

Summary of Business Results for the Fiscal Year Ended September 30, 2019

[Japan GAAP] (Consolidated)

November 14, 2019

Company **Yumeshin Holdings Co., Ltd.** Listed on the TSE
 Stock Code 2362 URL <https://www.yumeshin.co.jp>
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Expected date of annual shareholders' meeting: December 19, 2019 Expected starting date of dividend payment: December 20, 2019
 Expected date of filing of annual securities report: December 20, 2019
 Preparation of supplementary financial document: Yes
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended September 2019 (October 1, 2018 through September 30, 2019)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Sept. 2019	52,505	29.9	4,719	-9.0	4,557	-7.8	2,504	-31.1
Year ended Sept. 2018	40,419	32.5	5,186	119.6	4,940	103.8	3,635	154.9

(Note) Comprehensive income:

Year ended September 2019: 2,654 million yen (-27.7%)
 Year ended September 2018: 3,670 million yen (128.6%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Sept. 2019	32.73	32.40	20.2	17.4	9.0
Year ended Sept. 2018	48.75	48.10	29.3	22.4	12.8

(Reference) equity in earnings of affiliated:

Year ended September 2019: - million yen
 Year ended September 2018: -225 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sept. 2019	28,863	11,920	41.1	155.75
As of Sept. 2018	23,571	13,972	54.6	172.61

(Reference) Shareholders' equity:

As of September 2019: 11,866 million yen
 As of September 2018: 12,872 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Sept. 2019	2,759	-4,399	49	10,109
Year ended Sept. 2018	3,929	415	-1,591	11,700

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Sept. 2018	-	15.00	-	20.00	35.00	2,610	71.8	21.0
Year ended Sept. 2019	-	15.00	-	20.00	35.00	2,697	106.9	21.3
Year ending Sept. 2020 (forecast)	-	15.00	-	20.00	35.00		51.1	

3. Forecast of consolidated business results for the fiscal year ending September 2020

(October 1, 2019 through September 30, 2020)

(% change from the previous corresponding period)

	Revenue		Operating profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Sept. 2020	63,000	-	8,000	-	5,400	-	70.59

(Note) The Company has decided to voluntarily adopt the International Financial Reporting Standards (IFRS) from the announcement of the full-year financial results for the fiscal year ending September 2020.

Accordingly, the consolidated business forecasts for the fiscal year ending September 2020 are prepared based on IFRS, and the year-on-year rate of change is omitted.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

Newly included: 1 (Samurai Co., Ltd.)

(2) Changes in accounting policies, accounting estimates and restatement

- ① Changes in accounting policies associated with revision of accounting standards: : None
- ② Changes in accounting policies other than ① : None
- ③ Changes in accounting estimates : None
- ④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of September 2019 78,842,440 shares

As of September 2018 74,573,440 shares

② Treasury stock at the end of period:

As of September 2019 2,653,531 shares

As of September 2018 86 shares

③ Average number of stock during period

Year ended September 2019 76,498,603 shares

Year ended September 2018 74,573,354 shares

***Financial summary is not subject to the review procedures by certified public accountants or auditing firms.**

*Explanation regarding appropriate use of business forecasts and other special instructions

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

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1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

① Overview of Consolidated Business Results

In the current fiscal year (from October 1, 2018 to September 30, 2019), demand for the engineer temporary staffing industry to which the Group belongs was strong due to a decline in the overall workforce in Japan associated with a shortage of human resources in many industries. In particular, there is a serious labor shortage in the construction industry, where the aging of the population and the shortage of young people are conspicuous, and in the IT industry, as the standardization of IT technology progresses, there is a rising motivation to invest in IT to strengthen the competitive advantage of companies. As a result, there is a rapidly increasing shortage of engineers with new technologies that are entering a period of dissemination.

For this reason, the Group has focused on securing human resources and increasing the number of engineers at work in order to quickly supply the next generation of human resources to the construction and IT industries.

As a result, net sales increased by 12,085 million yen (29.9%) year-on-year to 52,505 million yen due to growth in the Construction Engineer Temporary Staffing and Engineer Temporary Staffing segments attributable to an increase in the number of engineers and a rise in unit price of temporary staffing, as well as contribution from subsidiaries newly acquired.

Operating income decreased by 466 million yen (9.0%) year-on-year to 4,719 million yen due to upfront investment for future growth of the Group, including an increase in recruitment expenses in anticipation of a further rise in demand for engineers and an increase in personnel expenses associated with the merger and acquisition of Group companies to establish a flexible flow for acquiring human resources. Net income attributable to owners of the parent decreased by 1,131 million yen (31.1%) year-on-year to 2,504 million yen, due to extraordinary losses of 951 million yen recorded in the current fiscal year, mainly due to the retirement of assets related to office relocation and loss on valuation of investment securities.

