



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ending **September** 2018

Financial Results

– 2nd Quarter –

September, 2018
Securities code
2362

May 22, 2018

CONTENTS

**Consolidated
Financial Overview** ... P4

Segment Overview ...P23

Second Half ...P47

**Shareholder Return
Policy** ...P59

Reference ...P64

Business Portfolio

[FY17/Q4]

| Business segment | Company name |
|--|---|
| Construction engineer temporary staffing | Yumeshin Holdings |
| Engineer temporary staffing | Yume Technology |
| Education-related | Yume Education Construction qualification promotion center |
| IT-related | Yume Solutions Galaxy Keepdata |
| Other | Yume Agent YUMEAGENT PHILIPPINES YUMEAGENT VIETNAM |

[FY18/Q2]

| Business segment | Company name |
|--|---|
| Construction engineer temporary staffing | Yumeshin Holdings |
| Engineer temporary staffing | Yume Technology KRUNGTEP |
| Other | Yume Agent YUMEAGENT PHILIPPINES YUMEAGENT VIETNAM Yume Education Construction qualification promotion center Yume Solutions |

Segment change

Consolidated Financial Overview

Consolidated Financial Overview

Consolidated P/L Statement

Consolidated P/L

Sales

+33.2%

Operating income

+100.5%

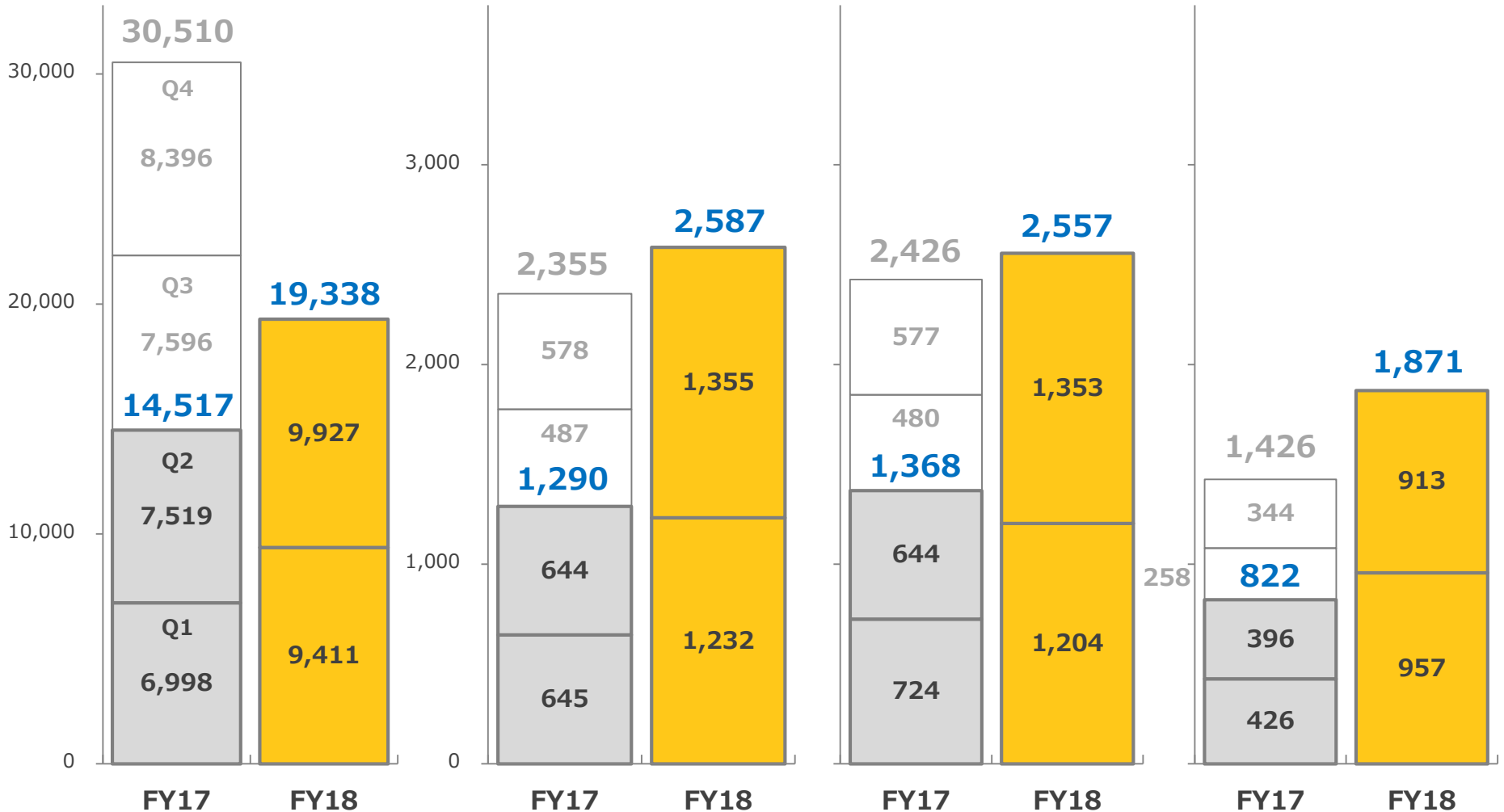
Ordinary income

+86.9%

Net income attributable to owners of parent

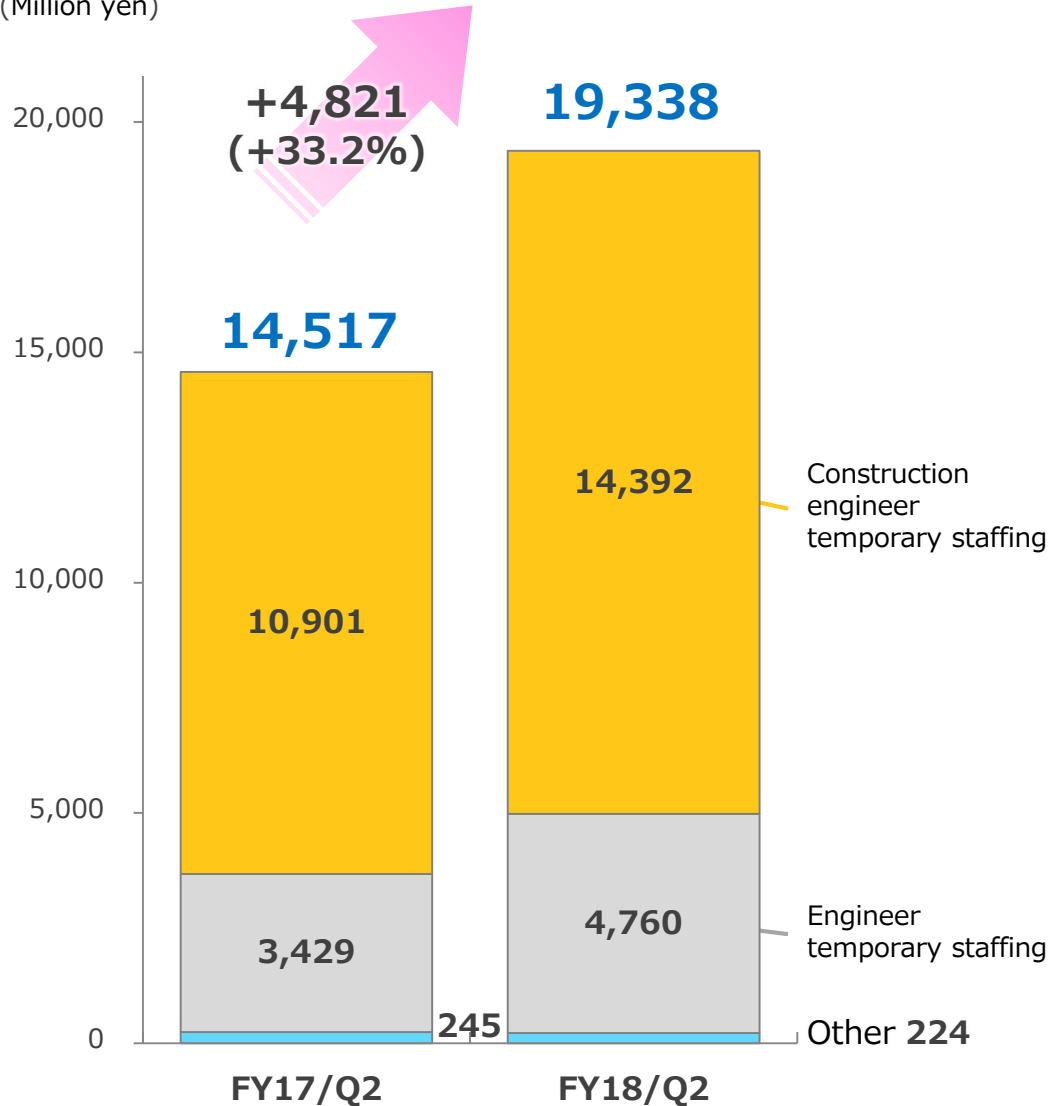
+127.4%

(Million yen)



Consolidated P/L (1) Sales

(Million yen)



[Major factors for increase/decrease]

Construction engineer temporary staffing +¥3,490m (+32.0%)

■ Sales up due to increase in staff at work and unit price of temporary staffing

Engineer temporary staffing +¥1,331m (+38.8%)

■ Sales up due to increase in staff at work and unit price of temporary staffing

Other -¥21m (-8.6%)

■ Sales down due to withdrawal and downsizing of unprofitable businesses

*Factors for increase/decrease include " +¥20 million in elimination of intercompany transactions other than the above.

Consolidated P/L (2)

Selling, General and Administrative Expenses

(Million yen)

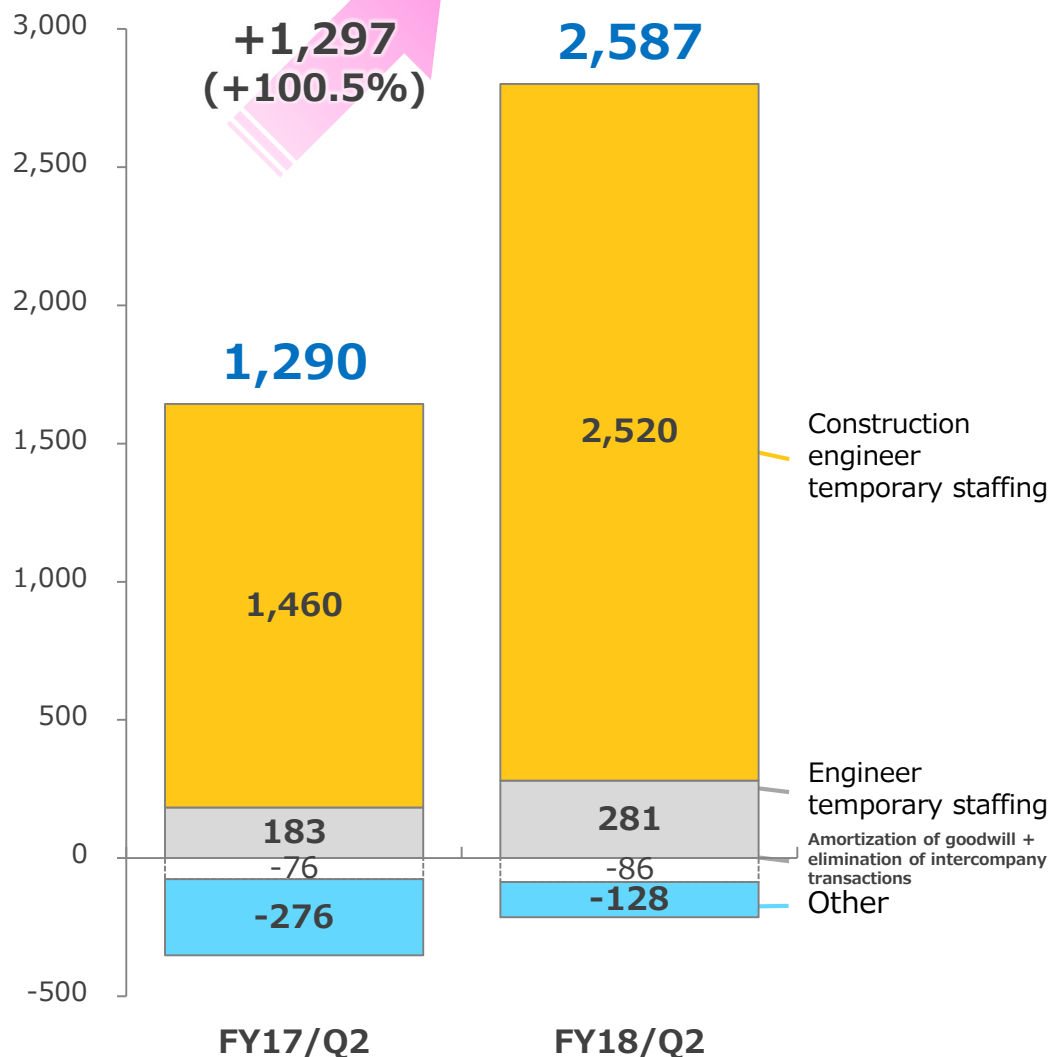
| | FY17/Q2 | FY18/Q2 | Change | Remarks |
|---------------------------|--------------|--------------|-------------|--|
| Cost of sales | 10,258 | 13,388 | +3,129 | Increased due to increase in engineers |
| Cost of sales ratio | 70.7% | 69.2% | -1.4pt. | |
| Gross profit | 4,258 | 5,950 | +1,691 | |
| Gross profit margin | 29.3% | 30.8% | +1.4pt. | Improved due to increase in operating rate |
| SG&A expenses | 2,968 | 3,363 | +394 | |
| Executive compensation | 88 | 76 | -11 | |
| Personnel expenses | 1,291 | 1,582 | +290 | Increased due to increase in sales staffs |
| Ad expenses | 32 | 29 | -3 | |
| Recruiting cost | 730 | 770 | +39 | Increased only slightly due to effective recruiting activities |
| Rent | 178 | 256 | +78 | |
| Outsourcing expenses | 178 | 141 | -36 | |
| Amortization of goodwill | 109 | 101 | -8 | |
| SG&A expense ratio | 20.4% | 17.4% | -3.0pt. | |

※ Personnel expenses = Salaries and allowances + Travel and transport expenses + Bonuses + Legal welfare expenses + Benefit costs + Retirement benefit expenses (except executives)

Consolidated P/L Statement (3)

Operating Income

(Million yen)



[Major factors for increase/decrease]

Construction engineer temporary staffing **+¥1,059m**
(+72.6%)

- Income up due to increase in operating rate and unit price of temporary staffing

Engineer temporary staffing **+¥98m**
(+53.5%)

- Income up due to increase in unit price of temporary staffing

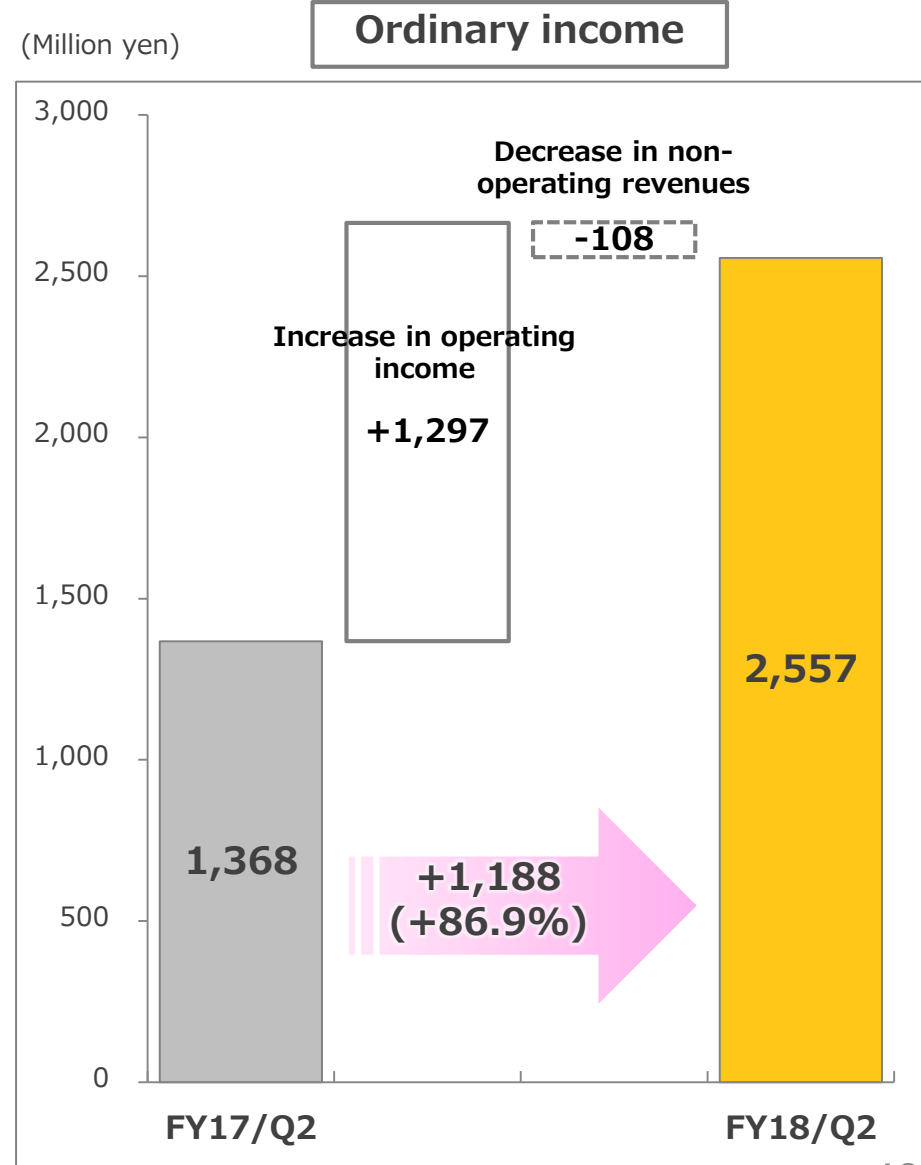
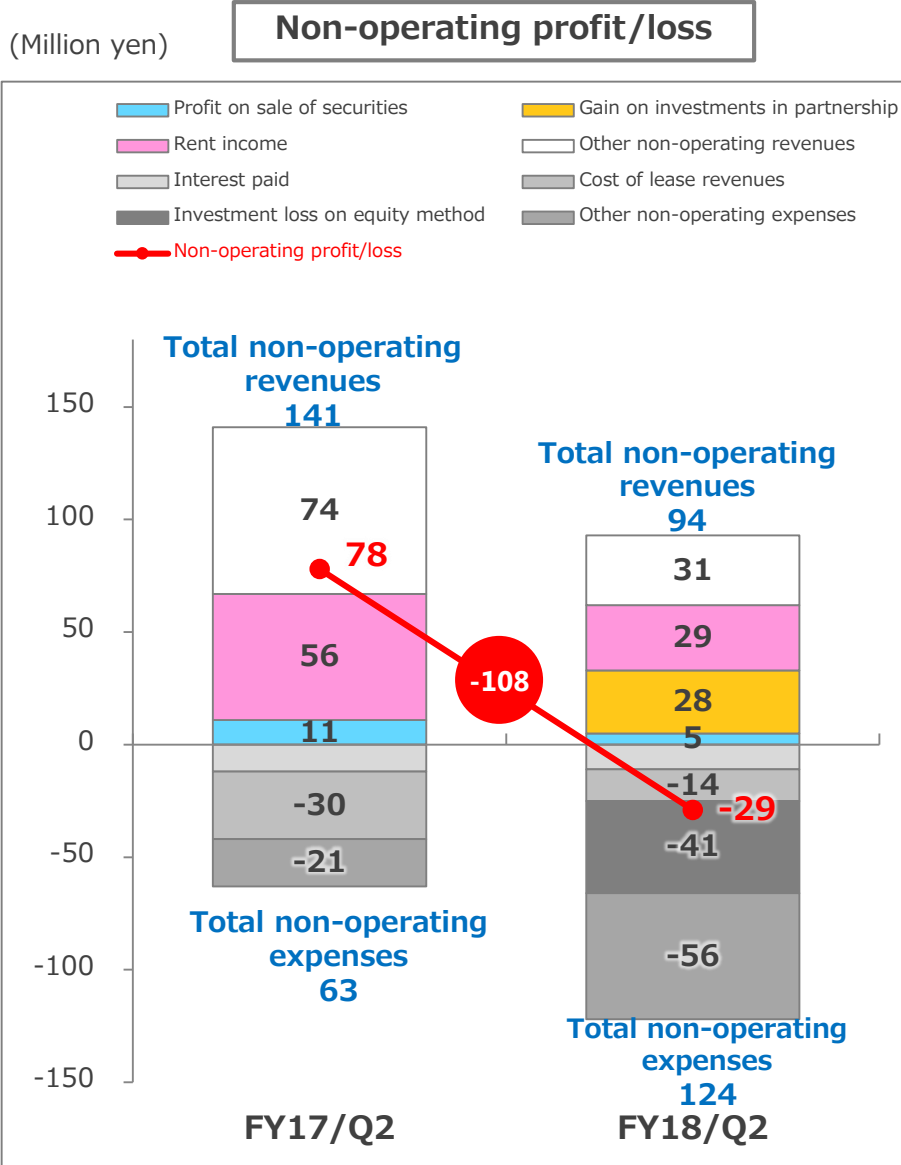
Other **+¥148m**
(+53.6%)

- Withdrawal and downsizing of unprofitable businesses
- Strong showing in temporary staffing service for construction and manufacturing industries

*Factors for increase/decrease include "amortization of goodwill + -¥9 million in elimination of intercompany transactions" other than the above.

