



Nareru Group Inc.

Q2 Financial Results Briefing for the Fiscal Year Ending October 2026

June 15, 2026

Event Summary

[Company Name]	Nareru Group Inc.	
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[Venue Size]		
[Participants]		
[Number of Speakers]	1	
	Naoki Shibata	Representative Managing Director

Presentation

Moderator: We will begin shortly, so please wait a moment. We are ready to start.

Everyone, thank you for waiting. We will begin the Nareru Group Inc.'s Q2 financial results briefing for the fiscal year ending October 2026. Thank you very much for taking time out of your busy schedule to join our briefing.

Today, Representative Managing Director Naoki Shibata will give a presentation on the Q2 results, followed by a Q&A session. Please submit any questions you may have. You can send your questions at any time, even during the presentation. We will read out the submitted questions, and the attendees will provide the answers. We may not be able to answer all the questions due to limited time. Thank you for your understanding.

The briefing is scheduled to end at noon.

Well then, let's begin. Representative Managing Director Shibata, please.

Shibata: Thank you. I am Shibata, Representative Managing Director of the Nareru Group. Thank you very much for taking time out of your busy schedule to join our Q2 financial results briefing for the fiscal year ending October 2026.



- 01 Overview of H1 FY2026**
- 02 Major KPIs**
- 03 Progress of Growth Initiatives**
- 04 Appendix**

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Today's presentation will follow the order of the slides.

There are three main points to be discussed.

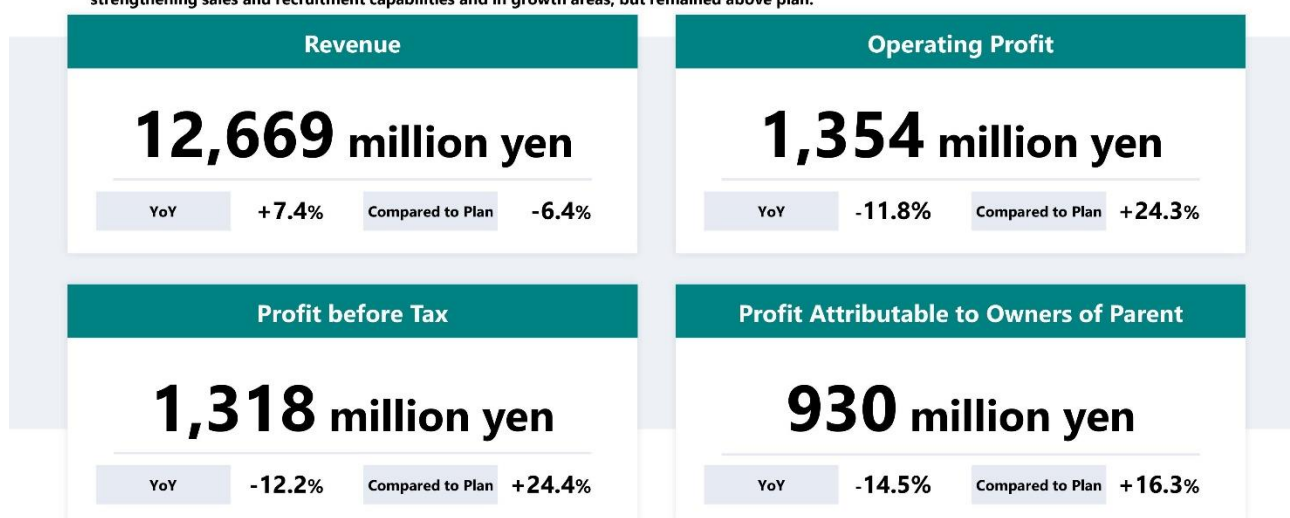
First, revenue grew by 7.4% YoY, and operating profit exceeded the target. On the other hand, while operating profit has declined YoY, this remains within the expected range in line with the growth investment phase outlined in our medium-term management plan.

Second, regarding the improvement of the utilization ratio and retention rate, which are the top priorities for our core business. Thanks to initiatives such as strengthening our sales structure and optimized personnel deployment, the utilization ratio has stabilized at 91.9% in Q2 compared to 91.3% in Q1, indicating that we are beginning to see the initial results of our efforts to improve performance. On the other hand, the turnover rate has risen due to temporary factors arising from the supply-demand adjustments and optimized personnel deployment, and we continue to view this as a significant management challenge. In H2, we will strive to achieve further improvements by strengthening our employee retention initiatives.

Third, each growth strategy is moving from the preparation and validation phase to the implementation phase. In particular, sales in the value-added areas have increased 2.5-fold YoY, and with the recent announcement of a new business alliance with BRANU Inc., a clear path to profitability is beginning to take shape.

Consolidated Financial Highlights for H1 FY2026

- Revenue increased due to an increase in the number of employees and active personnel and higher contract unit prices, mainly in the Construction Solutions Business, as well as expansion of value-added areas such as construction DX staffing and BPO. Profits declined due to upfront investments in strengthening sales and recruitment capabilities and in growth areas, but remained above plan.



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First, I will explain from consolidated financial highlights.

Revenue totaled JPY12.669 billion, representing a 7.4% increase compared to the same period last year. An increase in the number of employees and active personnel and higher contract unit prices, mainly in the construction solutions business, as well as expansion of value-added areas such as construction DX staffing and BPO contributed to the positive results.

Meanwhile, operating profit amounted to JPY1.354 billion. Although operating profit declined YoY due to strengthening sales and recruitment capabilities and continuous upfront investment in growth areas, our profits have exceeded projections.

We are executing our growth strategy while maintaining a balance between investment and profitability. It is important to note that the key point is not merely revenue growth, but the fact that the Company has managed to maintain profit levels above its targets while continuing to invest in new areas such as the construction DX and craftsmen recruitment agency businesses that will serve as future sources of revenue.

Consolidated Financial Highlights for H1 FY2026

(Millions of yen)	H1 FY2025		H1 FY2026		YoY Change	Full-year Forecast	
	Actual	Composition	Actual	Composition	% (Amount)	Announced	Progress
Revenue	11,790	100.0%	12,669	100.0%	+7.4% (+878)	29,250	43.3%
Gross Profit	3,173	26.9%	3,206	25.3%	+1.0% (+33)	7,400	43.3%
Operating Profit	1,535	13.0%	1,354	10.7%	-11.8% (-180)	3,010	45.0%
Profit before Tax	1,501	12.7%	1,318	10.4%	-12.2% (-182)	2,940	44.8%
Profit Attributable to Owners of Parent	1,087	9.2%	930	7.3%	-14.5% (-157)	2,090	44.5%

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Here is an overview of the income statement.

Revenue was JPY12.6 billion and operating profit was JPY1.35 billion. In the medium-term management plan we announced last December, we have designated 2026 and 2027 as a period for growth investments and building a solid foundation. For this reason, we are continuing to invest in strengthening our recruitment and sales infrastructure, as well as investing in the construction DX and craftsmen recruitment agency businesses. In terms of profits, while we are currently seeing the impact of these upfront investments, we are steadily laying the groundwork to achieve the growth strategies outlined in our medium-term management plan.

Progress toward our full-year forecast for H1 stands at approximately 43% for revenue and approximately 45% for operating profit. In addition to our business typically generating a higher proportion of revenue in H2 of the year, we anticipate improved utilization ratio and revenue contributions from our construction DX areas during that period, and we are working to achieve our full-year forecast.

Please note that there are no changes to our full-year forecast at this time.

Trends in Quarterly Consolidated Financial Results

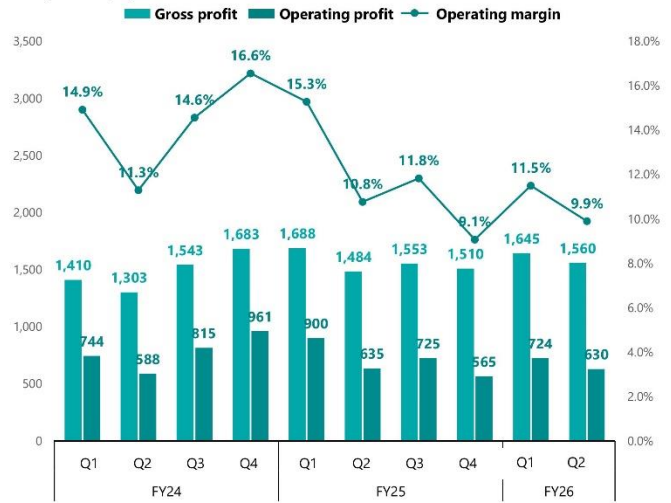
Revenue

(Millions of yen)



Gross Profit, Operating Profit, Operating Margin

(Millions of yen)



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Next, I would like to explain these trends in quarterly consolidated financial results.

