

Nareru Group

プロ人材に、なれる。成長社会に、なれる。

FY2023.10

Financial Results Briefing

Dec. 12, 2023 ■■■

Nareru Group Inc

| TSE Growth

| 9163 |

Note: This material has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

FY2023.10

Financial Results

Earnings Summary for FY2023.10

- Both the number of employees and contract unit price increased steadily, and we achieved increases in sales and profits YoY.

Revenue

JPY17,994MM
(YoY +23.8%)

Operating Profit

JPY2,469MM
(YoY +21.1%)

Profit

Attributable to Owners of Parent

JPY1,741MM
(YoY+40.1%)

Earnings and Dividends Forecasts for FY2024.10

- Although the profit margin will decline due to measures to reduce the turnover rate, both the number of employees and contract unit price are expected to continue to increase, and sales and profits are expected to increase YoY.
- The annual dividend for this period is planned to be JPY110 per share.

Revenue

JPY21,830MM
(YoY +21.3%)

Operating Profit

JPY2,770MM
(YoY +12.2%)

Profit

Attributable to Owners of Parent

JPY1,920MM
(YoY +10.3%)

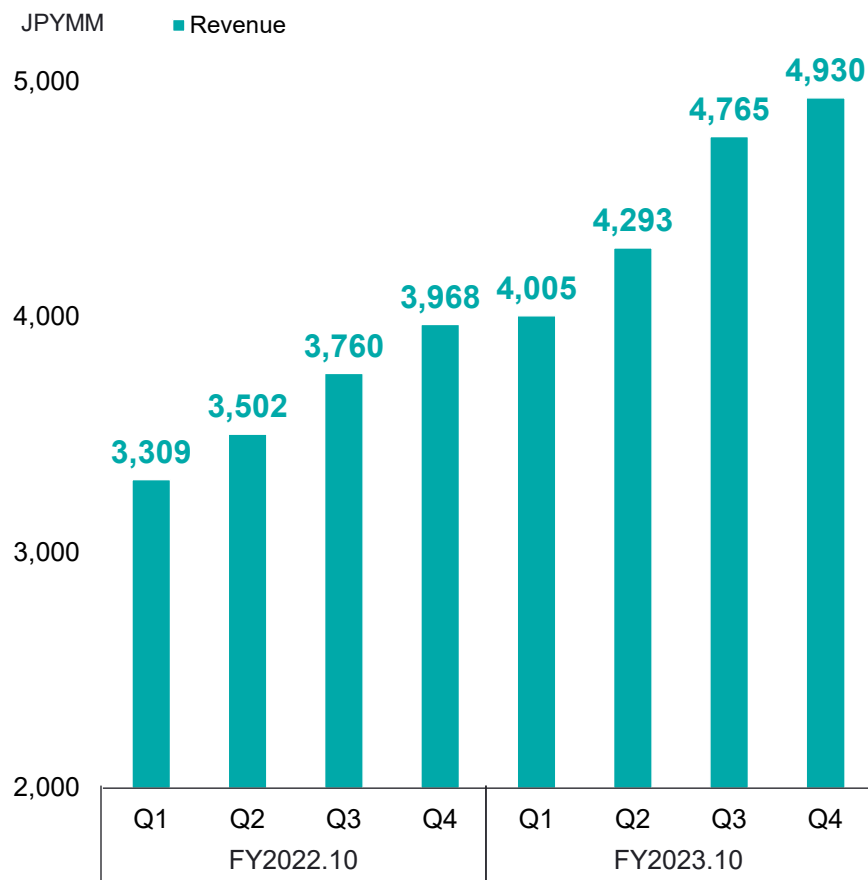
- Revenue in Q4 increased by 24.2% YoY, and profits at each stage also increased significantly YoY.
- For the full year, sales and profits increased significantly YoY, exceeding earnings forecasts.

	Q4			Full Year			Earnings Forecasts*1	
	FY2022.10	FY2023.10	YoY	FY2022.10	FY2023.10	YoY	FY2023.10	Achievement
Millions of Yen								
Revenue	3,968	4,930	962 +24.2%	14,540	17,994	3,454 +23.8%	17,910	100.5%
Gross Profit	1,131	1,412	281 +24.9%	4,229	5,169	939 +22.2%	5,070	102.0%
Gross Profit Margin	28.5%	28.7%	+0.2pt	29.1%	28.7%	(0.4pt)	28.3%	
Operating Profit	486	643	156 +32.2%	2,039	2,469	429 +21.1%	2,400	102.9%
Operating Profit Margin	12.3%	13.0%	+0.7pt	14.0%	13.7%	(0.3pt)	13.4%	
Profit before Tax	402	688	285 +70.9%	1,852	2,475	623 +33.7%	2,350	105.4%
Profit Attributable to Owners of Parent	277	510	232 +83.6%	1,242	1,741	498 +40.1%	1,600	108.8%

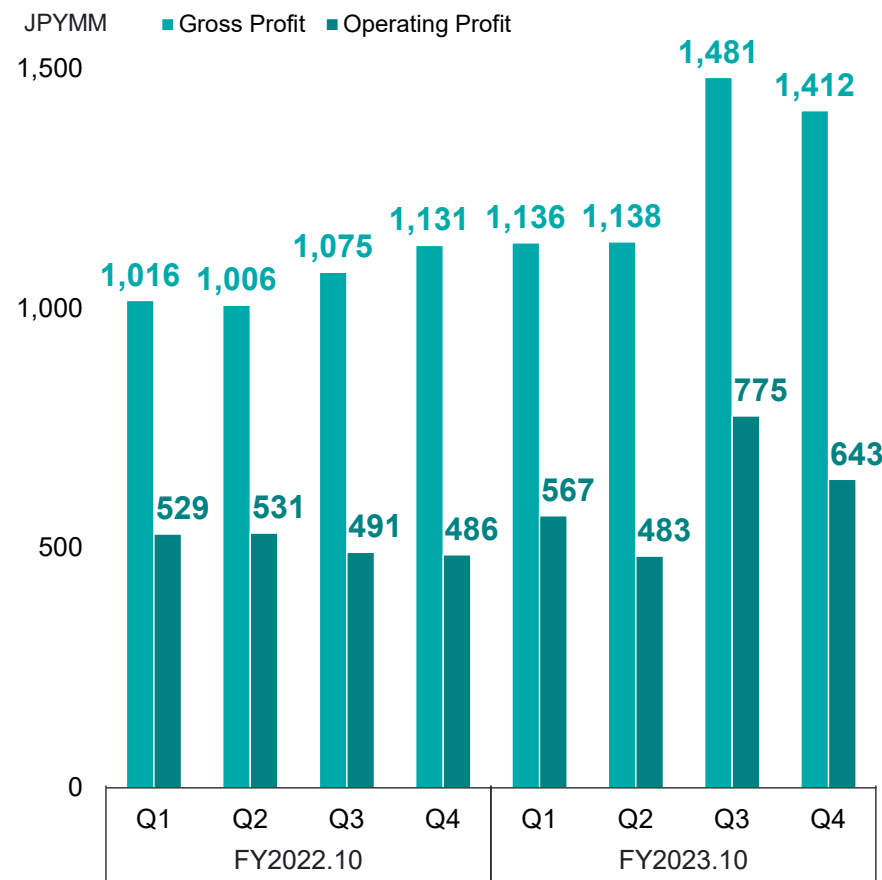
(*1) Revised and announced on October 16, 2023

- Quarterly revenue has continuously increased from the previous fiscal year
- Quarterly gross profit and operating profit decreased slightly QoQ due to cost increase factors such as measures to reduce turnover rate.

Quarterly Revenue

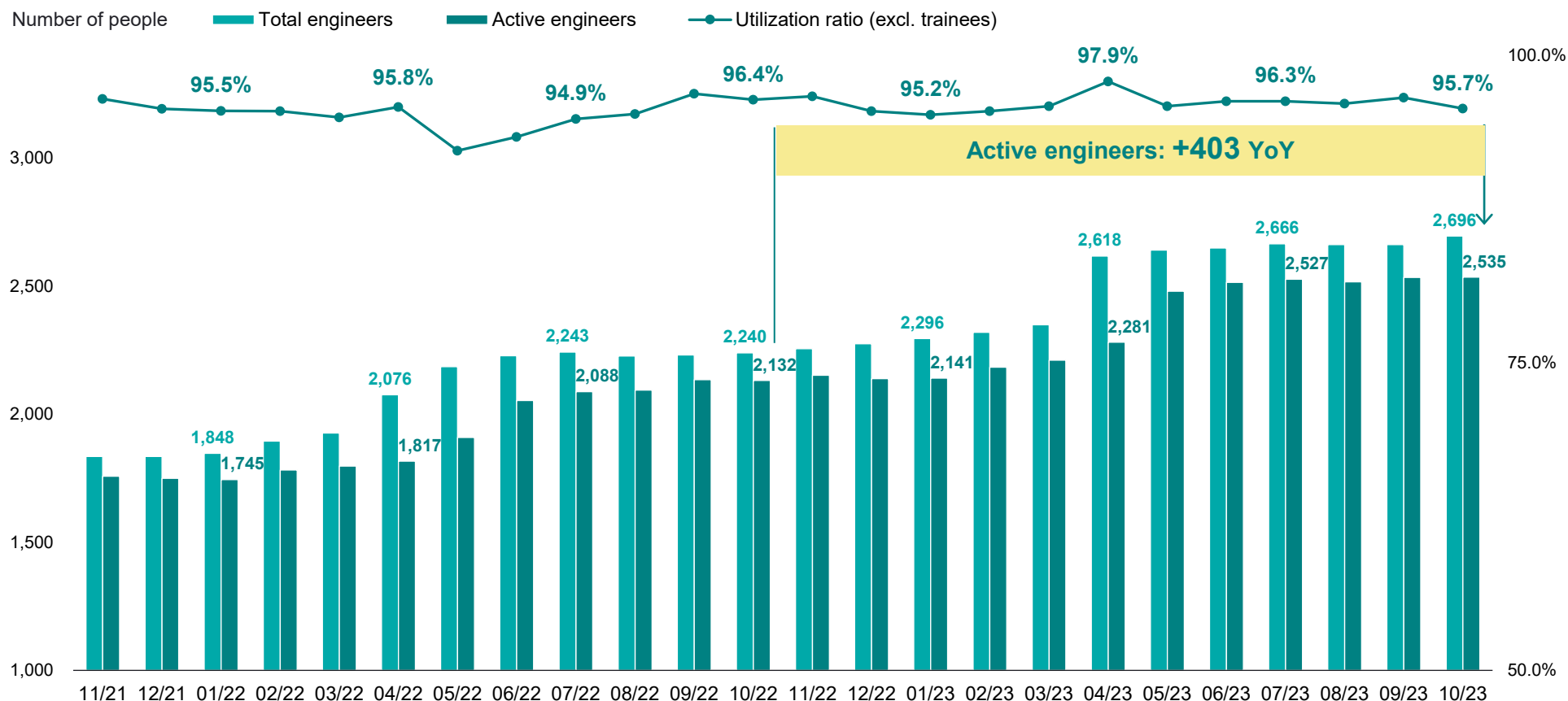


Quarterly GP/OP



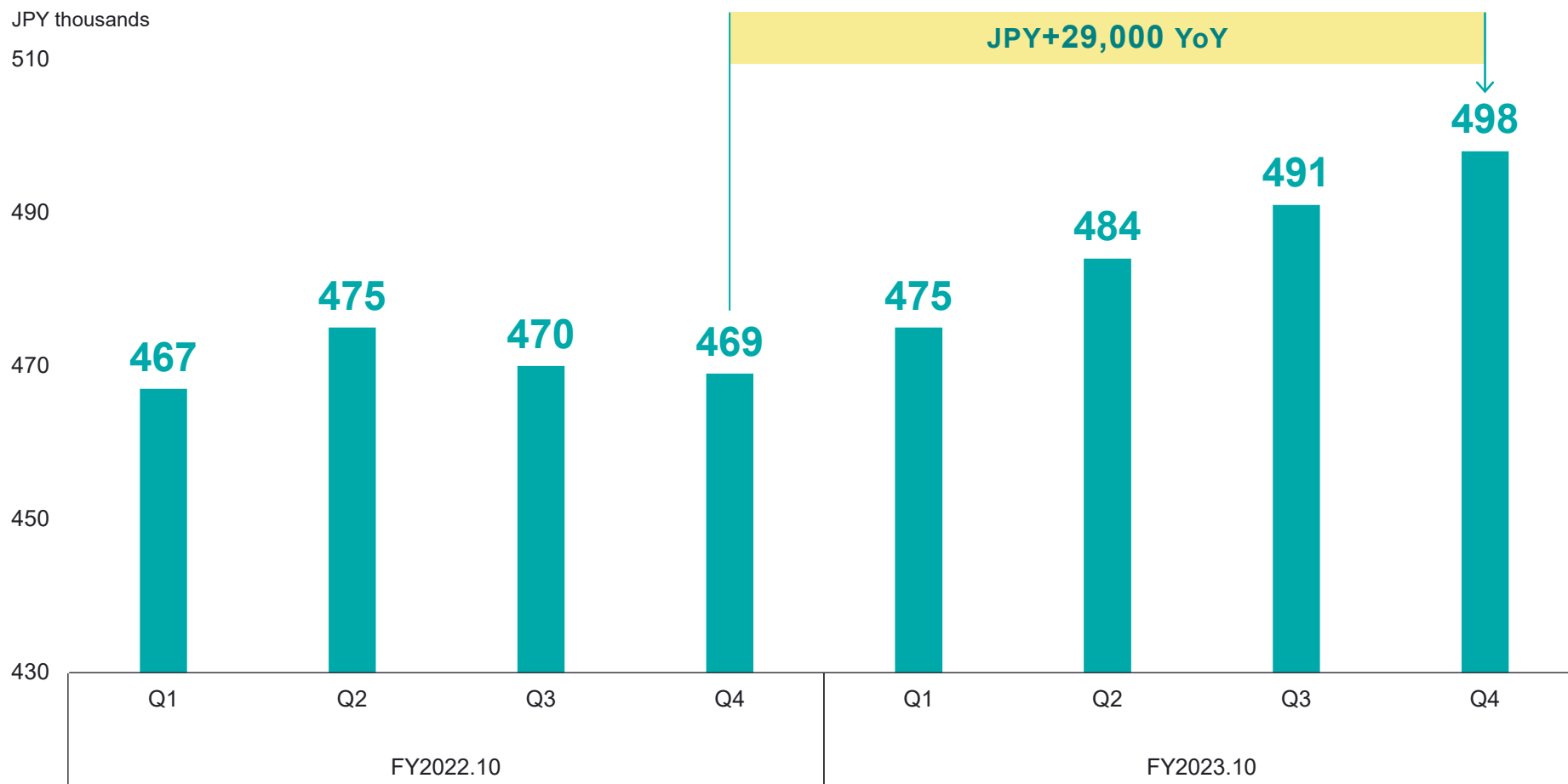
- The number of active engineers in Q4 increased slightly QoQ and increased by over 400 YoY due to active recruitment and steady sales activities.

