



YUMESHIN HOLDINGS CO.,LTD.

YUMESHIN

Fiscal Year Ended **September** 2017

Financial Results

November 20, 2017

FY9/17
Securities code

2362

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Business Portfolio

[FY16/Q4]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology
Recruitment	Yume Agent BuzzBox
Others	Yume Education YUMEAGENT PHILIPPINES

[FY17/Q4]

Business segment	Company name
Construction engineer temporary staffing	Yumeshin Holdings
Engineer temporary staffing	Yume Technology
Education-related Consolidated from FY17	Yume Education Construction Qualification Promotion Center
IT-related	Yume Solutions Galaxy Inc. Keepdata
Other	Yume Agent YUMEAGENT PHILIPPINES YUMEAGENT VIETNAM

Segment change

Description of Each Business

As of September 30, 2017

Business segment	Company name	Business description
Construction engineer temporary staffing	Yumeshin Holdings	Temporary staffing of construction management specialist Temporary staffing of CAD operator Contract production of constructing drawings
Engineer temporary staffing	Yume Technology	Temporary staffing of engineers for manufacturing industry Temporary staffing of IT engineers
Education-related	Yume Education Construction Qualification Promotion Center	Development of highly trained IT engineers Holding courses on acquiring construction-related national qualification
IT-related	Yume Solutions Galaxy Keepdata	Offshore development in Vietnam IT services for construction industry Provision of big data platform
Other	Yume Agent YUMEAGENT PHILIPPINES YUMEAGENT VIETNAM	Introducing human resources to construction/manufacturing industries Teaching of Japanese language to human resources in the Philippines Recruitment support for local human resources in Vietnam

Consolidated Financial Overview

TOPIC

1. Consolidated sales

Sales up YoY for 29 consecutive quarters

2. Construction engineer temporary staffing

Steady unit price of temporary staffing

Operating income up 30%

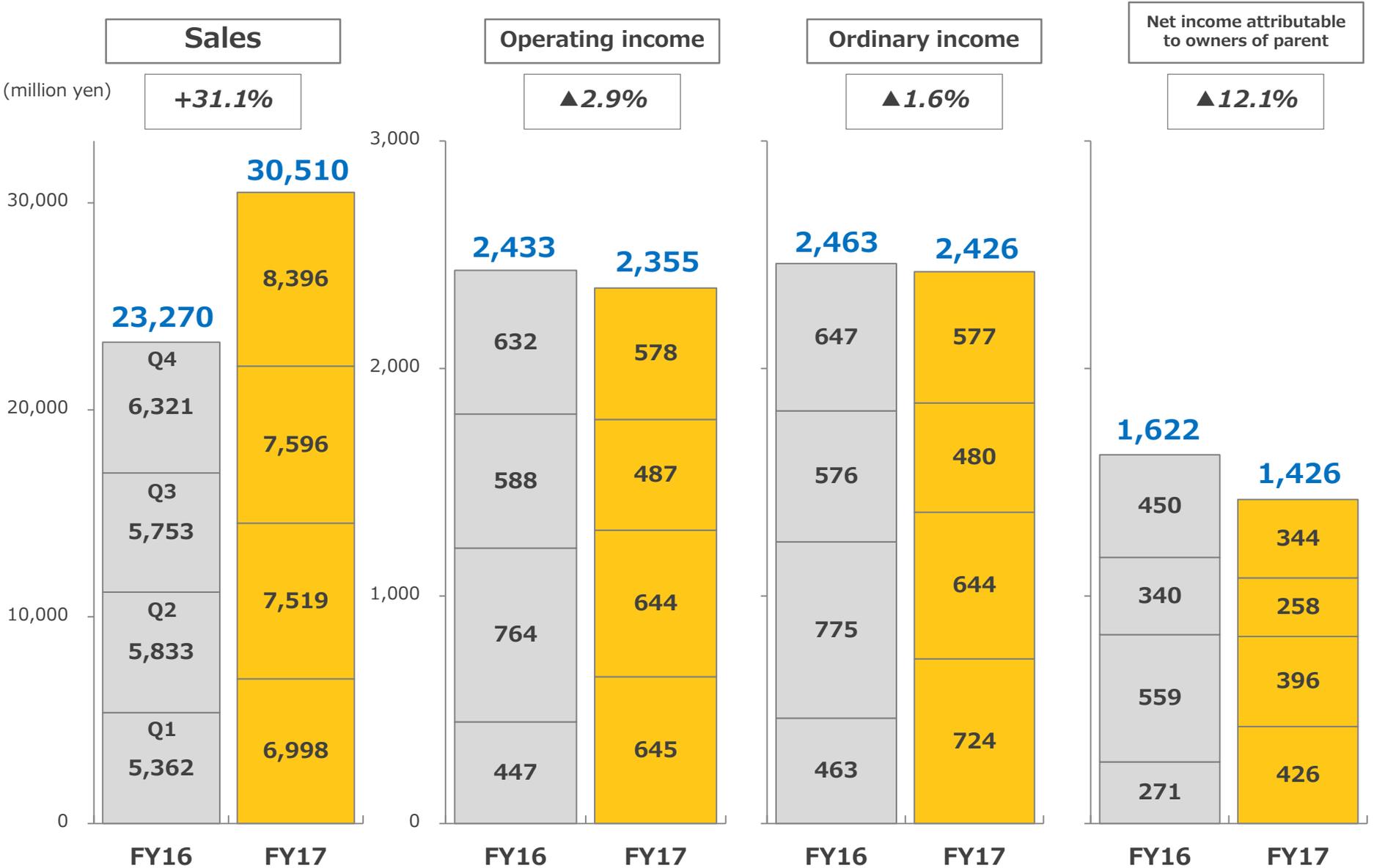
3. Engineer temporary staffing

Sales up 26%, but profits down due to the upfront investments

Consolidated Financial Overview

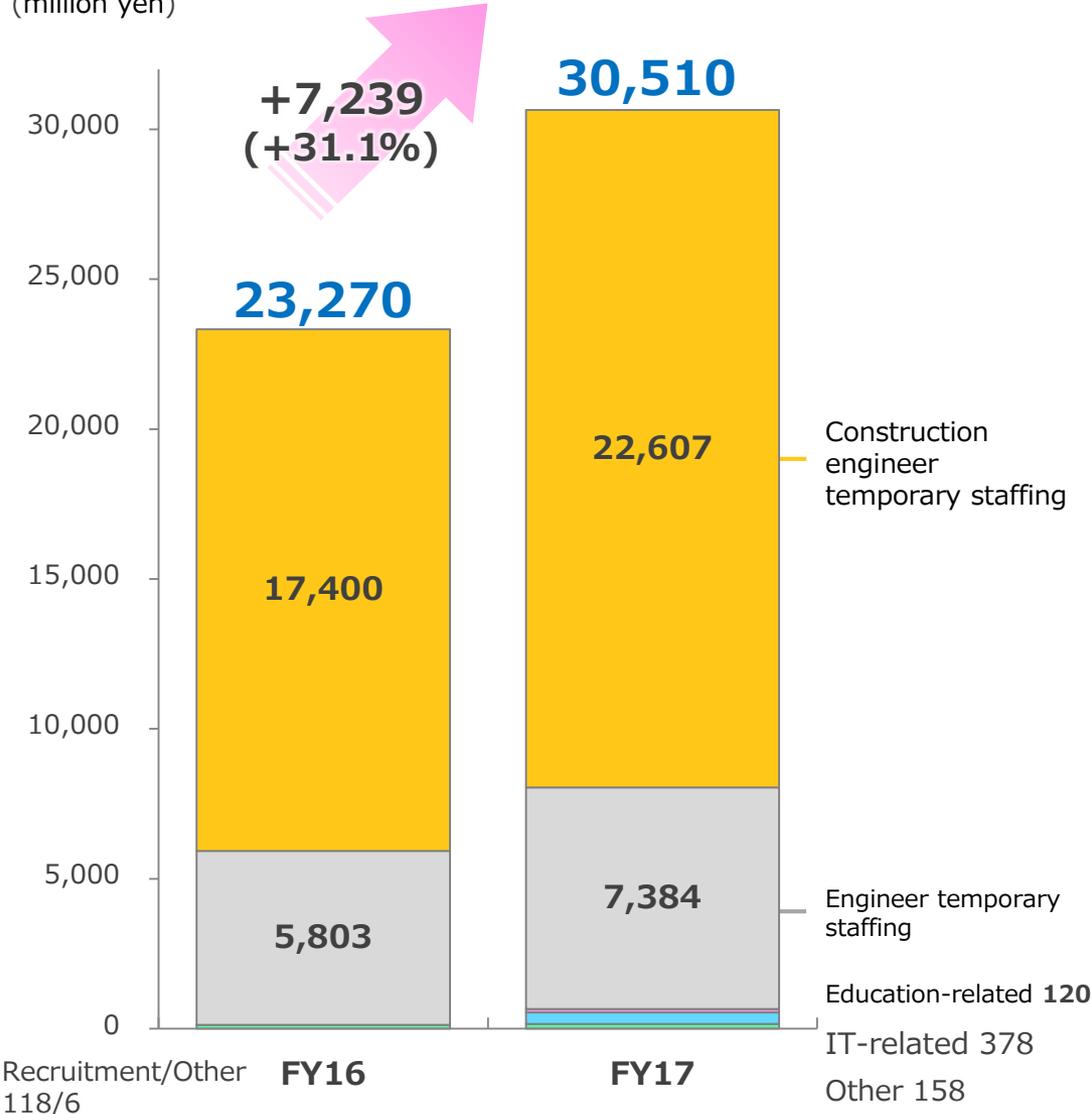
Consolidated P/L Statement

Consolidated P/L



Consolidated P/L (1) Sales

(million yen)



[Major factors for increase/decrease]

Construction engineer temporary staffing +¥5,206m (+29.9%)

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

Engineer temporary staffing +¥1,581m (+27.2%)

- Sales up due to increase in staff at work

Education-related +¥120m (-%)

- Seminars for training IT engineers, etc.

IT-related +¥378m (-%)

- Off-shore development service in Vietnam, etc.

* Factors for increase/decrease include +¥33 million yen in other business and ▲¥80 million in elimination of intercompany transactions.

