



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ended **September** 2019
Financial Results

November 21, 2019

September, 2019
Securities code
2362

November 21, 2019

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Business Portfolio

[FY18/Q4]

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

[FY19/Q4]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology KRUNGTEP NEPLUS Centurion Capital Pacific Limited P3OPLE4U,Inc. InformationPort Garenet
Other	Yumeshin Holdings Yume Global NEPLUS YUMEGLOBAL.Corp. YUMEGLOBAL.CO.,LTD. YUMESHIN VIETNAM Construction qualification promotion center InformationPort Samurai Centurion Capital Pacific Limited P3OPLE4U,Inc. Garenet

- Shifted to a pure holding company structure
- Group companies increased due to M&As
Added to engineer temporary staffing and other

FY9/19 Consolidated Financial Overview

Consolidated P/L

Summary of Consolidated P/L Statement

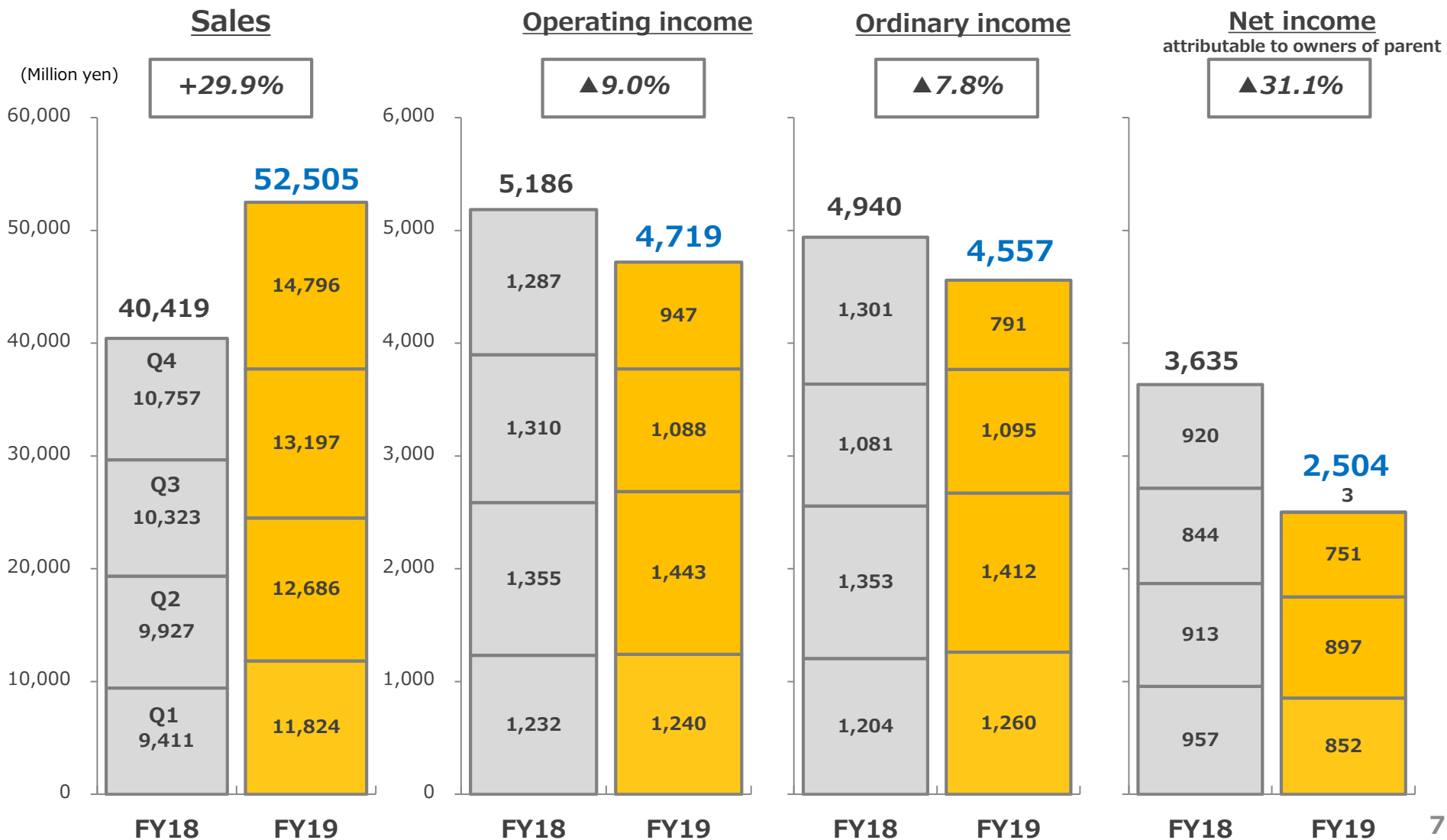
(Million yen)

	FY18/Q3	FY19/Q3	Change	Pct. change
Sales	40,419	52,505	+12,085	29.9%
Gross profit	12,338 (30.5%)	15,271 (29.1%)	+2,933	23.8%
SG&A expenses	7,152 (17.7%)	10,552 (20.1%)	+3,399	47.5%
Operating income	5,186 (12.8%)	4,719 (9.0%)	▲466	▲9.0%
Ordinary income	4,940 (12.2%)	4,557 (8.7%)	▲382	▲7.8%
Net income attributable to owners of parent	3,635 (9.0%)	2,504 (5.0%)	▲1,131	▲31.1%

* () = Ratio to sales

Consolidated P/L (1) Quarterly Trends

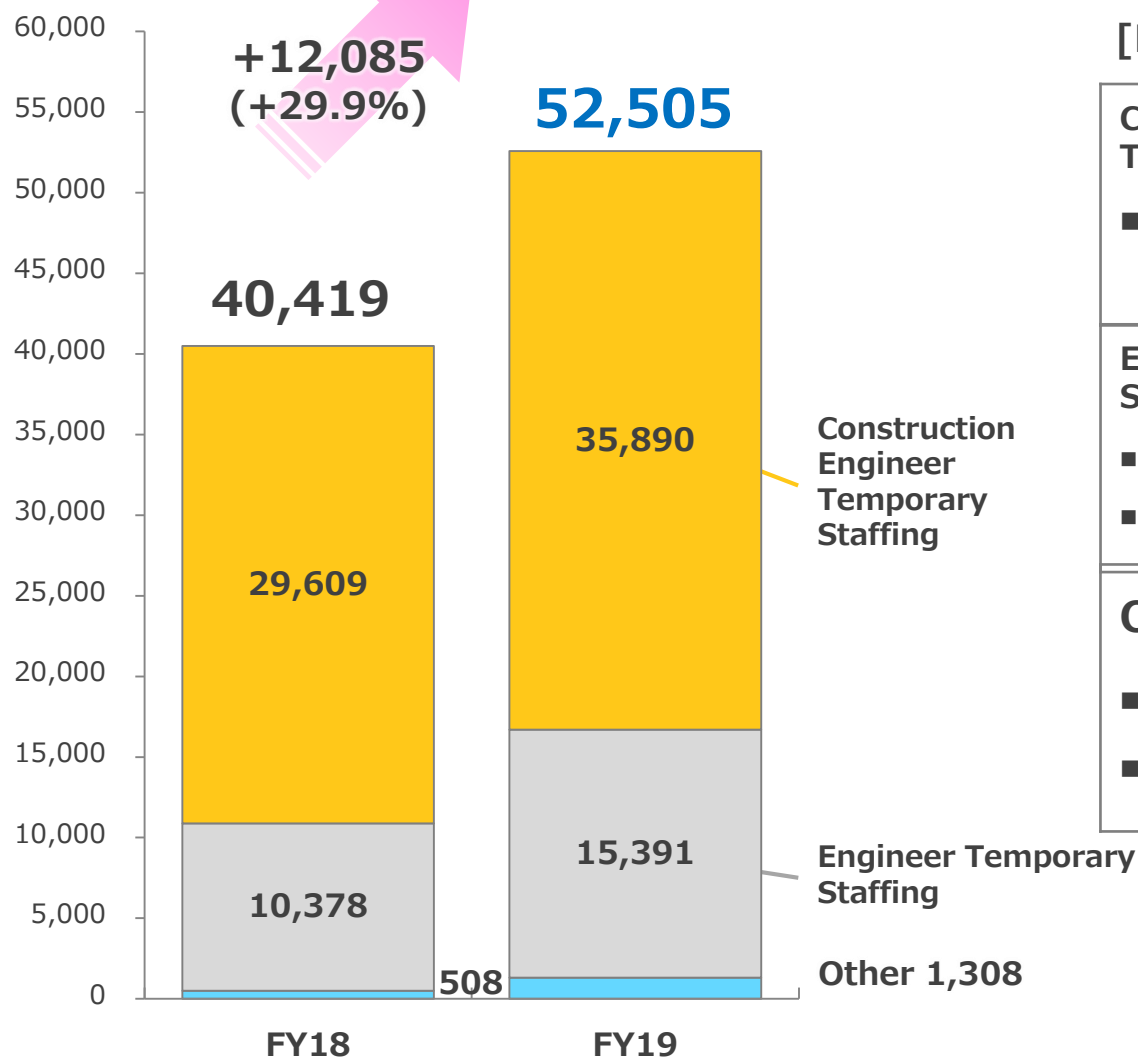
- Sales increased for 37 consecutive quarters due to an increase in the number of engineers
- Although profits decreased due to active recruitment and recording of M&A expenses, the number of employees exceeded the plan



Consolidated P/L (2) Sales

- Sales increased by 30% due to increases in both the number of construction engineers and engineers and rise in unit price of temporary staffing

(Million yen)



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing	+6,280m (+21.2%)
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- Sales up due to increases in engineers at work and unit price of temporary staffing

Engineer Temporary Staffing	+5,012m (+48.3%)
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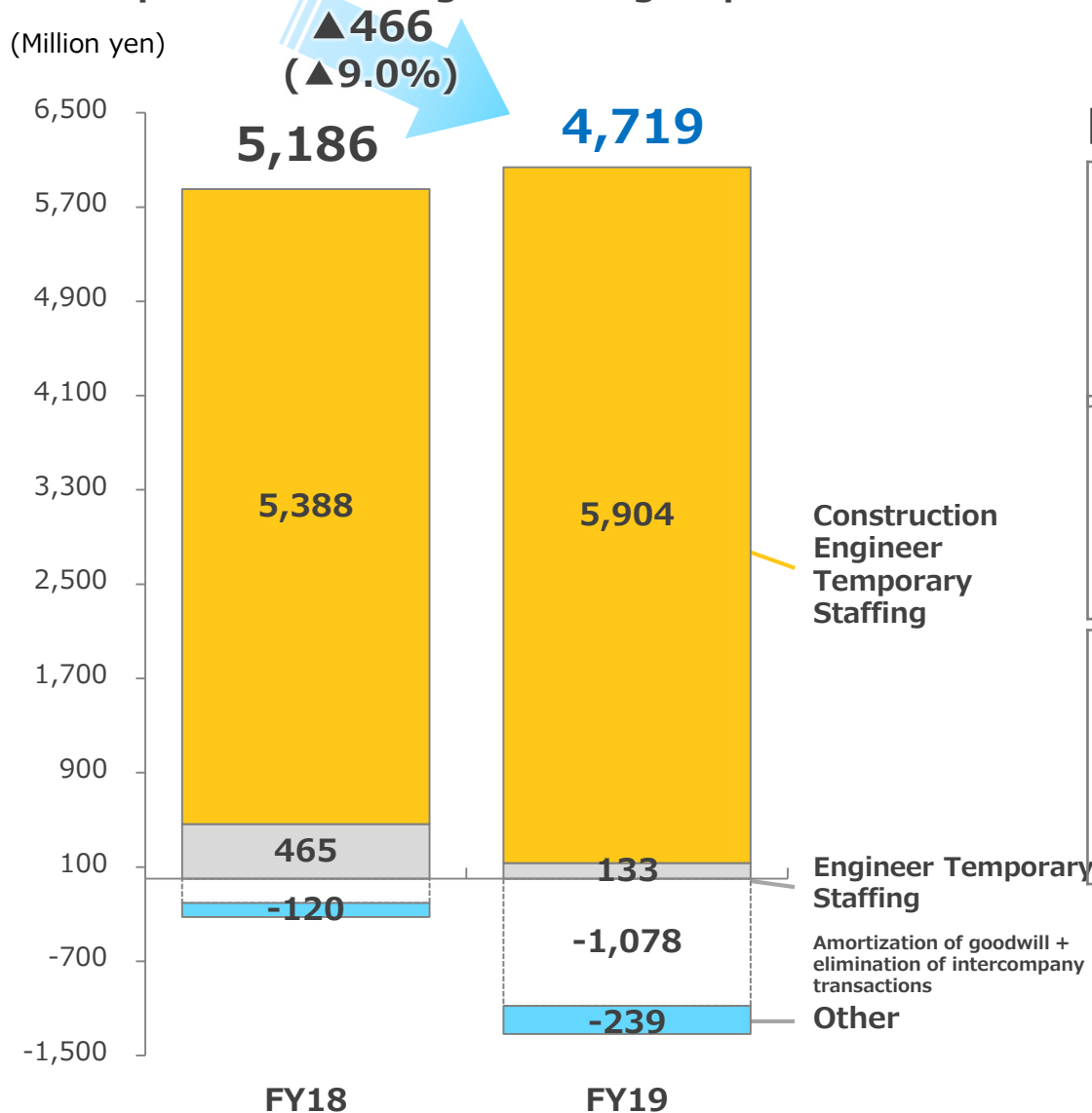
- Sales up due to increases in engineers at work and unit price of temporary staffing
- Sales up due to increase in consolidated subsidiaries

Other	+800m (+157.5%)
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- Withdrawal and downsizing of unprofitable businesses
- Sales up due to increase in consolidated subsidiaries

Consolidated P/L (3) Operating Income

- Profit down 9% due to prior investments including recruiting expenses and M&A expenses to strengthen the group structure



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing **+516m**
(+9.6%)

- Profit increased due to increase in the number of engineers at work and rise in unit price of temporary staffing
- Profit increased due to low cost operation

Engineer Temporary Staffing **▲331m**
(▲71.3%)

- Profit decreased due to an increase in SG&A expenses for strengthening recruiting activities

Other **▲119m**
(▲99.1%)

- Profit decreased due to prior investment in advertising the Education business
- Profit decreased due to the building of sales structure of overseas temporary staffing

*Factors for increase/decrease include "amortization of goodwill + -1,078 million yen in elimination of intercompany transactions" other than the above.

TOPICS

1. Segment profit

Almost as planned

2. Engineer temporary staffing

New consolidated subsidiaries contributed to profits

3. Consolidated operating income

Recorded M&A-related expenses, down 9% YoY

4. Recording of impairment loss

Eliminated the past debts

No additional impairment expected in FY9/20

Progress of Segment Profit

(Million yen)

1. Construction Engineer Temporary Staffing	FY2019 Forecasts	FY2019 Results	Achievement rates
Sales	36,000	35,890	99.7%
Segment profit	6,000	5,904	98.4%

2. Engineer Temporary Staffing	FY2019 Forecasts	FY2019 Results	Achievement rates
Sales	13,000	15,391	118.4%
Segment profit	0	133	—

3. Other businesses	FY2019 Forecasts	FY2019 Results	Achievement rates
Sales	—	1,308	—
Segment profit	—	△272	—

Number of Engineers and Recruits

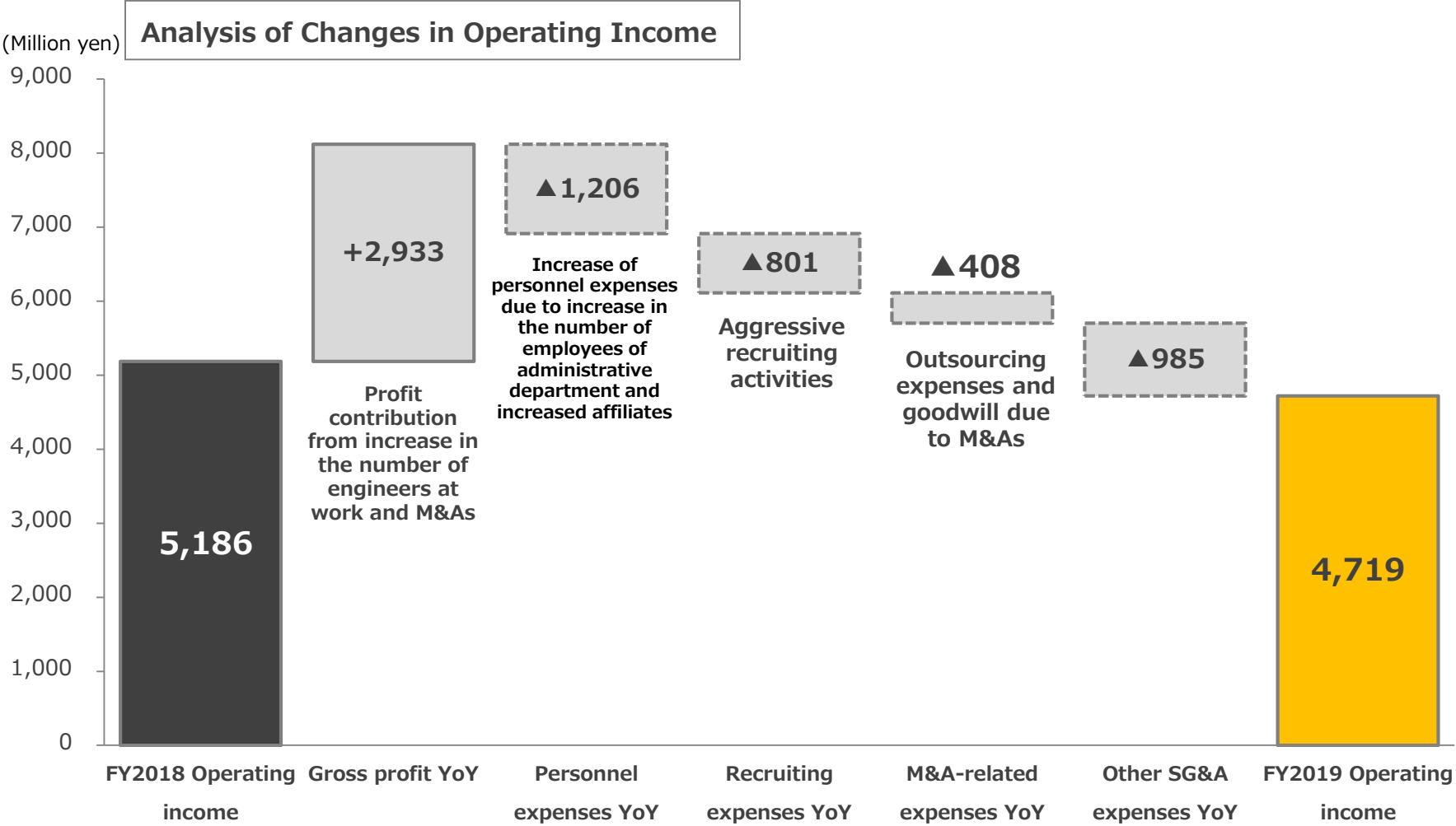
- Our group **hired 5,037 employees** in total, the highest since the establishment
- The number of employees in both segments exceeded the full-year plan

1. Construction engineer temporary staffing	FY2019 Plan	FY2019 Results	Achievement rates
No. of recruits	2,800 engineers	3,289 engineers	117.5%
No. of engineers at year-end	5,900 engineers	6,099 engineers	103.4%

2. Engineer Temporary staffing	FY2019 Plan	FY2019 Results	Achievement rates
No. of recruits	1,800 engineers	1,748 engineers	97.1%
No. of engineers at year-end	3,400 engineers	3,640 engineers	107.1%

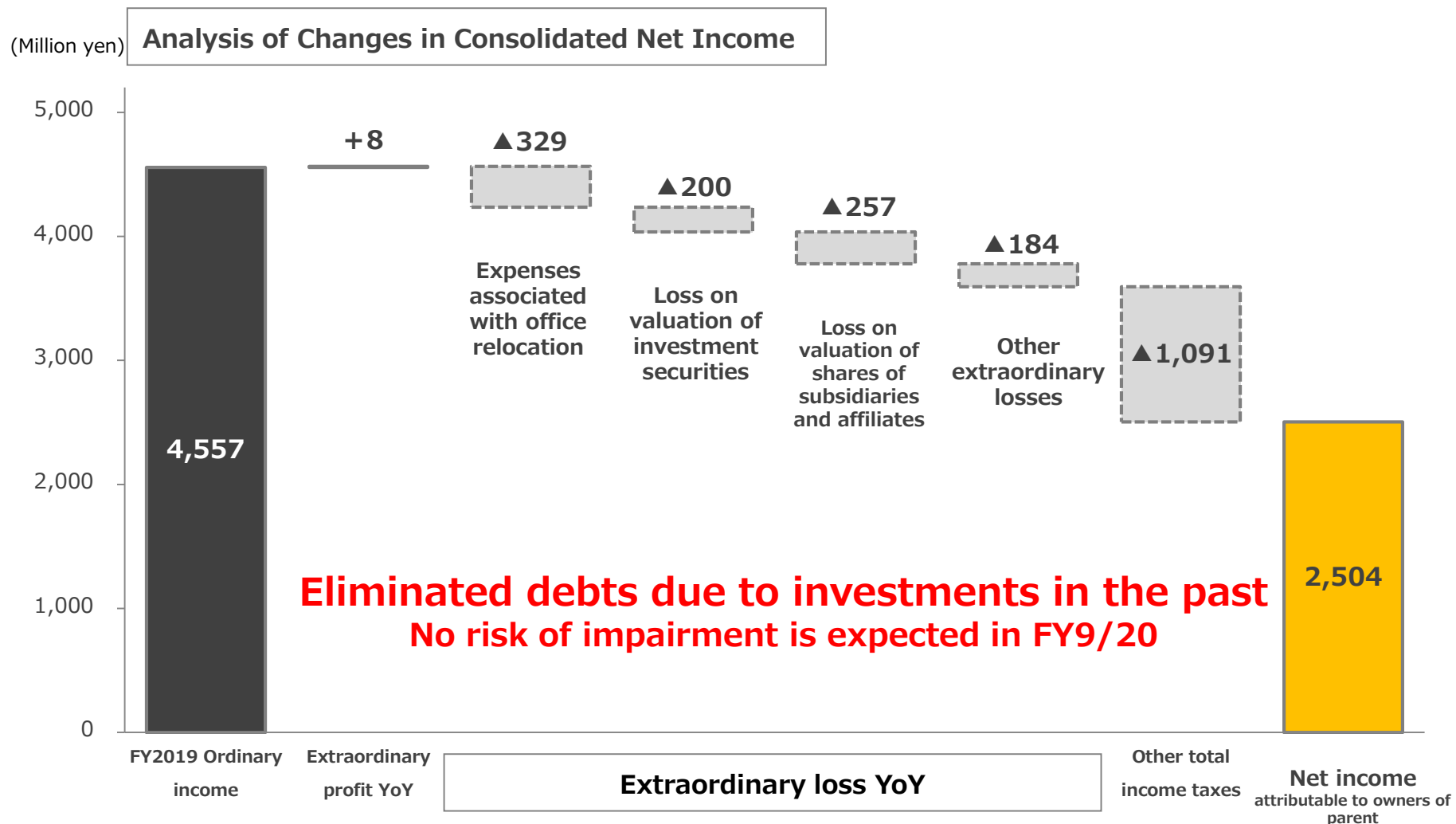
Analysis of Changes in Consolidated Operating Income

- Increased personnel expenses and recruiting expenses as prior investments to strengthen the structure
- Conducted aggressive M&As in anticipation of an increase in demand for IT engineers



Analysis of Changes in Consolidated Net Income

- Profit decline due mainly to asset retirement associated with office relocation and loss on valuation of investment securities



Difference from the Consolidated Business Forecasts

- Sales - Higher than expected due to increased number of engineers
- Operating income – Lower than expected due to increased recruitment cost and recording of unplanned M&A-related expenses
- Net income – Lower than expected due to recording of extraordinary loss

(Million yen)

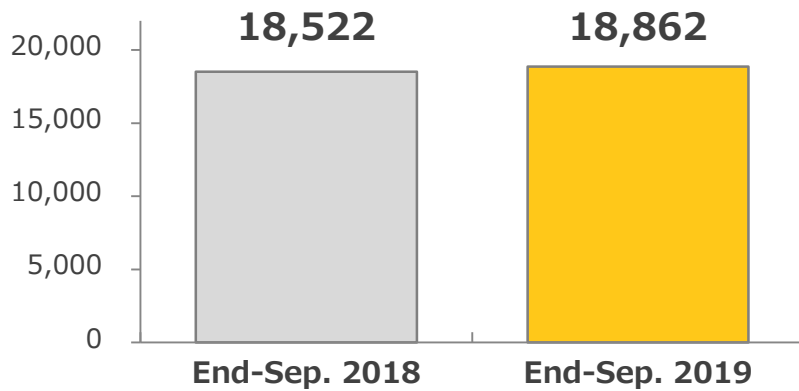
	FY2019 Full-year forecasts	FY2019 Results	Achievement rates
Sales	50,000	52,505	105.0%
Operating income	6,000	4,719	78.7%
Ordinary income	6,000	4,557	76.0%
Net income attributable to owners of parent	4,100	2,504	61.1%