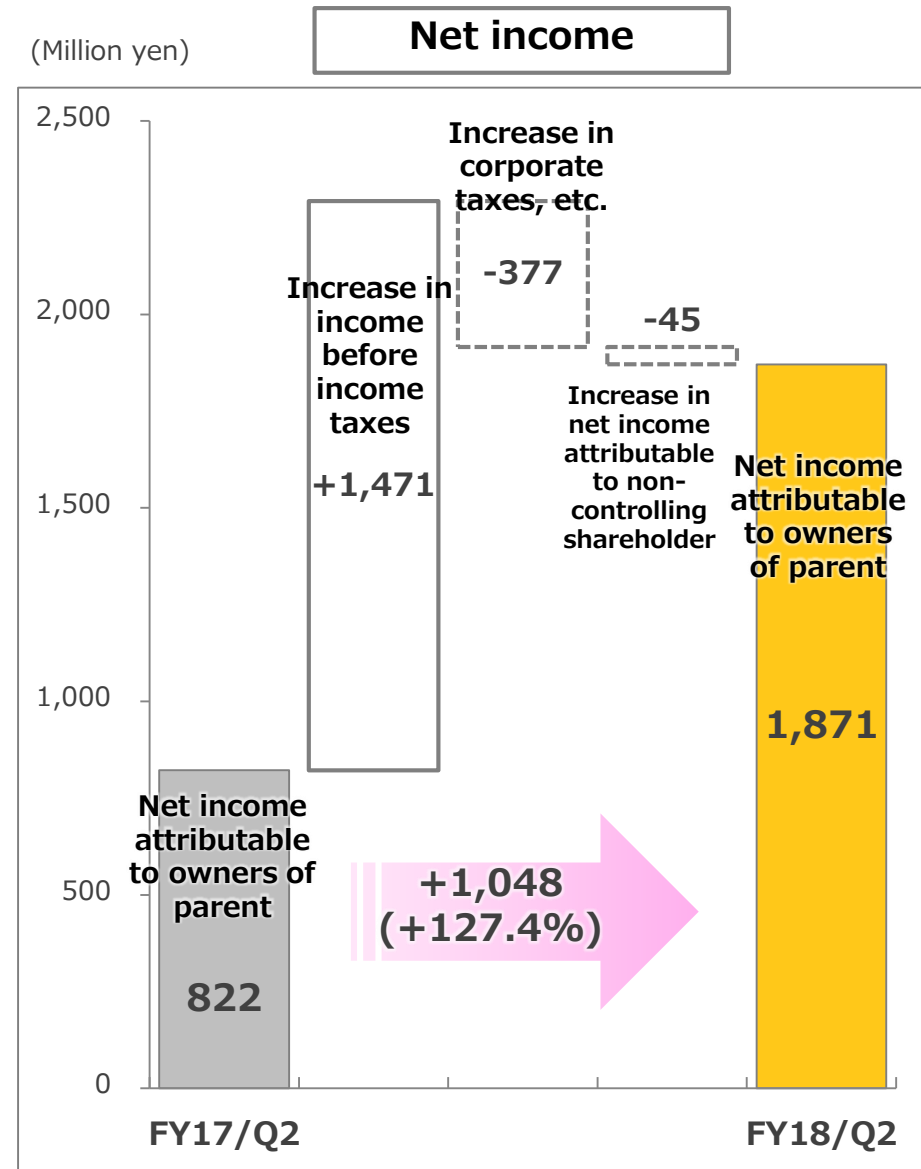
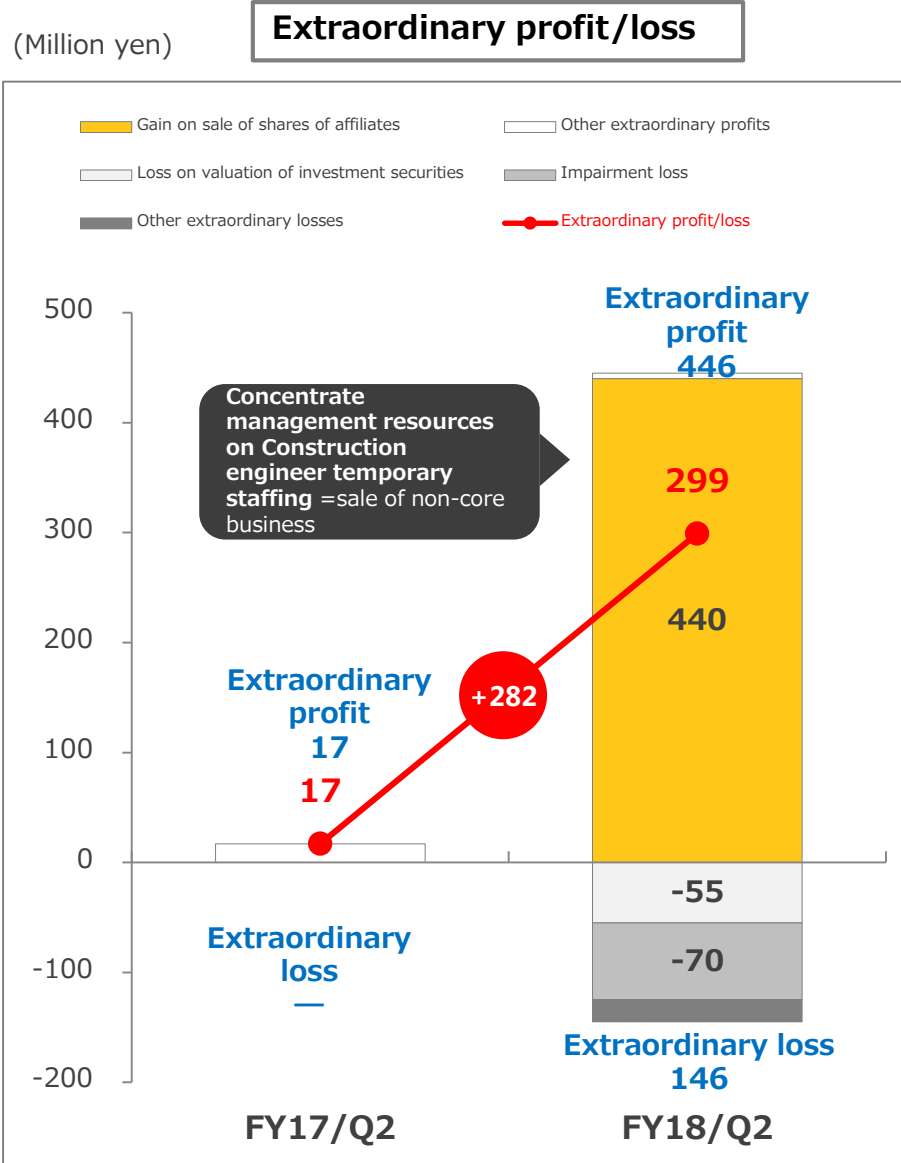
Consolidated P/L (4)

Non-operating Profit/Loss and Ordinary Income



Consolidated P/L (5)

Extraordinary Profit/Loss and Net income



Summary of Consolidated P/L Statement

(Million yen)

| | FY17/Q2 | FY18/Q2 | Change | Pct. change |
|--|-------------------------|-------------------------|---------------|---------------|
| Sales | 14,517 | 19,338 | +4,821 | 33.2% |
| Gross profit | 4,258 (29.3%) | 5,950 (30.8%) | +1,691 | 39.7% |
| SG&A expenses | 2,968 (20.4%) | 3,363 (17.4%) | +394 | 13.3% |
| Operating income | 1,290 (8.9%) | 2,587 (13.4%) | +1,297 | 100.5% |
| Ordinary income | 1,368 (9.4%) | 2,557 (13.2%) | +1,188 | 86.9% |
| Net income attributable to owners of parent | 822 (5.7%) | 1,871 (9.7%) | +1,048 | 127.4% |

* () = Ratio to sales

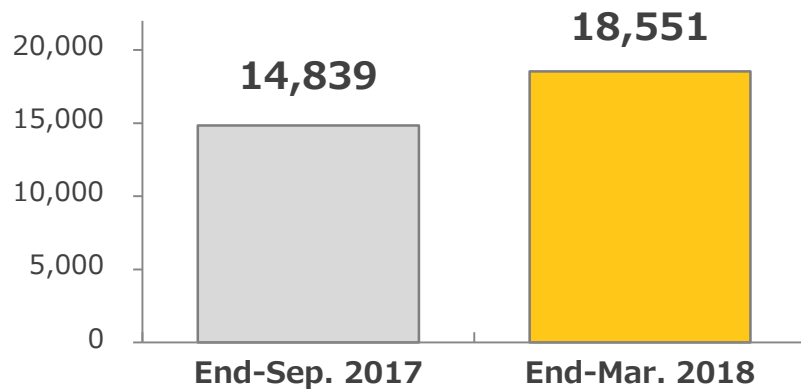
Consolidated Financial Overview

Consolidated B/S

Consolidated B/S

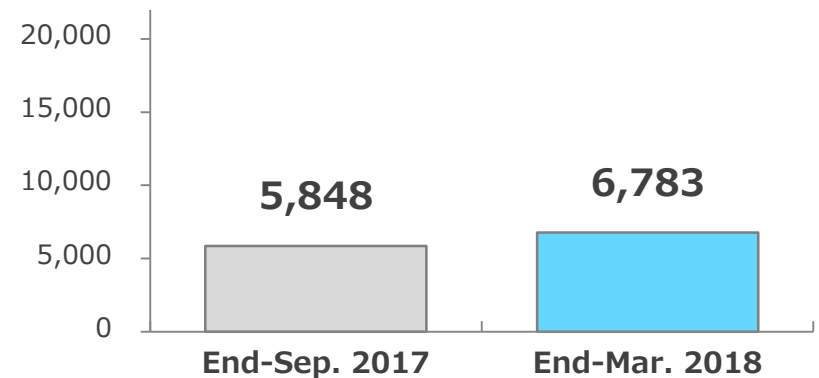
Current assets

(Million yen)



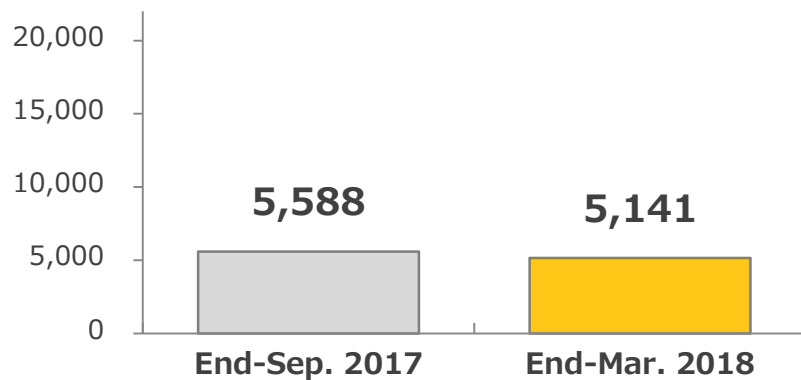
Current liabilities

(Million yen)



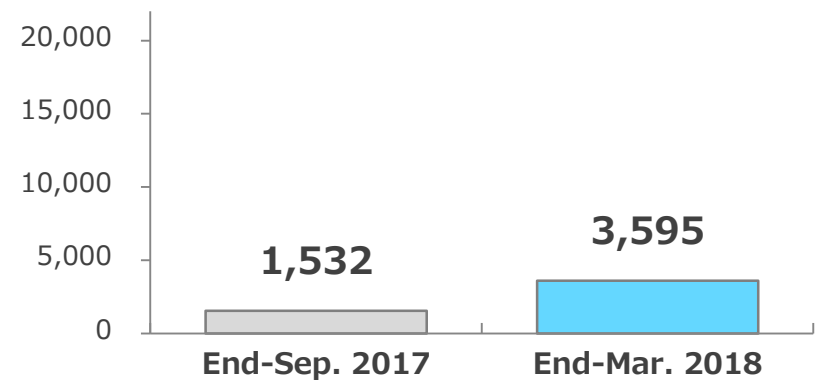
Fixed assets

(Million yen)



Fixed liabilities

(Million yen)



Consolidated B/S (1) Assets

(Million yen)

| | End-Sep. 2017 | End-Mar. 2018 | Change | Remarks |
|-------------------------------------|---------------|---------------|---------------|--|
| Assets | 20,491 | 23,707 | +3,246 | |
| Current assets | 14,839 | 18,551 | +3,712 | |
| Cash and deposits | 8,555 | 11,394 | +2,838 | |
| Notes and accounts receivable-trade | 4,853 | 5,751 | +897 | <i>Increased due to increase in the companies to which the workers were dispatched</i> |
| Deferred tax assets | 238 | 293 | +55 | |
| Deposits | 434 | 430 | -3 | |
| Allowance for doubtful accounts | -30 | -35 | -5 | |
| Fixed assets | 5,588 | 5,141 | -446 | |
| Tangible fixed assets | 1,080 | 969 | -110 | |
| Buildings and structures | 489 | 444 | -45 | |
| Tools, furniture and fixtures | 64 | 110 | +45 | |
| Land | 505 | 395 | -110 | |
| Intangible fixed assets | 1,059 | 970 | -89 | |
| Goodwill | 898 | 859 | -39 | |
| Software | 146 | 86 | -60 | <i>Decreased due to downsizing of IT-related business</i> |
| Investments and other assets | 3,447 | 3,201 | -246 | |
| Investment securities | 2,601 | 2,348 | -252 | <i>Decreased due to sale of shares of affiliates</i> |
| Deferred tax assets | 23 | 87 | +63 | |
| Lease deposit | 477 | 461 | -16 | |
| Properties | 239 | 237 | -2 | |
| Allowance for doubtful accounts | -35 | -40 | -4 | |

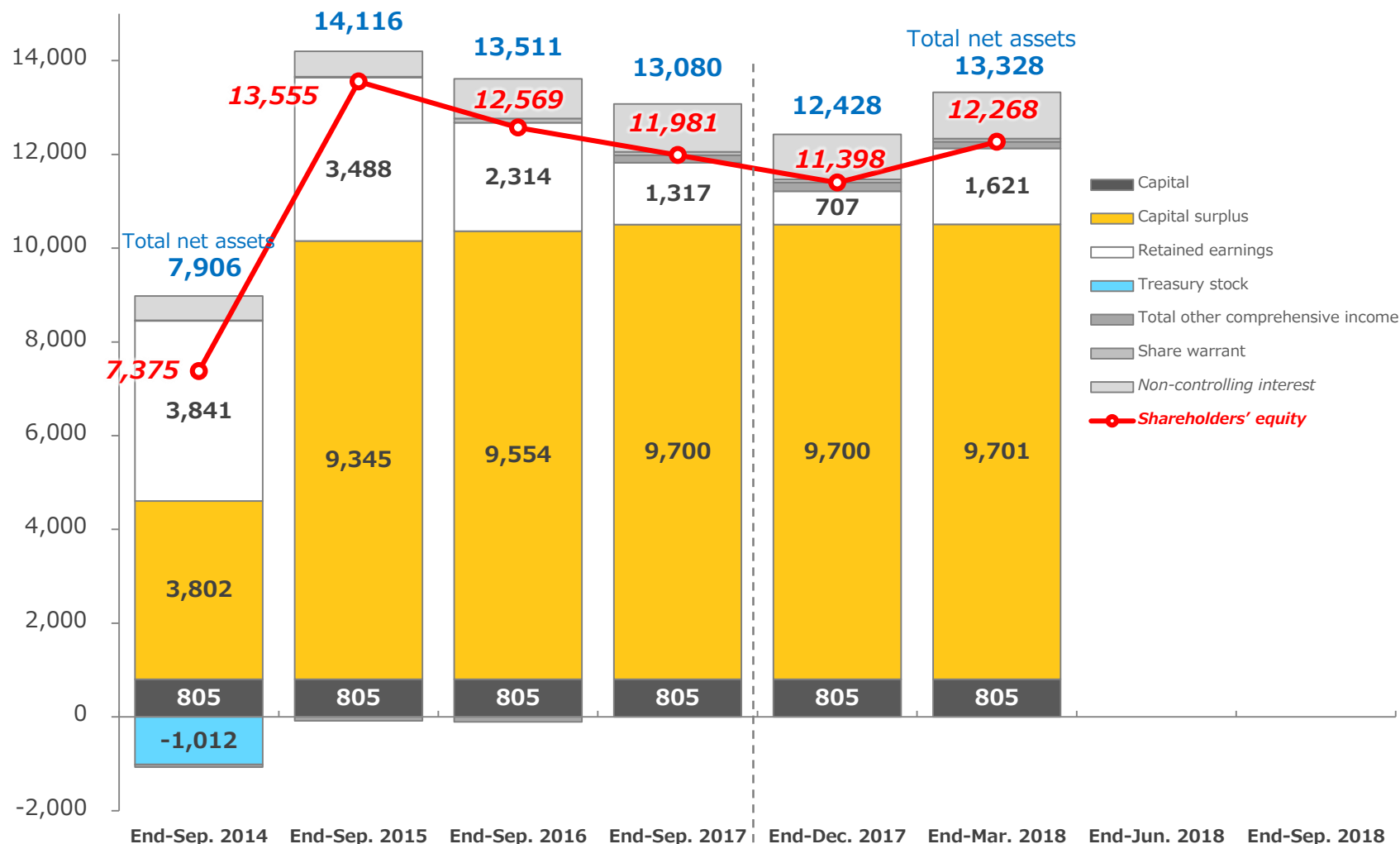
Consolidated B/S (2) Liabilities and Net Assets

(Million yen)

| | End-Sep. 2017 | End-Mar. 2018 | Change | Remarks |
|---|---------------|---------------|---------------|--|
| Liabilities + net assets | 20,461 | 23,707 | +3,246 | |
| Liabilities | 7,380 | 10,378 | +2,998 | |
| Current liabilities | 5,848 | 6,783 | +935 | |
| Account payable-trade | 25 | 9 | -15 | |
| Short-term debt | 915 | 900 | -15 | |
| Current portion of long-term debt | 817 | 1,281 | +464 | |
| Accounts payable | 612 | 292 | -320 | |
| Income taxes payable | 653 | 1,075 | +421 | |
| Accrued expenses | 1,408 | 1,727 | +319 | |
| Reserve for bonuses | 458 | 574 | +115 | |
| Fixed liabilities | 1,532 | 3,595 | +2,062 | |
| Long-term debt | 1,045 | 3,117 | +2,072 | <i>Increased due to borrowing of working capital</i> |
| Loss on retirement benefit | 278 | 294 | +16 | |
| Net assets | 13,080 | 13,328 | +247 | |
| Shareholders' equity | 11,823 | 12,128 | +305 | |
| Capital | 805 | 805 | — | |
| Capital surplus | 9,700 | 9,701 | +0 | |
| Retained earnings | 1,317 | 1,621 | +304 | <i>FY18/Q1 + Q2Net income – FY17 Year-end dividend</i> |
| Accumulated other comprehensive income | 158 | 140 | -18 | |
| Valuation difference on available-for-sale | 164 | 149 | -15 | |
| Share warrant | 72 | 72 | +0 | |
| Minority interest | 1,026 | 986 | -39 | |

Consolidated B/S (3) Shareholders' Equity

(Million yen)



*Shareholders' equity = Net assets - Non-controlling interest - Share warrant

FY2018

Consolidated Financial Overview

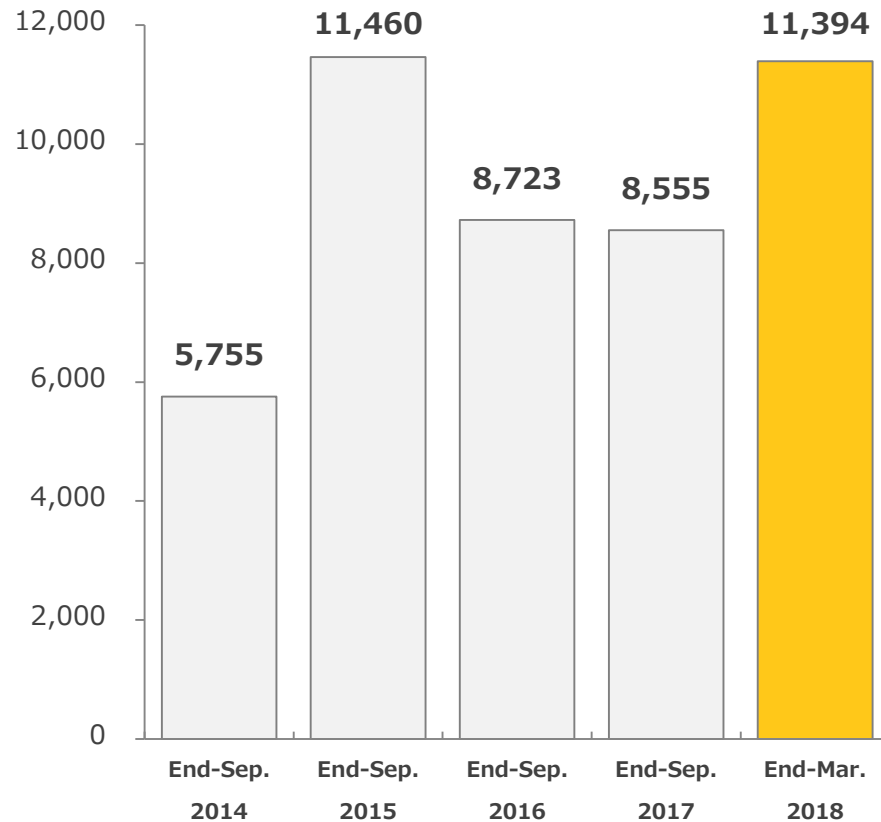
Financial Index

Financial Index (1)