The following table shows the results for the current consolidated fiscal year.

(Million yen)

	FY9/18	FY9/19	Change	Percentage change
Net sales	40,419	52,505	12,085	29.9%
Operating income	5,186	4,719	-466	-9.0%
Ordinary income	4,940	4,557	-382	-7.8%
Net income attributable to owners of parent	3,635	2,504	-1,131	-31.1%

② Results by Segment

The reportable segments of the Group are the Construction Engineer Temporary Staffing business and the Engineer Temporary Staffing business.

Please refer to the table below for the main businesses and operating companies of each segment.

(As of September 30, 2019)

Segment name	Business Line	Company Name
Construction Engineer Temporary Staffing business	<ul style="list-style-type: none"> • Dispatch of construction management specialist to construction sites • Dispatch of CAD operators 	Yumeshin Holdings Co., Ltd. Yumeshin Co., Ltd. (Note 10)
Engineer Temporary Staffing business	<ul style="list-style-type: none"> • Dispatch of engineers to the manufacturing and IT industries • Dispatch of network engineers • Dispatch of IT engineers to the Philippines • Dispatch of IT engineers 	Yume Technology Co., Ltd. Krung thep Co., Ltd. Neplus Co., Ltd. (Note 4) Centurion Capital Pacific Limited (Note 4) P3OPLE4U, Inc. (Note 4) Information Port Co., Ltd. (Note 8) Garet Co., Ltd. (*11)
Other businesses	<ul style="list-style-type: none"> • Recruitment consultancy service for the construction and manufacturing industries • Japanese language education for overseas 	Yumeshin Holdings Co., Ltd. Yume Global Co., Ltd. (Note 6)

local personnel and HR business	
<ul style="list-style-type: none"> • Sales and rental of IT-related equipment • Japanese language education for local Philippine personnel • Support for recruitment of local Vietnamese personnel • Course on Measures to Acquire National Construction-Related Qualifications • Offshore development in Vietnam • Planning and operation of online programming learning service 	<p>Neplus Co., Ltd. (Note 4)</p> <p>YUMEGLOBAL Corp. (Note 2)</p> <p>YUMEGLOBAL CO., LTD. (Note 3)</p> <p>Construction Qualification Promotion Center Co.,</p> <p>YUMESHIN VIETNAM CO.,LTD.(Note 5)</p> <p>Yumeshin Holdings Co., Ltd.</p> <p>Samurai Inc. (Note 9)</p>
<ul style="list-style-type: none"> • Contract Development of IT Systems 	<p>Information Port Co., Ltd. (Note 8)</p> <p>Garet Co., Ltd. (*11)</p> <p>Centurion Capital Pacific Limited (Note 4)</p>
<ul style="list-style-type: none"> • Consulting business 	<p>P3OPLE4U, Inc. (Note 4)</p>

(Note 1) Yume Solutions Co., Ltd., which had been classified in the Other Business segment, merged with Yumeshin Holdings Co., Ltd. on October 1, 2018, and ceased to exist.

(Note 2) YUMEAGENT PHILIPPINES Corp. classified as Others has been renamed YUMEGLOBAL Corp. for the first quarter of the current fiscal year.

(Note 3) YUMEAGENT VIETNAM CO., LTD. are renamed YUMEGLOBAL CO., LTD. for the first quarter of the current fiscal year.

(Note 4) Centurion Capital Pacific Limited, P3OPLE4U, Inc., and Neplus Co., Ltd., which acquired shares on October 1, 2018, have been included in the Engineer Dispatch Business and other businesses since the first quarter of the current consolidated fiscal year.

(Note 5) YUMESHIN VIETNAM CO., Ltd., which was newly established on October 2, 2018, is included in the Others segment from the first quarter of the current fiscal year.

(Note 6) From the first quarter of the current fiscal year, YUMEGLOBAL CO., LTD. (Japan) has been included in the scope of consolidation, as it has become increasingly important.

(Note 7) Yume Agent Co., Ltd., which had been classified in the Other Business segment, merged with Yumeshin Holdings Co., Ltd. on June 1, 2019, and ceased to exist.

(Note 8) Information Port Co., Ltd., which acquired shares on April 2, 2019, have been included in the Engineer Dispatch Business and other businesses since the third quarter of the current consolidated fiscal year.

(Note 9) Samurai Inc., which acquired shares on April 24, 2019, is included in the Others segment from the third quarter of the current fiscal year.

