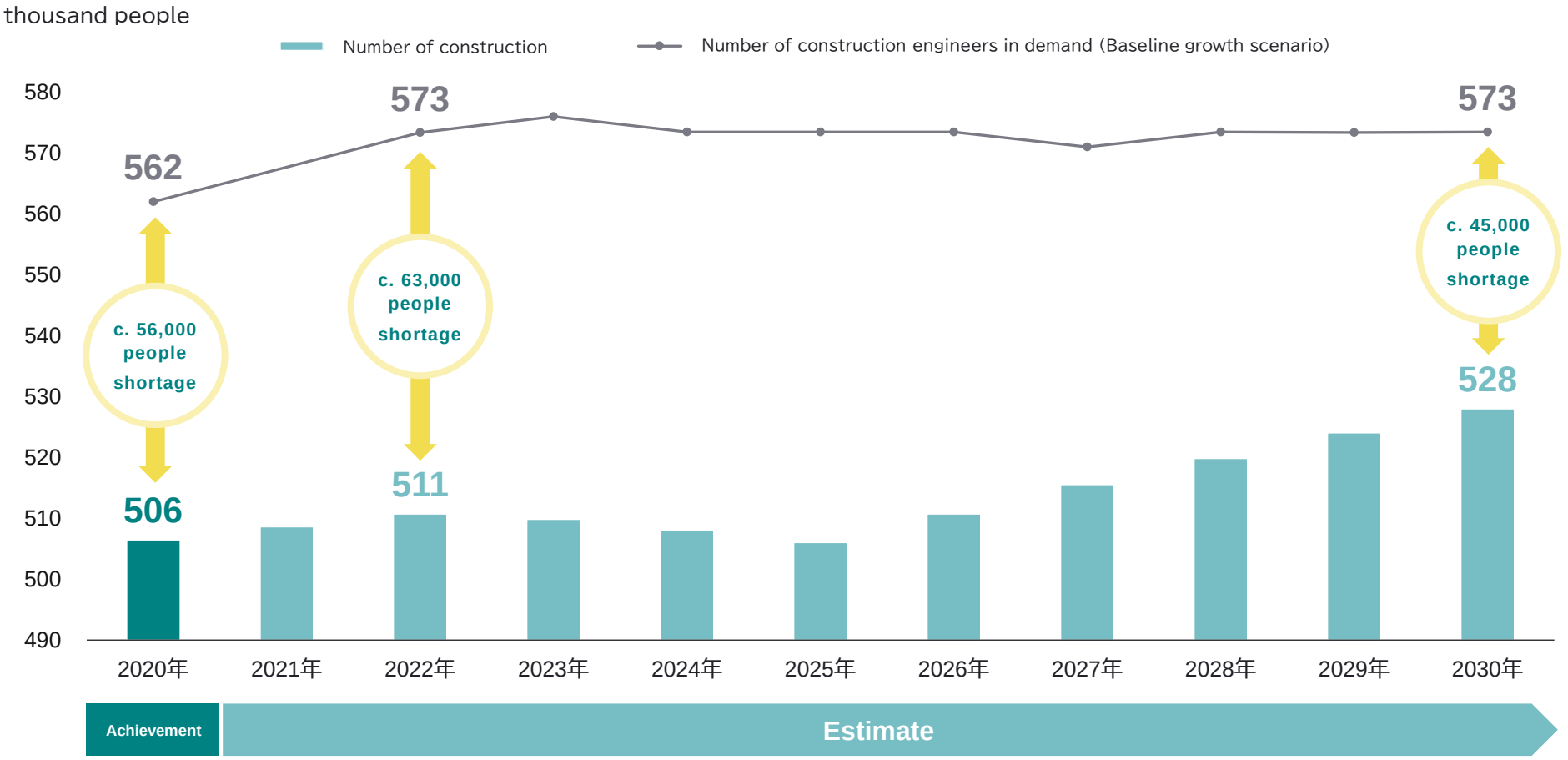
(*1) If there is no progress in work style reforms and securing domestic human resources, and the number of construction workers declines to the number of workers estimated in the case where economic growth and labor participation progress to a certain extent, as indicated by the FY2018 Employment Policy Study Group.

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Rising demand for dispatching construction engineers due to labor shortage

- The labor shortage in the construction industry is becoming more serious, and the demand for engineers remains high.

Estimated numbers of construction engineers in employment and supply/demand



Source: Created by Nareru Group based on Human Touch Research Institute “2030 forecast for construction engineers”, 2023
Baseline growth scenario: Growth at the current potential growth rate

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2

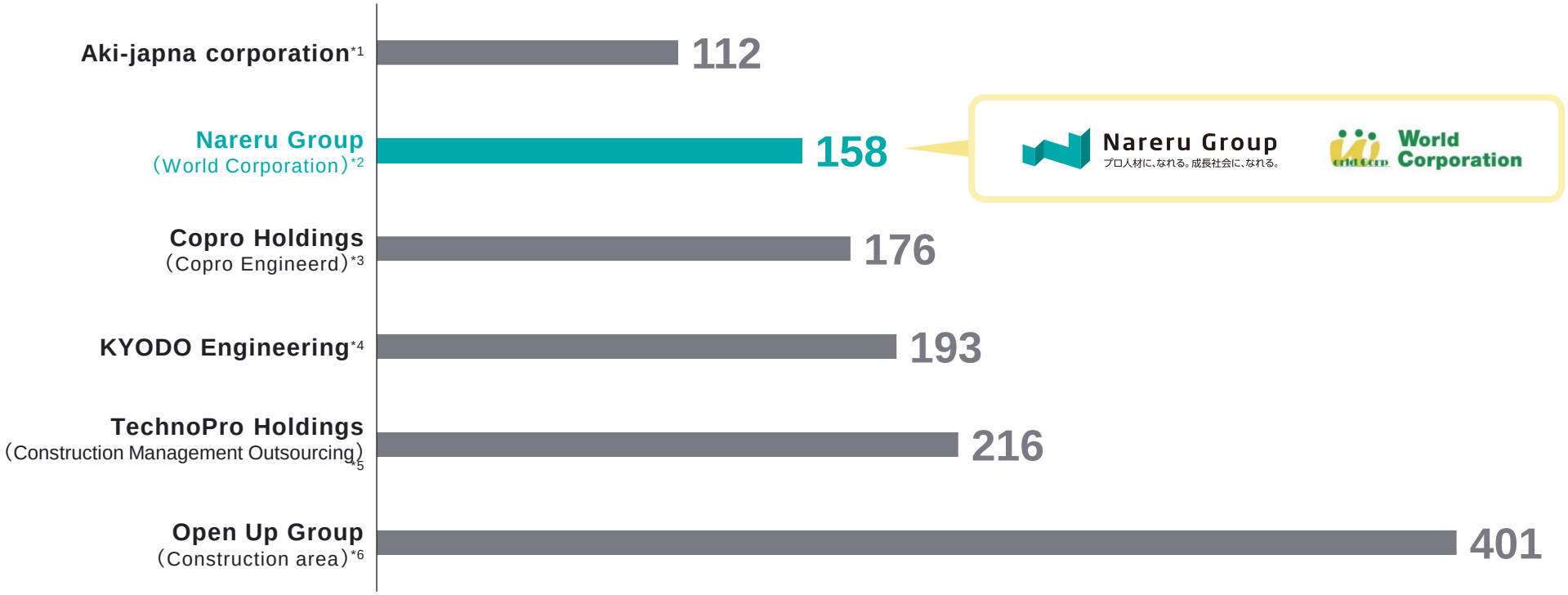
Industry’s top class*3 growth rates and profitability backed by our inexperienced worker recruitment strategy

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- Compared to competitors, Nareru Group already has a certain scale in the field of engineer dispatching for construction

Sales of engineer dispatching for construction

billion yen
(If the segment or company name is shown in parentheses, the sales of the segment or subsidiary)

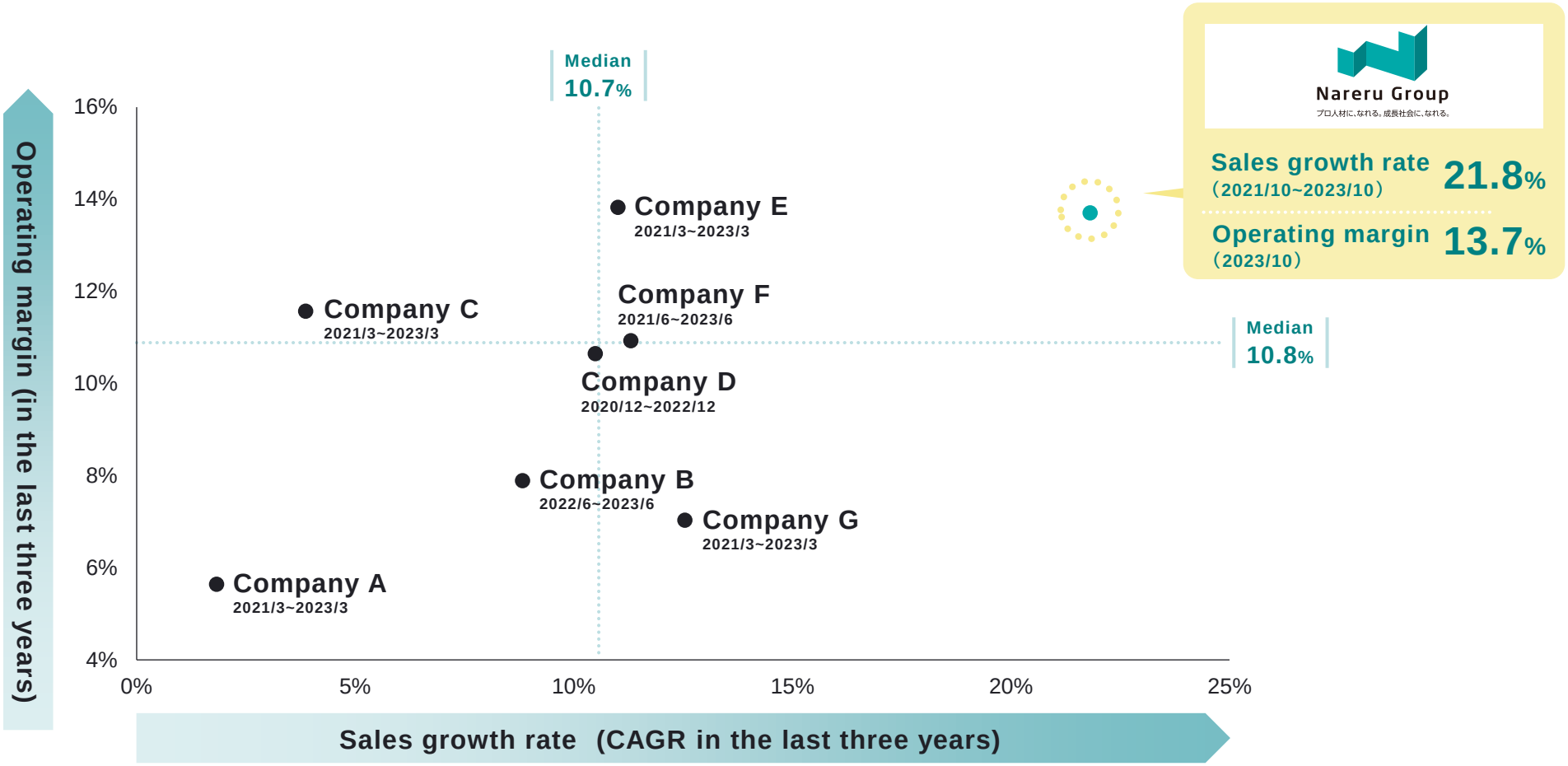


(*1)Page used by Aki-Japan Corporation (Fiscal year ended October 2022) posted on "Mynavi 2024" by Mynavi Corporation
(*2)Fiscal year ended October 2023
(*3)"Fact Book" for Fiscal year ended March 2023
(*4)Page used by Kyodo Engineering Corporation (FY2022) posted on "Mynavi 2024" by Mynavi Corporation
(*5)Securities Report for the Fiscal Year ended June 2023
(*6)Securities Report for the Fiscal Year ended June 2023

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- Nareru Group boasts high growth potential and profitability as an engineer dispatch companies*1

Sales Growth Rate and Operating Profit Margin of Engineer Dispatch Companies



(Source) Created by Nareru Group based on the securities reports of each company

(*1) Compared with sales growth rates and operation margins of the “Engineer Dispatch Companies”. “Engineer Dispatch Companies” mean, amongst 17 companies listed on “the Sales Ranking of engineer Dispatching Industry” by gyokai-search.com, the following companies that meet the conditions of (i) a listed company, (ii) the annual sales of 10 billion yen or more and (iii) sales from the engineers dispatching business account for the majority of its total sales

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1 Recruitment

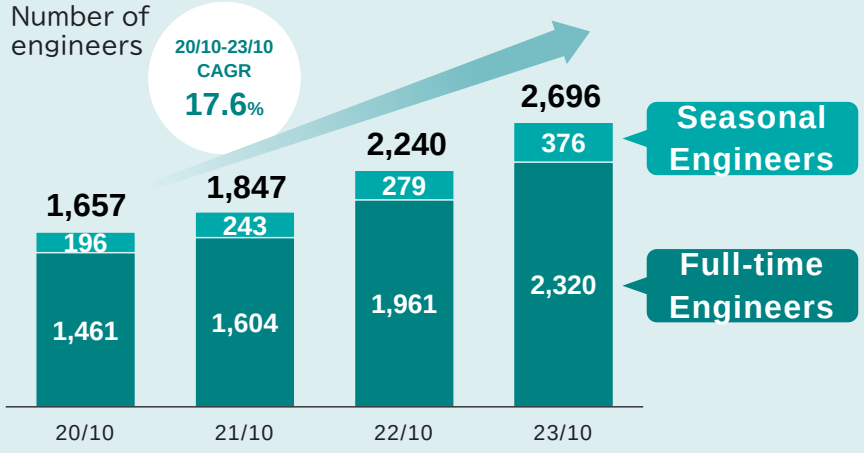
Increase the number of engineers through inexperienced worker recruitment strategy

×

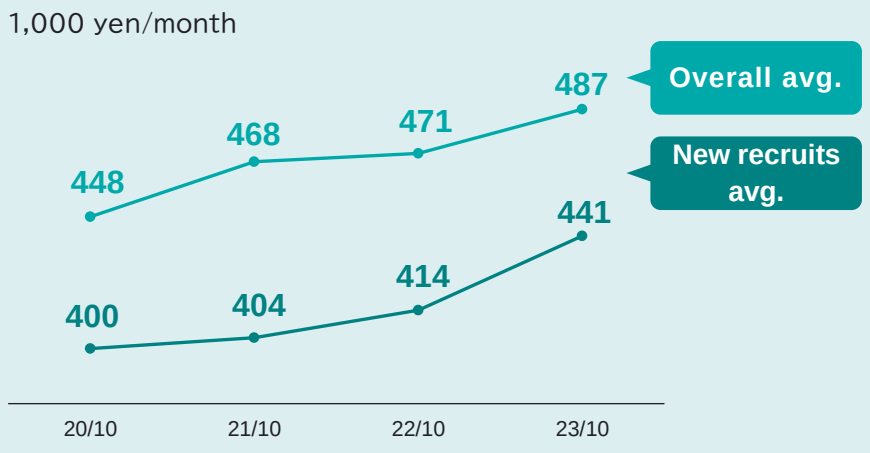
2 Room for improvement in Unit Price

Realized continuous improvement of contract unit price by continuing to supply young engineers who are in high demand

Number of engineers *1



Contract unit price per person *2



(*1) Number of engineers who were enrolled for one day or more from the beginning of the month to the end of the month
Figures are non-consolidated figures for World Corporation

(*2) Figures are non-consolidated figures for World Corporation
The contract unit price per person is the average value of each contract unit price (excluding overtime pay) for all dispatched employees, including experienced and inexperienced employees.