Revenue has been growing steadily. It remains at a high level even on a quarterly basis.

Operating profit is below the previous year’s level due to the impact of growth investments, but remains within the investment phase outlined in our medium-term management plan. Going forward, we aim to drive profit growth by improving the profitability of our core businesses and monetizing our growth areas.

Trends in Financial Results by Segment

Construction Solutions Business

MTMP Strategy Improve contract unit prices through optimized utilization ratio and value added via DX

Revenue	Operating profit	Segment margin	Total engineers
11,405 mn yen YoY: +8.1%	1,040 mn yen YoY: -15.9%	9.1% YoY: -2.6 pt	3,840 persons YoY: +346 persons

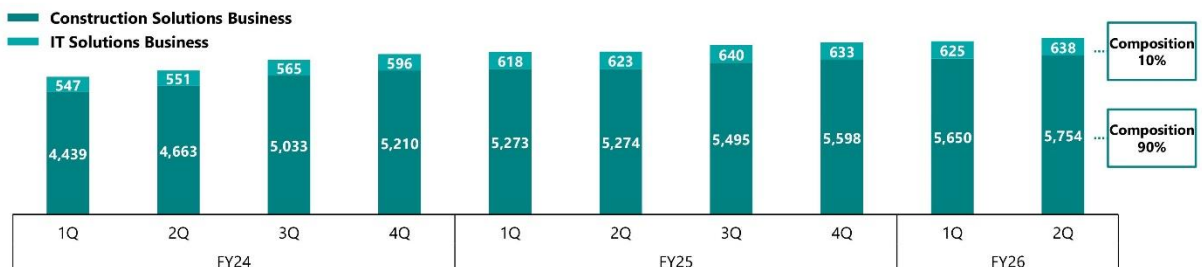
World Corporation

IT Solutions Business

MTMP Strategy Create group synergies and achieve higher profitability

Revenue	Operating profit	Segment margin	Total engineers
1,263 mn yen YoY: +1.7%	101 mn yen YoY: +25.9%	8.0% YoY: +1.5 pt	407 persons YoY: -5 persons

Trends in Quarterly Financial Results by Segment



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Next is trends by segment.

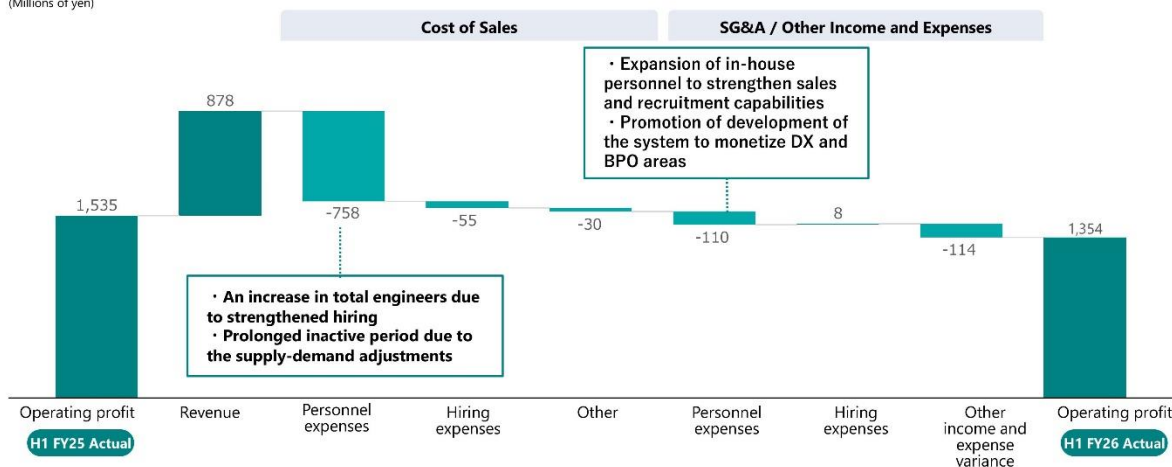
The construction solutions business generated sales of JPY11.4 billion and continues to drive the Group's growth. We achieved revenue growth due to an increase in the total number of engineers and a rise in contract unit prices.

Meanwhile, revenue from the IT solutions business totaled JPY1.2 billion. In addition to IT engineer staffing, we are expanding our IT support area for the construction industry with the aim of generating synergies within the Group in the future.

Factors for Decrease in Operating Profit and Their Positioning (Compared to H1 FY2025 Results)

- Personnel expenses increased due to the strengthening of our sales structure.
- We conducted the upfront investment to drive the MTMP, and expect the investment effects to become apparent going forward.
- We will continue to invest in growth areas such as the construction DX and craftsmen recruitment agency businesses.

(Millions of yen)



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Here is the YoY comparison of operating profit.

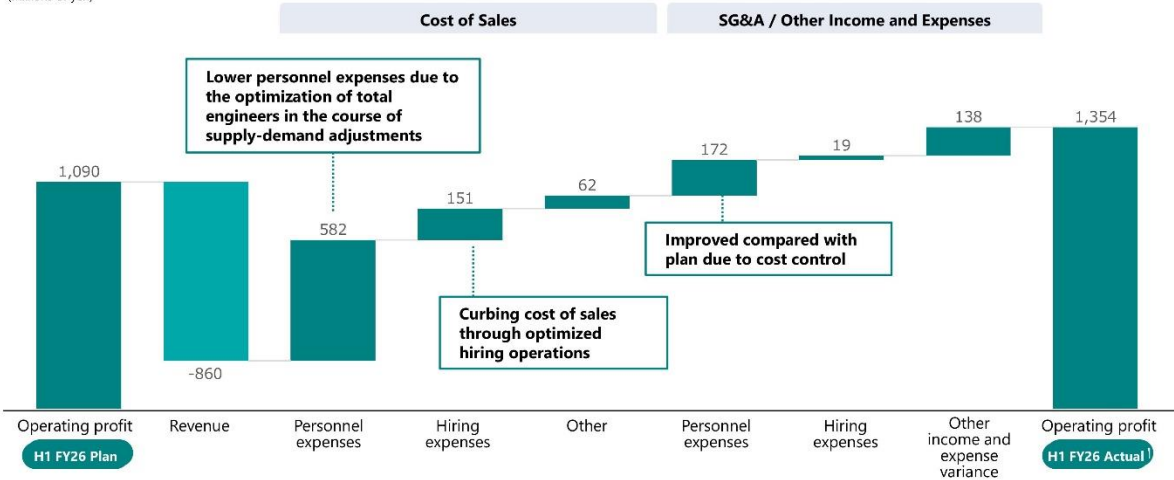
Although increased revenue helped boost profits, an increase in total number of engineers due to strengthened hiring and the prolonged inactive period due to the supply-demand adjustments acted as factors that weighed on profits. Moreover, in addition to the expansion of in-house personnel to strengthen sales capability, we continue to invest in growth areas such as the construction DX and craftsmen recruitment agency businesses.

These are upfront investments made in accordance with our medium-term management plan. Rather than pursuing short-term profits, these investments are aimed at transforming our business portfolio and achieving sustainable growth toward 2030.

Analysis of Change in Operating Profit (Compared to H1 FY2026 Plan)

- Although revenue fell below the plan, operating profit surpassed the plan due to hiring operations in line with the progress of supply-demand adjustments as well as cost control.

(Millions of yen)



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Next, here are the figures compared to the plan.

Although revenue fell below the plan, operating profit surpassed the plan due to hiring operations in line with the progress of supply-demand adjustments as well as cost control. We will continue to invest in growth while ensuring that our operations strike a balance with profitability.

Summary of Financial Position

- Net assets steadily increased due to the accumulation of profits. The equity ratio improved from the end of the previous fiscal year, securing sufficient investment capacity to drive the MTMP.