Liquidity in Hand / Shareholders' Equity

Liquidity in hand

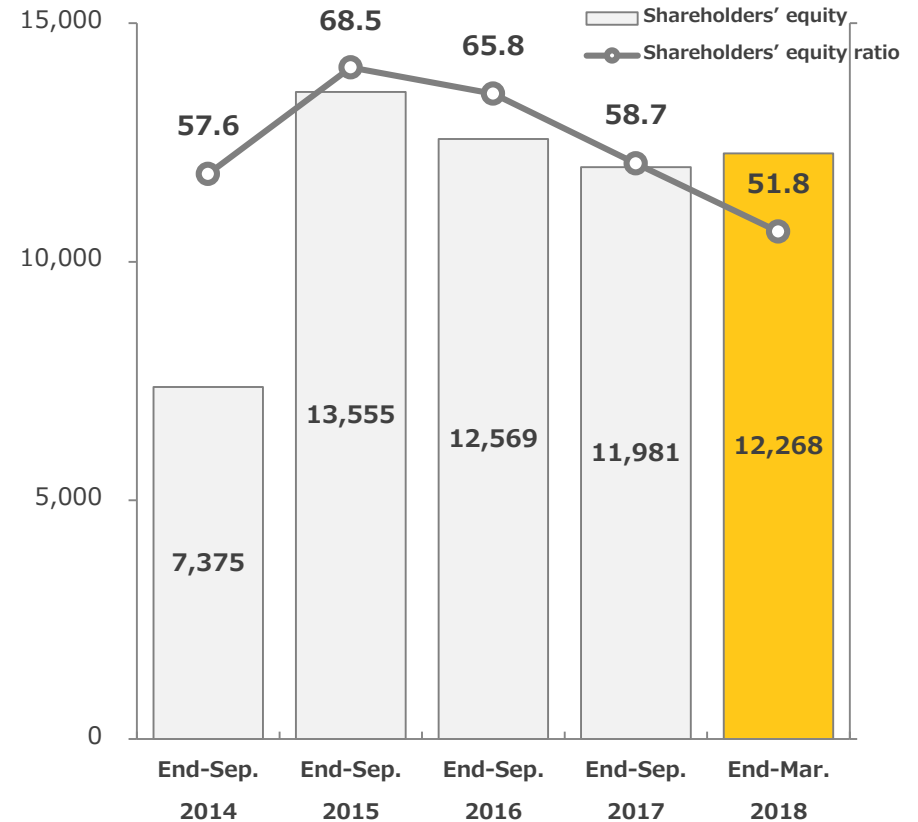
(Million yen)



Shareholders' equity

(Million yen)

(%)



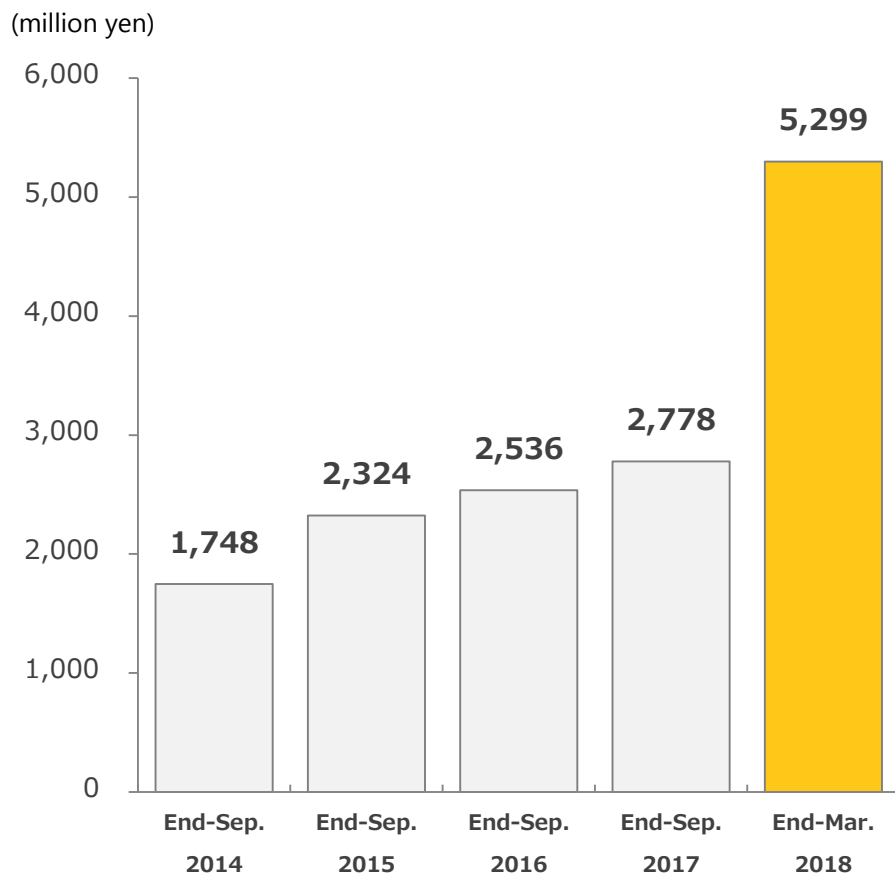
*1. Liquidity in hand = Cash and deposits+ Securities included in current assets

*2. Shareholders' equity = Net assets – Minority interest – Share warrant

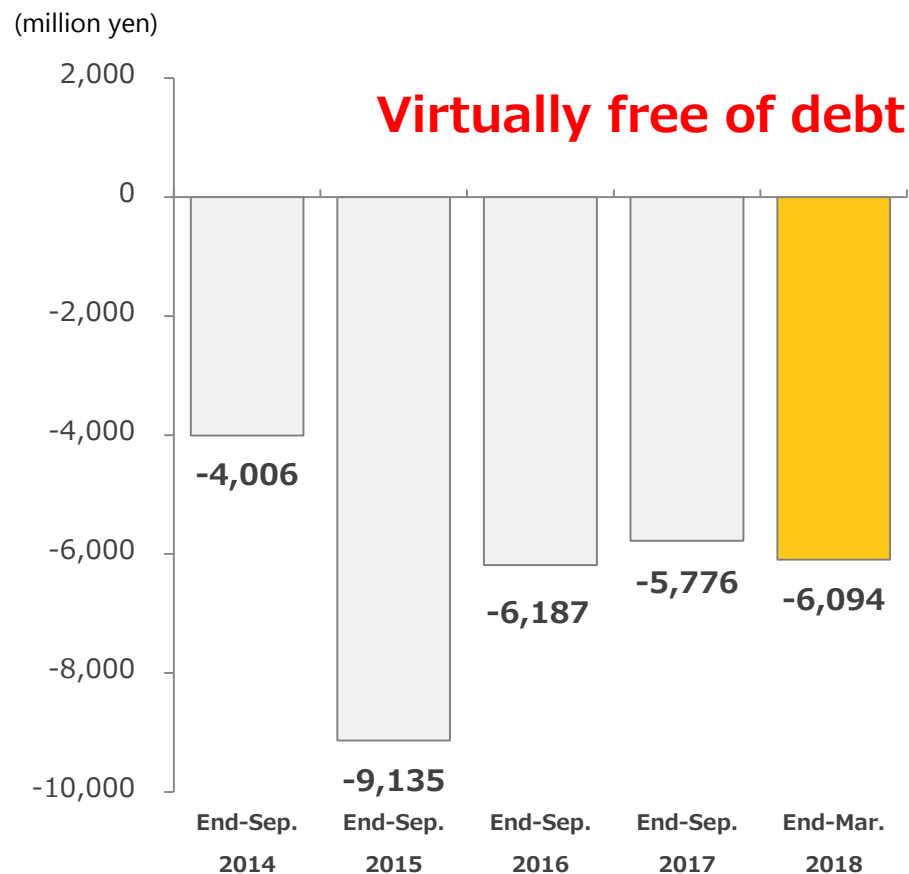
*3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Financial Index (2) Interest-Bearing Debt

Interest-bearing debt



Net interest-bearing debt



*1. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)

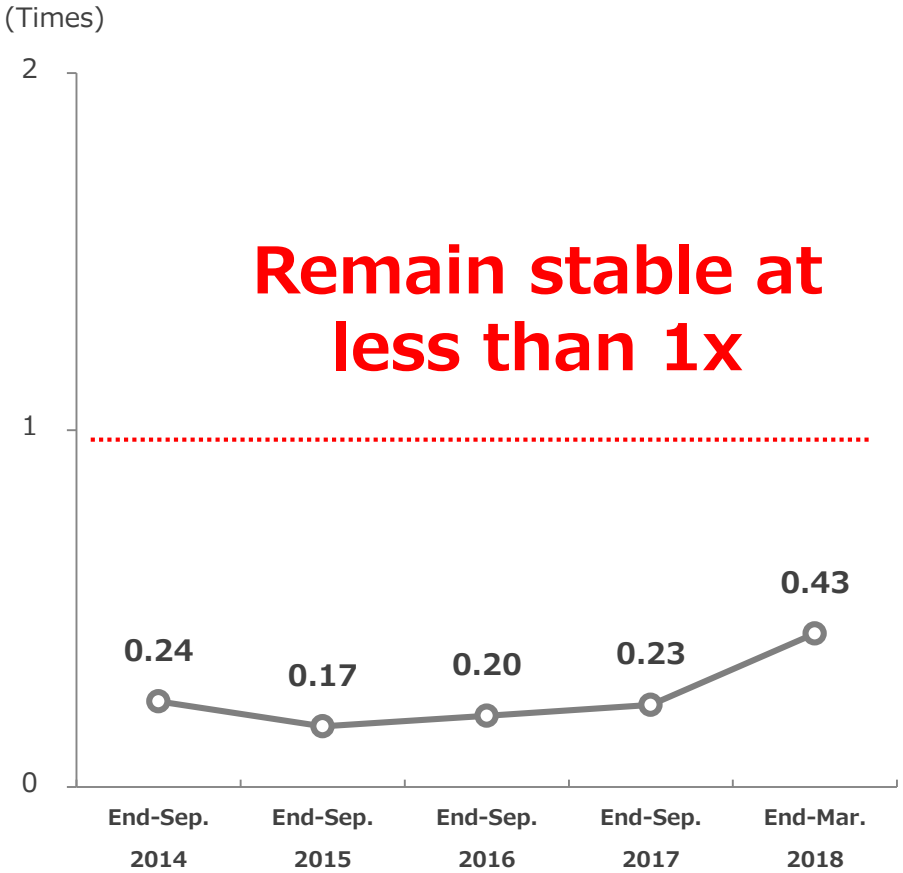
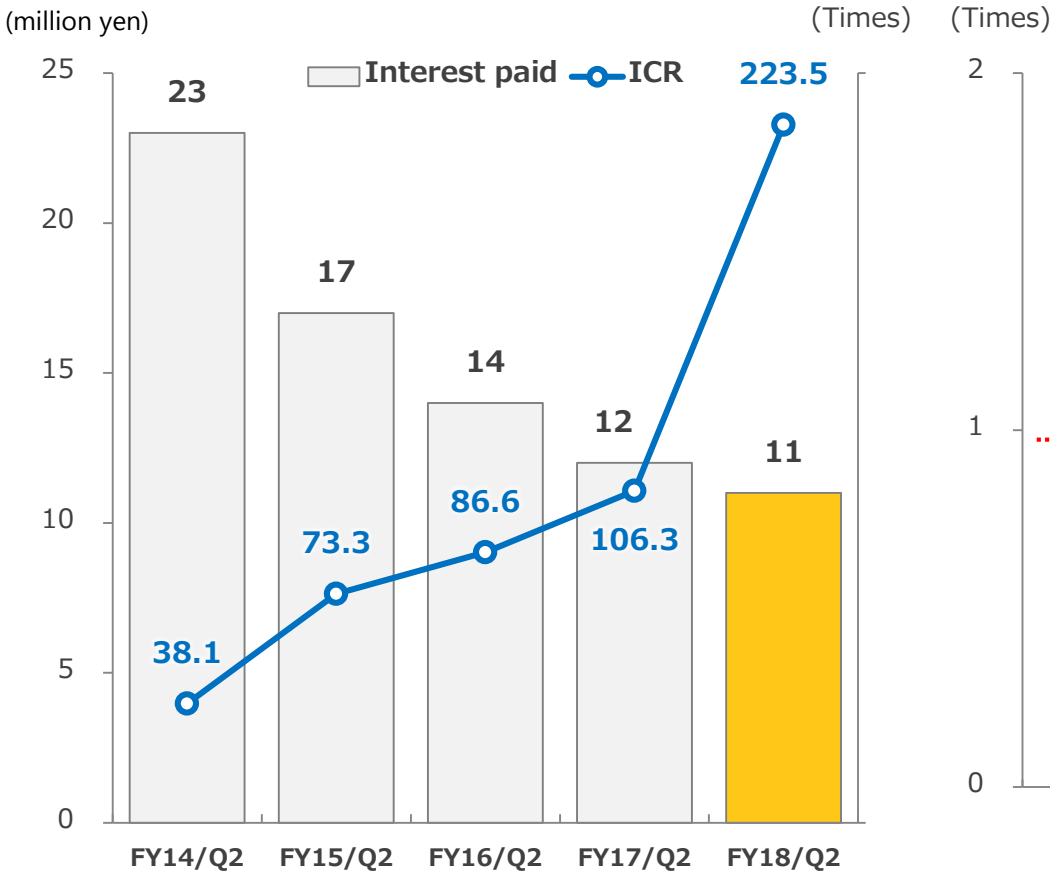
*2. Net interest-bearing debt = Interest-bearing debt – Liquidity in hand

*3. Liquidity in hand = Cash and deposits+ Securities included current assets

Financial Index (3) ICR·DER

ICR

DER



* 1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid
 2. Net operating profit = Operating income + Interest received + Investment gain/loss on equity method
 3. D/E ratio = Interest-bearing debt ÷ Shareholders' equity
 4. Interest-bearing debt = Short-term debt + Long-term debt + Current portion of long-term debt + Bond (lease liability not included) **21**

Summary of Financial Index

(million yen)

| | End-Sep. '17 | End-Mar. '18 | Change |
|----------------------------|--------------|--------------|----------|
| Shareholders' equity | 11,981 | 12,268 | +286 |
| Shareholders' equity ratio | 58.7% | 51.8% | -6.8pt. |
| Liquidity in hand | 8,555 | 11,394 | +2,838 |
| Interest-bearing debt | 2,778 | 5,299 | +2,520 |
| D/E ratio | 0.23 times | 0.43 times | +0.20pt. |

Segment Overview

Segment Overview

**Construction Engineer
Temporary Staffing**

Four Indicators of Sales

No. of engineers
×
Operating rate
×
Operating time
×
Unit price of
temporary staffing



Sales

Number of Engineers (1) Recruitment

- Annual recruitment target of 2,500 engineers
- Recruiting cost per engineer decreased by 18% YoY

(Unit: persons)

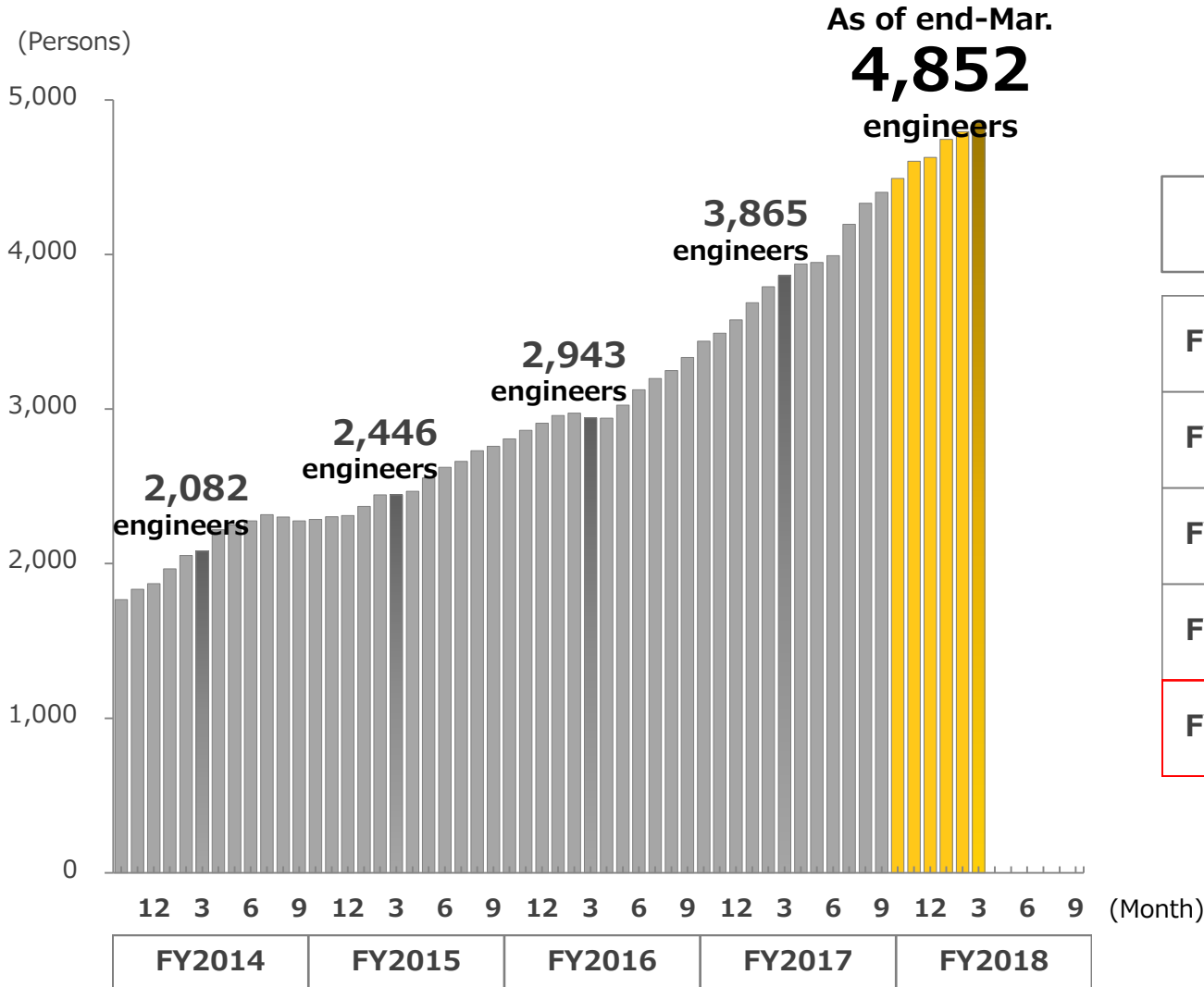
| | Oct | Nov | Dec | Jan | Feb | Mar | Oct – Mar total |
|------------------|------|-----|-----|-----|-----|-----|--------------------|
| FY17 recruitment | 553 | | | 602 | | | 1,155 |
| FY18 recruitment | 698 | | | 673 | | | 1,371 |
| Change | +145 | | | +71 | | | +216 |

| | Apr | May | Jun | Jul | Aug | Sep | Apr – Sep total | Oct – Sep total |
|------------------|-----|-----|-----|-----|-----|-----|--------------------|--------------------|
| FY17 recruitment | 710 | | | 801 | | | 1,511 | 2,666 |
| FY18 recruitment | | | | | | | | |
| Change | | | | | | | | |

Number of Engineers (2)

Changes in the Number of Engineers

■ Increased by 987 engineers YoY (+25.5%)



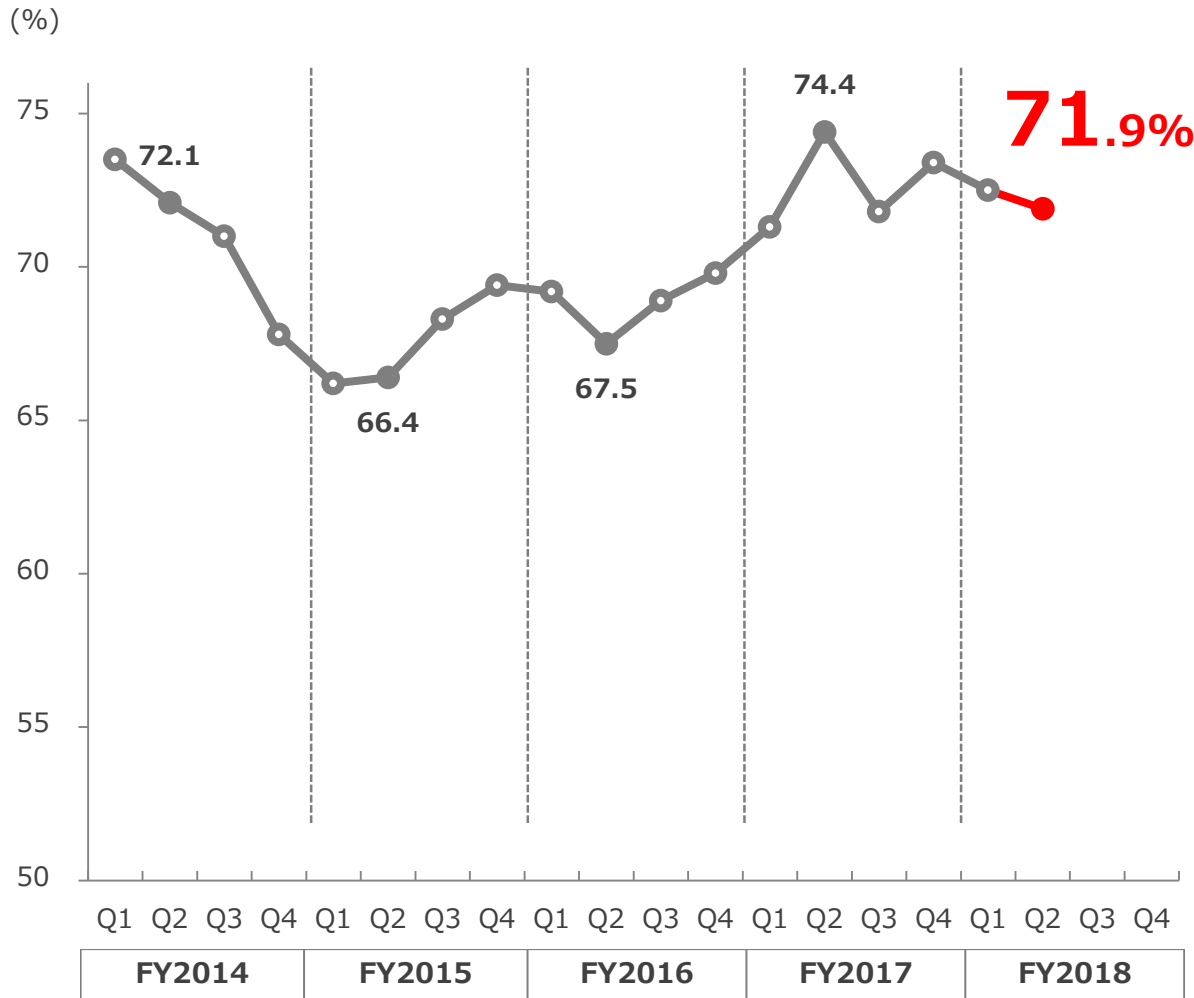
Avg. number of engineers
6-month avg. (Oct – Mar)

| FY | Number of Engineers | YoY |
|---------|---------------------|--------|
| FY14/Q2 | 1,929 engineers | |
| FY15/Q2 | 2,360 engineers | +22.4% |
| FY16/Q2 | 2,909 engineers | +23.2% |
| FY17/Q2 | 3,642 engineers | +25.2% |
| FY18/Q2 | 4,686 engineers | +28.7% |