Consolidated B/S

Consolidated B/S

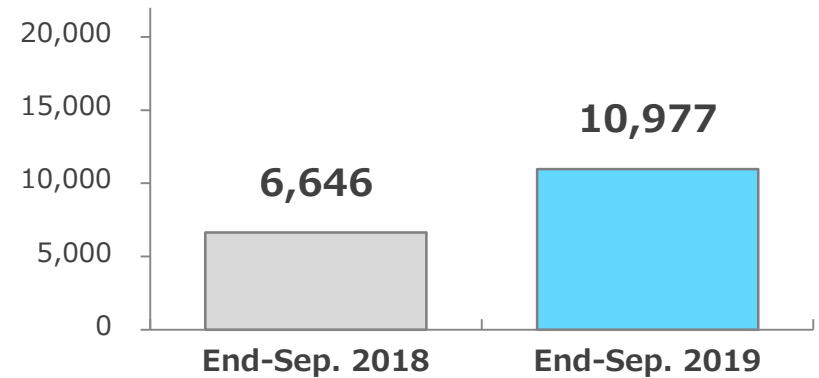
Current assets

(Million yen)



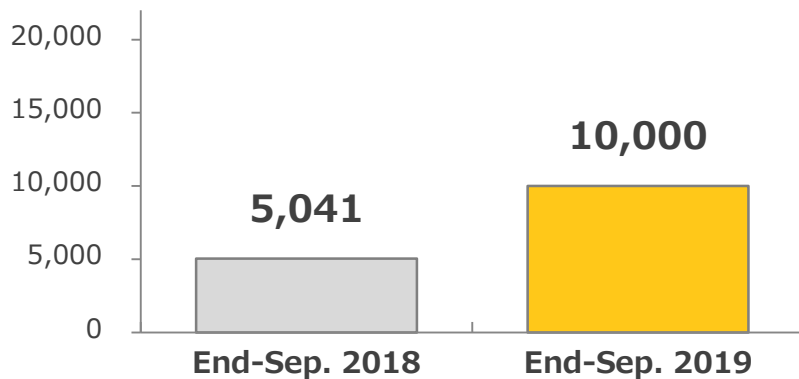
Current liabilities

(Million yen)



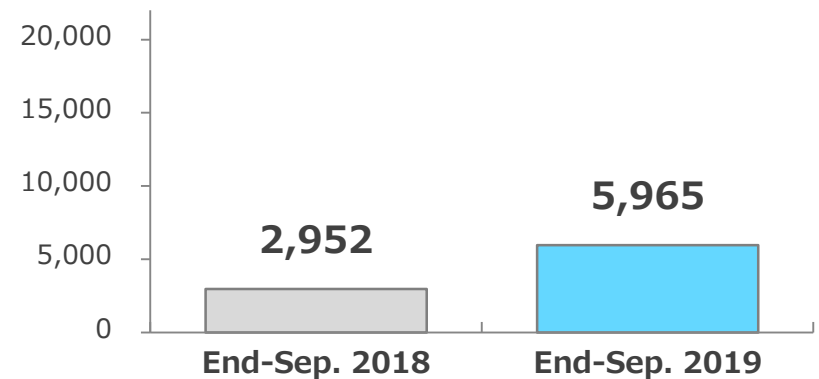
Fixed assets

(Million yen)



Fixed liabilities

(Million yen)



Consolidated B/S (1) Assets

(Million yen)

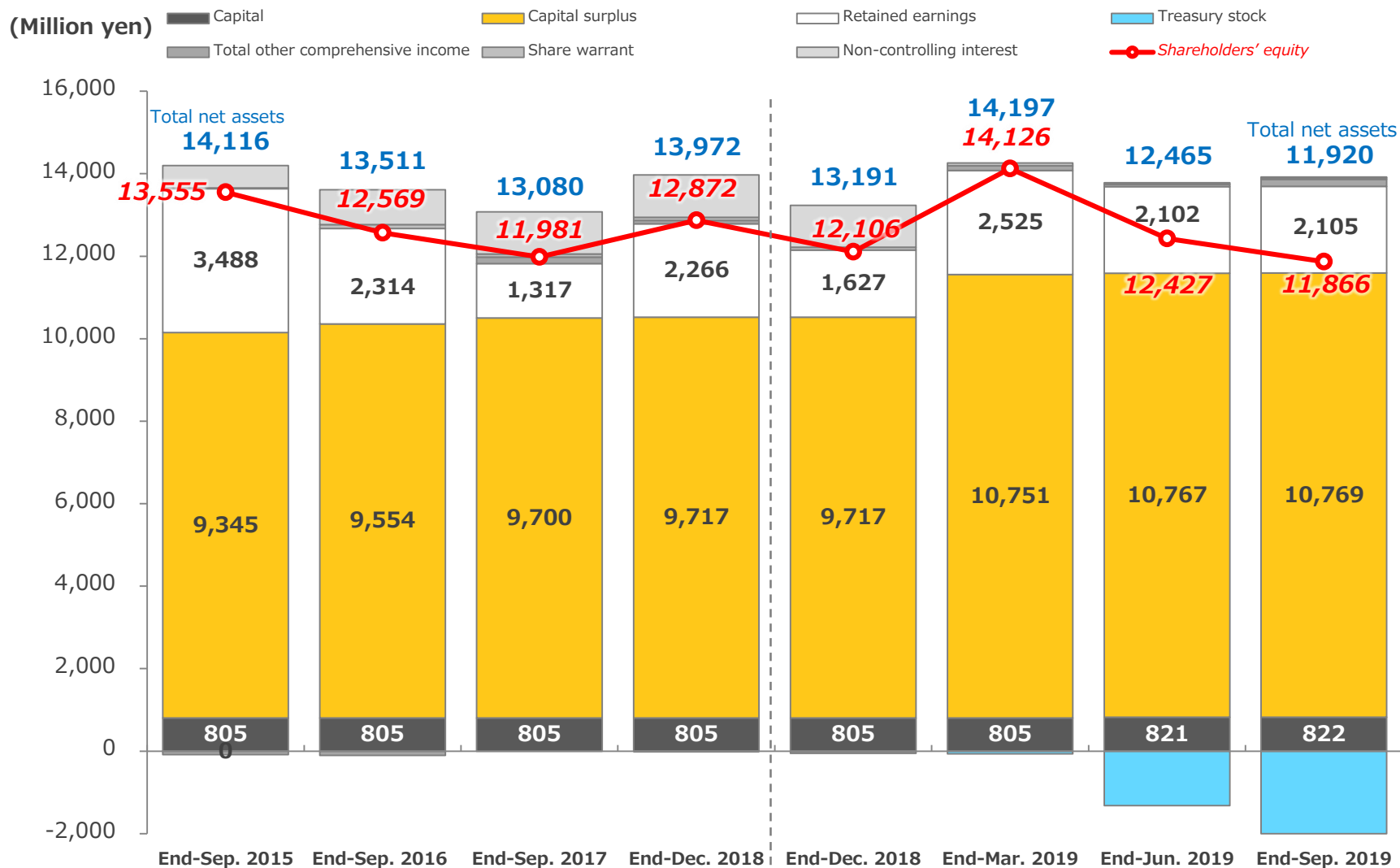
	End-Sep. 2018	End-Sep. 2019	Change	Remarks
Assets	23,571	28,863	+5,292	
Current assets	18,522	18,862	+340	
Cash and deposits	11,300	9,607	▲1,693	
Notes and accounts receivable-trade	5,973	7,650	+1,676	Increased due to increase in the companies to which the workers were dispatched
Electronically recorded monetary claims	9	3	▲5	
Inventories	0	57	+56	
Allowance for doubtful accounts	▲17	▲71	▲53	
Fixed assets	5,041	10,000	+4,959	
Tangible fixed assets	938	1,261	+322	Increased due to increase in group companies through M&As
Buildings and structures	435	610	+175	
Machinery, equipment and vehicles	3	302	+299	
Land	395	245	▲150	
Intangible fixed assets	744	4,518	+3,774	
Goodwill	610	3,615	+3,005	Increased due to acquisition of shares in affiliates
Other	134	903	+769	
Investments and other assets	3,358	4,220	+861	
Investment securities	2,052	1,856	▲196	
Deferred tax assets	445	805	+360	
Allowance for doubtful accounts	▲38	▲65	▲26	

Consolidated B/S (2) Liabilities and Net Assets

(Million yen)

	End-Sep. 2018	End-Sep. 2019	Change	Remarks
Liabilities + net assets	23,571	28,863	+5,292	
Liabilities	9,598	16,942	+7,343	
Current liabilities	6,646	10,977	+4,330	
Notes and accounts payable - trade	9	129	+120	
Short-term debt	100	2,632	+2,532	1. Working capital 2. Funds to acquire the Company's stock 3. M&A-related expenses Increased due to the above 3 factors
Current portion of long-term debt	1,208	1,826	+617	
Income taxes payable	1,082	724	▲357	
Accrued expenses	2,025	2,546	+520	
Reserve for bonuses	634	834	+199	
Allowance for shareholder benefits	74	207	+133	
Fixed liabilities	2,952	5,965	+3,013	
Long-term debt	2,538	5,169	+2,631	
Loss on retirement benefit	306	323	+16	
Net assets	13,972	11,920	▲2,051	
Shareholders' equity	12,789	11,696	▲1,093	
Capital	805	822	+17	
Capital surplus	9,717	10,769	+1,051	Capital of the companies which joined our group through merger
Retained earnings	2,266	2,105	▲161	FY19 Net income - FY18 Year-end dividend - FY19 Interim dividend
Treasury stock	▲0	▲2,001	▲2,001	Acquisition of treasury stock
Accumulated other comprehensive income	82	169	+87	
Share warrant	72	36	▲35	
Minority interest	1,027	17	▲1,010	

Consolidated B/S (3) Shareholders' Equity



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

FY2018

Segment Overview

Four indicators of sales

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



Sales

Construction Engineer Temporary Staffing



- 1. 19% increase YoY in recruitment
→ The number of engineers
increased by 20% YoY**
- 2. 3% increase YoY in unit price of
temporary staffing**
- 3. Maintained a stable retention rate
of over 70%**

KPI Summary



Construction Engineer
Temporary Staffing

- Unit price of temporary staffing continued to increase for 4 years against a backdrop of labor shortage in the construction industry
- Active recruitment activities increased the number of engineers but utilization rate decreased

All engineers 12-month avg. (Oct – Sep)

	FY2018	FY2019	Change	Pct. change
No. of engineers	4,852 engineers	5,746 engineers	894 engineers	+18.4%
Utilization rate	93.8%	91.9%	▲1.9pt.	—
Operating time	9.57h	9.58h	+0.01h	+0.1%
Unit price of temporary staffing	2,890yen	2,983yen	+93yen	+3.2%

Number of Engineers (1) Recruitment



- 117.5% to the annual recruitment target of 2.8 thousand yen

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY18 recruitment	698			673			1,371
FY19 recruitment	774			829			1,603
Change	+76			+156			+232

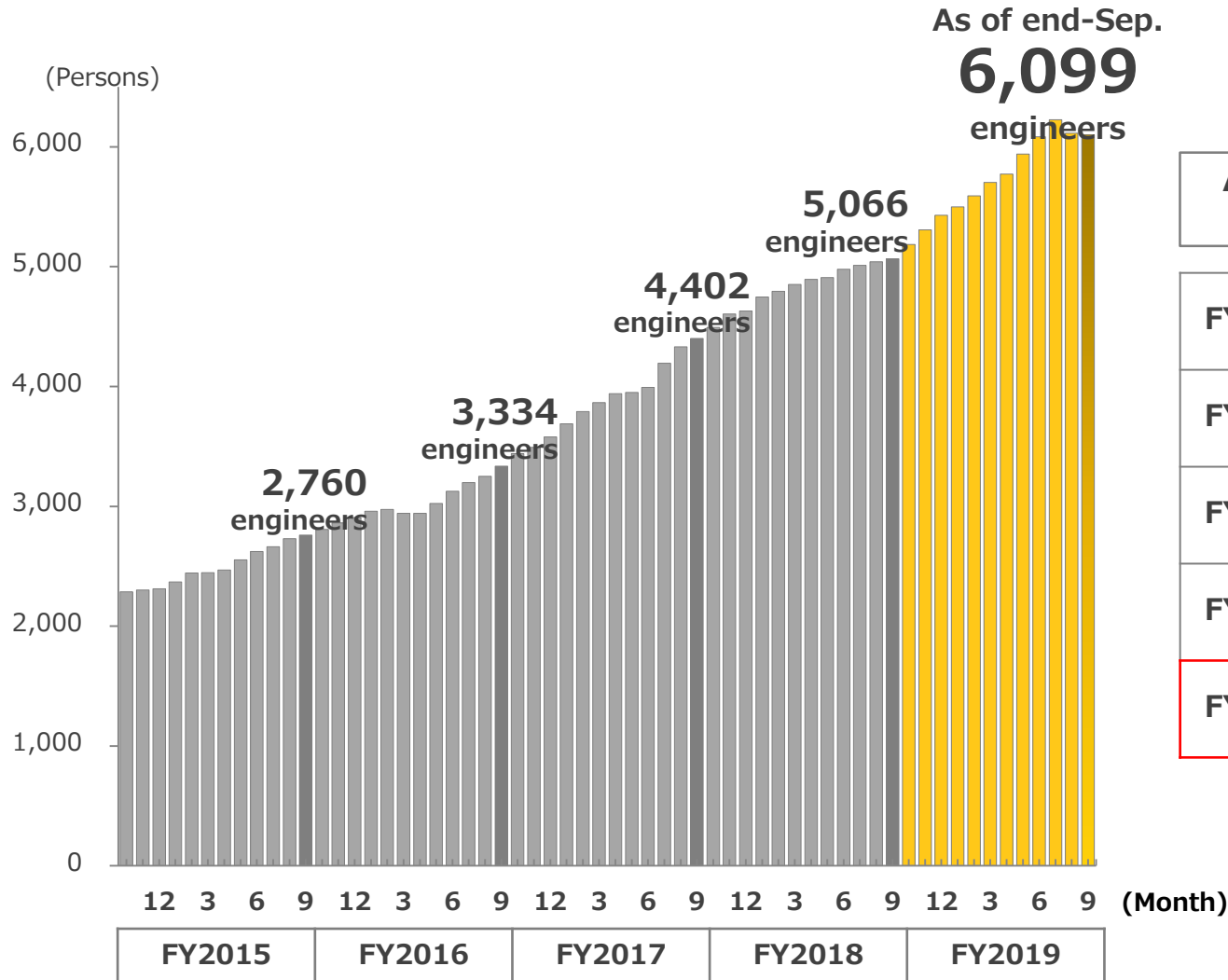
	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY18 recruitment	716			677			1,393	2,764
FY19 recruitment	1,085			601			1,686	3,289
Change	+369			▲76			+293	+525

Number of Engineers (2)

Changes in the Number of Engineers



- Achieved the year-end target number of engineers of 5,900 engineers ahead of schedule in Q3
- Curbed the number of recruits toward the end of the period but increased by about 1,000 engineers compared with the end of the same month a year ago



Avg. number of engineers 12-month avg. (Oct – Sep)		
FY2015	2,497 engineers	YoY
FY2016	3,027 engineers	+21.3%
FY2017	3,889 engineers	+28.5%
FY2018	4,852 engineers	+24.8%
FY2019	5,746 engineers	+18.4%

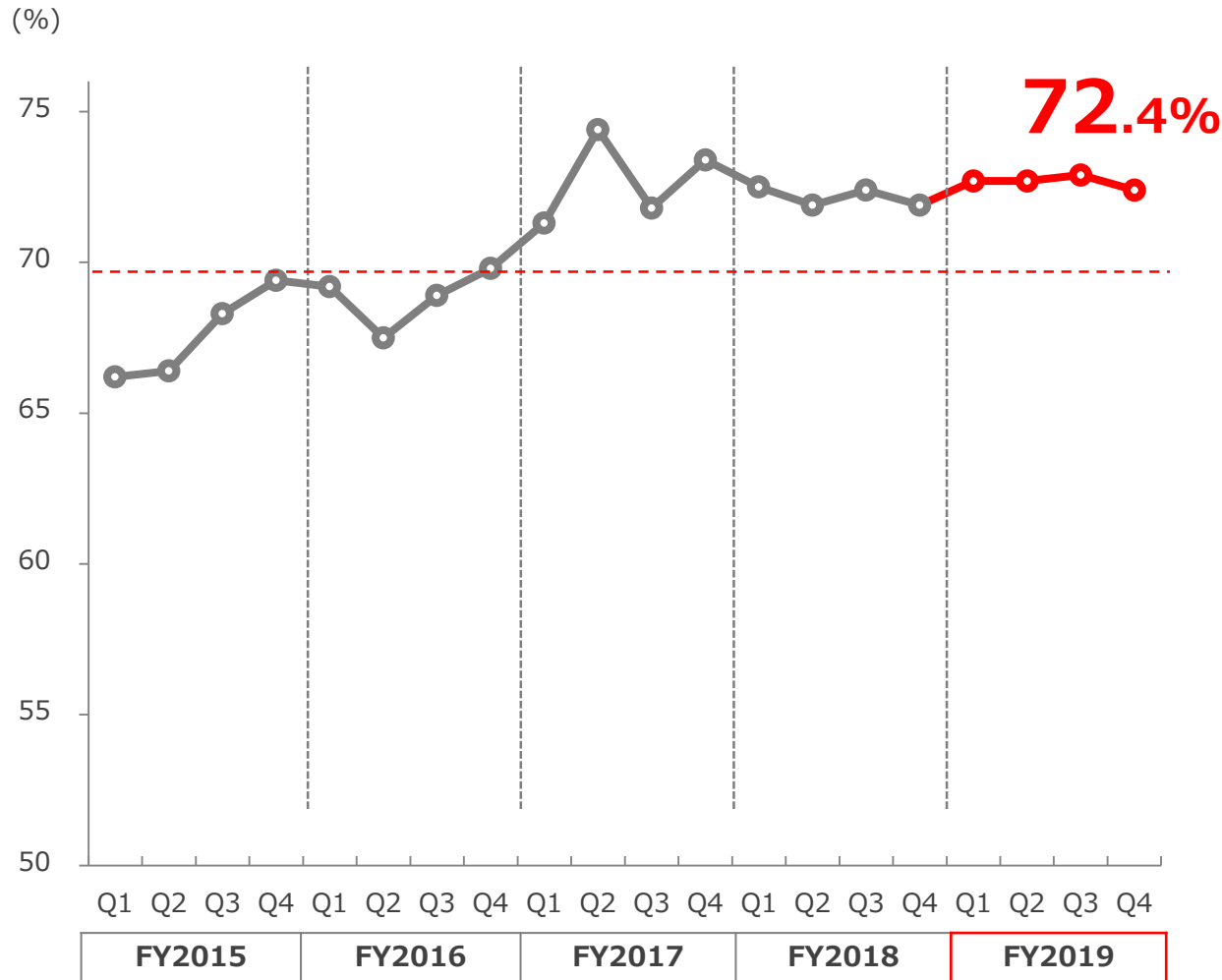
* Number of engineers at the end of month

Number of Engineers (3) Retention Rate



Construction Engineer
Temporary Staffing

- Stable growth with more than 72% through constant improvement measures



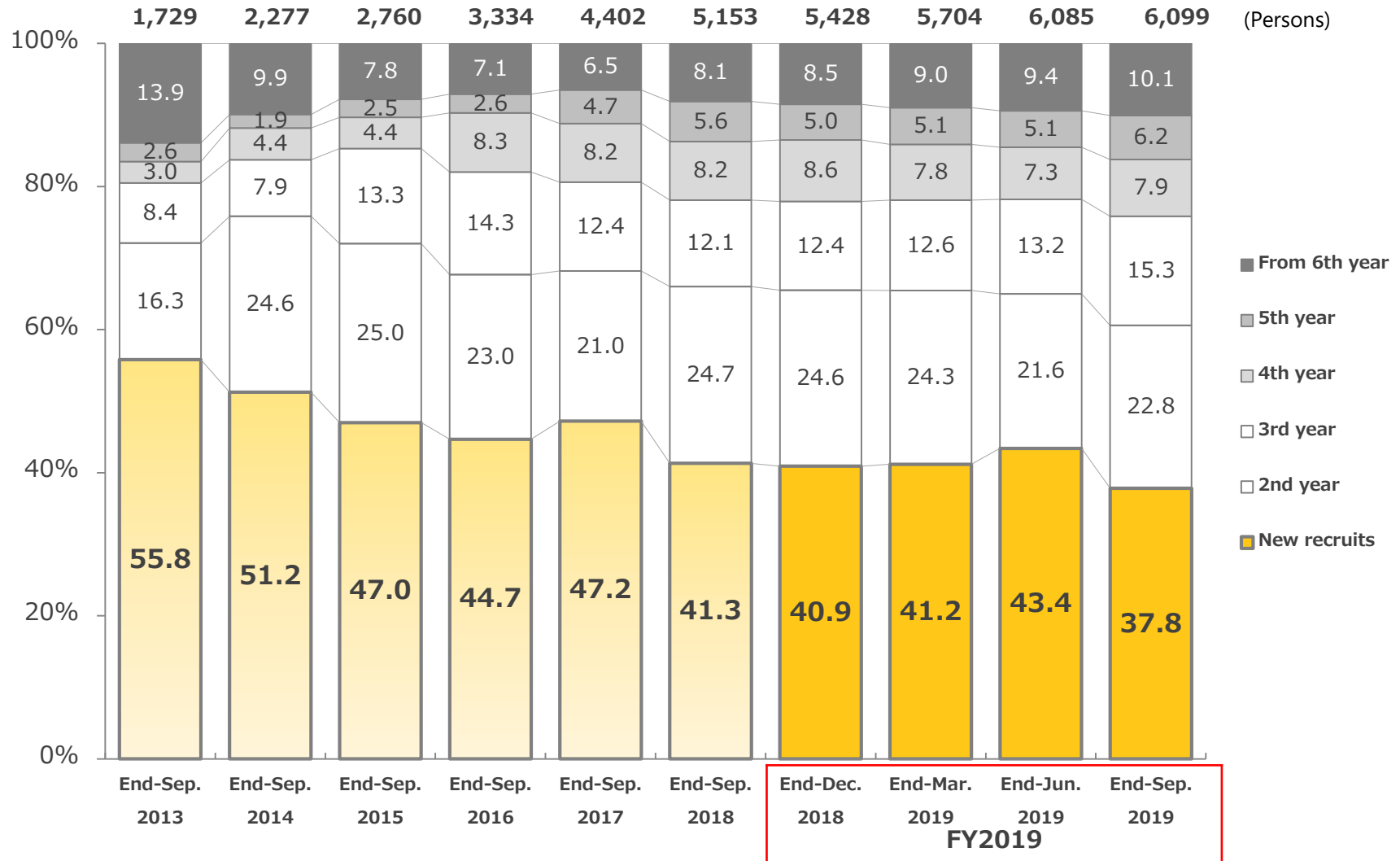
Avg. retention rate
12-month avg. (Oct – Sep)

FY	Retention Rate	YoY Change
FY15	67.6%	YoY
FY16	68.9%	+1.3pt
FY17	72.7%	+3.9pt
FY18	72.2%	▲0.5pt
FY19	72.7%	+0.5pt

*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

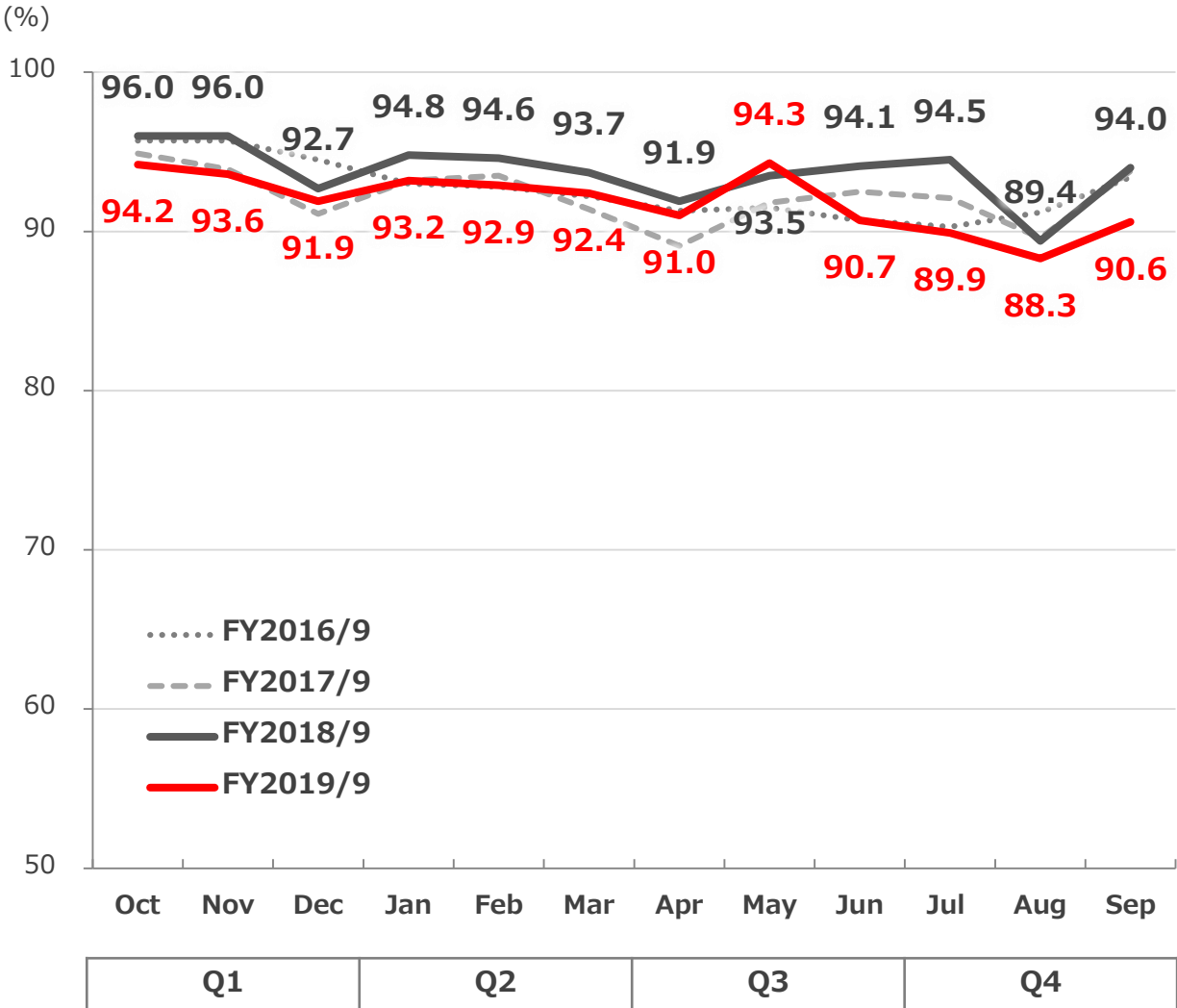
- Despite increase in the number of recruits, ratio of newly hired employees decreased because of maintaining retention rate