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• Nareru's Inexperienced Worker Recruitment Strategy

		Nareru Group プロ人材に、なれる。成長社会に、なれる。 / World Corporation Hiring Inexperienced Worker Model	Hiring Experienced Worker Model
Recruitment	Growth Supply Capacity	**Extremely high** ● Number of active job seekers in all industries: **1.92** million*1	**Lower than hiring inexperienced worker model** ● Number of active job seekers in the construction industry:**10** thousand*1
	Moat Recruitment know-how	**Difficult** ● Dispel the "3K" image of the construction industry and promote the appeal of other companies. Difficult procedure from application to joining ● Compared to experienced people, recruitment costs can be reduced	**Easy** ● Projects are recruited for each site. The process from application to joining the company is easy ● Recruitment costs are very high due to a shortage of talent across the industry
Education	Growth Room for improvement in Unit Price	**Extremely high** ● There is a lot of room for technological growth, and the contract unit price tends to increase. ● Young employees have low base salaries.	**Limited** ● High contract unit price, but limited future growth potential ● The aging of the population is accelerating, and basic salaries are high
	Moat Improve Recruitment/ training system	**Difficult** ● About 100 people are hired every month. ● Requires time and cost to develop recruitment and education systems	**Easy** ● Work experience allows immediate dispatch without advanced training

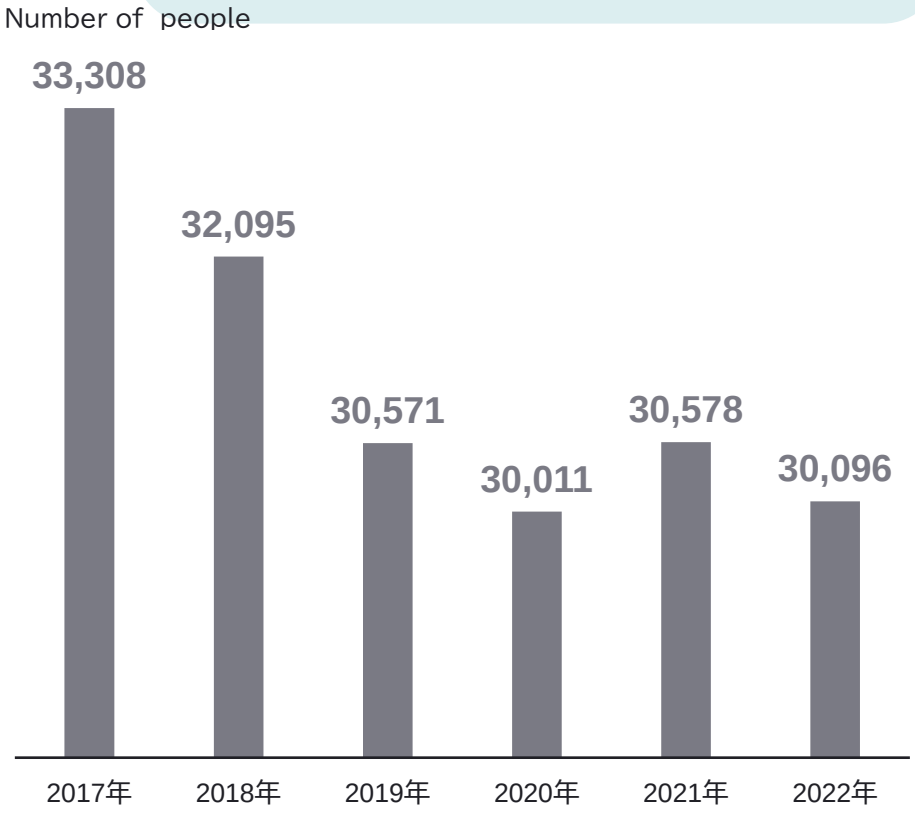
(*) An image diagram showing Nareru Group's analysis of the generally assumed trends for each category when the hiring policy for dispatched workers is broadly divided into the inexperienced type and the experienced type

(*1) Number of active job seekers: Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Service Statistics)" figures are the number of part-time and regular positions in 2022. As to the construction industry, architectural, civil, and surveying engineer positions

- Secure human resources stably even in the midst of intensifying recruitment competition

Number of job seekers looking for architectural, civil, and surveying engineer

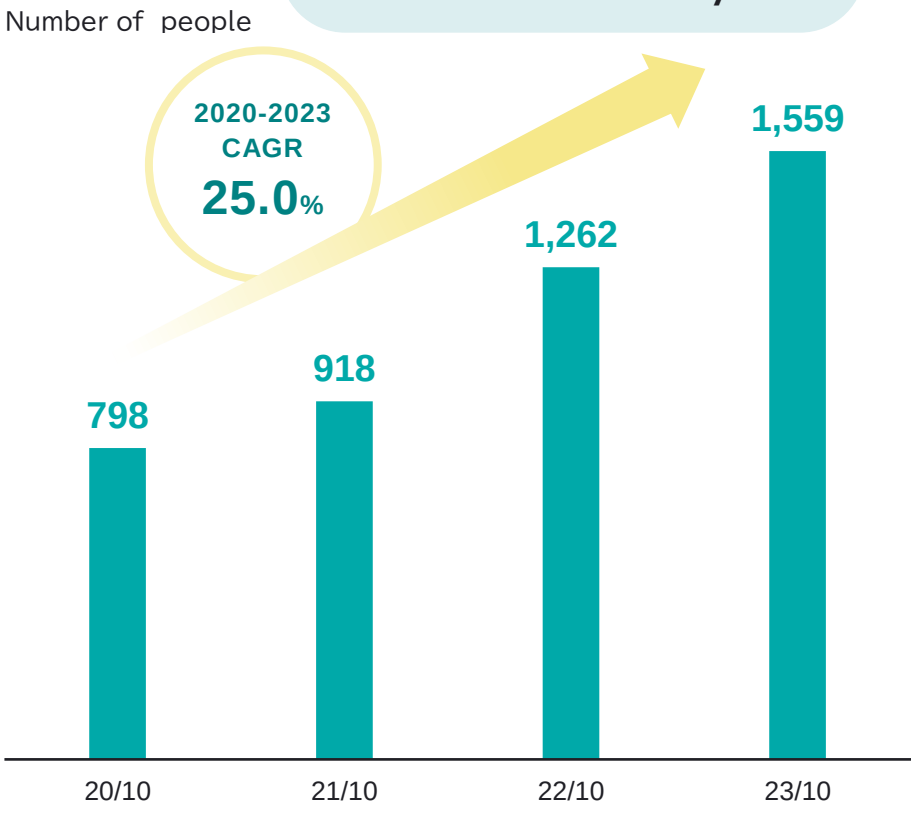
The number of new job seekers for construction engineers is on a downward trend



Source: Number of new job seekers: Ministry of Health, Labour and Welfare "General Employment Placement Status (Employment Security Service Statistics)"
Annual total of job seekers looking for part-time or regular positions

Number of recruits by World Corporation*1

Increasing trend due to efficient recruitment system



(*1) Figures are non-consolidated figures for World Corporation

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2 Age Composition Centered On Young Engineers

- It is possible to provide a stable supply of young human resources, which is particularly lacking in the construction industry, and has high price bargaining power

Number of construction workers by age group

Ten thousand people

Accelerating aging of workers in the construction industry

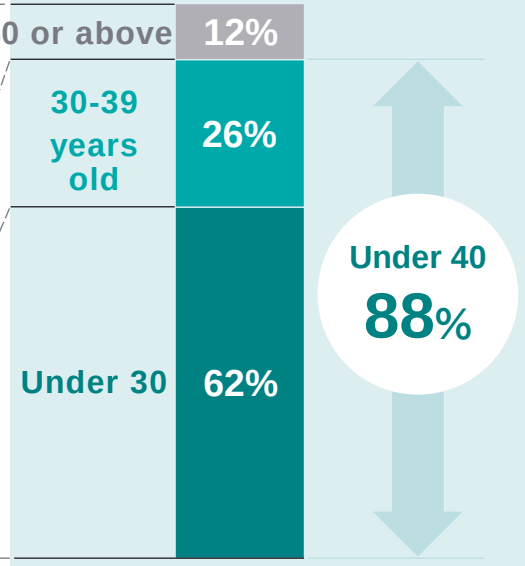
Under 40 CAGR (3.4%)



(Source) Created by Nareru Group based on Ministry of Internal Affairs and Communications "Labor Force Survey"
(2011 was not published due to the impact of the Great East Japan Earthquake)

Age composition of World Corporation*1

The solution provider that puts the brakes on the decline in the number of young construction workers



(*1) Figures are non-consolidated figures for World Corporation, as of the end of Oct. 2023, and engineers under dispatch contract

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- By establishing a training method for young engineers, the number of active engineers having two years or more of experience has increased, and the contract unit price has steadily increased over the last three years

Career plan example for engineers

The number of employees with a year or more on the job is also increasing.

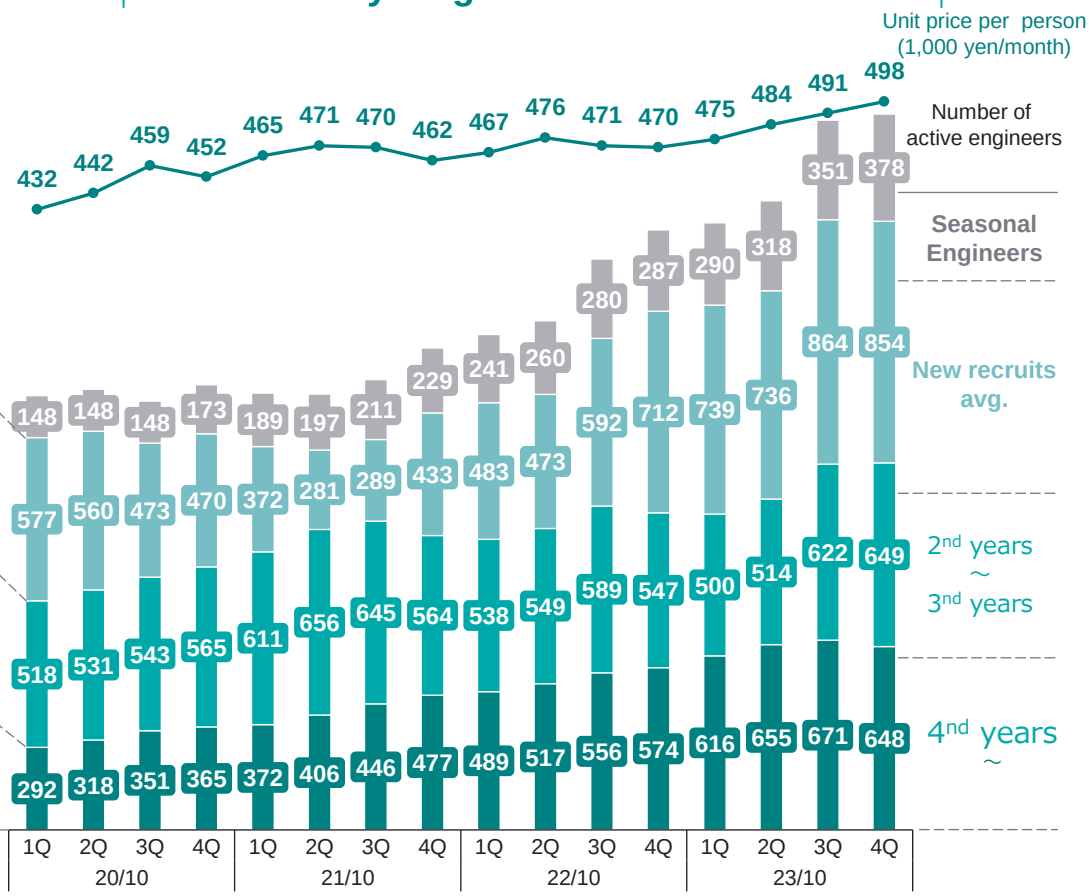


Higher unit prices per person



Skill phases	Unit prices
Basic specialized skills training (Inexperienced workers) Training for those with no experience, covering basic construction industry knowledge and technical terms as well as basic skills for working people	
Basic specialized skills training (2nd to 3rd years) Gain basic knowledge about the next project based on the experience of working on the first project	
Practical specialized skills training (4th year and later) Work on more complex projects Aim at acquiring qualifications such as first-class architect and operation and management engineer	