Trends in total engineers, active engineers and utilization ratio



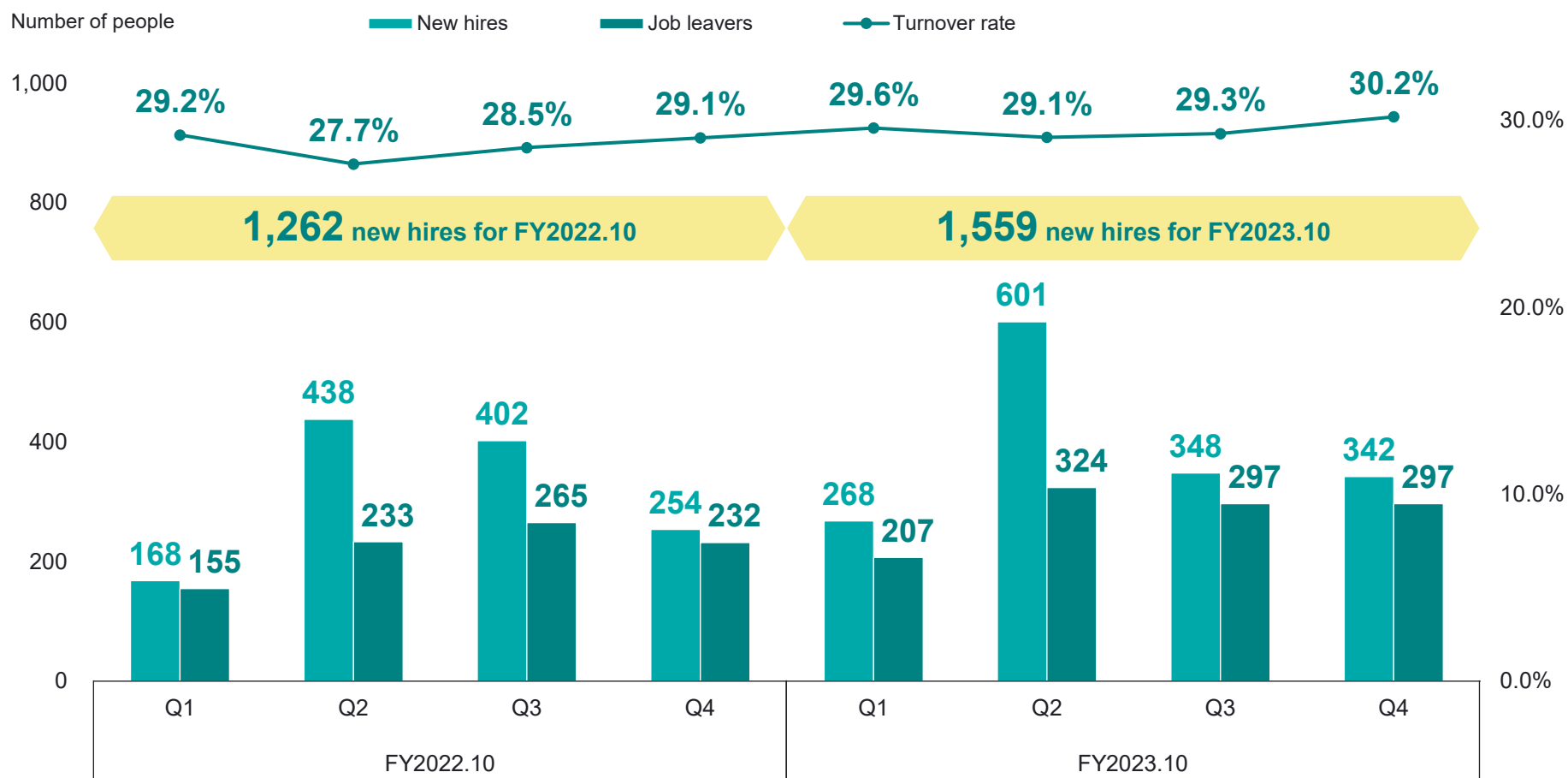
The contract unit price increased by JPY29,000 YoY due to a shortage of human resources in the construction industry and our sales efforts, including price increase negotiations.

Trends in contract unit price



- We achieved a high level of recruitment in Q4 same as Q3, reaching a record high of 1,559 people for the full year.
- The turnover rate has worsened to over 30%.

Trends by Quarter



- In the construction solutions business, both sales revenue and operating profit increased steadily YoY.
- In the IT solutions business, sales revenue grew rapidly by 29.4% YoY, but operating profit only increased slightly by 6.8% YoY due to increased hiring and training costs associated with the increase in recruitment, as well as labor costs of standby engineers.

Millions of Yen	Full Year (12 months)			
	FY2022.10	FY2023.10	YoY	
Construction Solution	13,033	16,044	3,011	+23.1%
IT Solution	1,507	1,949	442	+29.4%
Total Revenue*1	14,540	17,994	3,454	+23.8%
Construction Solution	1,812	2,250	437	+24.2%
Profit Margin	13.9%	14.0%		
IT Solution	106	113	7	+6.8%
Profit Margin	7.0%	5.8%		
Adjustments	120	104	(15)	(13.0%)
Total Operating Profit	2,039	2,469	429	+21.1%

(*1) Internal transactions eliminated

- Net debt steadily decreased by securing cash and repaying loans.
- Goodwill ratio decreased due to accumulation of retained earnings.

Millions of Yen	As of Oct. 2022	As of Oct. 2023
Cash and Cash Equivalents	2,283	4,083
Trade Receivables	2,297	2,766
Other Current Assets	295	210
Total Current Assets	4,877	7,060
Property, Plant and Equipment	165	170
Right-of-use Assets	309	357
Goodwill	14,074	14,074
Deferred Tax Assets	384	492
Other Non-current Assets	343	348
Total Non-current Assets	15,278	15,444
Total Assets	20,155	22,505

Ratio of Total Equity Attributable to Owners of Parent to Total Assets	49.3%	54.1%
Net Debt*1	4,994	2,529
Ratio of Goodwill*2	1.42x	1.16x

Millions of Yen	As of Oct. 2022	As of Oct. 2023
Borrowings	2,714	2,714
Lease liabilities	153	201
Other Current Liabilities	2,665	3,371
Total Current Liabilities	5,533	6,287
Borrowings	4,285	3,571
Lease liabilities	124	125
Other Non-current Liabilities	279	343
Total Non-current Liabilities	4,689	4,040
Share Capital, Capital Surplus, etc.	8,376	8,857
Retained Earnings	1,556	3,319
Total Equity	9,933	12,177
Total Liabilities and Equity	20,155	22,505

(*1) Borrowings (current) + Lease liabilities (current) + Borrowings (noncurrent) + Lease liabilities (non-current) – Cash and cash equivalents

(*2) Goodwill / Total equity

- Free cash flows increased YoY, and debt repayments were also on track.
- Secure growth funds through public offering in conjunction with listing on the TSE Growth Market in July 2023.

Millions of Yen	FY2022.10	FY2023.10	
Profit before Tax	1,852	2,475	
Depreciation	237	244	Incl. depreciation of right-of-use assets (IFRS)
Decrease (Increase) in Trade Receivables	(419)	(468)	
Increase (Decrease) in Accrued Expenses	100	320	
Interest Paid	(127)	(48)	Incl. arrangement fee due to refinance in the previous FY
Income Taxes Paid	(566)	(770)	
Other	477	560	
Cash Flows from Operating Activities	1,553	2,314	
Purchase of Property, Plant and Equipment	(68)	(44)	
(Purchase) Collection of Other Financial Assets	(101)	79	Cancellation refund of officer life insurance
Other	(7)	(13)	
Cash Flows from Investing Activities	(176)	22	
Free Cash Flows	1,377	2,336	
Net Increase (decrease) in Short-term Borrowings + Proceeds from Long-term Borrowings	6,950	-	Refinance of loan in the previous FY
Repayments of Long-term Borrowings	(8,010)	(714)	
Repayments of Lease Liabilities	(178)	(206)	Incl. office rent (IFRS)
Proceeds from Issuance of Shares	-	391	
Other	(11)	(8)	
Cash Flows from Financing Activities	(1,249)	(536)	
Net Increase (Decrease) in Cash and Cash Equivalents	128	1,799	IPO in July 2023

FY2024.10

Business Plan & Earnings Forecasts

- In FY2024.10, we will focus on increasing the number of employees and reducing the turnover rate for further growth.

Initiatives to increase the number of employees

New Hires



- Improving recruitment conversion rate of candidates via recruitment media
- Strengthening recruitment of experienced workers (strengthen owned website “Sekokan NEXT” and referral recruitment)
- Full-scale operation of direct recruiting

Turnover Rate

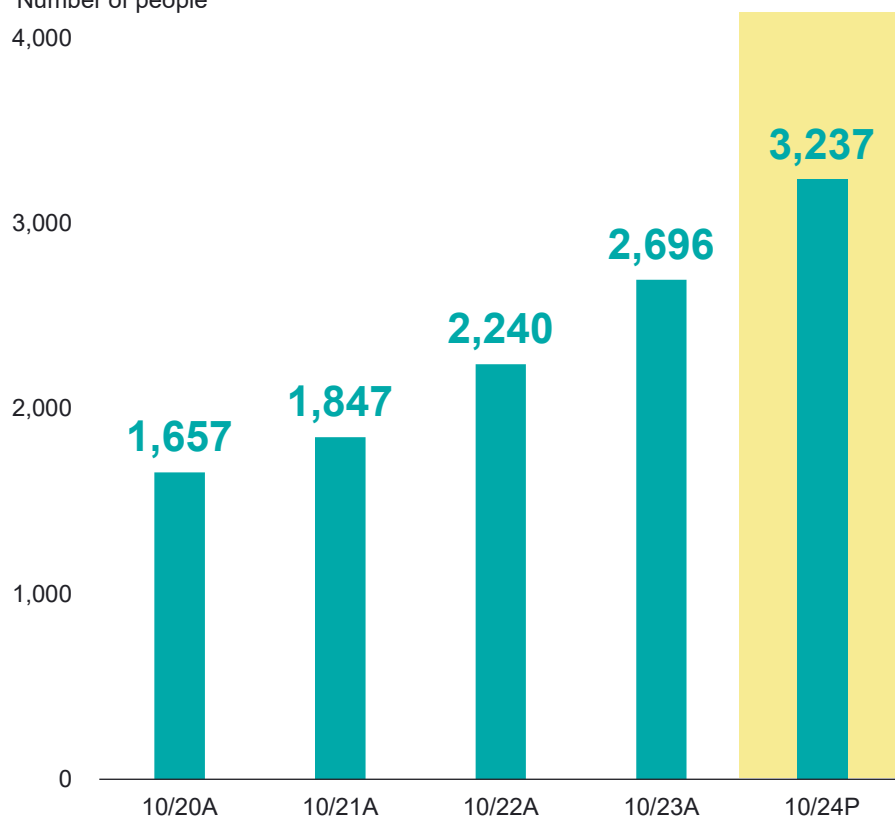


- Strengthening the follow-up system by rebuilding the engineer follow-up organization
- Establishment of qualification acquisition support system as career development support for long-term employment
- Launch of qualification acquisition promotion project and strengthen communication of initiatives

- Through initiatives in the previous page, the number of employees and new hires is expected to continue to grow at a high rate, while the turnover rate is expected to decrease to 27.5%.

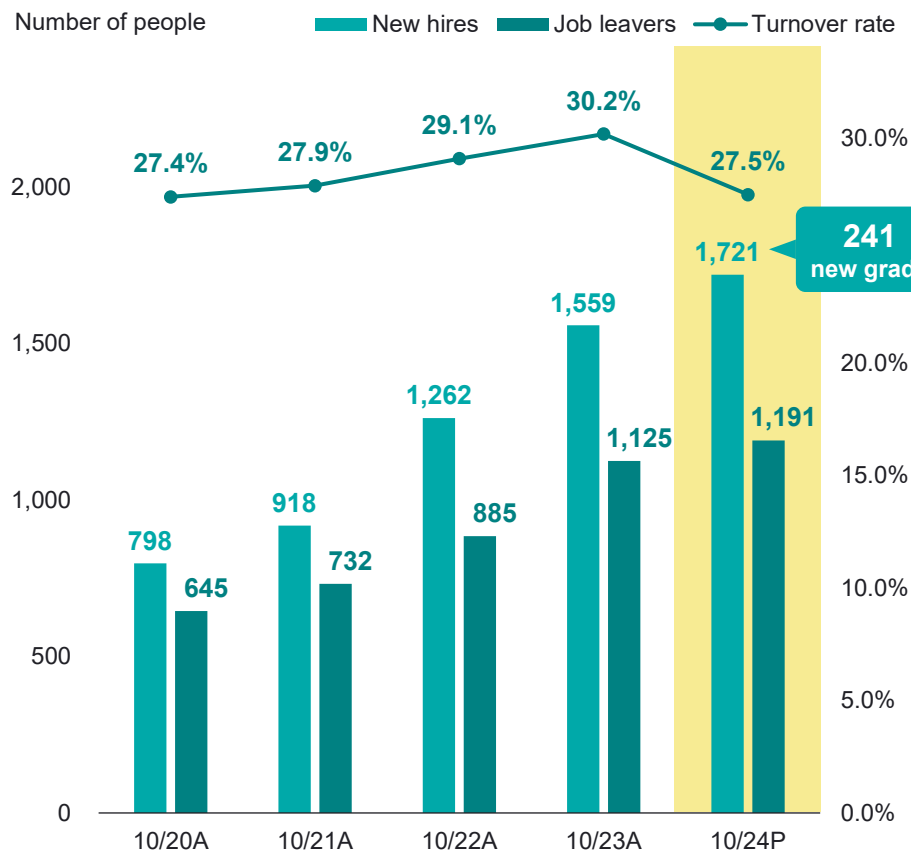
Forecasts of total engineers

Number of people



Forecasts of new hires, job leavers and turnover rate

Number of people

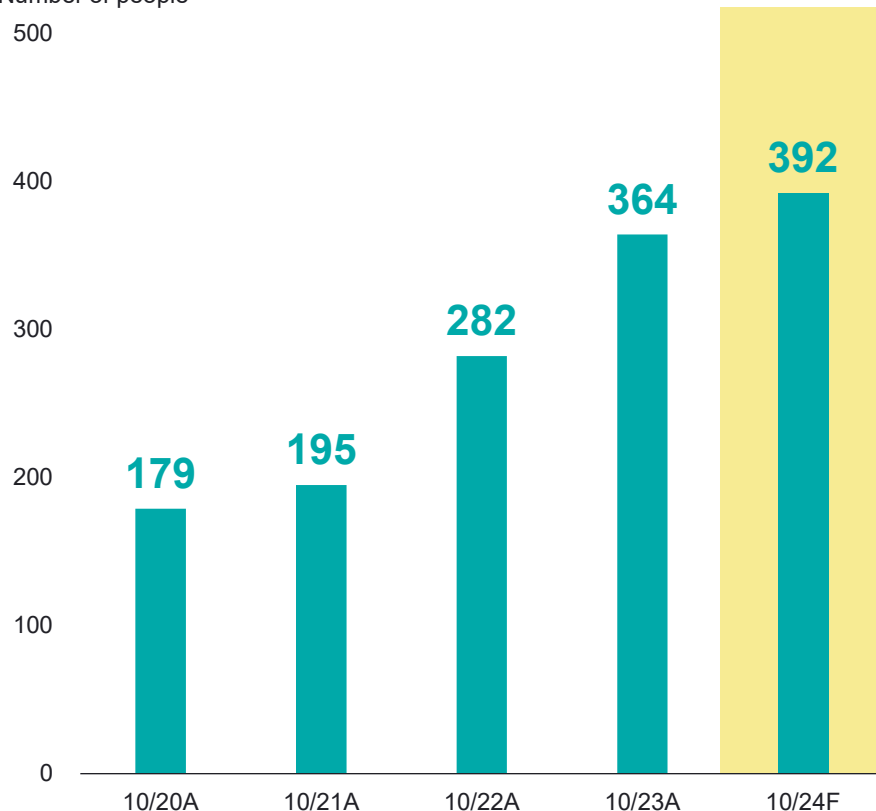


(*) The forecasted turnover rate for FY2024.10 is calculated based on the estimated figures during FY2023.10, it doesn't match the turnover rate calculated based on the actual number of total employees of FY2023.10, and the forecasted number of new hires and retirees for FY2024.10.