Utilization rate



■ Utilization rate declined due to the increase in number of recruits



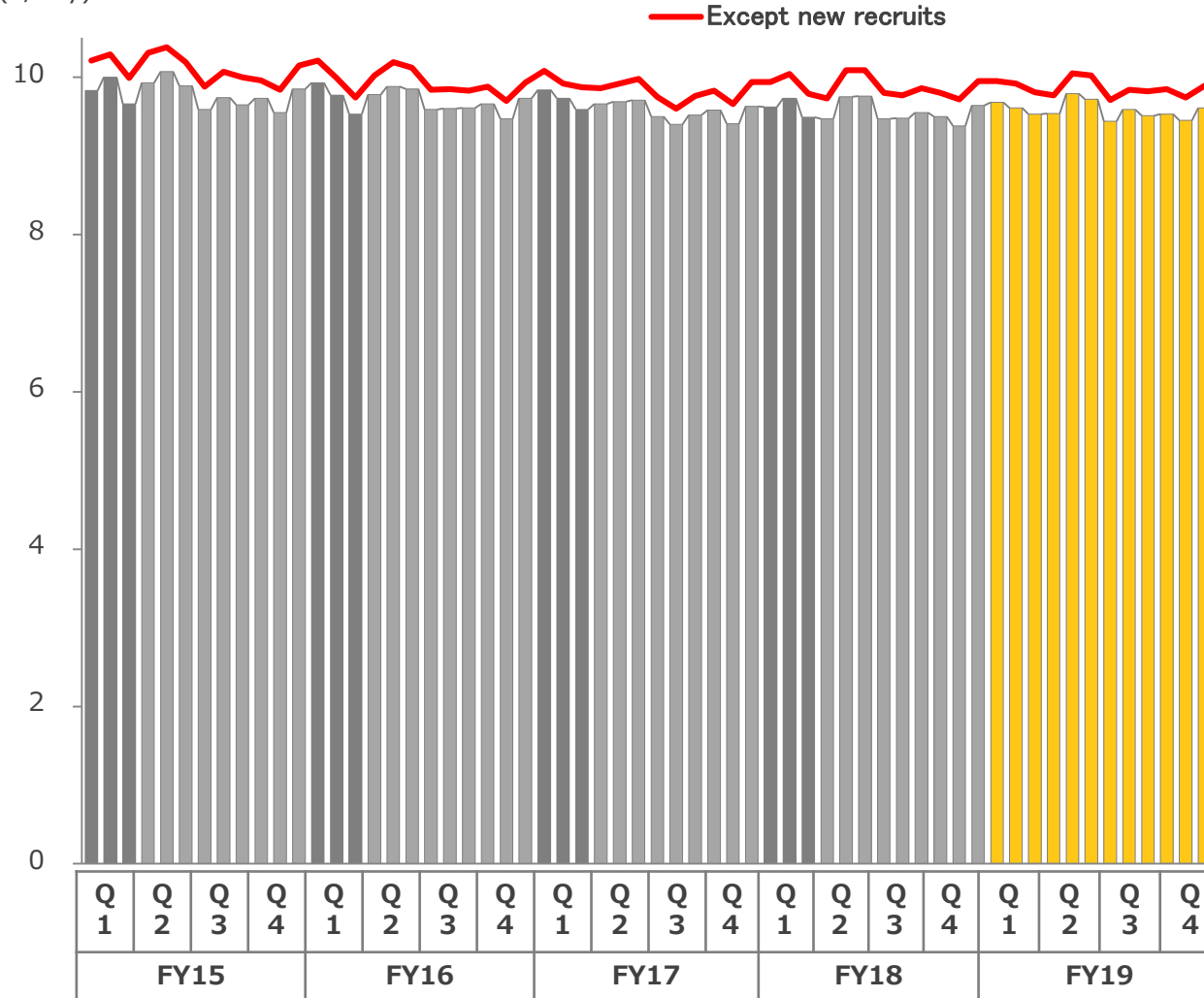
Avg. Utilization rate 12-month avg. (Oct – Sep)		
FY16	92.7%	YoY
FY17	92.2%	▲0.4pt.
FY18	93.8%	+1.5pt.
FY19	91.9%	▲1.9pt.

Operating time



- Operating time continues to decline as a result of “Work Style Reforms”
- 短期的には需要の高まりにより微増

(h/day)



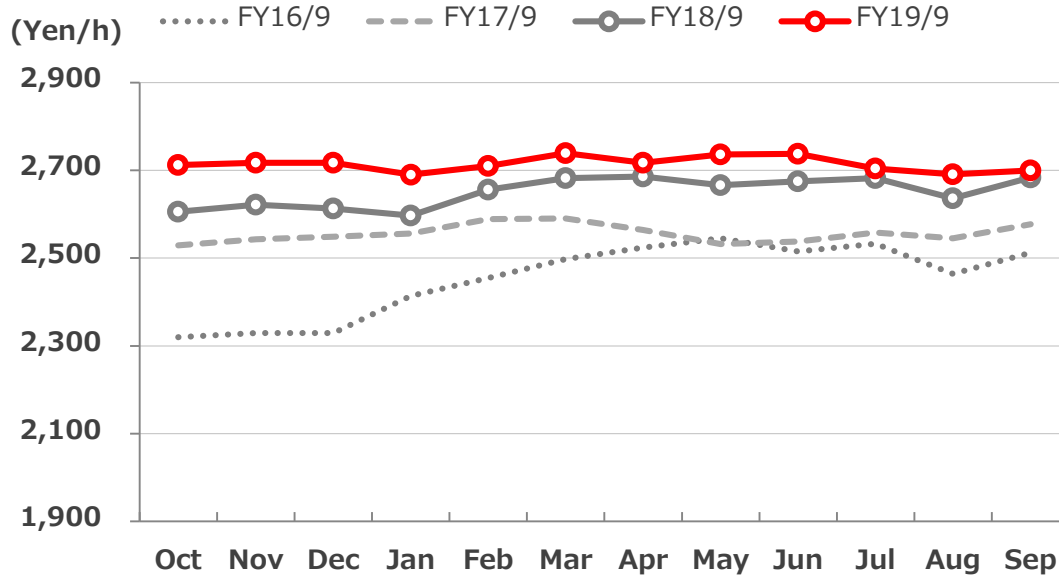
Avg. operating time of all engineers
12-month avg. (Oct – Sep)

FY	Operating Time (h)	YoY Change
FY15	9.79h	YoY
FY16	9.70h	▲0.9%
FY17	9.61h	▲1.0%
FY18	9.57h	▲0.4%
FY19	9.58h	+0.1%

Unit Price of Temporary Staffing (1) New Recruits and 2nd Year

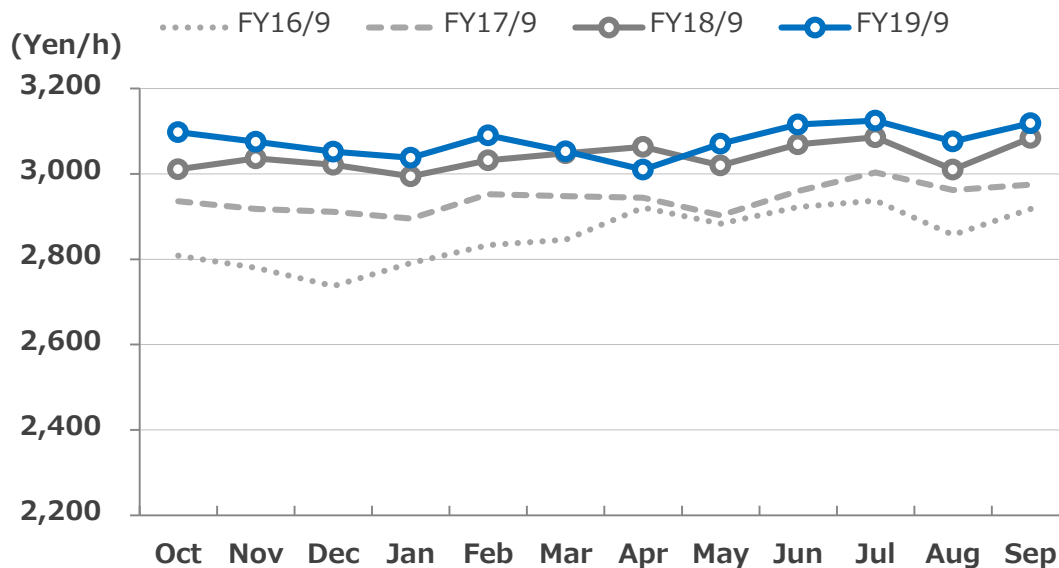


Construction Engine
Temporary Staffing



New recruits only
12-month avg. (Oct - Sep)

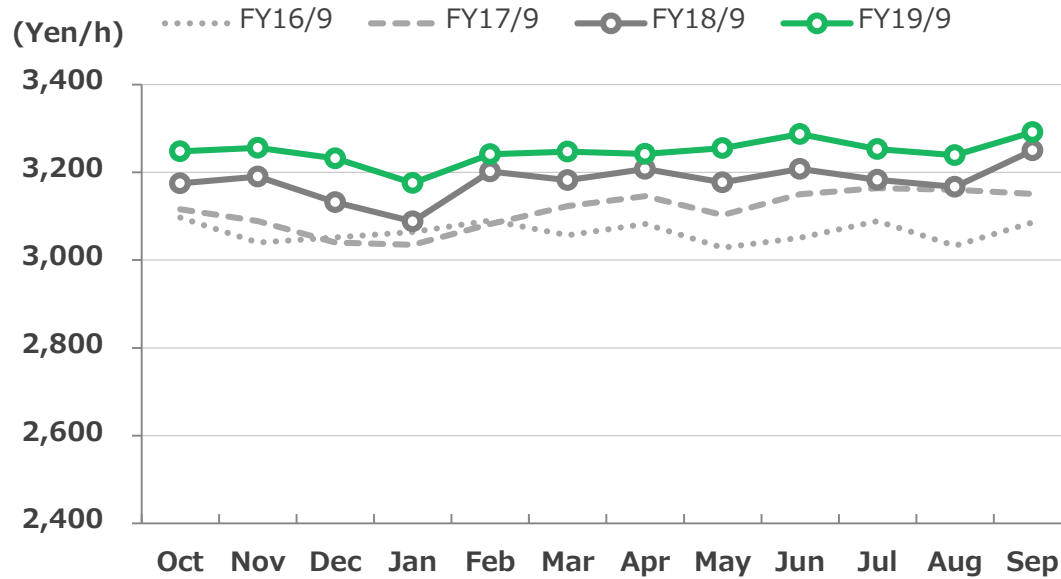
FY	Unit Price (Yen)	YoY Change
FY16	2,453yen	
FY17	2,556yen	+4.2%
FY18	2,650yen	+3.7%
FY19	2,714yen	+2.4%



2nd year only
12-month avg. (Oct - Sep)

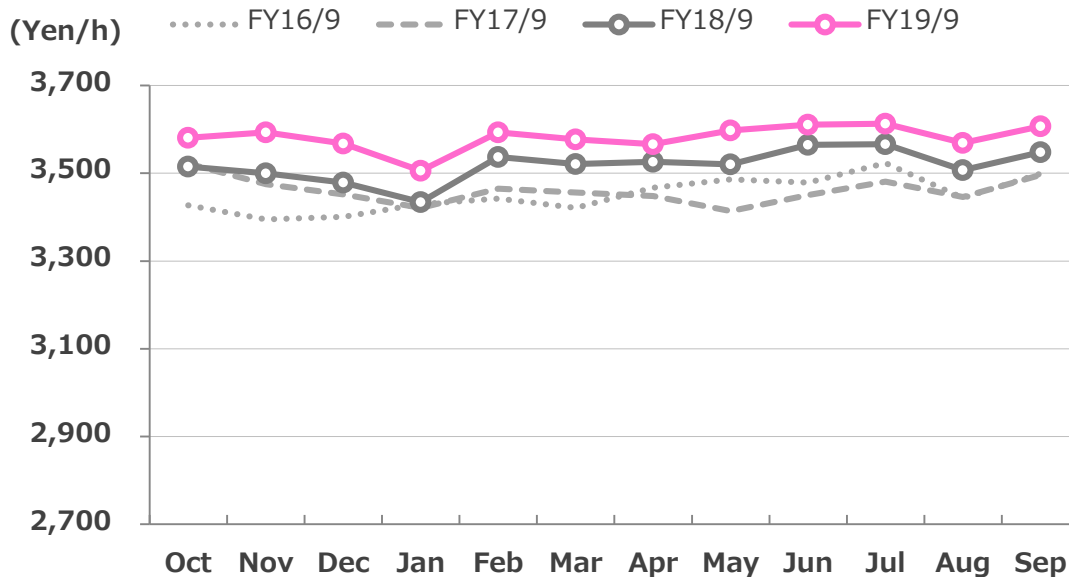
FY	Unit Price (Yen)	YoY Change
FY16	2,853yen	
FY17	2,942yen	+3.1%
FY18	3,040yen	+3.3%
FY19	3,078yen	+1.3%

Unit Price of Temporary Staffing (2) From the 3rd and 4th Year and Over



3rd year only
12-month avg. (Oct - Sep)

FY	Unit Price (Yen)	YoY
FY16/Q3	3,064yen	YoY
FY17/Q3	3,113yen	+1.6%
FY18/Q3	3,180yen	+2.1%
FY19/Q3	3,247yen	+3.0%



From the 4th year
12-month avg. (Oct - Sep)

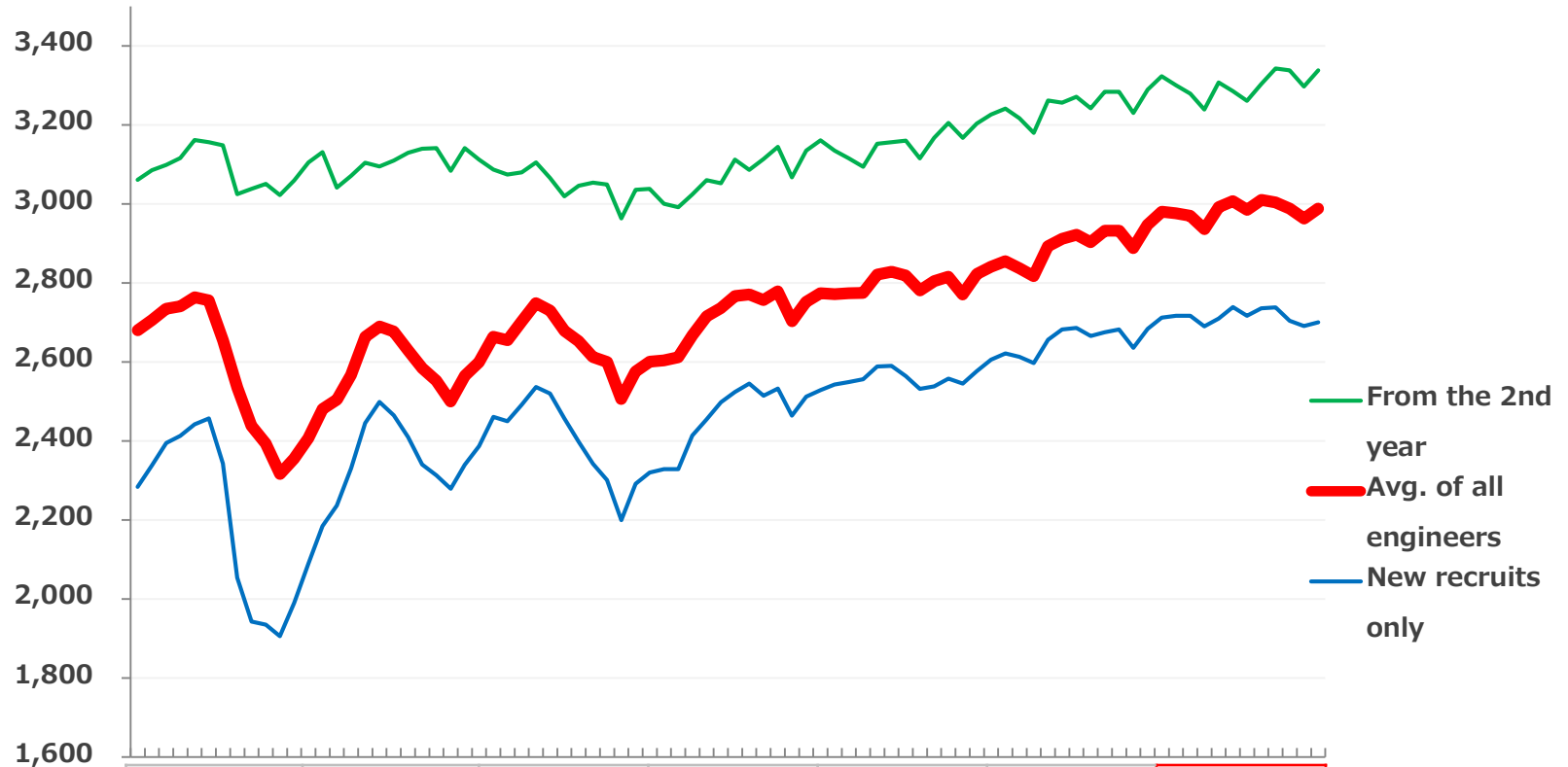
FY	Unit Price (Yen)	YoY
FY16/Q3	3,451yen	YoY
FY17/Q3	3,461yen	+0.3%
FY18/Q3	3,518yen	+1.7%
FY19/Q3	3,582yen	+1.8%

Unit Price of Temporary Staffing (3) Interim Changes



- Continue to rise from FY2015 supported by robust demand
- Rise in unit price for newly hired engineers with a high composition ratio contributed significantly to higher profit margins

(Yen/h)



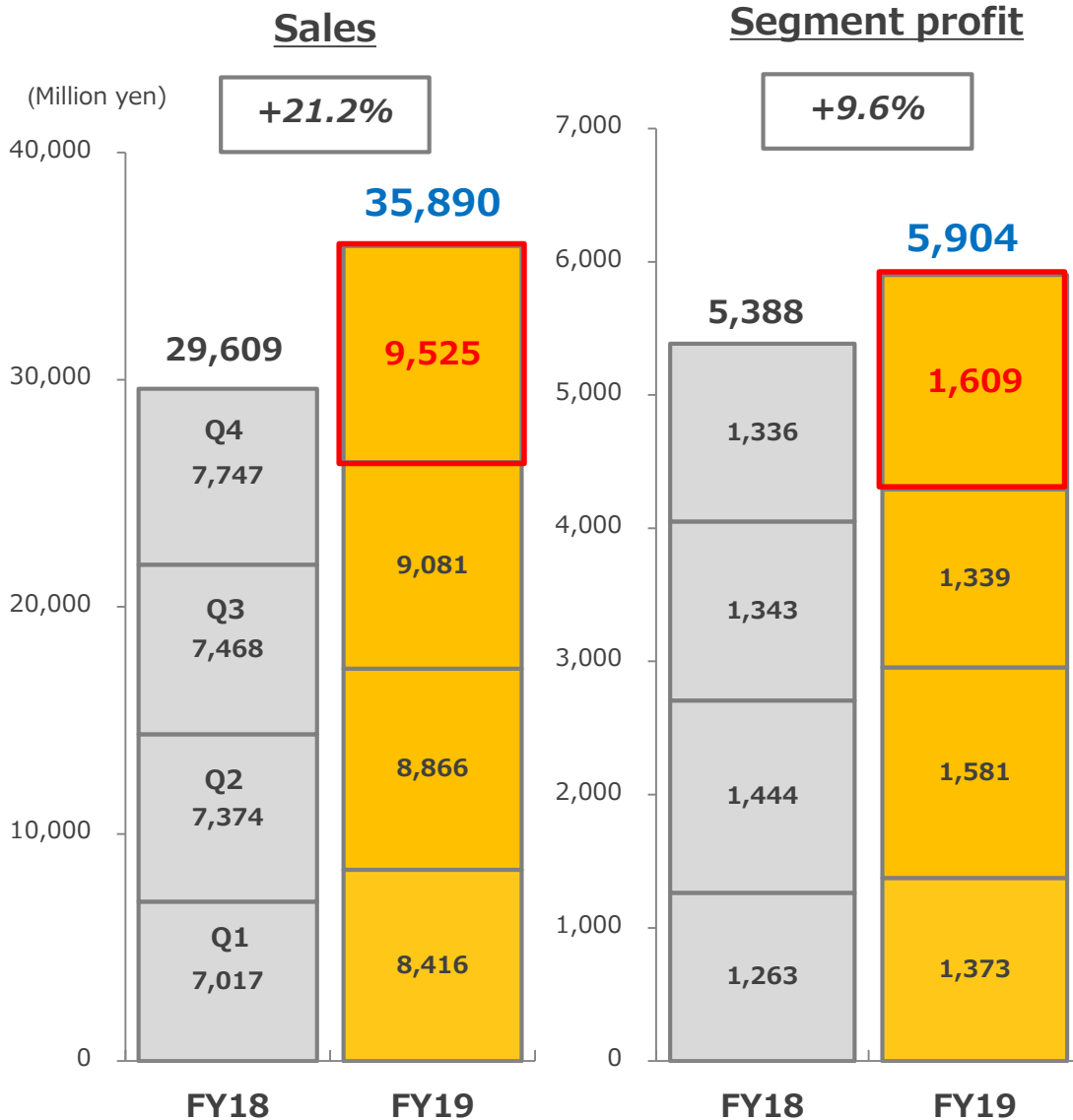
	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018				FY2019			
	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9

Avg. on a company-wide basis (Q1-Q4)	2,590 yen	2,569 yen	2,644 yen	2,706 yen	2,797 yen	2,890 yen	2,983 yen
	YoY	▲0.8%	+2.9%	+2.3%	+3.4%	+3.3%	+3.2%

Segment Results Sales and Profit



- Continuous increase in sales due to accumulation of the number of engineers



Both sales and operating income reached record high in Q4

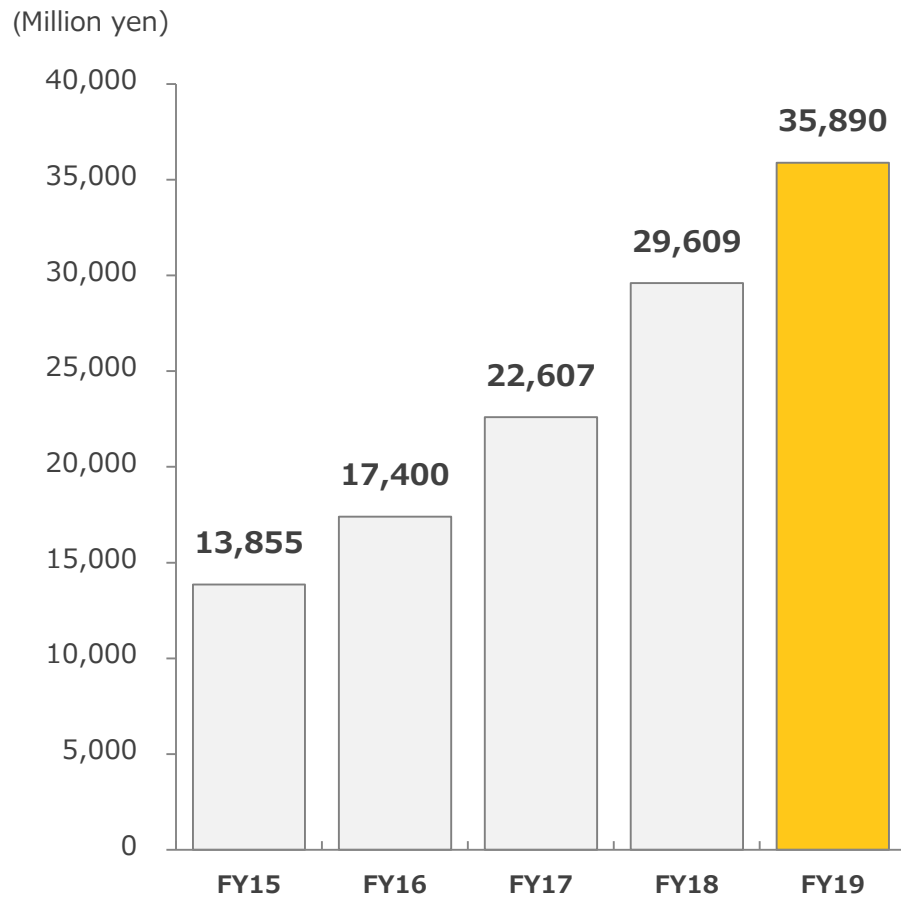
Segment P/L (1) Sales and Gross Profit



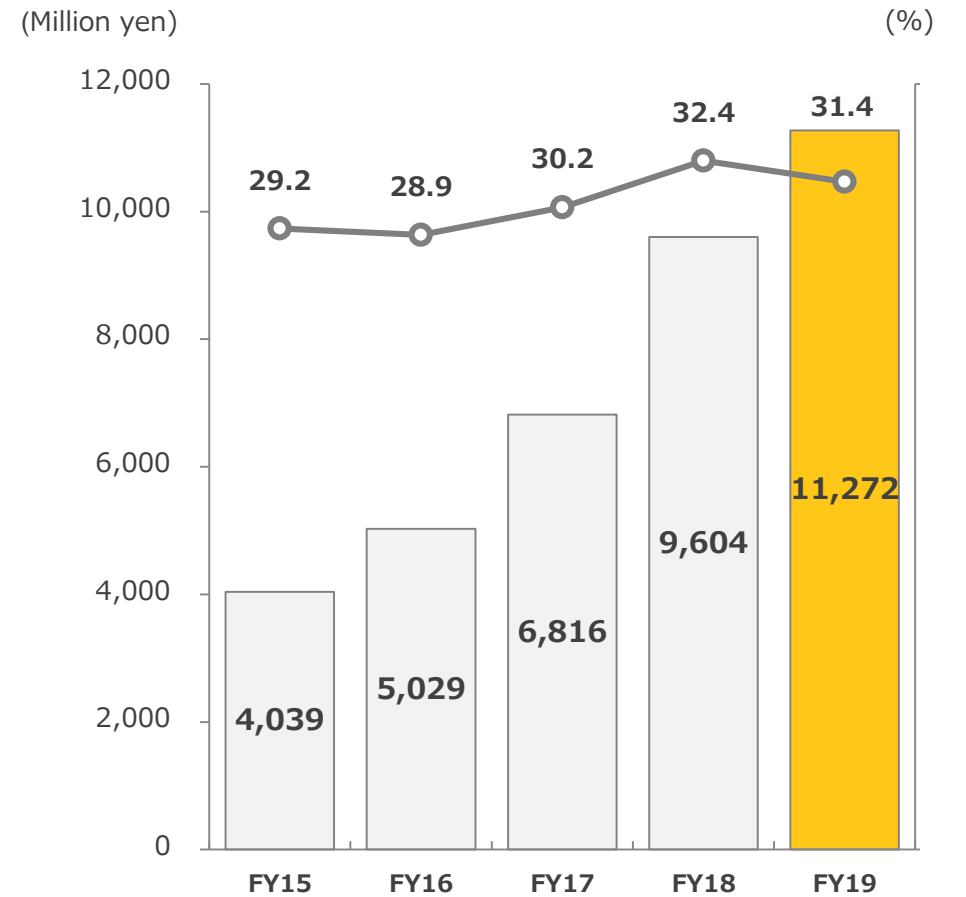
Construction Engineer
Temporary Staffing

- Sales ⇒ Up by 21% YoY due to active recruitment and maintained retention rate
- Gross profit ⇒ Up by 17% due to increase in the number of engineers and decreased utilization rate

Sales



Gross profit



SG&A Expenses



- Increase in personnel expenses due to increased sales and management department staffs ⇒ Personnel expenses up by 21%
- Used to hire mainly young and unexperienced people but additionally hired experienced people, and the number of recruits was higher than planned ⇒ Recruiting cost increased by 33%

(Million yen)

	FY2018	FY2019	Change	Remarks
SG&A expenses	4,216	5,368	+1,151	
Personnel expenses	1,949	2,357	+408	Increased due to increases in staffs in the Sales and Management Dept.
Ad expenses	27	18	▲8	
Recruiting cost	1,235	1,640	+404	Increased as a result of actively hiring professional engineers
Outsourcing expenses	150	178	+27	
SG&A expense ratio	14.2%	15.0%	+0.7pt.	

