Nareru Group

Third Quarter of Fiscal Year Ending October 2025 Financial Results Briefing

September 11, 2025 Nareru Group Inc. | TSE Growth | 9163 |

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Executive Summary of Financial Results for Q3 FY2025

- While continuously strengthening our hiring and sales functions, we have focused on the development of our engineers.
- Although challenges remain with the utilization ratio, the number of active engineers has steadily increased, and revenue has reached a record high.
- The review of the hiring process and proactive investment in hiring have been successful, leading to a recovery in the number of new hires from H2 of the year onward.
- Towards building a solid sales foundation, we will continue to focus on strengthening sales capabilities and improving project generation from Q4 onward.

Earnings Summary for Cumulative Q3 FY2025

Revenue
17.9 billion yen
(YoY+13.4%)
(Compared to Plan -4.0%)

Operating Profit
2.26 billion yen
(YoY +5.2%)
(Compared to Plan +4.7%)

Profit before Tax
2.20 billion yen
(YoY +4.5%)
(Compared to Plan +4.1%)

Profit Attributable to Owners of Parent
1.59 billion yen
(YoY +7.4%)
(Compared to Plan +5.2%)

Summary of KPIs : World Corporation

Total Engineers *1	Active Engineers*2	Utilization Ratio *3	Contract Unit Price *4	New Hires	Turnover Rate*5
3,599	3,096	93.3%	519 thousand yen	1,451	29.4%
(YoY +11.6%) (Compared to Plan -4.8%)	(YoY +12.9%) (Compared to Plan -4.9%)	(YoY -0.6pt) (Compared to Plan -1.4pt)	(YoY+10 thousand yen) (Compared to Plan -1 thousand yen)	(YoY -0.1%) (Compared to Plan -8.1%)	(YoY +0.9pt) (Compared to Plan +1.8pt)

(*1) Total Engineers : Number of total engineers as of July 2025 (*2) Active Engineers : Monthly average number of active engineers during cumulative Q3 (9 months) of FY2025.
(*3) Utilization Ratio : Number of active engineers during the cumulative Q3 of FY2025 / Number of total engineers during the same period (excluding engineers undergoing training).
(*4) Contract unit price: Monthly average contract price (excluding overtime pay) during the cumulative Q3 of FY2025.
(*5) Turnover rate : Turnover rate as of July 2025 (Job leavers during past 12 months / (Total engineers at the end of the month 12 months prior + New hires during past 12 months))

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Q3 FY2025
Financial Results

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Financial Results for Q3 FY2025

- Revenue for Q3 (May to July) **increased by 9.6% YoY** due to an increase in the number of active engineers. On the other hand, operating profit **decreased by 11.0% YoY** because hiring investments were prioritized to build a foundation for future earnings.
- For the cumulative Q3, revenue was **17.9 billion yen (+13.4% YoY)**, and operating profit was **2.2 billion yen (+5.2% YoY)**.
- Compared to the initial plan, although revenue and gross profit fell short of the plan, operating profit exceeded the plan **(+4.7%)**.

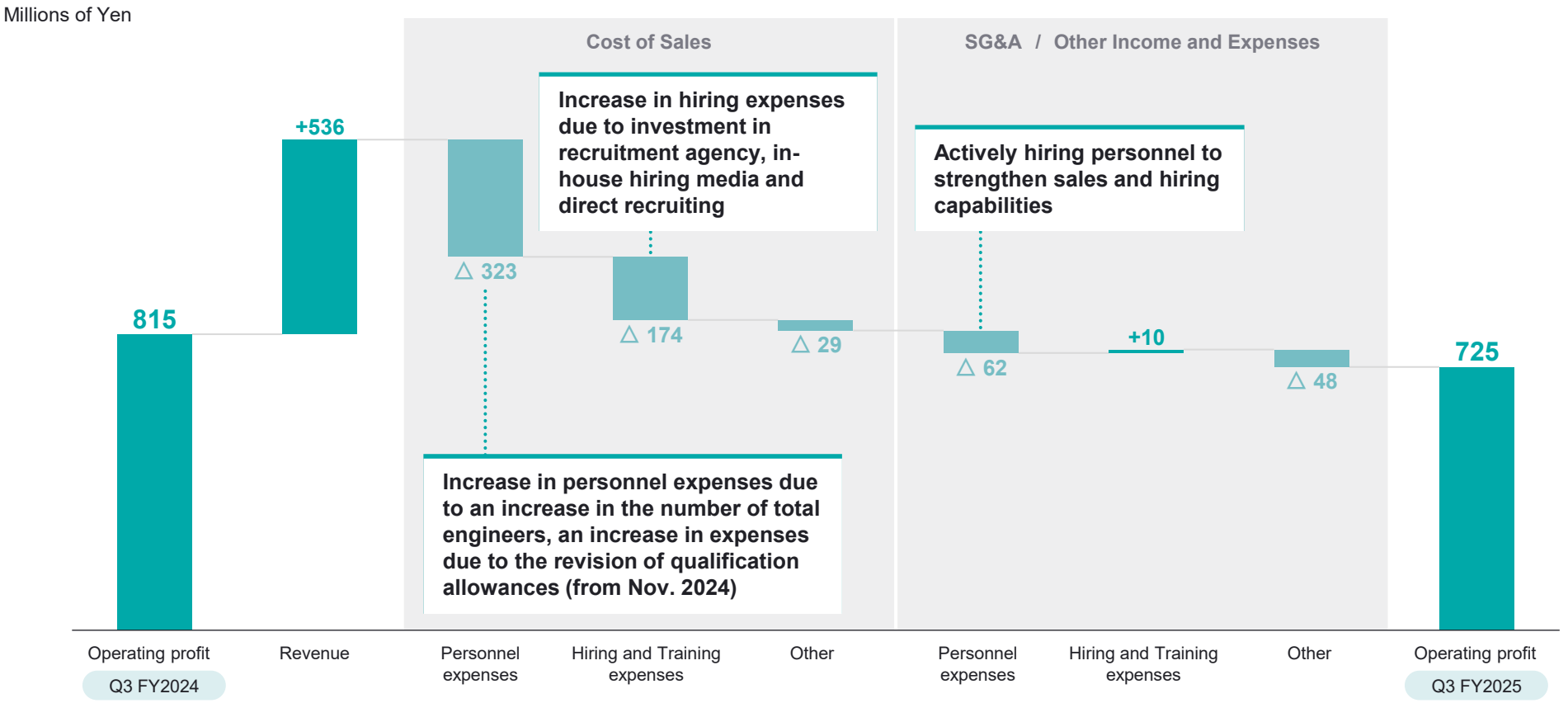
Millions of Yen	Q3 (3 months)			Cumulative Q3 (9 months)			Cumulative Q3 Forecasts		Full-year Forecasts	
	FY2024	FY2025	YoY	FY2024	FY2025	YoY	FY2025	Achievement	FY2025	Progress
Revenue	5,599	6,135	+9.6%	15,801	17,926	+13.4%	18,680	-4.0%	25,650	69.9%
Gross Profit	1,543	1,553	+0.6%	4,256	4,727	+11.0%	4,860	-2.7%	6,860	68.9%
Gross Profit Margin	27.6%	25.3%	—	26.9%	26.4%	—	26.0%	—	26.7%	—
Operating Profit	815	725	-11.0%	2,149	2,261	+5.2%	2,160	+4.7%	3,310	68.3%
Operating Profit Margin	14.6%	11.8%	—	13.6%	12.6%	—	11.6%	—	12.9%	—
Profit before Tax	801	706	-11.9%	2,112	2,207	+4.5%	2,120	+4.1%	3,220	68.6%
Profit Attributable to Owners of Parent	565	511	-9.5%	1,488	1,598	+7.4%	1,520	+5.2%	2,330	68.6%

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Comparison of Q3 (3 months) FY2024 and Q3 (3 months) FY2025

- Revenue for Q3 **increased by 536 million yen (+9.6% YoY)**. Although the number of active engineers steadily increased, the utilization ratio struggled to improve.
- Meanwhile, due to active investment in hiring and training expenses, the number of new hires in Q3 exceeded the plan, resulting in increased personnel expenses within cost of sales**.** Additionally, with the increase in staff in the sales and hiring departments SG&A also increased.
- As a result, the operating profit for Q3 **decreased by 90 million yen (-11.0% YoY)**.