Unit prices per person & Active engineers by length of service*1

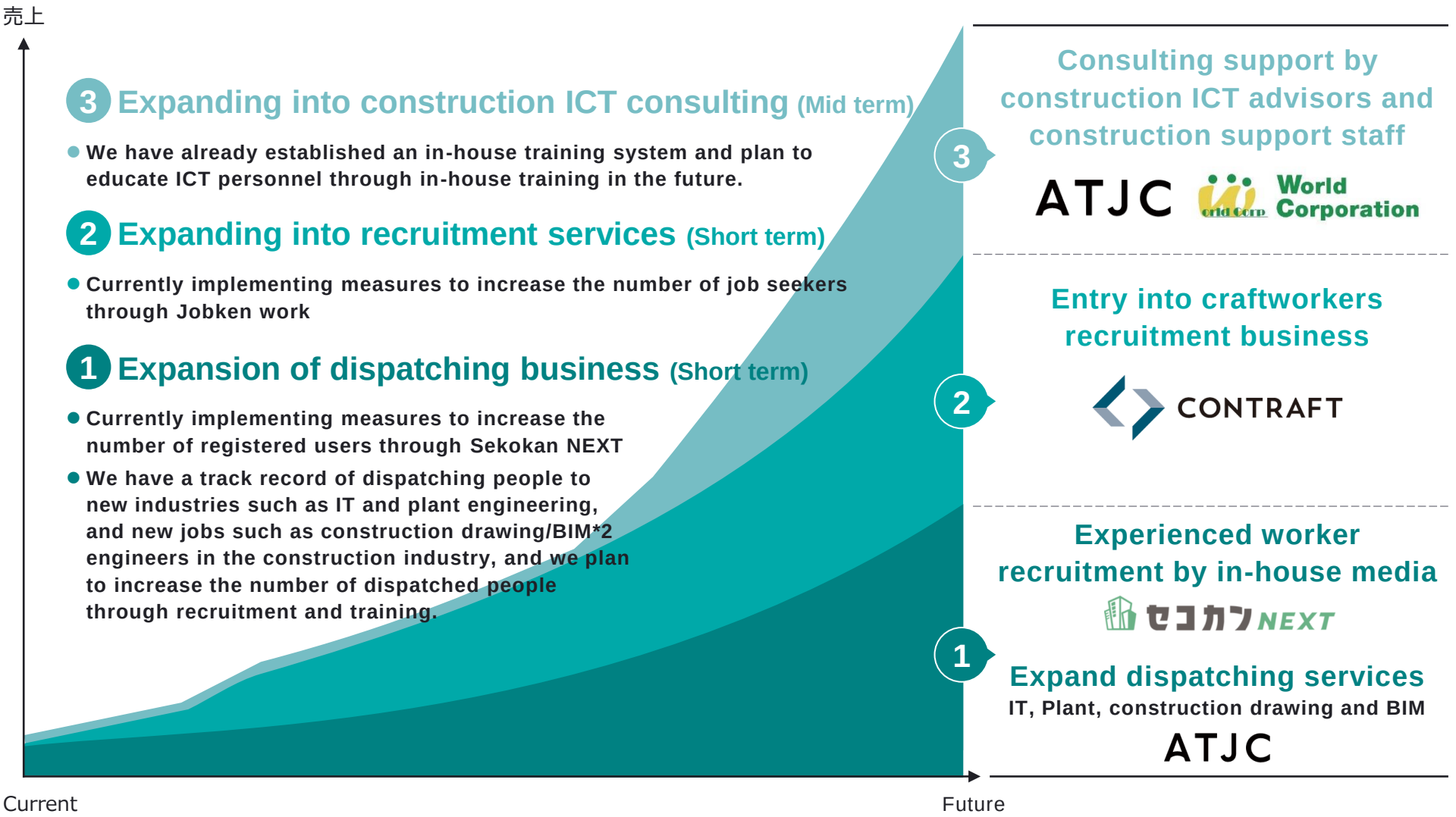


(*1) Figures are non-consolidated figures for World Corporation
unit price per person is the quarterly average contract unit price (excluding overtime pay) for all dispatched engineers, active engineers are quarterly average

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High growth potential as a construction human resources platform company

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(*1) Image diagram created by Nareru Group

(*2) BIM(Building Information Modeling): A tool that enables the construction process from design to construction to maintenance management using 3D digital models created on computers in the architectural field.

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- Expect an increase in the number of engineers by hiring inexperienced and experienced people

	Target Market	Plan	Expected Results
 Inexperienced people	IT Plant BIM	Transfer of recruitment and training know-how World Corporation ATJC	Expansion into new dispatching market
 Experienced people	Construction Plant BIM	Recruitment activities were previously ineffective Utilizing in-house media reduce recruitment costs セコカンNEXT	Expansion of construction dispatching service

(*) Image diagram created by Nareru Group

Success stories in the IT dispatch field(1/2)

- ATJC, an IT engineer dispatch company with major IT companies as clients, joined the group in December 2020. Active investment will support the growth of the Nareru Group

IT Solution Business :ATJC

ATJC

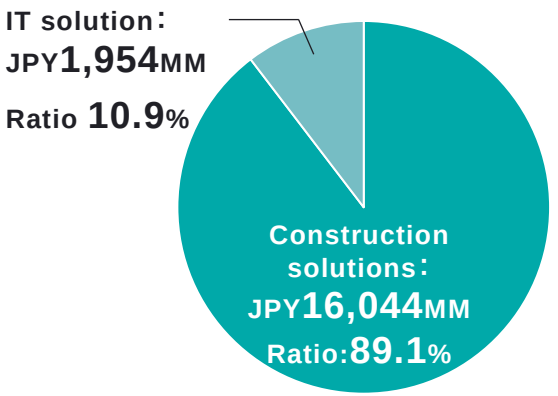
Developing engineer outsourcing business for various system development projects such as financial, public, and communication

Background of participation in the group

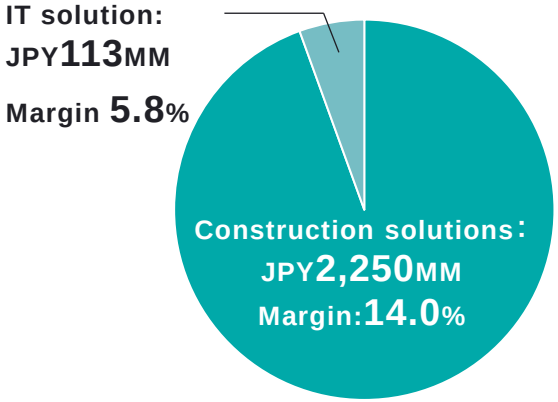
2007 **Established**
Growth slows down due to difficulties in recruiting IT engineers

2020 **Participated in Nareru Group (stock transfer by founder), expecting growth through partnership with recruitment know-how**

Company-wide sales ratio (before adjustment)*1



Segment profit*1



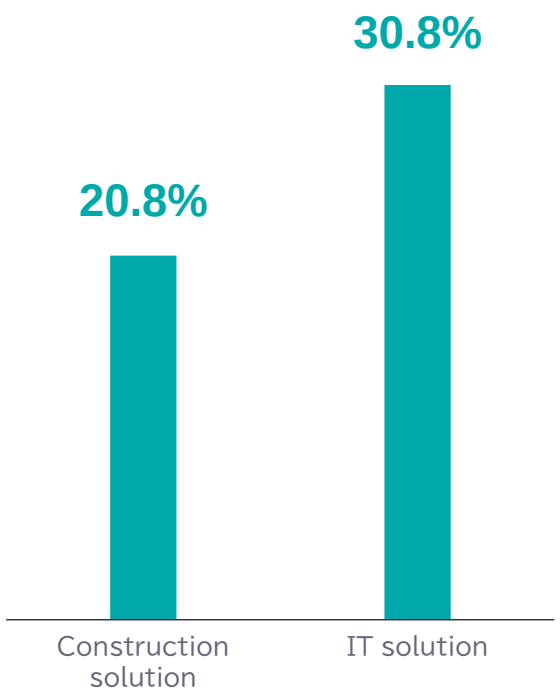
(*1) 2023/10

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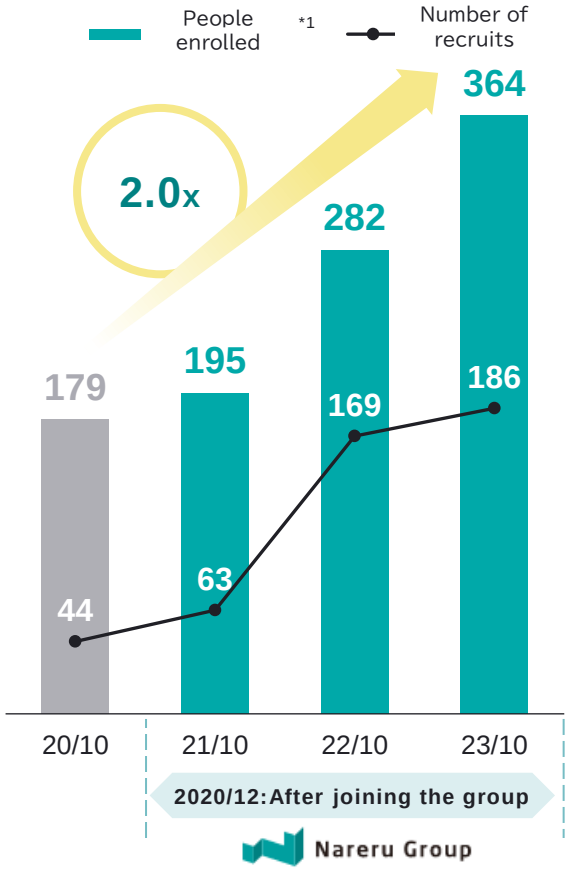
Success stories in the IT dispatch field(2/2)

- Growth exceeding that of construction solutions due to upfront investment in adoption
- Aiming for low-cost hiring and higher unit prices by utilizing know-how in hiring and training inexperienced people

Sales growth rate（21/10-23/10）



ATJC:the number of recruits and people enrolled

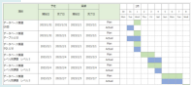


(*1) Number of engineers who have been enrolled for at least 1 day in October each year

Transfer know-how to ATJC

Add Nareru Group know-how to ATJC's human resource development program

Progress management program



Aptitude Test & Proficiency Test



Optimal placement of human resources



Nareru Group

Hiring inexperienced people

- Utilize RPM
- manual

Human resource development method


New employee training


Post-assignment training


Follow up training

ATJC

Low-cost adoption and unit price improvement

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Improving the dispatch unit price by utilizing In-house media

- By utilizing in-house media, low-cost hiring of experienced worker recruitment and higher unit prices are expected

Strengths of SEKOKAN Next

セコカンNEXT

Focus on Experienced workers

Low Cost hiring by in-house media

Dispatching experienced workers at a High unit Price

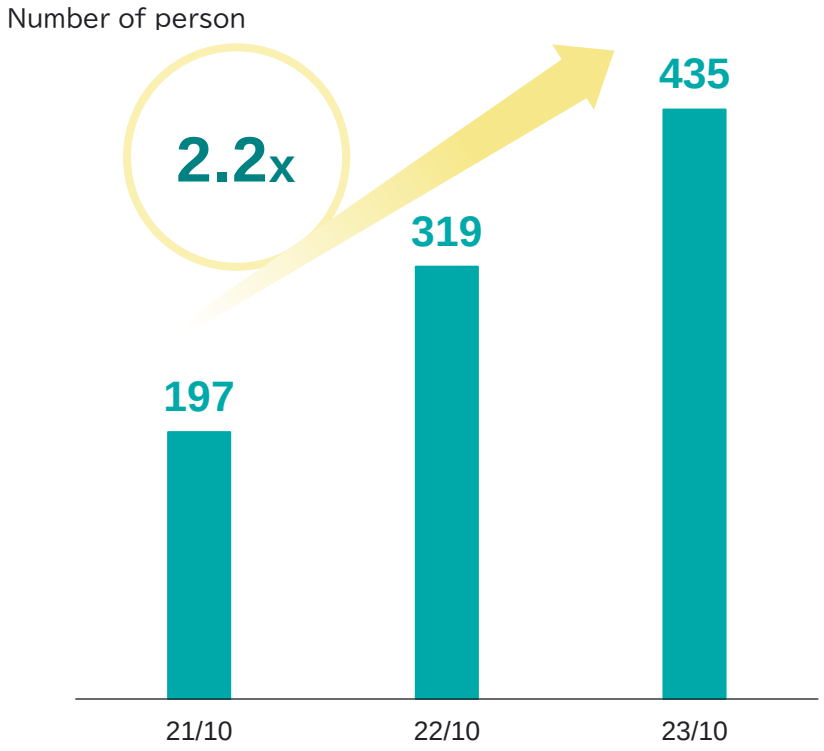




（Sample webpages）

Number of SEKOKAN Next registrants*1

The number of registrants is growing steadily, In-house media is expected to strengthen the ability to recruit experienced engineers



(*1) The calculation period is from November 2020 to October 2021 for fiscal period ended October 2021 and from November 2021 to October 2022 for Fiscal period ended October 2022.