Consolidated P/L (2)

Selling, General and Administrative Expenses

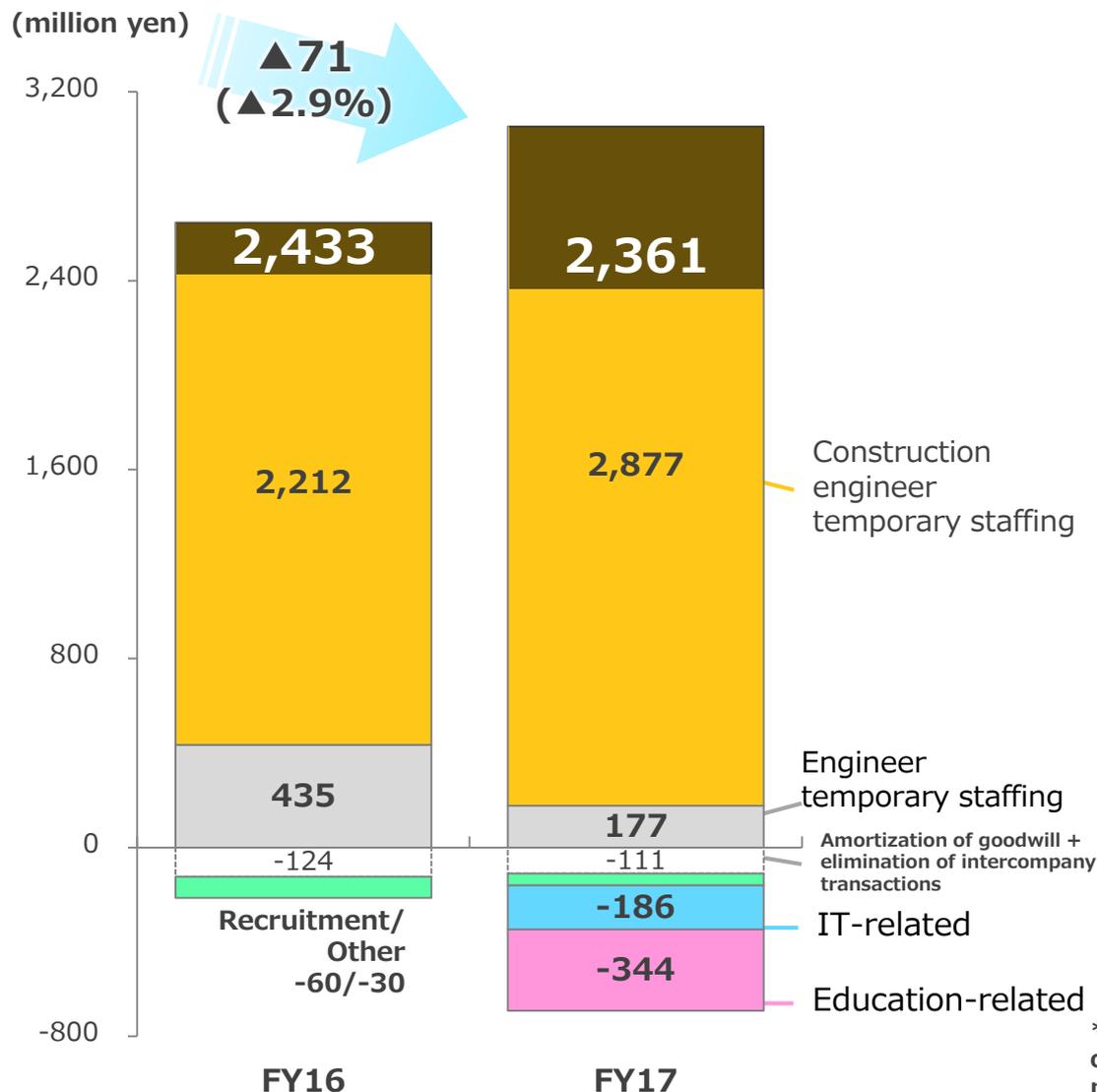
(Million yen)

	FY2016	FY2017	Change	Remarks
Cost of sales	16,707	21,734	+5,027	· Increased due to increase in engineers Of which non-consolidated:15,791 (+3,420)
Cost of sales ratio	71.8%	71.2%	▲0.6pt.	
Gross profit	6,563	8,780	+2,217	· Increased due to increase in engineers Of which non-consolidated:6,816 (+1,786)
Gross profit margin	28.2%	28.8%	+0.6pt.	
SG&A expenses	4,129	6,418	+2,288	
Executive compensation	145	171	+26	
Personnel expenses	1,919	2,822	+903	· Increased due to increase in sales staffs Of which non-consolidated: 1,741 (+402)
Ad expenses	13	68	+54	
Recruiting cost	883	1,554	+670	· Increase in advertising cost Of which non-consolidated: 1,117 (+448)
Rent	309	411	+101	
Outsourcing expenses	265	318	+52	
Amortization of goodwill	133	218	+85	
SG&A expense ratio	17.5%	21.0%	+3.5pt.	

* Personnel expenses=Salaries and allowances +Travel and transport expenses+Bonuses + Legal welfare expenses+Benefit costs + Retirement benefit expenses (except executives)
Non-consolidated = Construction engineer temporary staffing

Consolidated P/L Statement (3)

Operating Income



[Major factors for increase/decrease]

Construction engineer temporary staffing **+¥664m**
(+30.0%)

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

Engineer temporary staffing **▲¥258m**
(▲59.2%)

■ Income down due to increase in recruiting and training costs

Education-related **▲¥344m**
(-%)

■ Prior investments including Website production and company infrastructure improvement

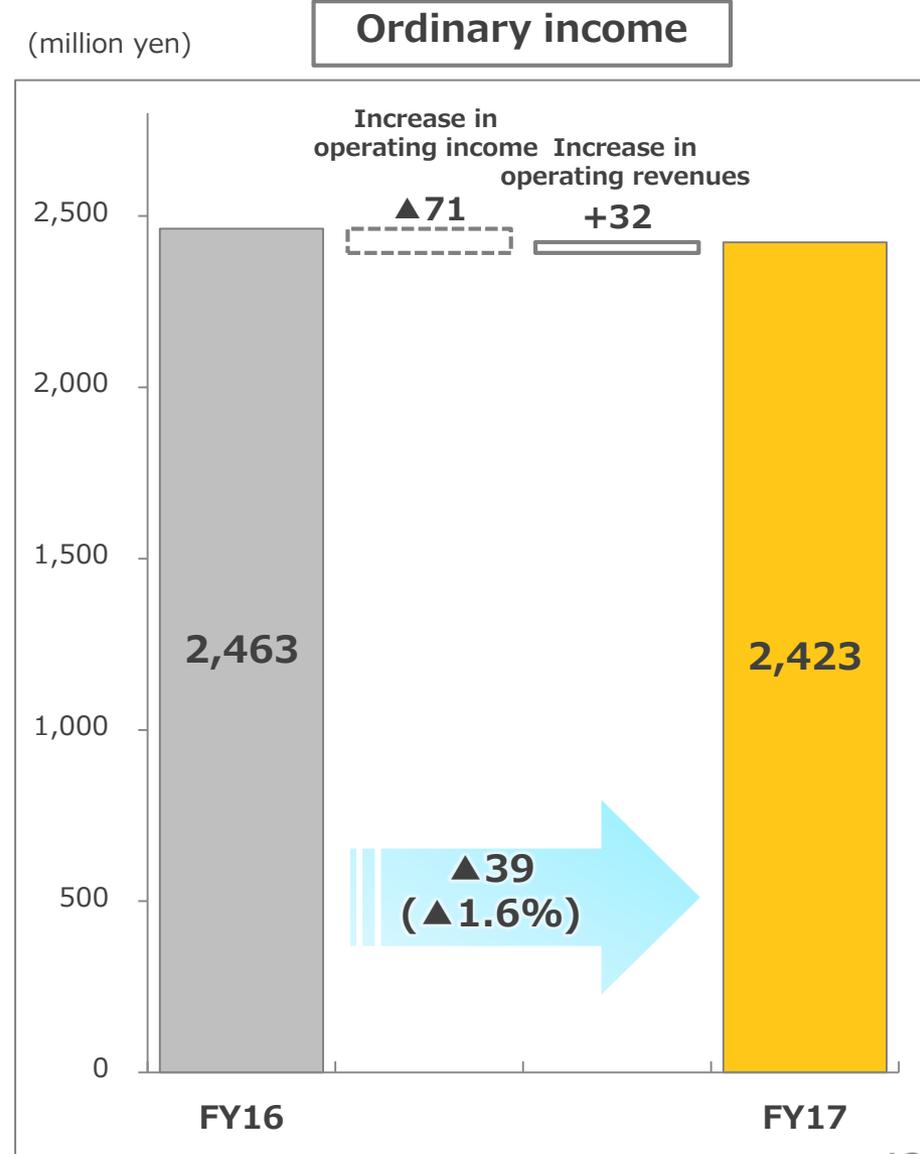
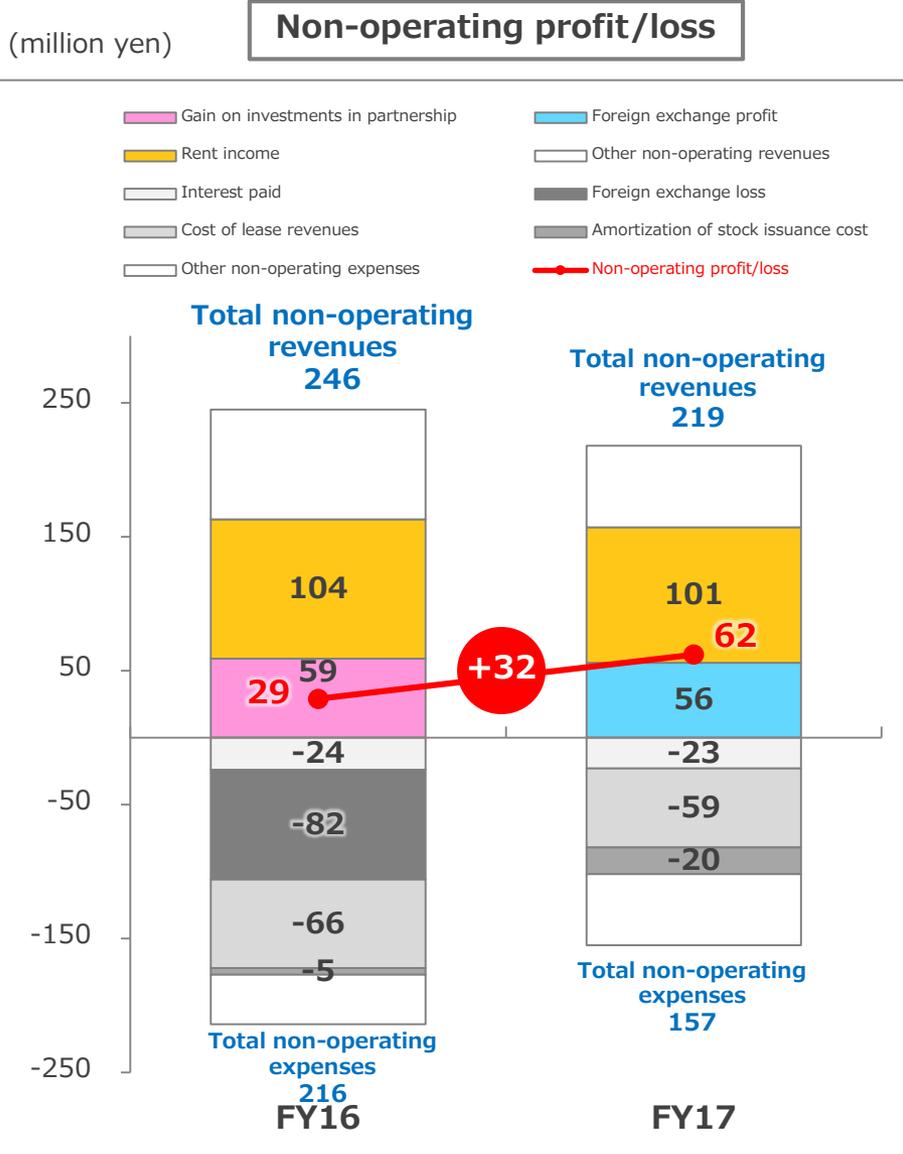
IT-related **▲¥186m**
(-%)