(Note 10) Yumeshin Co., Ltd., which was newly established on June 24, 2019, is included in the Construction Engineer Temporary Staffing segment from the third quarter of the current fiscal year.

(Note 11) Garet Co., Ltd., which acquired shares on July 1, 2019, has been included in the Engineer Temporary Staffing Business and other businesses since the fourth quarter of the current consolidated fiscal year.

Results by business segment are as follows. Segment income (loss) is adjusted with operating income.

(a) Construction Engineer Temporary Staffing business

(Million yen)

	FY9/18	FY9/19	Change	Percentage change
Net sales	29,609	35,890	6,280	21.2%
Segment profit	5,388	5,904	516	9.6%
Number of Engineers at end of period	5,066	6,099	1,033	20.3%
Average number of engineers during the period	4,852	5,746	894	18.4%

<Overview of the Business>

In the Construction Engineer Temporary Staffing Business, the core business of the Group, demand for temporary staffing services remained strong due to the aging of engineers and a shortage of young workers at general contractors. In central Tokyo, the construction industry is in the busy period toward the 2020 Tokyo Olympic and Paralympic Games-related construction, and start of redevelopment projects was on the rise. In addition, as large-scale construction projects related to the 2020 Tokyo Olympics and Paralympics and the Linear Chuo Shinkansen have begun in earnest in regional cities, the Company has focused on recruitment activities with an annual hiring plan of 2,800 people. As a result, the number of employees hired and the number of employees working at Osaka and other regional bases increased, resulting in a total of 3,289 employees (2,764 in the previous fiscal year) hired during the current fiscal year. As a result, the number of engineers enrolled at the end of September 2019 was 6,099, an increase of 1,033 from the same period of the previous year.

<Business Results>

Net sales increased by 6,280 million yen (21.2%) year-on-year to 35,890 million yen due to an increase in the number of staffs in operation resulting from an increase in the number of engineers and an increase in the unit price of temporary staffing.

Segment income increased by 516 million yen (9.6%) year-on-year to 5,904 million yen due to a steady unit price of temporary staffing.

(b) Engineer Temporary Staffing business

(Million yen)

	FY9/18	FY9/19	Change	Percentage change
Net sales	10,378	15,391	5,012	48.3%
Segment profit	465	133	-331	-71.3%
Number of engineers at end of period	2,414	3,640	1,226	50.8%
Average number of engineers during the period	2,046	3,078	1,032	50.4%

<Overview of the Business>

In the Engineer Temporary Staffing business, demand for engineers remained robust, particularly in the manufacturing industry, where capital investment in labor-saving and automation is brisk, and in the IT industry, where technological advances are accelerating. Especially in the IT industry, the use of AI, IoT, RPA, etc. is expected to penetrate in the future against the backdrop of improved operational efficiency and higher value-added products and services.

In order to respond to the growing demand for engineers in this business environment, we have set an annual recruitment plan of 1,800 people, and have focused on strengthening our internal system by significantly increasing the number of engineers and enhancing training systems. In addition, to increase the value our group engineers in the future, the Company aggressively conducted mergers and acquisitions. Up to now, we have focused on creating engineers for operation and maintenance. However, through M & A, we have sought to acquire engineers and training know-how for design, development, and

construction, and to strengthen the Group structure with an eye to expanding the scope of our business.

As a result, the number of engineers hired during the current fiscal year was 1,748 (1,118 in the previous fiscal year).

Accordingly, the number of engineers at the end of September 2019 was 3,640, increased by 1,226 year-on-year.

As a result, net sales for the current fiscal year increased by 5,012 million yen (48.3%) year-on-year to 15,391 million yen due to an increase in the number of engineers. Segment profit decreased by 331 million yen (71.3%) year-on-year to 133 million yen, due to the contribution of efficiency improvements in recruitment activities, despite the fact that profits were not virtually projected in the initial plan.

(c) Other businesses

(Million yen)

	FY9/18	FY9/19	Change	Percentage change
Net sales	508	1,308	720	141.9%
Segment profit (loss)	-120	-239	-119	-

<Overview of the Business>

In the Other Businesses segment, the Group have offered Japanese language classes in Vietnam, the Philippines, Taiwan, South Korea to provide staffing services for construction companies, recruitment support services for Japanese companies seeking local human resources in Vietnam, and support Japanese companies for utilization of overseas human resource. Going forward, the Company plans to steadily open these facilities around the world. In addition, the Company began sales and rental of network equipment in the current fiscal year under.

As a result, net sales in the current fiscal year were 1,308 million yen (up 141.9% year-on-year) and segment loss was 239 million yen (120 million yen loss in the same period of the previous fiscal year).