* Number of engineers at the end of month

Number of Engineers (3) Retention Rate

- Aim for more than 70% through constant improvement measures

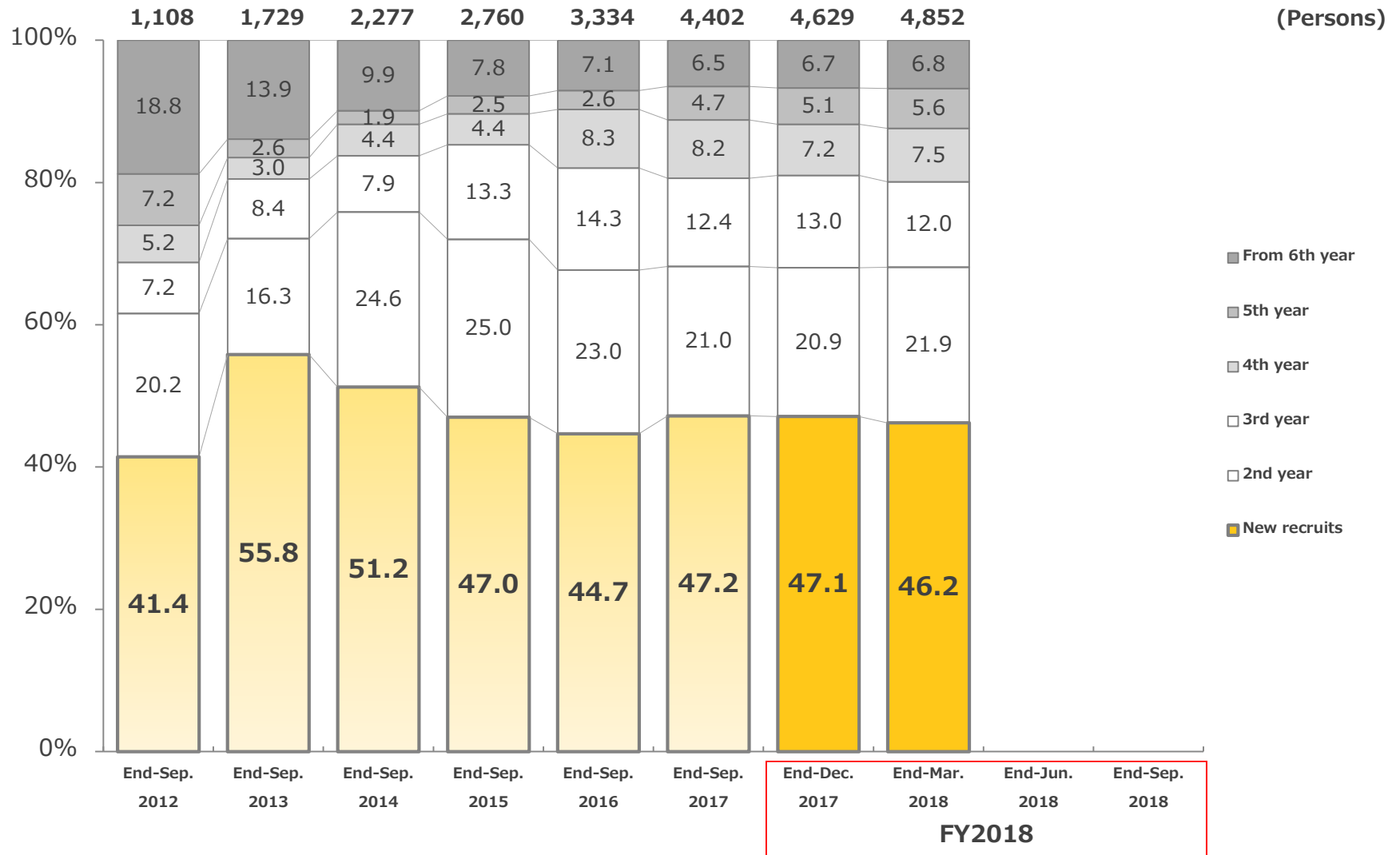


| Avg. retention rate 6-month avg. (Oct – Mar) | | |
|---|-------|---------|
| FY2014 | 72.8% | YoY |
| FY2015 | 66.3% | -6.5pt. |
| FY2016 | 68.4% | +2.0pt. |
| FY2017 | 72.9% | +4.5pt. |
| FY2018 | 72.2% | -0.6pt. |

*Retention rate = No. of engineers at the time of calculation / (No. of engineers a year ago + New hires during the year) x 100

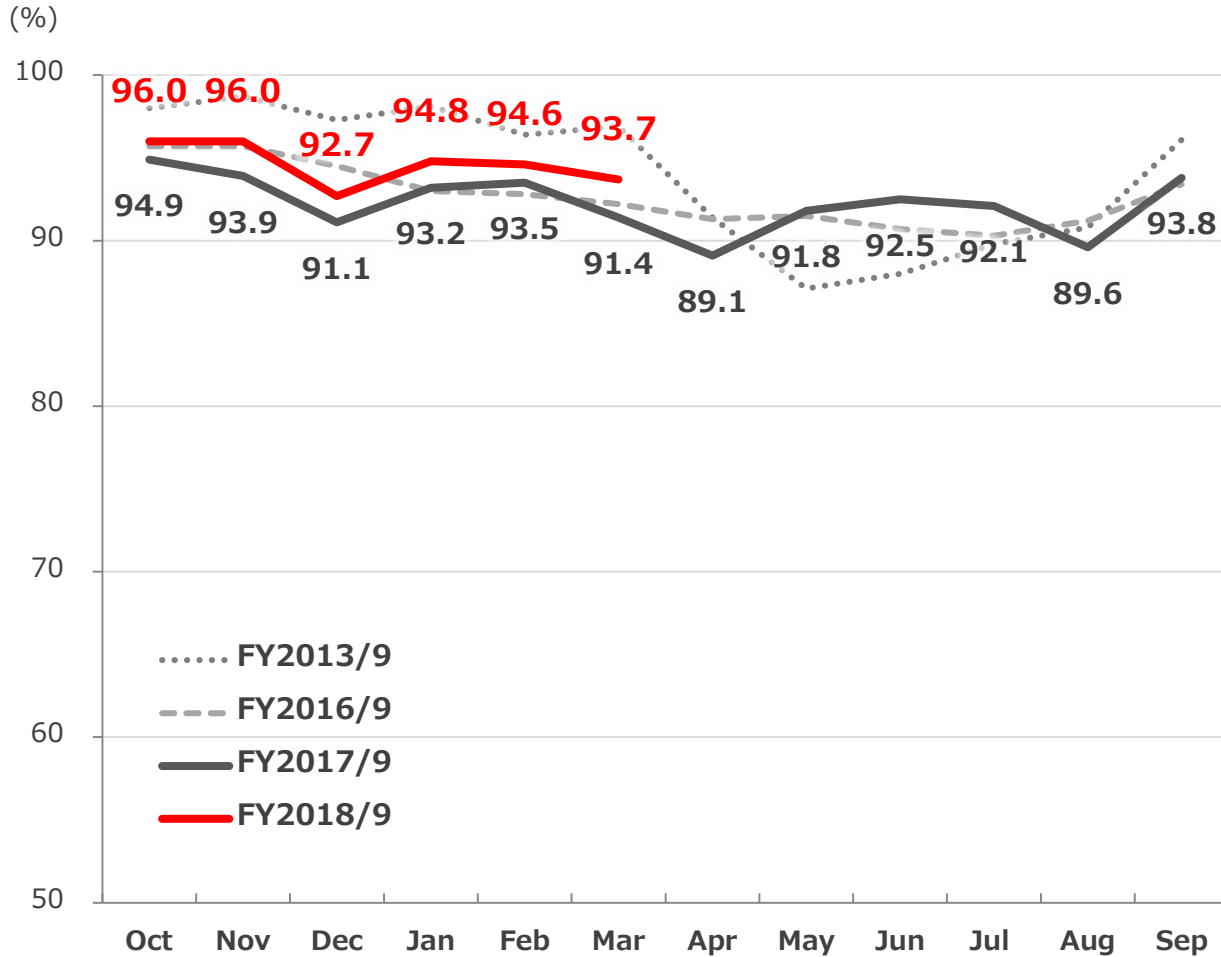
Number of Engineers (4) Ratio by Length of Service

- Ratio of newly hired employees is expected to decrease on the assumption that the number of annual recruitment remains the same as in the previous period



Operating Rate

- Operating rate increased as a result of effective training and active business to increase the number of recruits

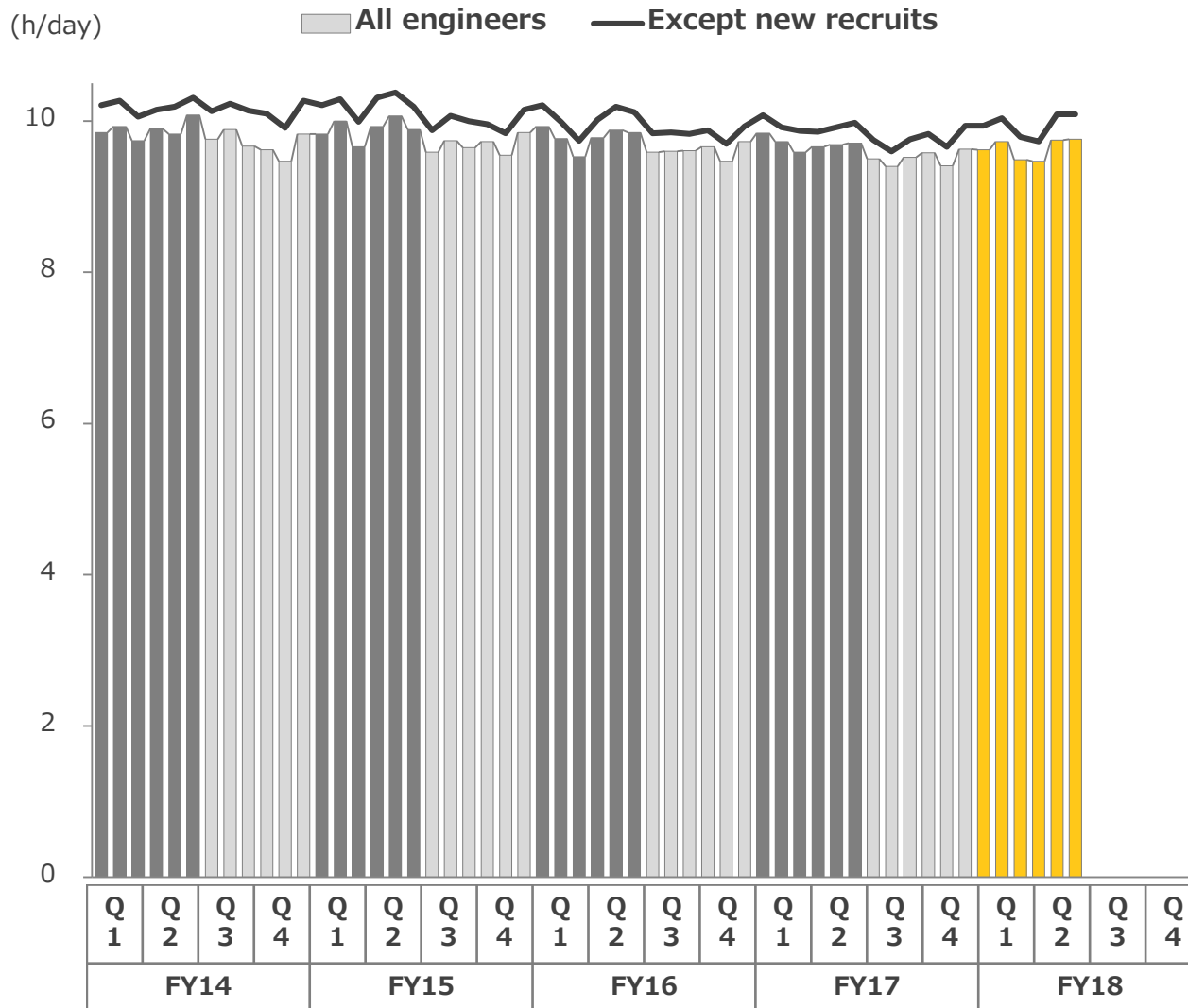


| Avg. operating rate 6-month avg. (Oct – Mar) | | |
|---|-------|---------|
| FY13/Q2 | 97.6% | YoY |
| FY16/Q2 | 94.0% | -3.2pt. |
| FY17/Q2 | 93.0% | -1.0pt. |
| FY18/Q2 | 94.6% | +1.6pt. |

| Q1 | Q2 | Q3 | Q4 |
|----|----|----|----|
|----|----|----|----|

Operating Time

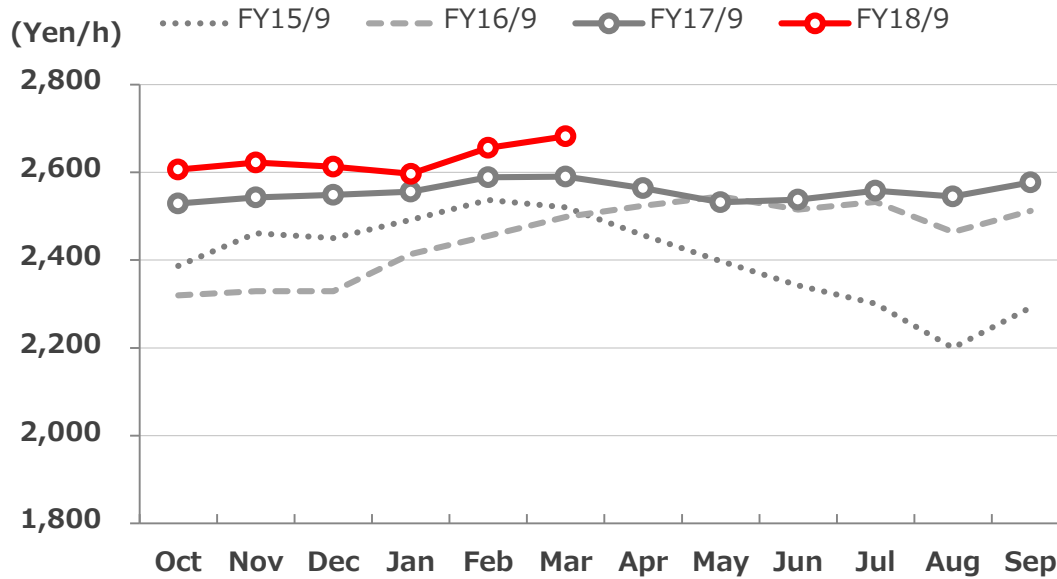
- Operating time continues to decline as a result of “working style reforms” and other measures to raise awareness of the importance of labor management



| Avg. operating time of all engineers 6-month avg. (Oct – Mar) | | |
|--|-------|-------|
| FY14/Q2 | 9.89h | YoY |
| FY15/Q2 | 9.90h | +0.1% |
| FY16/Q2 | 9.79h | -1.1% |
| FY17/Q2 | 9.70h | -0.9% |
| FY18/Q2 | 9.64h | -0.7% |

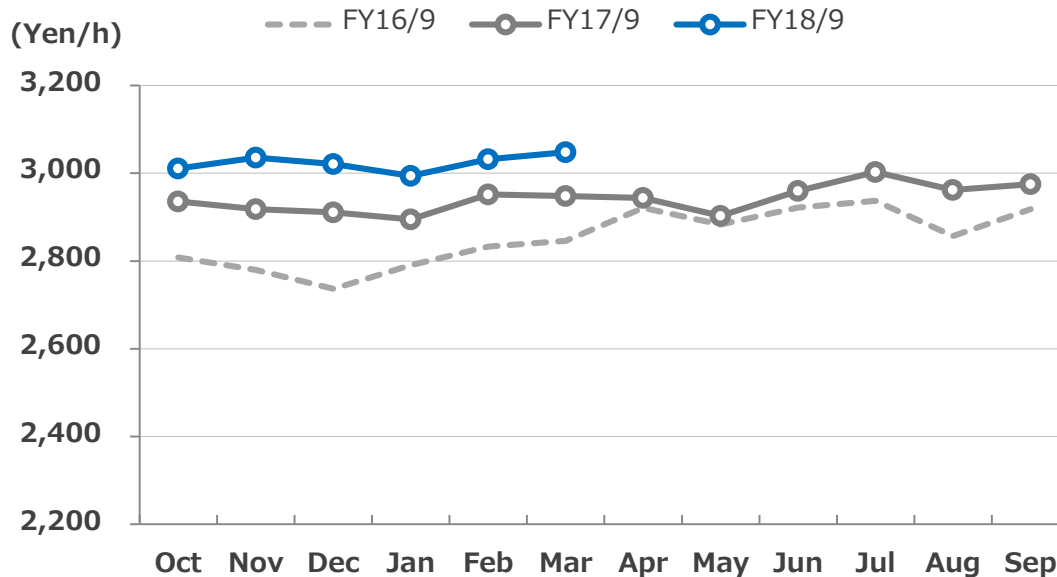
Unit Price of Temporary Staffing (1)

Changes in New Recruits and 2nd Year



New recruits only 6-month avg. (Oct – Mar)

| | | |
|---------|-------|-------|
| FY15/Q2 | 2,475 | YoY |
| FY16/Q2 | 2,391 | -3.4% |
| FY17/Q2 | 2,559 | +7.0% |
| FY18/Q2 | 2,629 | +2.7% |

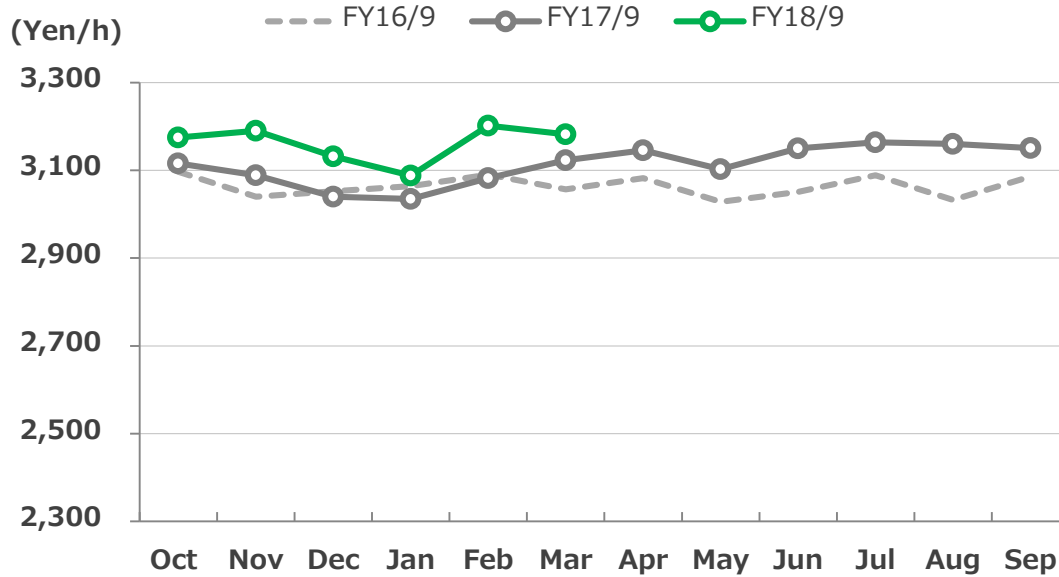


2nd year only 6-month avg. (Oct – Mar)

| | | |
|---------|-------|-------|
| FY16/Q2 | 2,799 | YoY |
| FY17/Q2 | 2,927 | +4.6% |
| FY18/Q2 | 3,024 | +3.3% |

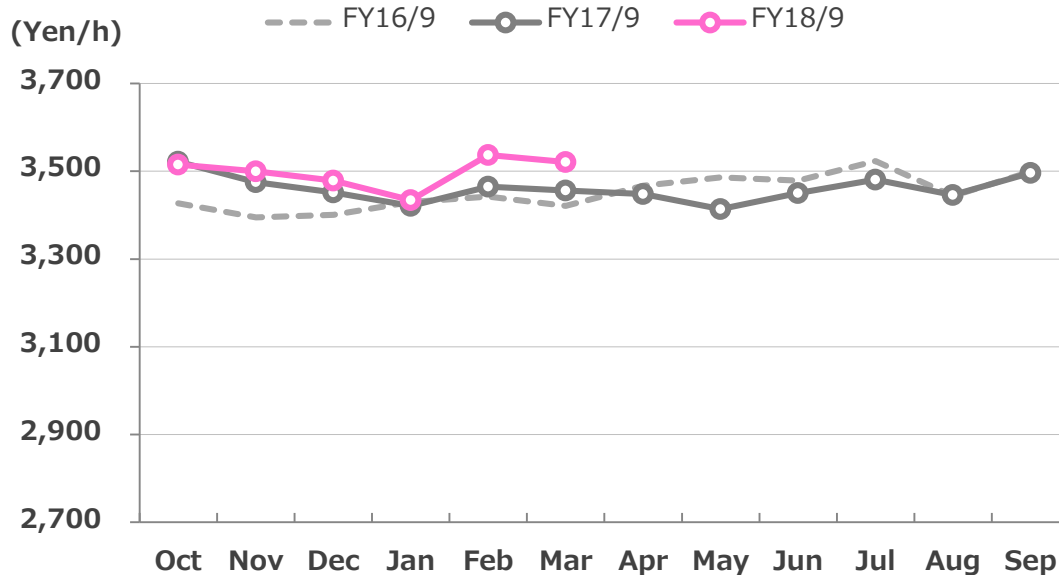
Unit Price of Temporary Staffing (2)