- ATJC will focus on strengthening its sales structure this fiscal year, so the number of new hires is expected to decrease YoY, but the number of total engineers is expected to be 392, an increase of 28 YoY.

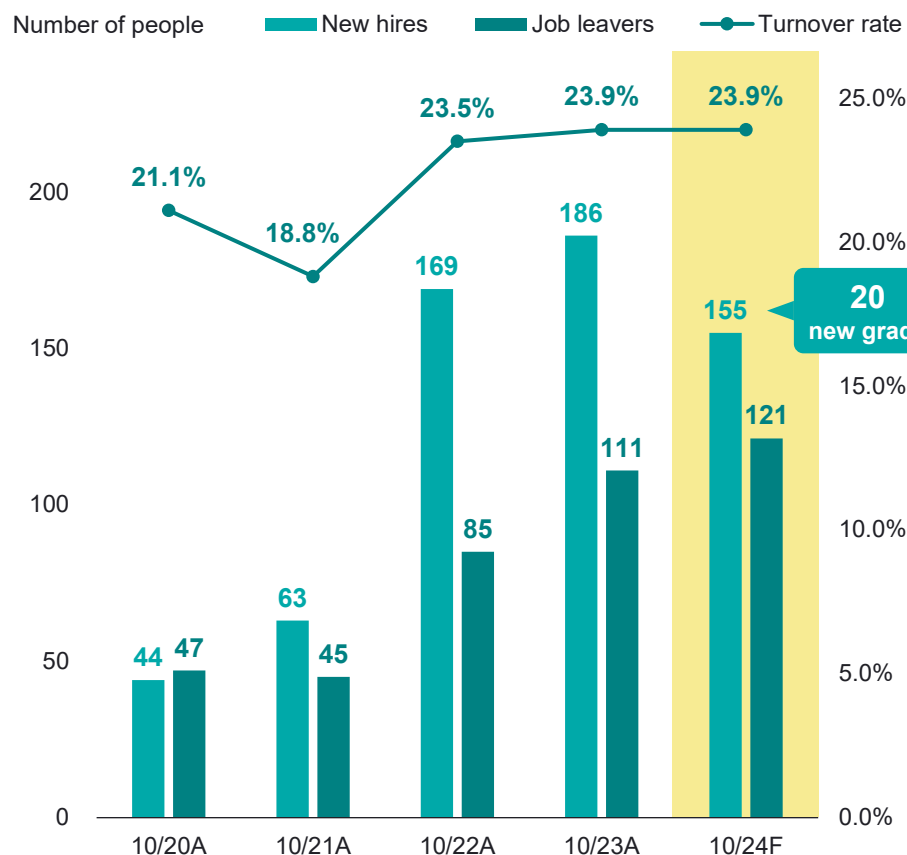
Forecasts of total engineers

Number of people



Forecasts of new hires, job leavers and turnover rate

Number of people

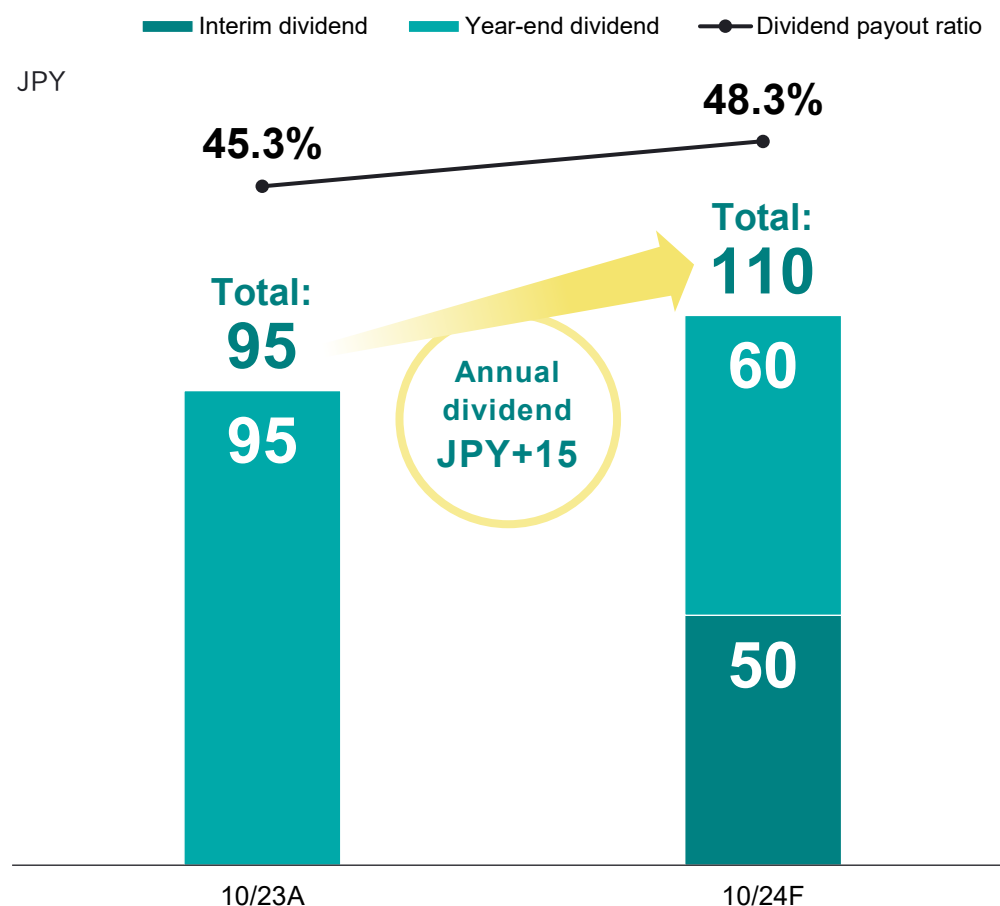


(*) The forecasted turnover rate for FY2024.10 is calculated based on the estimated figures during FY2023.10, it doesn't match the turnover rate calculated based on the actual number of total employees of FY2023.10, and the forecasted number of new hires and retirees for FY2024.10.

- Revenue is expected to increase by more than 20% YoY, same as the previous fiscal year.
- In H1, the GP margin is expected to decline due to efforts to reduce the turnover rate (including salary revisions), and OP is expected to decline slightly.
- In H2, the GP margin is expected to improve from H1 due to the employment of new grads in April, and OP is expected to increase 12.2% YoY.

Millions of Yen	First Half			Full Year		
	FY2023.10 Actual	FY2024.10 Forecast	YoY	FY2023.10 Actual	FY2024.10 Forecast	YoY
Revenue	8,299	10,160	1,860 +22.4%	17,994	21,830	3,835 +21.3%
Gross Profit	2,274	2,570	295 +13.0%	5,169	5,920	750 +14.5%
Gross Profit Margin	27.4%	25.3%	(2.1pt)	28.7%	27.1%	(1.6pt)
Operating Profit	1,050	1,010	(40) (3.9%)	2,469	2,770	300 +12.2%
Operating Profit Margin	12.7%	9.9%	(2.8pt)	13.7%	12.7%	(1.0pt)
Profit before Tax	1,024	980	(44) (4.4%)	2,475	2,730	254 +10.3%
Profit Attributable to Owners of Parent	722	690	(32) (4.5%)	1,741	1,920	178 +10.3%
Basic Earnings per Share	JPY87.53	JPY81.89	JPY(5.64) (6.4%)	JPY209.88	JPY227.86	JPY17.98 +8.6%

- Annual dividend for FY2024.10 is planned to be JPY**110** per share, including an interim dividend of JPY**50** and a year-end dividend of JPY**60**. (JPY**+15** YoY)
- Dividend payout ratio based on basic earnings per share (on earnings forecasts basis) is 48.3%.



Appendix 1

Company Profile

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 (Consolidated)

History

- November 2008** : Established World Corporation(For engineer dispatch business of construction industry)
- May 2019** : Established AP64 (now Nareru Group) (For pure investment purpose)
- November 2019** : Made World Corporation a subsidiary
- 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** : Established CONTRAFT(To provide information to Zenken as an individual brand)
- July 2023** : Listed on the Tokyo Stock Exchange Growth Market

(*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.

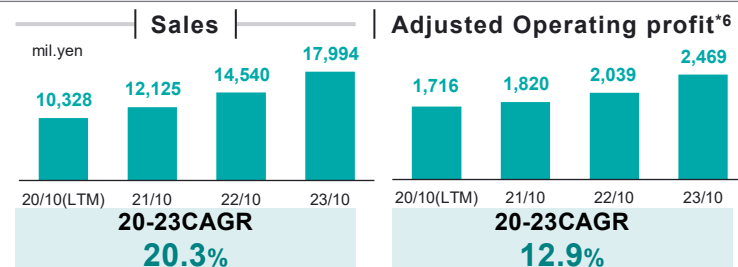
(*3) Abbreviation for system engineering service. A form of consignment contract regarding the development, maintenance, and operation of software systems

(*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.

Group overview

 <small>ナレールグループ株式会社</small>	Established in May. 2019 <ul style="list-style-type: none"> Holding company
 <small>ワールドコーポレーション株式会社</small>	Established in Nov. 2008 <ul style="list-style-type: none"> Dispatch of construction engineers*1 Dispatch of CAD operators *2 Preparation of construction drawings
 <small>アットジーシー株式会社</small>	Established in Dec. 2007 <ul style="list-style-type: none"> Dispatch of IT engineers/SES*3
 <small>CONTRACT</small>	Established in Oct. 2021 <ul style="list-style-type: none"> Operation of a human resources platform for employment placement of craftsman
 <small>一般社団法人 全国建設請負業協会</small> Zenken (Non-consolidated)	Established in Jul. 2013 <ul style="list-style-type: none"> Employment placement services for craftsman

Performance



(*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

Nareru Group Inc.



Construction Solution Business | Revenue: JPY16,044MM |



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



(*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.

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'être

Provide engineering personnel



Train young engineers



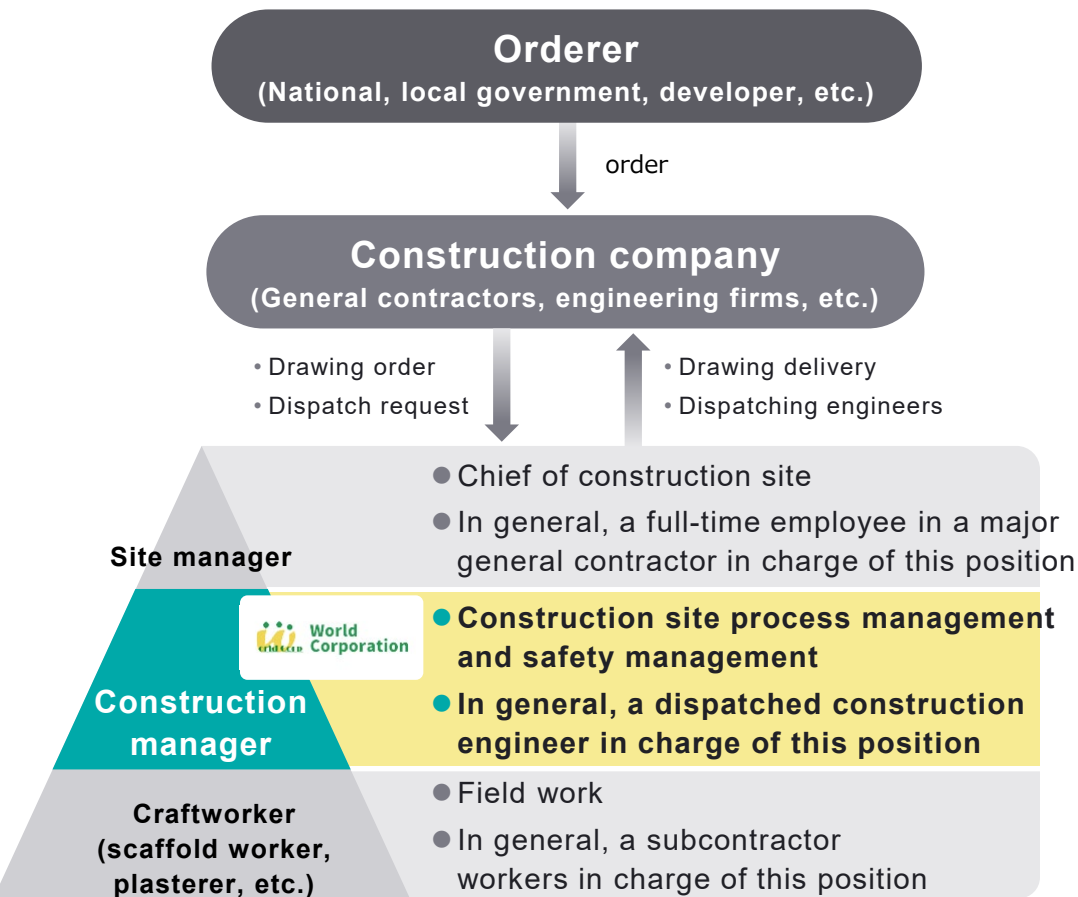
Help increase business efficiency using construction ICT



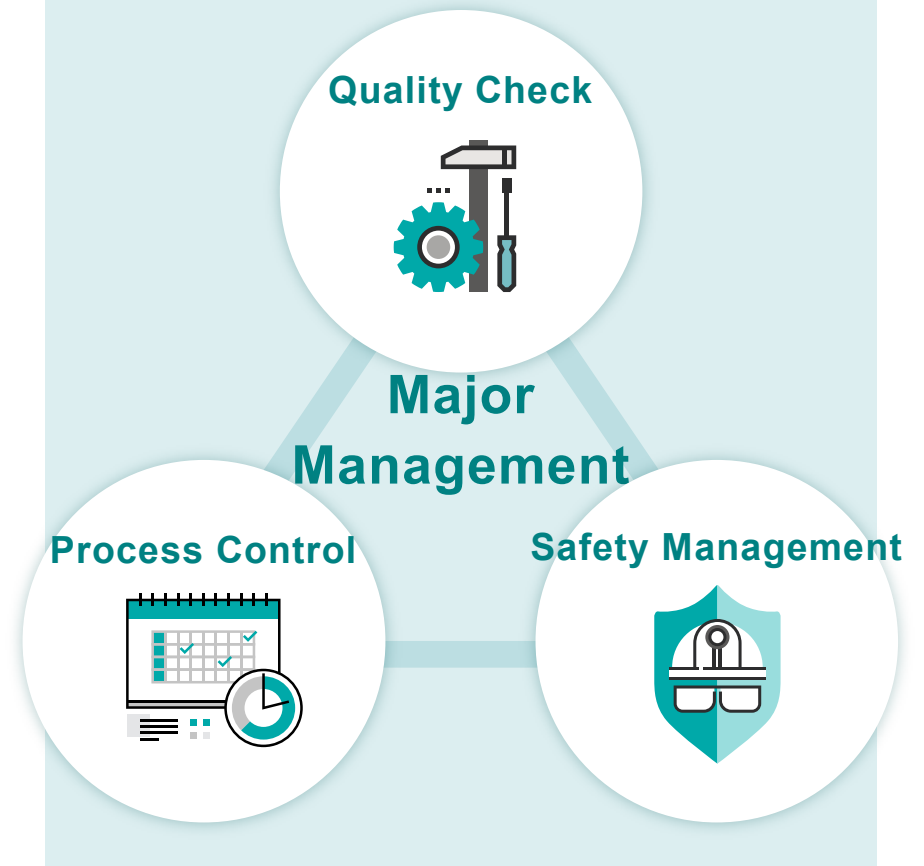
(*1) We define skilled professionals as "human resources who have skills in a specific industrial field and are engaged in specialized work."