(2) Summary of financial condition in the current fiscal year

Assets

Total assets at the end of the current fiscal year increased by 5,292 million yen from the end of the previous fiscal year to 28,863 million yen. This was mainly due to increases of 1,676 million yen in notes and accounts receivable-trade, and 56 million yen in inventories, and 3,005 million yen in goodwill.

Liabilities

Liabilities at the end of the current fiscal year increased by 7,343 million yen from the end of the previous fiscal year to 16,942 million yen. This was mainly due to increases of 5,782 million yen in loans payable, 133 million yen in provision for shareholder benefit program, 198 million yen in deferred tax liabilities, and 125 million yen in asset retirement obligations.

Net assets

Net assets at the end of the current fiscal year increased 2,051 million yen from the end of the previous fiscal year to 11,920 million yen. This was mainly due to net income attributable to owners of parent of 2,504 million yen, a decrease of 2,665 million yen due to dividends of surplus, and a decrease of 2,001 million yen in valuation difference on available-for-sale securities.

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents ("cash") at the end of the current fiscal year decreased by 1,591 million yen from the end of the previous fiscal year to 10,109 million yen. Cash flows from each activity and their factors are as follows.

Cash flows from operating activities

Net cash provided by operating activities was 2,759 million (down 29.8% year-on-year). This was mainly due to income before income taxes of 3,614 million yen, an increase in notes and accounts receivable-trade of 1,048 million yen, and income taxes paid of 1,868 million yen.

Cash flows from investing activities

Net cash used in financing activities was 4,399 million yen (415 million yen was used in the previous fiscal year). This was mainly due to payments for sales of property, plant and equipment of 436 million yen, payments for purchase of investments in subsidiaries resulting in change in scope of consolidation of 3,135 million yen, and payments for guarantee deposits of 490 million yen.

Cash flows from financing activities

Net cash used in financing activities was 49 million yen (1,591 million yen was used in the previous fiscal year). This was mainly due to a change in short-term loans payable of 2,268 million yen, proceeds from long-term loans payable of 4,750 million yen, repayment of long-term loans payable of 2,288 million yen, and cash dividends paid of 2,665 million yen.

(4) Future outlook

Looking at the Group's consolidated financial forecasts for the fiscal year ending September 2020, the Company expects demand for technical staffs and engineers to increase due to a labor shortage in the construction industry and IT investment to strengthen the competitive advantage of companies. In light of these factors, the Company will not only expand the number of engineers as a growth driver through aggressive recruitment activities that we have focused on so far, but also create a training environment that promotes the creation of high-value-added engineers. In the Engineer Temporary Staffing business in particular, by strengthening the sales cooperation system among the Group, the Company will establish a supply system that can provide a full lineup of engineers to meet various demands.

As a result of the above, for the fiscal year ending September 2020, the Group forecasts net sales of 63,000 million yen, operating income of 8,000 million yen, and net income attributable to owners of parent of 5,400 million yen.

(5) Important events, etc. on going concern assumption

None

2. Basic Policies regarding the Selection of Accounting Standards

The Company plans to voluntarily adopt International Financial Reporting Standards (IFRS) from the fiscal year ending September 2020, to improve the international comparability of financial data in capital markets.

3. Consolidated Balance Sheet

(1) Consolidated Balance Sheet

(Thousand yen)

	Previous Fiscal Year (September 30, 2018)	Current Fiscal Year (September 30, 2019)
Assets		
Current assets		
Cash and deposits	11,300,821	9,607,651
Notes and accounts receivable	5,973,462	7,650,054
Electronically Recorded Monetary Claims	9,529	3,734
Inventories	887	57,187
Other	1,255,817	1,615,683
Allowance for doubtful accounts	-17,834	-71,332
Total current assets	18,522,683	18,862,979
Fixed assets		
Property, plant and equipment		
Buildings and structures	574,748	764,364
Accumulated depreciation	-139,621	-153,636
Buildings and structures, net	435,127	610,727
Machinery and equipment	14,167	518,230
Accumulated depreciation	-10,891	-215,644
Machinery, equipment and vehicles, net	3,275	302,585
Land	395,062	245,011
Leased assets	63,994	65,244
Accumulated depreciation	-50,503	-55,170
Leased assets, net	13,491	10,074
Other	212,270	279,191
Accumulated depreciation	-120,941	-186,350
Other	91,329	92,841
Total property, plant and equipment	938,286	1,261,240
Intangible assets		
Goodwill	610,028	3,615,198
Other	134,241	903,524
Total intangible fixed assets	744,270	4,518,723
Investments and other assets		
Investment securities	2,052,529	1,856,158
Long-term loans receivable	101,243	157,020
Deferred tax assets	445,500	805,774
Other	798,457	1,467,431
Allowance for doubtful accounts	-38,872	-65,817
Total investment and other assets	3,358,859	4,220,567
Total noncurrent assets	5,041,416	10,000,530
Deferred assets		
Stock issuance	7,334	-
Total deferred assets	7,334	-
Total assets	23,571,433	28,863,510