Changes from the 3rd and 4th Year and Over



3rd year only
6-month avg. (Oct – Mar)

| | | |
|---------|-------|-------|
| FY16/Q2 | 3,067 | YoY |
| FY17/Q2 | 3,081 | +0.5% |
| FY18/Q2 | 3,162 | +2.6% |

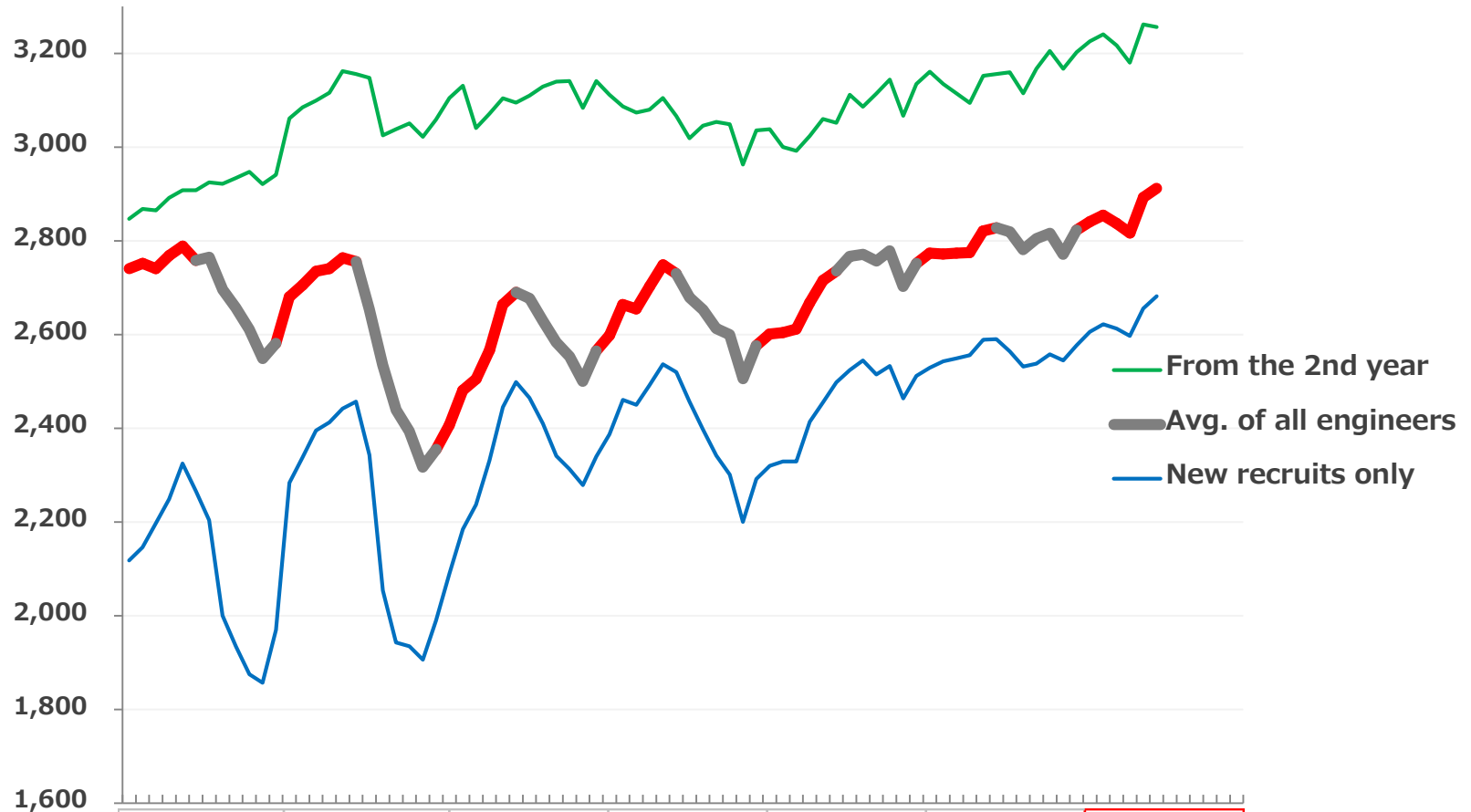


From the 4th year
6-month avg. (Oct – Mar)

| | | |
|---------|-------|-------|
| FY16/Q2 | 3,419 | YoY |
| FY17/Q2 | 3,465 | +1.3% |
| FY18/Q2 | 3,498 | +0.9% |

Unit Price of Temporary Staffing (3) Interim Changes

(Yen/h)



| | 12 3 6 9 | 12 3 6 9 | 12 3 6 9 | 12 3 6 9 | 12 3 6 9 | 12 3 6 9 | 12 3 6 9 | (Month) | | | | | | | | | | | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|---------|--------|--|--|--|--------|--|--|--|--------|--|--|--|--------|--|--|--|--------|--|--|--|
| | FY2011 | | | | FY2013 | | | | FY2014 | | | | FY2015 | | | | FY2016 | | | | FY2017 | | | | FY2018 | | | |

| | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Avg. on a company-wide basis (Q1-Q2) | ¥2,758 | ¥2,730 | ¥2,552 | ¥2,683 | ¥2,656 | ¥2,791 | ¥2,859 |
| | YoY | -1.0% | -6.5% | +5.1% | -1.0% | +5.1% | +2.5% |

Summary of Four Indicators of Sales

All engineers 6-month average (Oct – Mar)

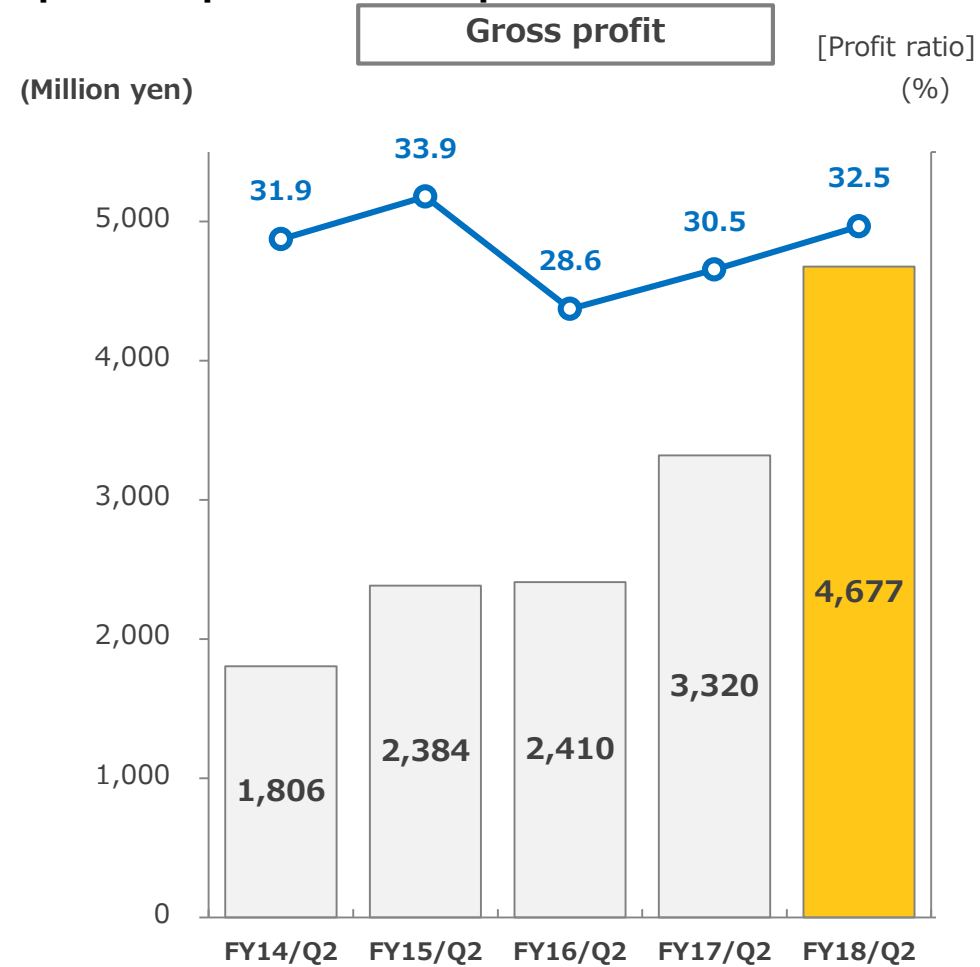
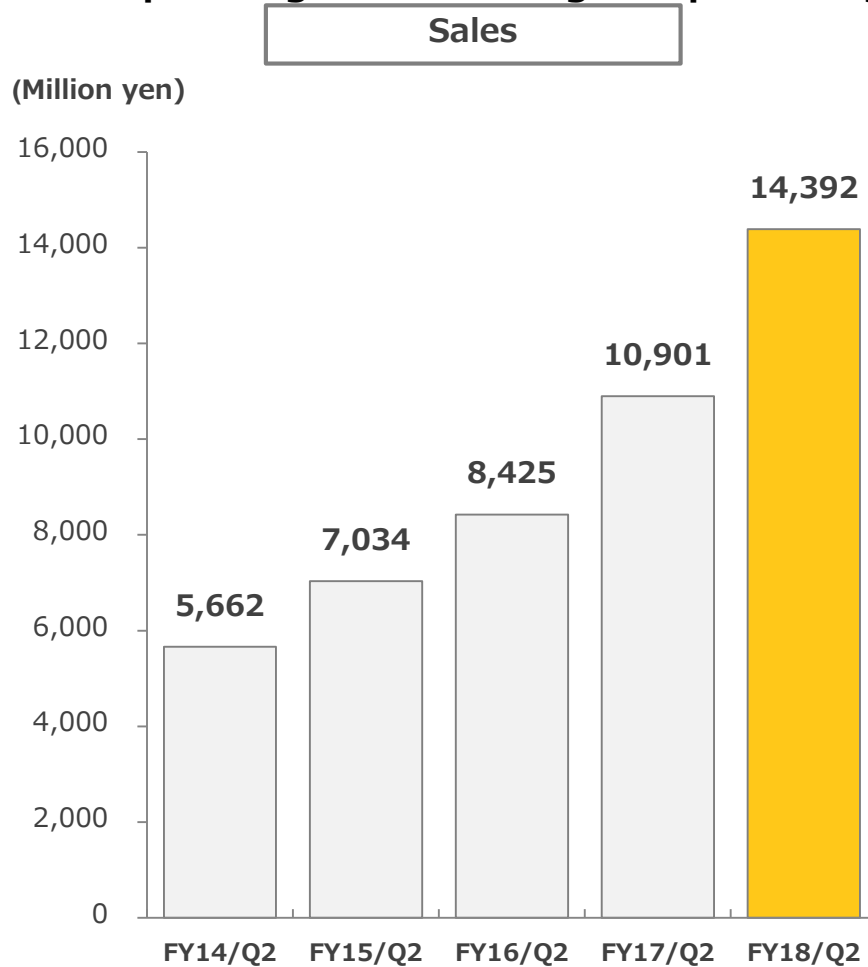
| | FY17/Q2 | FY18/Q2 | Change | Pct. change |
|----------------------------------|-----------------|-----------------|------------------|-------------|
| No. of engineers | 3,642 engineers | 4,686 engineers | +1,044 engineers | +28.7% |
| Operating rate | 93.0% | 94.6% | +1.6pt. | — |
| Operating time | 9.70h | 9.64h | -0.06h | -0.7% |
| Unit price of temporary staffing | 2,791yen | 2,859yen | +68yen | +2.5% |

Non-consolidated P/L Statement (1)

Sales and Gross Profit

Construction Engineer
Temporary Staffing

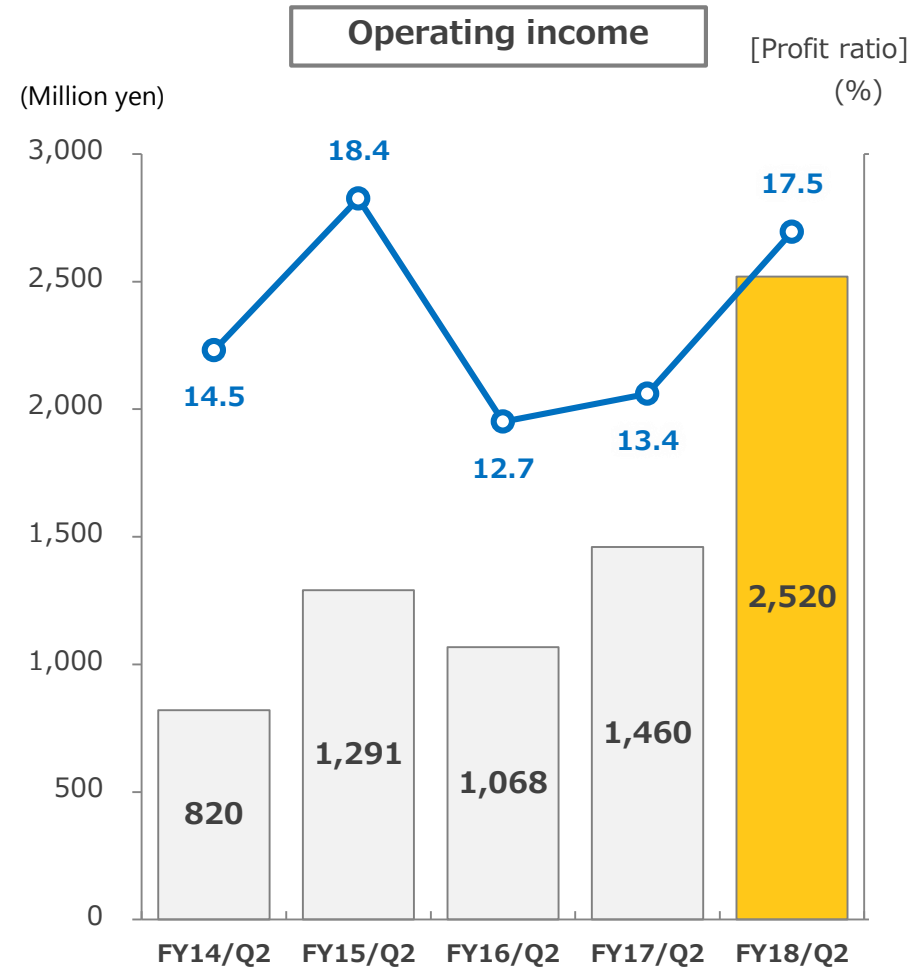
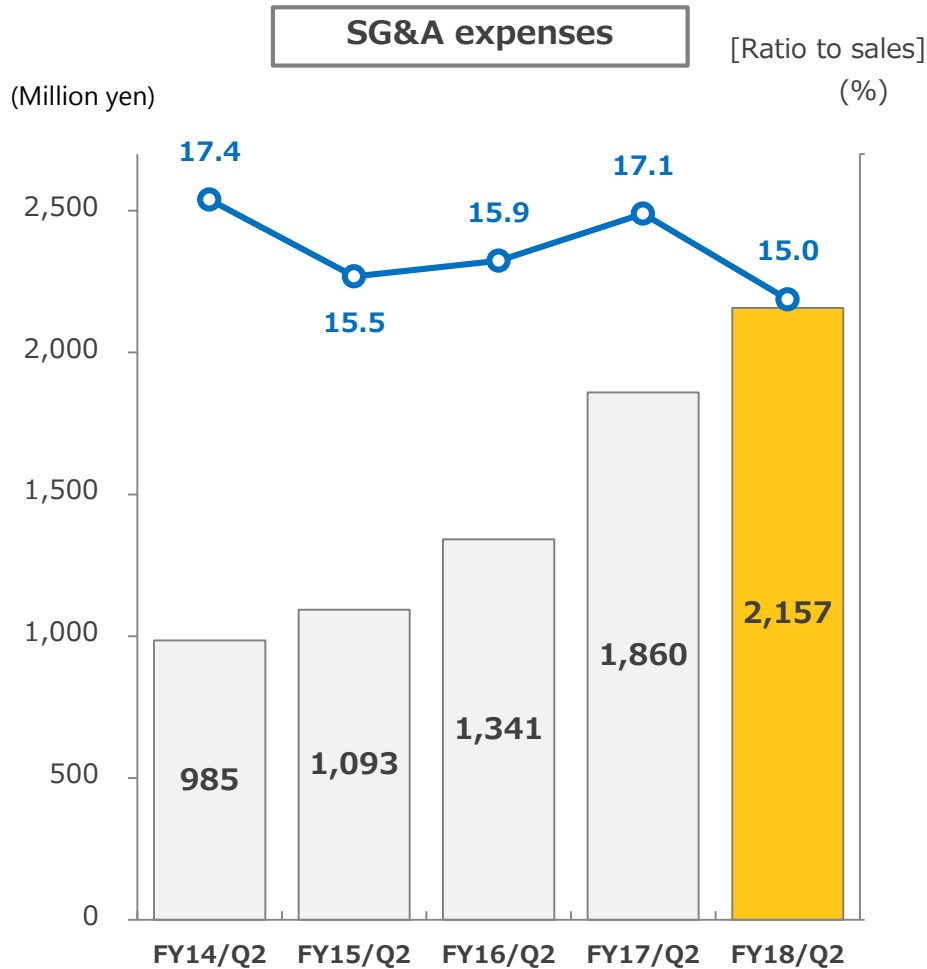
- Sales ⇒ up by 32% YoY for 31 consecutive quarters due to aggressive recruitment and high retention rate
- Gross profit ⇒ up by 41% due to increases in unit price of temporary staffing and operating rate resulting in 2 percentage point improvement in profit ratio



Non-consolidated P/L Statement (2)

SG&A Expenses and Operating Income

- SG&A expenses ⇒ only slightly increased due to a decline in recruiting cost despite increased personnel expenses resulting in 16% increase
- Operating income ⇒ increased significantly by 73% due to an increase in gross profit which led to a slight increase in SG&A expenses



Summary of Non-consolidated P/L Statement

Construction Engineer
Temporary Staffing

(Million yen)

| | FY17/Q2 | FY18/Q2 | Change | Pct. change |
|------------------|------------------|------------------|--------|-------------|
| Sales | 10,901 | 14,392 | +3,490 | 32.0% |
| Gross profit | 3,320 (30.5%) | 4,677 (32.5%) | +1,356 | 40.9% |
| SG&A expenses | 1,860 (17.1%) | 2,157 (15.0%) | +296 | 16.0% |
| Operating income | 1,460 (13.4%) | 2,520 (17.5%) | +1,059 | 72.6% |
| Ordinary income | 1,655 (15.2%) | 2,556 (17.8%) | +900 | 54.4% |
| Net income | 1,171 (10.7%) | 2,005 (13.9%) | +833 | 71.1% |

* () = Ratio to sales

Engineer Temporary Staffing

Recruitment

- Annual recruitment plan of 1,200 engineers (progress rate of 35.8%)
- Recruitment includes 269 females (63%) and 29 foreigners (7%)

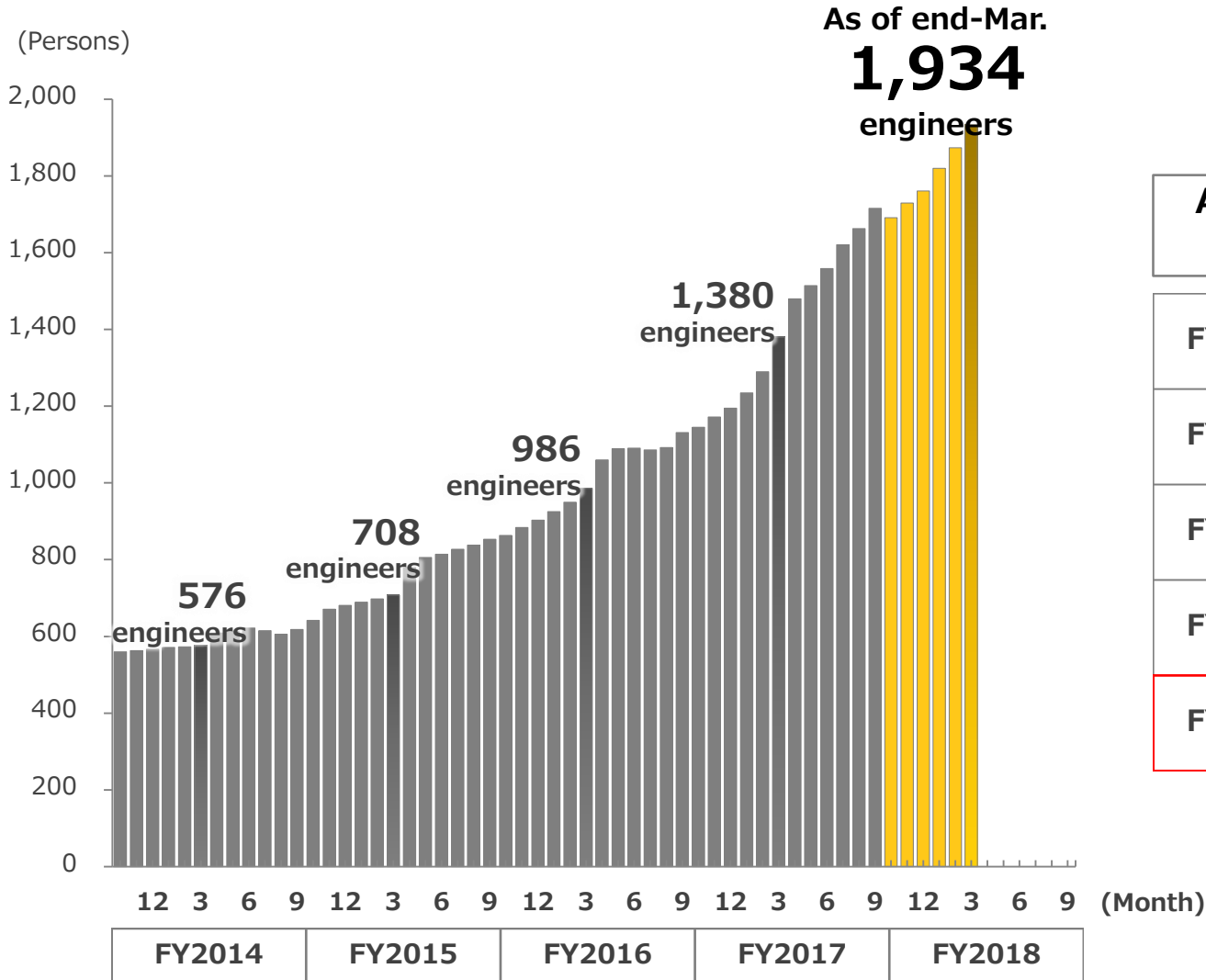
(Unit: persons)

| | Oct | Nov | Dec | Jan | Feb | Mar | Oct – Mar total |
|------------------|-----|-----|-----|-----|-----|-----|-----------------|
| FY17 recruitment | 107 | | | 242 | | | 349 |
| FY18 recruitment | 159 | | | 270 | | | 429 |
| YoY | +52 | | | +28 | | | +80 |

| | Apr | May | Jun | Jul | Aug | Sep | Apr – Sep total | Oct – Sep total |
|------------------|-----|-----|-----|-----|-----|-----|-----------------|-----------------|
| FY17 recruitment | 306 | | | 286 | | | 592 | 941 |
| FY18 recruitment | | | | | | | | |
| YoY | | | | | | | | |