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

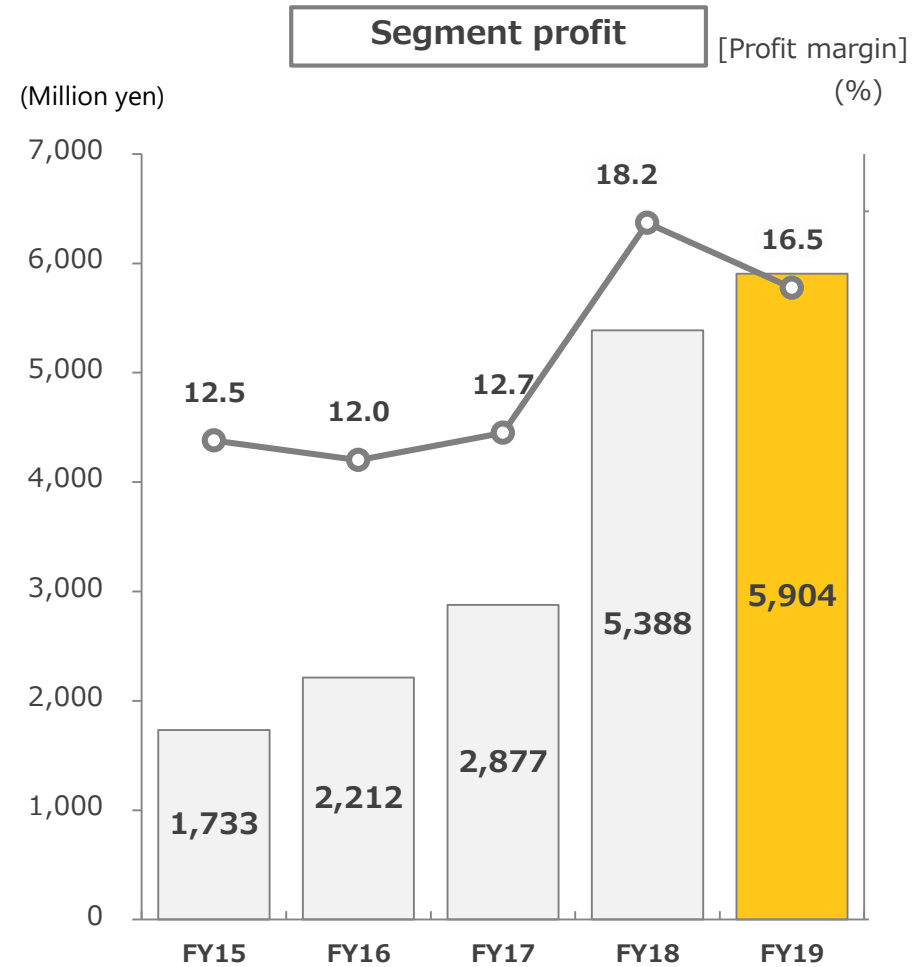
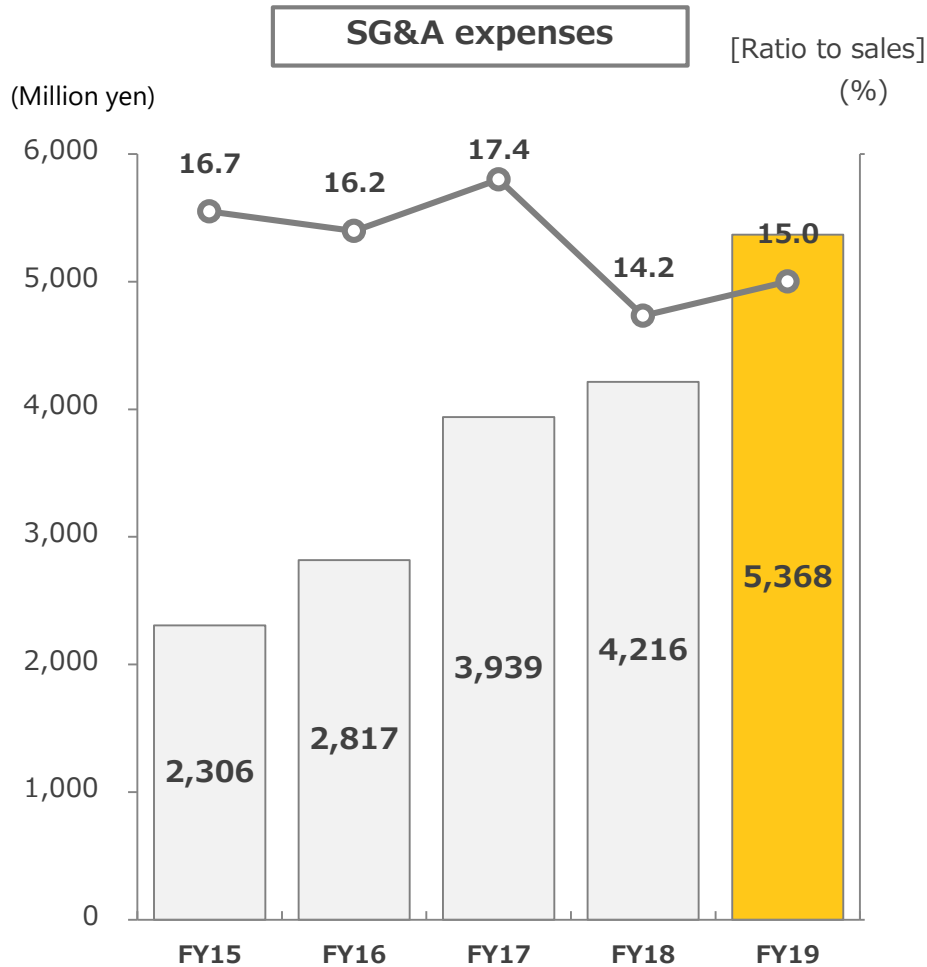
*By the changing the inclusion policy from FY19Q3, the figures for the previous term correspond to the calculation standards after the change.

Segment P/L (2)

SG&A Expenses and Operating Income



- SG&A expenses ⇒ Achieved 118% of planned recruitment although incurred recruiting costs in advance
- Segment profit ⇒ Increased by 10% due to increased gross profit and SG&A expenses



Engineer Temporary Staffing

KPI Summary



Engineer
Temporary Staff

- The number of engineers increased steadily by 50% due to active recruitment
- Utilization rate decreased with increased number of engineers but the average unit price of temporary staffing increased

All engineers 12-month avg. (Oct – Sep)

	FY2018	FY2019	Change	Pct. change
No. of engineers	2,046 engineers	3,078 engineers	+1,032 engineers	+50.4%
Utilization rate	91.5%	89.5%	▲2.0pt.	—
Operating time	7.89h	7.76h	▲0.13h	▲1.6%
Unit price of temporary staffing	2,853yen	2,857yen	+4yen	+0.2%

*"Utilization rate," "Operating time" and "Unit price of temporary staffing" only apply to Yume Technology

Recruitment



Engineer
Temporary Staff

- Achievement rate of 97.1% against an annual recruitment plan of 1,800 engineers, up by 56% YoY

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY18 recruitment	159			270			429
FY19 recruitment	362			344			706
YoY	+203			+74			+277

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY18 recruitment	303			386			689	1,118
FY19 recruitment	584			458			1,043	1,748
YoY	+281			+72			+354	+630

Changes in the Number of Engineers

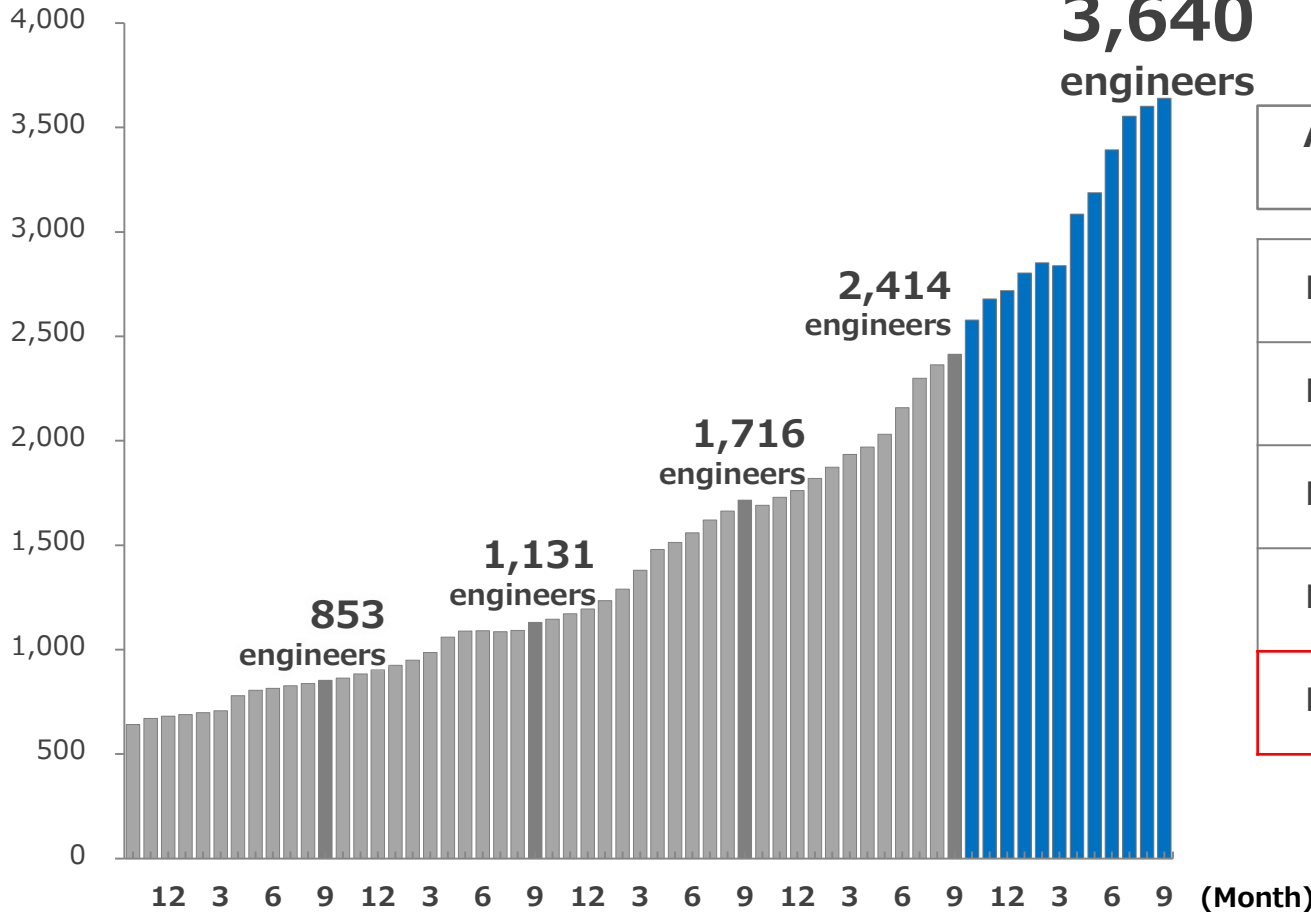


- Achievement rate was 107.1% against the target number of engineers of 3,400 engineers at the end of period
- Increased by 1,226 engineers compared with the end of the same month a year ago (+50.8%)

(Persons)

As of end-Sep.

3,640
engineers



Avg. number of engineers
12-month avg. (Oct – Sep)

FY	Avg. number of engineers	YoY
FY15	751 engineers	
FY16	1,005 engineers	+33.9%
FY17	1,414 engineers	+40.7%
FY18	2,046 engineers	+44.7%
FY19	3,078 engineers	+50.4%

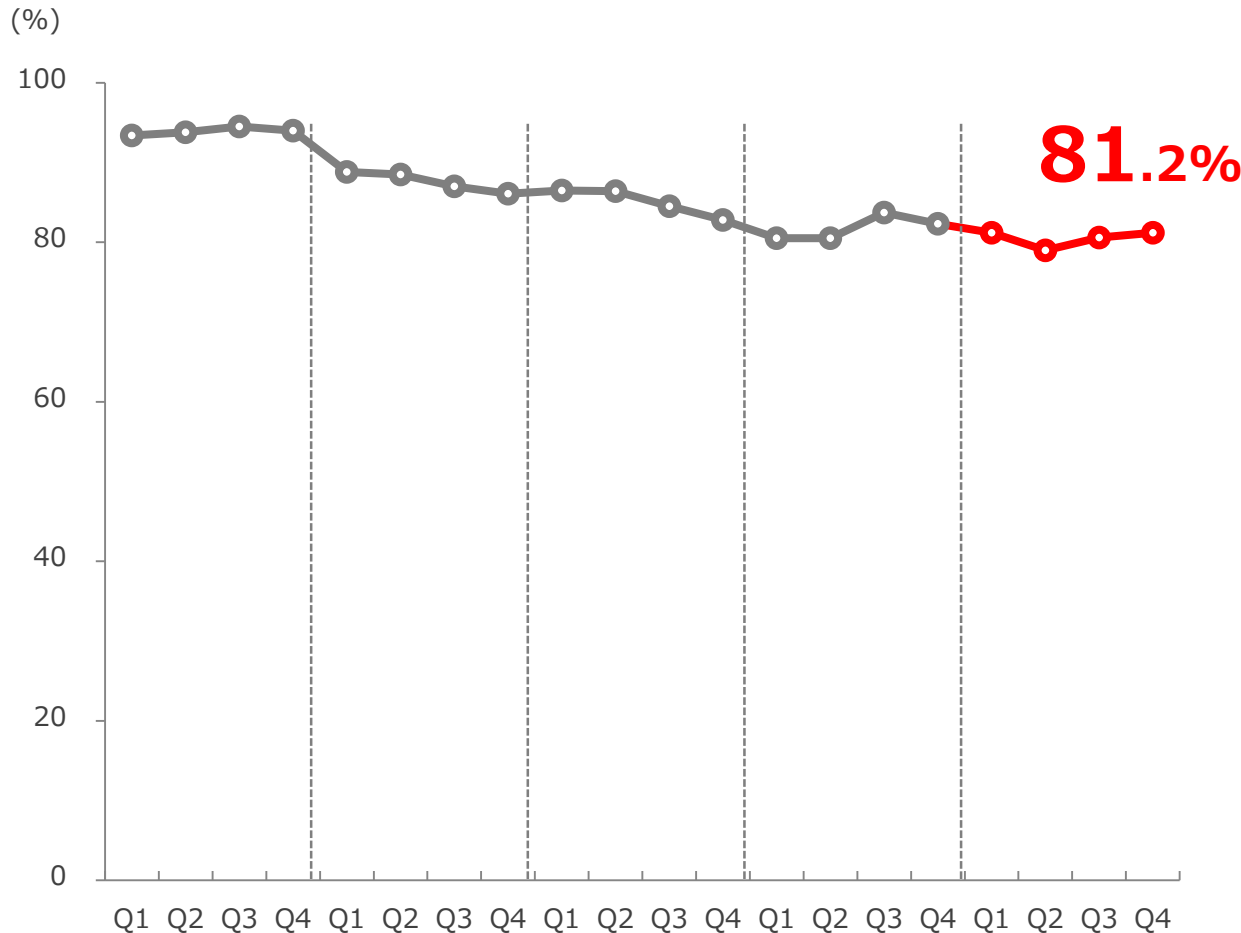
FY2015	FY2016	FY2017	FY2018	FY2019
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* Number of engineers at the end of month

Retention Rate



- The retention rate remains roughly flat in the 80s despite increase in the number of recruits



Avg. retention rate 12-month avg. (Oct - Sep)		
FY	Rate	YoY
FY15	93.8%	YoY
FY16	88.0%	△5.8pt
FY17	85.3%	△2.7pt
FY18	81.1%	△4.2pt
FY19	80.9%	△0.2pt

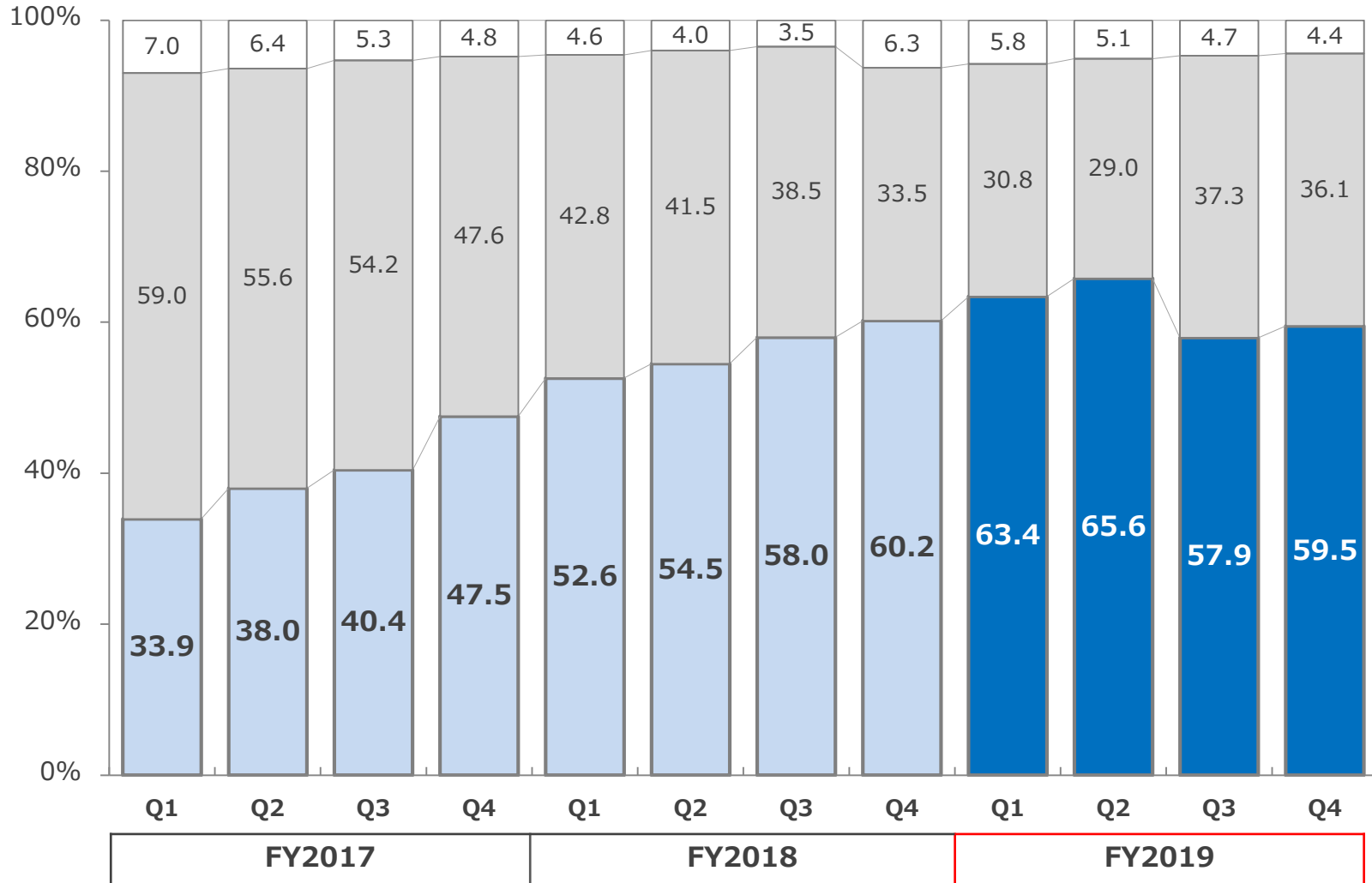
*Retention rate = No. of engineers at the time of calculation / (No. of engineers a year ago + New hires during the year) x 100
*Only Yume Technology

Ratio by Level of Engineers



- The proportion of middle-end engineers increased as there were changes in job posts and the retention rate remained flat in Q3

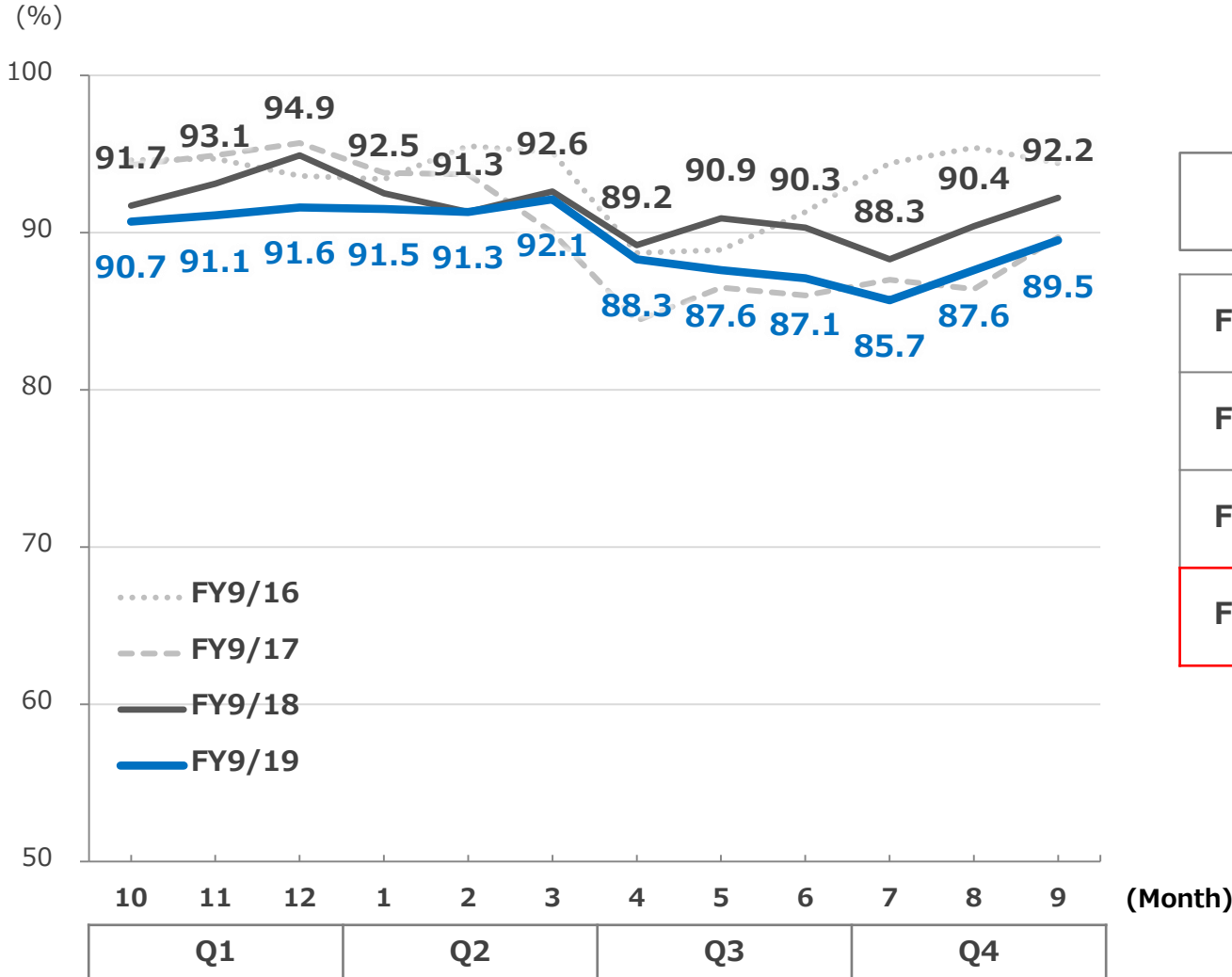
■ Technical staff
 ■ Middle-end
 ■ High-end