Comparison of Operating Profit

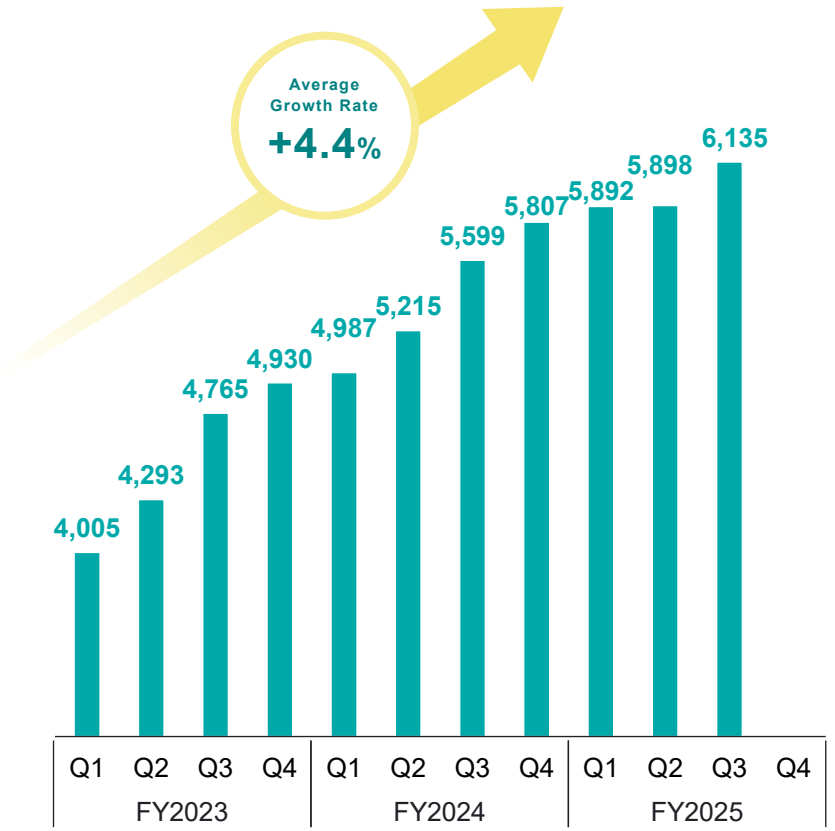


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- Although the quarterly revenue reached a record high, the gross profit saw only a slight increase compared to the same period last year.

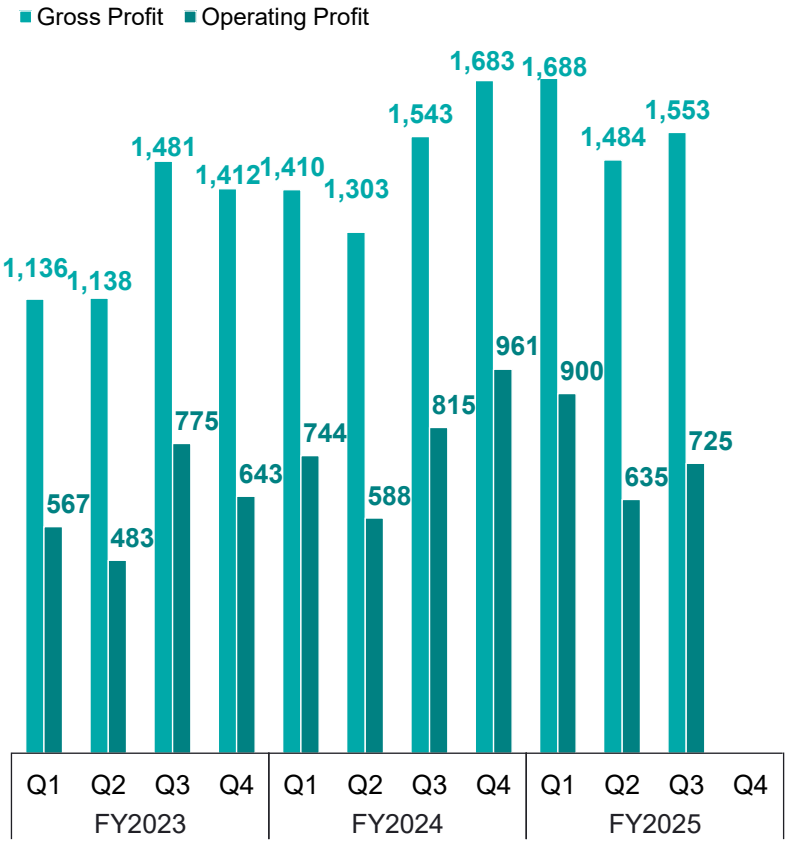
Quarterly Revenue

Millions of Yen



Quarterly GP/OP

Millions of Yen



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Results by Segment

- In both the construction and IT solutions businesses, revenue increased by double digits due to an increase in the number of active engineers.
- Revenue: Construction Solutions Business **+13.5%**, IT Solutions Business **+13.0%**.
- Operating Profit: Construction Solutions Business **+1.4%**, IT Solutions Business **-1.9%**.

Millions of Yen	Cumulative Q3 (9 months) FY2024	FY2025	YoY	
Construction Solutions	14,136	16,044	+1,908	+13.5%
IT Solutions	1,665	1,882	+217	+13.0%
Total Revenue *1	15,801	17,926	+2,125	+13.4%
Construction Solutions	1,793	1,818	+24	+1.4%
Profit Margin	12.7%	11.3%	-1.4pt	—
IT Solutions	114	112	-2	-1.9%
Profit Margin	6.9%	6.0%	-0.9pt	—
Adjustments*2	241	331	+89	+37.2%
Total Operating Profit	2,149	2,261	+112	+5.2%

(*1) Internal transactions eliminated
(*2) Adjustments include the elimination of inter-segment transactions and management fees from each segment to Nareru Group Co., Ltd.

Consolidated Financial Position

- Although cash and cash equivalents decreased compared to the end of the previous fiscal year due to dividend payments and repayment of borrowings, net interest-bearing debt decreased **(-290 million yen)**.
- As retained earnings increased, the goodwill ratio also decreased by **0.04 points** to **1.01 times**.

* An explanation of our Group's "goodwill" is provided on page 27.