Summary of BS (As of Apr 30, 2026)

Total Assets	24,366 million yen	Prior YE 24,562 million yen
Net Assets	14,892 million yen	vs. prior YE +414 million yen
Equity Ratio	61.1%	Prior YE 58.9% → +2.2pt
Cash and Cash Equivalents	4,886 million yen	vs. prior YE +63 million yen

* Net assets = equity attributable to owners of the parent. * Equity ratio = ratio of equity attributable to owners of the parent

Points on Financial Position

- **steady increase in net assets due to the recording of profits**
Equity attributable to owners of parent increased from 14,478 million yen at the end of the previous fiscal year to 14,892 million yen, due to the accumulation of profit of 930 million yen. The capital base was continuously reinforced.
- **Financial base remained sound**
Equity ratio rose to 61.1%. Resilience against fluctuations in the external environment was maintained.
- **sufficient investment capabilities to drive the MTMP**
Sufficient financial capacity that enables hiring investment to advance the MTMP "Change and Growth 2030," strategic investment in the construction DX area, and growth investment including M&A was maintained.

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Next, I will explain our financial position.

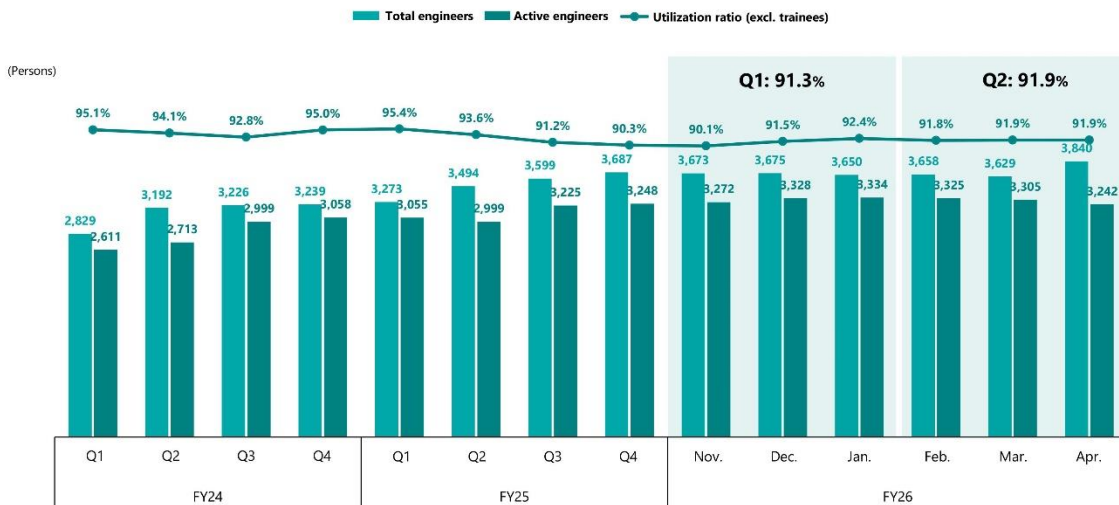
Net assets stood at JPY14.8 billion, showing steady increase due to the accumulation of profits.

Our equity ratio has risen to 61.1%, and our financial base remained sound. We continued stable cash generation through operating activities, and we have established a system that allows us to cover the revenue shortfall resulting from growth investments using internal funds.

We maintain sufficient financial capacity that enables hiring investment in the medium-term management plan, investment in the construction DX area, and growth investment including M&As.

Major KPIs: Total Engineers, Active Engineers, Utilization Ratio

■ Despite monthly fluctuation factors, the utilization ratio is showing signs of improvement owing to the reinforced sales structure, optimized personnel deployment, and hiring operations based on the supply-demand balance.



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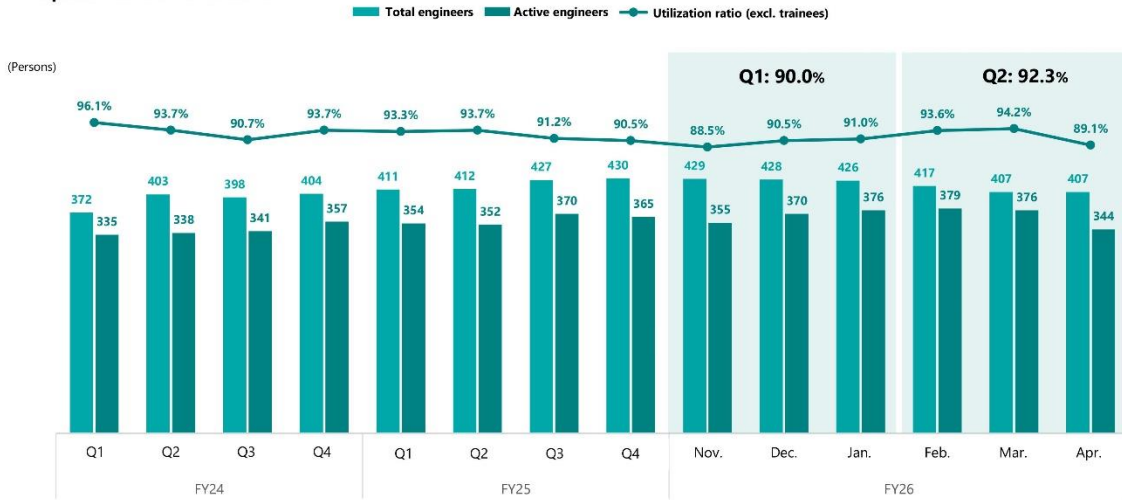
Next, I will explain about major KPIs for each business.

First, here are the major KPIs for the construction solutions business. The total number of engineers has increased to 3,840. To improve our utilization ratio, we are implementing various initiatives, including the reinforcement of sales structure, optimizing personnel deployment, and controlling hiring operations based on the supply-demand balance.

As a result, the rate improved from 91.3% in Q1 to 91.9% in Q2, and this upward trend has continued on a monthly basis. We believe that our utilization rate has stopped declining and that we are moving toward a phase of improvement. At the same time, as there is still room for improvement in terms of our performance targets, we will continue to strengthen our sales capabilities and implement retention initiatives, striving to achieve both a recovery in utilization ratio and improved profitability.

Major KPIs: Total Engineers, Active Engineers, Utilization Ratio

In addition to IT engineer staffing, the IT support area that supports operational improvement and DX promotion was strengthened. We capture needs for streamlining operations dependent on certain individuals and complex data processing, and expand our customer base.



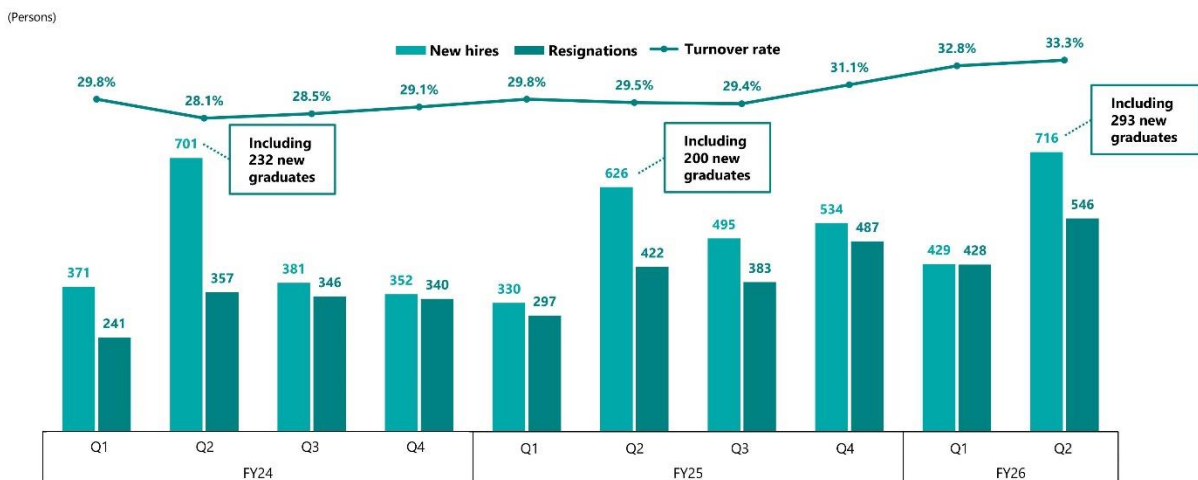
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Here are major KPIs for the IT solutions business.

The total number of engineers has reached 407. On the other hand, the utilization ratio improved from 90% in Q1 to 92.3% in Q2. In addition to IT engineer staffing, the IT support area that's focused on operational improvement and DX promotion was strengthened. We will continue to create new revenue opportunities while capitalizing on the demand for DX in the construction industry.