Changes in Utilization rate



- Utilization rate decreased due to increase in the number of engineers resulting from active recruitment



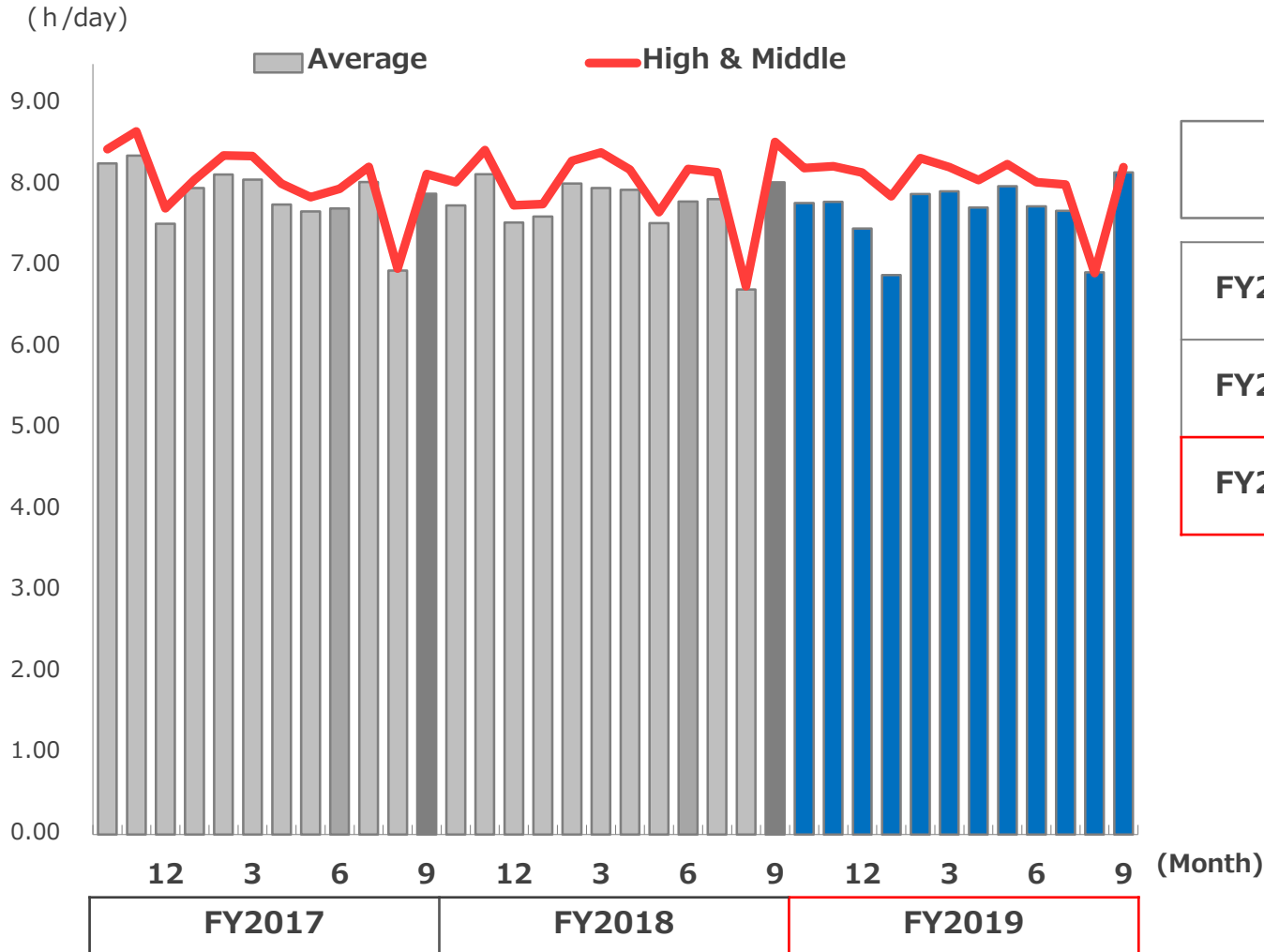
Avg. Utilization rate 12-month avg. (Oct – Sep)		
FY2016	93.3%	YoY
FY2017	90.2%	▲3.1pt.
FY2018	91.5%	+1.3pt.
FY2019	89.5%	▲2.0pt.

*Only Yume Technology

Changes in Operating Time



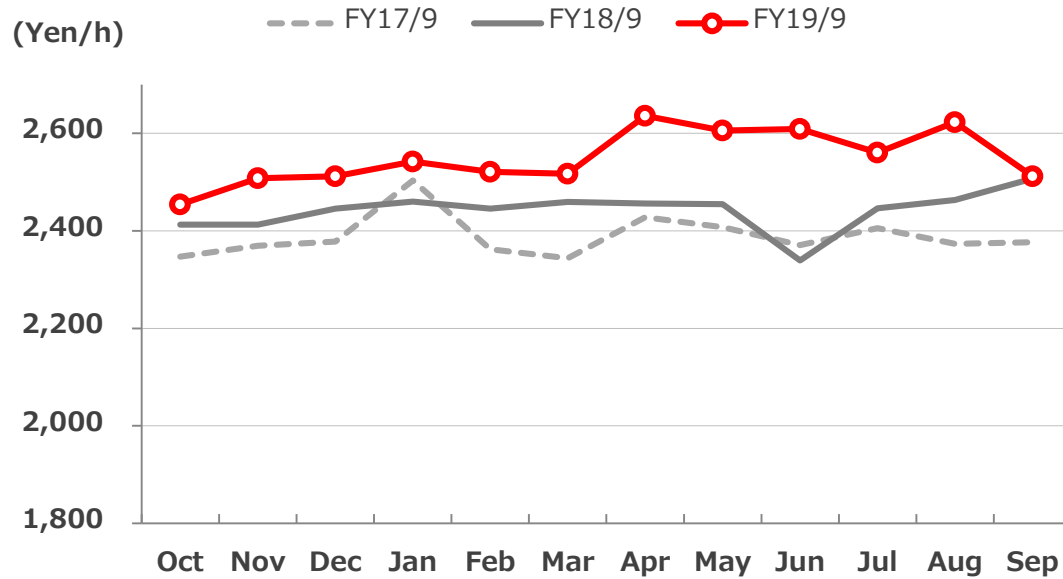
- Operating time is declining due to increased awareness of labor management through "Work Style Reforms"



Avg. operating time 12-month avg. (Oct - Sep)		
FY2017	8.06h	YoY
FY2018	7.89h	▲ 2.1%
FY2019	7.76h	▲ 1.6%

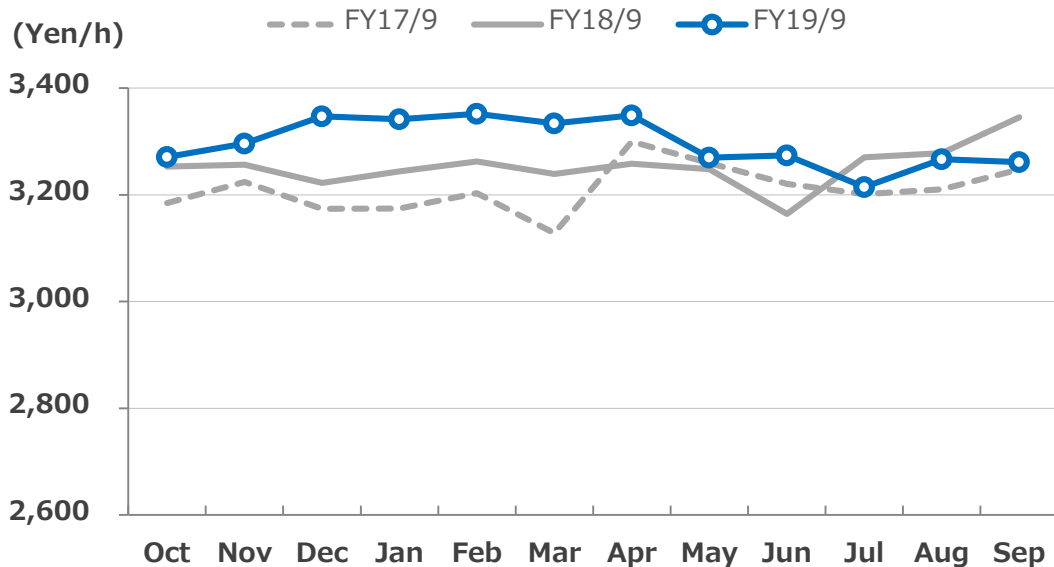
*Only Yume Technology

Unit Price of Temporary Staffing (1)



Technical staff 12-month avg. (Oct – Sep)

FY	Unit Price (Yen)	YoY Change
FY17	2,389yen	YoY
FY18	2,442yen	+2.2%
FY19	2,550yen	+4.4%

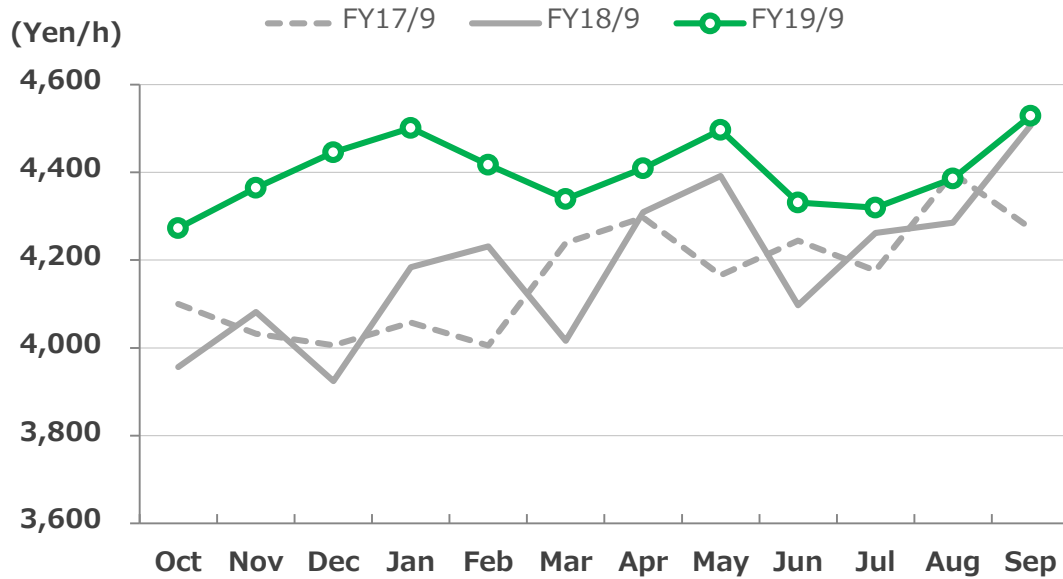


Middle-end 12-month avg. (Oct – Sep)

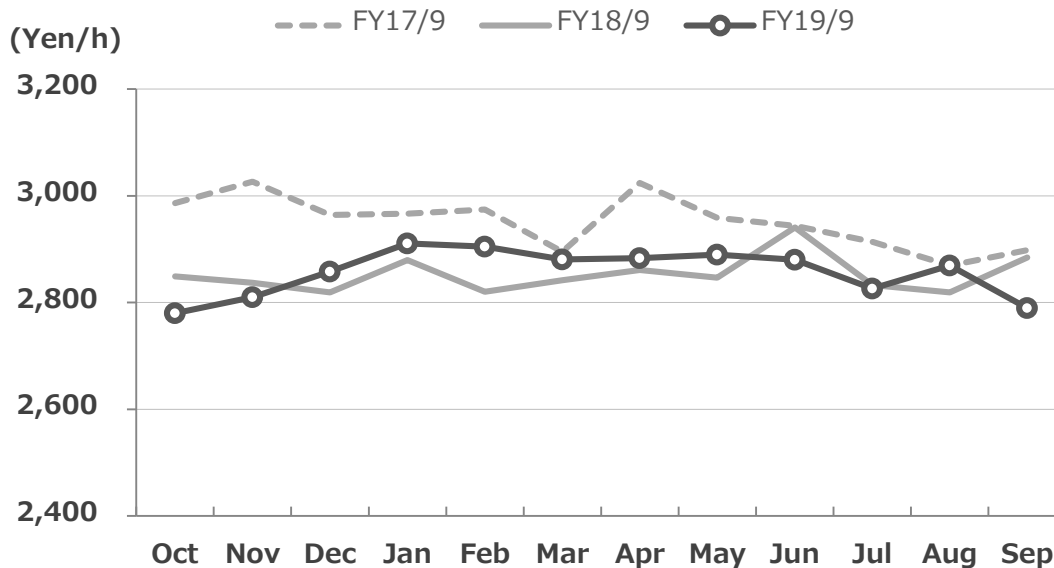
FY	Unit Price (Yen)	YoY Change
FY17	3,211yen	YoY
FY18	3,254yen	+1.3%
FY19	3,298yen	+1.3%

※夢テクノロジーのみ

Unit Price of Temporary Staffing (2)



High-end 12-month avg. (Oct - Sep)		
FY17	4,166yen	YoY
FY18	4,187yen	+0.5%
FY19	4,401yen	+5.1%



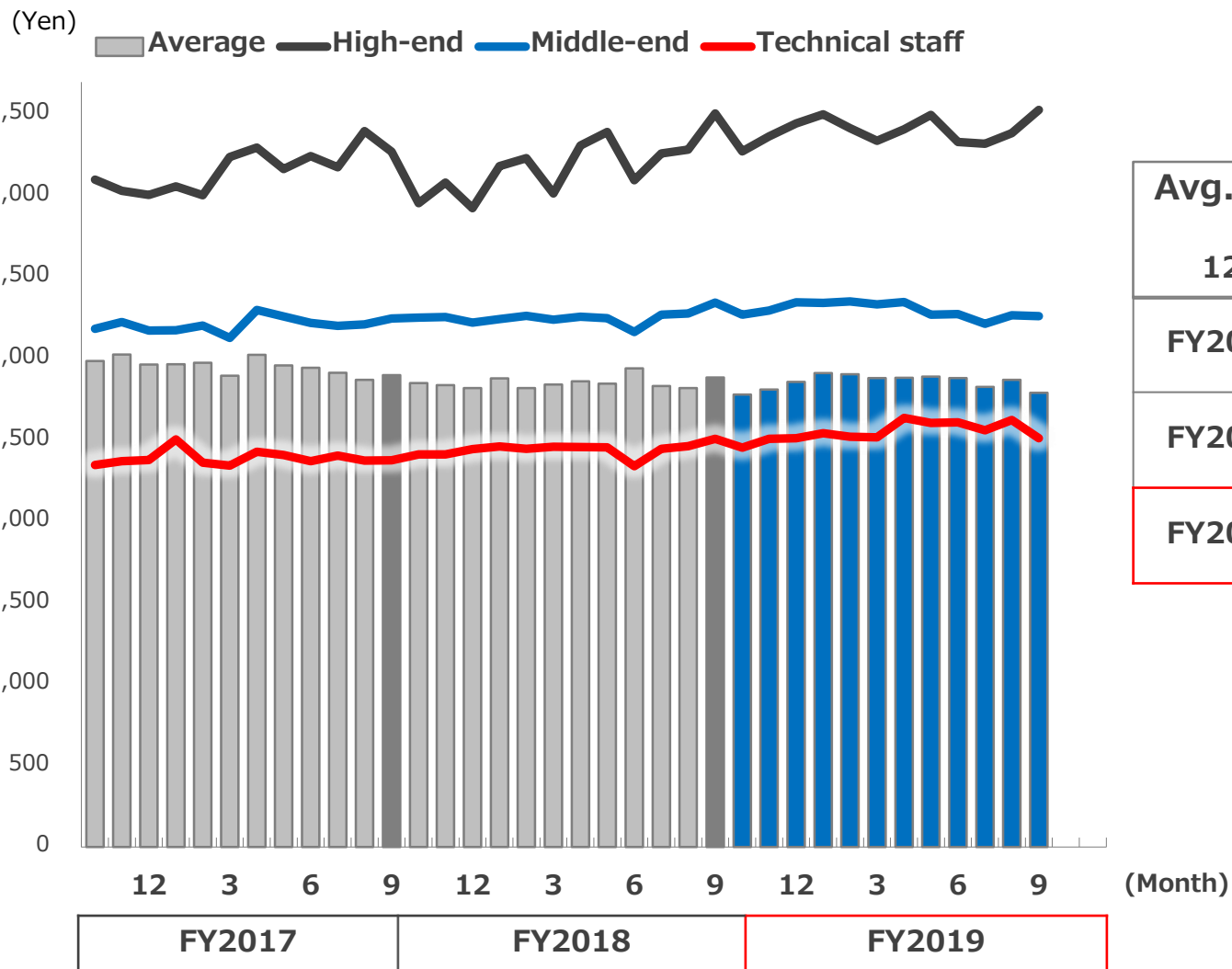
Avg. unit price of temporary staffing 12-month avg. (Oct - Sep)		
FY17	2,952yen	YoY
FY18	2,853yen	▲3.3%
FY19	2,857yen	+0.2%

※夢テクノロジーのみ

Changes in Unit Price of Temporary Staffing



- Technical staffs increased but the average unit price increased due to demand expansion



Avg. unit price of temporary staffing
12-month avg. (Oct – Sep)

Fiscal Year	Price (Yen)	YoY Change
FY2017	2,952yen	
FY2018	2,853yen	▲3.3%
FY2019	2,857yen	+0.2%

*Only Yume Technology

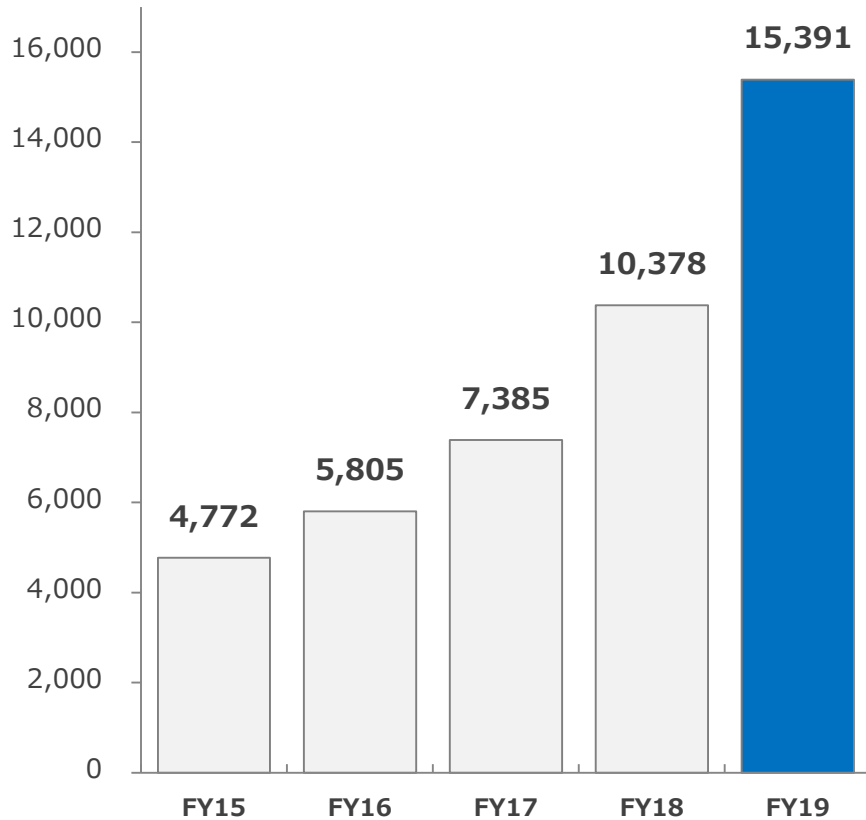
P/L Summary



- Sales ⇒ Up by 48% due to increased number of engineers through active recruitment
- Gross profit ⇒ Rise in unit price of temporary staffing and decreased Utilization rate → Up by 36% YoY

Sales

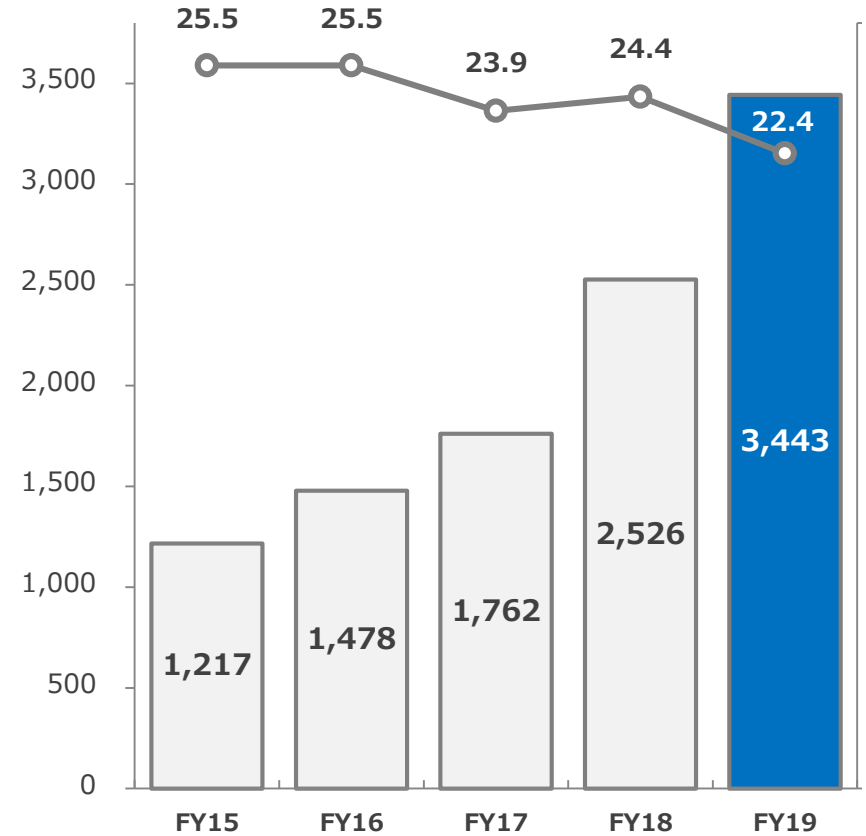
(Million yen)



Gross profit

(Million yen)

[Profit margin]
(%)



SG&A Expenses



Engineer
Temporary Staff

- Increase in the number of employees of Management Department and increase in the number of employees due to increased group companies ⇒ Personnel expenses increased by 59%
- Recruiting cost increased by 57% as a result of making a massive prior investment for active recruitment

(Million yen)