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

Business model



Job Description of Construction Manager



- 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



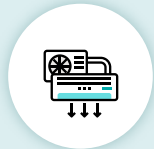
Architecture

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



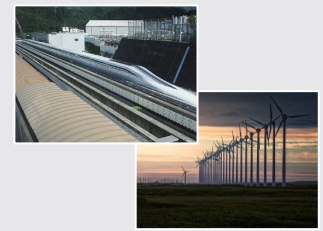
TSMC's Kumamoto Plant



Tokyo Olympics



Urban Development



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>



Nareru Group

プロ人材に、なれる。成長社会に、なれる。

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%

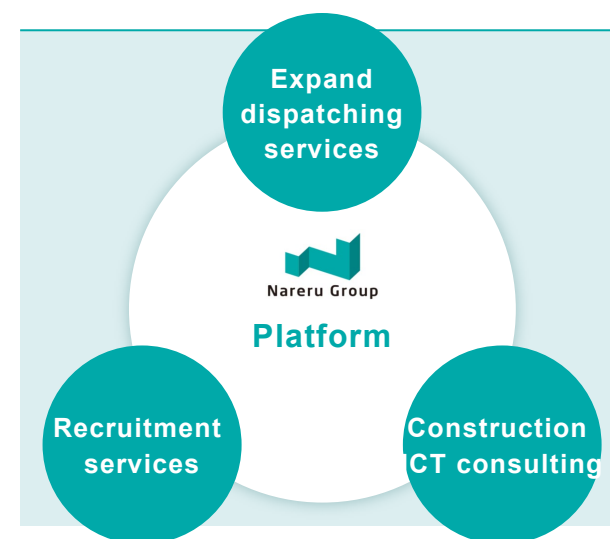
Operating margin

*Year ended October 2023

13.7%

3

**High growth potential
as a construction human
resources platform company**



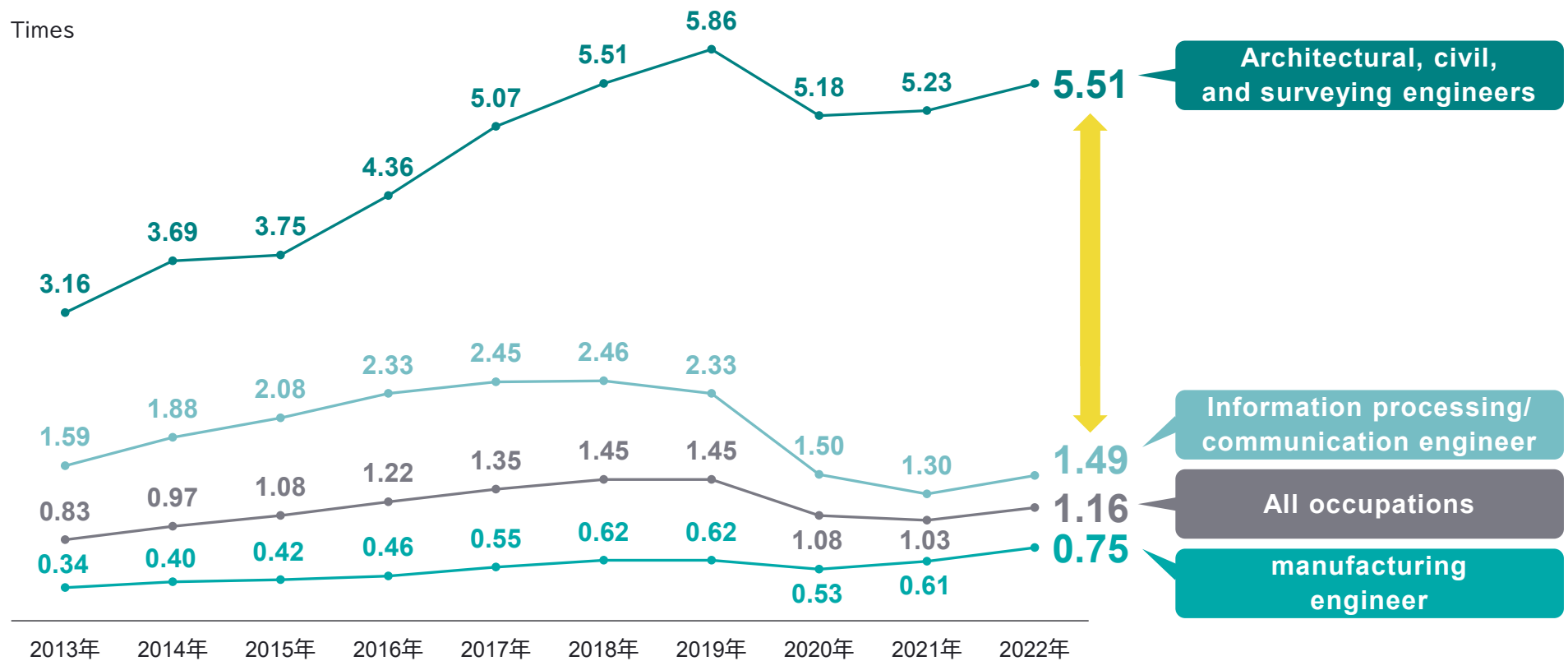
(*1) Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Services Statistics)".

(*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)

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

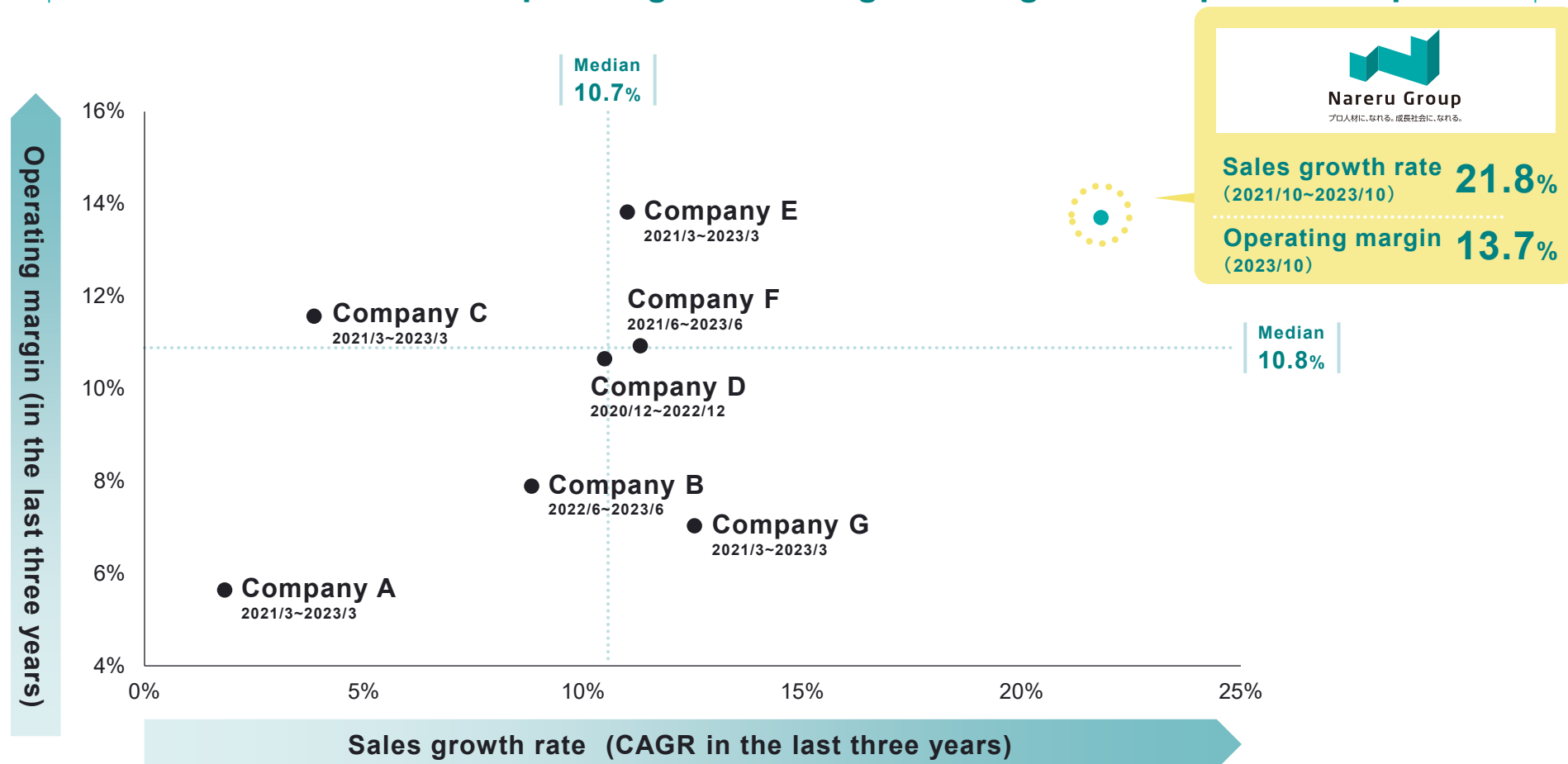
Ratio of job openings to job seekers in the construction industry



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

- 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



Nareru Group

プロ人材に、なれる。成長社会に、なれる。

1

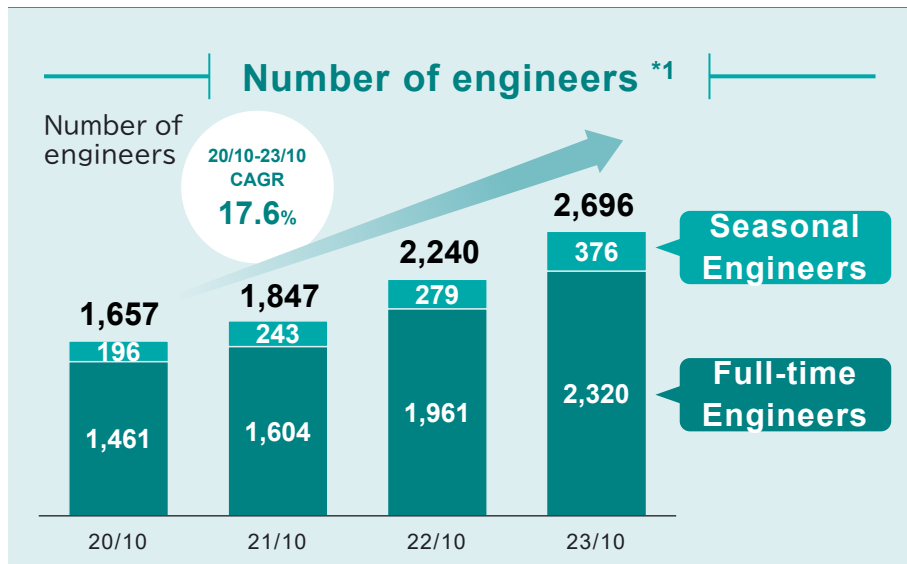
Recruitment

Increase the number of engineers through inexperienced worker recruitment strategy

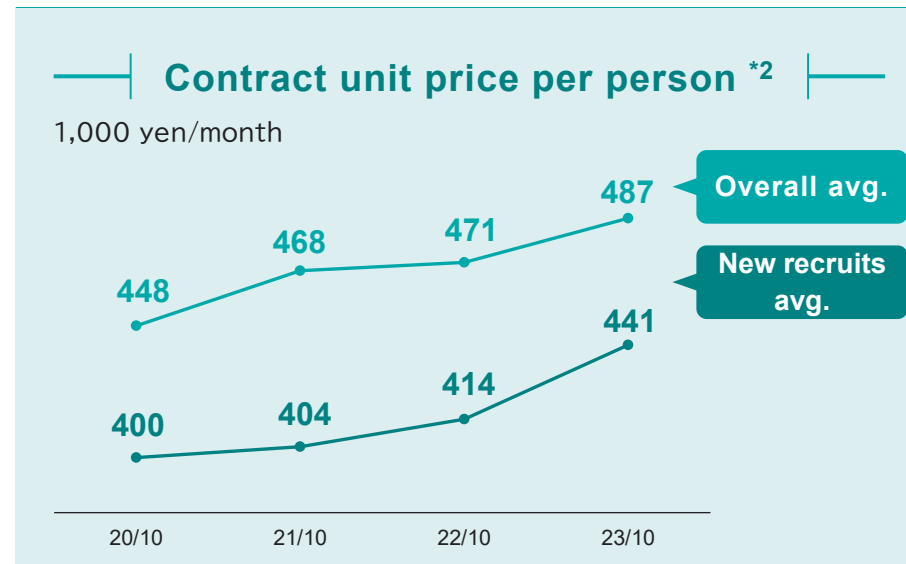
2

Room for improvement in Unit Price

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





(^{*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.