Major KPIs: Number of New Hires, Number of Resignations, Turnover Rate

While hiring was strengthened toward improved competitiveness in core businesses, amid the growing importance of the retention of engineers, we pursued initiatives to support certification acquisition and enhance engagement.



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Next, here is an overview of number of new hires and number of resignations in the construction solutions business.

While hiring is being strengthened toward improved competitiveness in core businesses, we pursue initiatives to support certification acquisition and enhance engagement. Through these efforts, we are working to strengthen our human resources base by focusing on both recruitment and retention.

The turnover rate rose from 32.8% in Q1 to 33.3% in Q2. We recognize that this is due to temporary factors arising from the process of supply-demand adjustment; however, we have not yet reached the level we aim for, and the management team takes this matter very seriously.

At the same time, we are continuing to promote initiatives aimed at improving employee retention, such as qualification acquisition support and enhancement of the mentor-mentee program. In addition, we are beginning to see positive changes in some metrics related to engineers' retention at their workplaces and engagement. Improving the retention rate remains one of our top management priorities, and we will continue to steadily implement various retention initiatives also in H2 of the fiscal year.

Recently, we are seeing signs that the decline in the utilization ratio is stabilizing. Through progress in supply-demand adjustments and the continued implementation of retention measures, we will establish a virtuous cycle of recruitment, retention, and utilization, which will lead to improved profitability in H2 of the year and beyond.

Major KPIs: Number of New Hires, Number of Resignations, Turnover Rate

■ We promoted development of a structure to expand into the IT support area. Hiring temporarily weakened; however, various initiatives to retain engineers were continued.



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Next is the number of new hires and number of resignations in the IT solution business.

As we move forward with the launch of our IT support area, we are reviewing our talent portfolio. Although hiring numbers have temporarily slowed, we are continuing our efforts to retain talent and laying the groundwork for future business expansion.

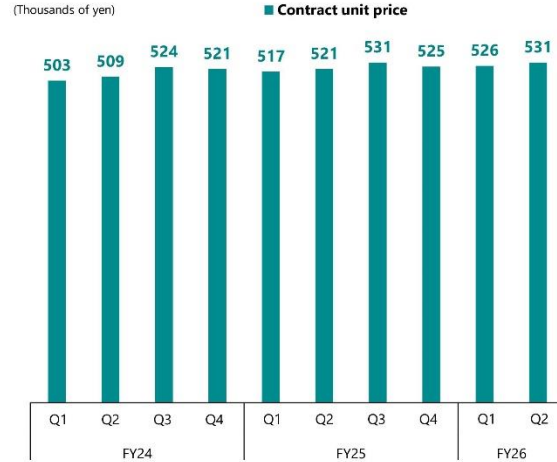
Major KPIs: Contract Unit Price

Owing to improvement in engineers' skills and proposals for engineers aligned with customers' needs, contract unit prices for both businesses tracked an upward trend.

Construction Solutions (World Corporation)



IT Solutions (ATJC)



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Next, contract unit prices. Contract unit prices for both businesses are on an upward trend.

We are working to secure high-value-added projects by developing our engineers and strengthening our ability to make proposals tailored to customer needs. As our revenue growth is shifting from simply increasing headcount to qualitative growth driven by higher contract unit prices, we will continue to prioritize increasing the contract unit price as a key focus for improving profitability.

Key Themes Based on the Medium-term Management Plan

<p>Top priority Improve competitiveness of core businesses</p> <p>Improve utilization ratio and retention rate</p> <p>Expected effects: Higher profits in core businesses</p>	<p>Growth Monetize construction DX business</p> <p>Promote Implementation-based Construction DX Model</p> <p>Expected effects: Higher contract unit prices, higher added value</p>
<p>Expansion Expand craftsmen recruitment agency business</p> <p>Expand craftsmen recruitment agency model</p> <p>Expected effects: Establishment of a new revenue source</p>	<p>Foundation Improve productivity</p> <p>Conduct BPR and renew systems</p> <p>Expected effects: Improvement in productivity, optimization of costs</p>

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From here, I will explain our growth measures.

Our medium-term management plan focuses on four key priorities: improve the competitiveness of core businesses, monetize the construction DX business, expand the craftsmen recruitment agency business, and improve productivity.

Today, I will explain the progress of each theme.

Summary of Progress in Key Initiatives in Q2

■ In Q2, the three axes of core businesses, growth strategy, and management base simultaneously made progress. From “launch” in Q1 to “progress and implementation” in Q2, the phase of each theme moved to the next stage.

Theme	Q1 FY2026	Q2 FY2026	Direction
Utilization ratio Revenue base of core businesses	Signs of improvement Confirmed signs of improvement	Made progress toward improvement A trend for improvement continued due to a demand recovery and strengthened sales	Signs of improvement → Improvement
Construction DX Growth strategy —Implementation-based DX model	Started business alliances Announced strategic business alliances with SkymatIX, Inc. and Arent Inc.	Evolved to the implementation phase To the phase of on-site adoption and knowledge circulation/Sales expanded in the value-added areas	Alliance → Implementation, monetization
Skilled worker placement Growth strategy —Exclusive position	Developed foundations Developed foundations for new services such as “Shokunin Scout”	Strengthened external collaboration Business alliance with a regional financial institution/Hiring and retention through an alliance with a major non-life insurance company	Foundation → Coverage expansion
Productivity improvement Base of the MTMP —Not linking sales with SG&A expenses	Accomplished the AI Boost Project A company-wide, half-a-year project/All participants built AI tools that address issues their own departments have	Transitioned to a company-wide promotion system Newly established the Corporate DX Promotion Department based on BPR (June) Toward renewal of core systems (July)	Frontline-driven → Company-wide

This page summarizes our progress in H1 of the year regarding the four key themes explained on the previous page. Q1 was primarily focused on development of foundations across all key areas, including establishing organizational structures, forming business alliances, and launching initiatives. In contrast, in Q2, each theme has moved from the preparation and launch phase to the progress and implementation phase.

First, in our core business, we are beginning to confirm signs of improvement regarding the utilization ratio, which are one of our top priorities. When it comes to construction DX, we are expanding into value-added areas such as DX staffing, accompaniment-based support, and BPO, rather than simply engineer staffing. Revenue in the value-added area for H1 of the year increased by 254% YoY, and the segment is growing steadily as a key driver of revenue growth under our medium-term management plan.

For the craftsmen recruitment agency business, in addition to our alliance with BRANU, we have also made progress in business alliances with regional financial institutions and other organizations, and we have begun to lay the groundwork for expanding our customer base. To improve productivity, we have established a company-wide framework that includes AI training programs and establishment of the corporate DX promotion department.

Although the contribution to our financial performance remains limited at this stage, we have made concrete progress across our key focus areas, including securing projects in the field of construction DX, expanding alliance for craftsmen job placement, and establishing a framework to drive productivity improvements. In this first year of the medium-term management plan, we believe that each strategy is steadily transitioning from the foundation building phase to the implementation phase, and that all initiatives are generally progressing as planned.

What is particularly significant is that, in new growth areas such as construction DX and craftsman job placement, we are beginning to see concrete trends that go beyond mere preparation and are leading to the acquisition of actual projects and the generation of revenue. We view the current and next fiscal years as the investment and foundation building phase in our medium-term management plan, and we are making steady progress in laying the groundwork for revenue contributions starting in 2028 and beyond. To reiterate the goals of our medium-term management plan, we aim to achieve revenue of JPY50 billion and operating profit of JPY5 billion by 2030.