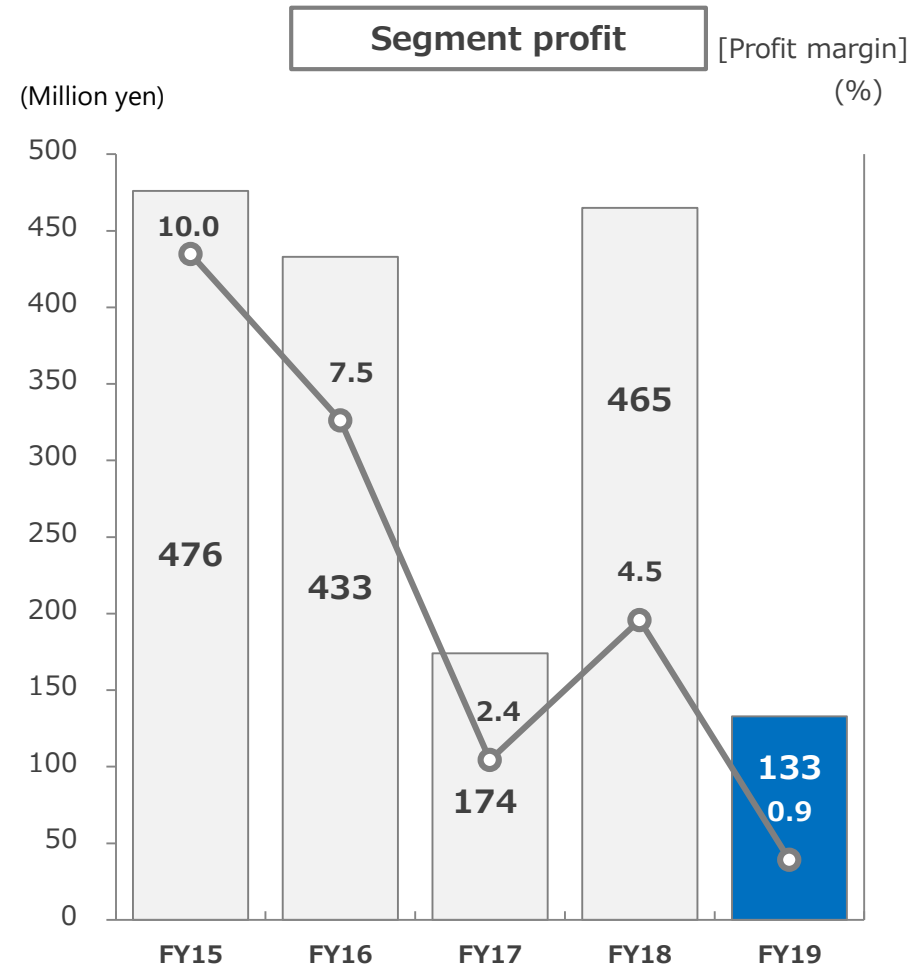
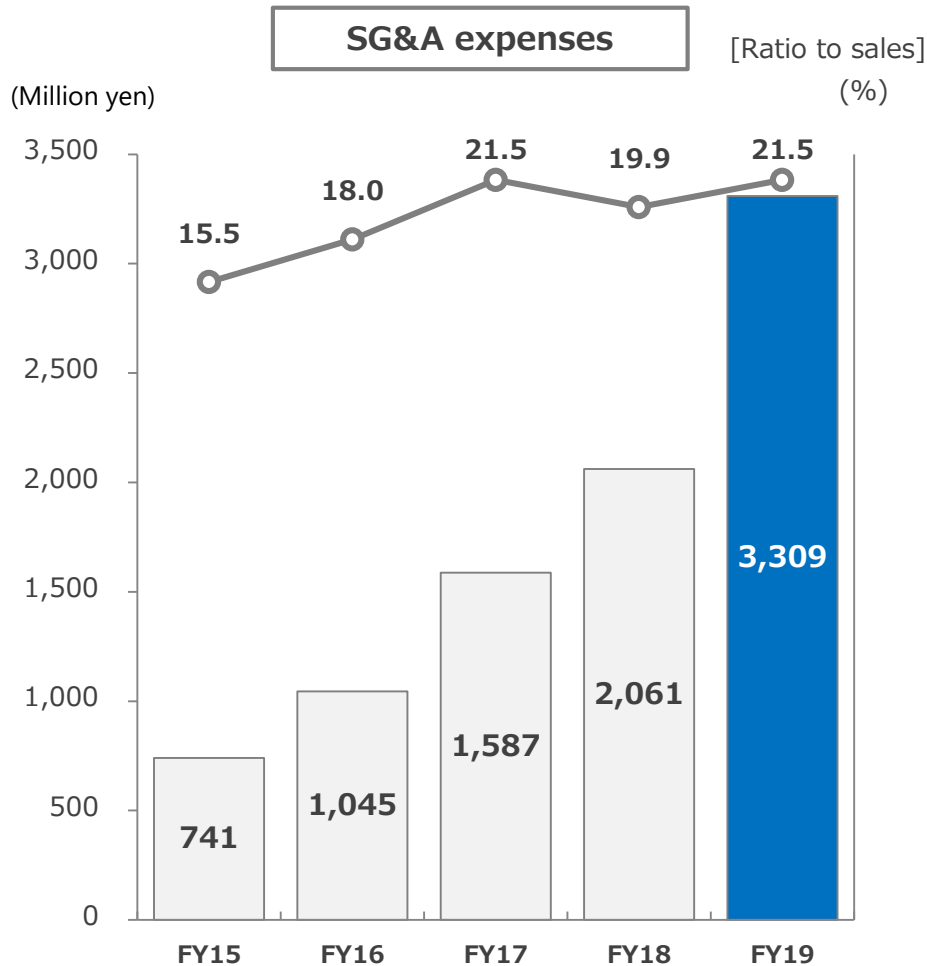
	FY2018	FY2019	Change	Remarks
SG&A expenses	2,061	3,309	+1,210	
Personnel expenses	934	1,482	+548	Increase in the number of employees due to increase in the number of employees of Management Dept. and increased group companies
Ad expenses	6	23	+17	
Recruiting cost	662	1,037	+375	Increased due to active recruitment
Outsourcing expenses	85	116	+31	
SG&A expense ratio	19.9%	21.5%	+1.6pt.	

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

SG&A Expenses and Segment Profit

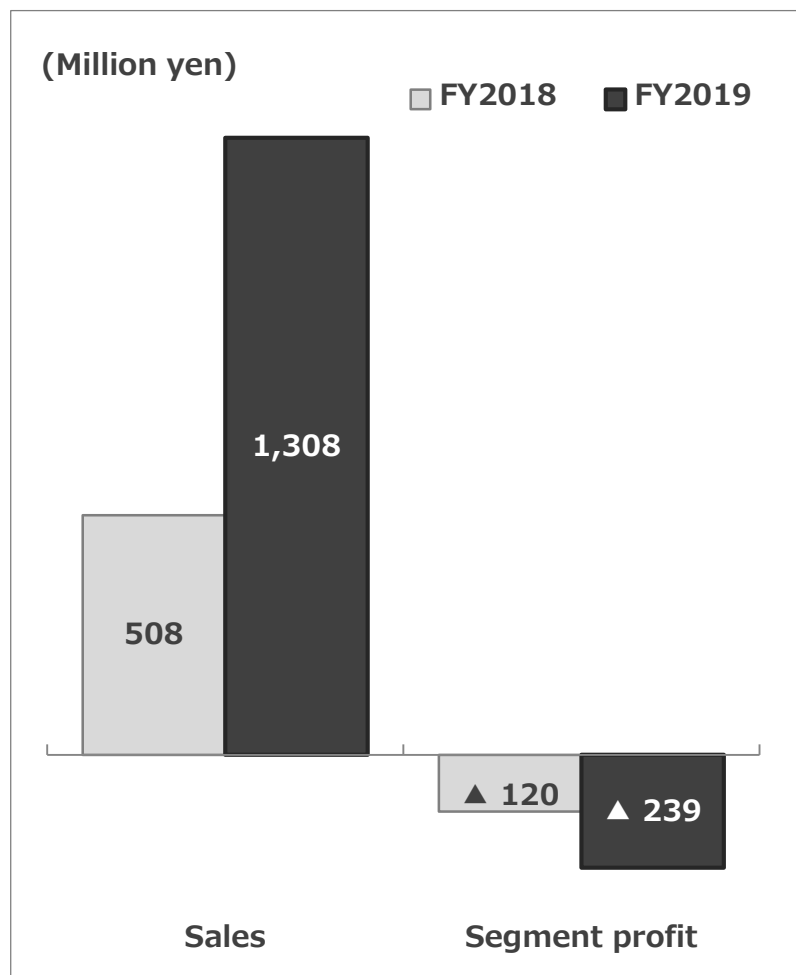


- SG&A expenses ⇒ Personnel expenses and recruiting expenses increased as initially planned resulting in a 57% increase
- Segment profit ⇒ Against the initial plan of 0, recorded a profit decline of 71% as a result of increased SG&A expenses due to increased number of engineers at work and rise in unit price of temporary staffing



Other Businesses

- Launched ancillary businesses to provide engineers with high added value
- IT-related business turned profitable as a result of consolidating the network equipment selling and rental business
- In the Education business, there is a time lag between advertising and sales being reflected, so the expenses were temporarily incurred in advance



1. Temporary staffing business (Million yen)

	FY2018	FY2019	Change
Sales	245	156	▲ 88
Segment profit	43	▲ 138	▲ 181

- Domestic business merged → Investment phase focusing on the use of foreigners

2. Education-related business (Million yen)

	FY2018	FY2019	Change
Sales	139	123	▲ 16
Segment profit	▲ 133	▲ 236	▲ 103

- Decrease in profit in the business providing service to learn programming due to increased SG&A expenses

3. IT-related business (Million yen)

	FY2018	FY2019	Change
Sales	130	974	+843
Segment profit	▲ 30	133	+163

- Sold unprofitable subsidiaries → Turned profitable by selling and lending NW equipment

*In addition, consolidation is eliminated through intersegment transactions.

FY9/20



New Business Portfolio



Group

- Changes in segment names
- IT-related business in Other is changed to Engineer Temporary Staffing and Incidental Business

[FY19/Q4]

Reportable segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology KRUNGTEP NEPLUS Centurion Capital Pacific Limited P3OPLE4U,Inc. InformationPort Garenet
Other	Yumeshin Holdings Yume Global NEPLUS YUMEGLOBAL.Corp. YUMEGLOBAL.CO.,LTD. YUMESHIN VIETNAM InformationPort Samurai Centurion Capital Pacific Limited P3OPLE4U,Inc. Garenet



[FY2020~]

Reportable segment	Company name
Construction Engineer Temporary Staffing and Incidental Business	Yumeshin Holdings
Engineer Temporary Staffing and Incidental Business	Yume Technology KRUNGTEP NEPLUS Centurion Capital Pacific Limited P3OPLE4U,Inc. InformationPort Garenet YUMESHIN VIETNAM Yumeshin SANRITSU DESIGN
Other	Yume Global YUMEGLOBAL.Corp. YUMEGLOBAL.CO.,LTD. Samurai

FY9/20 Top Priority Issues

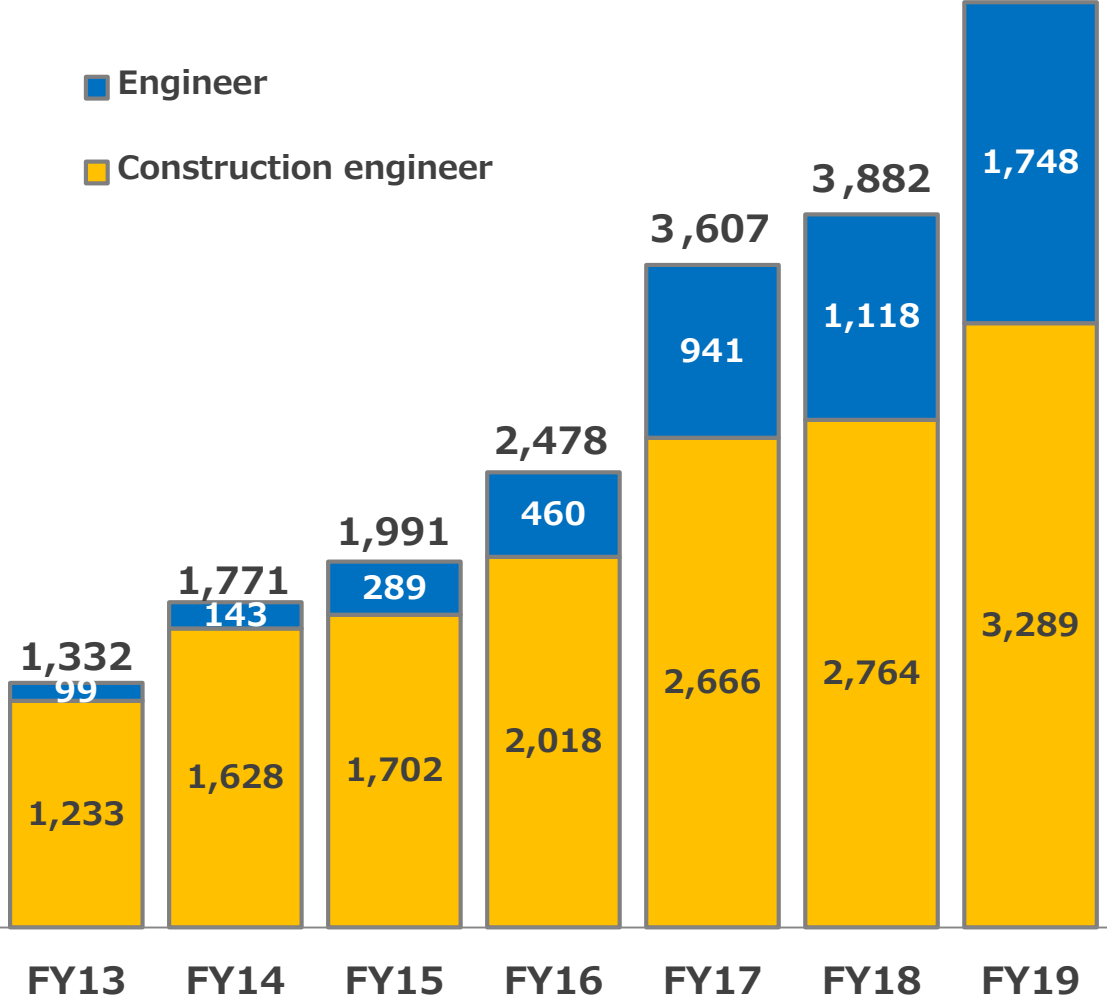
“Operating income of 8 billion yen”

- 1 . Monetize investment in recruitment in the previous period**
- 2 . Cooperation with group companies**
- 3 . Introduction of IFRS**

1-1. Changes in the Number of Recruits



(Persons)



The highest since the establishment



Recruitment = Ultrahigh efficiency investment

ROI per engineer

	Construction engineer temporary staffing	Engineer temporary staffing
Recruitment training cost (Thousand yen/engineer)	600	750
Annual gross profit (Thousand yen/engineer)	1,650	1540
Monthly gross profit (Thousand yen/engineer)	150	140
Payout time (Month)	4	6
ROI	175%	105%

Payout time : Recruitment training cost ÷ Monthly gross profit

ROI : (Annual gross profit – Recruitment training cost) ÷ Recruitment training cost × 100

2-1. The Companies which Joined Our Group in the Previous Period



Engineer
Temporary Staff

neplus NEPLUS K.K.

Became a subsidiary on October 1, 2018
IT engineer temporary staffing and sales and rental of IT equipment

- Develop sales and rental of IT equipment and IT engineer temporary staffing business centered on CISCO products
- There are more than 80 talented engineers with profound knowledge of respective product and high technological skills
- Mainly temporary staffing to the upper process in the design and development fields



ip InformationPort Co., Ltd.

Became a subsidiary on April 2, 2019
IT engineer temporary staffing and customized development of IT system

There are many high-class engineers

- Of more than 100 engineers, 30% of high-class engineers have over 10 years of industry experience
- Employ about 10 new engineers every year and has an excellent knowhow on training them



2-2. The Companies which Joined Our Group in the Previous Period



Engineer
Temporary Staff

Samurai Samurai, Inc.

Became a subsidiary on April 24, 2019
Provide a programming study service for adults

Strengths of its own media “Samurai Engineer Juku”

- **Ability to attract customers** with more than 1.7 million users and more than 5.2 million page views!!!
- **Teaching skill** to support inexperienced people

Students	500students
Monthly website users	1,600,000users
Total track record of teaching*	16,000students

*Including lessons, seminars, offline and other services

Garnet Co., Ltd.

Became a subsidiary on July 1, 2019
Network construction and design, dispatch of IT engineers

- Responds to a wide variety of services from building of a large-scale intranet and extranet to a small-scale SOHO network
- Top companies in the network market are major customers
- There are about 40 high-class engineers who are responsible for the upper process. Also continue to hire and foster inexperienced engineers and customers are accepting them



2-3. Integration of Locations



Engineer
Temporary Staff

Integrated 4 engineer temporary staffing companies
Also complete with a large-scale training facilities

- Optimization of communications and traveling costs
- Promote the cooperation of the group companies and quick strategic decision-making

Operating company	 <p>YUME Technology</p> <p>neplus</p> <p>ip InformationPort</p> <p>PROエンジニアなら「クルンテープ」 KRUNGTHEP</p>
Location	<p>Sumitomo Fudosan Akihabara Ekimae Building, 300 Neribeicho, Kanda, Chiyoda-ku, Tokyo</p> <p>*1-minute walk from "Akihabara Station"</p>
Date of relocation	<p>November 1, 2019</p>





Voluntarily apply International Financial Reporting Standards (IFRS) from the announcement of the financial results for the fiscal year ending September 30, 2020

1. Promote understanding of overseas investors

Expected to be able to conduct IR with overseas investors in a common language to promote their understanding →
Improvement in ownership of foreigners and liquidity

2. Non-depreciable goodwill at the time of M&A

Effects of boosting profits of about 5 billion yen with “non-depreciable goodwill”

FY9/20 Consolidated Business Forecasts

“Operating income of 8 billion yen”

(Million yen)

	FY9/19 Results (Japanese Standard)	FY9/20 Forecasts (IFRS)	Change
Sales	52,505	63,000	—
Operating income	4,719	8,000	—
Ordinary income	4,557	8,000	—
Net income attributable to owners of parent	2,504	5,400	—
Net income per share	32.73 yen	70.59 yen	—

*Our Company decided to voluntarily apply International Financial Reporting Standards (IFRS) from the announcement of the financial results for the fiscal year ending September 30, 2020.

*The figures are calculated following the changes in segment section.

Construction Engineer Temporary Staffing Business



1. Strong demand

Strong as if there is no impact of the Tokyo Olympics

2. Rise in Utilization rate

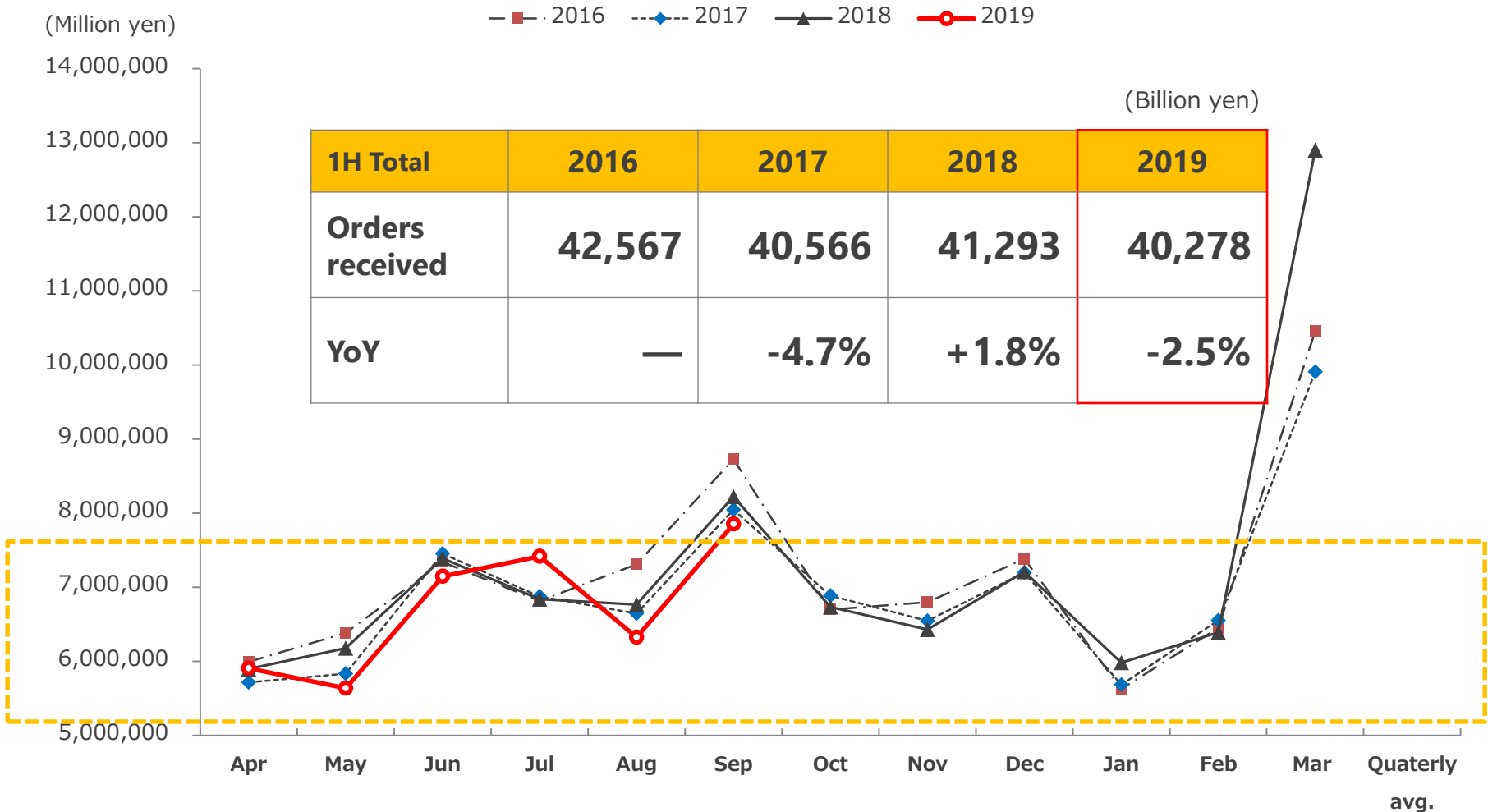
**Shortening of training period
Recruitment suited to monthly demand**

3. Decline in recruiting cost ratio

**Maintaining unit price of recruitment
Decline in the ratio due to increased sales**



Steady trend despite reaction to the consumption tax rush



Source: Ministry of Land, Infrastructure, Transport and Tourism, Census of Construction Investment
(Survey target companies: approximately 12 thousand construction companies)

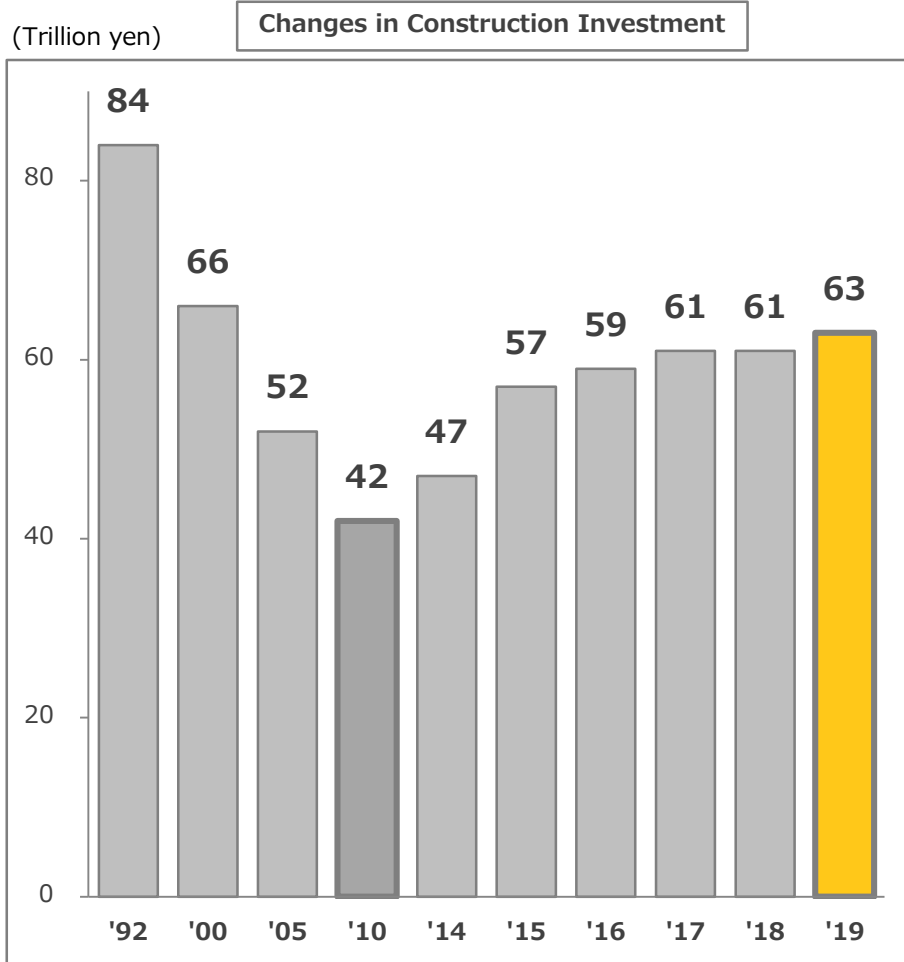
Strong Demand②

Increasing Amount of Construction Investment



Construction Engineering
Temporary Staffing

- Investment amount increased by about 50% with 2010 at the bottom
- A multitude of projects extending to 2020



Source: "Outlook for Construction Investment in the First Year of Reiwa," Ministry of Land, Infrastructure, Transport and Tourism (August 13, 2019)

Examples of Large Projects following the Tokyo Olympics

Projects	Planned contractors	Scheduled completion of construction
Shinagawa Redevelopment	Taisei Corporation Maeda Corporation	2019
Shibaura Project	Taisei Corporation Shimizu Corporation	2019
Tokyo World Gate, Toranomon	Shimizu Corporation	2019
Shibuya Redevelopment	Tokyu Construction	2021
Yaesu Redevelopment	Taisei Corporation OBAYASHI CORPORATION	2024
World Trade Center Bldg., Hamamatsucho	Kajima Corporation	2024
Nihon Building Site, Tokiwabashi	Taisei Corporation	2027

Source: "Future Outlook and Strategies of the Construction Industry 2016," Yano Research Institute

Increase in utilization rate ①

Recruitment in line with demand



- Stabilize recruitment throughout the year and maintain high utilization rate throughout the year

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY19 recruitment	1,774			829			1,603
FY20 recruitment plan	750			700			1,450
Change	-24			-129			-153

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY19 recruitment	1,085			601			1,686	3,289
FY20 recruitment plan	700			750			1,450	2,900
Change	-385			+149			-236	-389



- Shortened by one week until assignment after joining the company
- Standardized year-round recruitment suited to demand

FY2020

93.0%

+1.1%

Over last year

[Ref.] Previous Average Utilization rate
12-month avg. (Oct – Sep)

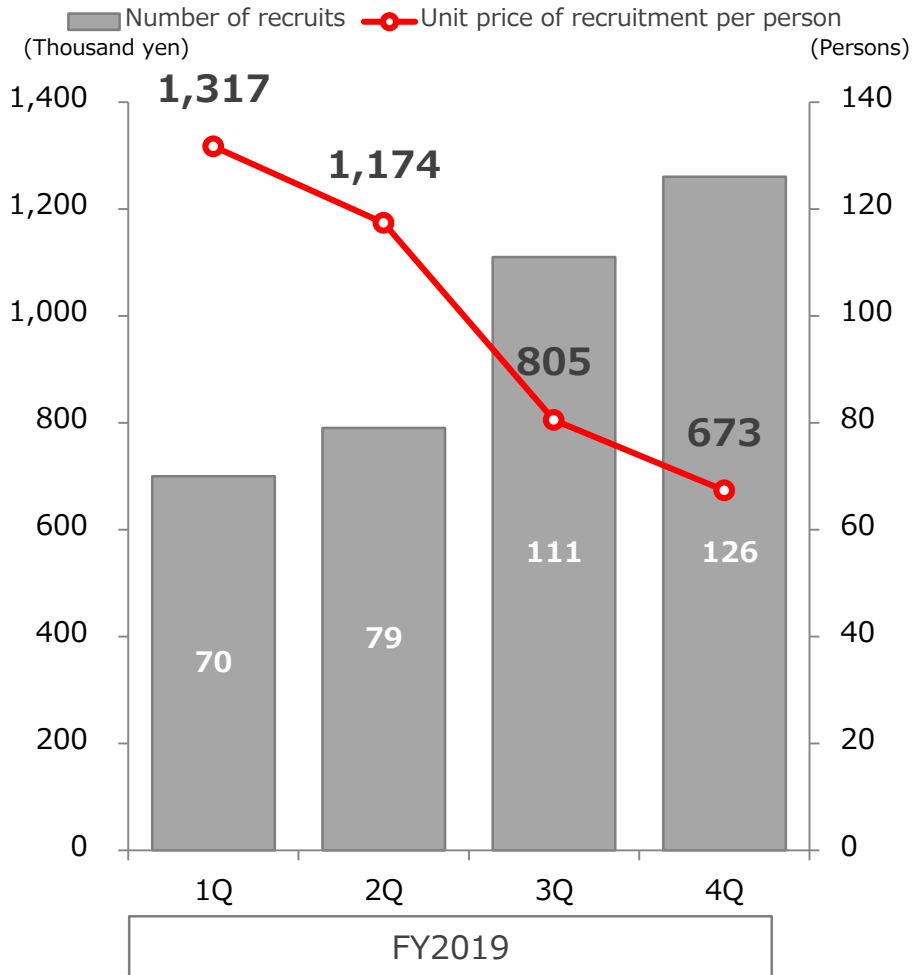
FY	Utilization Rate	YoY
FY2016	92.7%	
FY2017	92.2%	▲0.4pt.
FY2018	93.8%	+1.5pt.
FY2019	91.9%	▲1.9pt.