(Thousand yen)

	Previous Fiscal Year (September 30, 2018)	Current Fiscal Year (September 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable	9,175	129,954
Short-term borrowings	100,000	2,632,587
Current portion of long-term loans payable	1,208,850	1,826,340
Lease obligations	4,725	4,975
Accrued expenses	2,025,934	2,546,260
Income taxes payable	1,082,346	724,855
Provision for bonuses	634,663	834,432
Allowance for shareholder benefit program	74,294	207,779
Other	1,506,575	2,069,891
Total current liabilities	6,646,564	10,977,076
Fixed liabilities		
Bonds with share acquisition rights	-	49,872
Long-term debt	2,538,000	5,169,978
Lease obligations	10,238	5,848
Deferred tax liabilities	-	198,484
Obligations for retirement plan	306,790	323,034
Asset retirement obligations	66,183	191,929
Other	31,098	26,606
Total fixed liabilities	2,952,310	5,965,754
Total liabilities	9,598,874	16,942,831
Net assets		
Shareholders' equity		
Capital stock	805,147	822,964
Capital surplus	9,717,657	10,769,452
Retained earnings	2,266,936	2,105,613
Treasury stock	-9	-2,001,463
Total shareholders' equity	12,789,731	11,696,567
Other accumulated comprehensive income		
Valuation difference on securities	89,098	183,860
Foreign currency translation adjustment	-4,791	-12,283
Remeasurements of defined benefit plans	-1,595	-1,686
Total other accumulated comprehensive income	82,711	169,890
Share subscription rights	72,142	36,470
Non-controlling shareholders' equity	1,027,973	17,751
Total net assets	13,972,559	11,920,679
Total liabilities and net assets	23,571,433	28,863,510

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

(Thousand yen)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Net sales	40,419,427	52,505,282
Cost of sales	28,080,910	37,233,295
Gross profit	12,338,516	15,271,987
Selling, general and administrative expenses		
Salaries and allowances	2,615,868	3,533,349
Provision for bonuses	27,863	35,620
Retirement benefit expenses	13,088	19,681
Recruitment expenses	1,853,331	2,655,309
Provision for allowance for doubtful accounts	-	32,856
Other	2,642,139	4,275,459
Total selling, general and administrative expenses	7,152,291	10,552,276
Operating income	5,186,225	4,719,710
Non-operating income		
Interest income	4,190	11,588
Dividends income	13,419	13,865
Rent income	50,026	36,648
Income from sponsorship	12,340	30,620
Insurance premiums refunded cancellation	-	26,852
Other	107,070	134,107
Total non-operating income	187,047	253,682
Non-operating expenses		
Interest expenses	24,993	48,650
Cost of rental revenue	30,286	24,505
Equity in losses of affiliates	225,166	-
Expenses for shareholder benefit program	74,294	255,485
Other	77,756	86,927
Total non-operating expenses	432,497	415,568
Ordinary income	4,940,775	4,557,824
Extraordinary income		
Loss on sales of noncurrent assets	-	5,106
Gain on reversal of subscription rights to shares	1,816	3,542
Gain on sales of stock of affiliates	440,997	-
Other	6,952	-
Total extraordinary income	449,766	8,648
Extraordinary loss		
Loss on sales of fixed assets	4,035	1,705
Loss on retirement of fixed assets	19,391	179,781
Loss on valuation of investment securities	55,190	200,399
Impairment loss	226,504	-
Valuation loss on shares of affiliates	-	257,109
Loss on retirement of software	-	130,332
Office transfer expenses	-	149,639
Other	17	32,917
Total extraordinary loss	305,138	951,886
Profit before income taxes	5,085,403	3,614,587

(Thousand yen)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Income taxes	1,492,123	1,456,410
Income taxes-deferred	-150,426	
Total income tax	1,341,696	1,048,055
Net income	3,743,706	2,566,531
Net income attributable to owners of non-controlling	107,968	62,428
Net income attributable to owners of parent	3,635,738	2,504,102