■ Prior investments including Website production and company infrastructure improvement

* Factors for increase/decrease include +¥40 million in other business and amortization of goodwill + ▲¥12 million in elimination of intercompany transactions

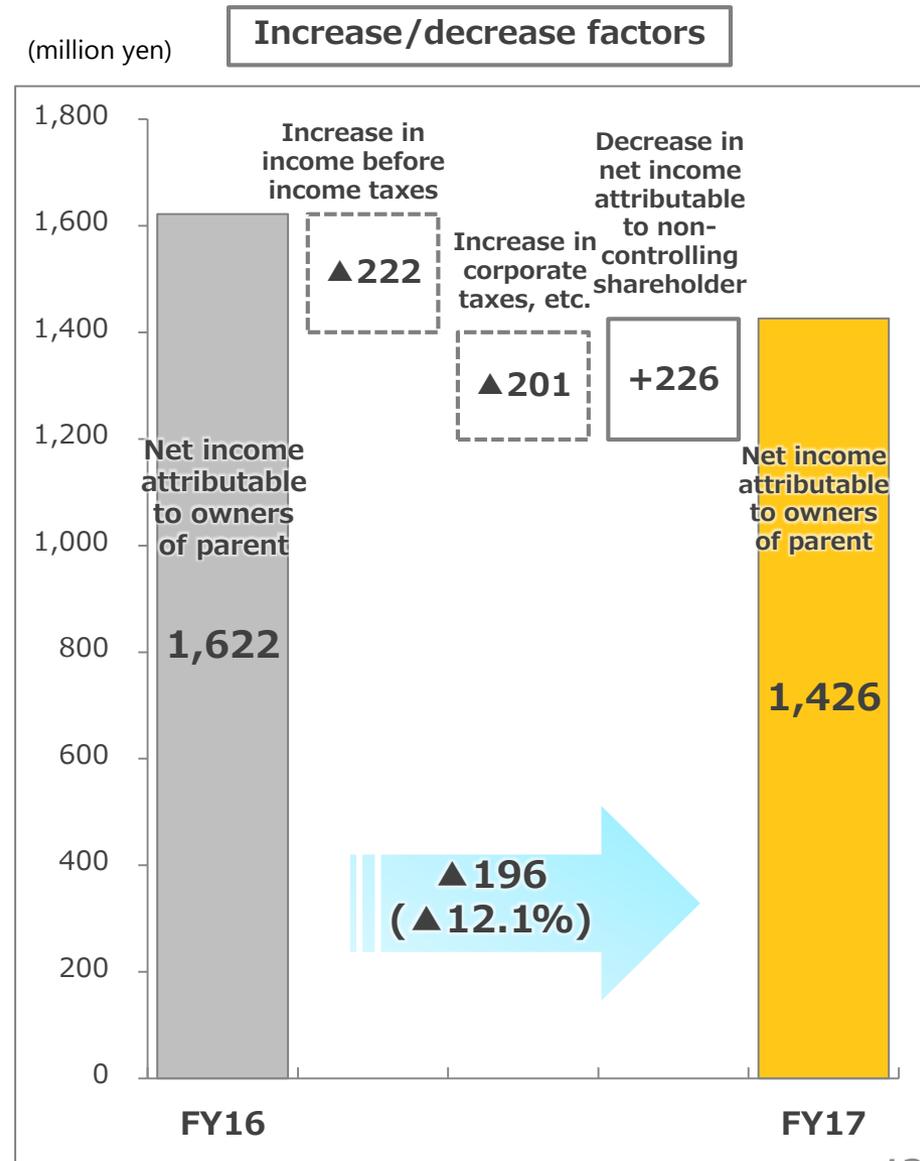
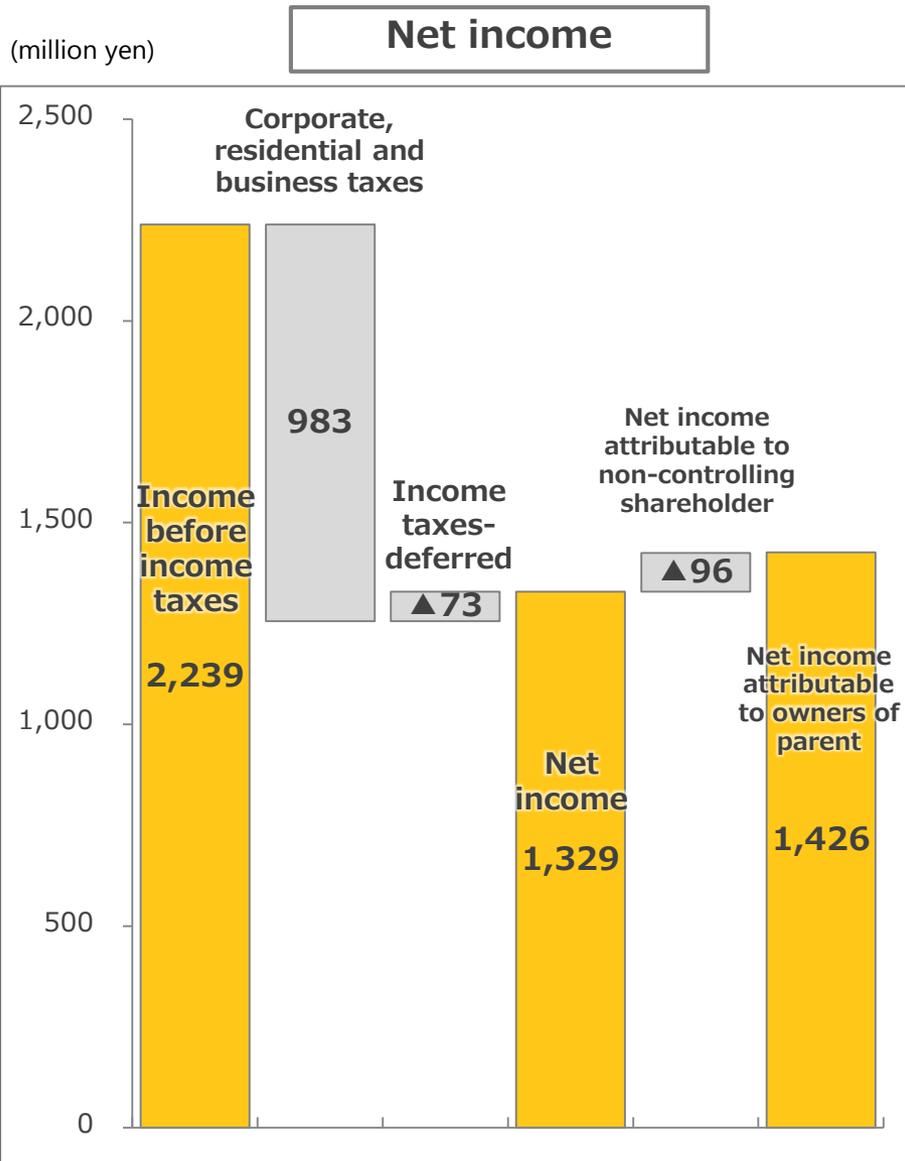
Consolidated P/L (4)

Non-operating Profit/Loss and Ordinary Income



Consolidated P/L (5)

Net income attributable to owners of parent



Summary of Consolidated P/L Statement

(million yen)

	FY2016	FY2017	Change	Pct. change
Sales	23,270	30,510	+7,239	31.1%
Gross profit	6,563 (28.2%)	8,780 (28.8%)	+2,217	33.8%
SG&A expenses	4,129 (17.7%)	6,418 (21.0%)	+2,288	55.4%
Operating income	2,433 (10.5%)	2,361 (7.7%)	▲71	▲2.9%
Ordinary income	2,463 (10.6%)	2,423 (7.9%)	▲39	▲1.6%
Net income attributable to owners of parent	1,622 (7.0%)	1,426 (4.7%)	▲196	▲12.1%