Millions of Yen	As of the end of October 2024	As of the end of July 2025
Cash and Cash Equivalents	4,516	4,279
Trade Receivables	3,204	3,328
Other Current Assets, etc.	205	218
Total Current Assets	7,926	7,826
Property, Plant and Equipment	178	211
Right-of-use Assets	597	417
Goodwill	14,074	14,074
Deferred Tax Assets	508	529
Other Non-current Assets, etc.	332	350
Total Non-current Assets	15,690	15,583
Total Assets	23,617	23,410

Ratio of Total Equity Attributable to Owners of Parent to Total Assets	56.9%	59.8%
Net Debt*1	1,054	756
Ratio of Goodwill*2	1.05 times	1.01 times

Millions of Yen	As of the end of October 2024	As of the end of July 2025
Borrowings	2,714	2,714
Lease Liabilities	227	204
Other Current Liabilities, etc.	3,574	3,461
Total Current Liabilities	6,516	6,379
Borrowings	2,857	2,321
Lease Liabilities	348	199
Other Non-current Liabilities, etc.	453	507
Total Non-current Liabilities	3,659	3,028
Total Liabilities	10,176	9,408
Share Capital, Capital Surplus, etc.	9,008	9,022
Retained Earnings	4,431	4,979
Total Equity	13,440	14,002
Total Liabilities and Equity	23,617	23,410

(*1) Borrowings (current) + Borrowings (noncurrent) – Cash and cash equivalents
(*2) Goodwill / Total equity

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Consolidated Cash Flows

- Due to the increase in quarterly profit, cash flow from operating activities was **+1.47 billion yen**.
- Cash flow from financing activities was **-1.66 billion yen** due to repayments of long-term borrowings and payment of dividends.

Millions of Yen	FY2024 Q3	FY2025 Q3
Profit before Tax	2,112	2,207
Depreciation	196	210
Decrease (Increase) in Trade Receivables	-349	-117
Increase (Decrease) in Accrued Expenses	207	181
Interest Paid	-36	-55
Income Taxes Paid	-915	-894
Other	-202	-55
Cash Flows from Operating Activities	1,012	1,477
Purchase of Property, Plant and Equipment	-12	-55
(Purchase) Collection of Other Financial Assets	7	-101
Other	-1	-16
Cash Flows from Investing Activities	-6	-173
Free Cash Flow	1,005	1,304
Repayments of Long-term Borrowings	-535	-535
Repayments of Lease Liabilities	-164	-171
Proceeds from Issuance of Shares	245	23
Dividends Paid	-1,211	-985
Other	-	-0
Cash Flows from Financing Activities	-1,666	-1,669
Net Increase (Decrease) in Cash and Cash Equivalents	-660	-365

Incl. depreciation of right-of-use assets (IFRS)

Acquisition of tangible fixed assets in connection with the expansion of training facilities, etc.

Recognition of guarantee deposits for office expansion

Incl. office rent (IFRS)

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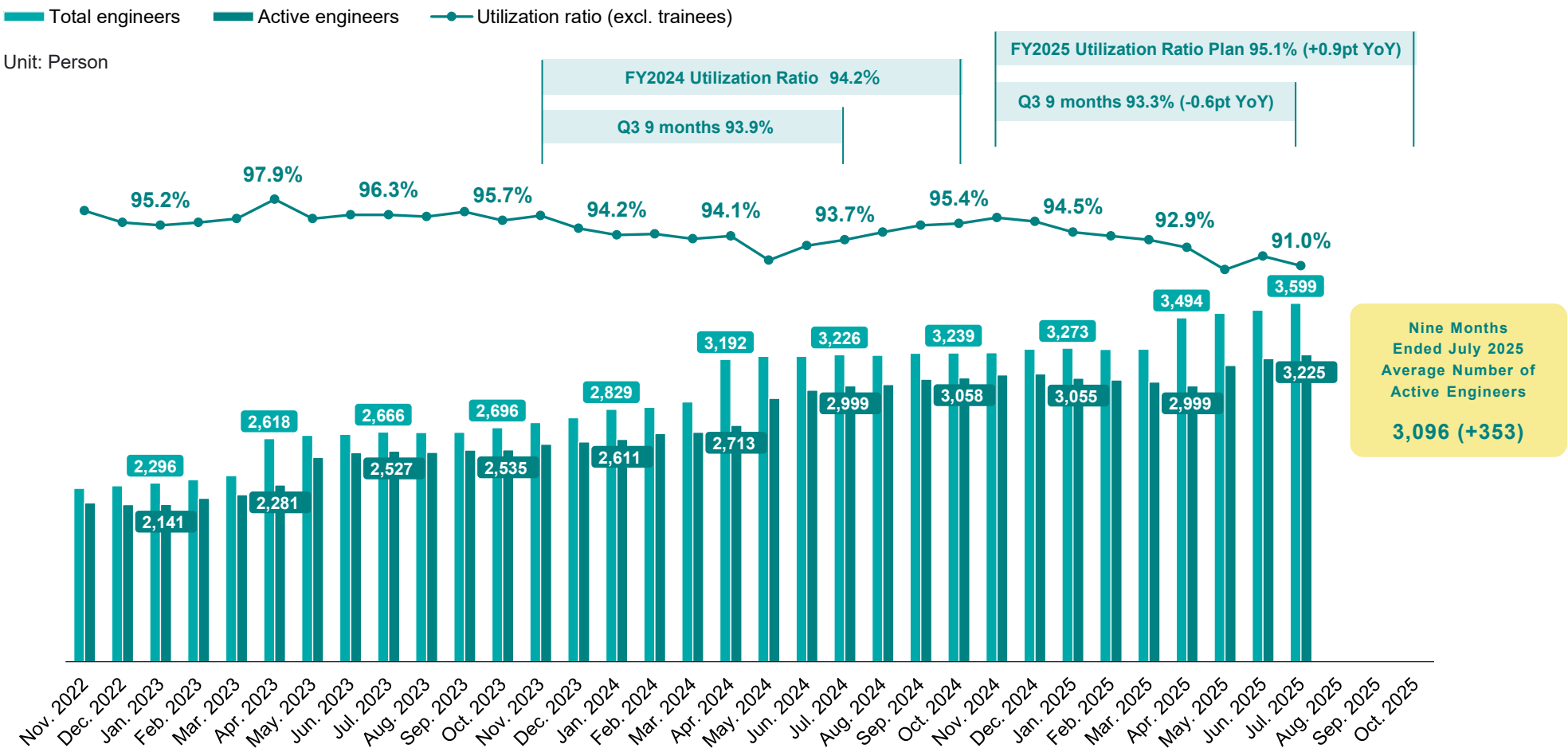
Q3 FY2025
Trends in Major KPIs

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Trends in Engineers and Utilization Ratio (World Corporation)

- The number of total engineers in July 2025 was **3,599**, and the average number of active engineers for the nine months ended July 2025 was **3,096 (+353 YoY)**.
- The average utilization ratio for the nine months ended July 2025 (excluding trainees) was **93.3% (-0.6 points)**.
- Due to waiting times or employees during project transitions and difficulties in sales in regional areas**, the number of active engineers and the utilization ratio fell below expectations**.