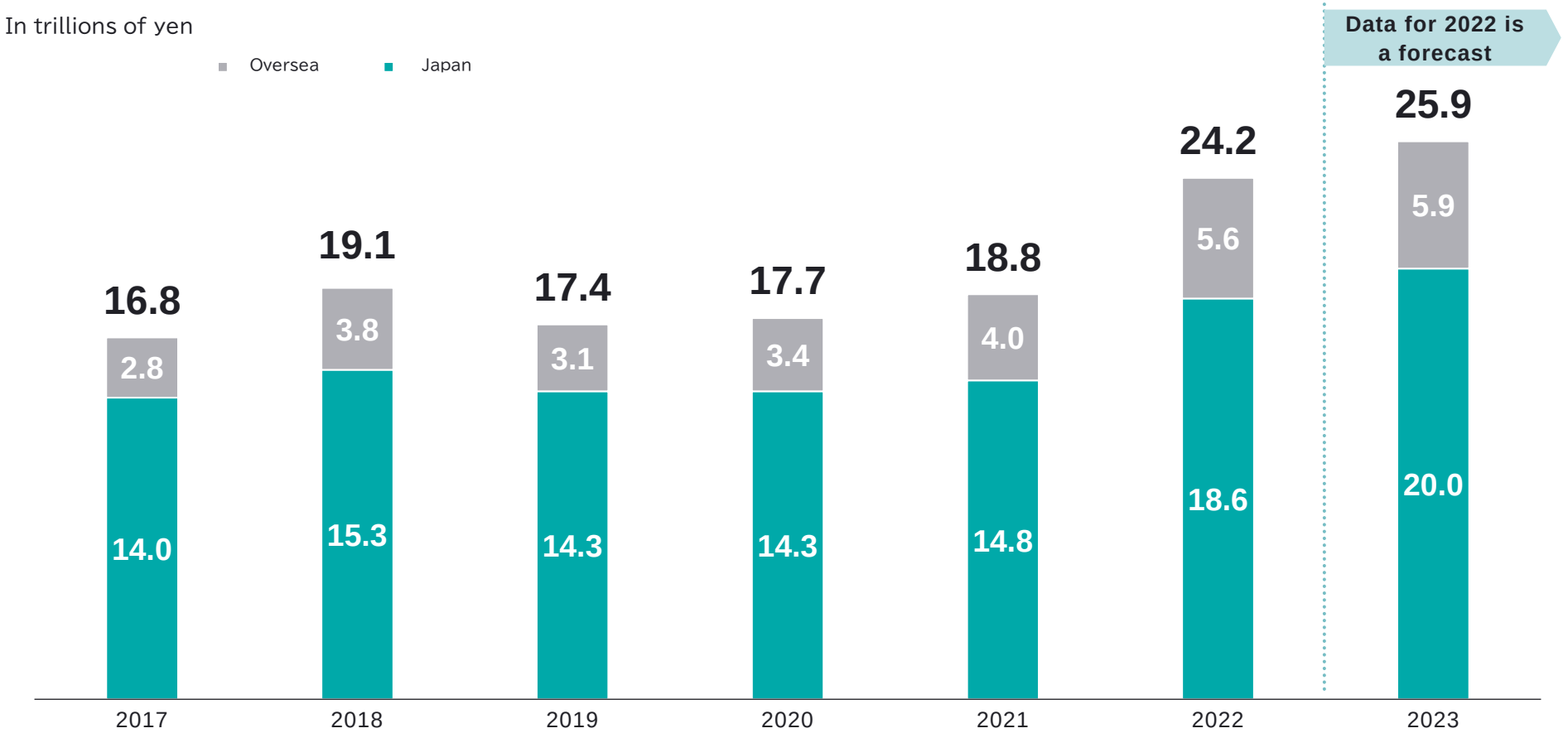
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Trends and Demand in the Plant Engineers Market

- High potential for plant dispatch due to aging equipment renewal and rising environmental investment

Orders received in the plant engineering industry

The plant market is a huge and growing market of about 20 trillion yen



Source: Engineering Advancement Association of Japan "Status and trends of the engineering industry in FY 2023"
Order forecasts from 58 companies

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- Enter the plant industry with unique strategies for each value chain

Human resources strategy

Recruitment

- **Follow the recruitment strategy developed by World Corporation in recruiting inexperienced workers**
- **Utilize owned media “SEKOKAN Next” to strengthen recruitment of experienced workers**

Training

- **Provide OJT at plant sites in cooperation with a maintenance company**

Value chain-specific sales strategies

Design, procurement, and construction (plant engineering companies)	Operation and control (plant operating companies)	Maintenance (maintenance companies)
● Responding to dispatching needs from the design stage (e.g. CAD operators) ● **Leveraging our large pool of technical experts to respond to all kinds of needs**	● Companies which our competitors have not yet reached ● **Conducting sales activities targeting these companies due to low risk of being replaced**	● **Since daily maintenance and periodic repairs are required, we can get a steady stream of orders.** ● Number of engineers to meet large dispatching needs in a short period of time

Sales: Build trust On-site in the downstream process and leverage it in the upstream process

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プロ人材になれる。成長社会になれる。

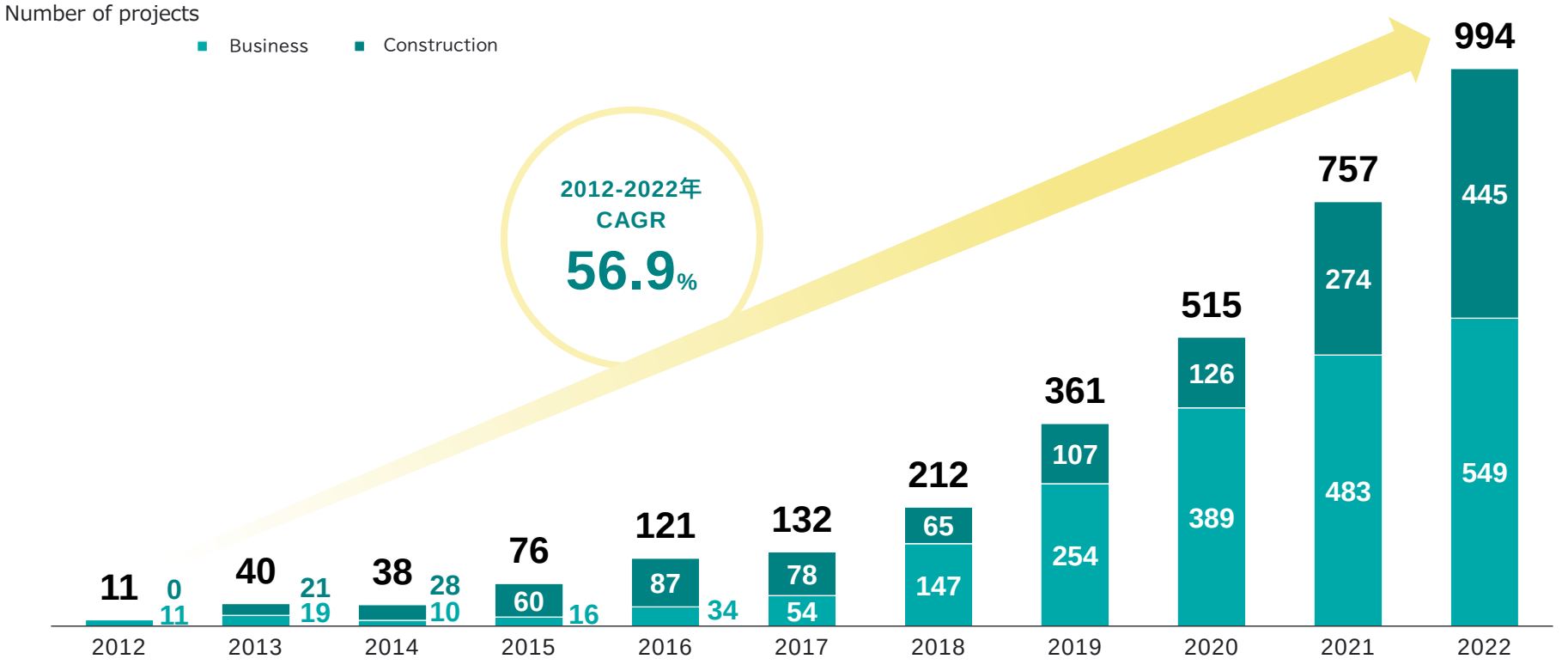
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Growing Demand for BIM Specialists at Construction Sites

- Demand for BIM specialists is expected to increase as the MLIT promotes BIM/CIM*1

Number of business and construction projects using BIM/CIM

Number of projects using BIM/CIM is dramatically increasing, demand for BIM specialists is expected to further increase as the use of BIM/CIM becomes a general requirement in public works projects in 2023*2.



(Source) Created by Nareru Group based on the 8th BIM/CIM Promotion Committee of the MLIT(Ministry of Land, Infrastructure, Transport and Tourism) (August 30, 2022)

(*1) BIM/CIM: A tool that enables everything from design to construction and maintenance in the construction process using 3D digital models created on a computer.
BIM (Building Information Modeling) is in the field of architecture, and CIM (Construction Information Modeling) is in the field of civil engineering.

(*2) Use of BIM/CIM becomes a general requirement in public works projects in 2023: In April 2020, the Ministry of Land, Infrastructure, Transport and Tourism decided to “apply BIM/CIM in principle to all public projects except for small-scale projects by 2023.”

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Demand for BIM specialists is expected to increase as the MLIT promotes BIM/CIM

- Focusing on BIM specialist training with an established training system

Nareru's BIM specialist training process

Site supervisors



Conventional construction Drawing specialists



Inexperienced workers



Training capability



- 3-month training
- OJT by senior employees during contract work

Train to be BIM specialists



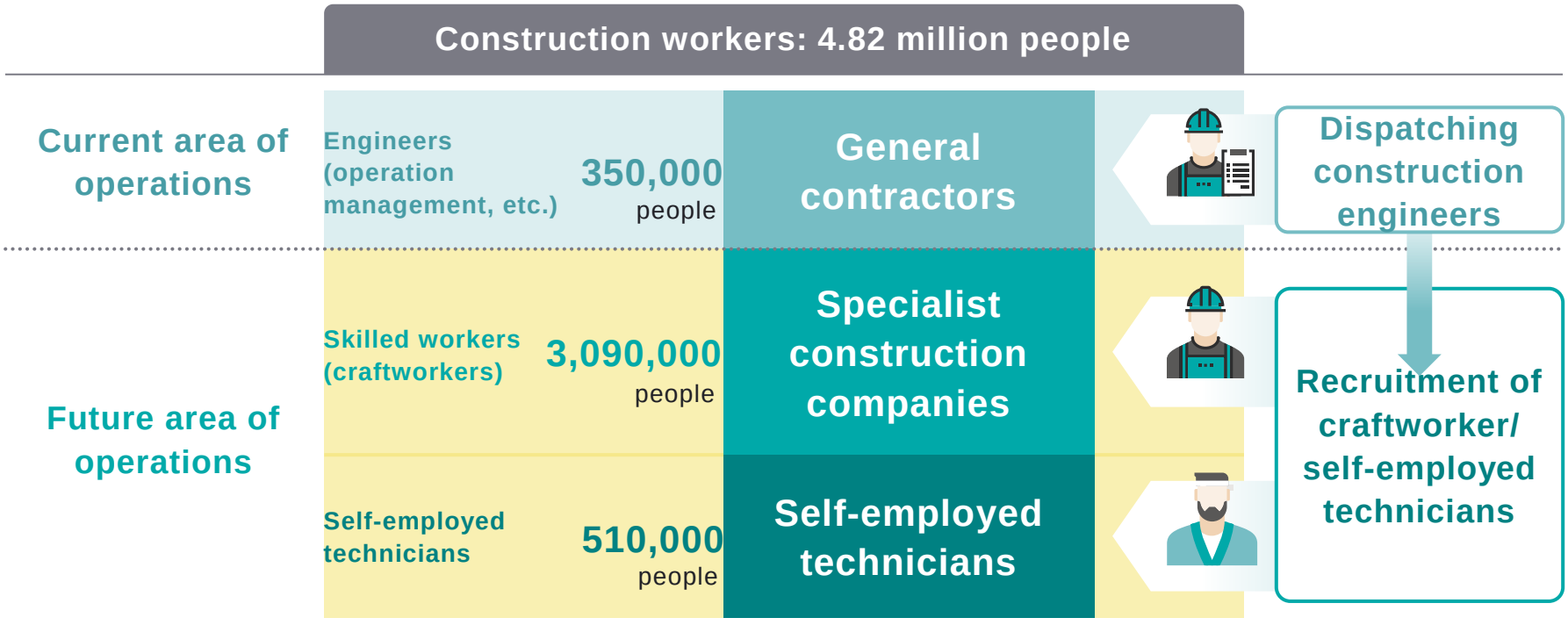
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Expanding into recruitment services

- Aiming to expand the scope of construction human resources services by expanding into the recruitment services

Size of construction job market

Aiming to be the one and only company that can provide services to all companies suffering from labor shortage in the construction industry through expansion into the recruitment business



Source: Created by Nareru Group based on Ministry of Land, Infrastructure, Transport and Tourism, “Recent Situation of the Construction Industry” (June 15, 2022) and Ministry of Land, Infrastructure, Transport and Tourism, “The First Study Group on the Problem of One Master Masters in the Construction Industry” (June 25, 2020) Engineers, skilled workers: Calculated by the Ministry of Land, Infrastructure, Transport and Tourism based on the Ministry of Internal Affairs and Communications "Labor Force Survey" (2021 average, June 15, 2022)
Self-employed technicians: Estimated number of people in the Ministry of Land, Infrastructure, Transport and Tourism based on the Ministry of Internal Affairs and Communications labor force survey (2019 average, June 25, 2020)

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Strategy for recruitment services

- Fully utilizing fee-based recruitment services of Zenken, we will build a business foundation by acquiring job seekers and recruiting companies and aim to expand the business by providing new services.

Short-term (about next 2 years)

Phase 1 Build a foundation for the craftworkers recruitment business and expand the number of member companies

Attract job seekers

- World Corporation Strengthening the shift from candidates for employment / retirees
- Increase the number of information provided by developing new recruitment agencies and strengthening relationships with them
- Increase the number of job openings on Job Ken Work
- Strengthen the introduction of specified skilled foreign human resources through business alliances
- Expand sales areas especially in regional areas

Attract Recruit companies (member companies)

- Implement job placement for positions other than craftworkers
- Strengthen sales to cooperative associations of general contractors
- Increase lead through business alliances with regional banks, credit unions, etc.