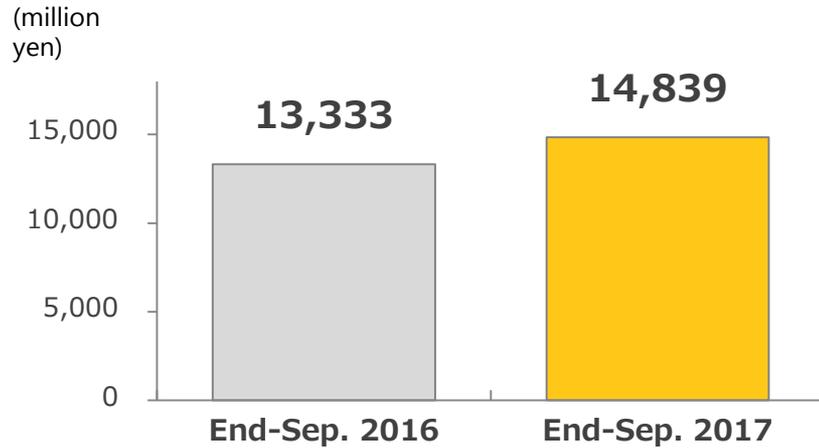
* () = Ratio to sales

Consolidated Financial Overview

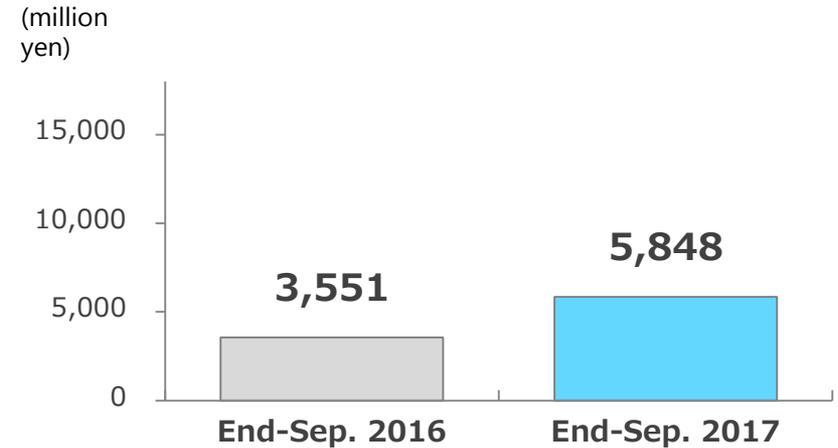
Consolidated B/S

Consolidated B/S

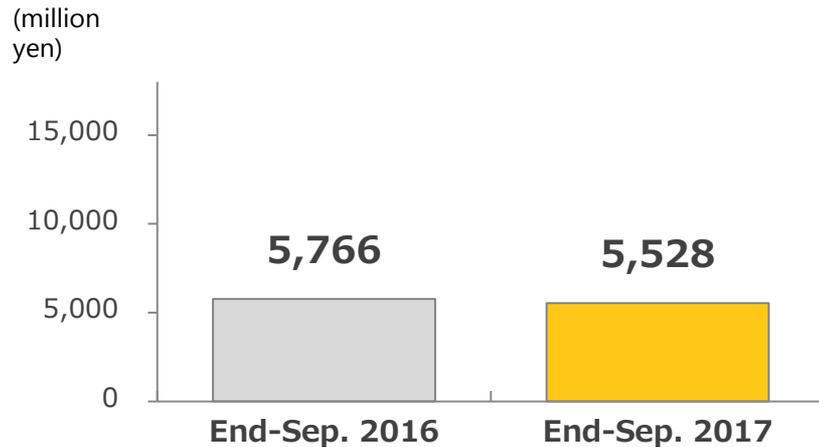
Current assets



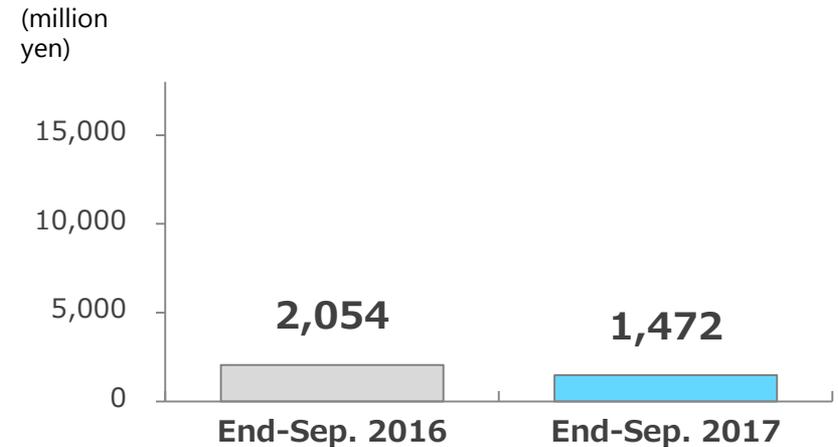
Current liabilities



Fixed assets



Fixed liabilities



Consolidated B/S (1) Assets

(Million yen)

	End-Sep. 2016	End-Sep. 2017	Change	Remarks
Assets	19,117	20,401	+1,283	
Current assets	13,333	14,839	+1,505	
Cash and deposits	8,723	8,555	▲168	
Notes and accounts receivable-trade	3,642	4,853	+1,211	Increased due to increase in the number of job sites of the temporary staffing (Non-consolidated: +988)
Deferred tax assets	181	238	+56	
Deposits	335	434	+98	
Allowance for doubtful accounts	▲21	▲30	▲8	
Fixed assets	5,766	5,528	▲238	
Tangible fixed assets	1,352	1,080	▲272	
Buildings and structures	582	489	▲93	
Tools, furniture and fixtures	35	64	+29	
Land	702	505	▲197	
Intangible fixed assets	1,220	1,059	▲160	
Goodwill	1,175	898	▲276	
Software	40	146	+105	Increased due to consolidation of IT-related business
Investments and other assets	3,193	3,388	+194	
Investment securities	1,344	1,805	+460	
Shares of subsidiaries and associates	221	796	+574	Increased due to increase in the number of affiliated companies, etc.
Deferred tax assets	115	23	▲91	
Lease deposit	375	477	+102	
Real estate	1,105	239	▲866	Decreased due to sales of real estate
Allowance for doubtful accounts	▲33	▲35	▲1	

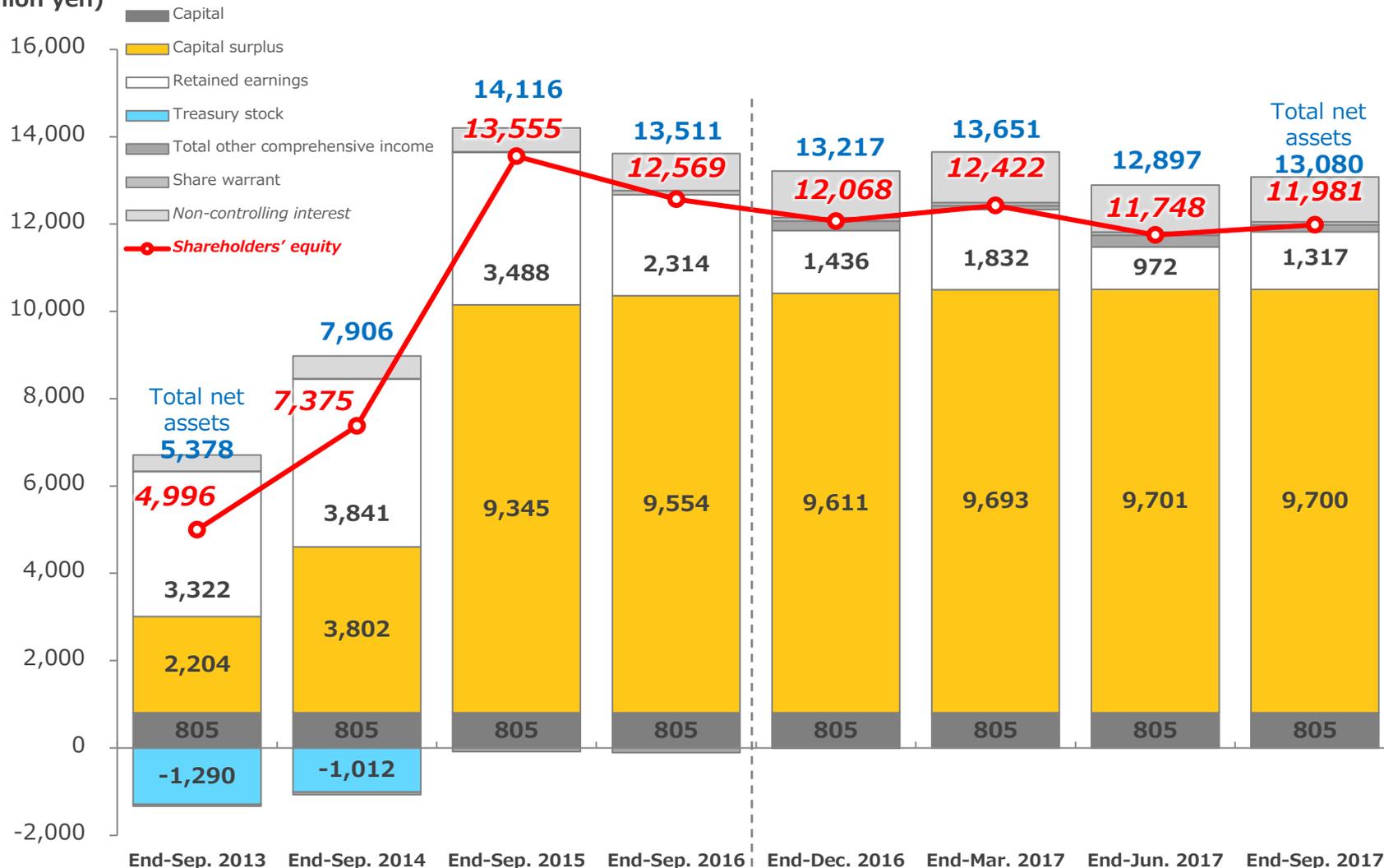
Consolidated B/S (2) Liabilities and Net Assets

(Million yen)

