Nareru Group

Fiscal Year Ended October 2025
Financial Results Briefing

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Executive Summary of Financial Results for FY2025

- **Revenue increased due to steady growth in the number of total engineers and active engineers.**
- **The review of the recruitment process and active investment in hiring have been successful, leading to a recovery in the number of new hires in the second half.**
- **In addition to hiring investment, prioritizing growth investments to strengthen the foundations of sales and recruitment resulted in a decrease in profits.**
- **The year-end dividend is 60 yen as originally planned (together with the interim dividend of 55 yen, making the annual dividend 115 yen).**

Earnings Summary for FY2025

Revenue

24.2 billion yen

(YoY+11.8%)
(Compared to Plan -5.8%)

Operating Profit

2.8 billion yen

(YoY -9.1%)
(Compared to Plan -14.6%)

Profit
Attributable to Owners of Parent

2.1 billion yen

(YoY -4.6%)
(Compared to Plan -10.5%)

Year-end Dividend

60 yen per share

Interim dividend: 55 yen
Annual dividend: 115 yen

Summary of KPIs : World Corporation

Total Engineers *1

3,687

(YoY +13.8%)
(Compared to Plan -3.6%)

Active Engineers *2

3,136

(YoY +11.3%)
(Compared to Plan -6.4%)

Utilization Ratio *3

92.6%

(YoY -1.6 pt)
(Compared to Plan -2.5 pt)

Contract Unit Price *4

519 thousand yen

(YoY +9 thousand yen)
(Compared to Plan: -3 thousand yen)

New Hires

1,985

(YoY +10.0%)
(Compared to Plan +0.4%)

Turnover Rate *5

31.1%

(YoY +2.0 pt)
(Compared to Plan +3.6 pt)

(*1) Total Engineers : Number of total engineers as of October 2025
(*2) Active Engineers : Number of active engineers under temporary contract, calculated as the average for the period.
(*3) Utilization Ratio : Number of active engineers during FY2025 / Number of total engineers during the same period (excluding engineers undergoing training).
(*4) Contract unit price: Average contract unit price of all engineers (excluding overtime pay) ss the average during the period.
(*5) 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) as of October 2025.

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FY2025

Financial Results

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Financial Results for FY2025

- Revenue for Q4 (August to October) increased by 7.3% YoY due to an increase in the number of active engineers. On the other hand, operating profit decreased by 41.2% as growth investments, including hiring investments, were prioritized for future revenue base.
- Full-year revenue was 24.2 billion yen (up 11.8% YoY), and operating profit was 2.8 billion yen (down 9.1% YoY).
- The initial plan was not achieved due to prioritizing growth investments in the second half of the fiscal year.

Millions of Yen	Q4			Full Year			Earnings Forecasts	
	FY 2024	FY2025	YoY	FY 2024	FY2025	YoY	FY2025	Achievement rate
Revenue	5,807	6,232	+7.3%	21,608	24,158	+11.8%	25,650	94.2%
Gross Profit	1,683	1,510	-10.3%	5,940	6,237	+5.0%	6,860	90.9%
Gross Profit Margin	29.0%	24.2%	-	27.5%	25.8%	-	26.7%	-
Operating Profit	961	565	-41.2%	3,110	2,827	-9.1%	3,310	85.4%
Operating Profit Margin	16.6%	9.1%	-	14.4%	11.7%	-	12.9%	-
Profit before Tax	947	551	-41.8%	3,059	2,758	-9.8%	3,220	85.7%
Profit Attributable to Owners of Parent	698	488	-30.1%	2,187	2,086	-4.6%	2,330	89.5%

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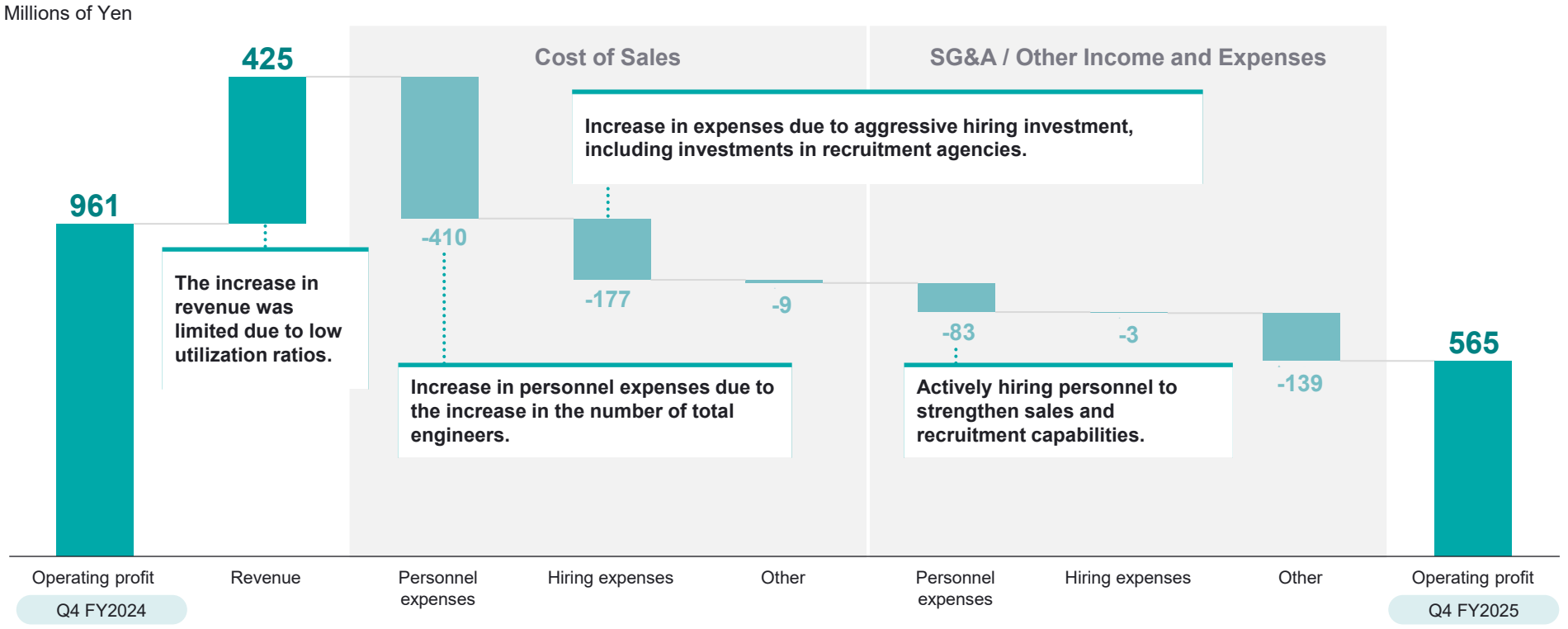
Comparison of Q4 FY2024 and Q4 FY2025

- Revenue for Q4 increased by 425 million yen (+7.3% YoY). The number of active engineers steadily increased, but the utilization ratio struggled to grow.
- On the other hand, due to proactive investment in hiring, the number of engineers hired in Q4 exceeded the plan, resulting in an increase in personnel expenses and hiring expenses within cost of sales. Also, due to the increase in staff in the sales and recruitment departments, selling, general and administrative expenses have also increased.
- As a result, operating profit in Q4 decreased by 396 million yen (down 41.2% YoY).