Publicity of Craftworkers Recruitment Service

- Top sales to industry associations and general contractors
- Issue press releases and strengthen connections with the media
- Tie-ups with local governments and public administration

Mid-term (after 3 years)

Phase 2 Improve convenience for members by providing new services and Further increase profitability

Start “Project to Secure Employment Opportunities for Construction Workers” *1

- Establish a system for short-term labor interchange among member companies

Develop new revenue model utilizing human resources platform

- Direct scouting service of craftworker
- Provide matching services among job seekers, companies and self-employed technicians

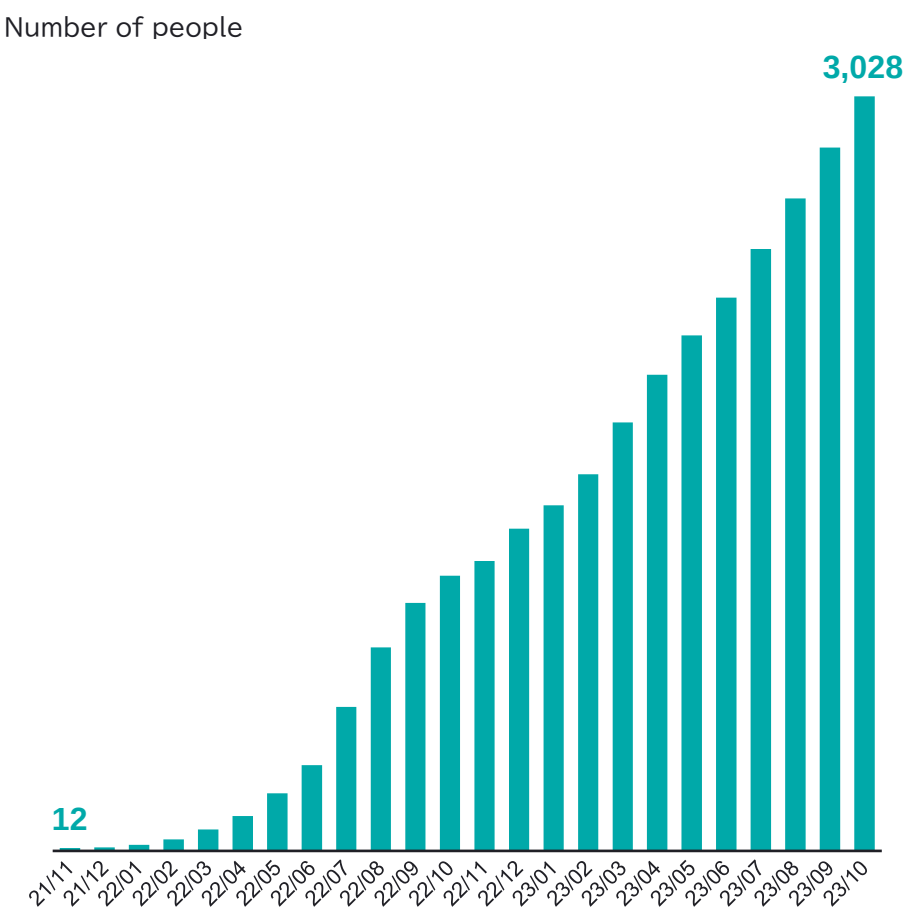
(* 1) The Worker Dispatching Act does not permit the dispatch of workers for construction work (World Corporation dispatches construction operation management engineers, CAD operators, etc., who are not applicable to construction work). However, the Project to Secure Employment Opportunities for Construction Workers is defined as "a project in which a member of an employer organization that has received approval for an implementation plan temporarily dispatches construction workers it regularly employs to engage in construction work for that employer under the instruction of another member of the employer while maintaining the employment relationship" based on the Act on the Improvement of Employment of Construction Workers. Only authorized organizations that have obtained permission from the Minister of Health, Labour and Welfare are allowed to conduct projects to secure employment opportunities for construction workers.

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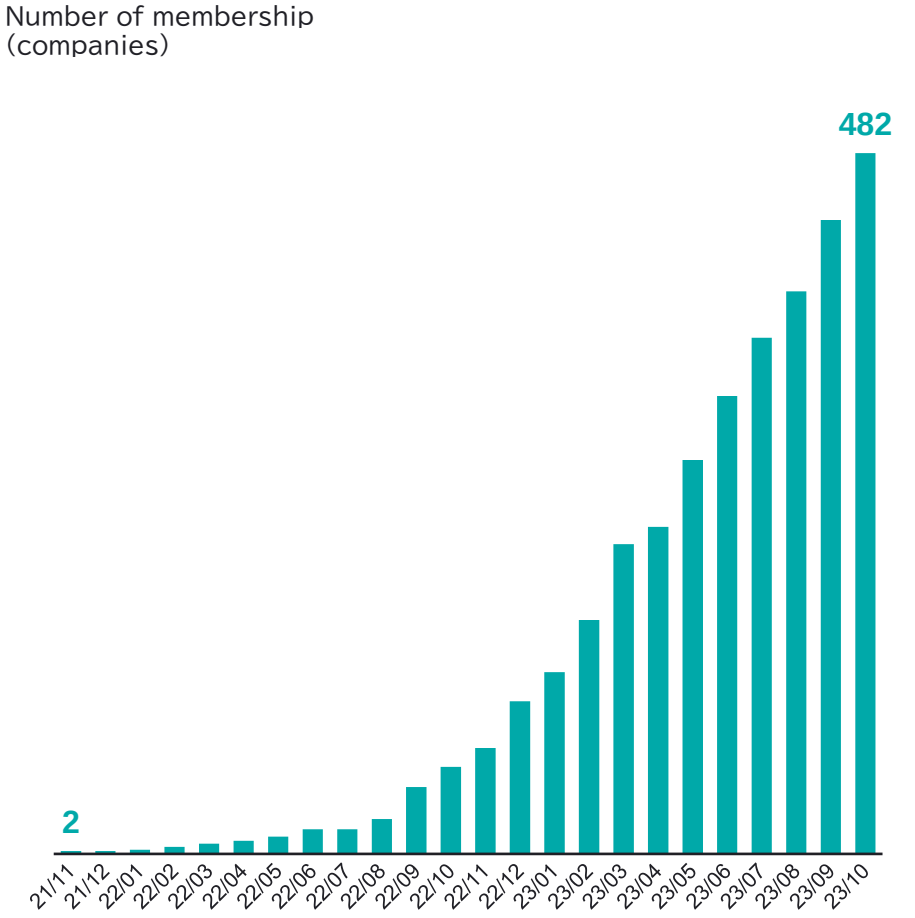
KPI Transition of the Craftsman Platform

- Since the establishment of CONTRAFT, the number of job seekers and membership on the platform has increased steadily.

Monthly cumulative number of job seekers on platform



Monthly cumulative number of registered member companies



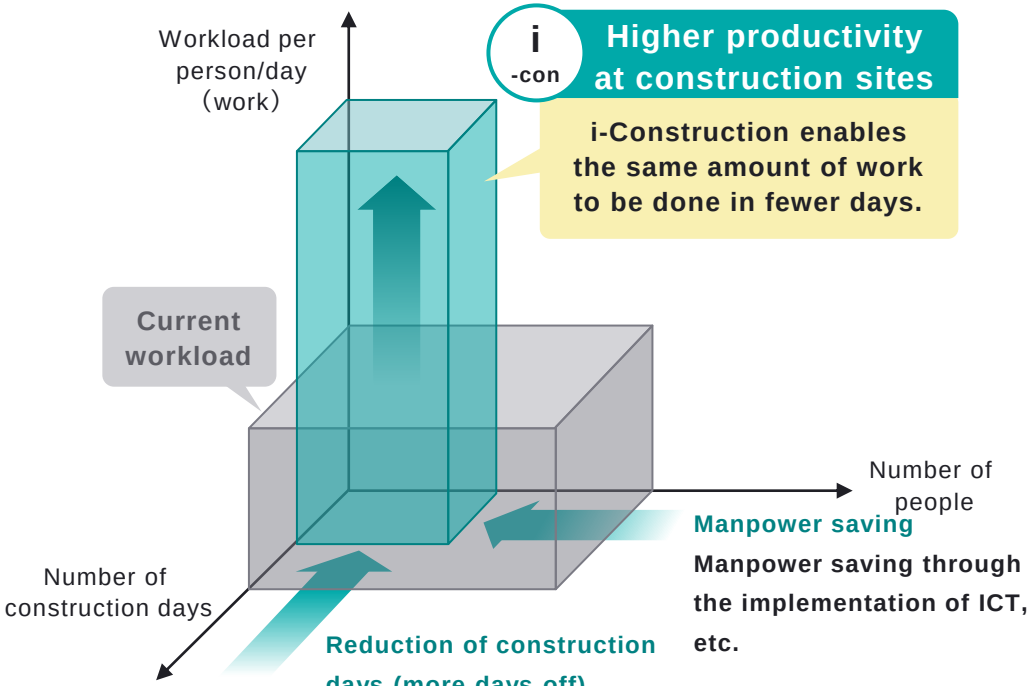
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Room for Expansion in Construction ICT Market

- There is a great amount of demand for ICT implementation support to improve productivity at construction sites.

Overview of i-Construction

Implementing construction ICT is required to improve productivity at construction sites.



Manpower saving

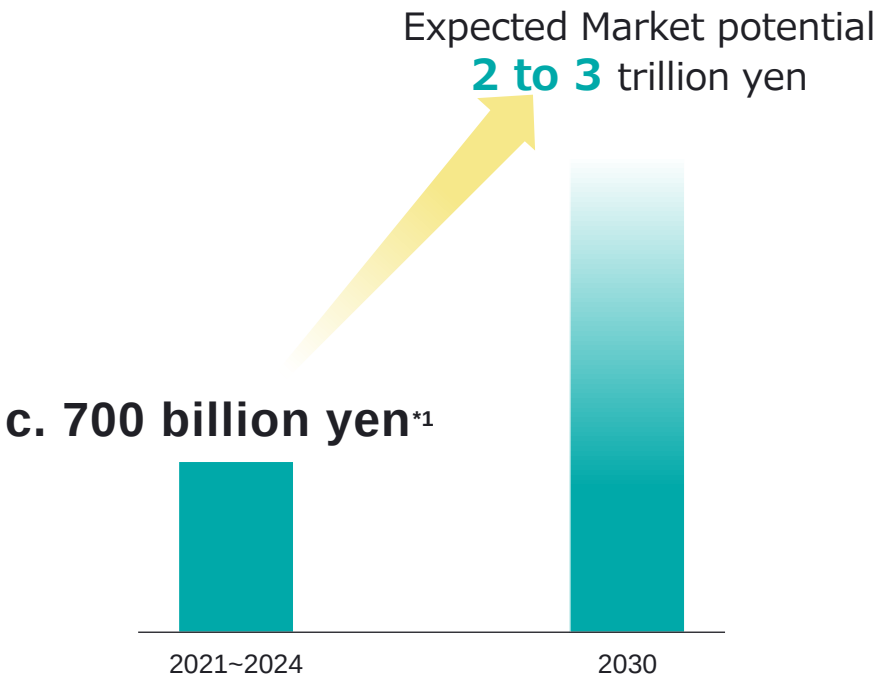
Manpower saving through the implementation of ICT, etc.

Reduction of construction days (more days off)

Making on-site work more sophisticated and efficient to reduce the number of construction days

Considerations on the size of the construction tech market

Further expansion of DX and ICT investment is expected, and the market size is expected to reach 2-3 trillion yen by around 2030.



(Source) Created by Nareru Group based on Yano Research Institute, Ltd. "2022 Edition Construction Tech Market (Construction Sites Edition) – Current Status and Prospects of Automation and Labor Saving Technologies at Construction Sites"

(*1) Total value of 28 companies confirmed by extracting DX and ICT-related investment from the medium-term management plans of listed general contractors

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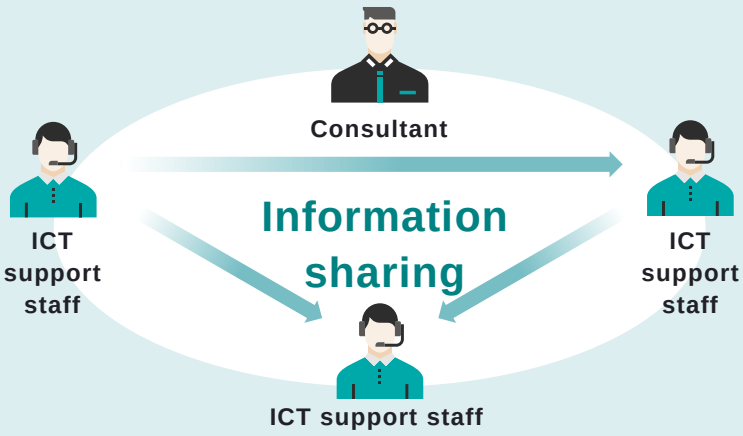
Establishing New Human Resource Services through Construction ICT Consulting

- Establishing new human resource services using construction ICT to support adoption of IT and DX in the construction industry

Construction ICT consulting team

Our construction ICT specialists help improve site efficiency.

One-Team

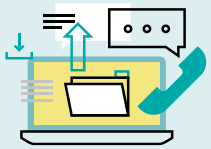


ICT status assessment	Planning and proposal	Service deployment/ dispatching	After-sales support
• Conduct a company-wide survey among companies and work sites we do business with	• Consult • Review solution services • Assign personnel	• Release service • Assign personnel	• Provide support after assigning personnel

Construction ICT business model

We provide know-how for implementing construction ICT tools and ICT construction solutions.

DX promotion services



- **Selection of digital tools**
- **Support for implementing ICT tools**

Examples of tools

- SPIDERPLUS
- DEKISPART
- direct

Solution services



- **Point cloud measurements & 3D modeling**
- **Remote presence support**

Examples of tools

- mixpace
- LiveOn
- Infipoints

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Profit and Loss statement

Unit: 1 million yen	J-GAAP 20/10(LTM)*1	IFRS 21/10	IFRS 22/10	IFRS 23/10
Revenue	**10,328**	**12,125**	**14,540**	**17,994**
Growth rate	-	17.4%	19.9%	23.8%
Cost of goods sold	7,213	8,800	10,310	12,825
Gross profit	**3,115**	**3,324**	**4,229**	**5,169**
Margin	30.2%	27.4%	29.1%	28.7%
SG&A	3,175	1,910	2,225	2,710
Other operating income/expense	-	343	35	10
Operating profit	**(60)**	**1,758**	**2,039**	**2,469**
Growth rate	-	-	16.0%	20.8%
Margin	-	14.5%	14.0%	13.7%
Net income	**(561)**	**1,043**	**1,242**	**1,741**
EBITDA (Operating profit + Depreciation and amortization)	**1,307**	**1,987**	**2,277**	**2,713**
EBITDA margin	12.7%	16.4%	15.7%	15.1%
Depreciation and Amortization	534	229	237	244
Amortization of goodwill	833	-	-	-
Adjustment cost*2	**943**	**62**	**-**	**-**
Compensation fee	453	49	-	-
Amortization of intangible assets	490	13	-	-
Adjusted operating profit*3 (Operating profit + Adj. cost + Goodwill)	**1,716**	**1,820**	**2,039**	**2,469**
Growth rate	-	6.1%	12.0%	20.8%
Margin	16.6%	15.0%	14.0%	13.7%
Adjusted EBITDA (Operating profit + Depreciation and amortization + Compensation fee)	**1,760**	**2,036**	**2,277**	**2,713**
Growth rate	-	15.7%	11.8%	19.2%
Margin	17.0%	16.8%	15.7%	15.1%

(*1) After our company was established on May 27, 2019, we changed the fiscal year-end from the end of April to the end of October. As a result, the fiscal year ended October 2020 of our company is the six-month period from May 1, 2020 to October 31, 2020. “Fiscal Year Ended October 2020 (LTM)” is an unaudited figure calculated assuming the 12-month period from November 1, 2019 to October 31, 2020 as one consolidated fiscal year. Results differ from those for the six-month period ended October 2020.