Recruiting Cost Ratio① Recruitment Efficiency

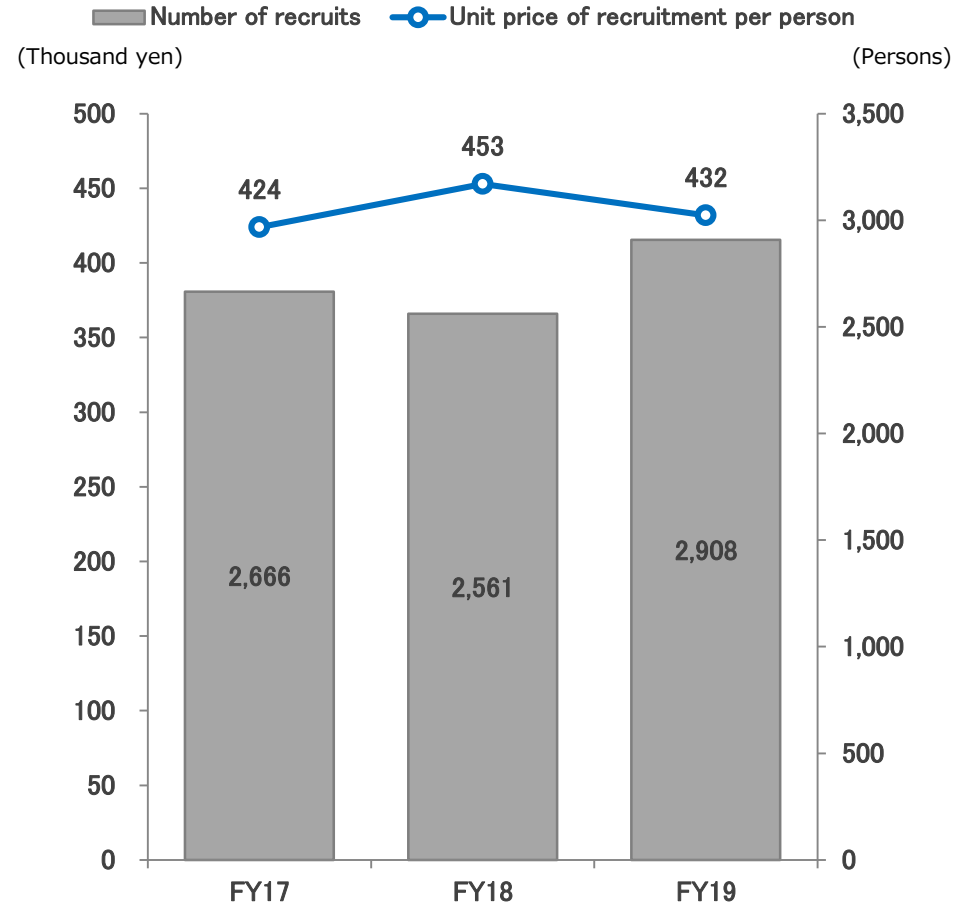


- Our media “Oreno-Yume” which employs experts went into full-scale operation from the current term; recruiting cost down 51%
- Regarding the employment of inexperienced people, recruiting cost remained roughly flat even if the number of people increased; 3-year average was 436 thousand yen

Number of Experts Hired and Recruiting Cost per Person



Number of Inexperienced People Hired and Recruiting cost per Person



Recruiting Cost Ratio②

Decline in Ratio of Recruiting Expense to Sales



Construction Engineer
Temporary Staffing

- Sales growth and decline in recruitment ratio due to controlled recruiting expense
- Decrease in unit price of recruitment due to efficiency of hiring experts

Recruiting expense and recruiting cost

(Million yen)

	FY2018	FY2019	FY2020
Sales	29,609	35,890	41,100
Recruiting expense	1,235	1,640	1,450
Number of recruits	2,764 engineers	3,289 engineers	2,900 engineers
Unit cost of recruitment per person	447 thousand yen	498 thousand yen	500 thousand yen
Ratio of recruiting expense to sales	4.17%	4.56%	3.53%

1.0% drop in ratio of recruiting expense to sales

FY9/20 Business Forecasts



Construction Engineer
Temporary Staffing

- Increase in sales owing to an increase in the number of staffs at work due to strong demand
- Improvement in gross margin due to increase in utilization rate
- Decrease in recruitment cost to sales ratio due to efficient recruitment

(Million yen)

	FY2018 Results	FY2019 Results	FY2020 Forecast	YoY change
Sales	29,609	35,890	41,100	14.5%
Segment income	5,388	5,904	7,500	27.0%
Profit margin	18.2%	16.5%	18.2%	1.7pt
No. of recruits	2,764人	3,289人	2,900人	▲11.8%
No. of engineers at year-end	5,066人	6,099人	6,800人	11.5%

**Engineer Temporary
Staffing Business**



1. Strong demand

Demands for research and development in both IT and manufacturing industries remain high
Continuing shortage of labors

2. Increase in unit price

Promotion of assignment to high-skill jobs
Use of group resource

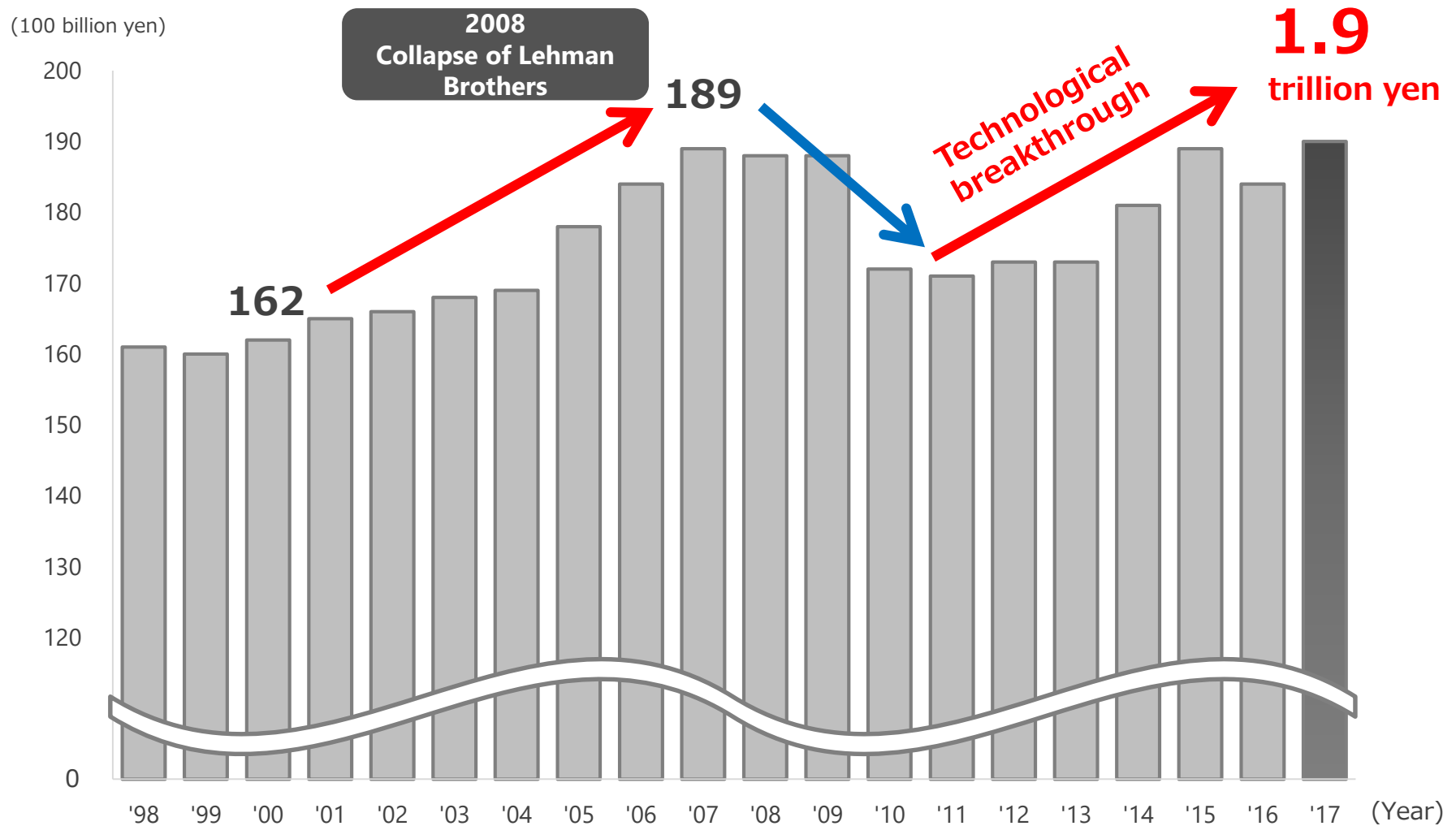
3. Contribution of group companies throughout the year

The companies acquired through M&As in the previous period contributed throughout the year
No “amortization of goodwill” by applying IFRS

Strong demand ① Domestic R&D expenses



- R&D expenses rose again due to accelerating technological innovation.
- Corporate R&D expenses accounts for about 70% of the total



Source: Ministry of Internal Affairs and Communications, "Survey Results of Science and Technology."

Strong Demand②

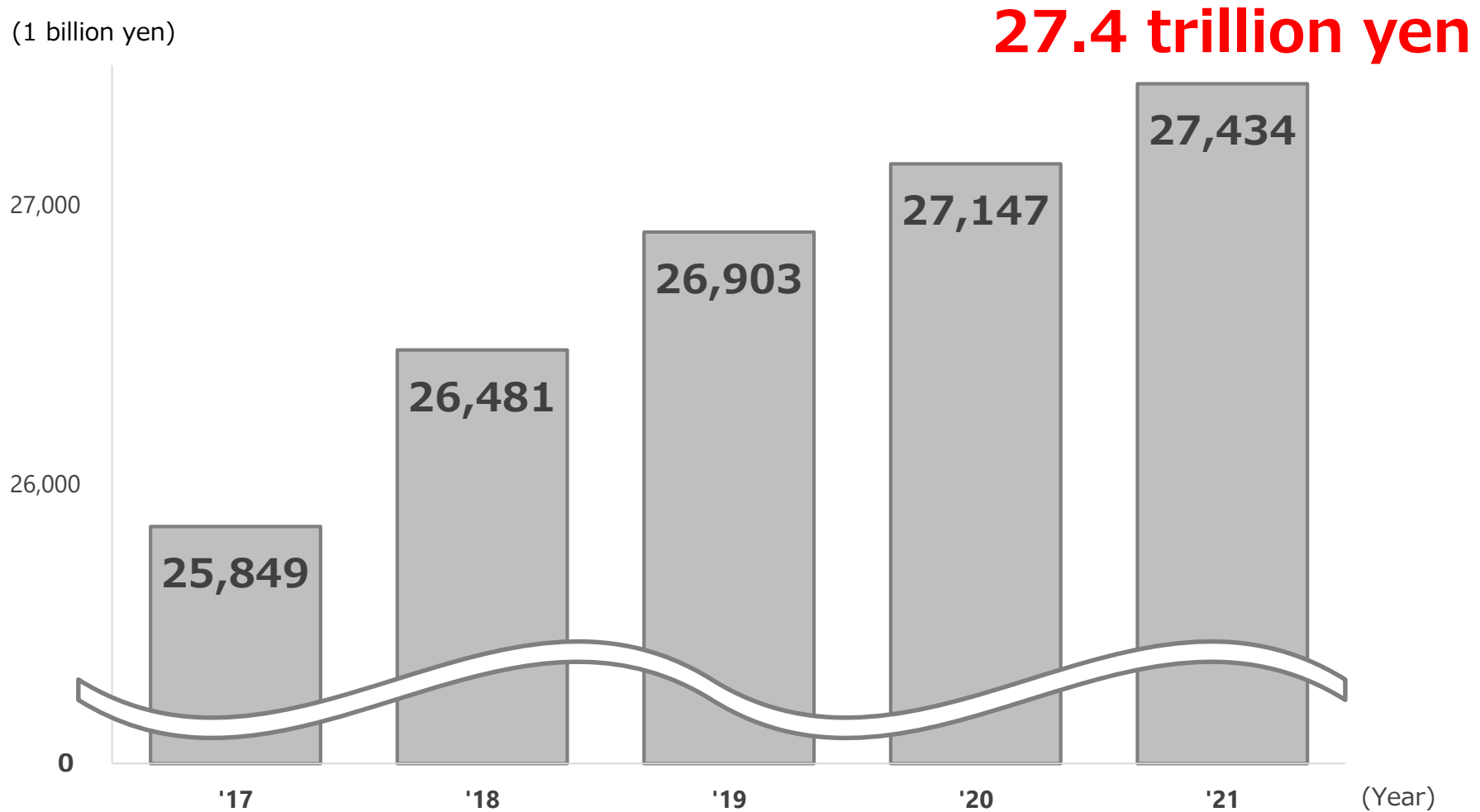
Estimated Domestic IT Spending



Engineer
Temporary Staff

- Responses to such as renewal of creaky system, consumption tax hike and reduced tax rate, and preparations toward the end of support for Windows 7 and Windows Server 2008 in January 2020, etc.
- Increase in IT investment is expected to continue

(1 billion yen)



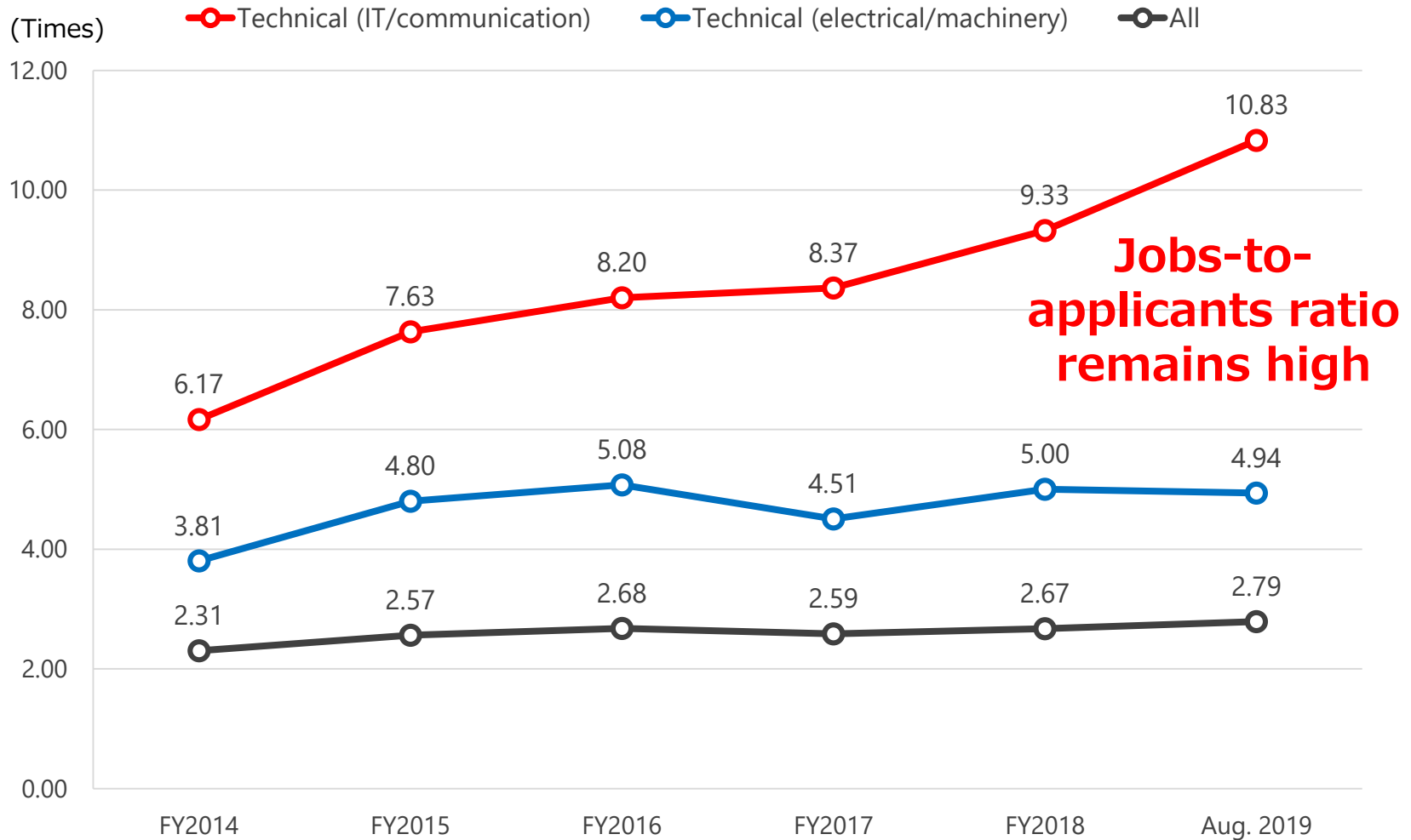
Source: "Projections for IT Spending in Japan," October 2018, Gartner

Strong Demand ③ Jobs-to-applicants Ratio



Engineer
Temporary Staff

- Regarding the jobs-to-applicants ratio by occupation, the ratios of engineers in the IT sector and mechanical electrical sector are very high
- Especially, demand for IT engineers is accelerating



Source: "Reports on Ratio of Job Openings for Job Change," doda

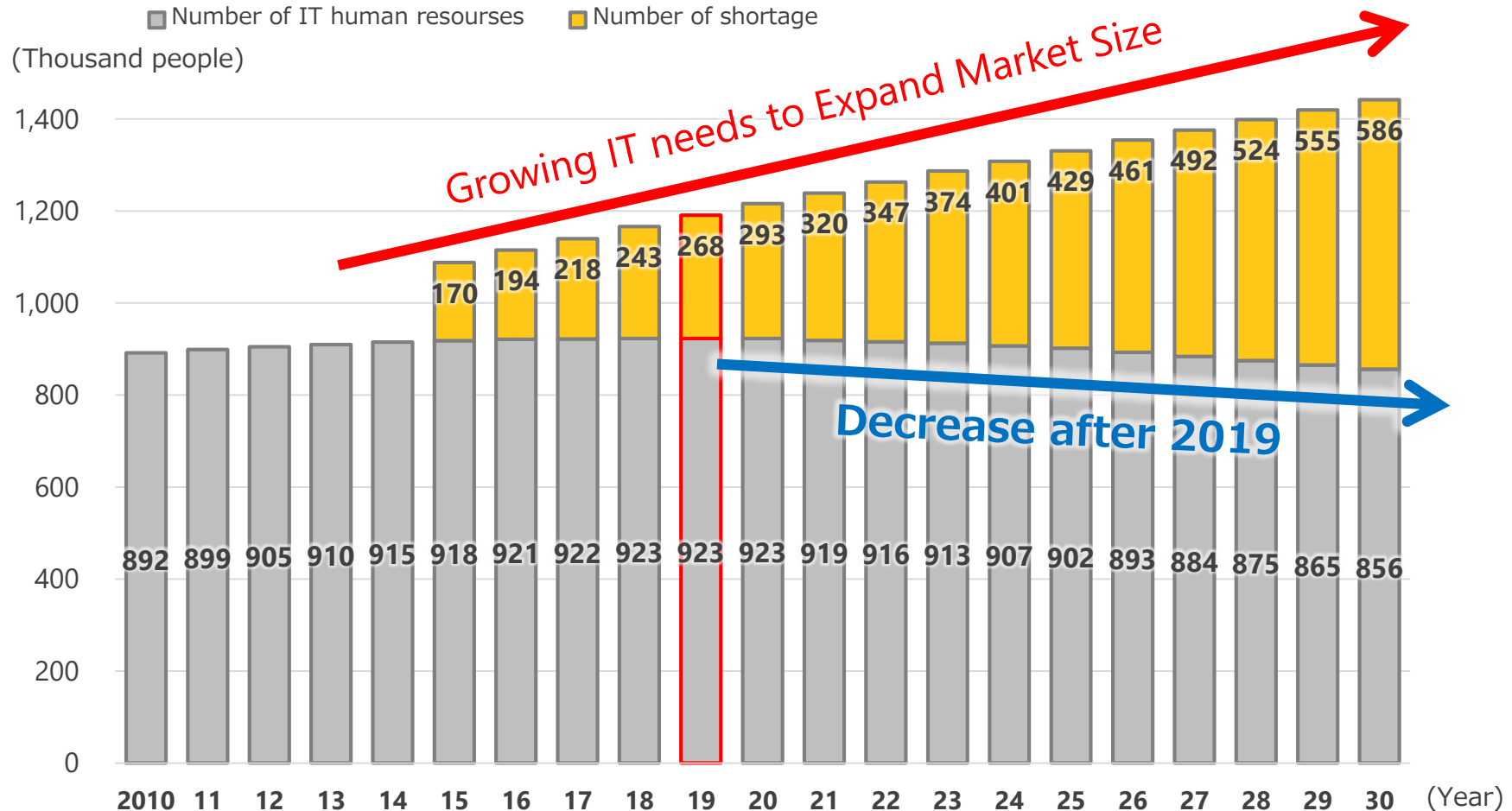
Strong Demand ④

Estimated Scale of IT Human Resource Shortage



Engineer
Temporary Staff

- The number of human resources in the IT industry peaked out in 2019
- Forecast shortage of 590 thousand people by 2030



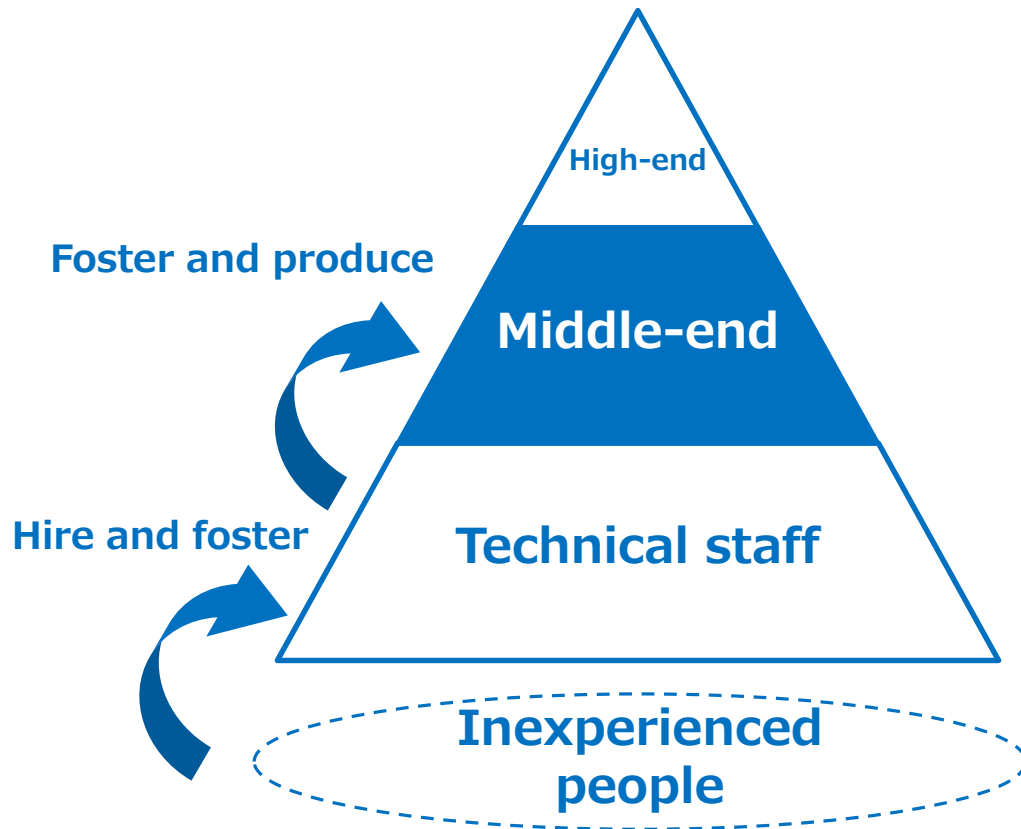
Increase in Unit Price①

Establishment of Ecosystem



Engineer
Temporary Staff

- Reduced recruitment and focused on shifting to the middle-end
- Retrained **400** existing technical staffs and shifted to the middle-end
- Hired inexperienced→technical staff→established ecosystem for the middle-end