Comparison of Operating Profit



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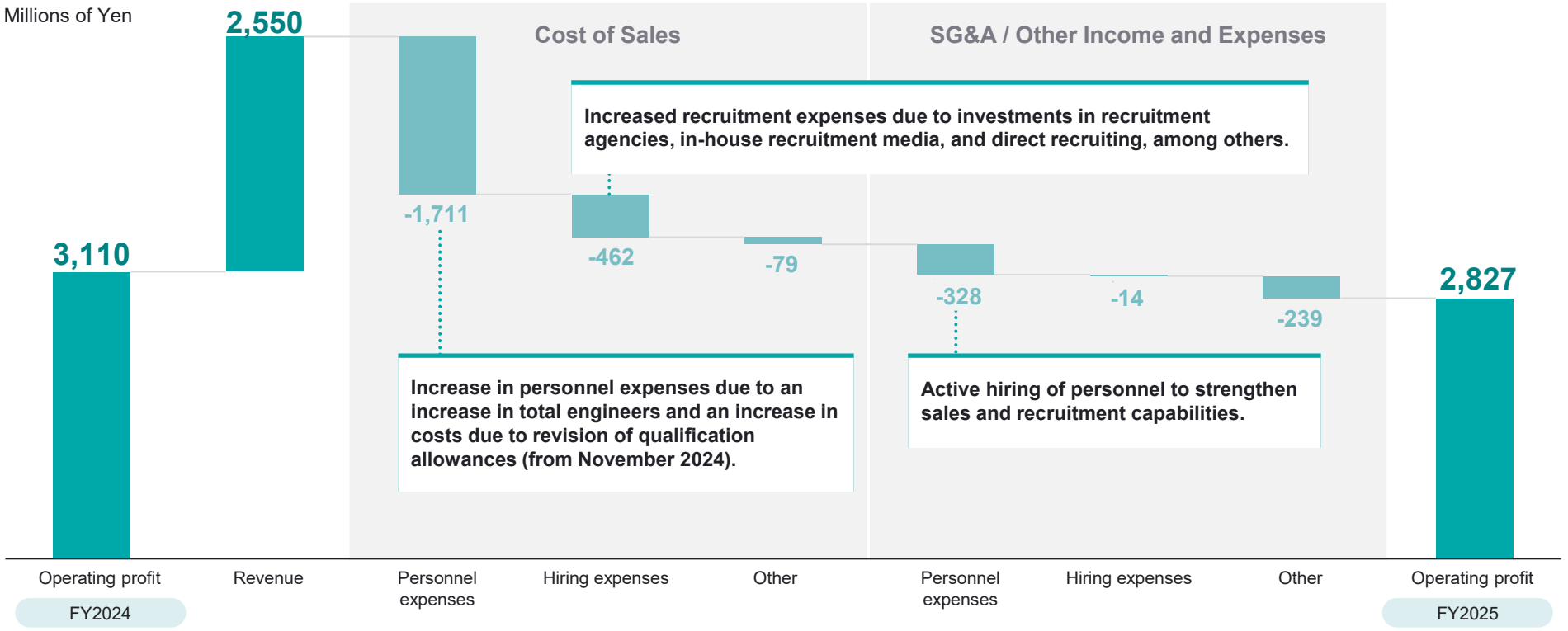
[Reference] Comparison of FY2024 and FY2025

- Revenue increased by 2,550 million yen due to steady growth in the number of total engineers and active engineers.
- On the other hand, due to increased personnel expenses from the rise in the number of total employees and proactive hiring investments, the cost increased. Furthermore, selling, general and administrative expenses also increased due to the increase in staff in the sales and recruitment departments.
- As a result of the above, operating profit for the full fiscal year decreased by 283 million yen (down 9.1% compared to the same period last fiscal year).

Comparison of Operating Profit



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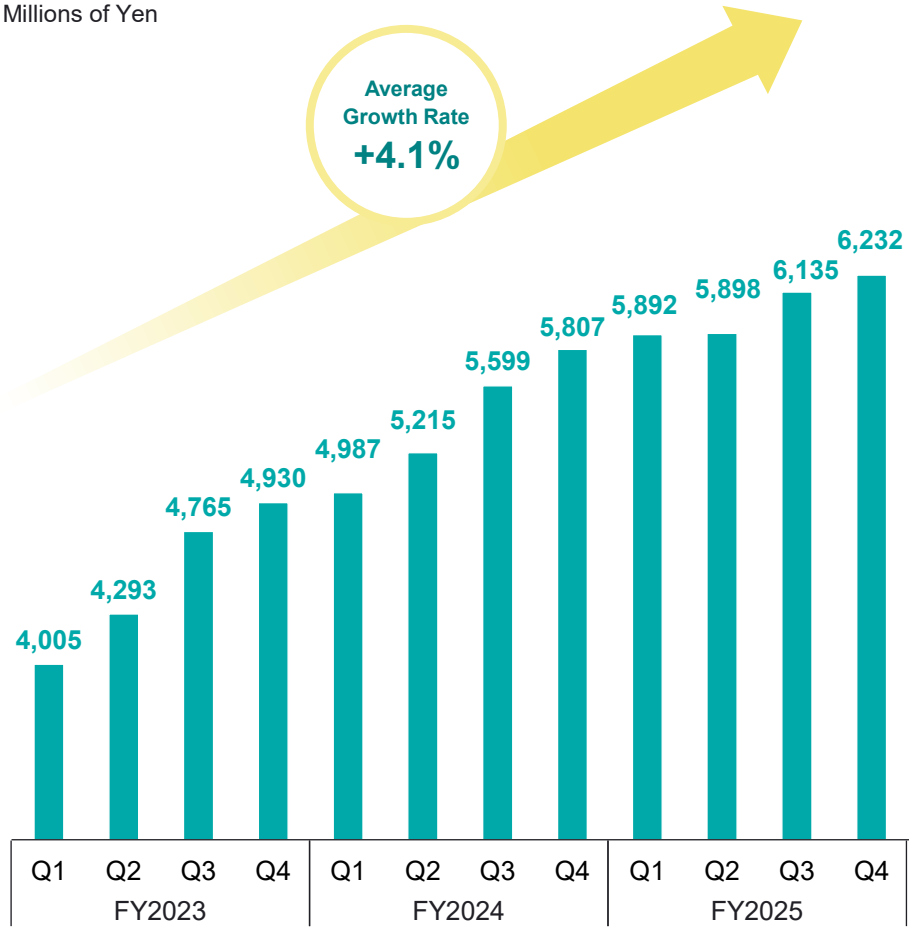
- Quarterly revenue reached a record high, but gross profit and operating profit declined compared to the same period last fiscal year.