(*2) For the fiscal years ended October 2020(LTM), the FA fee, DD cost, and legal cost related to the acquisition of World Corporation shares by Nareru Group (former AP64) are adjusted as temporary expenses.
For the fiscal years ended October 2021, the FA fees, DD expenses, and legal costs related to the acquisition of shares of ATJC by the Nareru Group, the transfer of business related to job placement for craftsworkers, and the acquisition of Office Arcs shares are adjusted as temporary expenses.
For the fiscal years ended October 2022, No adjustment due to non-existence of temporary expenses.

(*3) Adjusted operating income for the fiscal year ended October 2020 (LTM) is the addition of goodwill amortization and adjustment expenses to operating income. Adjusted operating income for FY10/21 and FY10/22 is calculated by adding back adjustment expenses to operating income.

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Balance Sheet

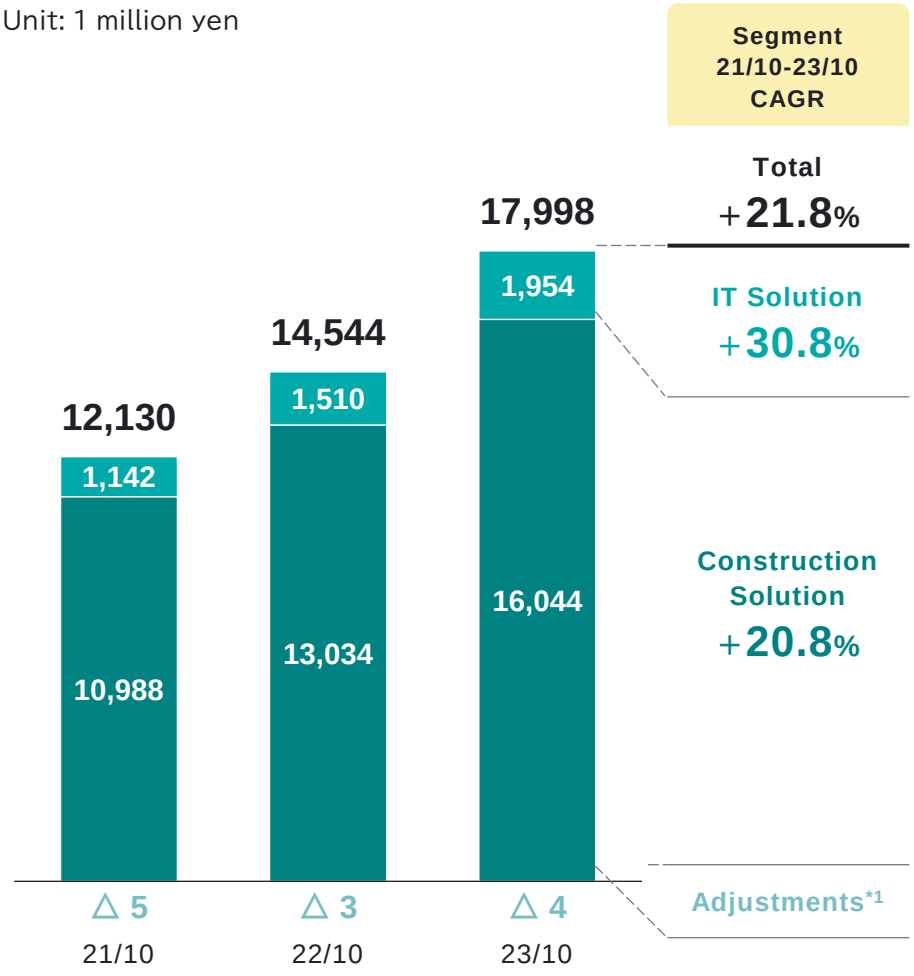
Unit: 1 million yen	IFRS 21/10	IFRS 22/10	IFRS 23/10
Current assets	**4,191**	**4,877**	**7,060**
Cash and Cash Equivalents	2,155	2,283	4,083
Trade Receivables	1,878	2,297	2,766
Other current assets	157	295	210
Noncurrent assets	**15,055**	**15,278**	**15,444**
Property, Plant and Equipment	125	165	170
Right-of-use Assets	278	309	357
Goodwill	14,100	14,074	14,074
Deferred Tax Assets	272	384	492
Other Non-current Assets	278	343	348
Total assets	**19,246**	**20,155**	**22,505**

Unit: 1 million yen	IFRS 21/10	IFRS 22/10	IFRS 23/10
Current liabilities	**2,901**	**5,533**	**6,287**
Borrowings	560	2,714	2,714
Lease liabilities	156	153	201
Other Current Liabilities	2,185	2,665	3,371
Noncurrent liabilities	**7,711**	**4,689**	**4,040**
Borrowings	7,450	4,285	3,571
Lease liabilities	95	124	125
Other Non-current Liabilities	165	279	343
Total liabilities	**10,612**	**10,222**	**10,327**
Total capital	**8,633**	**9,933**	**12,177**
Total liability and capital	**19,246**	**20,155**	**22,505**

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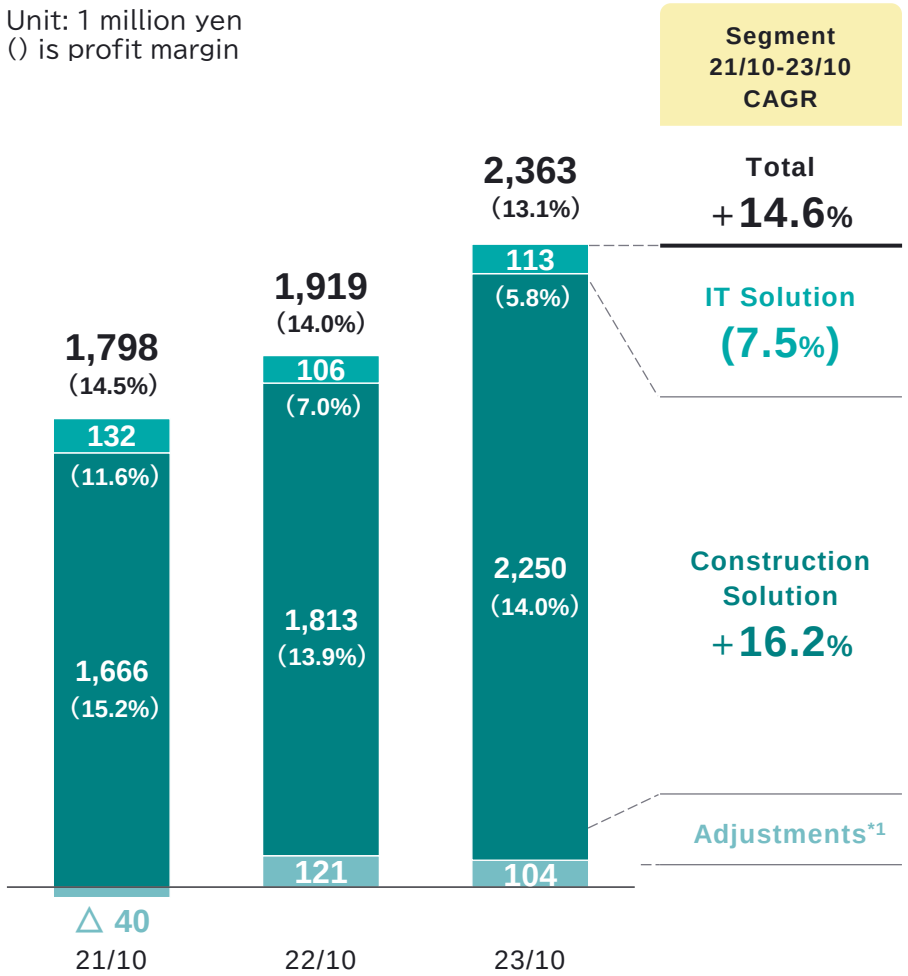
Sales Revenue by Segment

Unit: 1 million yen



Segment Profit*2

Unit: 1 million yen
() is profit margin

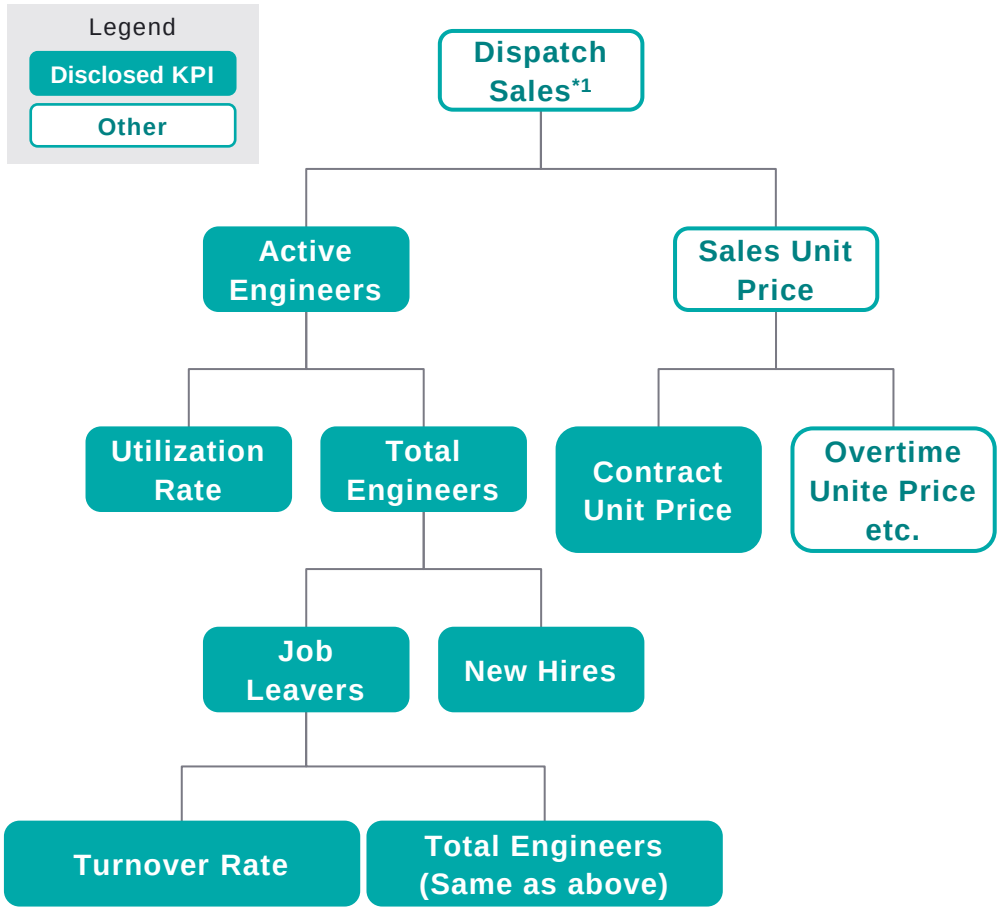


(*1) Adjustments are due to the elimination of inter-segment transactions and partial addition back to the segments of the amount of the management fees, etc. paid by the consolidated subsidiaries to Nareru Group
(*2) The management fees, etc. paid by the consolidated subsidiaries to Nareru Group are recorded as expenses in the relevant segment to which each consolidated subsidiary belongs (the same amount is adjusted between the segments in consolidation). The management fees recorded as segment expenses were for 3 months of the 4Q in the fiscal year ended October 2021, and for 12 months of the full year in the fiscal year ended October 2022. Therefore, the impact on the segment profit in the fiscal year ended October 2022 were greater than that in the fiscal year ended October 2021

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- The Group discloses the following major KPIs related to dispatch sales.

KPI Structure



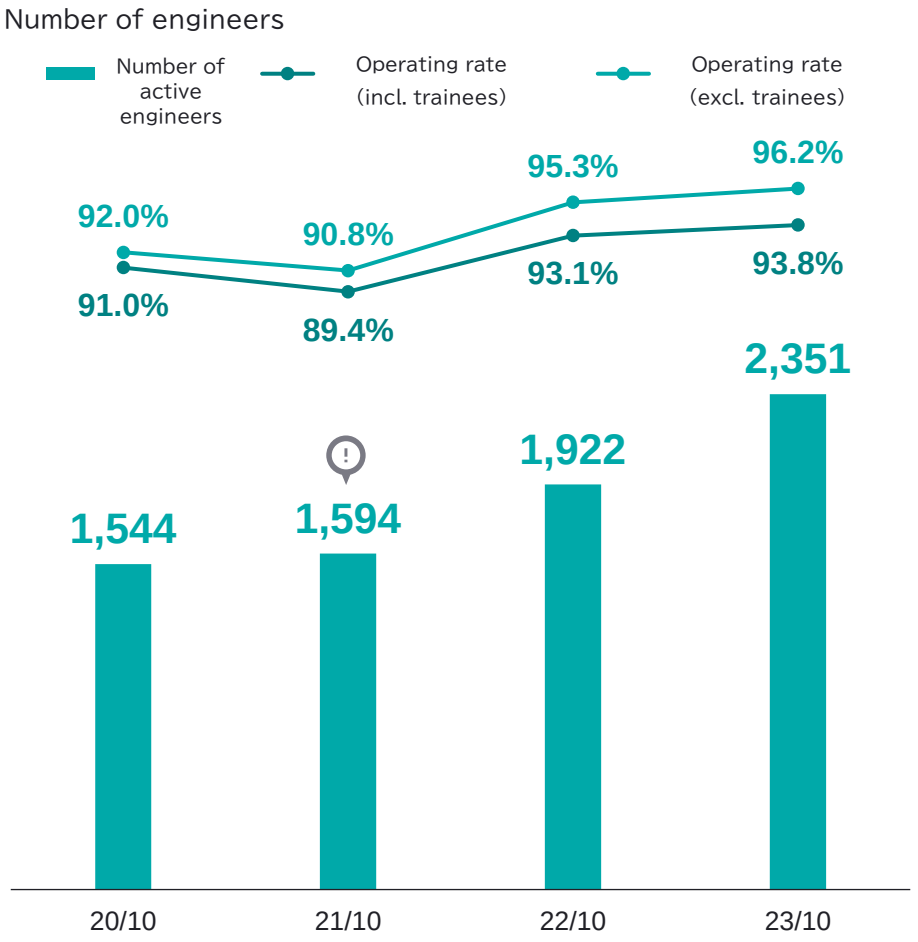
*1 At ATJC, sales based on the SES contract is included.

