

Nareru Group Inc.

9163

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FISCO Ltd. Analyst

Taizo Yamamoto



FISCO Ltd.

<https://www.fisco.co.jp>

2Q profit decline in line with expectations; strategic investments to achieve medium-term management plan goals

Nareru Group Inc. <9163> (hereafter, also “the Company”) announced its 2Q FY10/26 results on June 12, 2026. The results were generally in line with previous guidance, showing a decline in profit due to strategic investments aimed at achieving the medium-term management plan, although profit ultimately exceeded the initial plan. The Company is a corporate group engaged in engineer dispatching. Centering on World Corporation founded in 2008, it operates a Construction Solutions Business, which recruits and trains young, inexperienced human resources and dispatches them to construction sites, and an IT Solutions Business, which dispatches IT engineers. To address challenges such as labor shortages and productivity improvement in the construction industry, it dispatches construction managing engineers and also operates unique businesses such as construction DX, which supports digital transformation at sites, and fee-charging employment placement services for craftworkers (skilled workers), for which it is one of only three organizations in Japan licensed to provide such services. Under its new medium-term management plan, Change and Growth 2030, the Company is promoting higher value-added services by integrating the training and dispatching of professional human resources with technology.

2Q profit decline in line with previous guidance; profitability expected to improve from 2H onward

1. Overview of 2Q FY10/26 results

In the 2Q results announced on June 12, 2026, revenue increased 7.4% YoY to ¥12,669mn, while operating profit decreased 11.8% to ¥1,354mn. Although the decline in profit followed strategic investments in recruitment and sales structure enhancement—in line with previous guidance—operating profit exceeded the initially planned ¥1,090mn. These strategic investments are aimed at future unit price increases and DX expansion, and rather than indicating a decline in structural profitability, this represents a phase of building the foundation for medium- to long-term revenue growth. By segment, in the Construction Solutions Business, revenue increased 8.1% to ¥11,405mn and operating profit decreased 15.9% to ¥1,040mn, while total engineers increased by 346 persons to 3,840 persons, the utilization ratio rose 0.6 percentage points (pp) quarter on quarter (QoQ) to 91.9%, and the turnover rate increased 0.5pp QoQ to 33.3%. In the IT Solutions Business, revenue increased 1.7% to ¥1,263mn and operating profit rose 25.9% to ¥101mn, while total engineers decreased by 5 persons to 407 persons, the utilization ratio increased 2.3pp QoQ to 92.3%, and the turnover rate increased 1.0pp QoQ to 23.2%. As the Company continues to win projects in the construction DX and BPO domains, and through the shift away from a revenue structure centered on conventional staffing services, improving utilization ratios and retention rates will be key to continued growth going forward.

2. FY10/26 forecasts

For the FY10/26 consolidated results, the Company expects both revenue and profit to increase, with revenue rising 21.1% YoY to ¥29,250mn and operating profit growing 6.5% to ¥3,010mn. It will be the first year of the medium-term management plan, during which the Company will prioritize growth investments such as increasing staff in the sales and recruitment departments. Profit growth will therefore be limited in 1H, but in 2H and beyond, revenue growth is expected to materialize as utilization ratios improve. To achieve the targets, the Company is working on improving its utilization ratio, and intends to strengthen its sales structure, broaden its sales area, and enhance construction DX.

Operating profit targeted at ¥5.0bn by FY10/30 following an investment phase through next fiscal year

3. Medium- to long-term growth strategy and shareholder returns

The new medium-term management plan, Change and Growth 2030 (FY10/26–FY10/30), states that the Company's basic policy is to “support the future of the construction industry through people and technology.” Furthermore, to address challenges in the construction industry such as labor shortages and productivity improvement, in addition to strengthening its core businesses, the Company plans to promote expansion of its construction DX and craftworker recruitment business. For FY10/30, the final year of the plan, it has set the following quantitative targets: revenue of ¥50,000mn, operating profit of ¥5,000mn, ROE of 20% or more, and 8,000 engineers. In the first half of the plan, which is positioned as a phase for building a foundation for growth, it will prioritize investment. In the second half, it will engage in improving profitability and accelerating growth. The plan is based solely on organic growth, but the Company will also actively consider M&A. It intends to maintain dividends throughout the plan period, with the dividend yield currently exceeding 5%, reflecting its stance on shareholder returns. The Company has also announced a business alliance with Arent <5254>, a firm primarily engaged in DX consulting for the construction industry, to strategically expand its implementation-based construction DX model. Under this partnership, the Group's construction DX talent providing accompaniment-based support will drive on-site product adoption, while building a knowledge circulation model that contributes to product improvement by feeding back insights gained from implementation sites to Arent's development team. In addition to addressing labor shortages, enhancing productivity, and pursuing other goals at construction sites through a business alliance with BRANU, which operates a construction DX platform business, the Company has established the Corporate DX Promotion Department to drive Company-wide business process reform and digital utilization, with the aim of improving productivity and strengthening its operational foundation toward realizing its medium-term management plan. In these and other ways, the Company is stepping up initiatives to improve productivity.

4. Stock price

The initiatives to achieve the medium-term management plan have only just begun. Future focus will be on monitoring progress in key metrics, such as improving the utilization ratio (91.3% in 1Q → 91.9% in 2Q → 93.8% for the FY10/26 plan), reducing the turnover rate (32.8% in 1Q → 33.3% in 2Q → 27.9% for the FY10/26 plan), and growing DX- and BPO-related revenue, which is currently in the initial implementation phase but targeted to account for 20% of total revenue by FY10/30. As these targets come into view, a market capitalization of approximately ¥45.0bn—based on a PER of 15 times in the final year of the medium-term management plan—should become achievable (compared to the current ¥19.1bn).

Key Points

- Developing multi-faceted DX support focused on the construction industry
- Ensuring profit growth in FY10/26 despite pressure on earnings from upfront investments, supported by a favorable business environment
- Aiming for further growth toward FY10/30 (accelerating from 15% to over 30% operating profit growth)
- Estimated market capitalization exceeds ¥45.0bn if medium-term management plan targets come into view



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■ For inquiries, please contact: ■

FISCO Ltd.

5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062

Phone: 03-5774-2443 (IR Consulting Business Division)

Email: support@fisco.co.jp