Training to strengthen shifts

- Salesforce training
- AWS training
- C# training
- IT specialist training

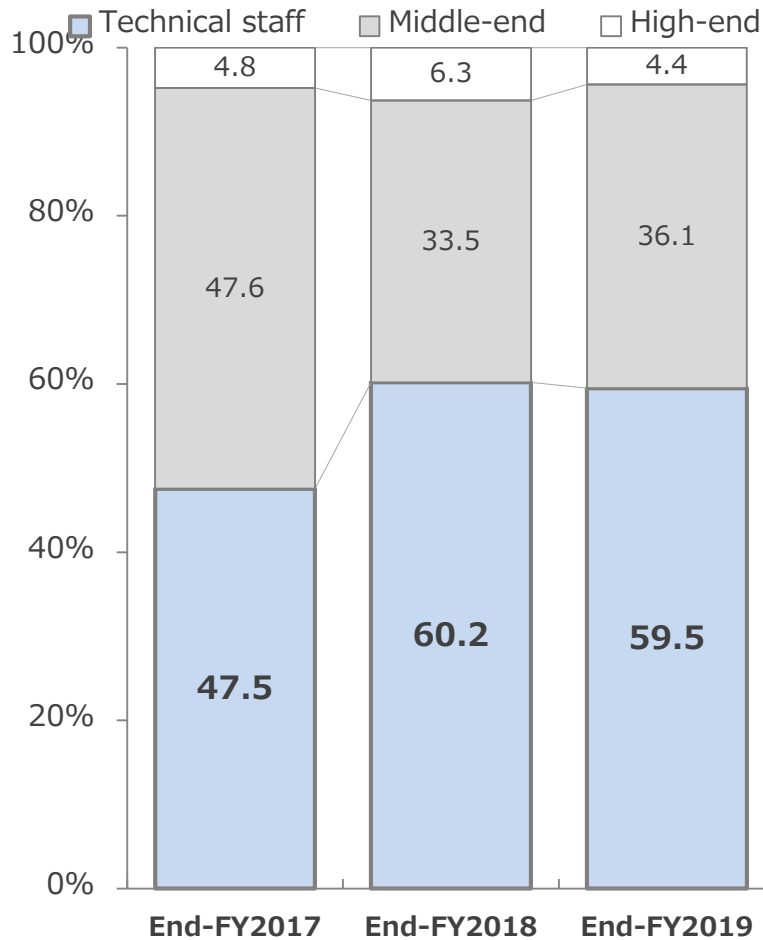


Increase in Unit Price ② Shift Strategy

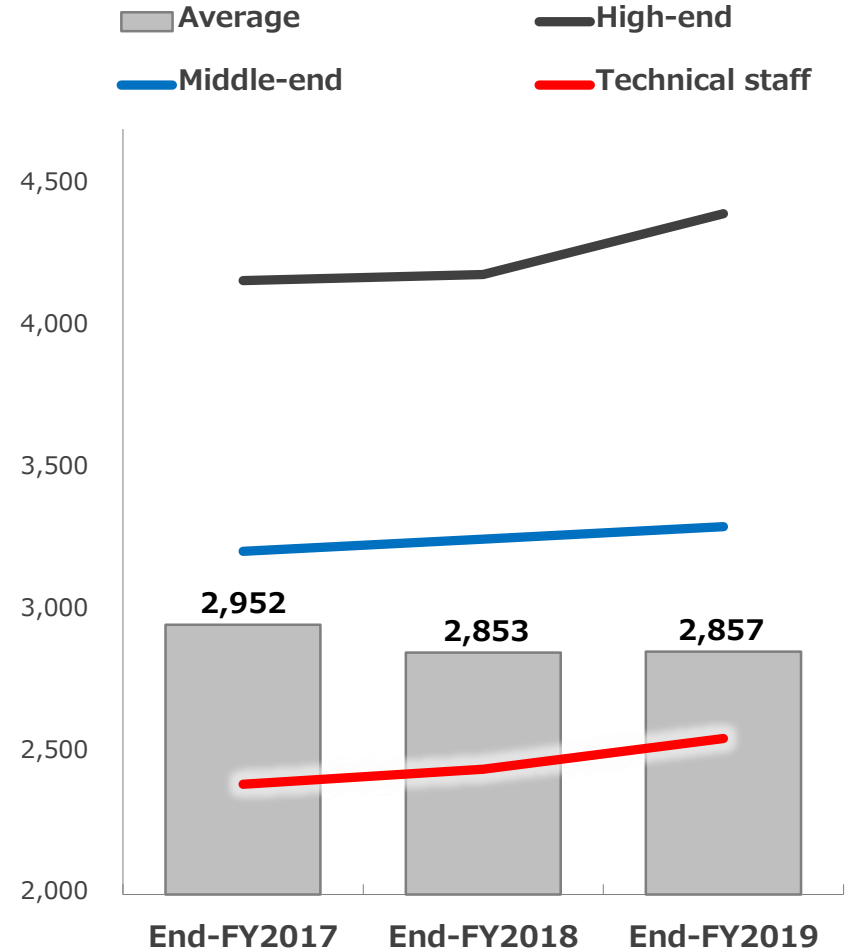


Engineer
Temporary Staff

Ratio by Level of Engineers



Hourly Rate by Level of Engineers



Promoted **400** technical staffs with a high rate to middle-end engineers
Directly connected to increased unit price and improvement in business performance

Increase in Unit Price ③ Cooperation with Group Companies



Engineer
Temporary Staff

To high-class and high unit cost engineers



Professional engineer group, engineer educational program



neplus



PROエンジニアなら「クルンテープ」

KRUNGTHEP



InformationPort

Outsource education
and training



Ask for referral of
new customers

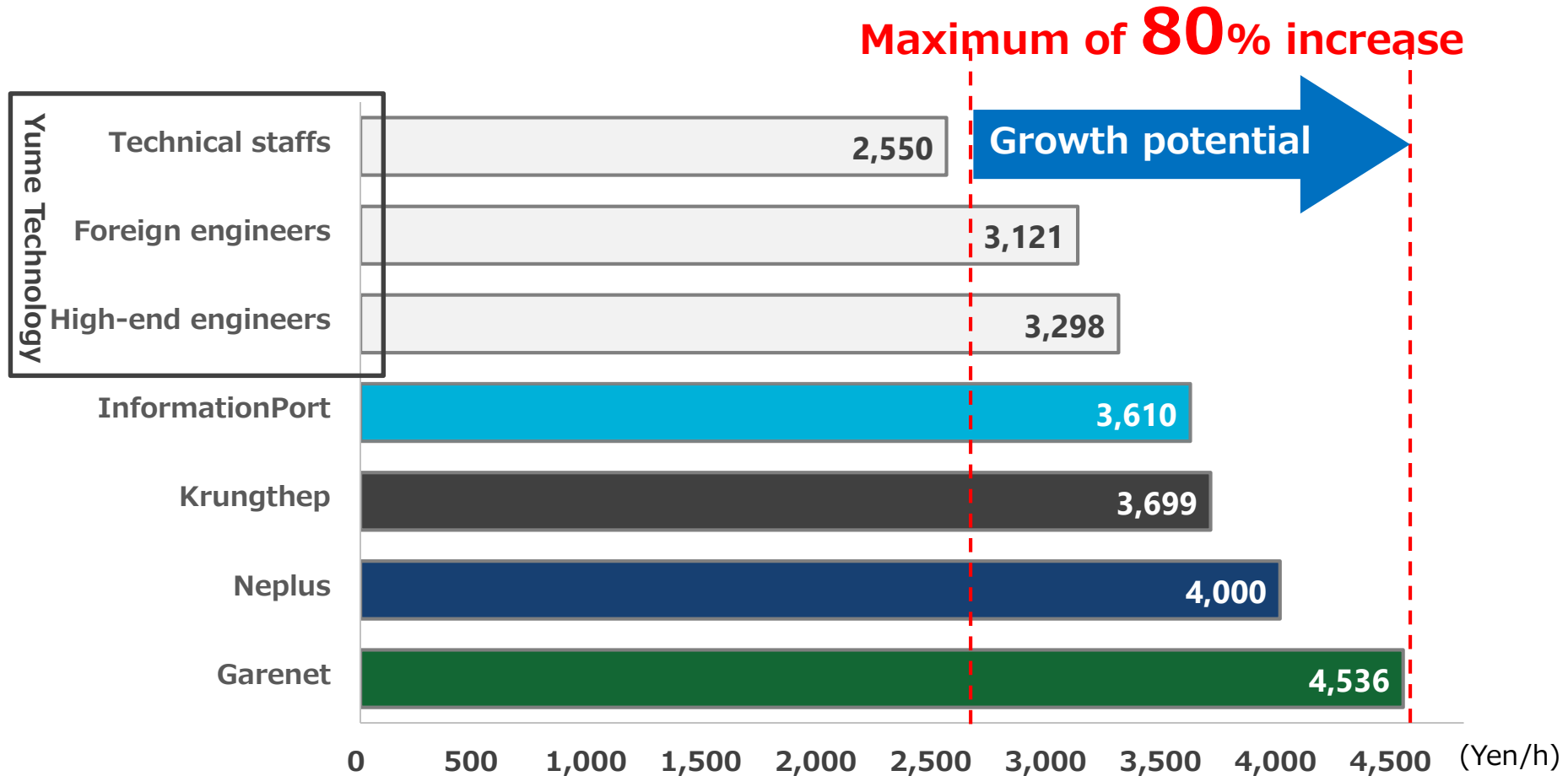


株式会社夢テクノロジー
YUME TECHNOLOGY CO.,LTD.

Mainly new recruits and inexperienced
engineers, 800 client companies



Unit price of temporary staffing rose dramatically by fostering young engineers in cooperation with the group companies



Contribution of Group Companies to Business Performance throughout the Year



Engineer
Temporary Staff

- The companies acquired through M&As in the previous period contributed to business performance throughout the year
- No “amortization of goodwill” of about 3 billion yen by applying IFRS

Performance of Engineer Temporary Staffing Segment except Yume Technology

(Million yen)

	FY2019 Results	FY2020 Forecasts	Change
Sales	2,823	3,900	1,076
Operating income	89	350	260
Amortization of goodwill	227	300	72

*Regarding the FY2019 results and FY2020 forecasts, the figures are calculated following the changes in segment section.

FY9/20 Business Forecasts



Engineer
Temporary Staff

- Increase in sales owing to an increase in the number of staffs at work due to strong demand
- Improvement in gross margin due to unit price increase by shifting from technical staff to middle-end engineer
- Profit contributions from companies other than Yume Technology (Million yen)

	FY2018 Results	FY2019 Results	FY2020 Forecast	YoY change
Sales	10,378	15,391	20,800	35.1%
Segment income	465	133	1,200	799.6%
Segment income margin	4.5%	0.9%	5.8%	4.9pt
No. of recruits	1,118人	1,748人	1,350人	△22.8%
No. of engineers at year-end	2,414人	3,640人	4,000人	9.9%

*FY2020 year forecasts are calculated based on the new segmentation.

Other Business

1. Temporary staffing business

- Temporary staffing business of the other segment is limited to overseas human resources
- Plan to provide **300** foreigners in the current period

(Million yen)

	FY2019 Results	FY2020 Forecasts	Change
Sales	156	200	43
Segment profit	▲138	▲100	38

2. Education-related business

- Recouped sales in the current period which were gained from advertising in the previous period
- Aimed to turn profitable on a single month basis at the time of Q2 and reduced the deficit

(Million yen)

	FY2019 Results	FY2020 Forecasts	Change
Sales	123	900	776
Segment profit	▲236	▲100	136

Key Issue for FY9/20

“Operating income of 8 billion yen”

**Longer-term growth strategy is
scheduled to be announced at a
later date**

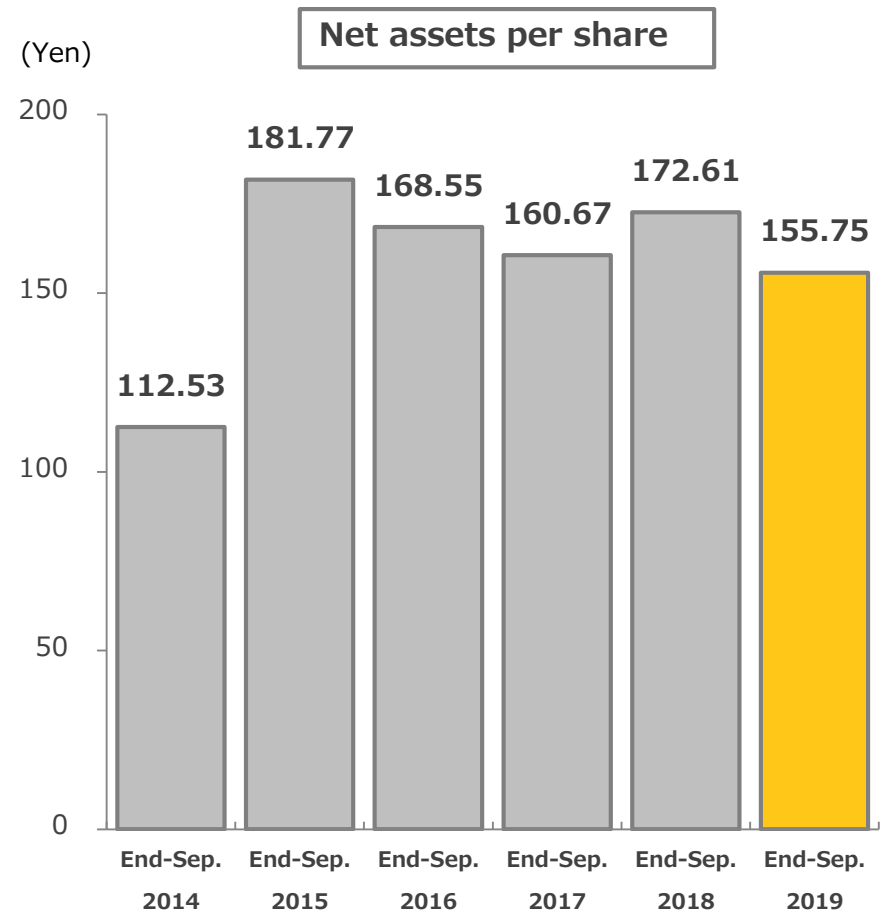
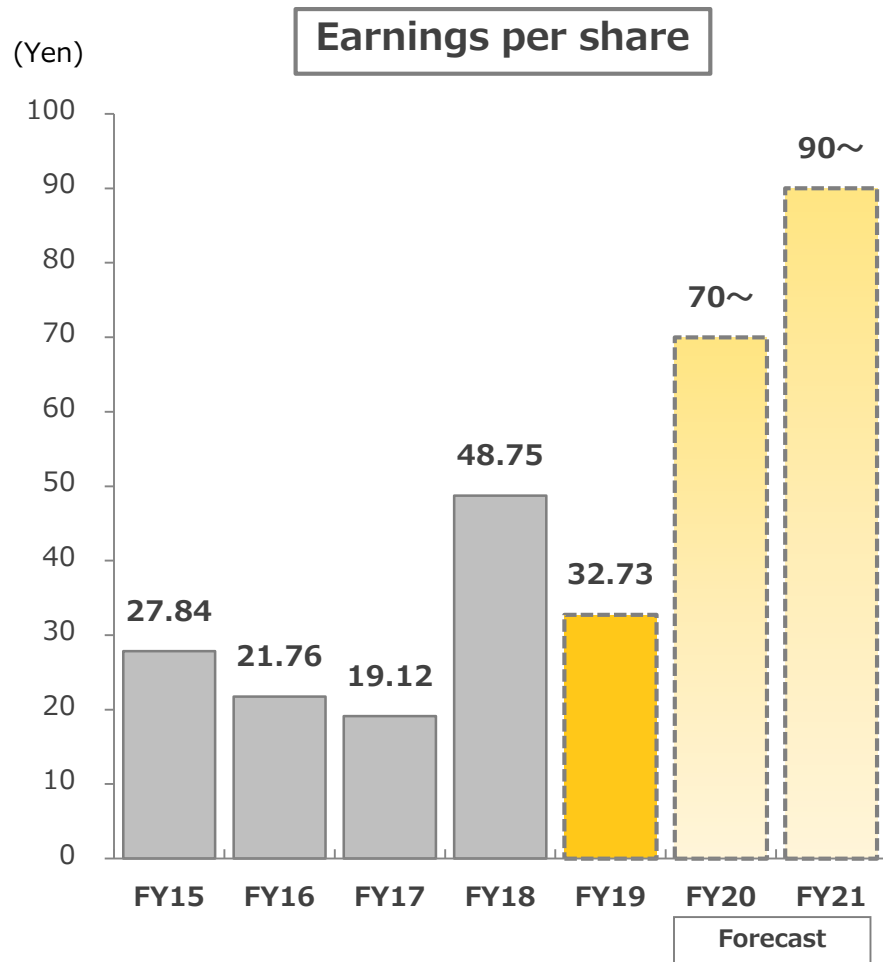
Reference

Reference

Shareholder Return (1)

Earnings and Net Assets per Share

- Earnings per share ⇒ expects a substantial increase in profit after FY2020 due to improvement in profit margin

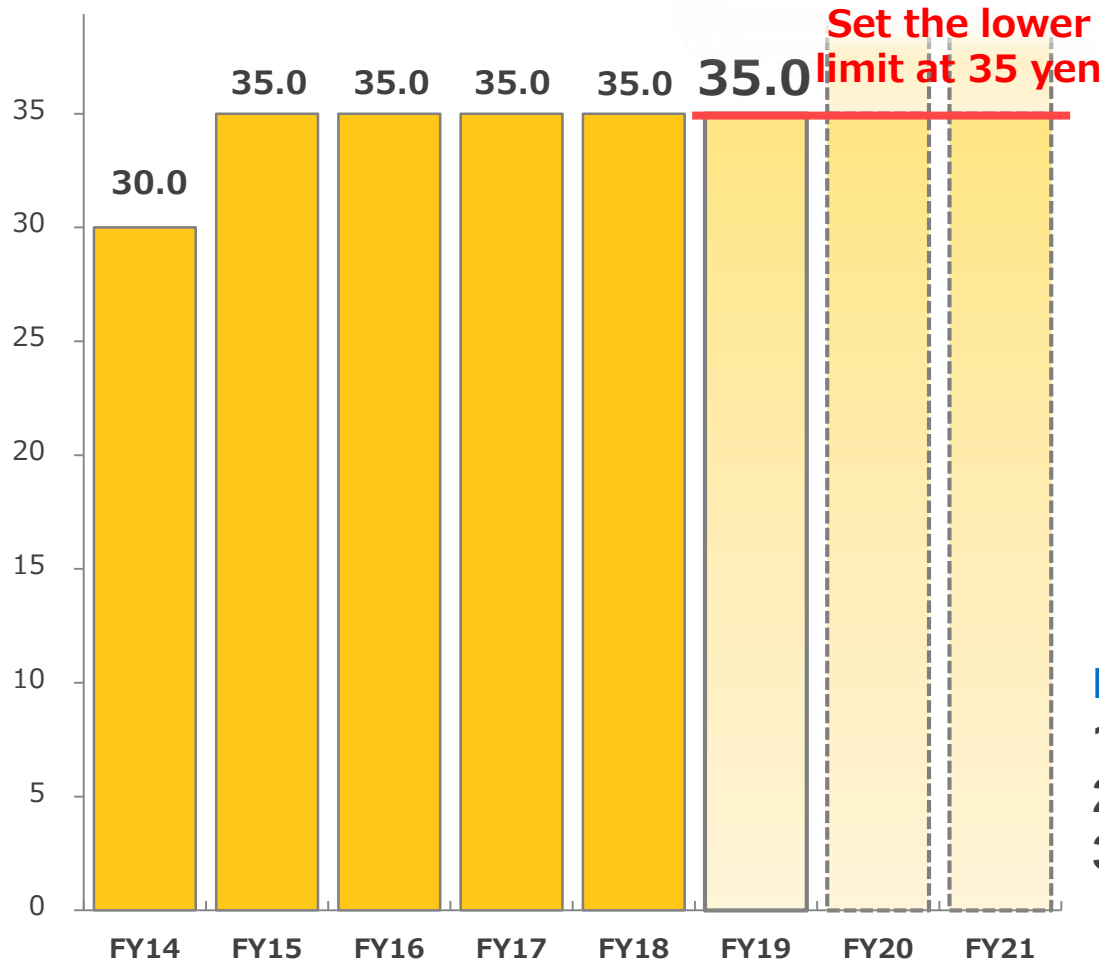


* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

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

Shareholder Return (2) Dividend per Share

(Yen)



Mid-term management plan

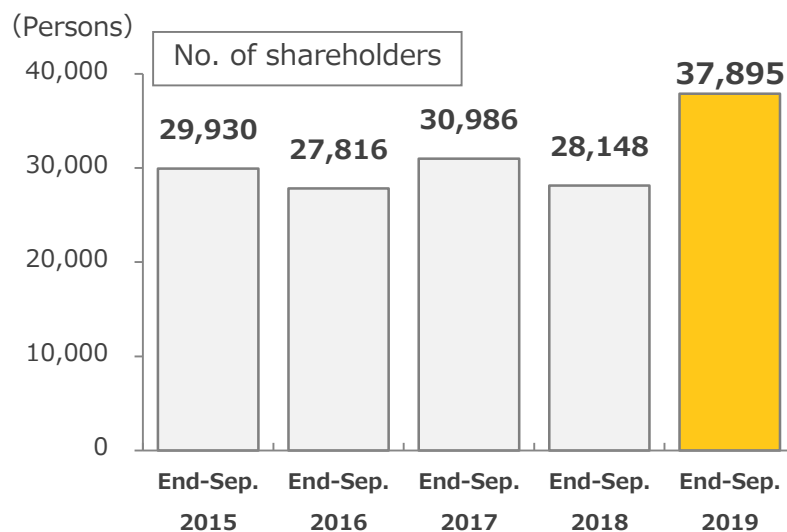
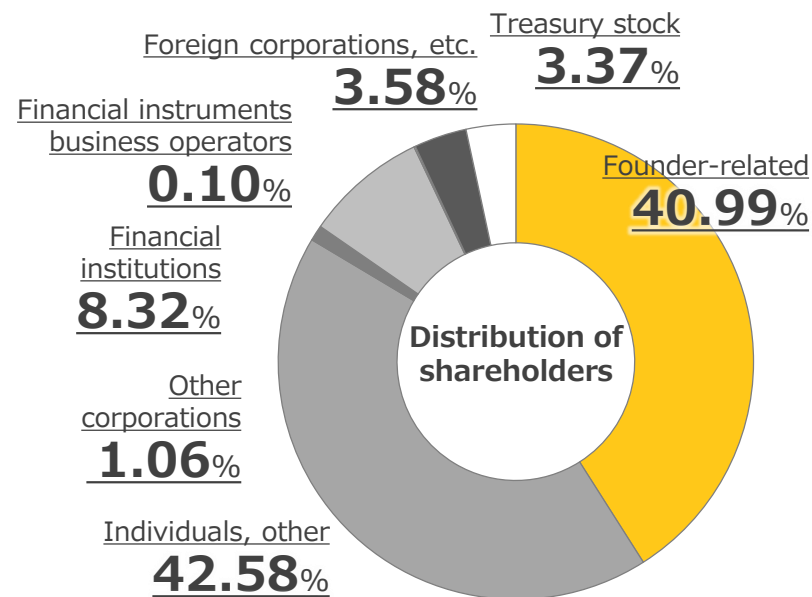
**Aggressive
Investment**
with stable
dividend

- Flexibly utilize EPS earnings growth**
1. Reinvestment in M&As, etc.
 2. Acquisition of treasury stock
 3. Increased dividend

Reference (2) Shareholders Situation

As of Sep. 30, 2019

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	18,425	23.37
2	Sato Sogo Kikaku	12,721	16.13
3	Japan Trustee Services Bank	3,791	4.81
4	The Master Trust Bank of Japan	1,277	1.62
5	Hideki Fukai	1,010	1.28
6	J.P MORGAN BANK LUXEMBOURG S.A. 380577	752	0.95
7	Yoshiko Sato	688	0.87
8	Daio Sato	486	0.62
9	Japan Trustee Services Bank (9)	436	0.55
10	Masahiro Nomura	398	0.51
Total of top 10 largest shareholders		39,988	50.71



*Number of shares outstanding = 78,842,440 shares
 Treasury stock = 2,653,531 shares



YumeShin
Holdings

Meeting people makes Everybody's dream come true



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JASDAQ

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