Definition of KPI

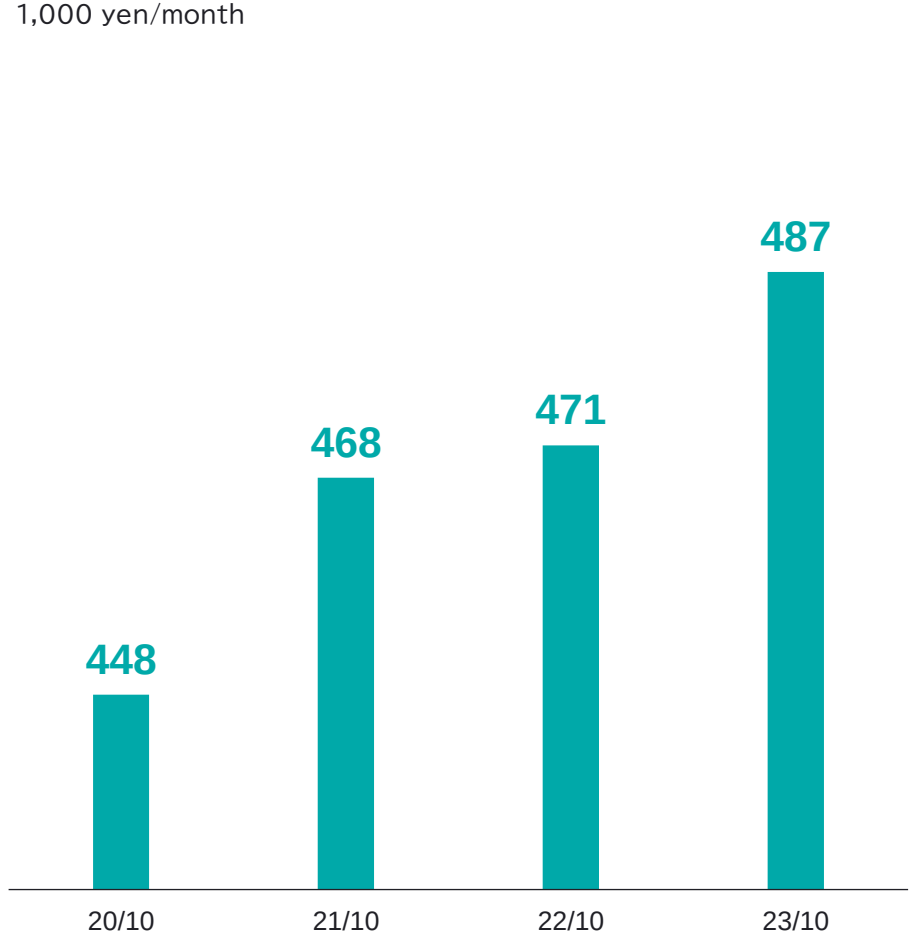
Active Engineers	Engineers who were dispatched for at least one day during the month
Total Engineers	Engineers who were employed for at least one day during the month (Engineers at the beginning of the month + Engineers hired in the month)
Utilization Rate	Active Engineers / Total Engineers
New Hires	Engineers who joined the company during the period
Job Leavers	Engineers who left the company during the target period
Turnover Rate	Job leavers during past 12 months / (Total engineers at the end of the month 12 months prior + New hires during past 12 months)
Sales Unit Price	Sales per active engineer
Contract Unit Price	Average of contract unit prices (excluding overtime charges) for all engineers
Overtime Unite Price etc.	Amount per active engineers of total of (i) Additional amount such as overtime charges and (ii) unavailability reduction

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Number of active engineers*1



Contract unit price per person*2



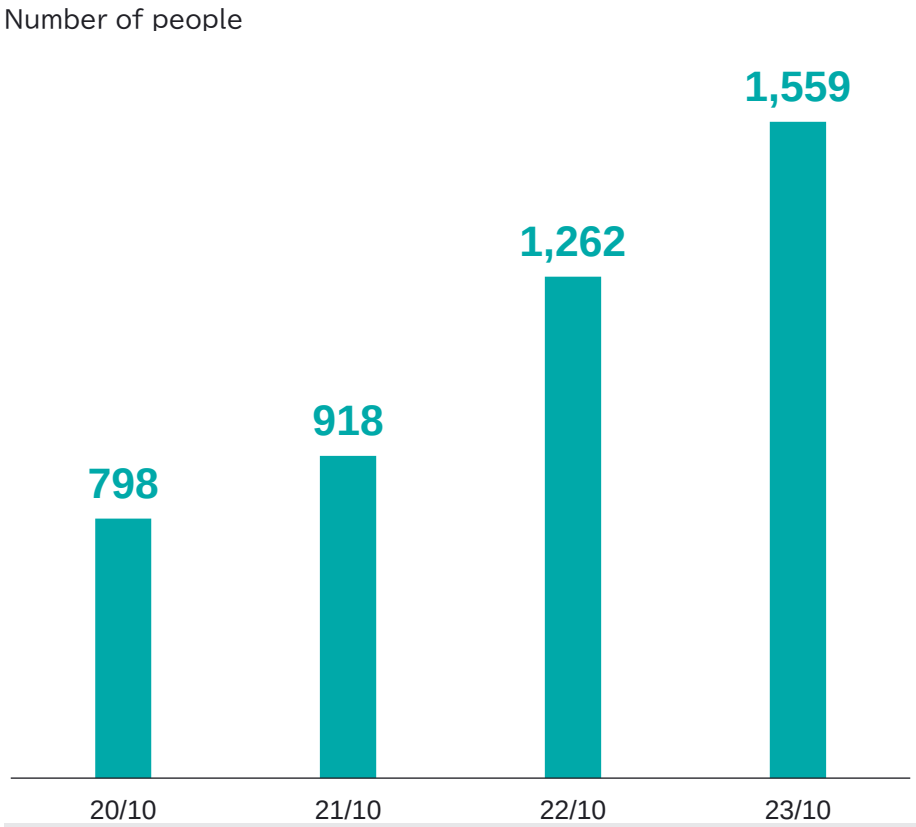
Reason for the temporary low performance: the sales activity had been sluggish due to the coronavirus

(*1) Figures are non-consolidated figures for World Corporation
Number of active engineers: Number of employees under dispatch contracts, average during the period
Operating rate (incl. trainees): Percentage of occupied persons to the number of engineers (including trainees), average during the period
Operating rate (excl. trainees): Percentage of occupied persons to the number of engineers (excluding trainees), average during the period

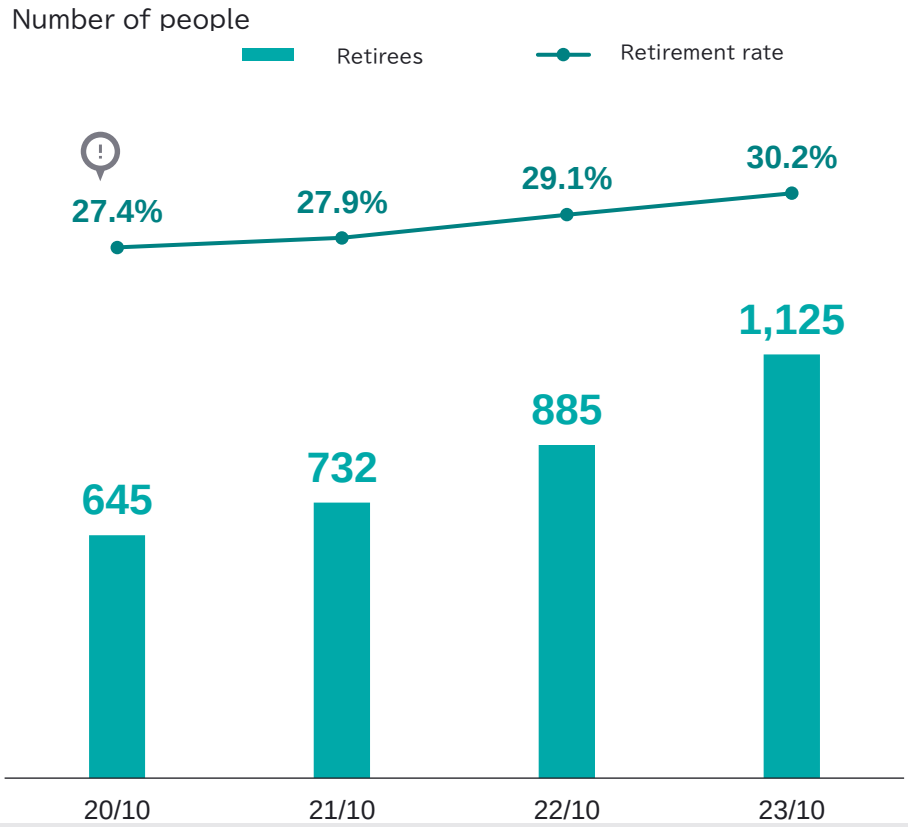
(*2) Figures are non-consolidated figures for World Corporation
The contract unit price per person is the average value of each contract unit price (excluding overtime pay) for all dispatched employees, including experienced and inexperienced employees.

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Number of new recruits*1



Number of retirees / Retirement rate*2



【[Efforts to reduce the turnover rate]
(1) Training for inexperienced employees at the time of joining the company, including education on basic behavior and communication skills to smoothly carry out work at construction sites.
(2) Mainly in the first year, the support department conducts on-site visits by engineers during operation.

Reason for the temporary low performance: the sales activity had been sluggish due to the coronavirus

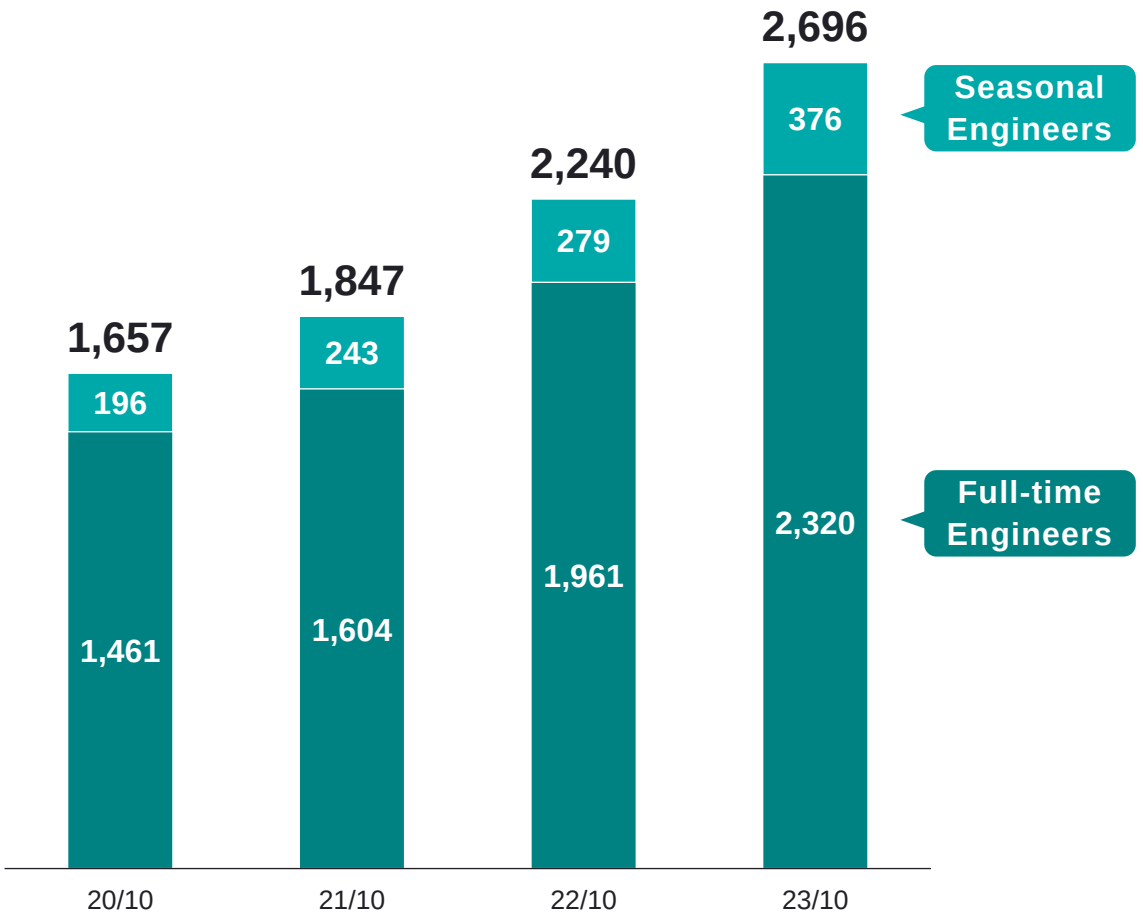
(*1) Figures are non-consolidated figures for World Corporation(Cumulative period)

(*2) Figures are non-consolidated figures for World Corporation
(The number of retirees is the cumulative total during the period)