Trends in Total Engineers, Active Engineers and Utilization Ratio



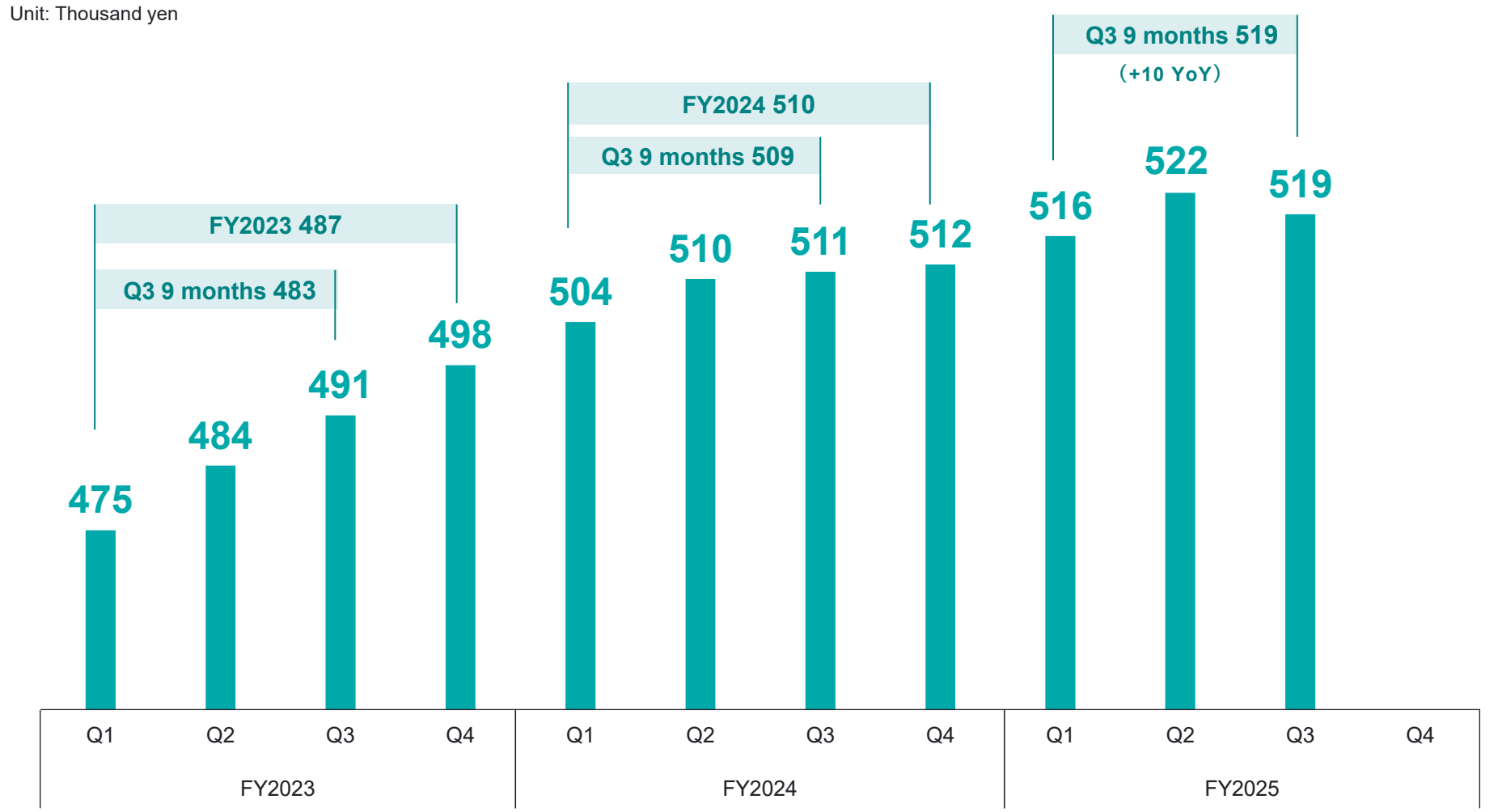
Nine Months Ended July 2025 Average Number of Active Engineers

3,096 (+353)

Trend in Contract Unit Price (World Corporation)

- While continuing negotiations on contract unit prices, we also focused on acquiring low-price projects, resulting in the contract unit price in Q3 being lower than in Q2.
- The monthly average contract unit price for the nine months ended July 2025 was **519,000 yen (+10,000 yen YoY)**.

Trends in Contract Unit Price

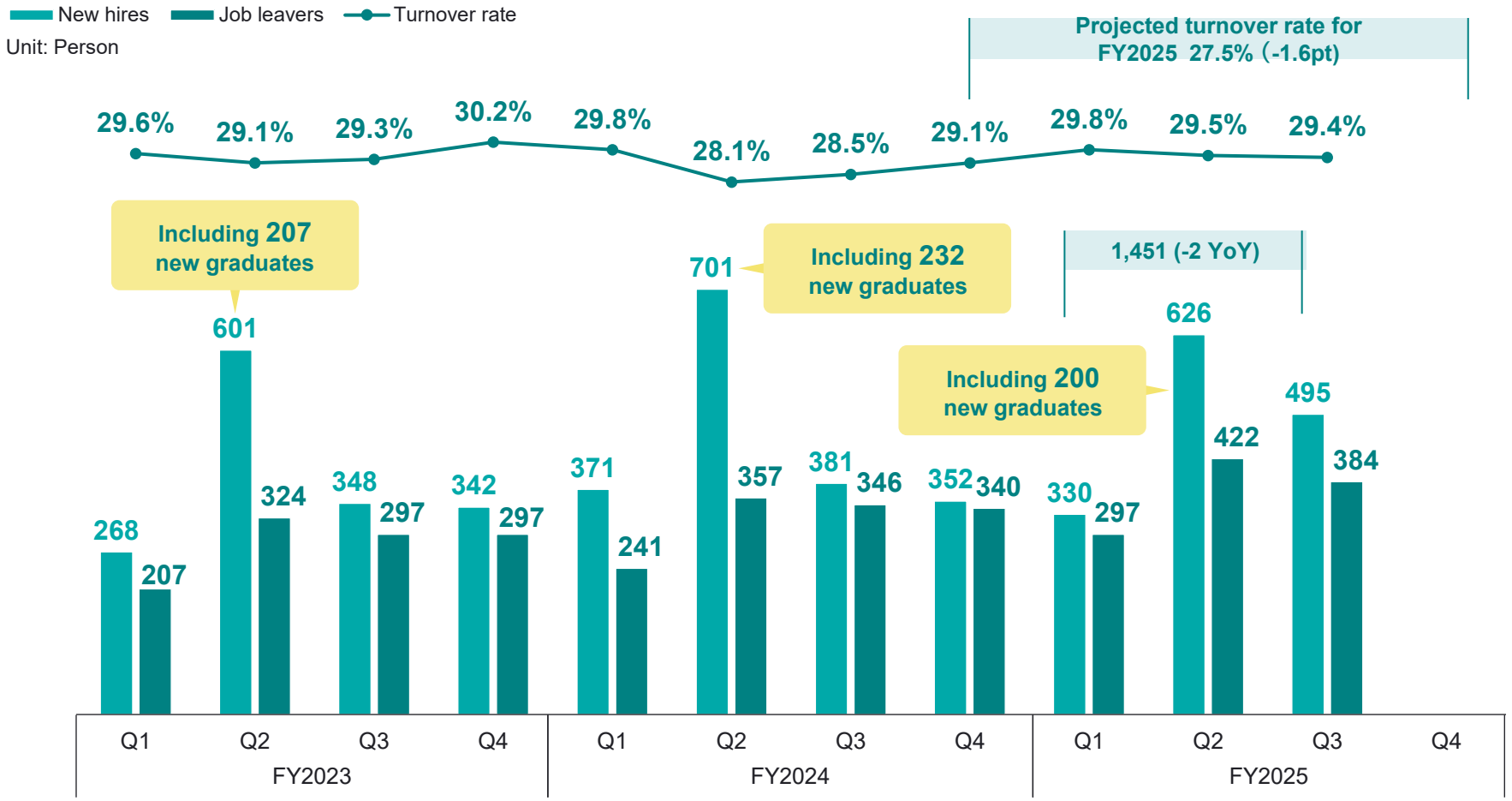


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Trends in New Hires, Job Leavers and Turnover (World Corporation)