• Nareru's Inexperienced Worker Recruitment Strategy

		 	
		Hiring Inexperienced Worker Model	Hiring Experienced Worker Model
Recruitment	Growth Supply Capacity	Extremely high <ul style="list-style-type: none"> Number of active job seekers in all industries: 1.92 million*1 	Lower than hiring inexperienced worker model <ul style="list-style-type: none"> Number of active job seekers in the construction industry: 10 thousand*1
	Moat Recruitment know-how	Difficult <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> There is a lot of room for technological growth, and the contract unit price tends to increase. Young employees have low base salaries. 	Limited <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> About 100 people are hired every month. Requires time and cost to develop recruitment and education systems 	Easy <ul style="list-style-type: none"> 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

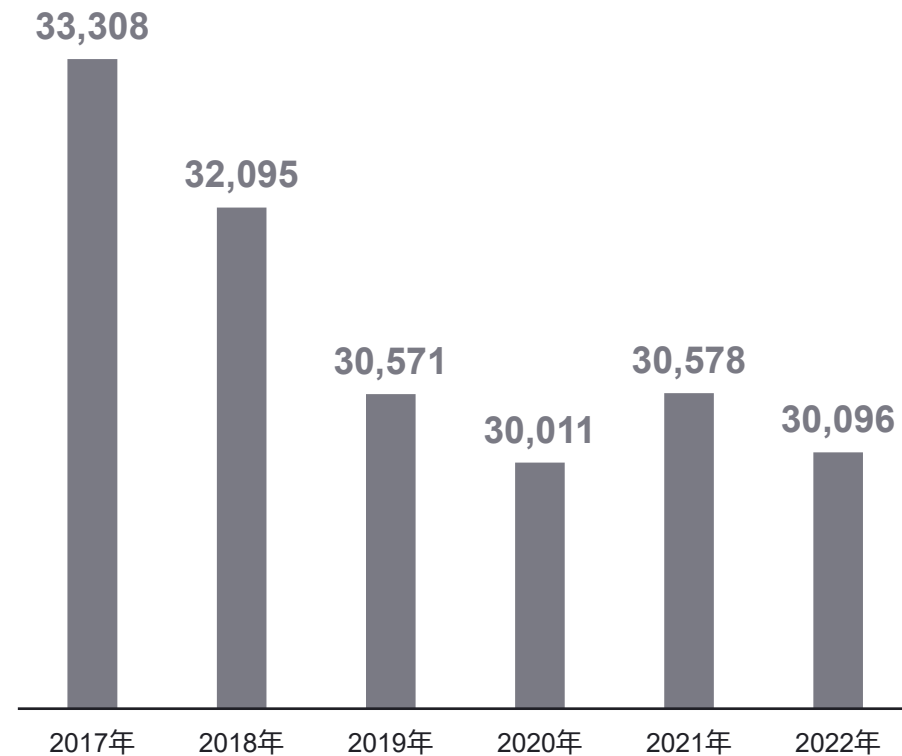
(*1) Number of active job seekers: Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Service Statistics)" figures are the number of part-time and regular positions in 2022. As to the construction industry, architectural, civil, and surveying engineer positions

- 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

Number of people

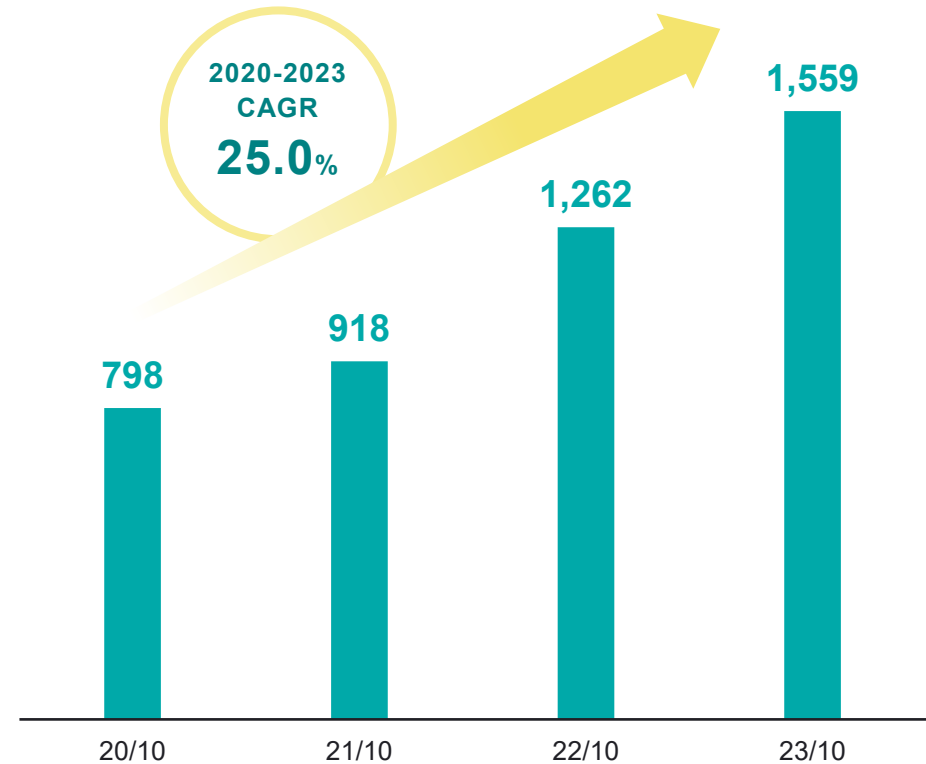


Source: Number of new job seekers: Ministry of Health, Labor and Welfare "General Employment Placement Status (Employment Security Service Statistics)"
Annual total of job seekers looking for part-time or regular positions

Number of recruits by World Corporation*1

Increasing trend due to efficient recruitment system

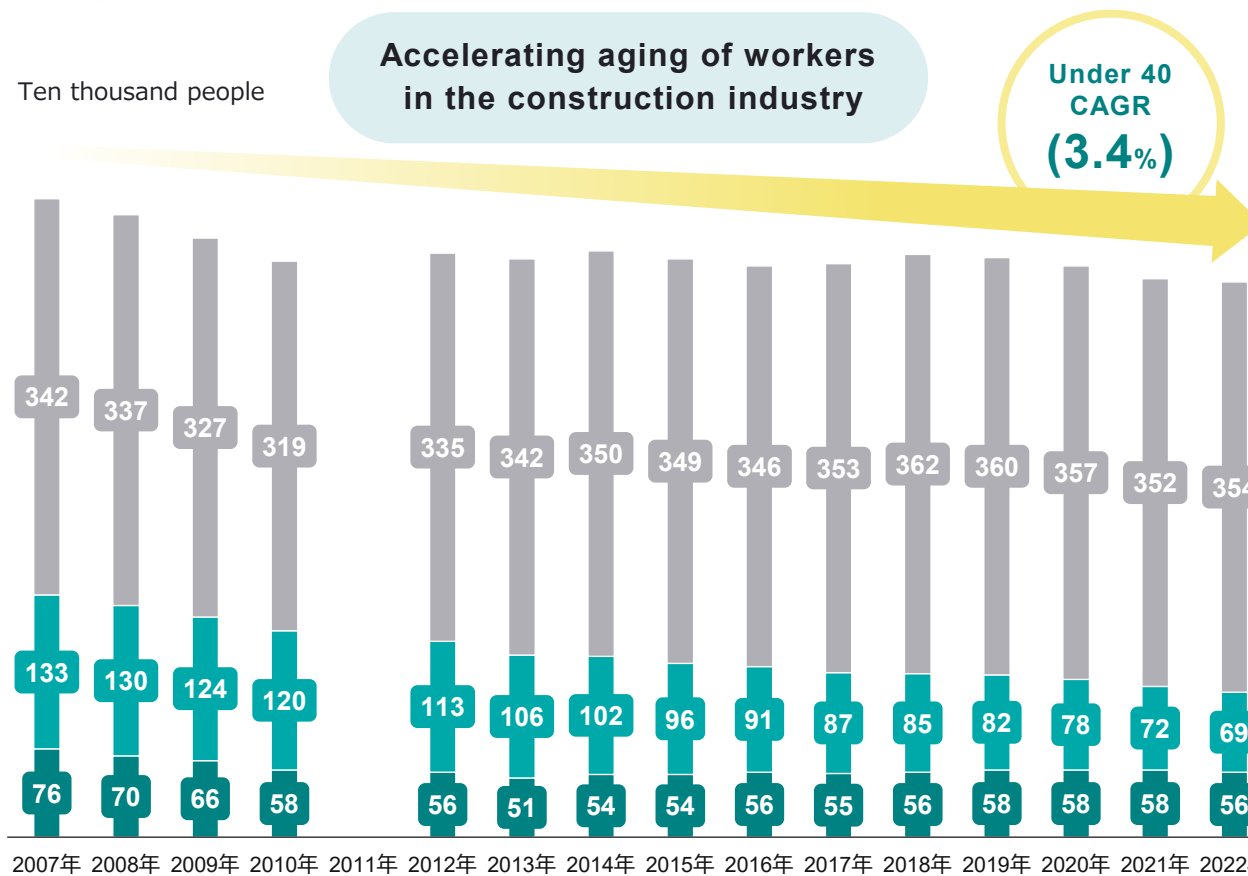
Number of people



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

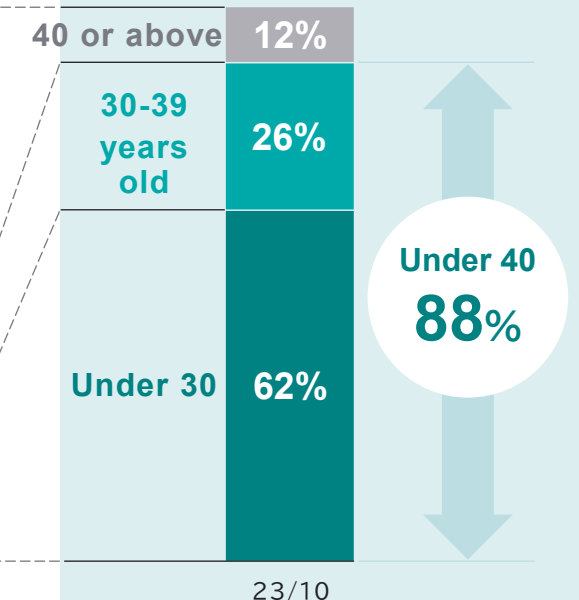
- It is possible to provide a stable supply of young human resources, which is particularly lacking in the construction industry, and has high price bargaining power

Number of construction workers by age group



Age composition of World Corporation*1

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



(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)

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

- 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



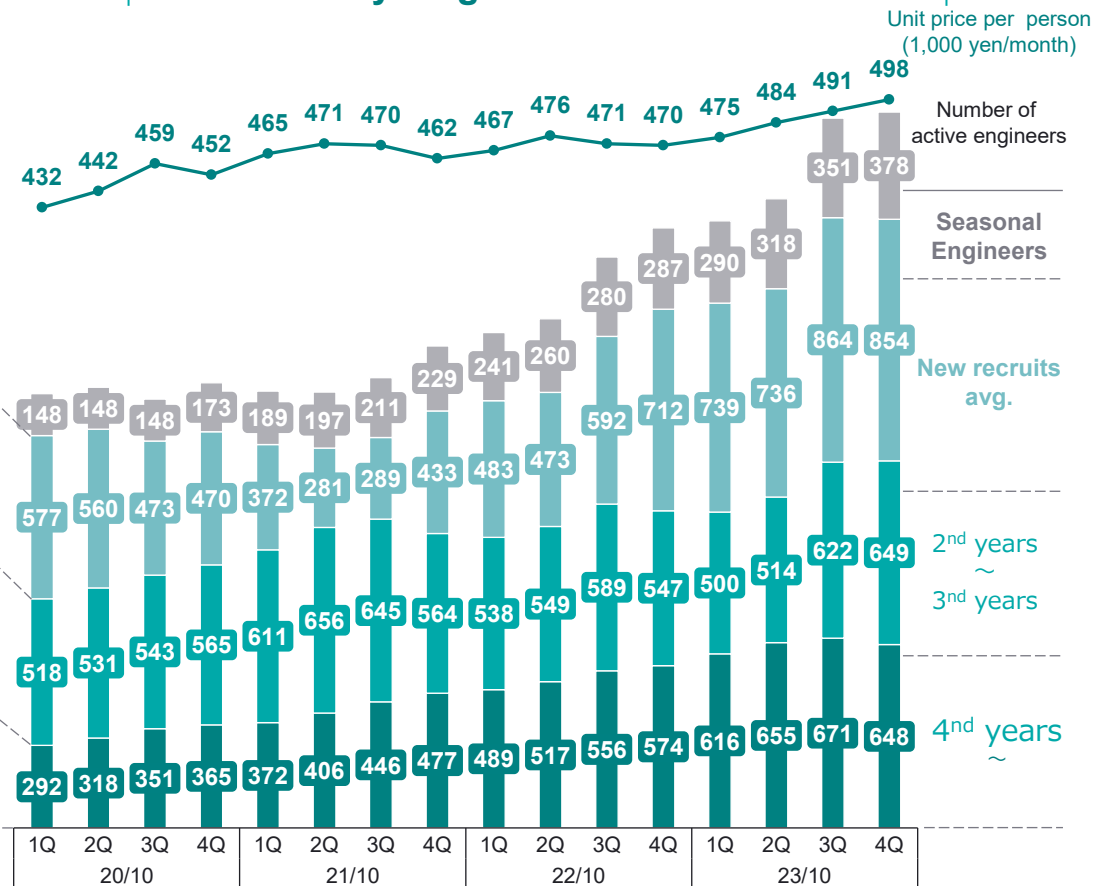
Practical specialized skills training

4th year and later

Work on more complex projects
Aim at acquiring qualifications such as first-class architect and operation and management engineer