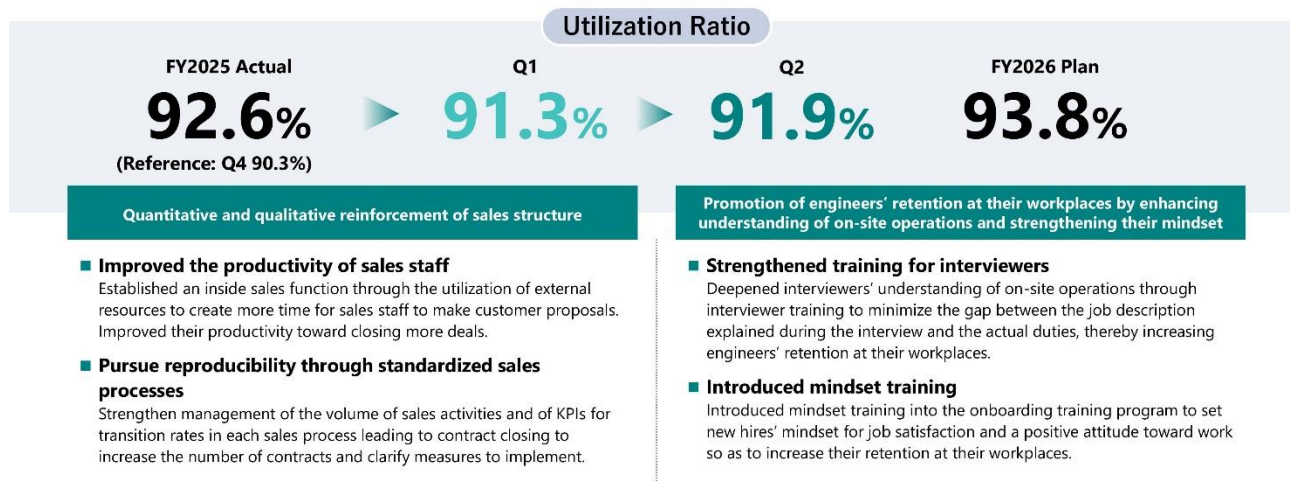
Starting in H2 of the year, we will move each of these initiatives into the results-generation phase. As this is the first year of our medium-term management plan, it is important that we first create the foundation as planned, and we believe we are making steady progress in that regard.

It should be noted that our company has grown primarily through construction managing engineer staffing. This core business will continue to be the driving force behind the Group's growth.

At the same time, as the labor shortage caused by population decline worsens, we believe it is crucial and a key priority for us to evolve into a company that does more than simply supply labor; rather, we must combine human resources with technology to contribute to improving productivity across the entire construction industry. The construction DX and the craftsmen recruitment agency business as well as the productivity improvement measures we are currently pursuing are the very first steps toward achieving that goal, and they also represent efforts to evolve our business portfolio.

Initiatives to Improve Utilization Ratio*

- In addition to the strengthening of our sales structure and optimized personnel deployment, reinforcement of initiatives to improve engineers' retention at their workplaces resulted in the utilization ratio trending toward improvement. We aim for further improvement in the second half.



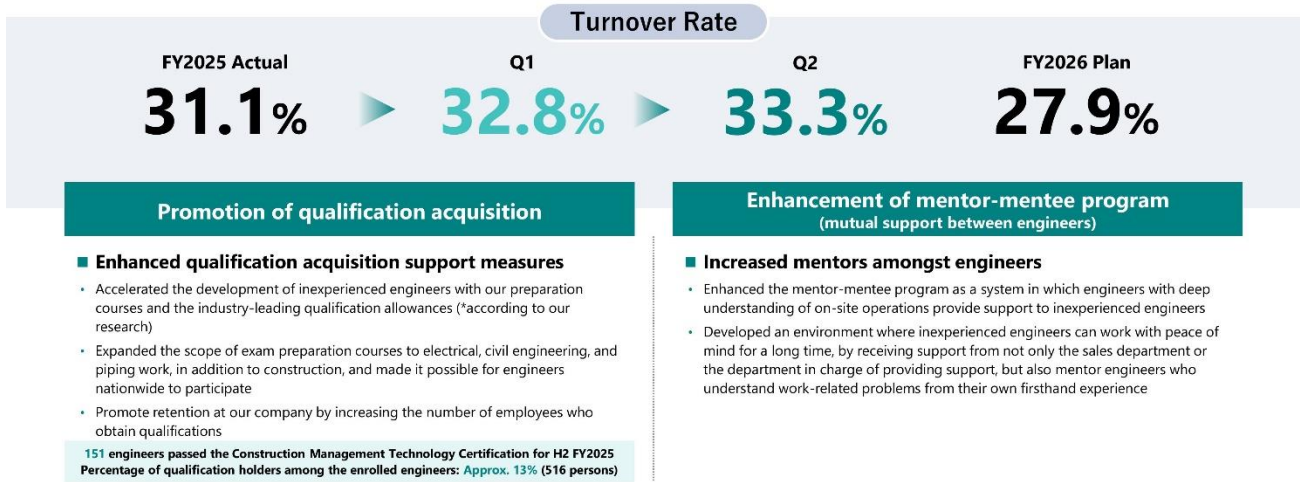
* Construction Solutions (World Corporation)

Next is about improvement of the utilization ratio, which is one of the top priorities in the core business.

We are continuing to strengthen our sales structure, establish an inside sales function, and standardize our sales processes. We are also working to improve retention rates after assignment to their positions through training programs designed to enhance interviewers' skills and company-wide mindset training. As a result, the utilization ratio is trending upward, and we will continue to strive to meet our targets.

Initiatives to Improve Retention Rate*

- We continue to recognize the retention of engineers as an important issue, and will continue to promote various measures such as qualification acquisition support and enhancement of mentor-mentee program.
- We are currently in the phase of embedding these measures, and will further strengthen initiatives to improve the retention rate going forward.



* Construction Solutions (World Corporation)

In addition, we continue to recognize the retention of engineers as an important issue.

We will continue to promote various measures such as qualification acquisition support and enhancement of the mentor program. A total of 151 engineers passed the Construction Management Technology Certification for H2 FY2025. Qualification holders increased to 516 persons in total. We will continue to strengthen our competitiveness over the medium to long term while balancing efforts to improve retention rates with human resource development.

In H2 of the fiscal year, in addition to progress in supply-demand adjustments, we will continue to implement various measures, such as initiatives to enhance engagement, and will continue to prioritize achieving both improved retention rates and a recovery in the utilization ratio.

Initiatives for Retention (Engagement Enhancement)

- Fully deploy multiple initiatives to strengthen engineers' sense of belonging and connection with the organization. Build an organizational base that supports engineers' retention at their workplaces, with both employee-led activities and information transmission by the management team.

Topic-based meetups	Establishment of employee clubs	World Communication (in-house video streaming)
		
<p>Objective / problem solving</p> <p>Create interactions among engineers and touchpoints with the company. Foster a sense of belonging to prevent isolation</p>	<p>Objective / problem solving</p> <p>Build communities that transcend organizational and occupational barriers. Improve engagement through employee-led activities</p>	<p>Objective / problem solving</p> <p>Improve engagement by closing information gaps between the management team and on-site personnel</p>
<p>Progress in initiatives</p> <ul style="list-style-type: none"> • Held every month from January 2026. Already held five times • Participants have increased each time. Currently held at venues outside the company 	<p>Progress in initiatives</p> <ul style="list-style-type: none"> • Launched 11 clubs that are officially recognized within the company • Over 450 engineers participate 	<p>Progress in initiatives</p> <ul style="list-style-type: none"> • The first episode was streamed in February 2026. Representative Director Shibata and other management members appeared to directly share management information • Continue to stream content on topics such as the MTMP, BPR, retention initiatives, and the Sales Headquarters reserved.

22

Next, I'd like to discuss measures to improve engineer engagement today.

Starting this fiscal year, we are implementing initiatives to strengthen the touchpoints between engineers and the Company through topic-based meetups, employee clubs, and World Communication. In particular, attendance at our monthly topic-based meetups has been growing with each session, bringing together engineers who are usually assigned to various projects to interact with one another.

We view this as a valuable opportunity because many of our executives and office staff participate in these events, allowing us to listen directly to our engineers about their on-site work, the challenges they face, and their concerns, and to provide them with direct support. In fact, through these meetups, we've been able to connect with engineers, and we receive constructive suggestions for improving our company from participating engineers and strengthening our bonds with them, which has helped foster smoother relationships with each engineer moving forward. We've seen very positive results.

In addition, 11 employee clubs led by engineers have already been established this fiscal year, and in a short period of time, more than 450 engineers have joined, creating a lively atmosphere.