- The cumulative number of new hires for the nine months ended July 2025 was **1,451 (including 200 new graduates)**, which is about the same as the previous year **(-2 YoY)**.
- The review of the hiring process and proactive investment in hiring have been successful, leading to steady progress in hiring activities in Q3.
- To improve the turnover rate, various measures such as early follow-up for engineers will be continuously implemented.

Trends by Quarter

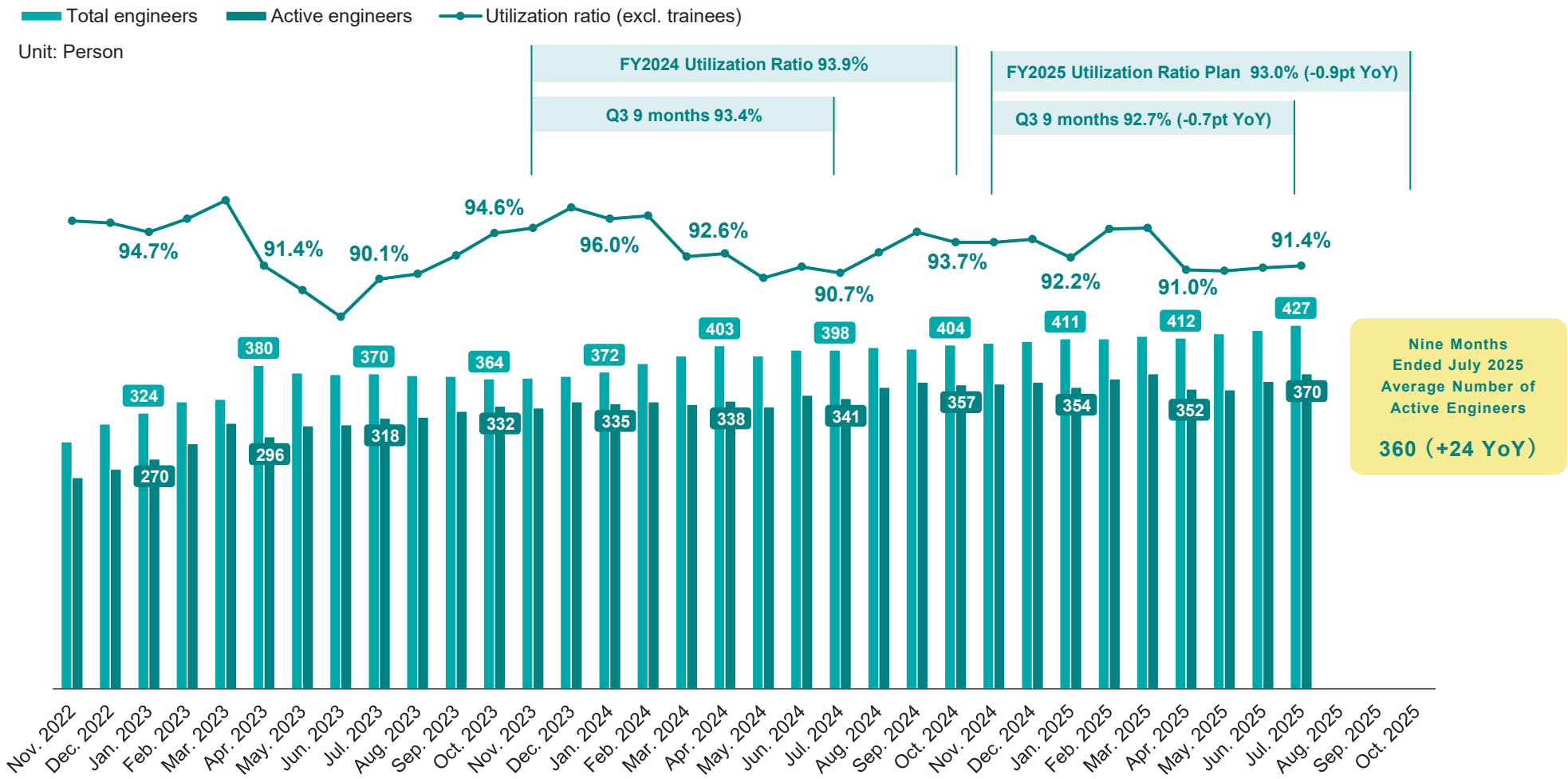


(*1) Turnover rate =Job leavers during past 12 months /(Total engineers at the end of the month 12 months prior + New hires during past 12 months)

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- The number of total engineers in July 2025 was **427**, and the average number of active engineers for the nine months ended July 2025 was **360 (+24 YoY)**.