Changes in the Number of Engineers

■ Increased by 554 engineers YoY (+40.1%)



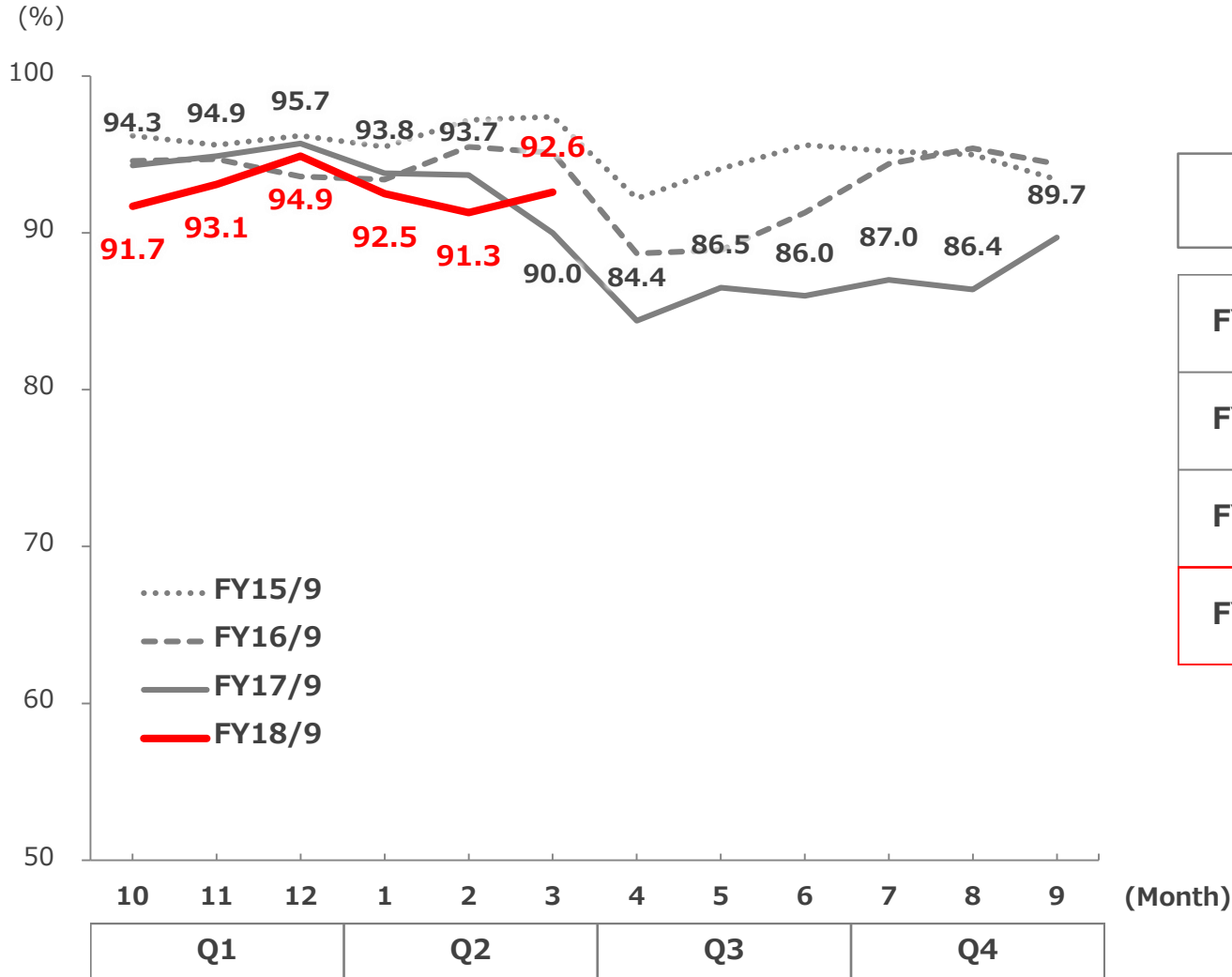
**Avg. number of engineers
6-month avg. (Oct – Mar)**

| FY | Avg. number of engineers | YoY |
|--------|--------------------------|--------|
| FY2014 | 568 engineers | - |
| FY2015 | 682 engineers | +19.9% |
| FY2016 | 919 engineers | +34.8% |
| FY2017 | 1,236 engineers | +34.6% |
| FY2018 | 1,802 engineers | +45.7% |

*No. of engineers at the end of the month

Changes in Operating Rate

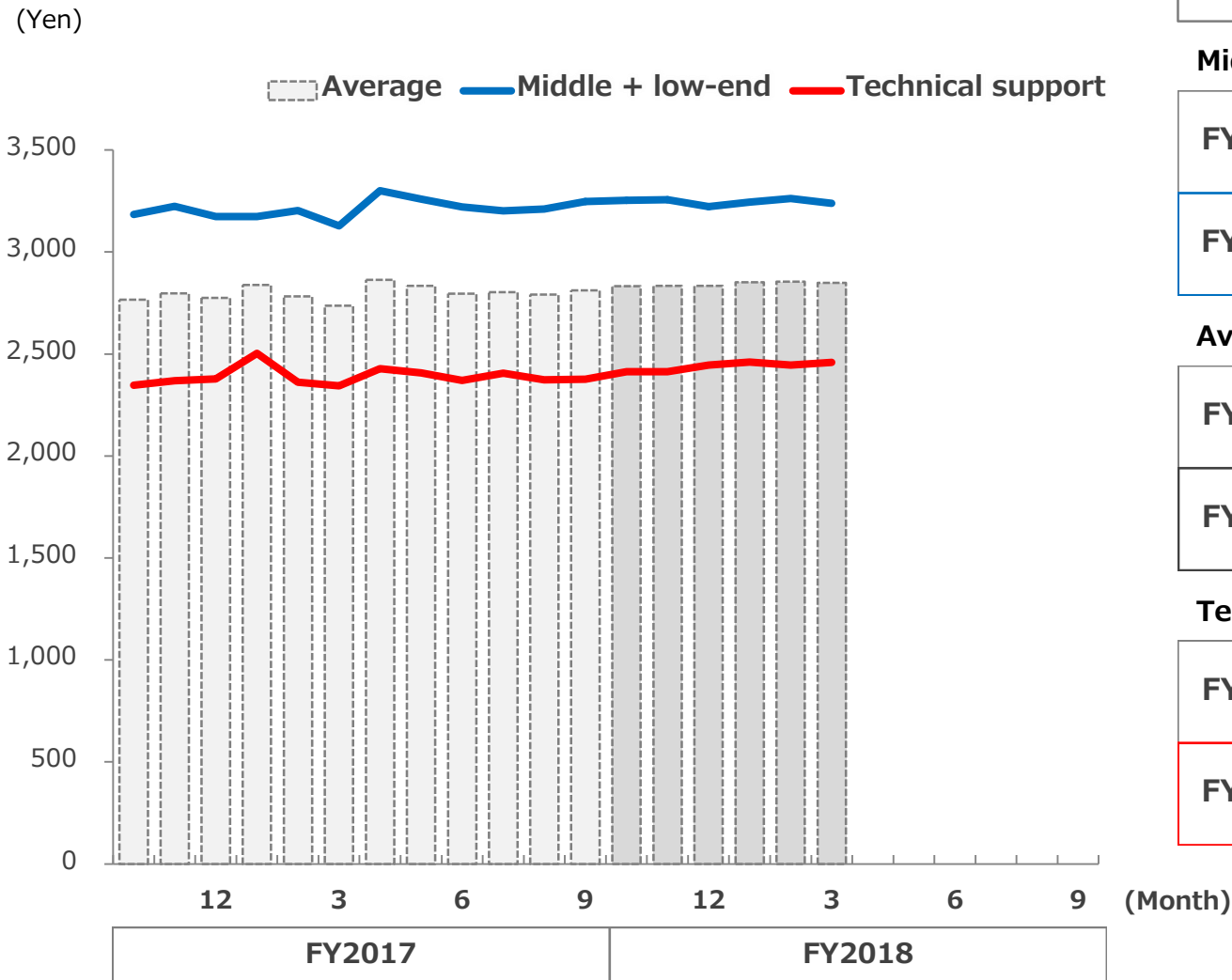
- Operating rate decreased as a result of increased recruitment due to aggressive investment



| Avg. operating rate 6-month avg. (Oct – Mar) | | |
|---|-------|---------|
| FY2015 | 96.4% | YoY |
| FY2016 | 94.5% | -1.9pt. |
| FY2017 | 93.7% | -0.8pt. |
| FY2018 | 92.7% | -1.1pt. |

Changes in Unit Price of Temporary Staffing

- Focused on developing technical support area where human wave tactics will be used



6-month avg. (Oct – Mar)

Middle + low-end

| | | |
|---------|-----------|-------|
| FY17/Q2 | 3,181 yen | YoY |
| FY18/Q2 | 3,246 yen | +2.0% |

Average

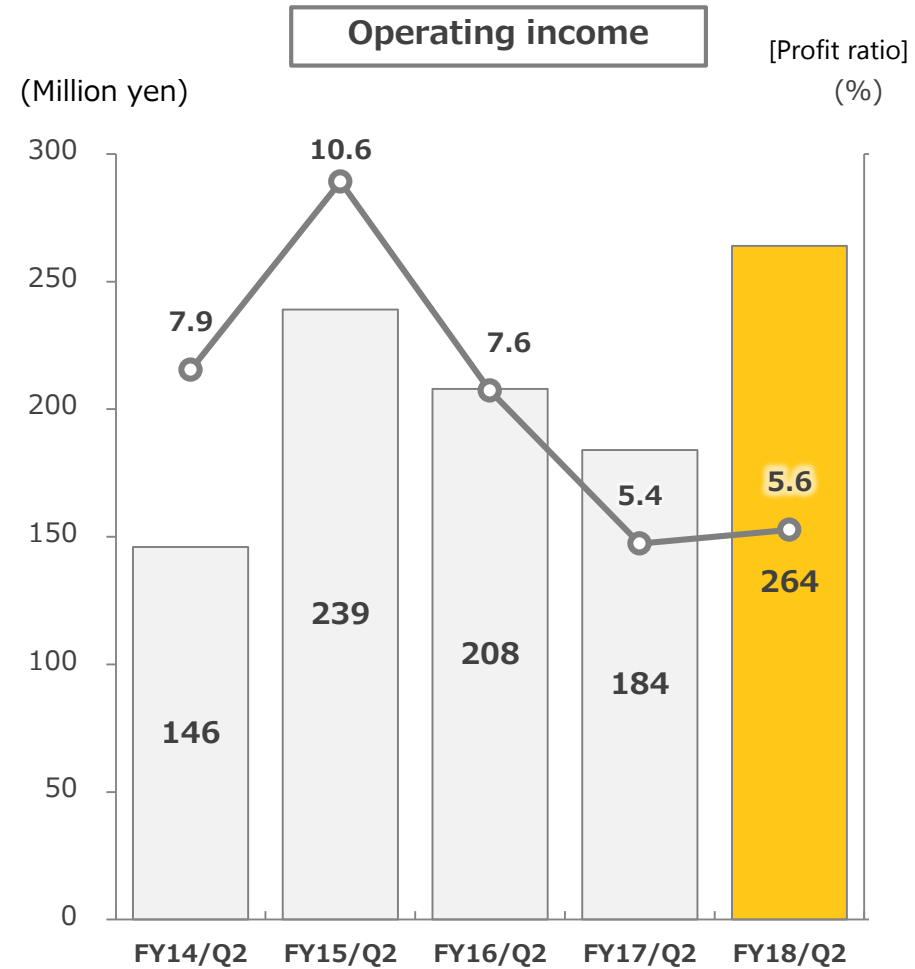
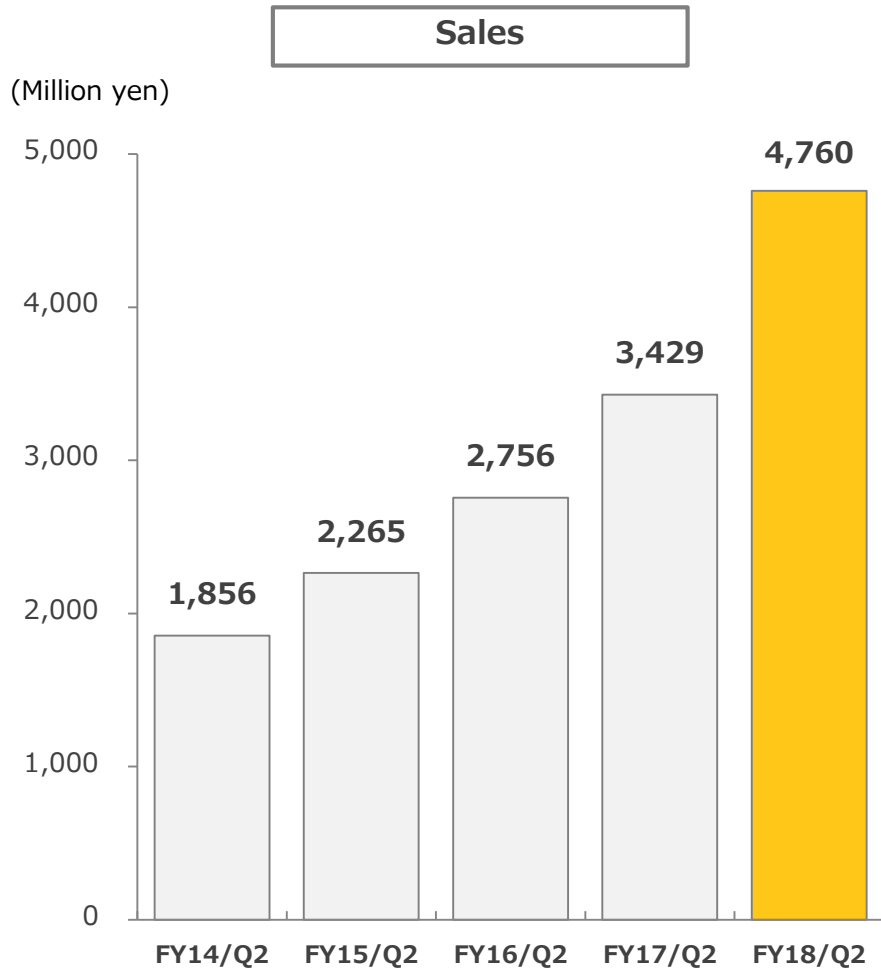
| | | |
|---------|-----------|-------|
| FY17/Q2 | 2,783 yen | YoY |
| FY18/Q2 | 2,843 yen | +2.2% |

Technical support

| | | |
|---------|-----------|-------|
| FY17/Q2 | 2,384 yen | YoY |
| FY18/Q2 | 2,439 yen | +2.3% |

P/L Summary

- Sales ⇒ up by 39% due to increase in the number of engineers at work through aggressive recruitment
- Operating income ⇒ up by 43% due to increased recruiting cost



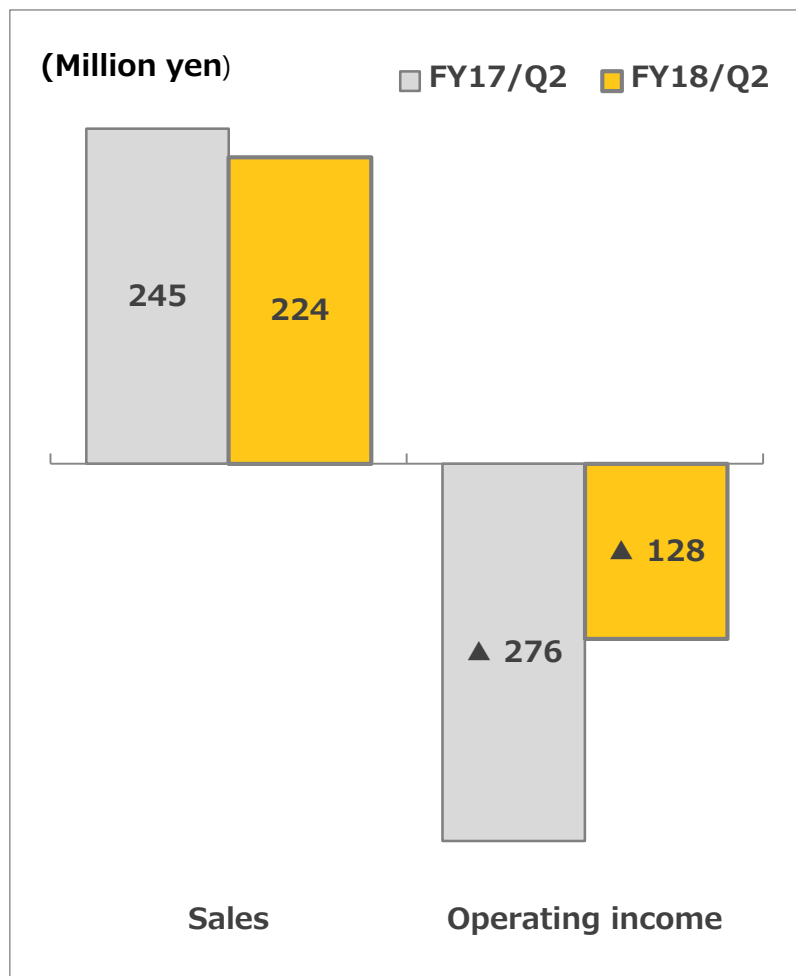
Segment Overview

Other Businesses

P/L Summary

Other

- Change the segment of Education and IT-related businesses to other businesses
- Reorganization of unprofitable subsidiaries progresses → recruitment business will be the main business



1. Recruitment business

(Million yen)

| | FY17/Q2 | FY18/Q2 | Change |
|----------------|---------|---------|--------|
| Sales | 81 | 94 | +12 |
| Segment profit | -30 | 1 | +32 |

- Serious shortage of human resources → contributes to profit from Q3 on due to favorable external environment

2. Education-related business

(Million yen)

| | FY17/Q2 | FY18/Q2 | Change |
|----------------|---------|---------|--------|
| Sales | 22 | 57 | +35 |
| Segment profit | -184 | -116 | +68 |

- Posted loss due to the downsizing of business → no additional loss from Q3 on

3. IT-related business

(Million yen)

| | FY17/Q2 | FY18/Q2 | Change |
|----------------|---------|---------|--------|
| Sales | 155 | 74 | -81 |
| Segment profit | -61 | -13 | +74 |

- Sale of unprofitable subsidiaries → aim to turn profitable for the full year

*In addition, consolidation is eliminated through intersegment transactions.