Promotion of Implementation-based Construction DX Model

- Build an “implementation-based construction DX model” that goes beyond a mere staffing business model through strategic business alliances with SkymatiX and Arent based on our human resources base. Through on-site adoption and knowledge circulation, improve products and create on-site value
- In the area of construction DX, the era is shifting from “products only” to “human resources, products, implementation.” The Group aims to be a hub through collaboration with multiple companies based on our human resources base



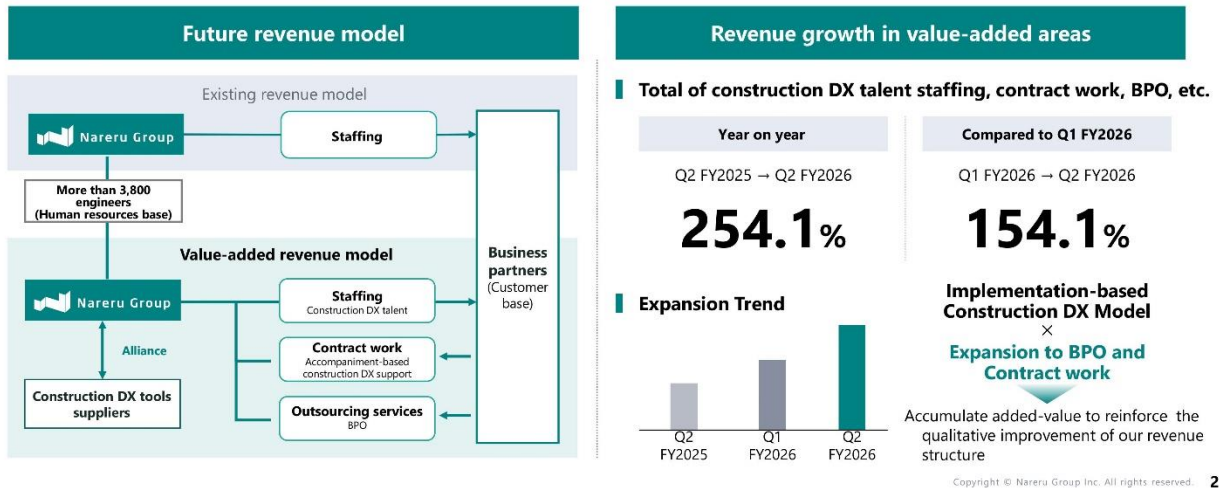
Next, I will explain our efforts for promotion of an implementation-based construction DX model.

We are not a company that develops DX tools; rather, we provide implementation-based human resources services designed to implement DX on construction sites. Through our alliance with SkymatiX and Arent, we have developed a unique model that combines human resources, products, and implementation support.

The strength of this business lies not only in providing DX tools to our clients’ sites, but also in assigning our dedicated accompaniment-based support staff to those sites after implementation, enabling us to assist with everything from operation to their full adoption of construction DX tools. We aim to create a position that contributes to both improving our clients’ productivity and helping DX development companies enhance their products.

Expansion of Value-added Revenue Model

- Expand revenue streams into DX support and BPO through strategic alliances with construction DX companies, starting from our human resources base. Aim for the qualitative improvement of our revenue structure and the enhancement of our corporate value over the medium to long term by accumulating added value.
- Revenue in value-added areas (construction DX talent staffing, contract work, BPO) steadily expanded both year on year and compared to Q1 of FY2026.



Next, here is an update on the progress of monetization in the construction DX area.

Although the scale is still limited, revenue from value-added areas such as construction DX talent staffing, contract work, BPO has grown significantly, increasing by 254% YoY and 154% QoQ. In addition to our traditional staffing model, we are working to enhance our revenue structure by expanding into contract work of accompaniment-based construction DX support and BPO revenue areas.

Although we are currently in the feasibility phase aimed at securing projects and strengthening our implementation framework, we will gradually build a track record by supporting the implementation and adoption of our solutions at our clients' sites. In this business, we aim to expand our revenue opportunities by implementing a high-value-added model that combines staffing services, accompaniment-based support, and BPO.

We view the current and next fiscal years as a phase for expanding our customer base and implementing our strategies, and the period starting in 2028 as a phase for increasing revenue contribution of the business. In the medium to long term, we aim to achieve industry-leading growth and profitability.

Expansion of craftsmen recruitment agency business –Development of a construction talent platform utilizing our own business base–

- Utilize our customer base and human resources base to promote the development of a database and matching platform for craftsmen and other construction talent
- Expand sales channels and enhance our services, and promote the materialization of a talent platform for the construction industry

<p>Barrier to entry</p> <p>Hold a license for “paid employment placement services for construction work” granted to only three organizations nationwide to allow them to engage in craftsman job placement</p> <p><small>* Held by a Group company, National Construction Personnel Association (“NCPA”)</small></p> <div style="text-align: center;"> <p>Number of authorized organizations</p> <h1>3 organizations</h1> <p>Held by NCPA</p> </div> <p>New entry by competitors is extremely difficult</p>	<p>Huge untapped market</p> <p>Target specialized construction companies, which constitute the largest market segment within the industry pyramid</p> <div style="text-align: center;"> </div>	<p>Acceleration of external collaboration</p> <p>Strengthen our business foundation through two axes: coverage expansion of sales channels and awareness, and expansion of value provided (hiring & retention)</p> <p>1. Coverage expansion of sales channels and awareness</p> <p>Business alliance with regional financial institutions</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 5px;">Regional financial institutions</div> <div style="margin: 0 5px;">→</div> <div style="border: 1px solid black; padding: 5px; margin-right: 5px;">Business partner construction companies</div> <div style="margin: 0 5px;">→</div> <div style="border: 1px solid black; padding: 5px;">NCPA Service provision</div> </div> <ul style="list-style-type: none"> ◆ Disseminate our services to our business partners, conduct counseling and talent matching ◆ Expand reach to local small and medium-sized enterprises and specialist construction companies
<p>Competitive advantage (Moat)</p> <p>Exclusive job placement services provided through National Construction Personnel Association</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px;">Number of member companies of NCPA</div> <div style="margin-left: 10px;">approximately</div> <div style="font-size: 24px; font-weight: bold; margin-left: 10px;">2,000</div> </div> <p><small>* There is still a lot of room for growth.</small></p>	<p>Structural challenge</p> <p>Suffering from the most severe labor shortages and the low penetration of job placement services</p> <p>Tailwind (Deregulation)</p> <p>Momentum for talent mobility driven by the 2024 Problem and government policy</p>	<p>2. Expansion of value provided (hiring & retention)</p> <p>Alliance with a major non-life insurance company</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p>Offense: Hiring support</p> <p>CONTRACT/NCPA</p> <p>Market analysis, recruitment methods, securing talent</p> </div> <div style="font-size: 24px; font-weight: bold; margin: 0 10px;">+</div> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p>Defense: Retention support</p> <p>Alliance partner (a major non-life insurance company)</p> <p>Organizational improvement, employee benefits, engagement</p> </div> </div> <ul style="list-style-type: none"> ◆ Target: specialist construction companies in the construction industry (securing and retaining human resources for subcontractors) ◆ Evolve into services that cover hiring, retention, and education

Next, I would like to explain our craftsmen recruitment agency business, which is another pillar of our business expansion efforts.

Our group holds a license for paid employment placement services for construction work, which is a qualification possessed by only a very limited number of organizations nationwide. Moreover, this is a field characterized by particularly high barriers to entry. Furthermore, there is a vast untapped market here, centered primarily on specialized construction companies.

We are currently working to strengthen our business foundation by expanding our sales channels and enhancing our services through alliances with regional financial institutions and major non-life insurance companies. While the impact on our financial performance is limited at this stage, we are expanding our customer reach through alliance with regional financial institutions and alliance with BRANU, which will be discussed in more detail later.

With regard to our craftsmen recruitment agency business, we are continuing to strengthen our business foundation as a new growth area under our medium-term management plan.

Expansion of craftsmen recruitment agency business

– Business Alliance with BRANU (Service launch scheduled for July 1, 2026)

- Accelerate placement-business growth by expanding “Shokunin Scout” sales via BRANU’s network
- Build a one-stop talent-acquisition and DX support structure for the Construction HR Platform



* “Shokunin Scout” is a skilled worker placement service operated by Group subsidiary CONTRAFT Co., Ltd. and the National Construction Human Resources Association. * The impact of this alliance on consolidated results for FY ending October 2026 is expected to be minor; however, over the medium to long term it is recognized as contributing to business expansion and enhancement of corporate value. Copyright © Nareru Group Inc. All rights reserved.

This page explains the business alliance with BRANU.