Trends in Total Engineers, Active Engineers and Utilization Ratio



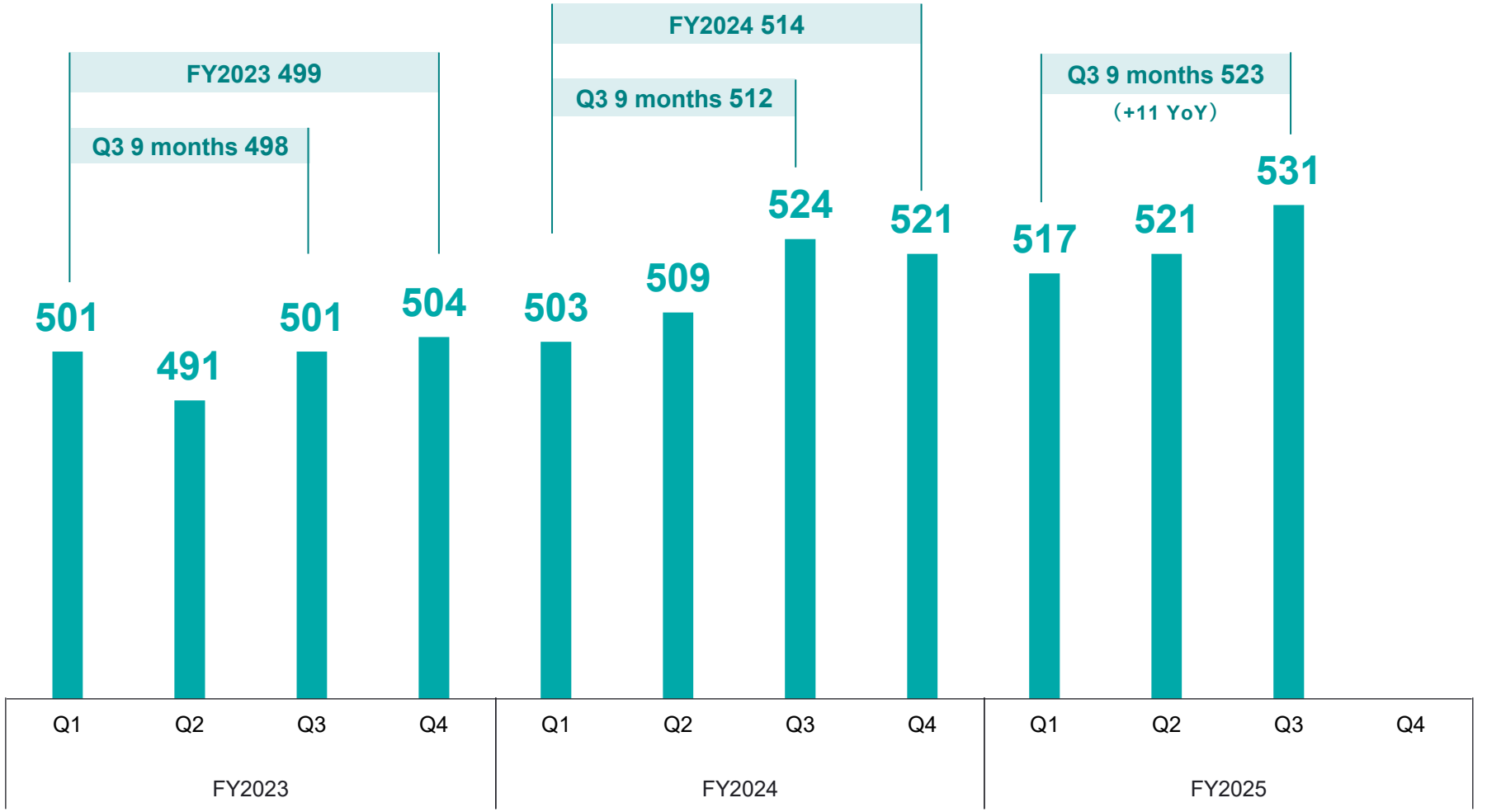
Nine Months Ended July 2025 Average Number of Active Engineers

360（+24 YoY）

- Contract unit price rose due to the acquisition of upstream process projects in system development.

Trends in Contract Unit Price

Unit: Thousand yen

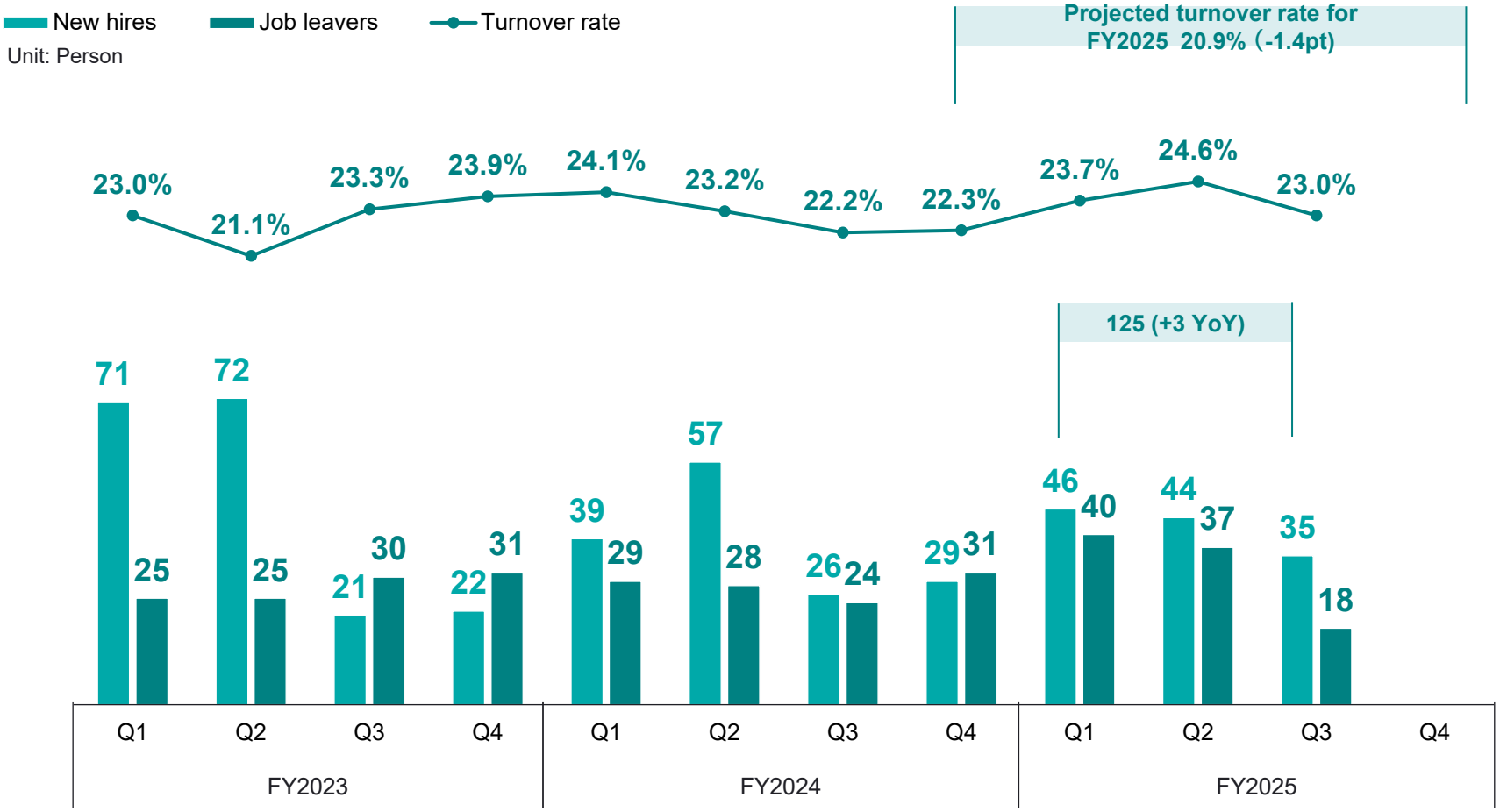


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Trends in New Hires, Job Leavers and Turnover (ATJC)

- The cumulative number of new hires for the nine months ended July 2025 was **125 (+3 YoY)**.
- The turnover rate [*1] for July 2025 was **23.0%**, a decrease from **24.6%** in April.

Trends by Quarter



(*1) 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)

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Q3 FY2025
Full-year Earnings Forecast

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FY2025 Full-year Earnings Forecast

- **There is no change to the full-year earnings forecast and dividend forecast disclosed on December 13, 2024.**
- In the cumulative Q3, although revenue fell short of the plan, operating profit progressed as planned.
- On the other hand, if hiring activities also perform well in Q4, **upfront investments will be made in hiring and training expenses, increase in sales staff, and lead to fluctuations in earnings, but priority will be given to building the foundation for future growth**.