Second Half

Second Half

FY9/18 Consolidated Business Forecasts and Progress Rate

(Million yen)

| | FY2017 actual | FY2018 forecast | Pct. change | Progress rate (as of Q2) |
|--|------------------|--------------------|----------------|--------------------------------|
| Sales | 30,510 | 39,000 | 27.8% | 49.6% |
| Operating income | 2,361 | 4,500 | 90.5% | 57.5% |
| Ordinary income | 2,423 | 4,500 | 85.7% | 56.8% |
| Net income attributable to owners of parent | 1,426 | 2,900 | 103.4% | 64.5% |
| Net income per share | 19.12yen | 38.89yen | 103.4% | 64.5% |

Management Strategies by Segment

1. Construction engineer temporary staffing



Recruit 2,500 engineers and increase unit price of temporary staffing

2. Engineer temporary staffing



Recruit 1,200 engineers and increase unit price of temporary staffing

3. Other Businesses



Reduce loss by will or choice

FY9/18 Top Priority Issues

“To make a profit”

Investor Relations efforts

- 1 . Disclose monthly operating income**
- 2 . Announcement of budget for annual recruitment**
- 3 . Announcement of assumed ROE**

Management Strategies

Recruitment Strategies and Costs

Recruitment strategies

1. Recruiting cost per engineer is expected to remain flat ⇒ focus on improving acceptance rate than the number of applications
2. Set a 3 billion yen buffer ⇒ thorough cost management
3. Standardize interviewer's skill
4. Unify management of application→interview→informal job offer→acceptance
5. Established many recruitment bases in the previous period ⇒ strengthen recruitment in rural areas

Recruiting cost

(Million yen)

| | FY2015 | FY2016 | FY2017 | FY2018 (plan) | FY2018/Q2 (actual) |
|------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|
| Annual recruiting cost | 455 | 668 | 1,117 | 1,300 | 526 (40.5%) |
| Annual no. of recruitments | 1,702 engineers | 2,018 engineers | 2,666 engineers | 2,500 engineers | 1,371 engineers (54.8%) |
| Recruiting cost per engineer | 267 thousand yen | 331 thousand yen | 419 thousand yen | 400 thousand yen | 384 thousand yen |
| Pct. change | 31.9% | 23.9% | 26.5% | -4.5% | -8.4% |

* () = Progress rate

Recruitment Strategies (2)

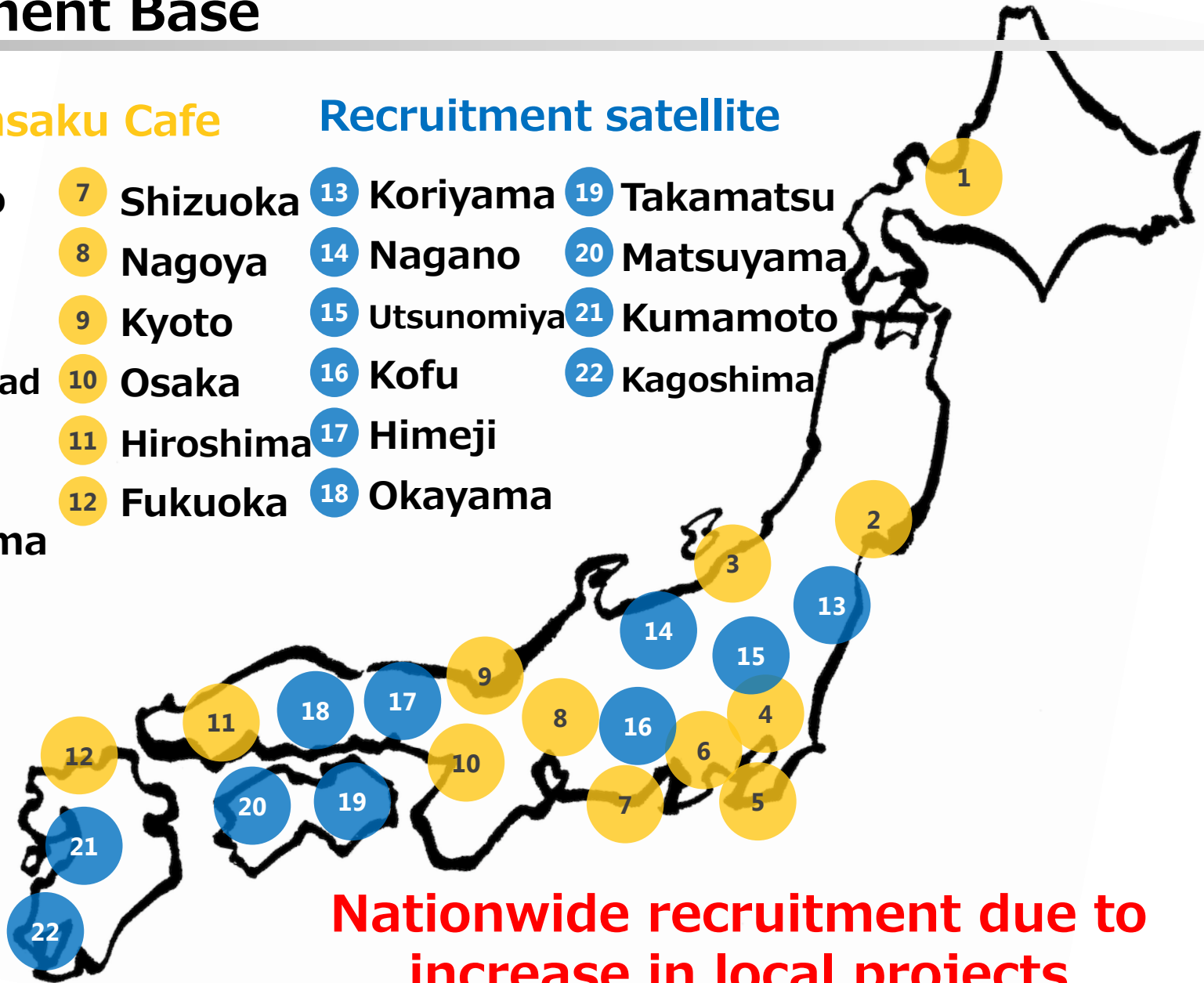
[Construction Engineer Temporary Staffing]

Recruitment Base

Yume Tansaku Cafe

Recruitment satellite

- | | | | |
|---------------------|--------------|---------------|--------------|
| 1 Sapporo | 7 Shizuoka | 13 Koriyama | 19 Takamatsu |
| 2 Sendai | 8 Nagoya | 14 Nagano | 20 Matsuyama |
| 3 Niigata | 9 Kyoto | 15 Utsunomiya | 21 Kumamoto |
| 4 Tokyo head office | 10 Osaka | 16 Kofu | 22 Kagoshima |
| 5 Chiba | 11 Hiroshima | 17 Himeji | |
| 6 Yokohama | 12 Fukuoka | 18 Okayama | |



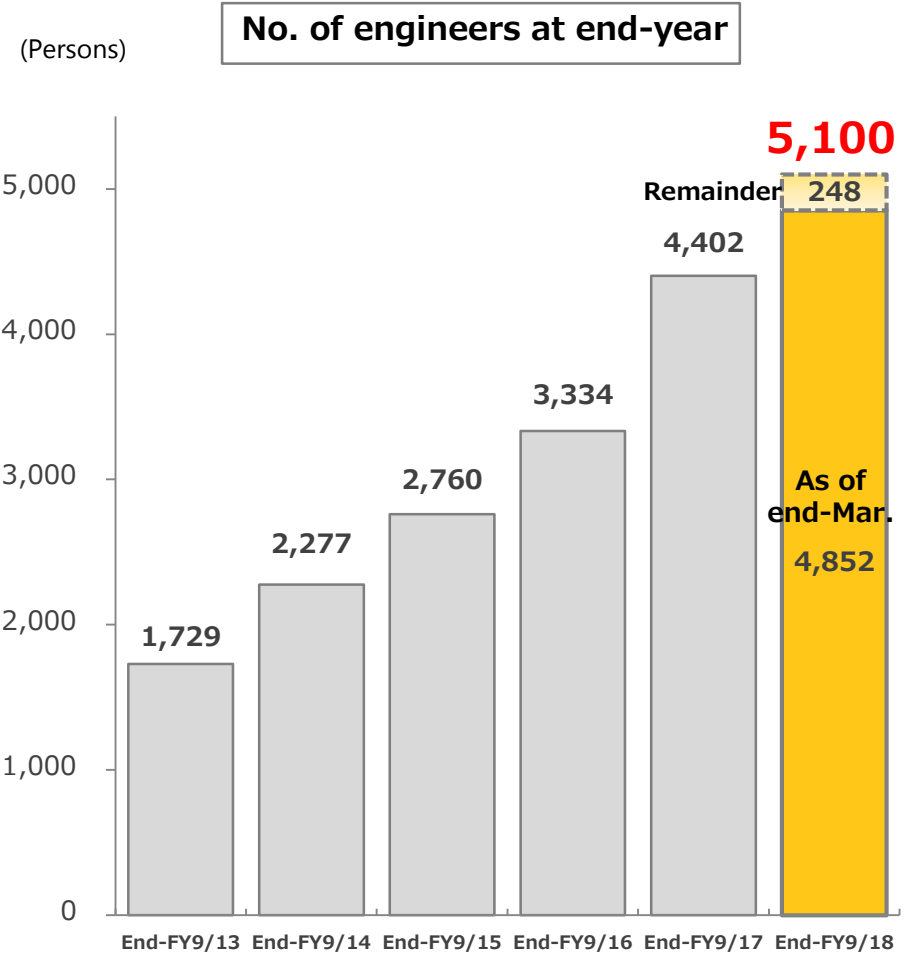
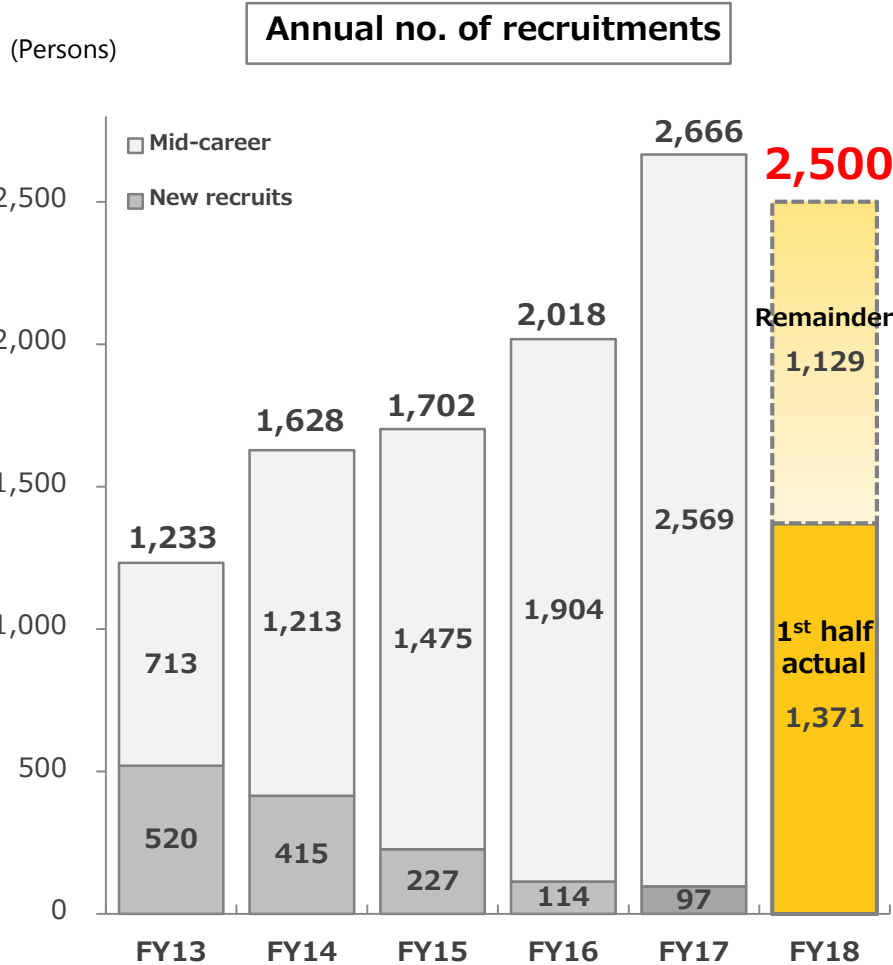
Nationwide recruitment due to increase in local projects

Recruitment Strategies (3)

Target Number of Engineers

[Construction Engineer Temporary Staffing]

- Increase the number of mid-career engineers to prevent decline in operating rate caused by adding many new workers in April
- Aim to increase by about 700 engineers to 5,100 engineers at the end of September 2018

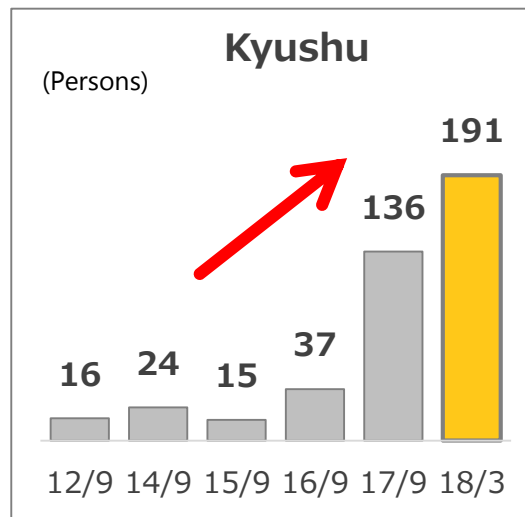
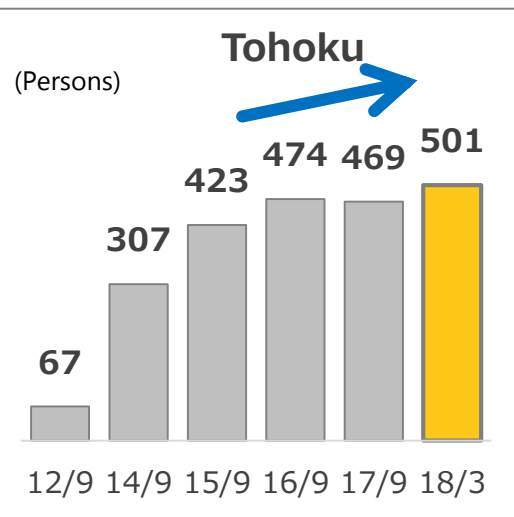
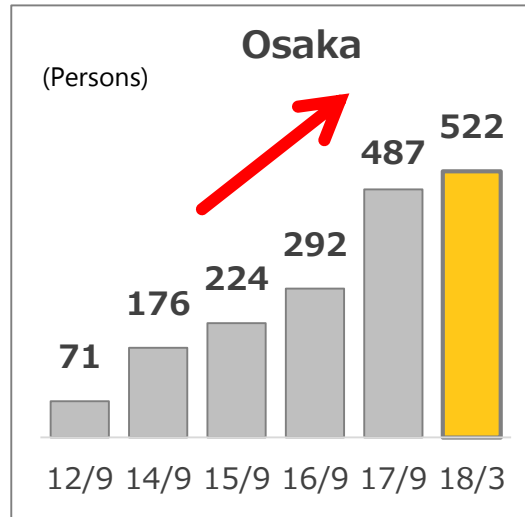
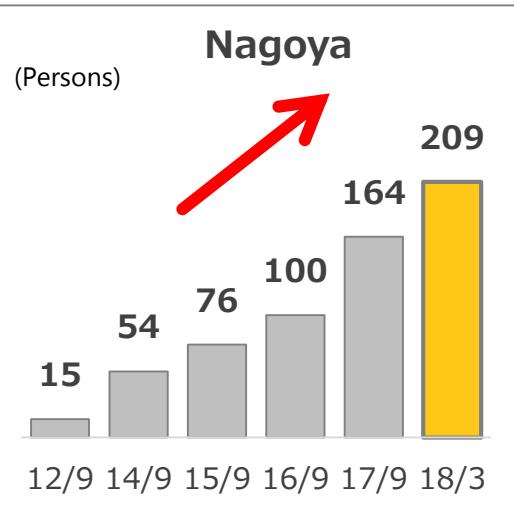


Operational Strategies (1)

[Construction Engineer Temporary Staffing]

External Environment and Measures

Changes in the no. of engineers by office



External environment

1. Strong in the Chubu and Kansai regions as a result of actively creating demand
2. Tohoku region remains flat ⇒ have demand for temporary staffing but struggling to hire locally
3. Workforce sent to Kyushu following the Kumamoto earthquake increased by about 5 times



Sales measures

1. Continue to negotiate for higher unit price
2. Extended the market for local branches of general contractors along with new business development
3. Shifted to workplaces with better prospects for overtime
4. Increased offices to meet the increasing needs of people we want to work in their areas

Operational Strategies (2)

[Construction Engineer Temporary Staffing]

Ratio of Sales by Customers

- 1,690 client companies due to steady progress with capturing new businesses → increased by about 1,000 companies in 5 years (FY2012 = 693 companies)
- Fell below 20% for the top 10 companies and decentralized sales
- Provided generous support for significant customers by introducing a team system

Sales composition ratio

(%)

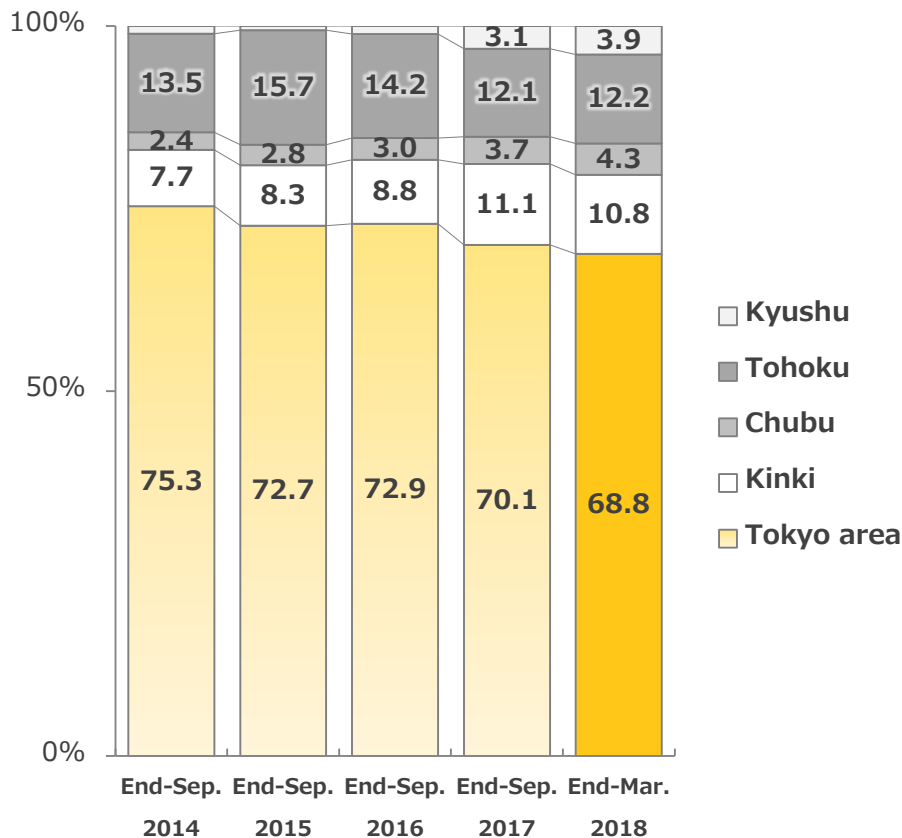
| Rank | FY2014 | | FY2015 | | FY2016 | | FY2017 | | FY2018/Q2 | |
|------|--------------------------------|------|--------------------------------|------|--------------------------------|------|--------------------------------|------|--------------------------------|------|
| 1 | Daiwa House Industry Co., Ltd. | 6.5 | Daiwa House Industry Co., Ltd. | 6.2 | Daiwa House Industry Co., Ltd. | 6.1 | Daiwa House Industry Co., Ltd. | 5.4 | Daiwa House Industry Co., Ltd. | 4.7 |
| 2 | TOKYU CONSTRUCTION CO., LTD. | 4.6 | Taisei Corporation | 3.7 | Taisei Corporation | 4.1 | Taisei Corporation | 3.8 | Taisei Corporation | 3.7 |
| 3 | Taisei Corporation | 3.5 | SHIMIZU CORPORATION | 2.8 | SHIMIZU CORPORATION | 3.4 | SHIMIZU CORPORATION | 2.6 | SHIMIZU CORPORATION | 2.4 |
| 4 | HAZAMA ANDO CORPORATION | 1.6 | TOKYU CONSTRUCTION CO., LTD. | 2.7 | Takenaka Corporation | 3.0 | Takenaka Corporation | 2.0 | SHINRYO CORPORATION | 1.6 |
| 5 | SHIMIZU CORPORATION | 1.6 | Takenaka Corporation | 2.2 | SHINRYO CORPORATION | 1.7 | Fuji Electric Co., Ltd. | 1.6 | Fuji Electric Co., Ltd. | 1.3 |
| | Top 5 total | 17.8 | Top 5 total | 17.5 | Top 5 total | 18.3 | Top 5 total | 15.3 | Top 5 total | 13.7 |
| | Top 10 total | 24.9 | Top 10 total | 24.8 | Top 10 total | 24.6 | Top 10 total | 22.1 | Top 10 total | 19.6 |

Operational Strategies (2)

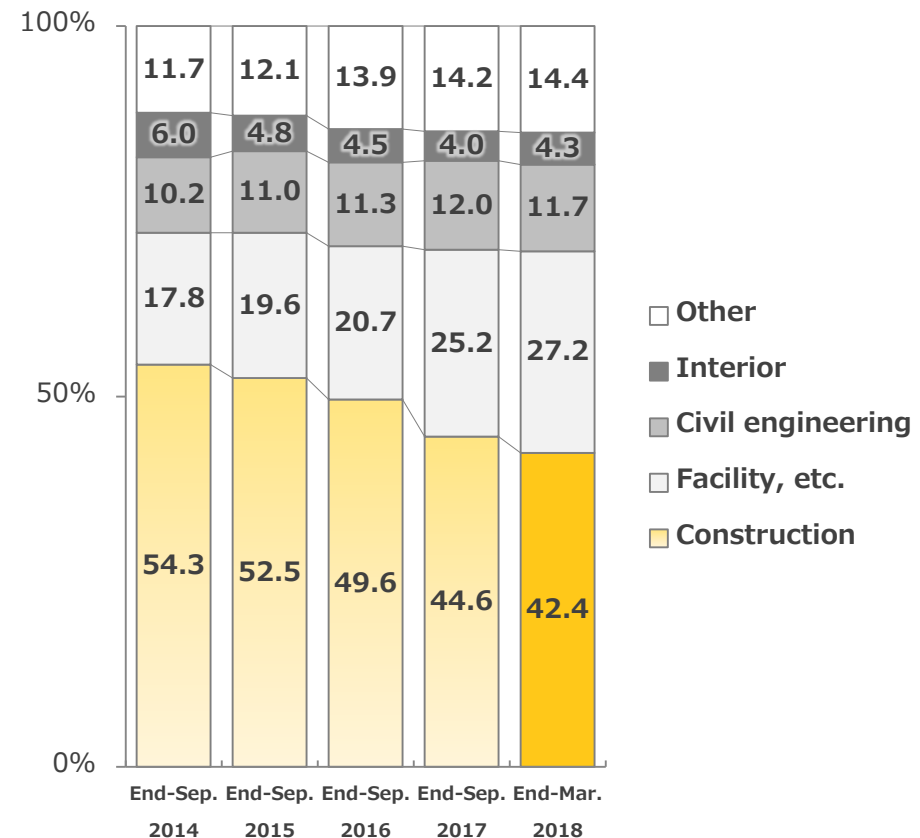
Ratios by Area and Industry of Temporary Staffing

- By area ⇒ Strong in Chubu and Kyushu due to development of local branches of general contractors
- By industry ⇒ Business in electricity and air conditioning facility industry continued to perform well as they actively use young engineers

Ratio by area



Ratio by industry



*Hokkaido is included in Tohoku from end-Sep. 2017.