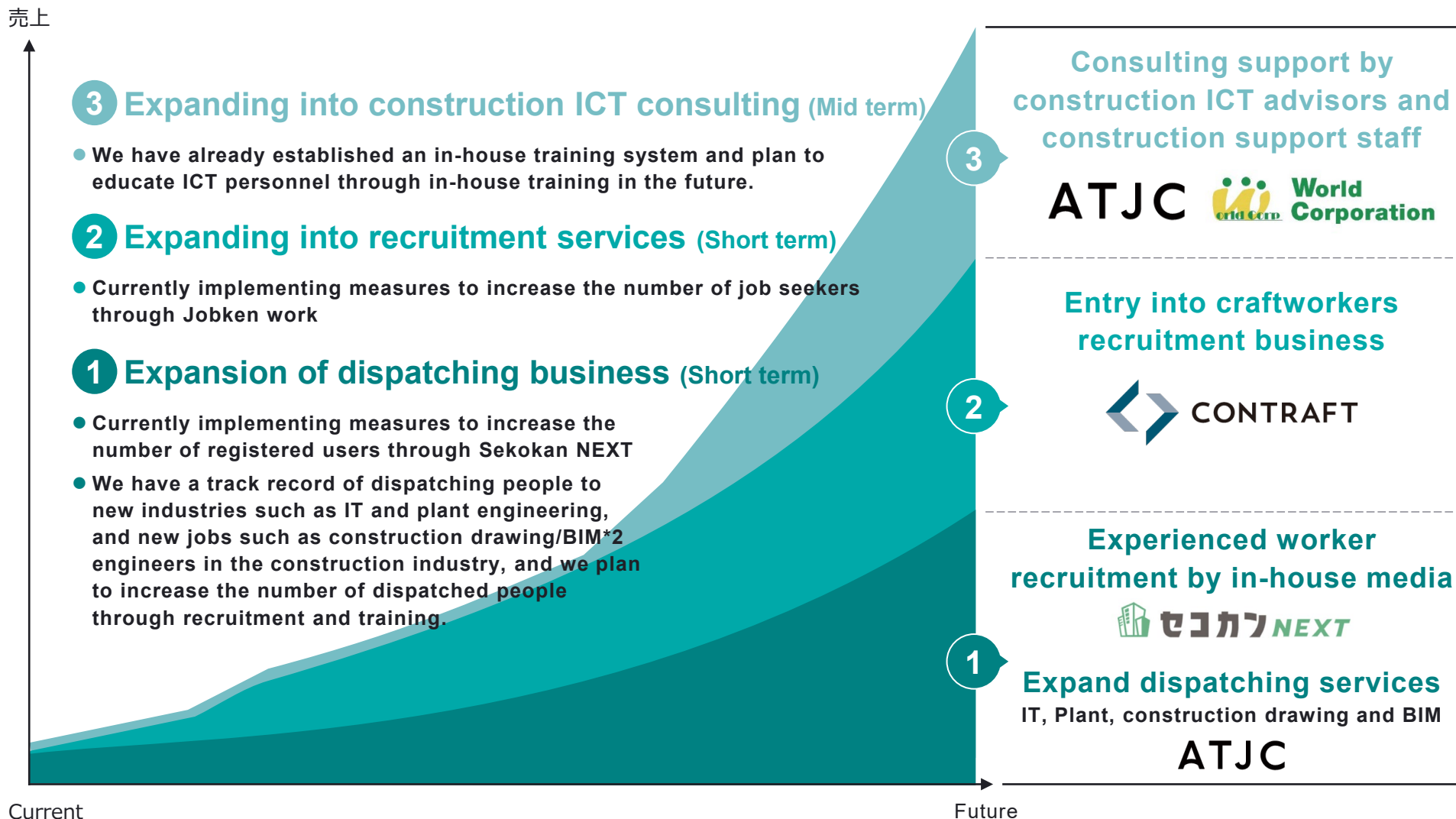


Unit prices per person & Active engineers by length of service^{*1}



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

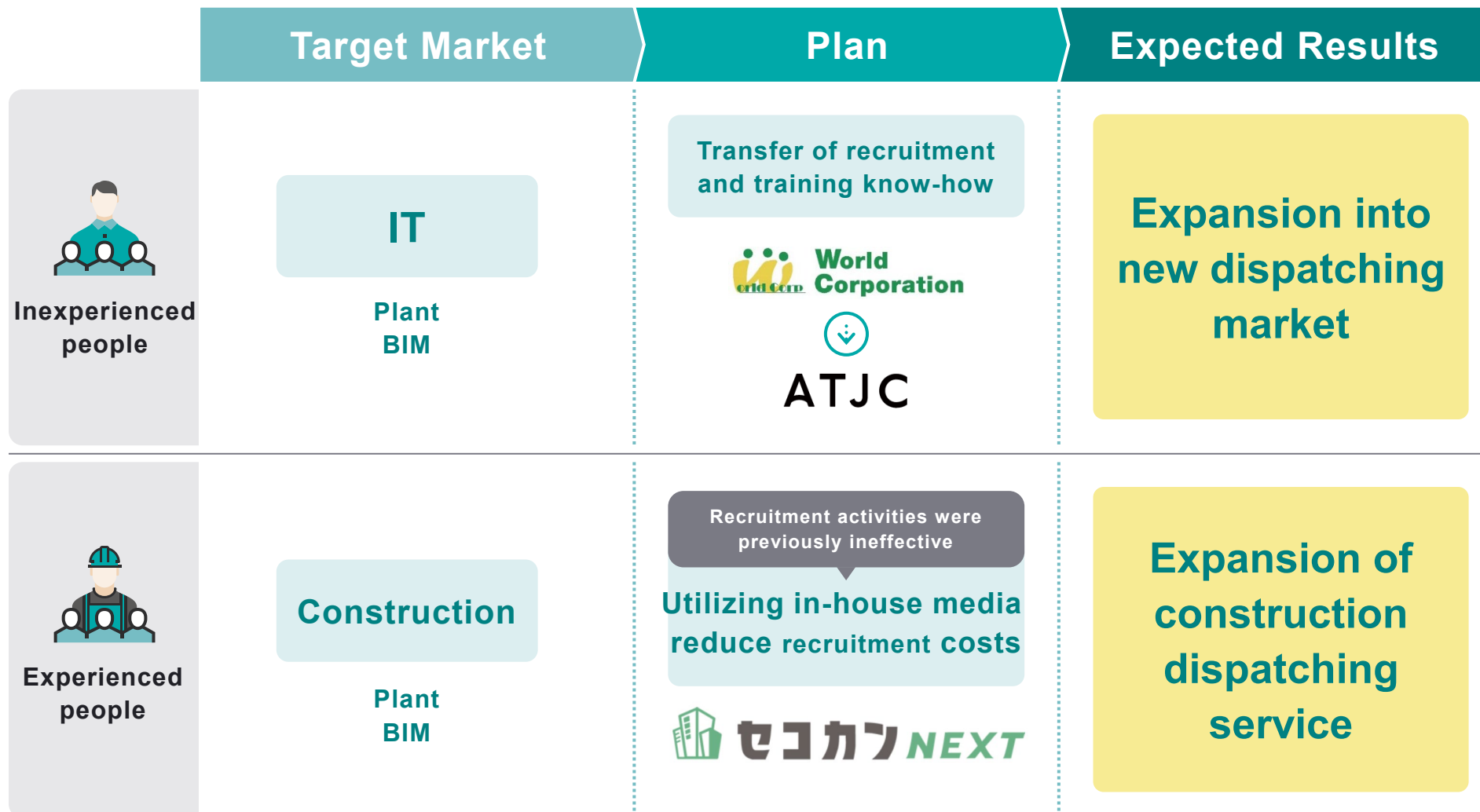
unit price per person is the quarterly average contract unit price (excluding overtime pay) for all dispatched engineers, active engineers are quarterly average



(*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.

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



(*) Image diagram created by Nareru Group

- 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

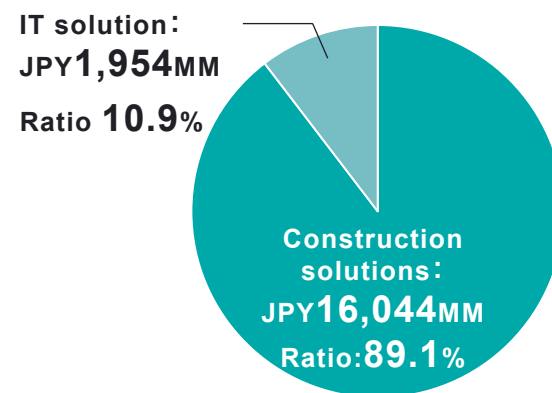
ATJC

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

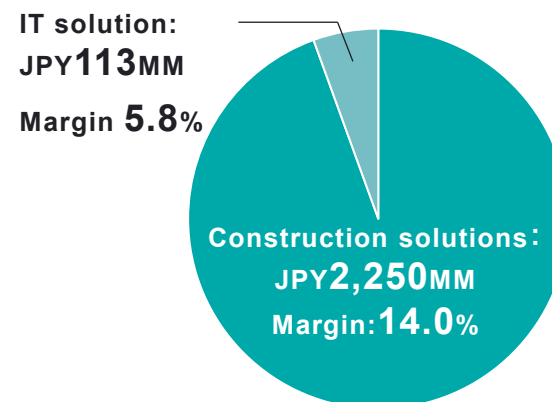
Background of participation in the group

- 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



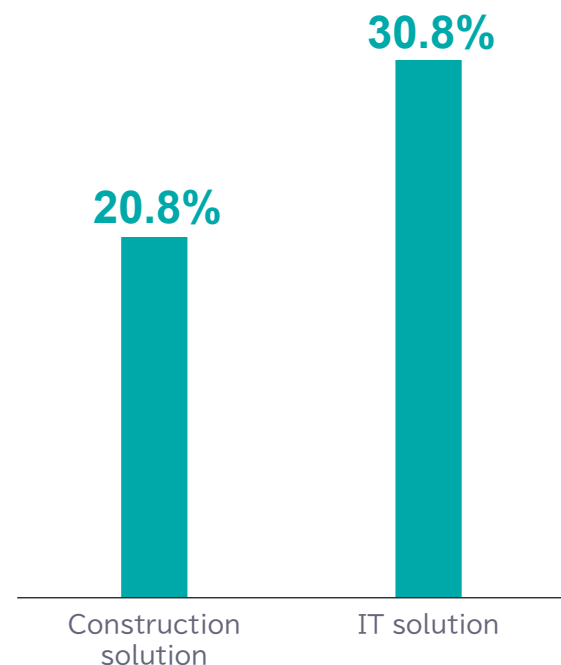
Segment profit*1



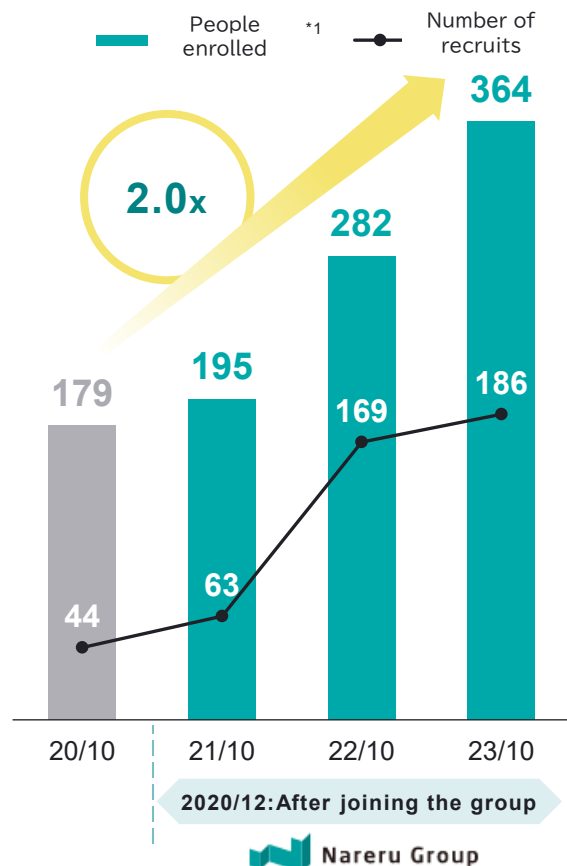
(*1) 2023/10

- 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)



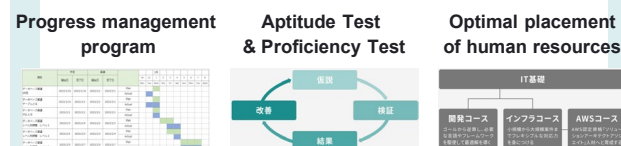
ATJC: the number of recruits and people enrolled



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

Transfer know-how to ATJC

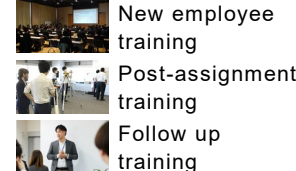
Add Nareru Group know-how to ATJC's human resource development program



Hiring inexperienced people



Human resource development method



ATJC

Low-cost adoption and unit price improvement

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

Strengths of SEKOKAN Next



Focus on
Experienced
workers

Low Cost
hiring
by in-house media

Dispatching
experienced
workers at a
High
unit Price

施工管理の転職 セコカンNEXTでは
以下の3つを約束します！

① 施工管理経験者から平均月収60万円、
最低月収40万円をお約束！

これまでの経験を生かして年収アップした方は多数！施工管理職として一
定の経験がある方は最速月収40万円を約束しています。アランスのある
が、キャリアアップ、年収アップもしたい方ぜひご応募ください。



② 自宅から通勤1時間半以内の現場紹介をお
約束！

通勤と通いやすい現場を優先したい、プライベートも大切にしたいとい
う方のために最速自宅から1時間以内の建設現場を紹介させていただきます。
1.5時間以内のご紹介も可能です。豊富な案件の中からご要望に
あった現場をお勧めします。



③ 施工管理の仕事と現場を知り尽くした
プロフェッショナルが必ずマッチング
する現場をご紹介します！

施工管理として活躍するプロフェッショナルの経験はもたらぬ、現場を知り
尽くした営業マンからプロジェクト先の情報をしっかりお伝えしています。
たきます。現場も就業計画もしっかりサポートいたします。



取引実績多数！大手発注元から地場工務店までさまざまな案件を紹介！

スーパーゼネコン、セコカン、パワースター、建設会社、工務店、
エンジニアリング会社まで、経験豊富な経験者による案件紹介があります。
土木や建築系からIT・システム系まで幅広く紹介しています。施工管理
職の他にも設計やCADオペレーター等の職種にも紹介しています。

主要取引先一覧（一部）	
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社
東武鉄道株式会社	東武鉄道株式会社

毎日求人情報更新！全国約30,000件以上の現場をご紹介します！

セコカンNEXTでは最新のシステムで最新の現場情報を全国から九
府まで毎日更新しています。最新の求人情報をご紹介します。約
30,000件以上の求人情報が掲載されており、毎日更新されています。



施工管理の仕事と現場を知り尽くしたアドバイザーがご希望の案件を紹介！

施工管理として活躍するプロフェッショナルの経験はもたらぬ、現場を知り
尽くした営業マンからプロジェクト先の情報をしっかりお伝えしています。
たきます。現場も就業計画もしっかりサポートいたします。

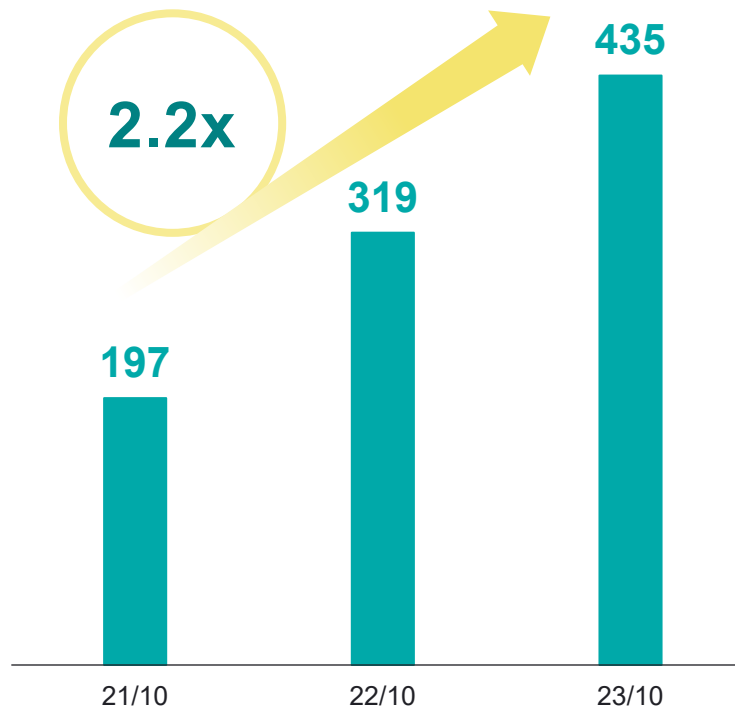


(Sample webpages)

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

Number of person



(*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.