Millions of Yen	Full Year				
	FY2024 Actual	FY2025 Forecast	YoY		Q3 FY2025 Progress
Revenue	21,608	25,650	+4,041	+18.7%	69.9%
Gross Profit	5,940	6,860	+919	+15.5%	68.9%
Gross Profit Margin	27.5%	26.7%	-0.8pt	—	—
Operating Profit	3,110	3,310	+199	+6.4%	68.3%
Operating Profit Margin	14.4%	12.9%	-1.5pt	—	—
Profit before Tax	3,059	3,220	+160	+5.2%	68.6%
Profit Attributable to Owners of Parent	2,187	2,330	+142	+6.5%	68.6%
Basic Earnings per Share (yen)	255.16	267.15	+11.99	+4.7%	—

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Shareholder Returns

- Our basic policy is to prioritize returns to shareholders, strengthen our earning power to secure dividend resources, and pay continuous and stable dividends.
- The year-end dividend for FY2025 is scheduled to be **60 yen** (no change from initial forecast).



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APPENDIX
Initiatives for H2 FY2025

＊Reposting of the “First Half of Fiscal Year Ending October 2025 Financial Results Briefing” disclosed on June 13, 2025

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- The management strategy and key initiatives were disclosed on December 13, 2024.

Management Strategy for FY2025

While promoting efforts to support the development of engineers and reduce turnover rates, the company is also investing in its own recruitment media and support for construction DX in order to achieve further growth. At the same time, we will formulate a medium-term management plan to overcome management challenges.

Priority Initiatives for FY2025

1. Enhancement of the functions of each process: "Sales," "Recruitment" and "Career Design"
2. Strengthening development of our in-house recruitment media (Sekokan NEXT)
3. Accelerating the rollout of new services such as construction DX support
4. Formulation of medium-term management plan

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1 Enhancement of the functions of each process: "Sales," "Recruitment" and "Career Design"

Sales Functions Enhancement

In H1, in response to issues such as regional differences and variations in sales skills, the company began working to standardize and raise the level of sales capabilities by reviewing its organizational structure, providing educational support, and getting top management involved in the field.

In H2, we aim to improve our ability to generate new projects and expand our customer base by diversifying our customer approaches, strengthening our information gathering capabilities, and utilizing our regional bases.

Situation

Progress in sales to urban areas where the need for human resources is increasing and in negotiations on contract unit prices.

- As there were differences in the situation regarding project acquisition between regions, follow-up measures were implemented.
- The skills gap among salespeople became clear, and we began to standardize and raise the standard of our sales capabilities.

Specific Initiatives

Develop concrete measures to strengthen sales structure and establish a foundation for their implementation.

- Promote change in awareness and behavioral improvement through close involvement of top management in the sales field.
- Develop middle management and establish a monitoring system for local bases.
- In order to strengthen sales capabilities, we are implementing measures to improve skills, such as strengthening education for young sales personnel.

Results

Revitalize the sales organization through organizational review and strengthening training.

- Leadership has taken root, and spontaneous behavioral changes and improved awareness have progressed in the sales field.
- Results are gradually beginning to emerge, with the number of contracts in April reaching a record high.

Initiatives for H2

Improve project creation capabilities by diversifying customer approaches and strengthening information gathering capabilities.

- Focus on diversifying the customer base and strengthening customer base for sustainable growth.
- By improving sales skills, we can increase our information gathering capabilities and generate a stable number of potential projects.
- Improve project creation capabilities by utilizing regional bases.

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1 Enhancement of the functions of each process: "Sales," "Recruitment" and "Career Design"

Recruitment Functions Enhancements

In H1, the company fell short of its target number of new hires due to the tough hiring environment, and issues such as the selection of hiring methods and channels, and follow-up systems after job offers became apparent. As a result of efforts such as reviewing hiring methods and strengthening training for interviewers, there are currently signs of improvement.

In H2, we will build a flexible and sustainable recruiting base in conjunction with the full-scale operation of mid-career recruits, aiming to maximize hiring results.

Situation

Due to the harsh hiring environment, the number of new hires fell short of the target. Several improvement issues identified.

- Multiple bottlenecks have become apparent, including hiring methods, channel selection, and interviewer training.
- Issues remain in building relationships before joining the company, such as follow-up systems after receiving a job offer.

Specific Initiatives

Reorganize hiring methods and channels while expanding contact points with more diverse talent.

- To strengthen hiring capabilities, provide ongoing support for inexperienced interviewers to improve their skills.
- Started collaboration with external human resources services.
- Expanding hiring of experienced and ready-to-work members.

Results

Hiring numbers are showing signs of improvement.

- Reorganization of hiring methods and channels implemented in H1 and expansion of contact points with job seekers have given some positive results.

Initiatives for H2

Further deepening efforts in H1 to build a flexible and sustainable hiring base.

- Full-scale operation of newly hired members who can contribute immediately and strengthening interview skills through support for skill development.
- Diversify hiring methods and build a flexible hiring system to build a pool of candidates and improve hiring rates.

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1 Enhancement of the functions of each process: "Sales," "Recruitment" and "Career Design"

Career Design Functions Enhancements

In H1, there was a certain amount of promise in the results of the "Zero Pro Growth Cycle," with an increase in the number of engineers obtaining national qualifications. On the other hand, due to an increase in the number of job leavers, the turnover rate remains high. In response to this, we have identified engineers who need support and reviewed our training programs.

In H2, we will promote the creation of a stable human resources base by, for example, increasing the effectiveness of early follow-up through the use of a visualization system.

Situation

Widespread awareness of the qualification support system.

- Increase in participants in national qualification exam preparation courses.
- On the other hand, the turnover rate remains high due to an increase in resignations in March.

Specific Initiatives

To realize early follow-up, we will build an operational system that can visualize engineers who need support.

- In order to improve the work efficiency and results of support members, a system was established to identify engineers who need support.
- Early identification of engineers who need follow-up and improvement of the quantity and quality of communication.
- Review of training programs during waiting periods.

Results

The "Zero Pro Growth Cycle" has shown positive results, such as an increase in the number of people obtaining national qualifications.

- 154 employees passed the Construction Management Technology Certification for H2 of FY2024.
- Qualified employees tend to have a lower turnover rate than the overall average.

Initiatives for H2

Transition to a phase where early follow-up for engineers is implemented effectively.

- Enhance individualized support by providing early follow-up effectively for engineers.
- Redefining the Zero Pro Growth Cycle as added value in talent acquisition and retention, and translating it into results.

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1 Enhancement of the functions of each process: "Sales," "Recruitment" and "Career Design"

Promoting the Zero Pro Growth Cycle

We continue to implement the "Zero Pro Growth Cycle" to support the skill development and career advancement of each technical employee. In addition to conducting exam preparation courses for the Construction Management Technology Certification Examination held in December 2024, we also started exam preparation courses for the June 2025 exam.

Providing study opportunities for inexperienced engineers

Provide opportunities for further challenges



Advice and support for career advancement

Objectively evaluate the efforts of engineers

Exam preparation course progress

- Accelerate the development of talent from inexperienced individuals with our unique prep courses and industry-leading qualification allowances (according to our research)
- The scope of exam preparation courses has been expanded to include electrical, civil and plumbing work in addition to the construction field, and engineers from across the country can now participate.

Construction Management Technology Certification in December 2024

154 people passed the exam.