Quarterly Consolidated Statements of Comprehensive Income

(Thousand yen)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Net income	3,743,706	2,566,531
Other comprehensive income		
Valuation difference on securities	-73,122	94,960
Foreign currency translation adjustment	-1,362	-7,491
Remeasurements of defined benefit plans	1,710	915
Total other comprehensive income	-72,775	88,384
Comprehensive income	3,670,931	2,654,916
Breakdown		
Comprehensive income attributable to owners of parent	3,559,844	2,587,811
Comprehensive income attributable to owners of non-controlling shareholders	111,086	67,104

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous Fiscal Year (October 1, 2017- September 30, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	805,147	9,700,676	1,317,188	-9	11,823,002
Change during the year					
Issuance of new shares (exercise of subscription rights to shares)	-	-			-
Dividend of surplus			-2,610,067		-2,610,067
Net income attributable to owners of parent			3,635,738		3,635,738
Purchase of treasury stock				-	-
Change in reporting entities			-		-
Change in scope of equity method			-75,922		-75,922
Increase (decrease) in equity due to capital increase of consolidated subsidiaries		16,980			16,980
Increase (decrease) in equity due to acquisition of shares of consolidated subsidiaries		-			-
Net change in items other than shareholders' equity					
Total changes in current term	-	16,980	949,748	-	966,728
Ending Balance	805,147	9,717,657	2,266,936	-9	12,789,731

	Other accumulated comprehensive income				Share subscription rights	Non-controlling shareholders' equity	Total net assets
	Valuation difference on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income			
Opening balance	164,657	-3,428	-2,664	158,564	72,396	1,026,410	13,080,374
Change during the year							
Issuance of new shares (exercise of subscription rights to shares)							-
Dividend of surplus							-2,610,067
Net income attributable to owners of parent							3,635,738
Treasury stock							-
Change in reporting entities							-
Change in scope of equity method							-75,922
Increase (decrease) in equity due to capital increase of consolidated subsidiaries							16,980
Increase (decrease) in equity due to acquisition of shares of consolidated subsidiaries							-
Net change in items other than shareholders' equity	-75,559	-1,362	1,069	-75,852	-253	1,562	-74,543
Total changes in current term	-75,559	-1,362	1,069	-75,852	-253	1,562	892,185
Ending Balance	89,098	-4,791	-1,595	82,711	72,142	1,027,973	13,972,559

Current Fiscal Year (October 1, 2018- September 30, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	805,147	9,717,657	2,266,936	-9	12,789,731
Change during the year					
Issuance of new shares (exercise of subscription rights to shares)	17,817	17,817			35,635
Dividend of surplus			-2,665,411		-2,665,411
Net income attributable to owners of parent			2,504,102		2,504,102
Treasury stock				-2,001,454	-2,001,454
Change in reporting entities			-15		-15
Change in scope of equity method			-		-
Increase (decrease) in equity due to capital increase of consolidated subsidiaries		-			-
Increase (decrease) in equity due to acquisition of shares of consolidated subsidiaries		1,033,977			1,033,977
Net change in items other than shareholders' equity					
Total changes in current term	17,817	1,051,795	-161,323	-2,001,454	-1,093,164
Ending Balance	822,964	10,769,452	2,105,613	-2,001,463	11,696,567

	Other accumulated comprehensive income				Share subscription rights	Non-controlling shareholders' equity	Total net assets
	Valuation difference on securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income			
Opening balance	89,098	-4,791	-1,595	82,711	72,142	1,027,973	13,972,559
Change during the year							
Issuance of new shares (exercise of subscription rights to shares)							35,635
Dividend of surplus							-2,665,411
Net income attributable to owners of parent							2,504,102
Treasury stock							-2,001,454
Change in reporting entities							-15
Change in scope of equity method							-
Increase (decrease) in equity due to capital increase of consolidated subsidiaries							-
Increase (decrease) in equity due to acquisition of shares of consolidated subsidiaries							1,033,977
Net change in items other than shareholders' equity	94,762	-7,491	-91	87,179	-35,672	-1,010,222	-958,715
Total changes in current term	94,762	-7,491	-91	87,179	-35,672	-1,010,222	-2,051,879
Ending Balance	183,860	-12,283	-1,686	169,890	36,470	17,751	11,920,679