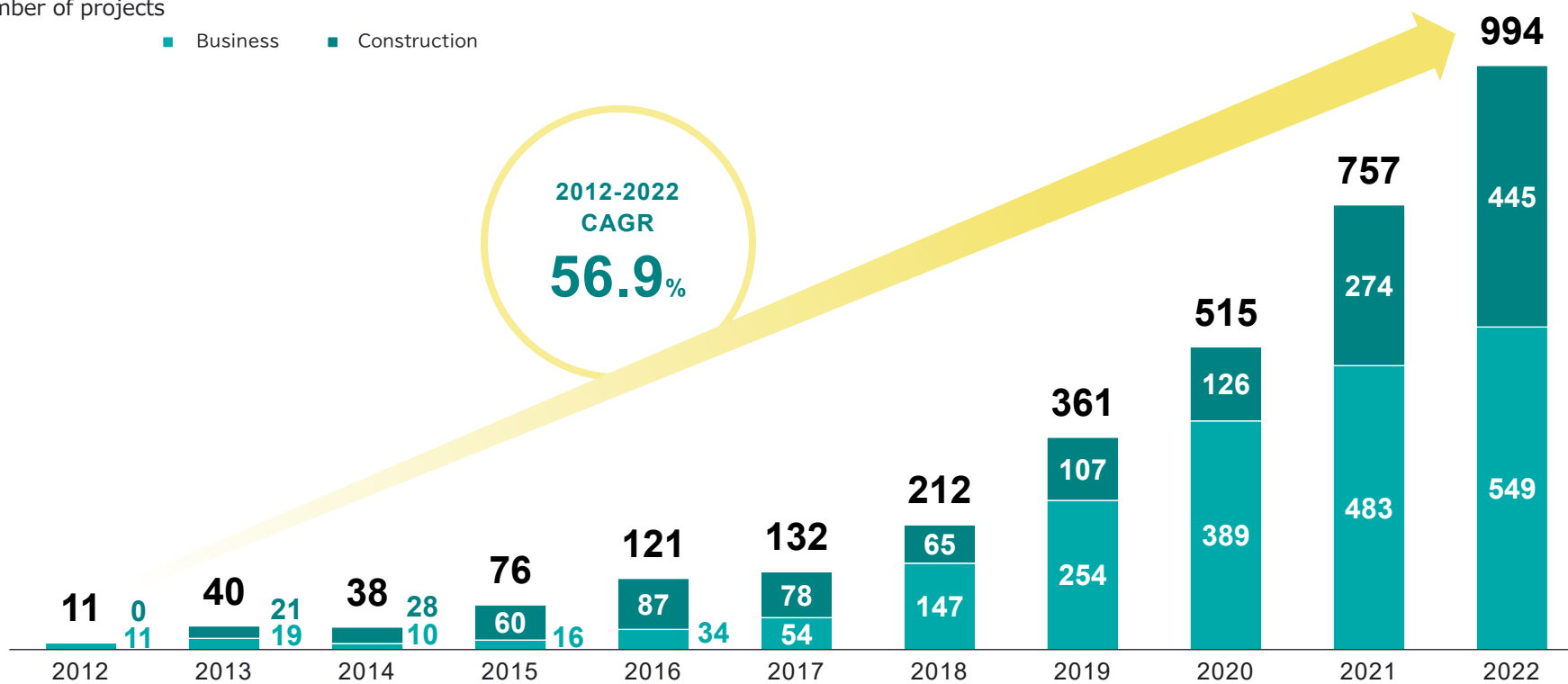
- Demand for BIM specialists is expected to increase as the MLIT promotes BIM/CIM^{*1}

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}.

Number of projects

■ Business ■ Construction



(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)

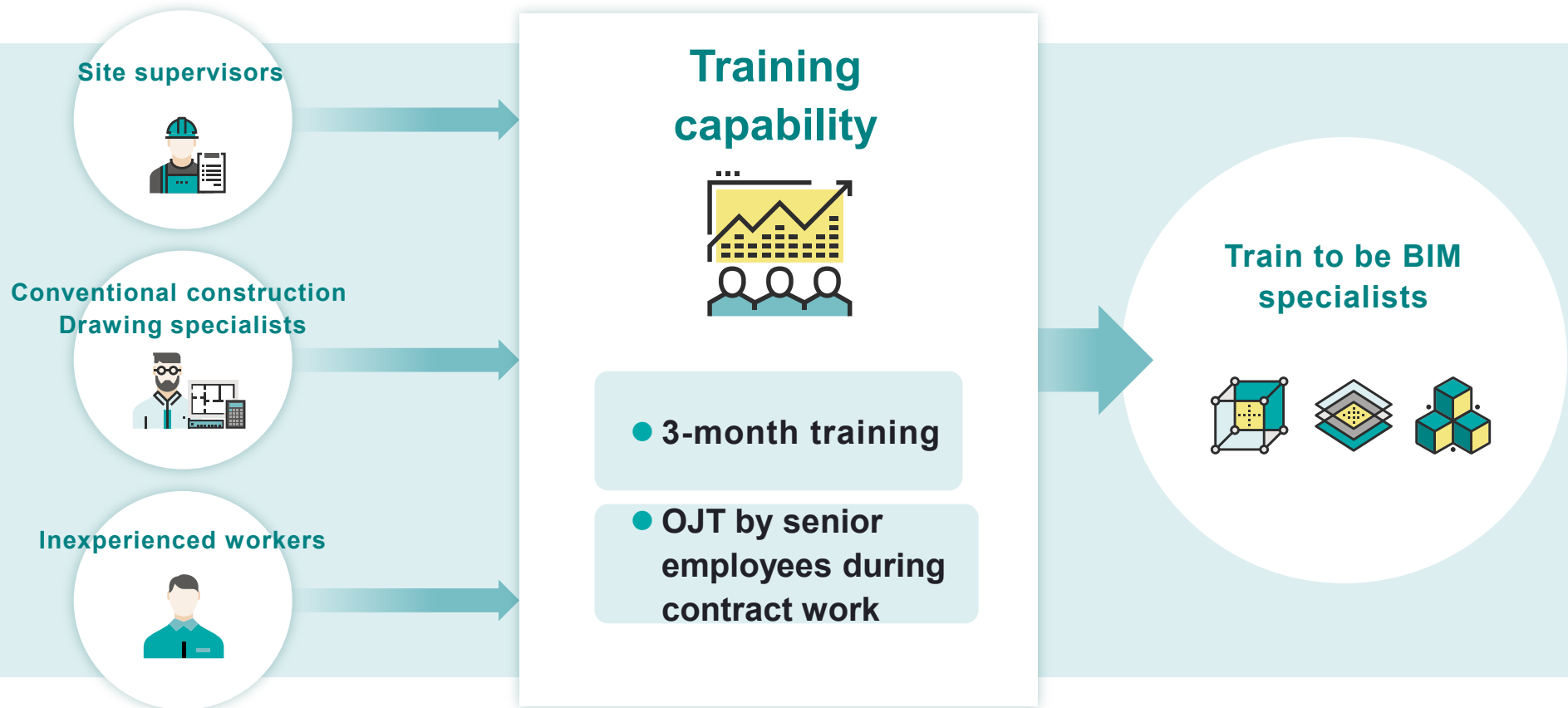
(^{*1}) BIM/CIM: A tool that enables everything from design to construction and maintenance in the construction process using 3D digital models created on a computer.

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."

- Focusing on BIM specialist training with an established training system

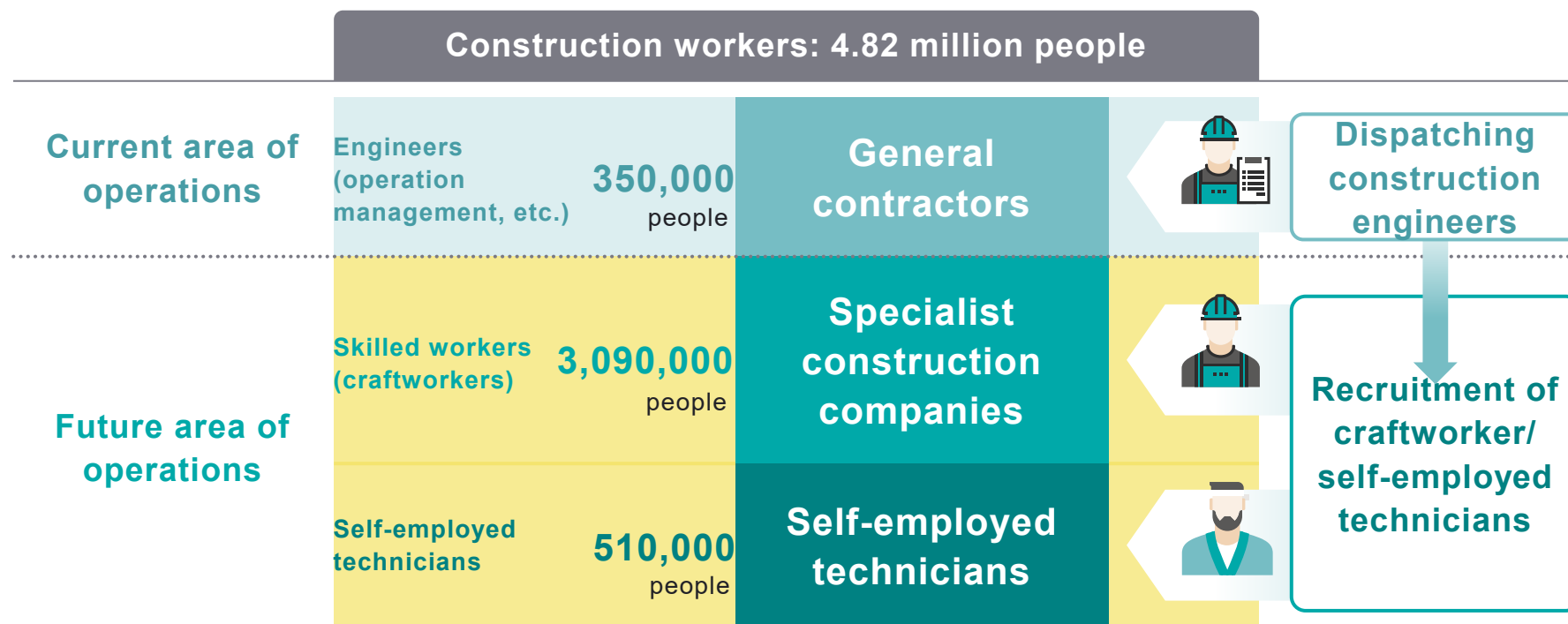
Nareru's BIM specialist training process



- 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

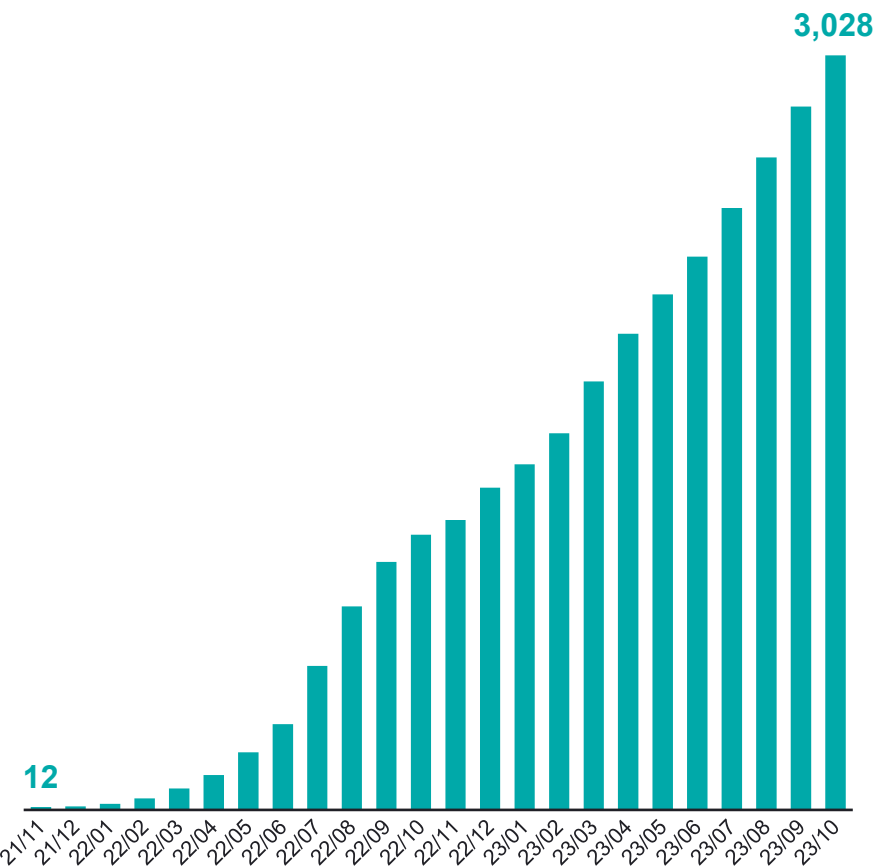


Source: Created by Nareru Group based on Ministry of Land, Infrastructure, Transport and Tourism, "Recent Situation of the Construction Industry" (June 15, 2022) and Ministry of Land, Infrastructure, Transport and Tourism, "The First Study Group on the Problem of One Master Masters in the Construction 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)

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

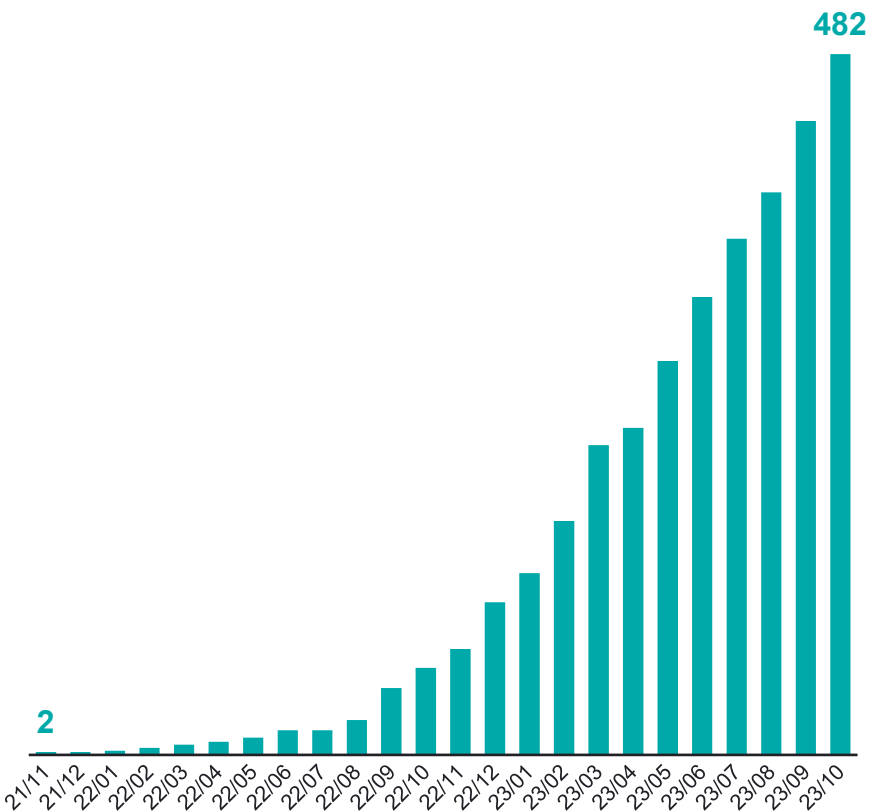
Monthly cumulative number of job seekers on platform