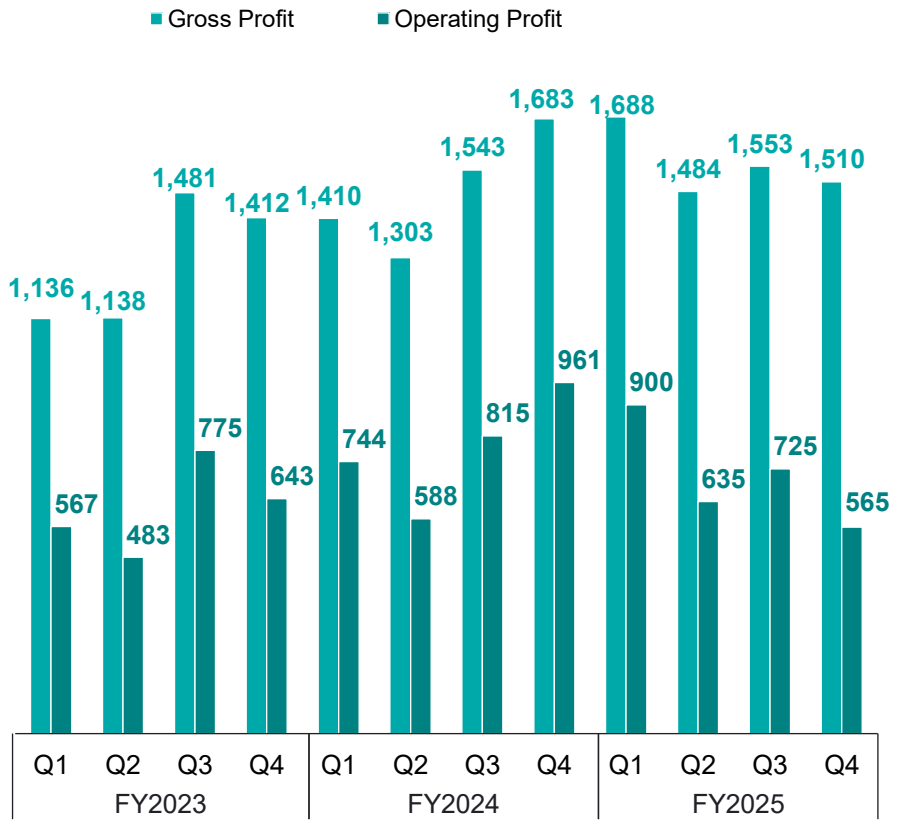
Quarterly Revenue

Millions of Yen



Quarterly GP/OP

Millions of Yen



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Results by Segment

- Both the Construction and IT Solutions businesses achieved double-digit revenue growth, supported by an increase in the number of active engineers.
- Revenue: Construction Solutions Business +11.9%, IT Solutions Business +11.2%.
- Operating Profit: Construction Solutions Business -13.8%, IT Solutions Business -8.2%.

Millions of Yen	Full year			
	FY2024	FY2025	YoY	
Construction Solutions	19,347	21,642	+2,295	+11.9%
IT Solutions	2,261	2,515	+254	+11.2%
Total Revenue*1	21,608	24,158	+2,550	+11.8%
Construction Solutions	2,607	2,247	-360	-13.8%
Profit Margin	13.5%	10.4%	-3.1pt	-
IT Solutions	147	135	-12	-8.2%
Profit Margin	6.5%	5.4%	-1.1pt	-
Adjustment amount*2	355	444	+89	+25.0%
Total Operating Profit	3,110	2,827	-283	-9.1%

(*1) Internal transactions eliminated
(*2) 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

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Consolidated Financial Position

- Although dividends were paid and borrowings were repaid, cash and cash equivalents increased by approximately 300 million yen compared to the end of the previous fiscal year, bringing net interest-bearing debt close to zero.
- Due to the increase in retained earnings, the goodwill ratio also decreased to 0.97 times, below 1 times.

*Explanation regarding "Goodwill" for our group is provided on page 9.

Millions of Yen	As of the end of October 2024	As of the end of October 2025
Cash and Cash Equivalents	4,516	4,822
Trade Receivables	3,204	3,366
Other Current Assets, etc.	205	280
Total Current Assets	7,926	8,469
Property, Plant and Equipment	178	211
Right-of-use Assets	597	757
Goodwill	14,074	14,074
Deferred Tax Assets	508	681
Other Non-current Assets, etc.	332	367
Total Non-current Assets	15,690	16,092
Total Assets	23,617	24,562

Ratio of Total Equity Attributable to Owners of Parent to Total Assets	56.9%	58.9%
Net Debt*1	1,054	34
Ratio of Goodwill*2	1.05 times	0.97 times

Millions of Yen	As of the end of October 2024	As of the end of October 2025
Borrowings	2,714	2,714
Lease Liabilities	227	285
Other Current Liabilities, etc.	3,574	3,875
Total Current Liabilities	6,516	6,874
Borrowings	2,857	2,142
Lease Liabilities	348	473
Other Non-current Liabilities, etc.	453	592
Total Non-current Liabilities	3,659	3,208
Total Liabilities	10,176	10,083
Share Capital, Capital Surplus, etc.	9,008	9,025
Retained Earnings	4,431	5,453
Total Equity	13,440	14,478
Total Liabilities and Equity	23,617	24,562