	End-Sep. 2016	End-Sep. 2017	Change	Remarks
Liabilities and net assets	19,117	20,401	+1,283	
Liabilities	5,606	7,320	+1,714	
Current liabilities	3,551	5,848	+2,296	
Account payable-trade	11	25	+13	
Short-term debt	100	915	+815	Increased due to borrowing of working capital
Current portion of long-term debt	791	817	+26	
Accounts payable	330	612	+281	
Income taxes payable	252	653	+401	
Accrued expenses	1,057	1,408	+350	
Reserve for bonuses	381	458	+76	
Fixed liabilities	2,054	1,472	▲581	
Long-term debt	1,644	1,045	▲599	
Loss on retirement benefit	258	278	+20	
Net assets	13,511	13,080	▲431	
Shareholders' equity	12,674	11,823	▲851	
Capital	805	805	0	
Capital surplus	9,554	9,700	+146	Increased due to increase in consolidated subsidiaries
Retained earnings	2,314	1,317	▲997	FY17 Q1 Net income – FY16 Year-end dividend – FY17 Interim dividend
Accumulated other comprehensive income	▲105	158	+263	
Valuation difference on available-for-sale	▲96	164	+261	
Share warrant	95	72	▲23	
Minority interest	846	1,026	+179	Increased due to increase in consolidated subsidiaries

Consolidated B/S (3) Shareholders' Equity

(Million yen)



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

FY2017

Consolidated Financial Overview

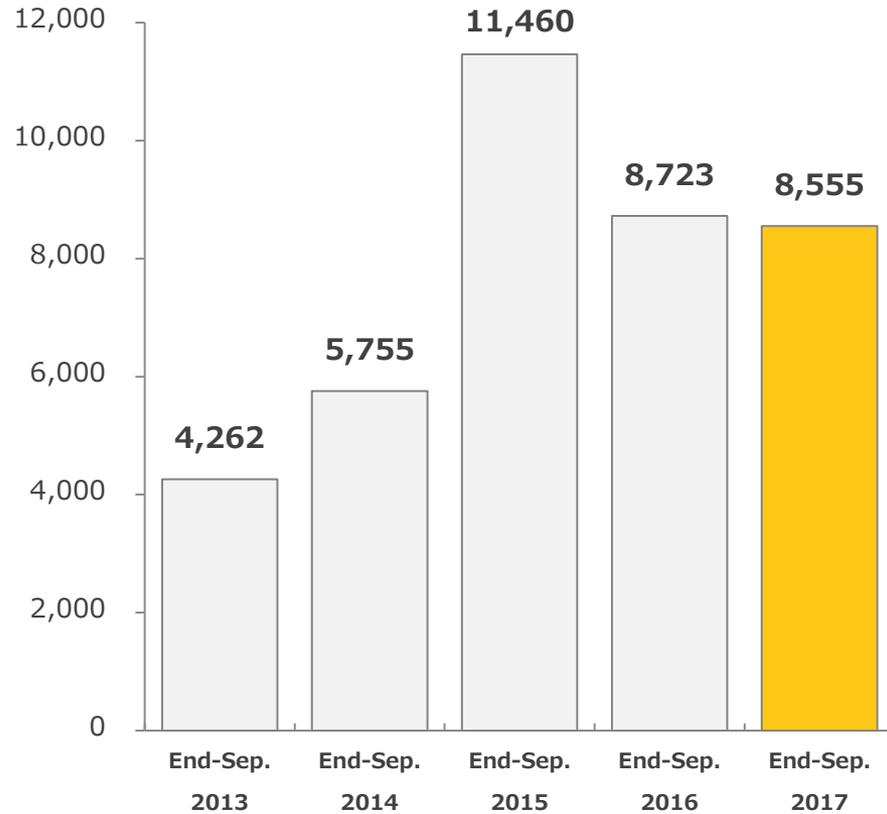
Financial Index

Financial Index (1)

Liquidity in Hand / Shareholders' Equity

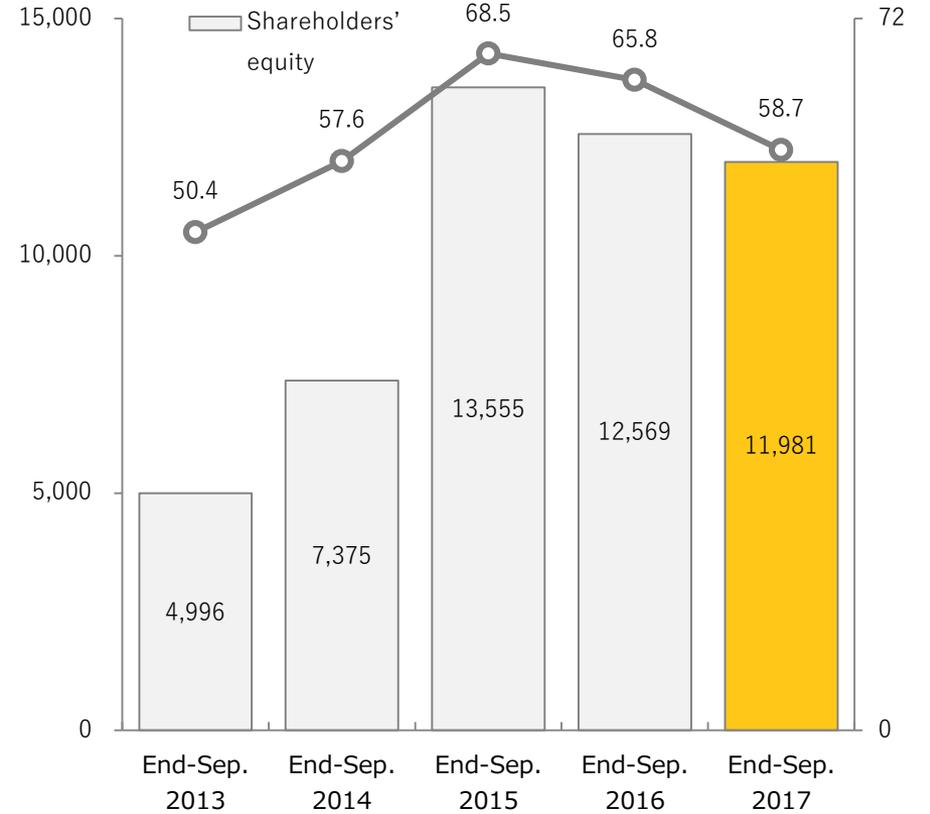
Liquidity in hand

(Million yen)



Shareholders' equity

(Million yen)



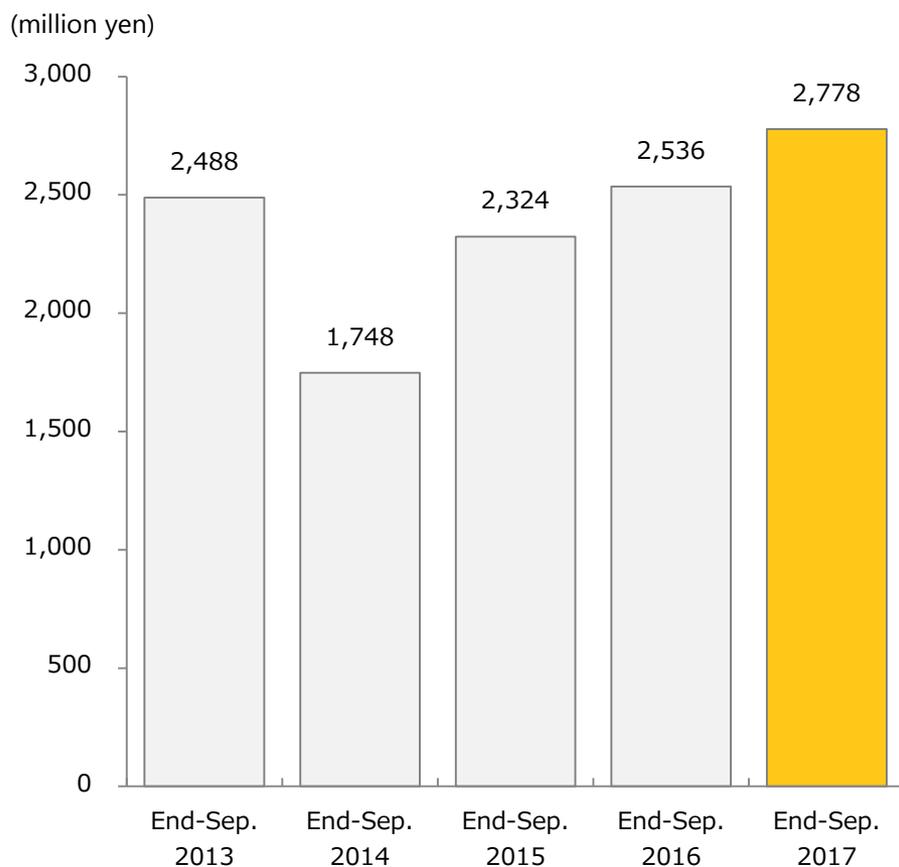
*1. Liquidity in hand = Cash and deposits+ Securities included in current assets

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

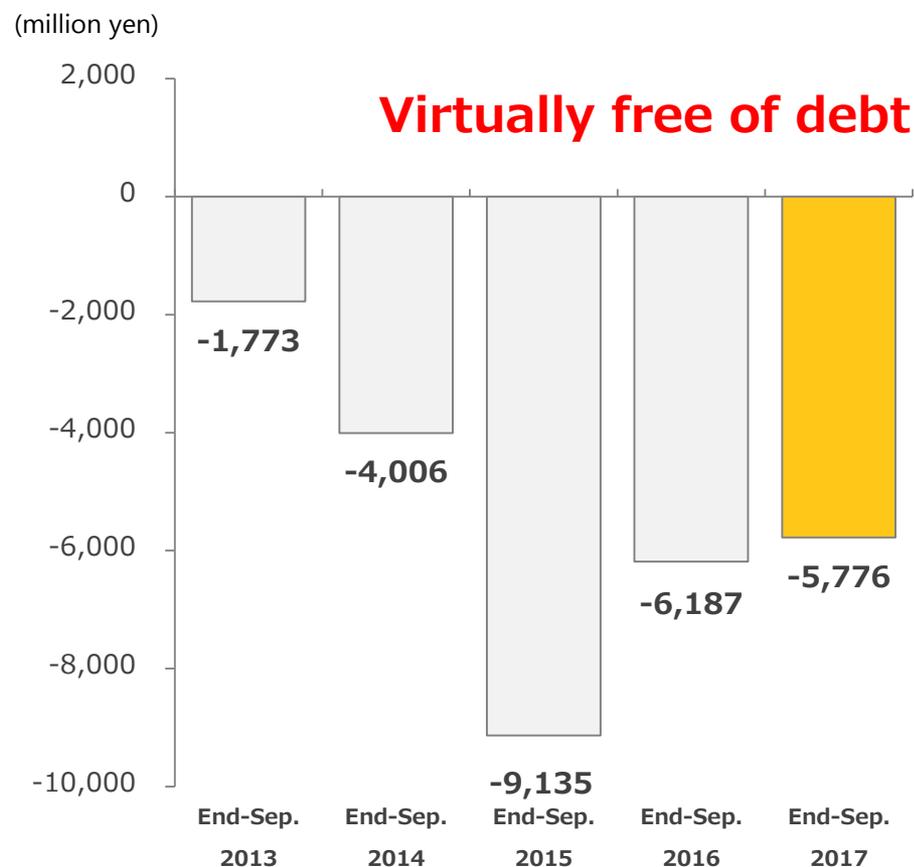
*3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