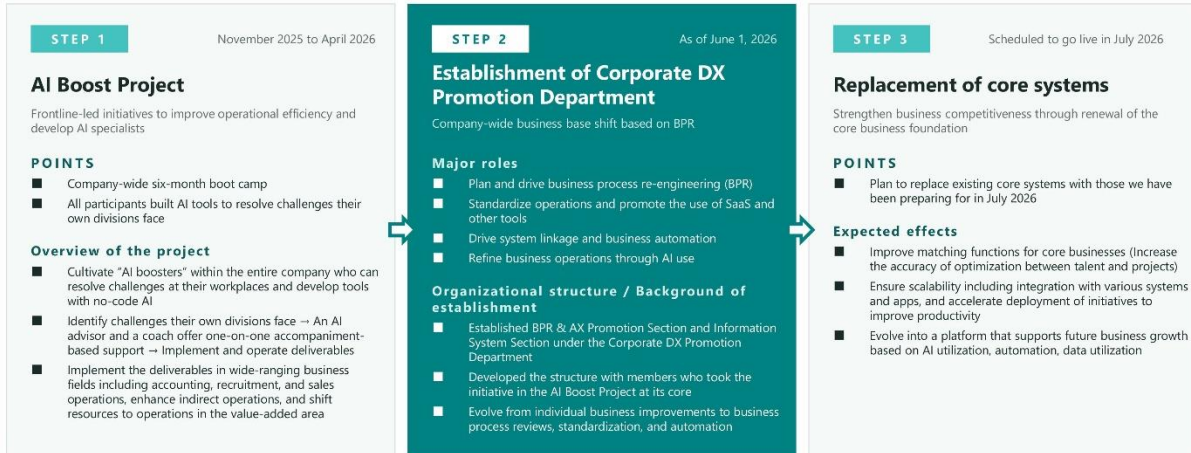
BRANU provides CAREECON Plus, a construction DX solution, to construction companies nationwide and possesses an extensive network of construction firms. Meanwhile, our group maintains ties with approximately 2,000 construction companies that are members of the National Construction Personnel Association, which is our consolidated subsidiary. We provide and operate a craftsmen recruitment agency service and “Shokunin Scout,” a direct recruiting service product tailored to the construction industry.

Through this alliance, we will leverage each other’s customer bases to combine our Group’s human resources services with BRANU’s construction DX solutions, providing one-stop support to address both the labor shortage and the need for DX faced by construction companies. The service is scheduled to launch on July 1, and we will initially begin promoting our group’s product, Shokunin Scout, to BRANU’s customer base.

For our company, this alliance is more than just a business alliance. We view this as a concrete measure to secure new touchpoints with construction companies through BRANU’s customer base. By expanding touchpoints, we aim to increase opportunities of skilled worker placement; and by enhancing both our job listings and our pool of job seekers, we will drive growth in our skilled worker placement business. Furthermore, we believe this initiative is a crucial step toward realizing the structure for the Construction HR Platform concept outlined in our medium-term management plan over the medium-to long-term.

Initiatives to Improve Productivity

- To address increased workloads associated with business growth, promote a shift from human-based operations to a reproducible operational foundation based on “standardization, automation, and digital utilization.” Aim to decouple sales growth from SG&A expenses.



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Last but not least, I will explain our initiatives to improve productivity.

As part of our medium-term management plan, we aim to have a workforce of 8,000 engineers by 2030. On the other hand, rather than increasing the number of staff in the administrative department at the same pace as business growth, our approach is to achieve sustainable growth by improving internal productivity. For this reason, we are promoting a shift from conventional human-based operations to an operational foundation based on standardization, automation, and digital utilization.

As a first step, we launched AI Boost, a group-wide AI promotion project, to drive operational reforms and AI adoption across all departments. In addition, we established a new corporate DX promotion department this month. We view this department not merely as a systems department, but as a key organization responsible for driving company-wide initiatives such as business process reengineering (BPR) and the integration of AI-powered systems based on business process reform. In addition, we plan to replace our core systems in July, and going forward, we will work to build a foundation for growth that does not rely on increasing headcount by improving operational efficiency and service quality.

Improving company-wide productivity serves as the foundation for all growth strategies outlined in our medium-term management plan, and we will continue to prioritize this as a key initiative to ensure that sales growth and increases in selling, general, and administrative expenses remain decoupled.

This concludes my presentation.

Moderator: Thank you very much.

Question & Answer

Moderator [M]: We will now begin the question-and-answer session. We will read the questions that we received and attendees from the Company will answer the questions. Please enter the questions if you have any.

Now, I'd like to start by reading some of the questions we received in advance, beginning with the ones we received most frequently.

Participant [Q]: First question. In your medium-term management plan, Change and Growth 2030, you have set targets of JPY50 billion in revenue and JPY5 billion in operating profit for FY2030. Could you please provide an overview of how your company plans to evolve its business structure to achieve these goals?

Shibata [A]: Thank you for your question. Regarding your question about the development of our business structure to achieve our medium-term management plan goals, or the overall picture of this, let me start by noting that the majority of our current revenue comes from our core business, construction managing engineer staffing. There is virtually no chance that this will cease to be our core business in the future.

On the other hand, I feel that there are structural limitations to a model of continuously and organically increasing the number of staff for construction managing engineer staffing by 10,000 or 20,000 only with temporary staff while maintaining or exceeding the current CAGR. Furthermore, even in the field of construction management for inexperienced workers—an area in which we have traditionally excelled—the construction industry as a whole is facing a severe labor shortage, not just in construction management but across the entire sector.

This shortage extends to skilled tradespeople in various roles, as well as professionals specializing in construction drawings, BIM, cost estimation, budgeting, permit applications, and DX. With that in mind, we intend to make even better use of the customer base and human resources base we have built up over the years to expand into related fields.

I hope you understand that we are not simply adding new businesses indiscriminately, as I explained today, but rather expanding horizontally based on the foundation of our existing businesses. Our ultimate goal is to become a comprehensive human resources and infrastructure company specializing in the construction industry.

So, to reiterate, this does not mean that our company is planning to stop providing a construction managing engineer staffing service. With construction managing engineer staffing as our core business, we aim to evolve into a company that addresses the staffing challenges and labor shortages facing the construction industry as a whole. I believe this outlines the overall vision for the development of our business structure as we aim to achieve revenue of JPY50 billion and operating profit of JPY5 billion by FY2030.

That's my answer.

Moderator [M]: Thank you. Next question.

Participant [Q]: In addition to construction managing engineer staffing, your company has positioned its craftsmen recruitment agency business as a pillar of its growth strategy. Please explain the rationale behind incorporating this craftsmen recruitment agency business into your growth strategy, as well as the significance of the business alliance with BRANU, which was announced alongside your Q2 financial results.

Shibata [A]: Thank you for your question. First and foremost, it is a fact that the shortage of skilled workers in the construction industry is far more severe than in construction management roles. Above all, the market for craftsmen is overwhelmingly larger than the construction management market and represents an untapped market segment.

This is because, while there are said to be approximately 3 million to 3.4 million construction craftsmen nationwide, this figure is several times larger than the estimated 300,000 or so construction management engineers. Furthermore, there are many specialized construction companies, making this the largest segment within the construction industry's pyramid structure.

Furthermore, from the perspective of target markets, we believe that the food industry has a market size that far exceeds that of the construction management sector. As I mentioned earlier, our company holds a rare license for craftsman job placement. Since launching this business, we have built up an extensive network of craftsmen, independent contractors, and specialized construction companies.

We believe that this alliance with BRANU will enable us to further expand our customer reach, and beyond that, actually, we do not intend to limit our business in the craftsmen job placement area to mere staffing services. Looking ahead, we can rephrase our platform concept—which is an integral part of our goal to build a network of construction professionals—as a component of our platform strategy.

In other words, we view our current craftsmen recruitment agency business not merely as a standalone operation, but as a key strategic initiative that helps form the very foundation of the talent supply chain for the construction industry as a whole.

That concludes my answer.

Moderator [M]: Thank you. Next question.

Participant [Q]: In the construction DX area, while you are actively pursuing business alliances, your medium-term management plan identifies M&As as one of your growth strategies. How will you distinguish between alliances and M&As in the construction DX area? Please also tell us what factors are prioritized when considering M&As.

Company Representative [A]: Thank you for your question. I will answer this question.

First, regarding our fundamental approach to the construction DX area, we do not aim to be a product provider that develops or offers construction DX tools ourselves. We believe our strengths lie in the customer base and human resources base we have built through the construction managing engineer staffing, as well as our deep understanding of the construction industry.