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

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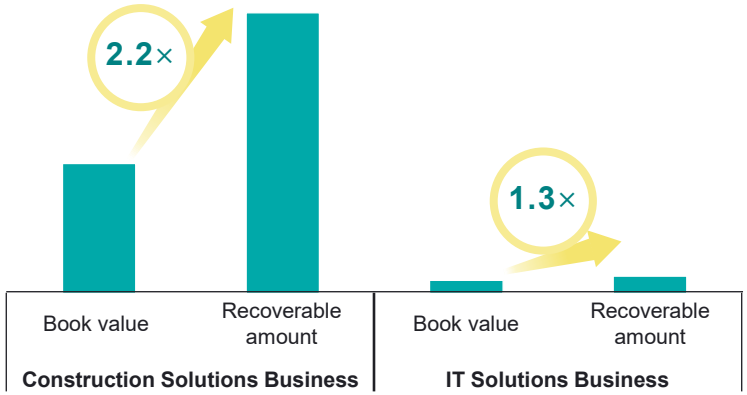
[Reference] About Goodwill

- 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

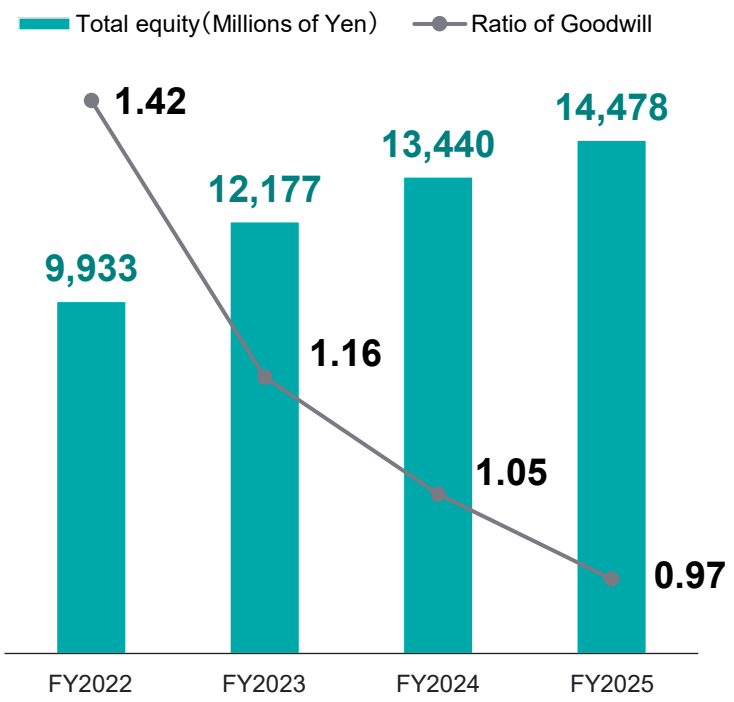
Millions of Yen	Book Value of Goodwill
Construction Solutions Business	12,988
IT Solutions Business	1,086
Total Goodwill	14,074

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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Consolidated Cash Flows

- Cash flow from operating activities increased by 2.3 billion yen due to the increase in profit before tax.
- Cash flow from investing activities decreased by 0.2 billion yen due to office expansion and training facility expansion.
- Cash flow from financing activities decreased by 1.92 billion yen due to repayment of long-term borrowings and payment of dividends.

Million of yen	FY2024	FY2025
Profit before tax	3,059	2,758
Depreciation	261	285
Decrease (Increase) in Trade Receivables	-437	-155
Increase (Decrease) in Accrued Expenses	179	149
Interest Paid	-50	-75
Income Taxes Paid	-915	-894
Other	213	230
Cash Flows from Operating Activities	2,310	2,298
Purchase of Property, Plant and Equipment	-14	-57
(Purchase) Collection of Other Financial Assets	7	-102
Other	0	-38
Cash Flows from Investing Activities	-6	-197
Free Cash Flow	2,303	2,100
Repayments of Long-term Borrowings	-714	-714
Repayments of Lease Liabilities	-219	-227
Proceeds from Issuance of Shares	293	23
Dividends Paid	-1,228	-1,004
Other	-1	-1
Cash Flows from Financing Activities	-1,870	-1,923
Increase/decrease in cash and cash equivalents	433	177
Increase in cash and cash equivalents due to new consolidation	-	127

Including amortization 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)

Consolidation of the National Construction Human Resources Association (from Q1)

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Trends in Major KPIs

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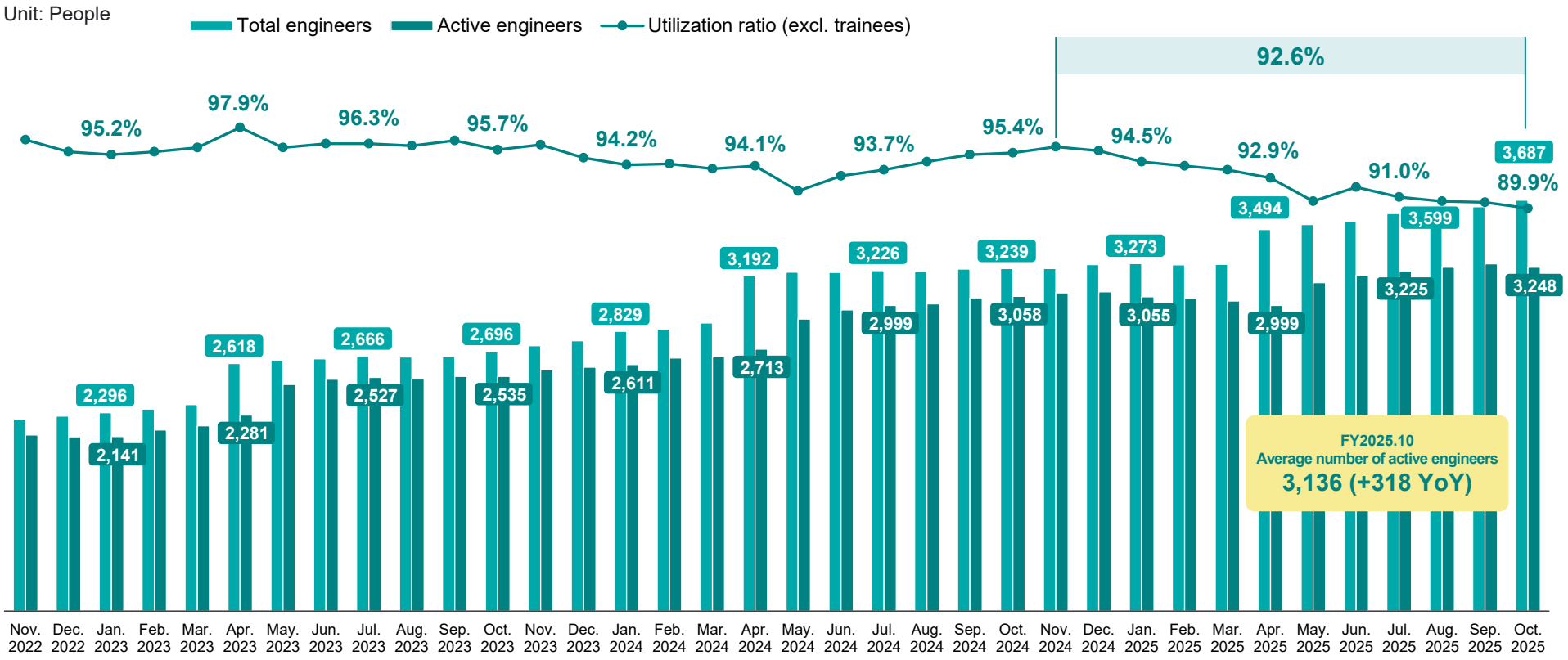
Trends in Engineers and Utilization Ratio (World Corporation)