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

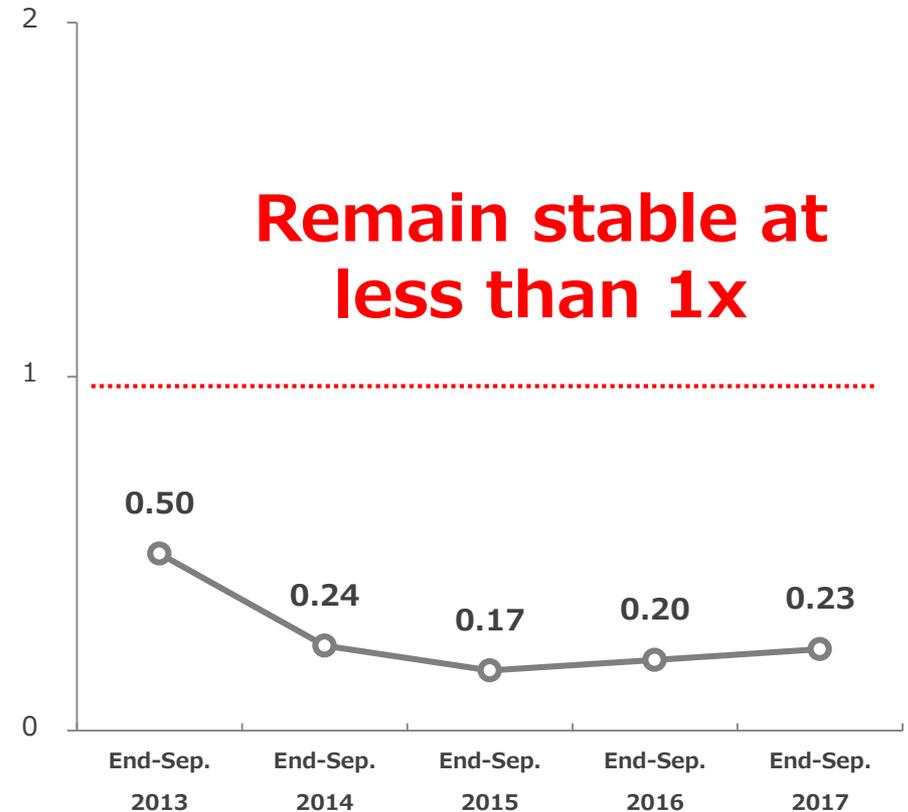
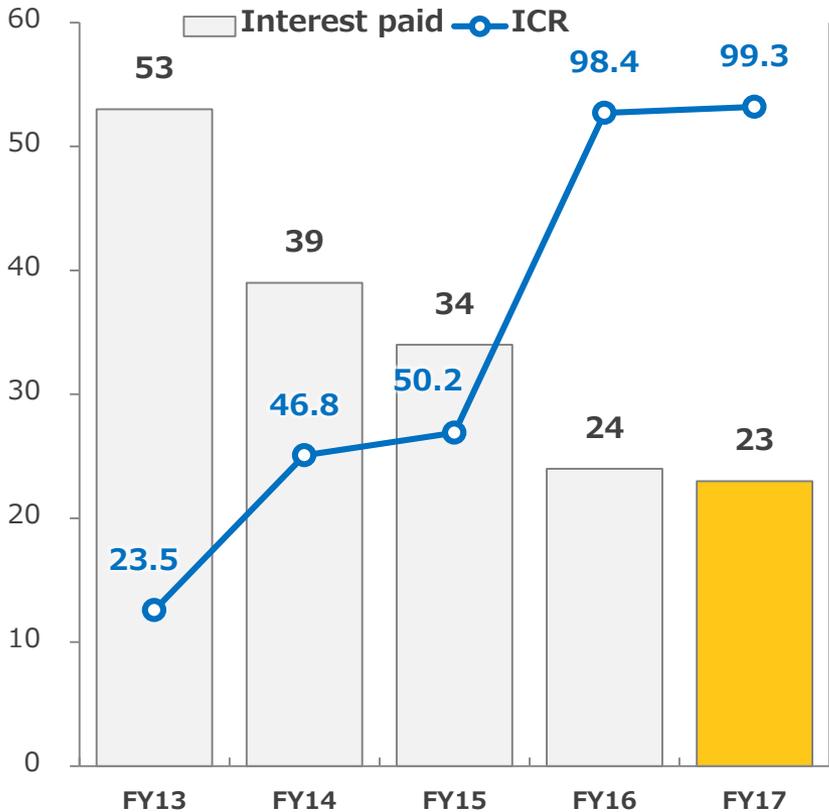
*3. Liquidity in hand = Cash and deposits+ Securities included current assets

Financial Index (3) ICR·DER

ICR

DER

(million yen) (Times) (Times)



- * 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) **23**

Summary of Financial Index

(million yen)

	End-Sep. '16	End-Sep. '17	Change
Shareholders' equity	12,569	11,981	▲587
Shareholders' equity ratio	65.8%	58.7%	▲7.1pt.
Liquidity in hand	8,723	8,555	▲168
Interest-bearing debt	2,536	2,778	+242
D/E ratio	0.20times	0.23times	+0.03pt.

Segment Overview

Segment Overview

**Construction Engineer
Temporary Staffing**

TOPIC

- 1 . Sales increased by double digit figures for 23 consecutive quarters**
- 2 . 3% improvement in unit price of temporary staffing YoY**
- 3 . Retention rate improved by 4pt. YoY**

Four Indicators of Sales

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



Sales

Number of Engineers (1) Recruitment

- Achieved to recruit over 2,000 people as planned
- Recruitment cost per person increased by 27% YoY

(Unit: persons)

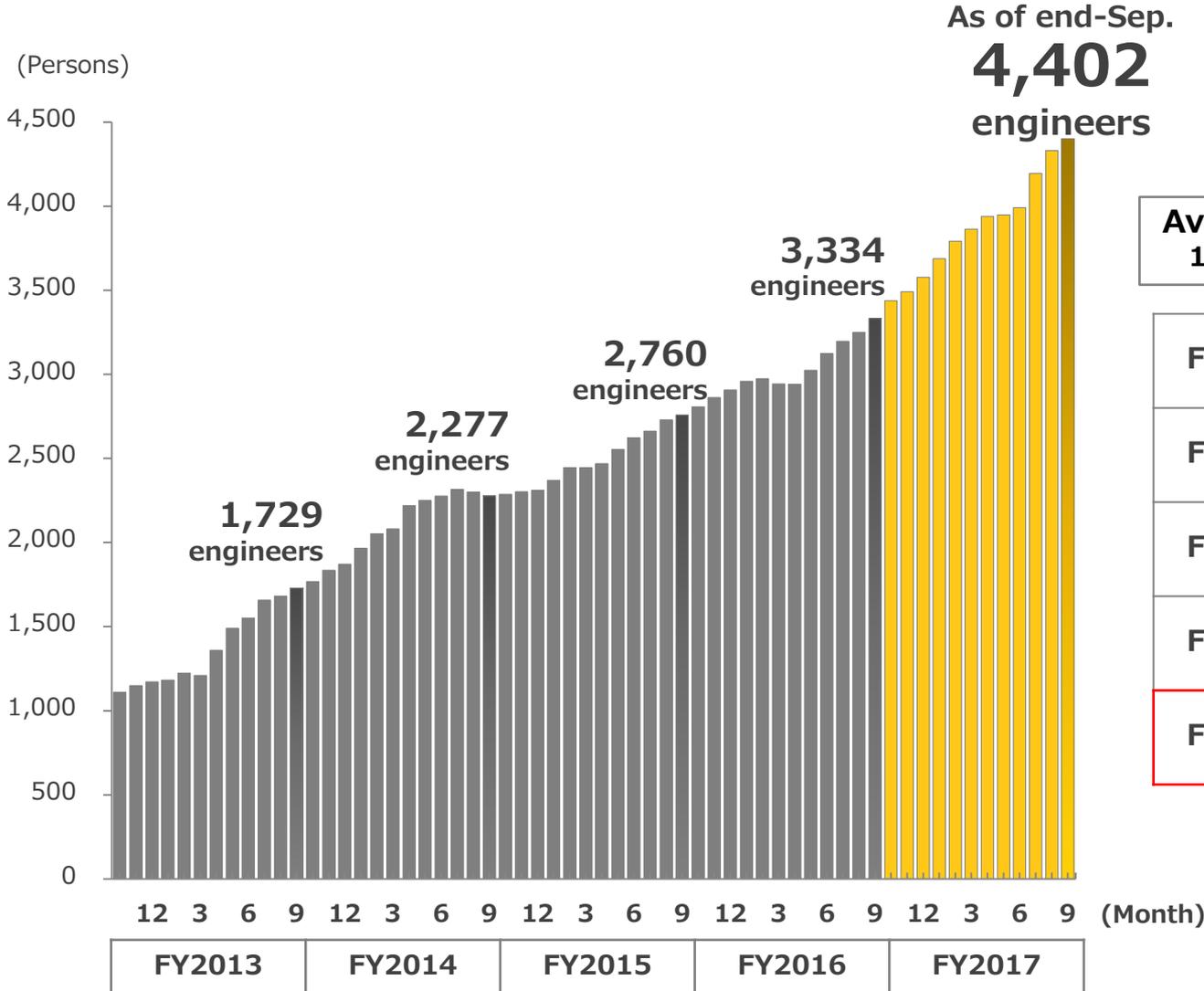
	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY17 Planned recruitment	500			500			1,000
FY17 recruitment	553			602			1,155
Difference	+53			+102			+155
FY16 Planned recruitment	458			460			918