Therefore, in the construction DX area, our core strategy is to make alliance with construction DX providers that offer superior products and technologies, leveraging our own customer base and human resources base to handle the implementation aspects such as support for introduction and ensuring smooth operational integration. Rather than simply selling tools, we plan to provide support all the way through to ensuring they are effectively utilized and deliver results. By doing so, we aim to expand beyond staffing into high-value-added areas such as contract work and BPO.

Therefore, we believe that business alliances remain the fundamental form of collaboration in the construction DX area. However, depending on the project, it is possible that we may make a small investment to strengthen this partnership; nonetheless, our goal is not making an investment.

On the other hand, with regard to M&As, we view it as a critical growth strategy for expanding our business, broadening our business areas, and enhancing the services we offer. In particular, this medium-term management plan identifies the expansion of our craftsmen recruitment agency business as a key growth strategy. While we are initially focusing on so-called functional expansion projects in this growth area, which combines construction DX with BPO, we believe that certain projects could also lead to the expansion of our customer base and human resources base.

I believe what we value most is whether we can generate concrete synergies following an acquisition. We plan to evaluate opportunities based on how they can enhance added values when combined with our customer base and human resources base and whether they will contribute to increasing our corporate value over the medium to long term.

Our fundamental approach to M&As is to expand the value we provide to the construction industry by combining alliances with our construction DX partners and M&As while leveraging our customer base and human resource base as a foundation.

That is my answer.

Moderator [M]: Thank you. Next question.

Participant [Q]: Your company is not only focused on construction managing engineer staffing but is also working to provide personnel in new job categories such as DX professionals and BPO professionals. Could you please explain the strategic positioning of these initiatives and how they relate to your traditional staffing business?

Shibata [A]: Thank you for your question. As I mentioned earlier, the labor shortage in the construction industry as a whole is not limited to construction managing engineers. In fact, there is a shortage across the industry, including personnel needed to drive DX, those capable of handling contracting work and BPO, and even construction directors and administrative staff working in construction offices.

In other words, when it comes to implementation, they are facing a shortage of personnel in various roles throughout the entire construction process, which is making it difficult for construction projects to proceed as planned. In addition, currently, there is a risk of delays in the process due to materials procurement issues involving naphtha.

Therefore, we are not only increasing the supply of construction managing engineers, but we are also working to provide the construction industry with personnel skilled in new and emerging fields such as DX, IT, and AI. Our company aims to become a provider of these in-demand job roles. In other words, I don't see this as a replacement for our current core staffing business at all; rather, I believe it will lead to further expansion of the value we provide to our existing clients.

Furthermore, as I explained earlier, this is not about scaling back the temporary staffing business to shift to new job categories, but rather about whether we can effectively leverage the customer base and human resources base we have built through our temporary staffing operations. The key point is whether we can position ourselves to supply personnel to new jobs in that surrounding area. These issues represent the major challenge currently facing the country in this era of population decline.

Therefore, we intend to firmly establish the sustainable talent supply model as a company adapted here. When it comes to the structural challenge of a shrinking population, the solution isn't simply to increase the number of new hires. We believe that determining how to recruit and effectively utilize individuals who have had contact with our company is also an extremely important aspect.

That is my answer.

Moderator [M]: Thank you. Next question.

Participant [Q]: Looking ahead 5 to 10 years from now, how would you like your company to be perceived beyond its current role as a construction managing engineer staffing agency? Please tell us about your long-term strategic direction for the Company.

Shibata [A]: Thank you for your question. If asked which business will be our main source of revenue five years from now, I believe that construction managing engineer staffing will continue to be a key pillar of our business.

On the other hand, as I mentioned earlier, it is also true that I feel a growth model based solely on increasing the talent pool will inevitably reach its limits at some point in this aging society. In other words, I see it as a risk that the era in which a company could grow simply by increasing the number of hires—as we have done in the past—is gradually coming to an end.

As a business leader, this is exactly what I have my sights set on. First of all, we have never operated under a model where hiring is the end of the process. We have never treated our interactions with personnel as one-time events. We aim to establish a framework within our company that supports the long-term career development of these individuals—even when they are no longer with us—while also fostering greater workforce mobility and optimal staffing across the construction industry as a whole.

In other words, we believe that a business model based on this kind of circular cycle will enable us to maintain a competitive advantage over other companies in the future. And in 5 years or 10 years, our goal is to become a company that serves as a platform where talent and businesses in the construction industry can most easily gather, connect, and create value.

To that end, as I mentioned earlier, we aim to serve as a bridge connecting talents, companies, and technology. And then there's this platform concept and infrastructure concept. Why are we aiming to become a company focused on platforms and infrastructure? That is because companies that are considered as infrastructure of the industry will become absolutely indispensable to the industry as a whole.

What I just said might sound like a statement that could potentially transform the very raison d'être of our company. That said, we aim to evolve from a company that reliably supplies talent into one that will support and enhance the productivity of the entire construction industry in the future, thereby driving the growth of the sector.

Therefore, our goal for the next 5 to 10 years is to be recognized by investors not merely as a construction managing engineer staffing agency, but as a construction workforce infrastructure company. We are confident that achieving this will lead to an increase in our company's corporate value over the medium to long term.

That concludes my answer.

Moderator [M]: Thank you. Next question.

Participant [Q]: Is it correct to assume that you are not currently significantly affected by naphtha?

Shibata [A]: Thank you for your question. We are aware that the import of materials is currently experiencing significant delays due to the impact of naphtha. In fact, large general contractors and subcontractors have secured a sufficient supply of the necessary materials.

It is true that there are certainly some projects that have hit a wall, but we are currently hearing a great deal about the middle and lower tiers of this pyramid structure. Consequently, some projects are now facing a situation where the plan itself may be slightly delayed or, in some cases, could even come to a standstill.

As reported on the news just late last night, the war between the USA and Iran has ended. Therefore, we can expect distribution here to gradually return to normal, even if it takes some time. As to whether this construction project will have an immediate, significant impact, I don't think it's likely to have a major, critical impact on the scale of the labor shortage or comparable in magnitude.

However, we still hear a great deal from customers about the impact of naphtha. In addition, delays in the delivery of materials for exterior painting or other construction materials could naturally cause work to come to a temporary halt or be delayed for both the craftsmen and the construction management staff. Therefore, we intend to establish a framework that allows us to take the most appropriate actions while being mindful of these various potential risks, as well as to build the necessary internal systems. We also plan to proceed in a way that ensures we can effectively mitigate these risks by maintaining open communication with our customers.

That is all from me.

Moderator [M]: Thank you. Since it seems we already answered the questions that we have received, we will end the question-and-answer session.

Finally, Representative Managing Director Shibata will say a few words.

Representative Managing Director Shibata, please.

Shibata [M]: Again, thank you very much for taking time out from your busy schedule to participate in our financial briefing.

As I mentioned earlier, our company is currently in the phase of building an investment foundation as part of our medium-term management plan. Now that we have completed the first half of our medium-term management plan and H1 of this fiscal year, what I want to emphasize most at this time is that growth investments are no longer merely an increase in expenses; they are now clearly and unambiguously beginning to drive our business growth.

As for construction DX, as I mentioned earlier, we are currently moving forward with the launch of specific services in collaboration with our partners. In addition, through our craftsmen recruitment agency business, we have recently formed an alliance with BRANU, which now allows us to refer clients to each other. We are now steadily increasing our customer base, the number of job seekers, and the number of experienced craftsmen.

On the other hand, as I mentioned in my presentation, we have only just begun our efforts to improve productivity across the entire group. With the establishment of our new corporate DX promotion department, we intend to move from the conceptual phase to a phase of solid implementation and execution.

Looking ahead to H2 of the fiscal year and beyond, we are committed to working together as a company to ensure that these initiatives yield tangible results, thereby achieving our 2030 targets of JPY50 billion in revenue and JPY5 billion in operating profit. Beyond that, our goal is to evolve and transform from a company that simply supplies personnel into one that supports productivity improvements across the entire construction industry.

Looking ahead, 5 years or 10 years from now, while our investors may currently view us as an agency specializing in construction managing engineer staffing, I hope they will come to see us as a solid company that has successfully built a robust infrastructure for the construction workforce.

By delivering tangible results and leading the way, I am committed to guiding us toward becoming a company that contributes to both the construction industry and society as a whole.

This concludes our Q2 financial results briefing for the fiscal year ending October 2026. Thank you very much for your attention.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
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