- The number of total engineers as of October 2025 was 3,687 (an increase of 448 from the previous fiscal year), and the number of active engineers was 3,248 (an increase of 190).
- The average number of active engineers for the full fiscal year increased by 318 compared to the previous fiscal year, reaching 3,136, but the utilization ratio (excluding trainees) was 92.6%, 1.6 points lower than the fiscal year, falling short.
- The number of active engineers and the utilization ratio fell short of expectations due to waiting times during project transitions and difficulties in sales in the metropolitan area.

Trends in Total Engineers, Active Engineers and Utilization Ratio



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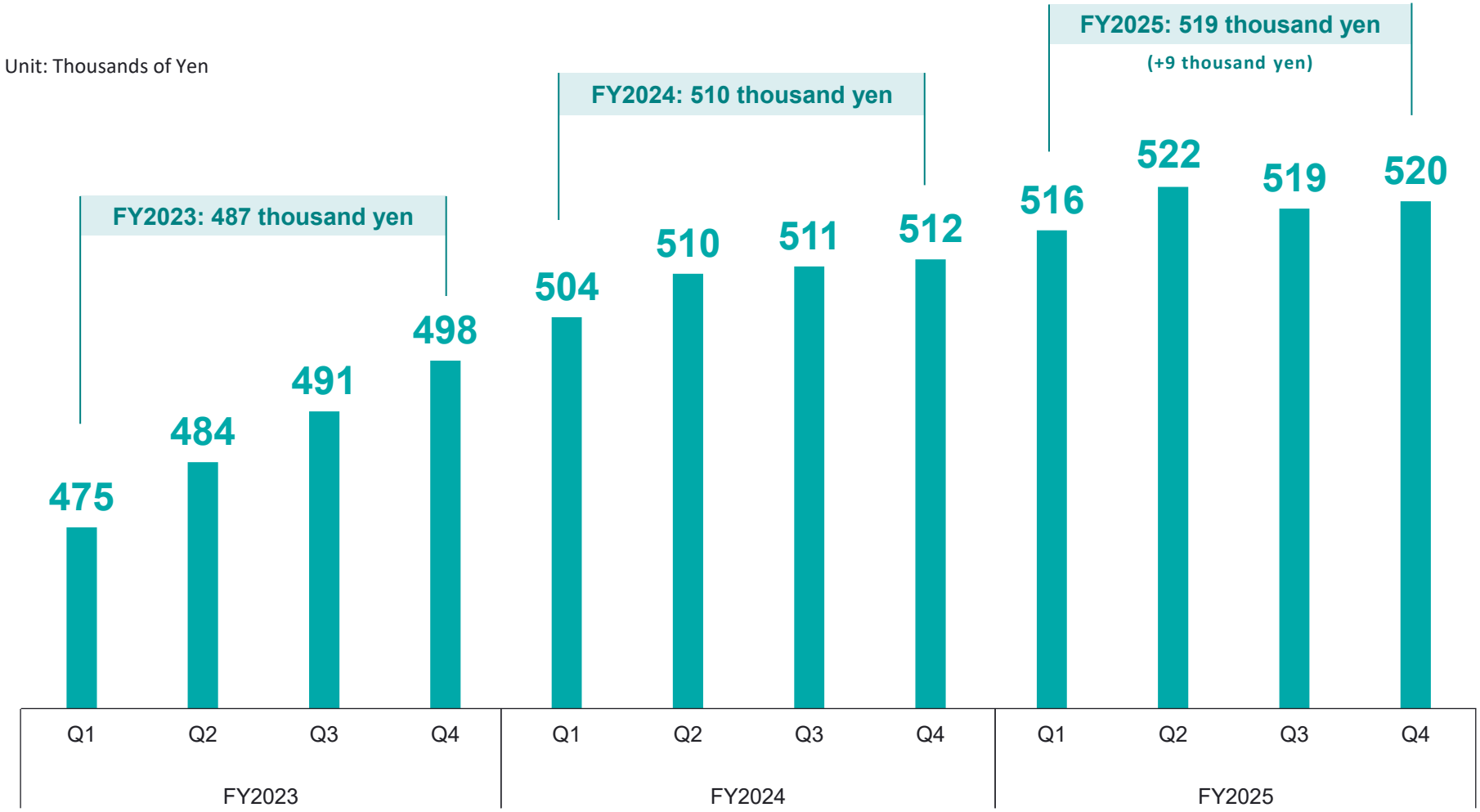
Trend in Contract Unit Price (World Corporation)

- Though the hiring of inexperienced engineers pushed down the contract unit price, due to contract price negotiations and the recovery of low unit price projects to regular contract unit prices, the contract unit price in Q4 increased.
- The average contract unit price for the full fiscal year was 519,000 yen (an increase of 9,000 yen compared to the same period last fiscal year).