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	5,085,403	3,614,587
Depreciation and amortization	118,880	256,274
Impairment loss	226,504	-
Amortization of goodwill	194,873	323,370
Increase (decrease) in allowance for doubtful accounts	-8,601	26,044
Increase (decrease) in accrued bonuses	176,043	168,609
Increase (decrease) in provision for shareholder benefits	74,294	133,485
Increase (decrease) in liability for retirement benefits	19,801	-82,436
Interest and dividend income	-17,609	-25,453
Interest expenses	24,993	48,650
Foreign exchange gains (losses)	-170	7,270
Loss (gain) on sales and retirement of non-current assets	23,426	176,379
Loss (gain) on sales of shares of subsidiaries and associates	-440,997	-
Valuation loss on shares of affiliates	-	257,109
Decrease (increase) in notes and accounts receivable-trade	-1,096,486	-1,048,215
(Increase) decrease in inventories	-258	-11,011
Increase (decrease) in notes and accounts payable-trade	3,664	-48,171
Other	621,301	860,409
Subtotal	5,005,063	4,656,904
Interest and dividends received	17,291	28,500
Interest paid	-23,702	-50,069
Income taxes refunded	6,582	2,746
Income taxes paid	-1,075,741	-1,878,756
Cash flows from operating activities	3,929,493	2,759,322
Cash flows from investing activities		
Purchases of property, plant and equipment	-116,001	-436,080
Proceeds from sales of property, plant and equipment	145,634	267,605
Purchases of investment securities	-136,898	-239,173
Proceeds from sales of investment securities	75,860	240,196
Acquisition of shares of subsidiaries	-48,565	-272,686
Proceeds from sale of investments in subsidiaries	438,910	-
Acquisition of newly consolidated subsidiaries	-74,643	-3,135,474
Proceeds from sale of investments in subsidiaries resulting in change of scope of consolidation	271,333	-
Purchases of intangible assets	-107,825	-296,945
Lending of loans receivable	-148,511	-87,178
Collection of loans receivable	28,766	11,508
Payment on guaranty money deposited	-21,638	-490,120
Other	108,728	38,623
Cash flows from investing activities	415,150	-4,399,724

(Thousand yen)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	-800,000	2,268,500
Proceeds from long-term debt	3,000,000	4,750,000
Repayment of long-term debt	-1,108,951	-2,288,006
Proceeds from issuance of bonds with stock acquisition rights	-	50,447
Purchase of treasury stock	-	-2,001,454
Dividends paid	-2,614,934	-2,665,935
Dividends paid to non-controlling interests	-98,828	-50,384
Net repayment of lease obligations	-5,162	-5,181
Payment on repayment of installment debt	-12,944	-12,018
Other	49,299	3,505
Cash flows from financing activities	-1,591,520	49,473
Effect of exchange rate changes on cash and cash equivalents	-652	-178
Increase (decrease) in cash and cash equivalents	2,752,471	-1,591,107
Cash and cash equivalents at beginning of year	8,947,928	11,700,399
Cash and cash equivalents at end of year	11,700,399	10,109,292

(5) Notes on the Consolidated Financial Statements

(Notes on going concern assumptions)

None

(Segment Information)

(Segment Information)

1 Outline of Reportable Segment

(1) Determination of reportable segments

The reportable segments of the Group are components of the Group for which separate financial information is available, and which the Board of Directors regularly reviews to determine the allocation of management resources and assess performance. The main businesses of the Group are the Construction Engineer Temporary Staffing business and the Engineer Temporary Staffing business. Each consolidated group company conducts its business activities as an independent management unit. Accordingly, the Group is composed of segments by each business, and in order to provide appropriate information, such as the content of business activities, the two reportable segments of some businesses that are generally similar in terms of services and other elements are consolidated into business segments "Construction Engineer Temporary Staffing Business" and "Engineer Temporary Staffing Business".

(2) Types of products and services belonging to each reportable segment

The Construction Engineer Temporary Staffing business dispatches construction supervisors and construction engineers, prepares construction drawings, and sells them.

The Engineer Temporary Staffing segment dispatches engineers and develops software on a consignment basis.

2 Calculation method for net sales, income (loss), assets, liabilities and other items by reportable segment

The accounting methods for reportable business segments are generally the same as the accounting methods used in the preparation of the consolidated financial statements.

Income of reportable segments is based on operating income. Inter-segment sales and transfers are based on prevailing market prices.

3 Information on net sales, income (loss), assets, liabilities and other items by reportable segment

Previous Fiscal Year (October 1, 2017 - September 30, 2018)

(Thousand yen)

	Reportable Segments			Other (Note)	Total
	Construction Engineer Temporary Staffing business	Engineer Temporary Staffing business	Total		
Net sales					
Net sales to unaffiliated customers	29,609,178	10,378,646	39,987,825	431,601	40,419,427
Intersegment sales or transfers among segments	-	-281	-281	76,508	76,226
Total	29,609,178	10,378,365	39,987,544	508,109	40,495,654
Segment profit (loss)	5,388,013	465,173	5,853,186	-120,120	5,733,066
Other items					
Depreciation and amortization	88,344	25,347	113,691	5,189	118,880
Amortization of goodwill	-	66,449	66,449	131,196	197,646