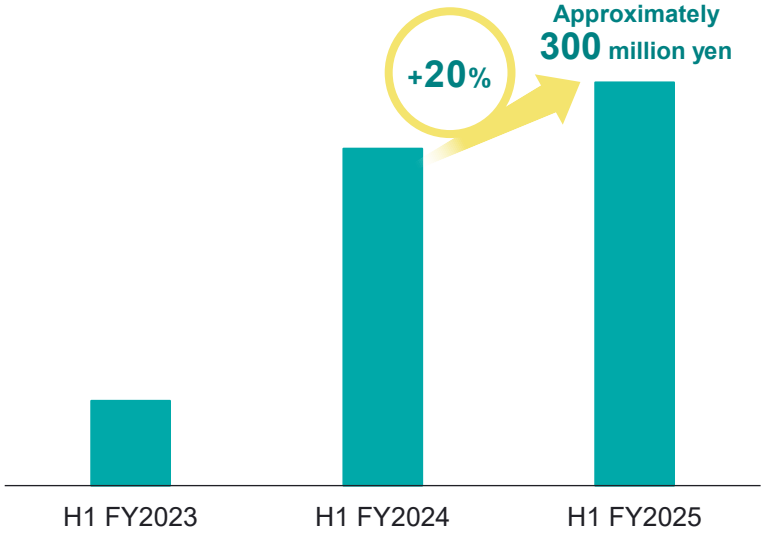
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3 Accelerating the rollout of new services such as construction DX support

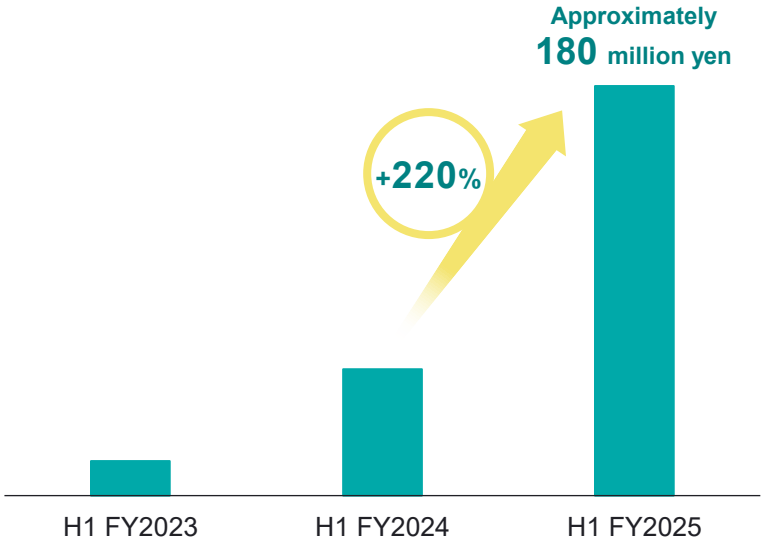
Progress of New Businesses

- **Dispatch to plant engineering:** Hiring foreign engineers to address labor shortages and cultivate successors who will carry on technical expertise.
- **Growth of construction DX support business:** Aiming to spread digital transformation in the construction industry, we are promoting business collaboration with multiple companies that provide construction digital transformation services.
- **Craftsman introduction business:** Strengthening sales and training of career advisors contributed to an increase in the number of successful deals. As customer needs are strong due to the aging of craftsmen, we will continue to strengthen interviews with job seekers and aim to increase the number of successful contracts.

Plant Business Sales *1



Construction DX Support Business Sales *1



*1 Sales figures for each business are based on internal management data.

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4 Formulation of medium-term management plan

The medium-term management plan is scheduled to be disclosed together with the announcement of the consolidated financial results for the fiscal year ending October 2025 (mid-December 2025).

Discussion Details of the Medium-term Management Plan

Business	Human capital	Finance/Investment
Strengthening Markets Developing Markets	Retention and growth support for engineers	Capital allocation, including shareholder returns
New services New business	In-house employee engagement	M&A Business investment
Business reform	Organizational development	Business portfolio

Strengthening the management base

Corporate Governance	Sustainability

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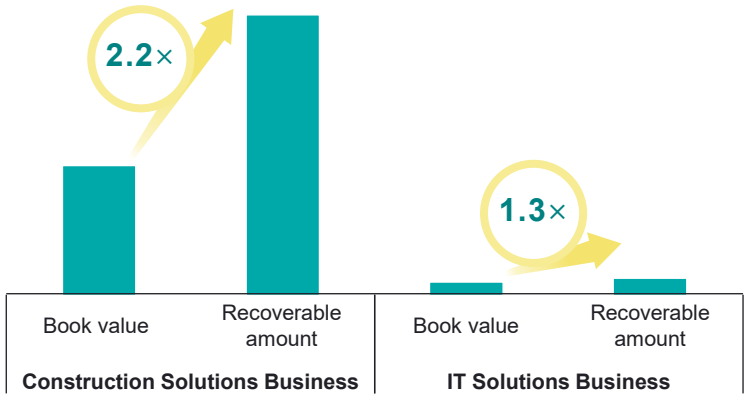
Reference: About Goodwill

- The Group's goodwill was primarily generated as a result of the acquisition of World Corporation shares in November 2019.
- In accordance with IFRS, impairment tests are performed each fiscal year to compare the book value with the recoverable amount.
- As of the end of the previous consolidated fiscal year, the recoverable amount was well above the book value, and there were no indications of impairment.

Breakdown of Goodwill

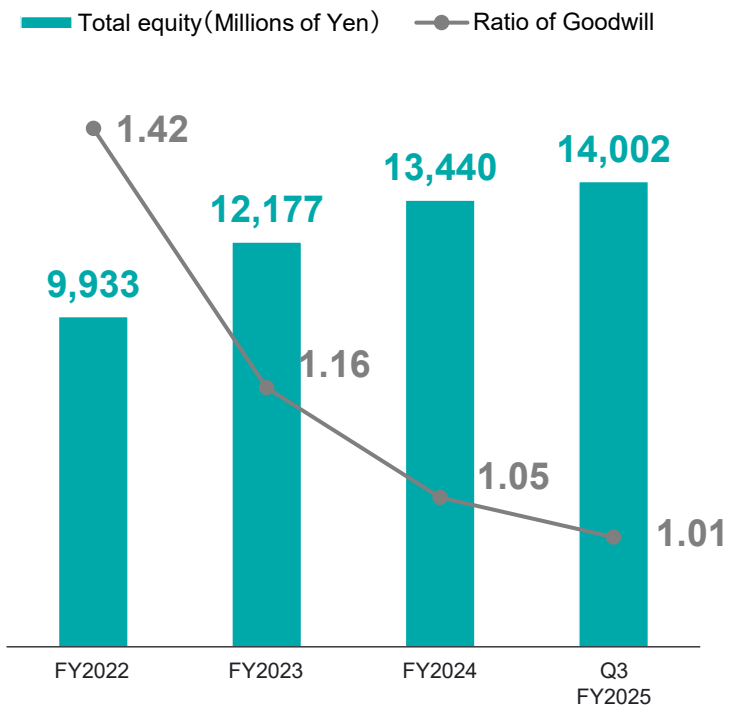
Million of Yen	Book Value of Goodwill
Construction Solutions Business	12,988
IT Solutions Business	1,086
Total Goodwill	14,074

Impairment Test*1



*1) This shows the results of impairment tests with a reference date of the end of October 2024.
Compare the book value (including amounts other than goodwill) and recoverable amount of each cash-generating unit.

Trends in Total Equity and Ratio of Goodwill *2



*2) Goodwill / Total equity

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