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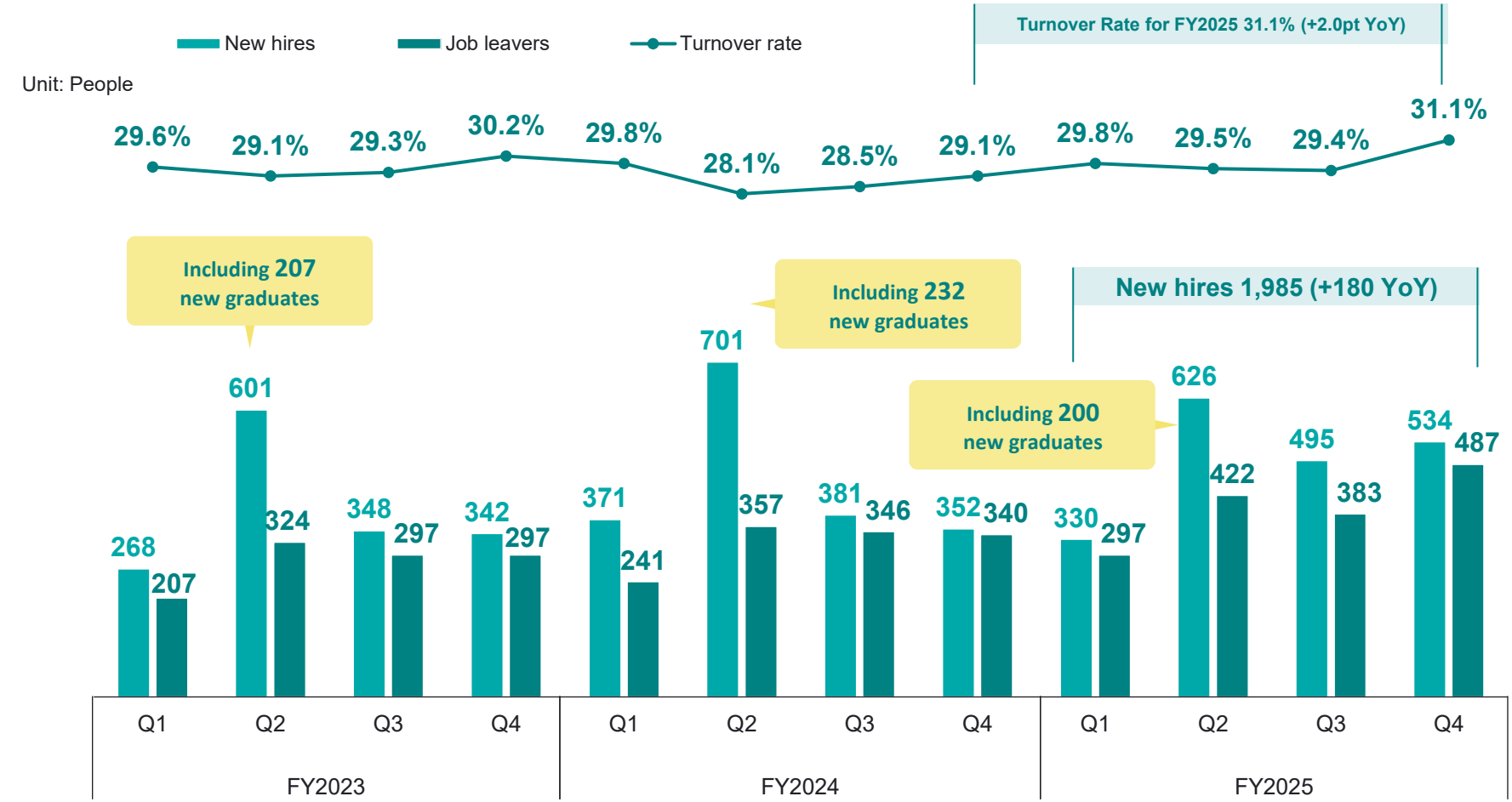
Trends in New Hires, Job Leavers and Turnover (World Corporation)

- Following Q3, proactive hiring investment was effective, and hiring activities in Q4 progressed steadily.
- The number of new hires in Q4 was 534 (an increase of 182 compared to the same period last fiscal year), bringing the total new hires for the full fiscal year to 1,985, an increase of 180 from the previous fiscal year.
- Despite continuously implementing various measures such as early follow-up for engineers to improve the turnover rate[*1], the turnover rate increased due to a decline in the utilization ratio.

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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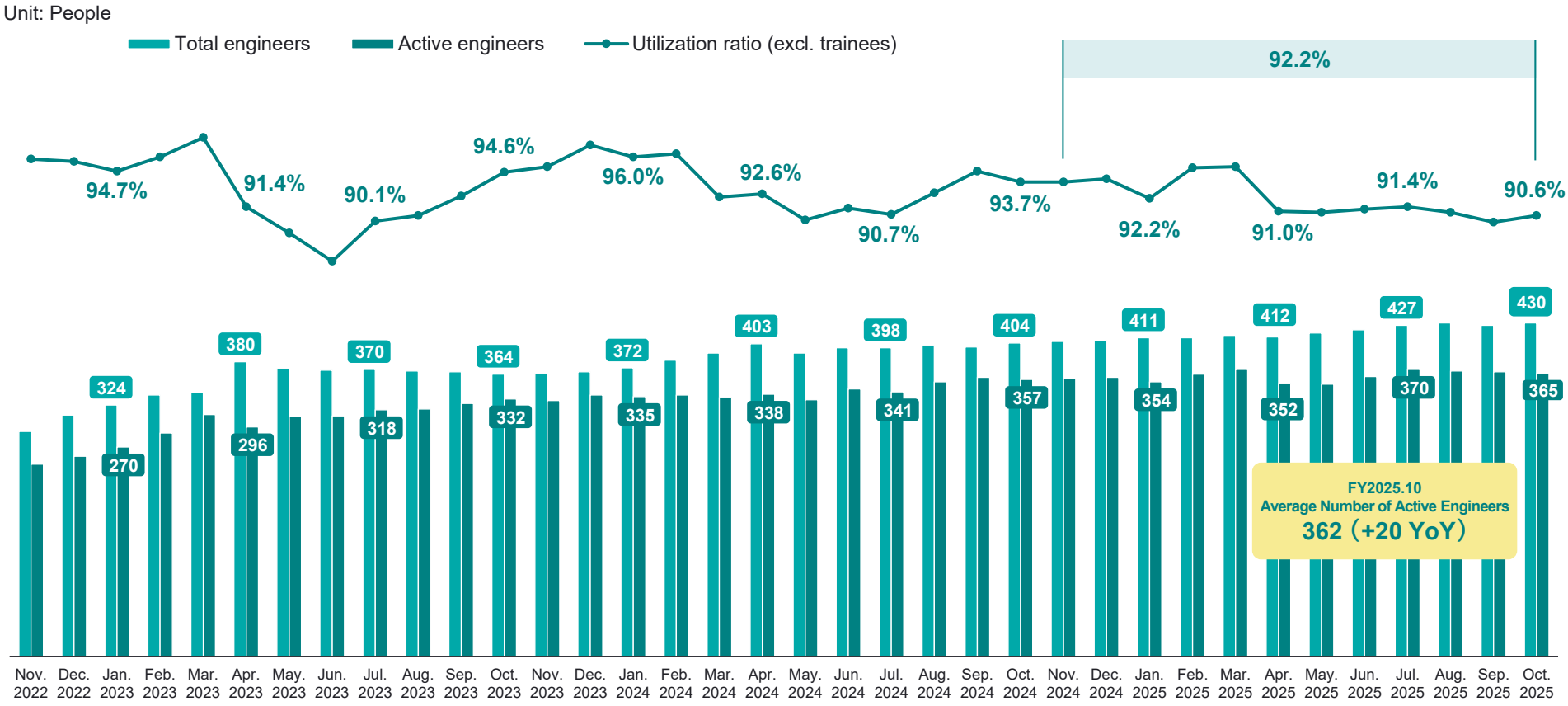
Trends in Engineers and Utilization Ratio (ATJC)

- As of October 2025, the number of total engineers was 430 (an increase of 26 from the previous fiscal year), and the number of active engineers was 365 (an increase of 8 from the previous fiscal year).
- The average number of active engineers for the full fiscal year increased by 20 compared to the previous fiscal year, reaching 362, while the utilization ratio (excluding trainees) was 92.2%.