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Number of engineers*1

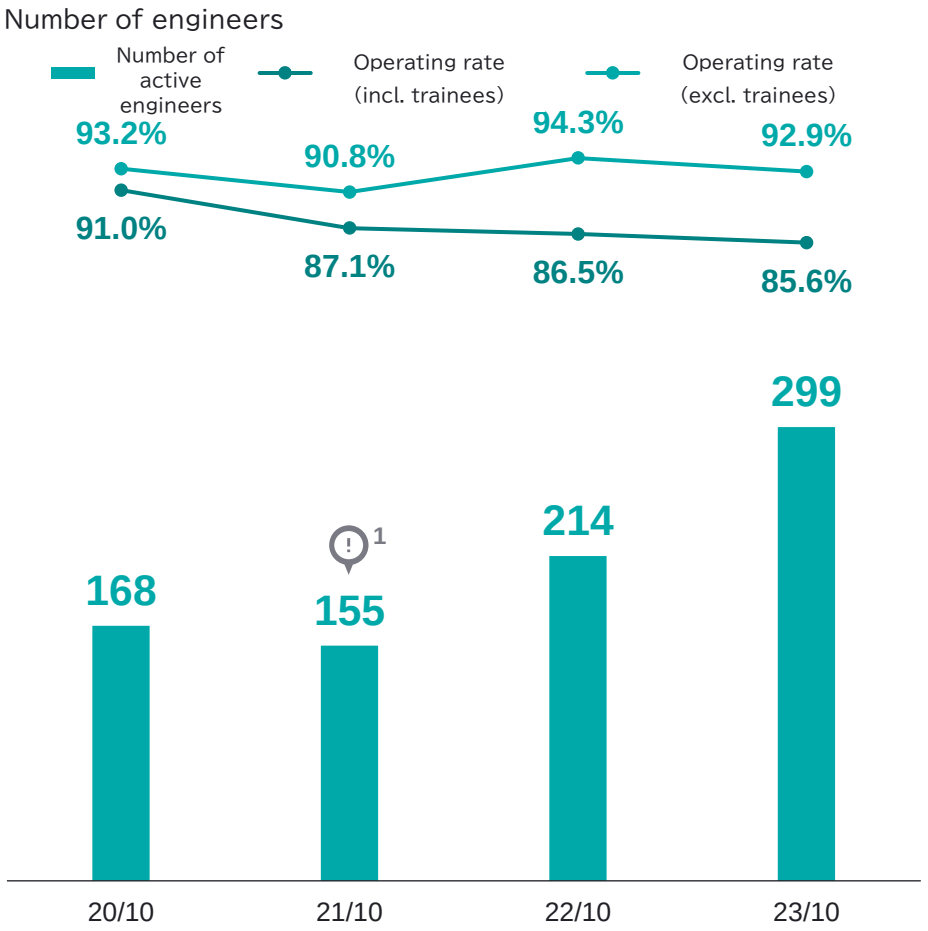
Number of people



(*1) Figures are non-consolidated figures for World Corporation
Number of engineers who have been enrolled for at least 1 day in October each year(for 23/10 2Q, number of engineers who have been enrolled for at least 1 day in April 2023)

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Number of active engineers*1



Contract unit price per person*2



Reason for the temporary slump: 1Sales activities were sluggish due to the impact of the COVID-19 pandemic
: 2Started full-scale hiring of inexperienced workers, and increased the hiring ratio of inexperienced workers with low contract unit prices

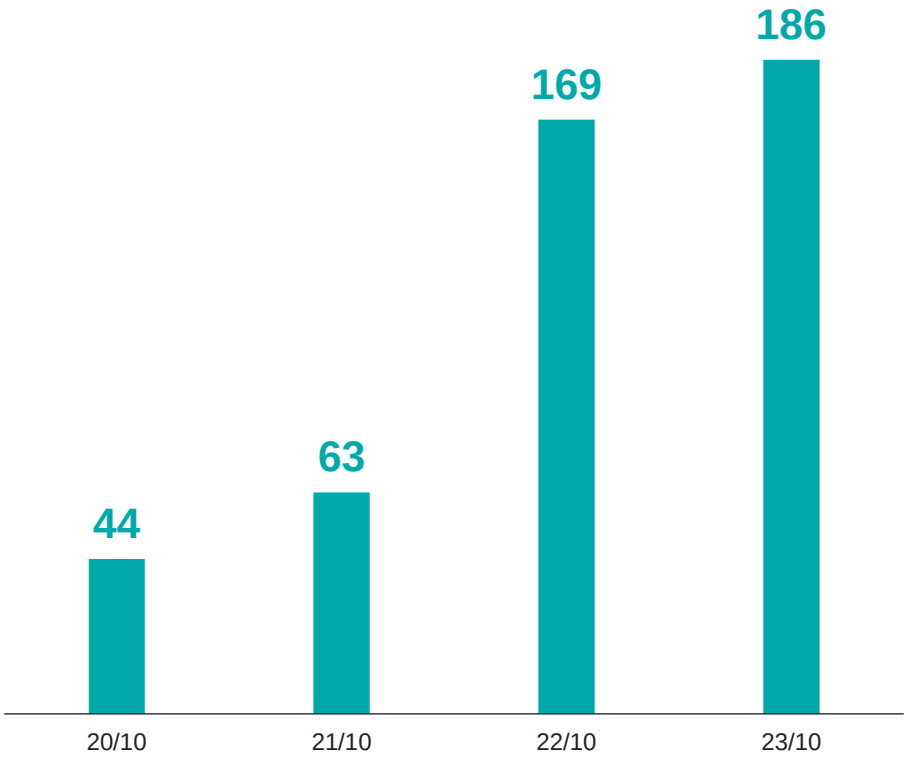
(*1) Figures are non-consolidated figures for ATJC
Number of active engineers: number of employees dispatched or under contract, average during the period
Operating rate (incl. trainees): Percentage of occupied persons to the number of operable persons (including trainees), average during the period
Operating rate (excl. trainees): Percentage of occupied persons to the number of operable persons (excluding trainees), average during the period

(*2) Figures are non-consolidated figures for ATJC
The contract unit price per person is the average value of each contract unit price (excluding overtime pay) for all dispatched employees, including experienced and inexperienced employees.

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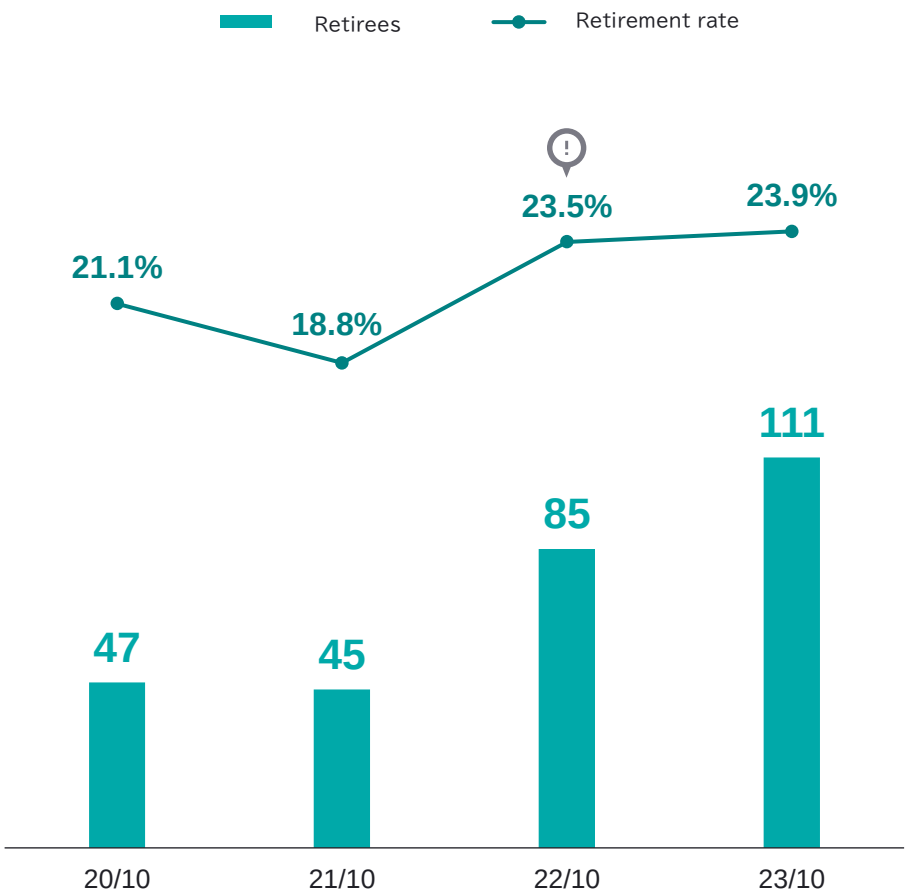
Number of new recruits*1

Number of people



Number of retirees / Retirement rate*2

Number of people



Reason for temporary slump: The ratio of inexperienced people with a high resignation rate increased due to an increase in the hiring of inexperienced people.

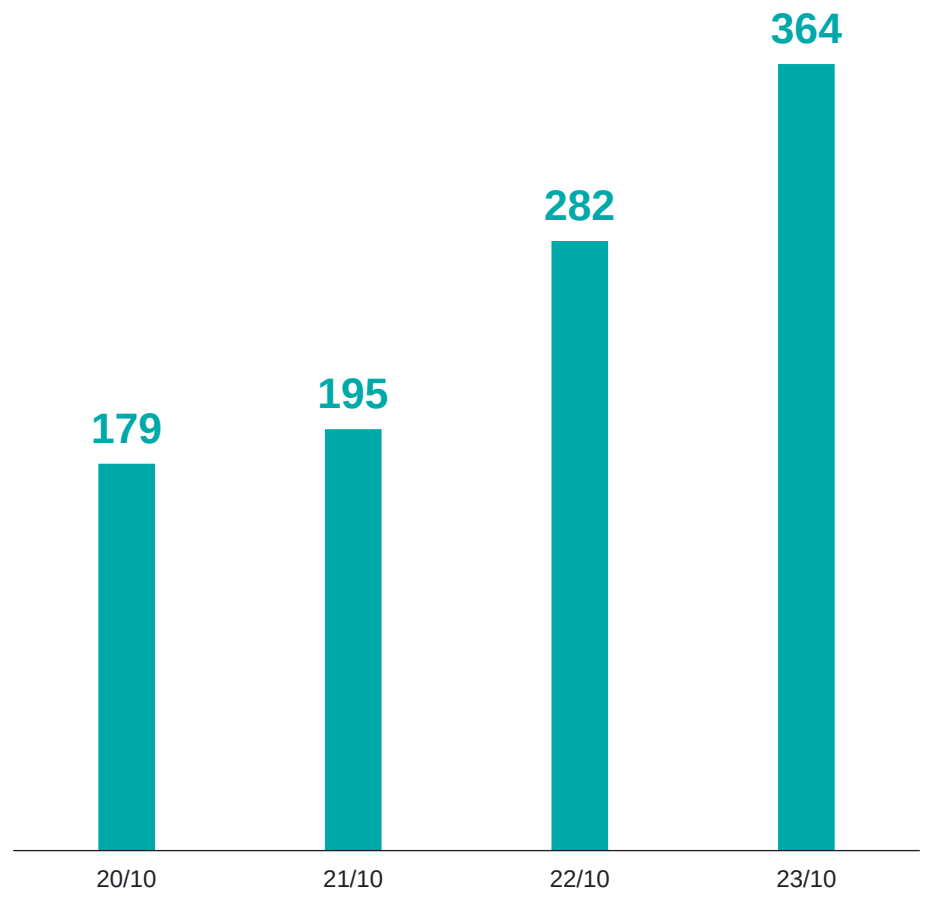
(*1) Figures are non-consolidated figures for ATJC(Cumulative period)

(*2) Figures are non-consolidated figures for ATJC
(The number of retirees is the cumulative total during the period)

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Number of engineers*1

Number of people



(*1) Figures are non-consolidated figures for World Corporation
Number of engineers who have been enrolled for at least 1 day in October each year

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Unit: 1 million yen	21/10 Results	22/10 Results	23/10 Results	24/10 Forecast
Revenue	12,125	14,540	17,994	21,830
Gross profit	3,324	4,229	5,169	5,920
Operating profit	1,758	2,039	2,469	2,770
Profit before Tax	1,594	1,852	2,475	2,730
Profit Attributable to Owners of Parent	1,043	1,242	1,741	1,920

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- Proceeds from issuance of common stock at the time of listing will be used as scheduled.

in millions of yen	23/10 Results	24/10 Forecast
Investments and loans to consolidated subsidiaries World Corporation and ATJC (To be appropriated for hiring engineer dispatched by the two companies)	**54,000**	**301,237**
合計		**355,237**

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- Major risks and measures that may have a material impact on the realization of growth and the execution of business plans

Entry	Major Risks	Countermeasures	Potential for Emergence	Time of Emergence
Construction Economic trends	The Group is engaged in the dispatching business mainly for the construction industry, and the demand for dispatch in the construction industry is expected to continue to increase against the backdrop of a shortage of human resources. However, the Group's performance is affected to a certain extent by trends in construction investment in Japan. In addition, in a downturn, the labor cost burden of permanent engineers who are not dispatched may become heavier, which may affect the Group's business performance and financial position.	The Group is engaged in business development primarily in the construction industry, but in areas other than the construction industry, the Group is engaged in business development such as personnel dispatch for the IT industry and the plant industry. By utilizing the know-how and experience accumulated in the construction industry, the Group is conducting business operations with risk dispersed so that it is not significantly affected by the business conditions of specific industries and customers.	Medium	Mid-term
Securing engineers	The total population of Japan is expected to continue to decline, and depending on future trends in the engineer hiring market, there is a possibility that the Group may not be able to secure sufficient supply to meet demand, or hiring costs may increase, which may affect the Group's business performance and financial position.	The recruiting ability is the Group's strength, and the number of engineers hired and the total number of engineers employed are steadily increasing. In addition, the Group is working to secure engineers through various channels, including its own recruiting website, recruiting agencies, and referral recruiting, in addition to the existing recruitment media.	Medium	Mid-to long term
Labor management	In terms of regulations, the upper limit on overtime hours will be applied to the construction industry from April 2024. In the event of a violation of laws and regulations due to inappropriate labor management, or a dispute with a dispatched engineer regarding labor safety and health, employment relations, etc., the Group's business operations may be affected, and the Group's business performance and financial position may be affected.	In response to the strengthening of regulations concerning labor management, the Group is taking various measures, such as ensuring the quality of human resources when hiring, enhancing the management of dispatched technical employees, including labor management that emphasizes compliance, strengthening the education and training system, and improving employee satisfaction.	Medium	Mid-term
Permits and Licenses Laws and regulations	The Group operates as a worker dispatching business operator and a fee-based employment placement business operator with the permission of the Minister of Health, Labour and Welfare. In the event that the Group is ordered to cancel the relevant business license or suspend the business for some reason, such as when the Group engages in construction work (construction management, CAD drawing, construction drawing, etc., performed by the Group's dispatched technical employees do not fall under this type of work), which is an exempted work prohibited by the Worker Dispatching Act, under the instruction of the client, the Group's business activities may be hindered and its operating results and financial position may be affected.	We regularly receive information and guidance on legal revisions and trends of authorities from law firms and social insurance firms with which we have advisory contracts. In addition, the Group will actively collect information and will actively participate in workshops held by external organizations in the future.	Small	Mid-to long term

For other risk information, please refer to the “Business and Other Risks” (「事業等のリスク」) in the Annual Securities Report (有価証券報告書)

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The information on future business results are forward-looking statements. Forward-looking statements include but not limited to expressions such as "believe", “expect", "plan", "strategic", "expect", "anticipate", "predict" and "possibility", as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management's judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements.

The next business plan and growth potential materials will be released by December 2024.

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