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY17 Planned recruitment	500			500			1,000	2,000
FY17 recruitment	710			801			1,511	2,666
Difference	+210			+301			+511	+666
FY16 Planned recruitment	532			568			1,100	2,018

Number of Engineers (2)

Changes in the Number of Engineers

■ Increased by 1,068 engineers YoY (+32.0%)



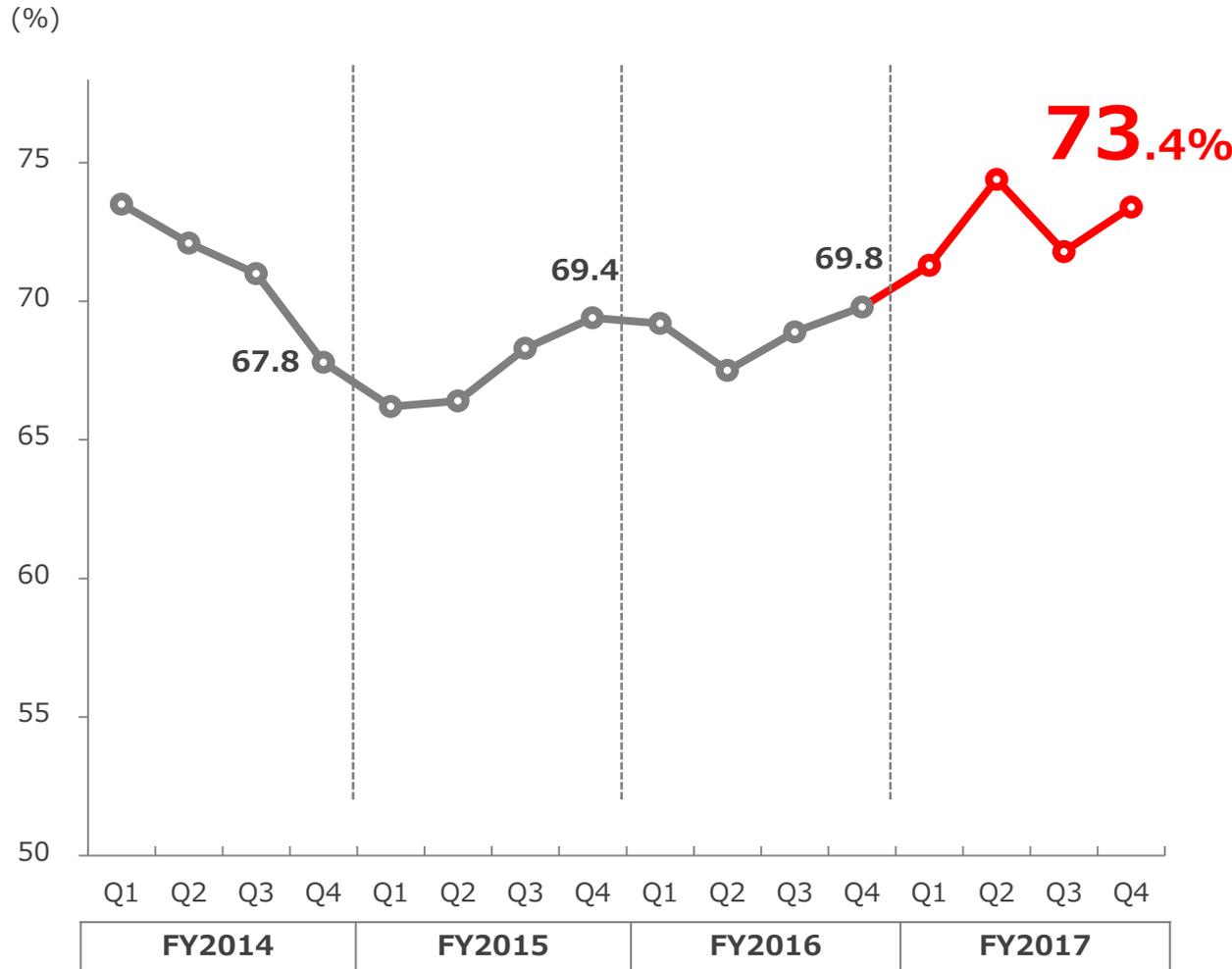
Avg. number of engineers
12-month avg. (Oct – Sep)

FY	Number of Engineers	YoY %
FY2013	1,376	
FY2014	2,101	+52.7%
FY2015	2,497	+18.8%
FY2016	3,027	+21.3%
FY2017	3,889	+28.5%

* Number of engineers at the end of month

Number of Engineers (3) Retention Rate

■ Achieved the target of 72% with continuous improvement measures



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

FY	Retention Rate	YoY Change
FY2014	71.1%	YoY
FY2015	67.6%	▲ 3.5pt.
FY2016	68.9%	+1.3pt.
FY2017	72.7%	+3.9pt.

*Retention rate = Employees at year end / (Employees at previous year end + New hires during the year) x 100

Number of Engineers (4) Vs. Plan

- With continuous improvement measures, retention rate improved to more than 70%
- Achieved a net increase of more than 1,000 people thanks to the stable results of recruitment and retention rate

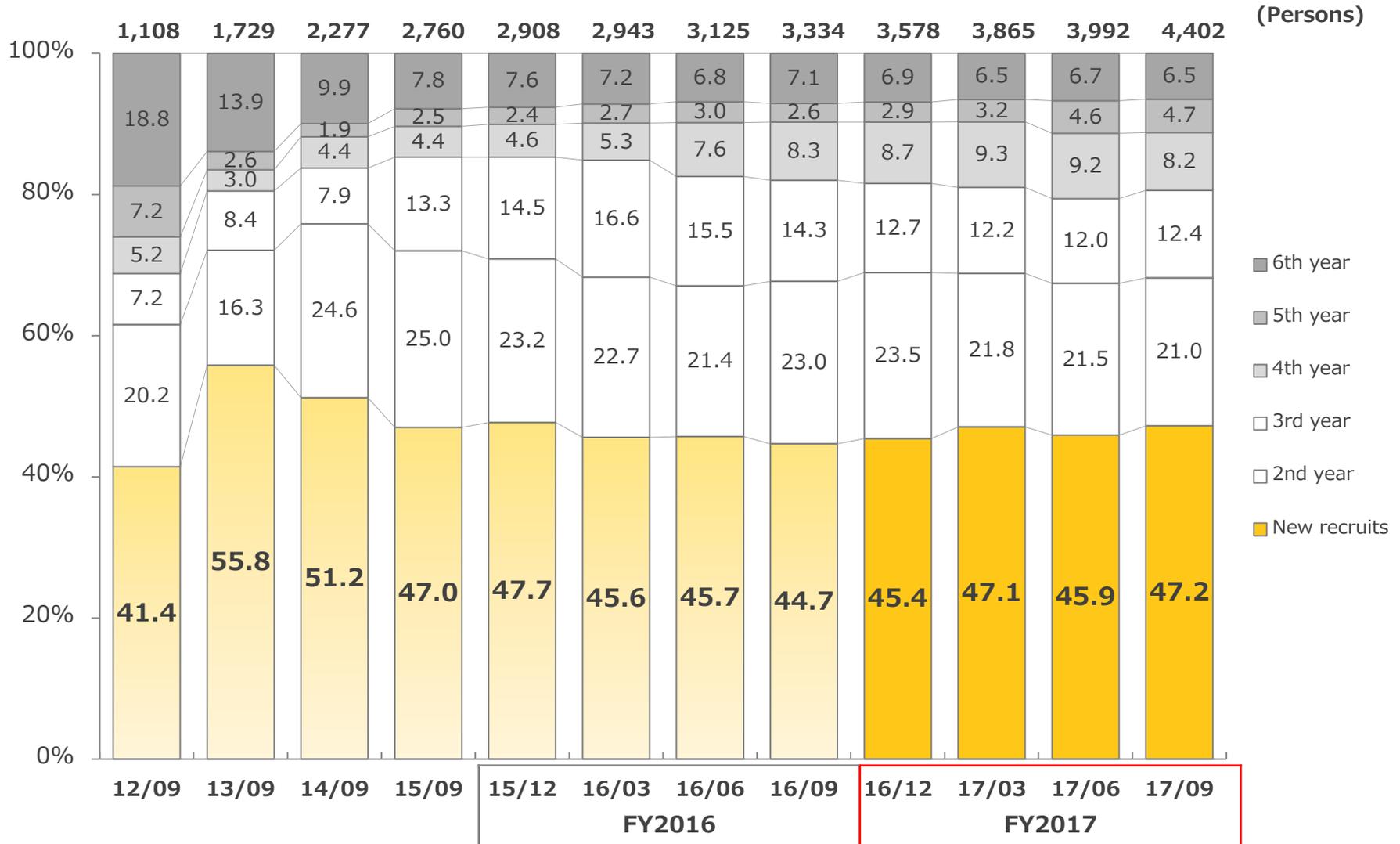
Changes in retention rate

	FY2014	FY2015	FY2016	FY2017 Full-year plan	FY2017 Results
Annual retention rate	67.8%	69.4%	69.8%	72%以上	72.7% Achieved
YoY	▲6.1pt.	+1.6pt.	+0.4pt.	+2.2pt.	+2.9pt.
Annual number of recruits	1,628人	1,702人	2,018人	2,000人	2,666人 Achieved
Number of engineers at the end-period	2,277人	2,760人	3,334人	3,960人	4,402人 Achieved
Net increase	548人	483人	574人	+626人	+1,068人 Achieved

*Retention rate = Employees at year end / (Employees at previous year end + New hires during the year) x 100