(Note) 1. The "Others" segment is a business segment that is not included in the reportable segments. It includes the Recruitment Consulting Services, Education Services, and IT Services

2. Segment assets and liabilities are not stated as assets and liabilities are not allocated to business segments.

Current Fiscal Year (October 1, 2018 - September 30, 2019)

(Thousands of yen)

	Reportable Segments			Other (Note)	Total
	Construction Engineer Temporary Staffing business	Engineer Temporary Staffing business	Total		
Net sales					
Net sales to unaffiliated customers	35,890,089	15,386,241	51,276,331	1,228,951	52,505,282
Intersegment sales or transfers among segments	-	5,042	5,042	79,424	84,467
Total	35,890,089	15,391,284	51,281,374	1,308,375	52,589,749
Segment profit (loss)	5,904,125	133,390	6,037,516	-239,148	5,798,367
Other					
Depreciation and amortization	101,732	83,327	185,060	71,214	256,274
Amortization of goodwill	-	181,725	181,725	144,417	326,142

(Note) 1. The "Others" segment is a business segment that is not included in the reportable segments. It includes the Recruitment Consulting Services, Education Services, and IT Services.

2. Segment assets and liabilities are not stated as assets and liabilities are not allocated to business segments.

4. Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements, and main details of the difference (matters concerning difference adjustment)

(Thousand yen)

Net sales	Previous Fiscal Year	Current Fiscal Year
Reportable segments total	39,987,544	51,281,374
Net sales classified in "Others"	508,109	1,308,375
Elimination of inter-segment transactions	-76,226	-84,467
Net sales on the consolidated financial statements	40,419,427	52,505,282

(Thousand yen)

Gain (loss)	Previous Fiscal Year	Current Fiscal Year
Reportable segments total	5,853,186	6,037,516
Loss in "Others"	-120,120	-239,148
Elimination of inter-segment transactions	52,805	23,911
Amortization of goodwill	-183,747	-323,370
Corporate expenses (Note)	-415,899	-779,197
Operating income in the consolidated financial statements	5,186,225	4,719,710

(Note) Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment

(Thousand yen)

Other items	Reportable segments total		Other		Adjusted amount		Amount recorded in the consolidated financial statements	
	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year
Depreciation and amortization	113,691	185,060	5,189	71,214	-	-	118,880	256,274
Amortization of goodwill	66,449	181,725	131,196	144,417	-2,772	-2,772	194,873	323,370

(Per-stock Information)

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Net assets per share	172.61 yen	155.75 yen
Net income per share	48.75 yen	32.73 yen
Diluted net income per share	48.10 yen	32.40 yen

(Note)1. The basic facts underlying the calculation of Basic earnings per share and Diluted earnings per share are as follows.

	Previous Fiscal Year (October 1, 2017 - September 30, 2018)	Current Fiscal Year (October 1, 2018 - September 30, 2019)
Net income per share		
Net income attributable to owners of parent (thousand yen)	3,635,738	2,504,102
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent (thousand yen)	3,635,738	2,504,102
Average number of shares of common stock outstanding during the period (thousand shares)	74,573	76,498
Diluted net income per share		
Net income attributable to owners of parent (thousand yen)	-828	-
(Difference on change in equity related to stock acquisition rights issued by consolidated subsidiaries (thousand yen))	(-828)	-
Increase in common shares (thousand shares)	991	789
(Subscription rights to shares (thousand shares))	(991)	(789)
Outline of potential shares not included in the calculation of fully diluted net income per share due to lack of dilutive effect	9th Stock Acquisition Rights January 27, 2016 Board Resolutions Number of common stock: 94 thousand Number of stock acquisition rights: 946 11th Stock Acquisition Rights September 6, 2017 Board Resolutions Number of common stock: 166 thousand Number of stock acquisition rights: 1,668	12th Stock Acquisition Rights February 4, 2019 Board Resolutions Number of common stock: 73 thousand Number of stock acquisition rights: 733

2. The basis for calculating the amount of net assets per share is as follows.

	Previous Fiscal Year (September 30, 2018)	Current Fiscal Year (September 30, 2019)
Total net assets (thousand yen)	13,972,559	11,920,679
Amount deducted from total net assets (thousand yen)	1,100,115	54,221
(Stock acquisition rights (thousand yen))	(72,142)	(36,470)
(Non-controlling interests (thousand yen))	(1,027,973)	(17,751)
Net assets related to common stock at the end of the fiscal year (thousand yen)	12,872,443	11,866,457
Number of common shares at the end of the period used to calculate the amount of net assets per share (thousands)	74,573	76,188

(Significant subsequent events)

None