Number of people



Monthly cumulative number of registered member companies

Number of membership (companies)

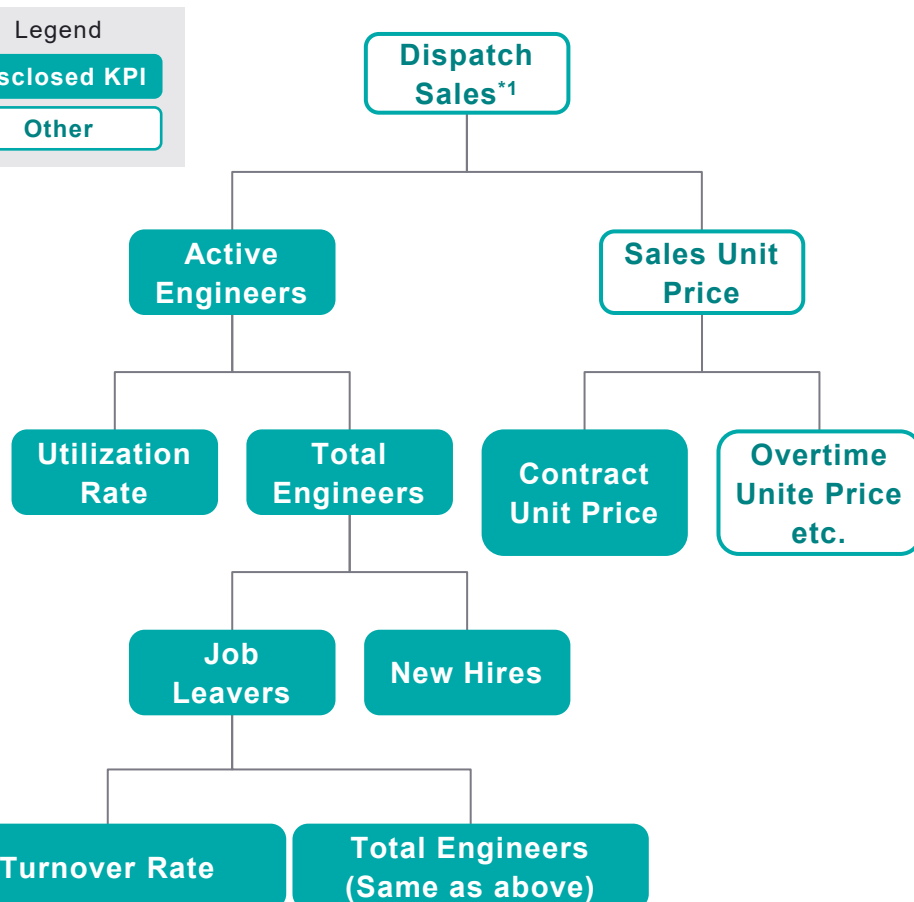


Appendix 2

Other KPIs

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

KPI Structure



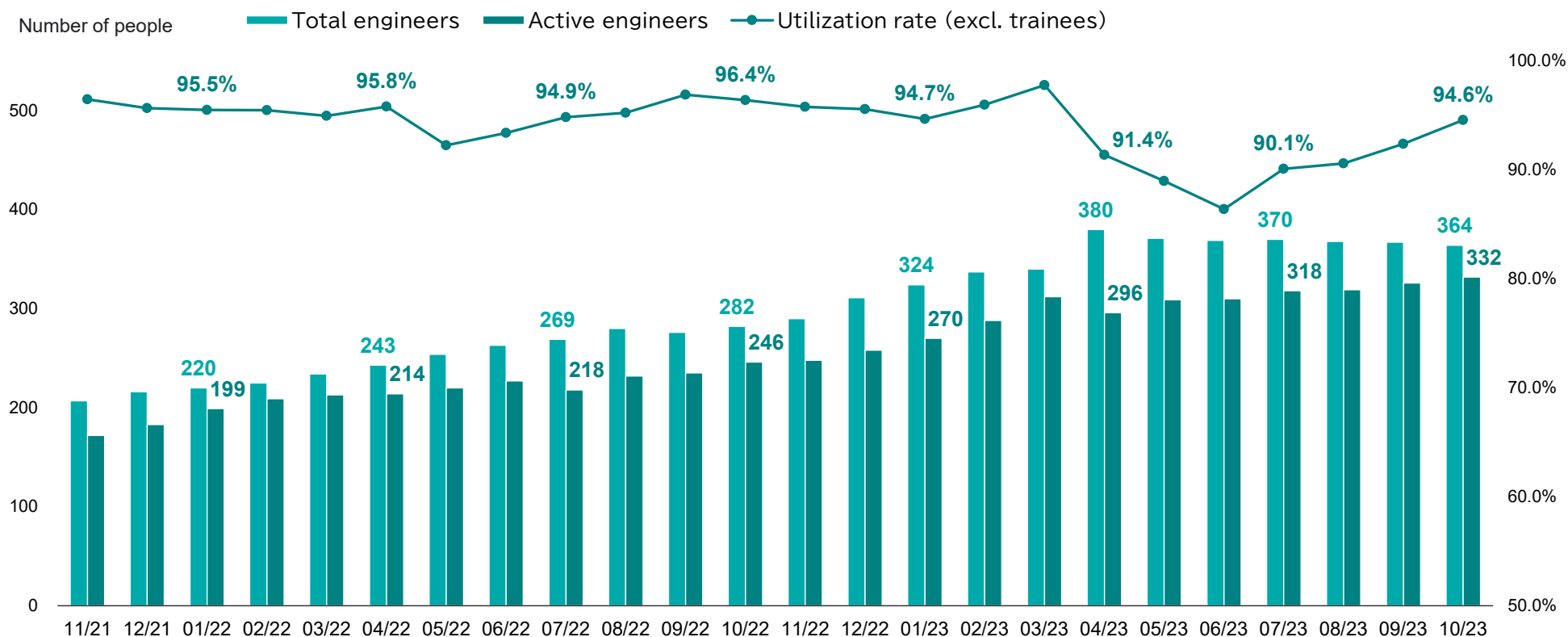
*1 At ATJC, sales based on the SES contract is included.

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

- Although the number of total engineers decreased in Q4 due to hiring restrictions, we focused on improving the utilization rate, and the number of active engineers increased by 14 QoQ.
- For the full year, the number of employees increased significantly to 86 (+35.0%) YoY.

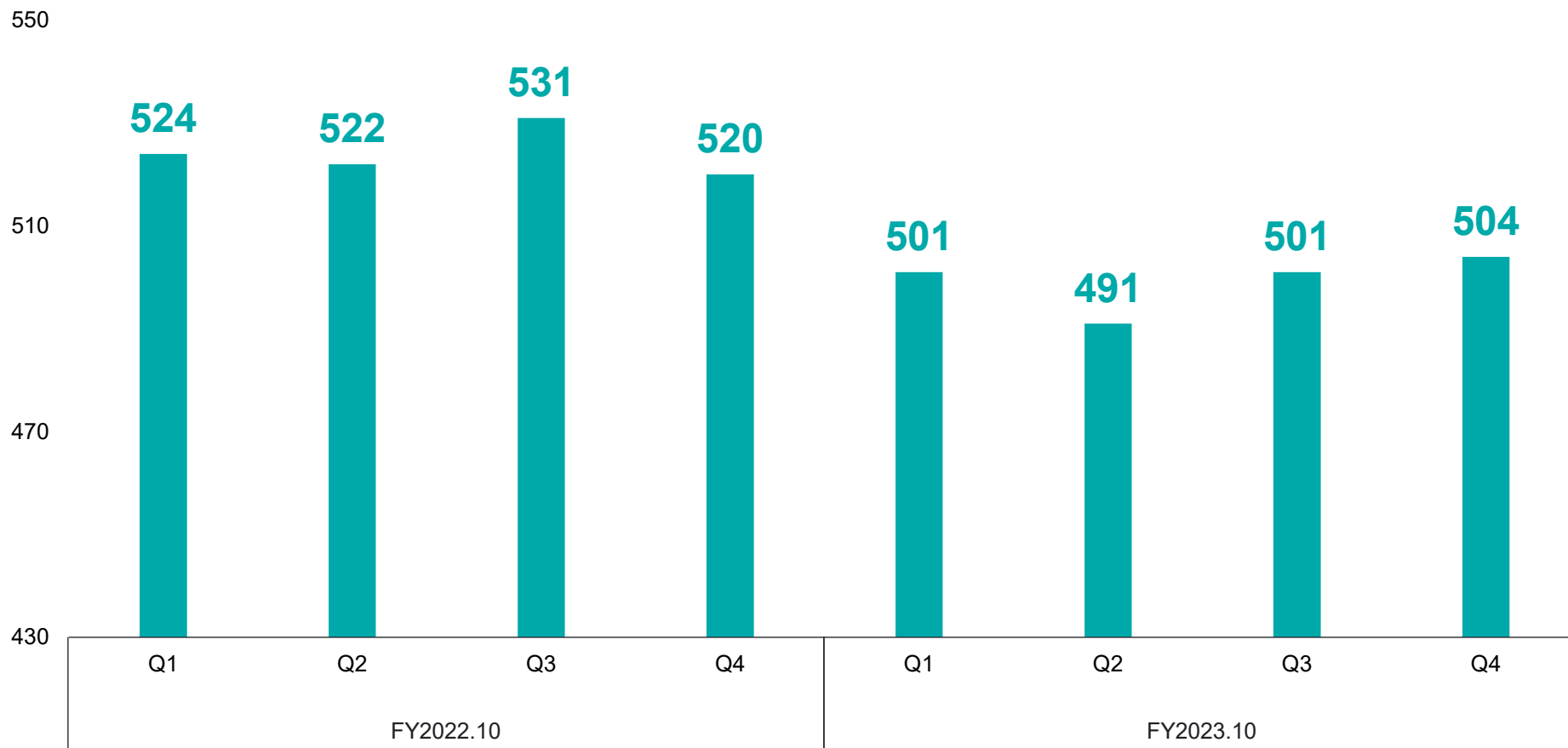
Trends in total engineers, active engineers and utilization ratio



- Since we started hiring inexperienced people, the percentage of inexperienced people has increased and the contract unit price has been on the decline, but it has stopped falling.

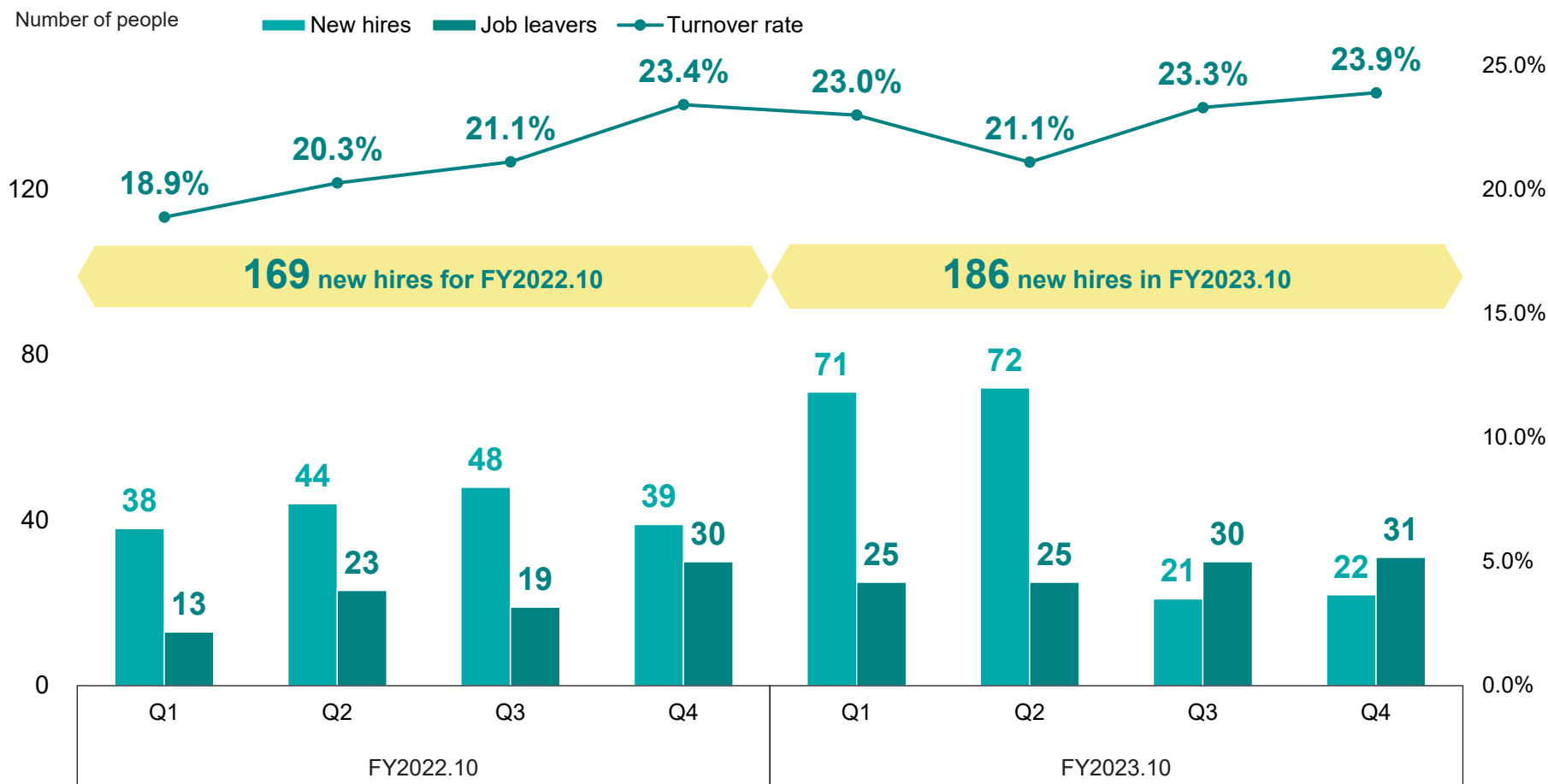
Trends in contract unit price

JPY thousands



- Due to hiring restrictions in the first half, the number of job leavers exceeded the number of new hires.
- For the full year, we hired 186 people, which is more than the previous fiscal year.

Trends by Quarter



This material has been prepared by Nareru Group Inc. (the “Company”) solely for information purpose only. This material does not constitute a solicitation of an offer to buy or sell securities in the United States, Japan, or any other jurisdiction.

The information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the accuracy and appropriateness of such data and indicators presented in this document.

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.