Trends in Total Engineers, Active Engineers and Utilization Ratio



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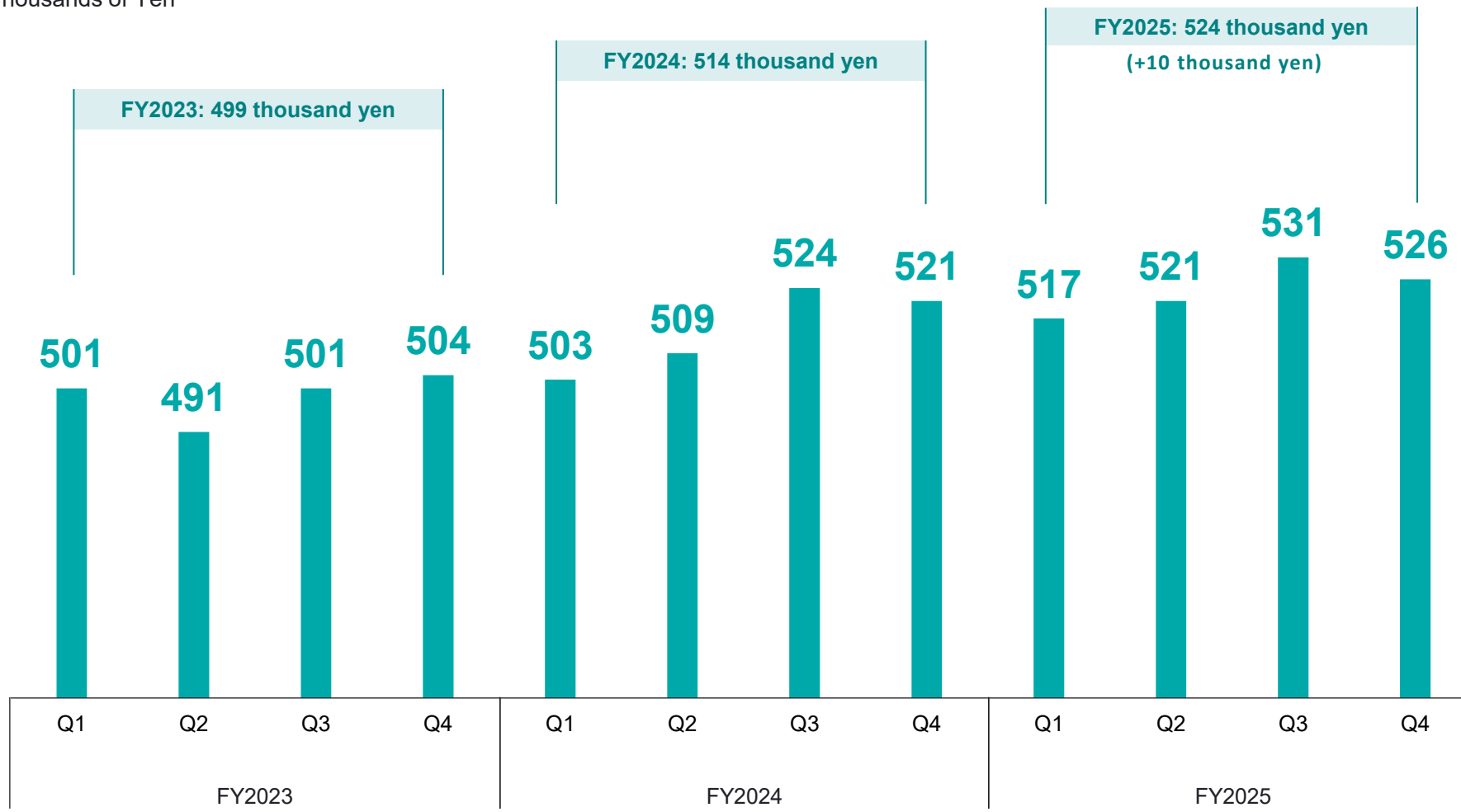
- The average contract unit price for the full fiscal year was 524 thousand yen, an increase of 10 thousand yen from the previous fiscal year's average.
- Contract unit prices rose against the backdrop of acquiring upstream process projects in system development.