Summary of Management Strategies

1. No. of staffs at work

- Recruit 2,500 engineers by complying with costs
- Maintain more than 70% of retention rate through a constant follow-up measures
- Proactively use female engineers

2. Operating rate

- Respond flexibly to the number of recruitments depending on the operational status
- **Reduce office work** ⇒ **Maintain high utilization rate by increasing sales efficiency**
- Further increase activities of sales offices outside major cities ⇒ Expand sales channels

3. Operating time

- Shift workers to jobs with good prospects for overtime hours when updating contract

4. Unit price of temporary staffing

- Increase added value by using constant follow-up training
- Evaluation system focusing on contract unit prices

Shareholder Return

Mid-term Shareholder Return Policy

Return to shareholders with three basic policies

Capital adequacy

Maintain dividend at 35 yen per share or more

Improve capital efficiency

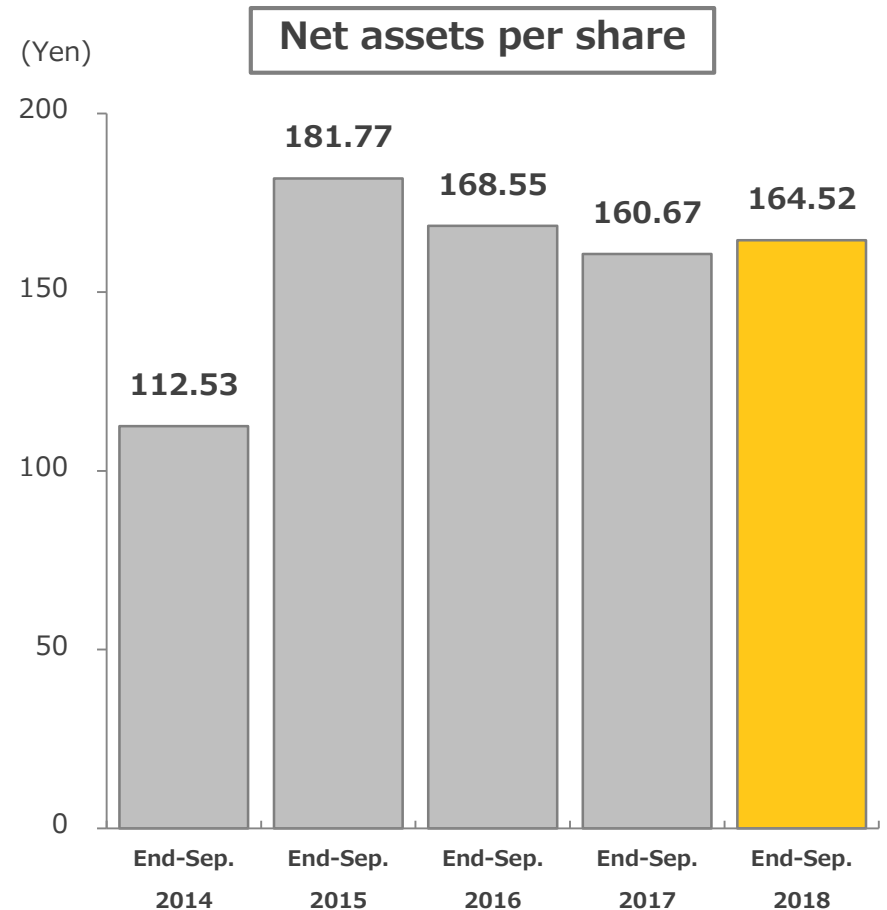
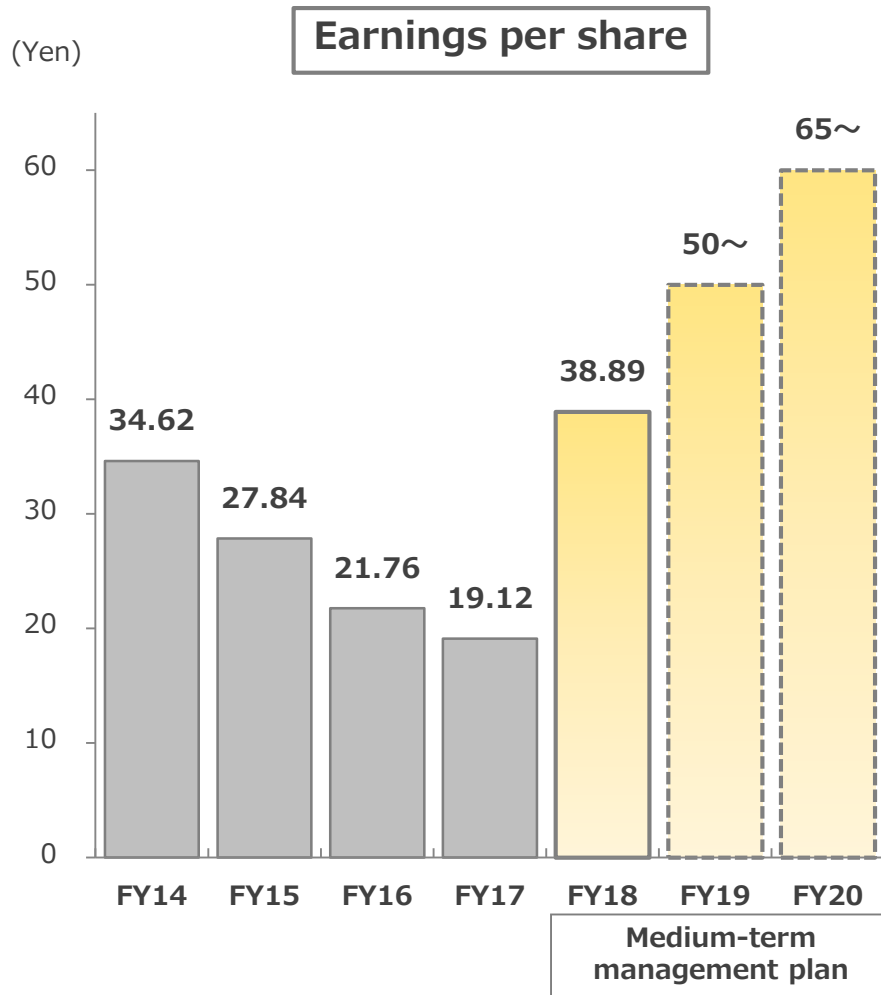
Aim for ROE of 30% or more by improving profit margin

Improve liquidity

Aim for listing on the TSE 1st Section

Shareholder Return (1) Earnings/Net Assets Per Share

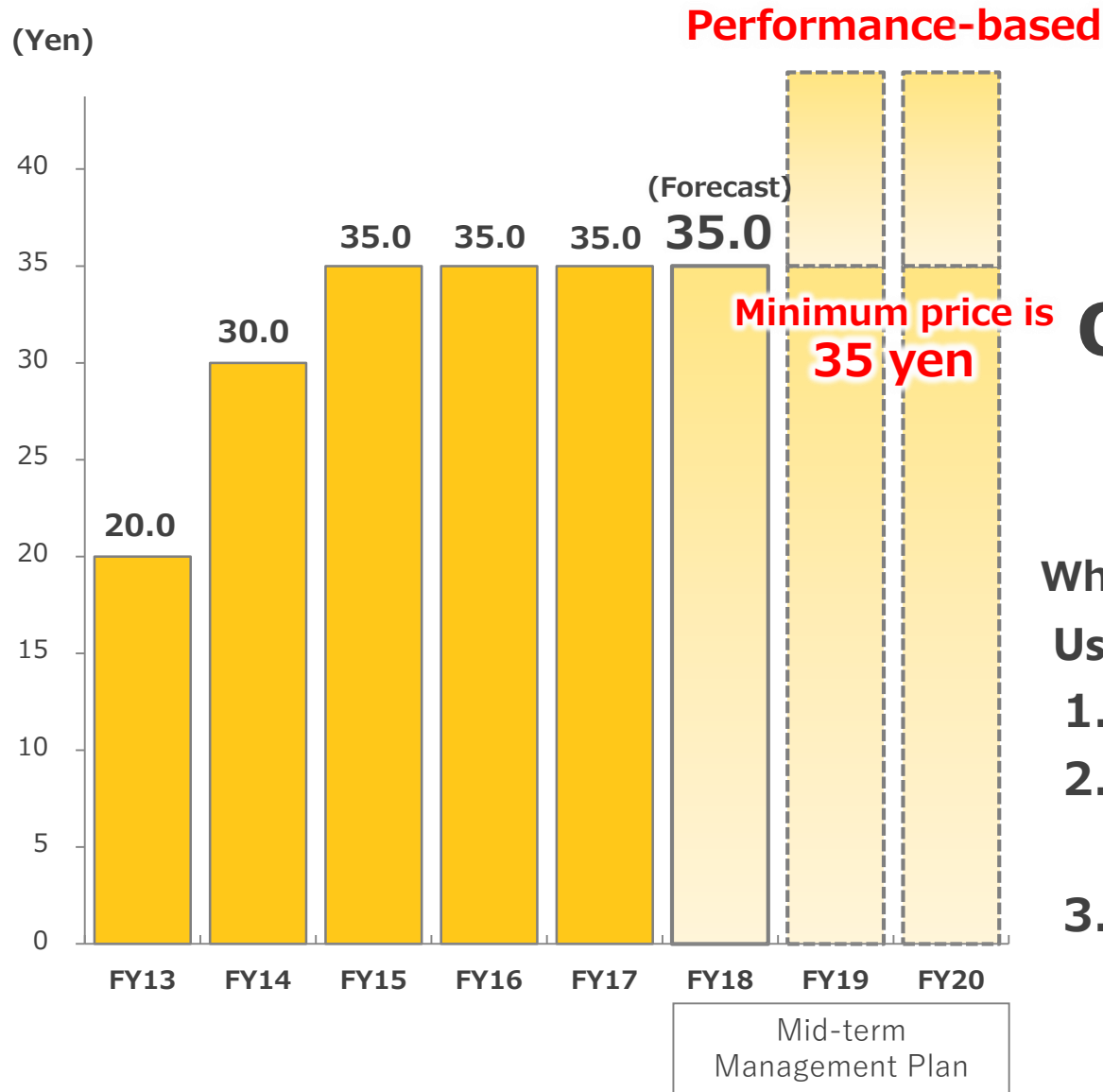
- Earnings per share ⇒ expect large increase from FY18 onward due to improvement in profit ratio



* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

2. Net assets per share = Shareholders' equity ÷ (Shares outstanding - No. of treasury stock at end of year) × 100

Shareholder Return (2) Dividend Policy

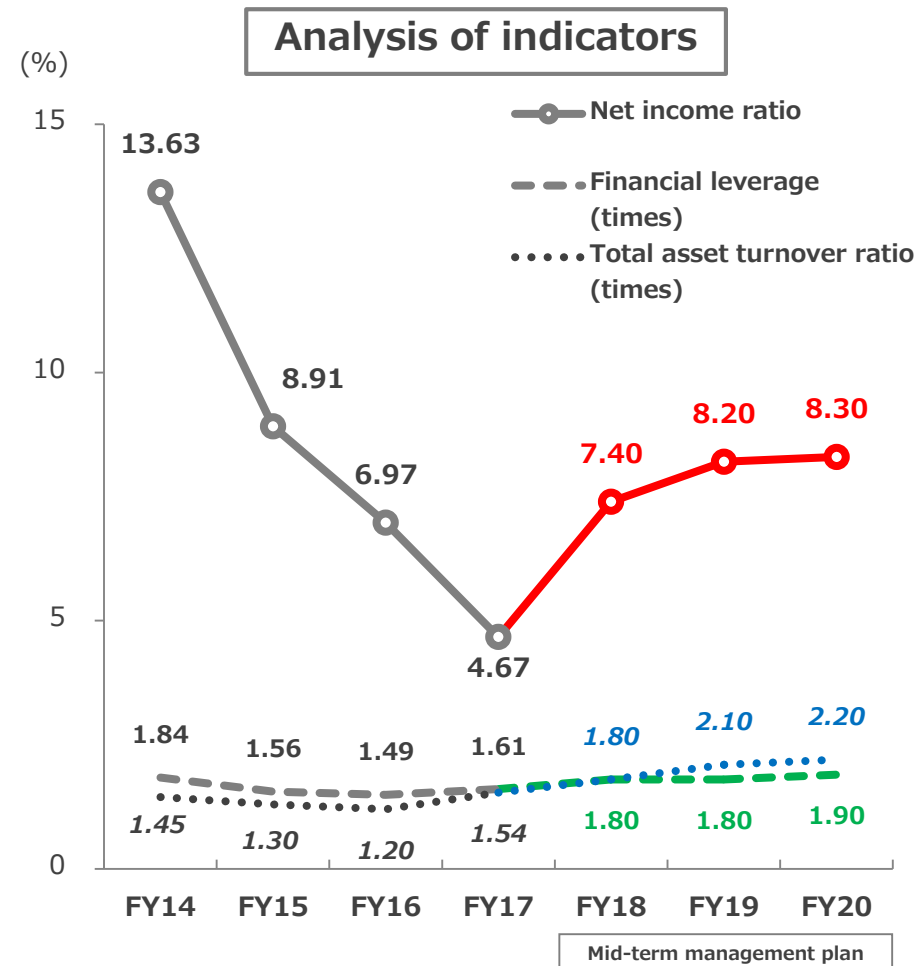
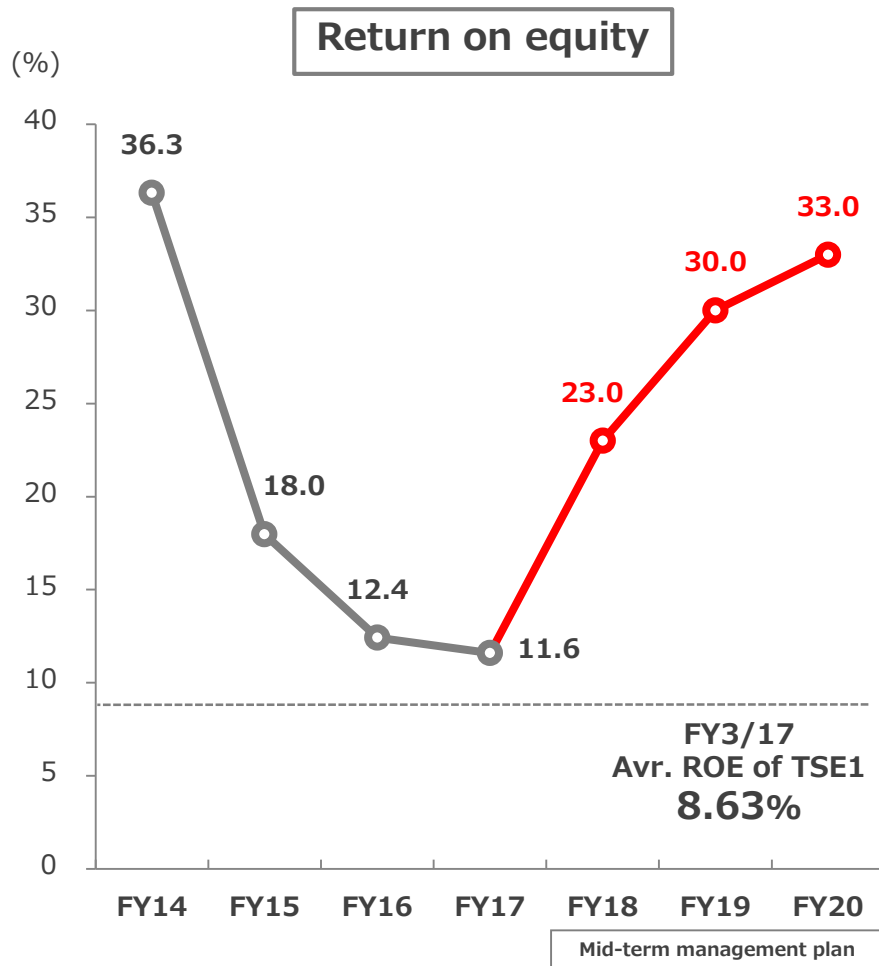


Add extra
on the stable
dividend

- What is something extra?
- Use the increased EPS flexibly
1. Dividend increase
 2. Acquisition of treasury stock
 3. Reinvestment including M&A, etc.

Shareholder Return (3) Return on Equity (ROE)

- Goal is ROE of 30%+ by improving profitability and using acquisitions and other investments to hold down equity



1. Return on equity = $\text{Net income} \div \text{Shareholders' equity (avg. during period)} \times 100$
2. Financial leverage = $\text{Total assets (avg. during period)} \div \text{Shareholders' equity (avg. during period)}$
3. Total asset turnover ratio = $\text{Sales} \times \text{Total assets (avg. during period)}$
4. All industries and service industry belong to the TSE 1st section

Reference

Reference

Reference (1) Medium-Term Management Plan

1. Consolidated

(million yen)

| | FY2017 (Results) | FY2018 | FY2019 | FY2020 |
|-------------------------|---------------------|------------------|----------------|----------------|
| Sales | 30,510 | 39,000 | 50,500 | 60,000 |
| Operating income | 2,361 | 4,500 | 6,200 | 7,900 |
| Operating margin | 7.7% | 11.5% | 12.3% | 13.2% |
| Net income | 1,426 | 2,900 | 4,100 | 5,000 |
| EPS | 19.12 yen | 38.89 yen | 50 yen~ | 65 yen~ |

2. Non-consolidated

(Construction engineer temporary staffing)

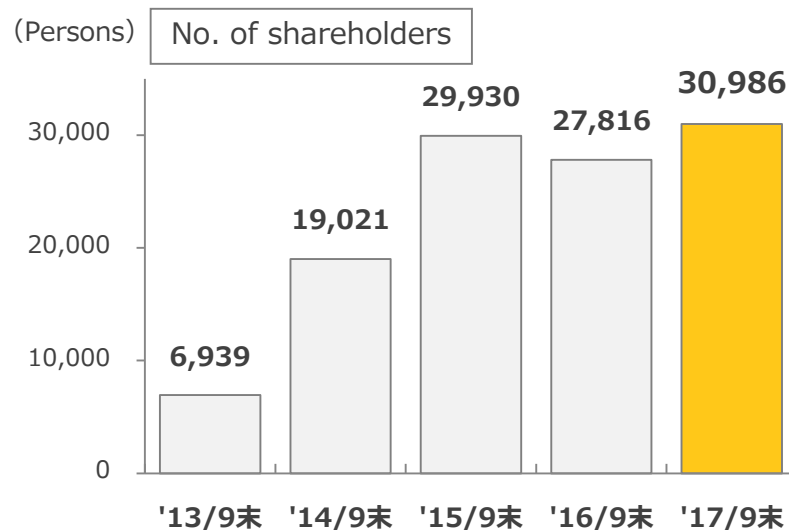
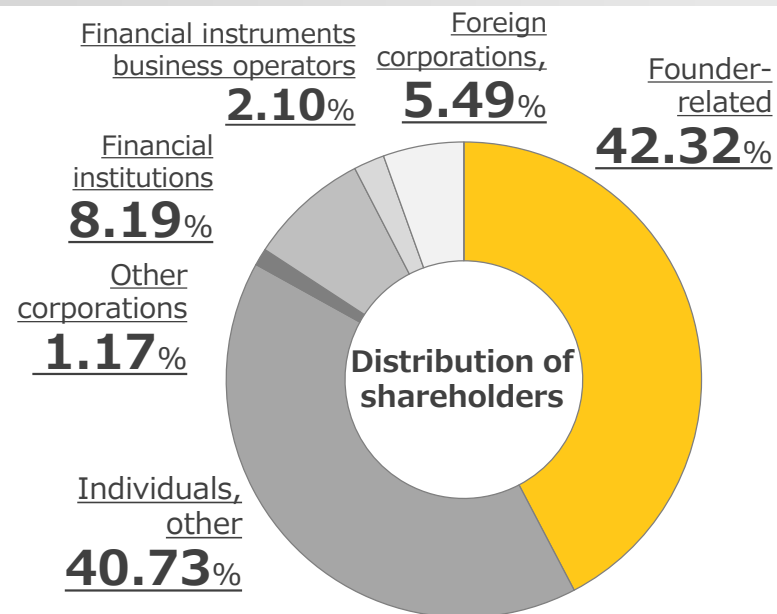
(million yen)

| | | | | |
|-------------------------|---------------|---------------|---------------|---------------|
| Net sales | 22,607 | 28,000 | 35,000 | 38,000 |
| Operating income | 2,877 | 4,200 | 5,200 | 6,000 |

Reference (2) Shareholders Situation

As of Sep. 30, 2017

| | Name of shareholders | No. of shares held (in thousands) | Ownership ratio (%) |
|---|--------------------------------|-----------------------------------|---------------------|
| 1 | Shingo Sato | 18,425 | 24.70 |
| 2 | Sato Sogo Kikaku | 12,444 | 16.69 |
| 3 | Japan Trustee Services Bank | 3,692 | 4.95 |
| 4 | The Master Trust Bank of Japan | 1,014 | 1.36 |
| 5 | Trust & Custody Services Bank | 1,009 | 1.35 |
| 6 | Hideki Fukai | 880 | 1.18 |
| 7 | Yoshiko Sato | 688 | 0.92 |
| 8 | Tachibana Securities | 631 | 0.85 |
| 9 | UBS AG London | 429 | 0.58 |
| 10 | Individual shareholders | 373 | 0.50 |
| Total of top 10 largest shareholders | | 39,585 | 53.08 |



*Number of shares outstanding = 74,573,440 shares
 Treasury stock = 86 shares

Meeting people makes Everybody's dream come true



Disclaimer

These materials were prepared based on information available to the company and on certain assumptions deemed to be reliable but the company makes no guarantees regarding the accuracy of the information in these materials. The information may be incomplete or summarized. The prices and figures stated in these materials are past results, estimates or forecasts and may differ from the actual figures.

These materials do not represent promises regarding future results. Readers assume responsibility for the use of information in these materials and the company assumes no responsibility whatsoever as a result of the use of the information in these materials. Readers are asked to make investment decisions at their own discretion.



JASDAQ

[Contact]

Investor Relations Office, Yumeshin Holdings Inc.
22F Marunouchi Eiraku bldg., 1-4-1 Marunouchi,
Chiyoda-ku, Tokyo 100-0005

TEL: 03-3210-1212 FAX: 03-3210-1209

E-mail: ir@yumeshin.co.jp