Trends in Contract Unit Price

Unit: Thousands of Yen



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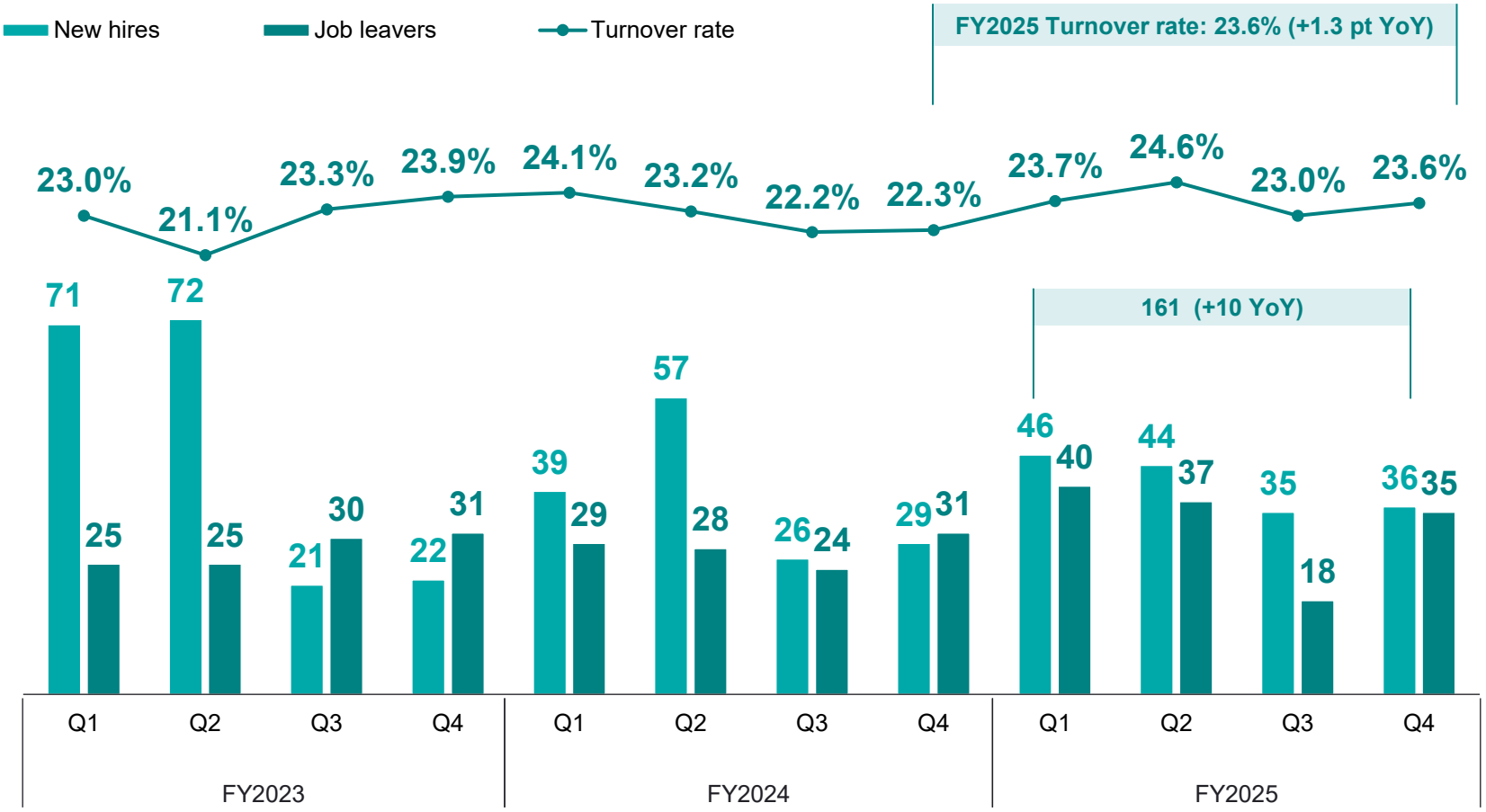
Trends in Number of Hires, Number of Resignations, and Resignation Rate (ATJC)

- The total number of new hires for the full fiscal year is 161 (10 more than the previous fiscal year).
- The turnover rate for FY2025[*1] was 23.6%, an increase of 1.3% compared to the previous fiscal year.

Trends by Quarter

Unit: People



(*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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Shareholder Returns

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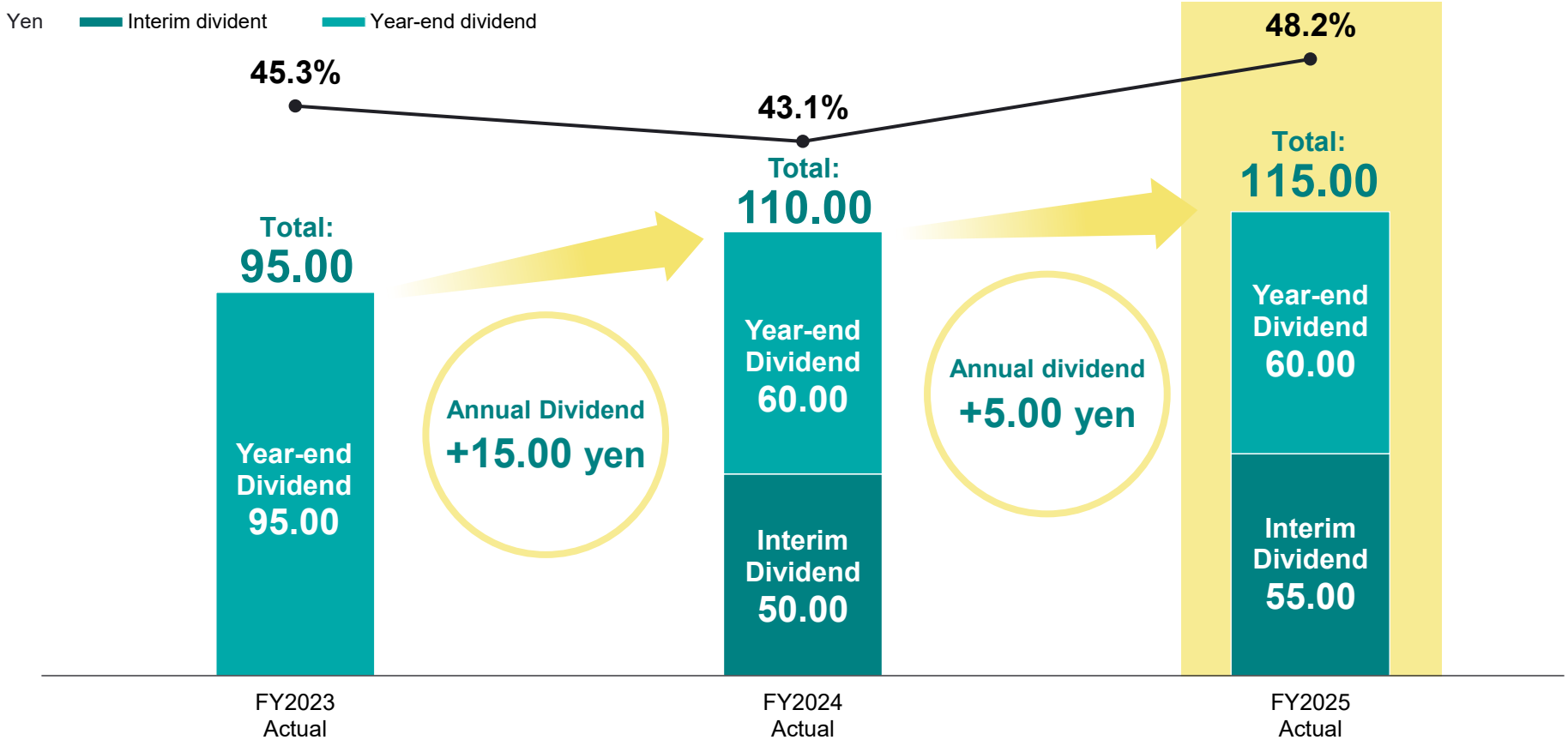
Shareholder Returns

- The year-end dividend for the fiscal year ending October 2025 is 60.00 yen as initially planned.
- Together with the interim dividend of 55.00 yen, the annual dividend is 115.00 yen (an increase of 5.00 yen compared to the previous fiscal year).
- The payout ratio based on basic earnings per share is 48.2%.



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