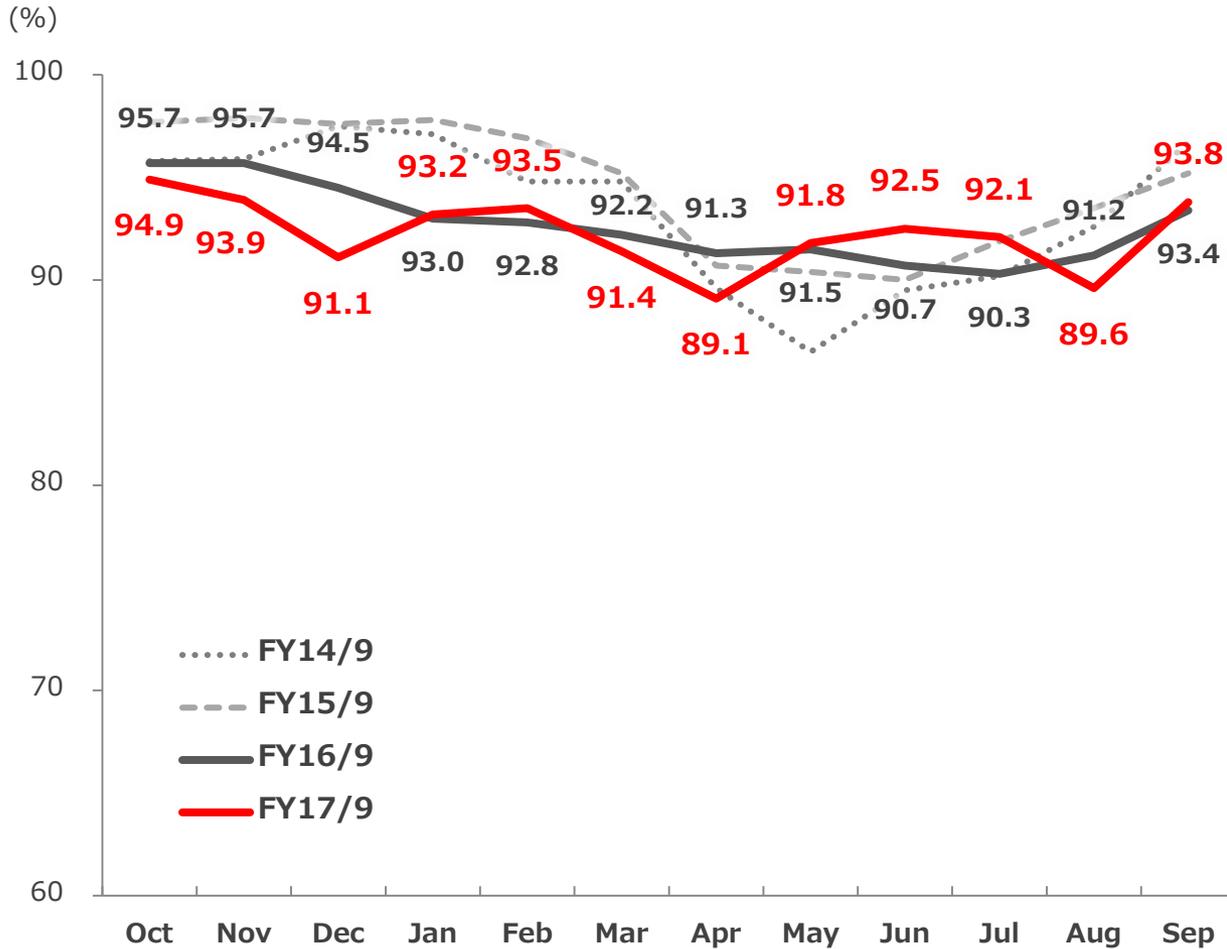
Number of Engineers (5) Ratio by Length of Service

■ With the rise in retention rate, ratio of engineers who have experience of at least 4 years with high profitability steadily increased.



Operating Rate

■ Operating rate slightly declined due to steady recruitment but maintained more than 90%



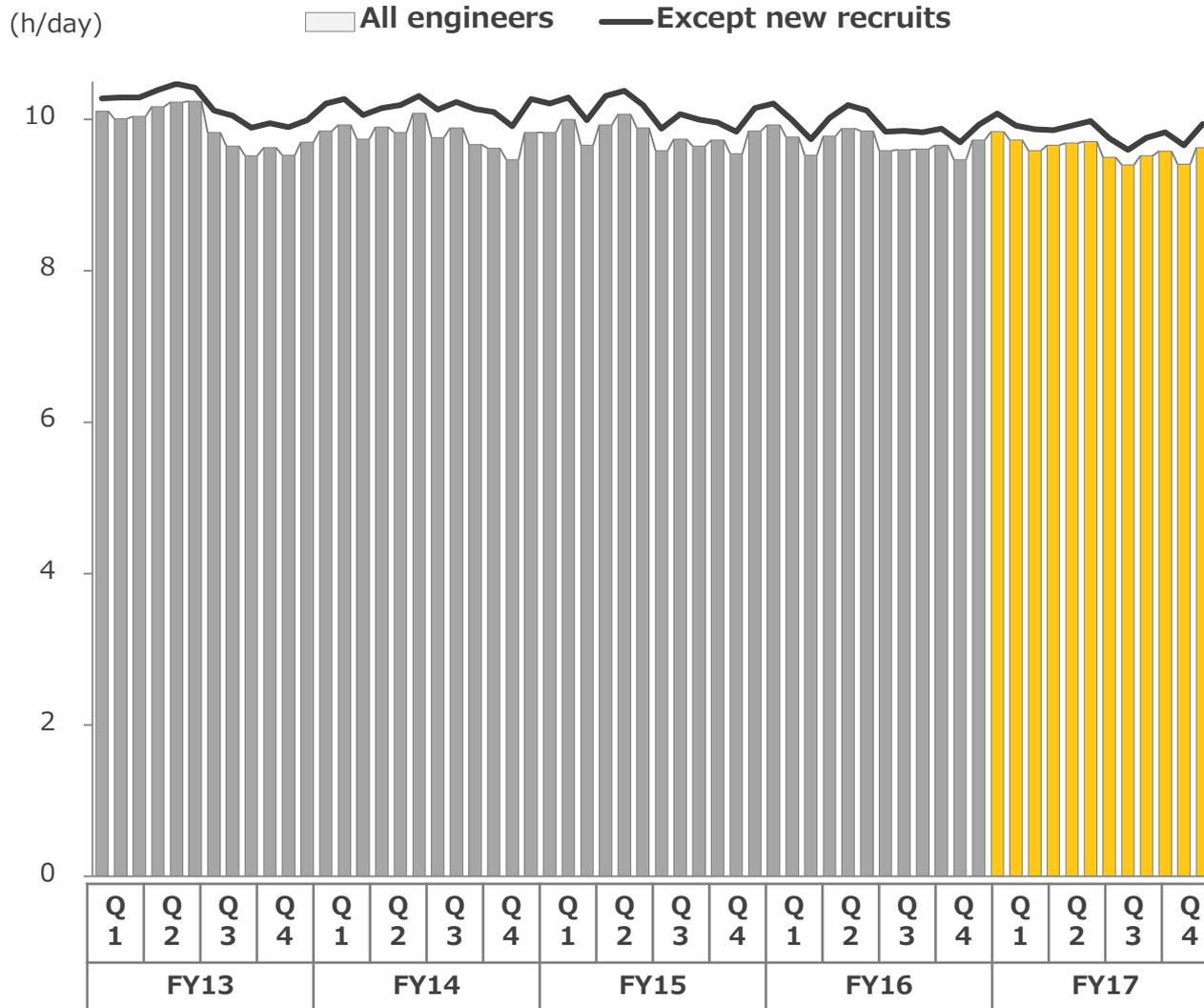
Operating rate
12-month avg. (Oct - Sep)

Fiscal Year	Operating Rate (%)	YoY Change
FY2014	93.4%	YoY
FY2015	94.6%	+1.2pt.
FY2016	92.7%	▲1.9pt.
FY2017	92.2%	▲0.5pt.

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



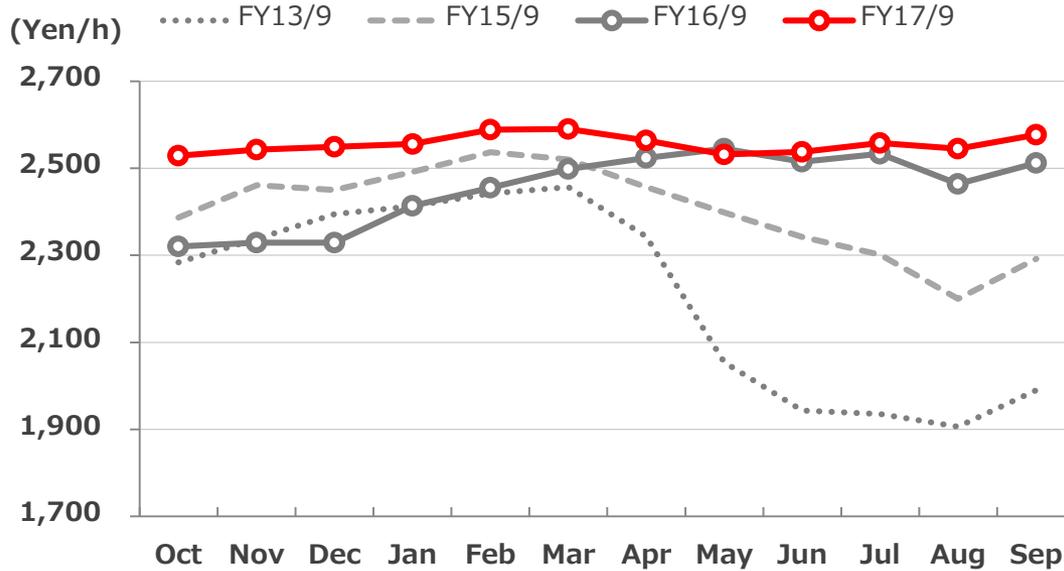
Avg. of all engineers
12-month avg. (Oct – Sep)

FY2013	9.89h	YoY
FY2014	9.80h	▲0.9%
FY2015	9.79h	▲0.1%
FY2016	9.70h	▲0.9%
FY2017	9.61h	▲1.0%

Unit Price of Temporary Staffing (1)

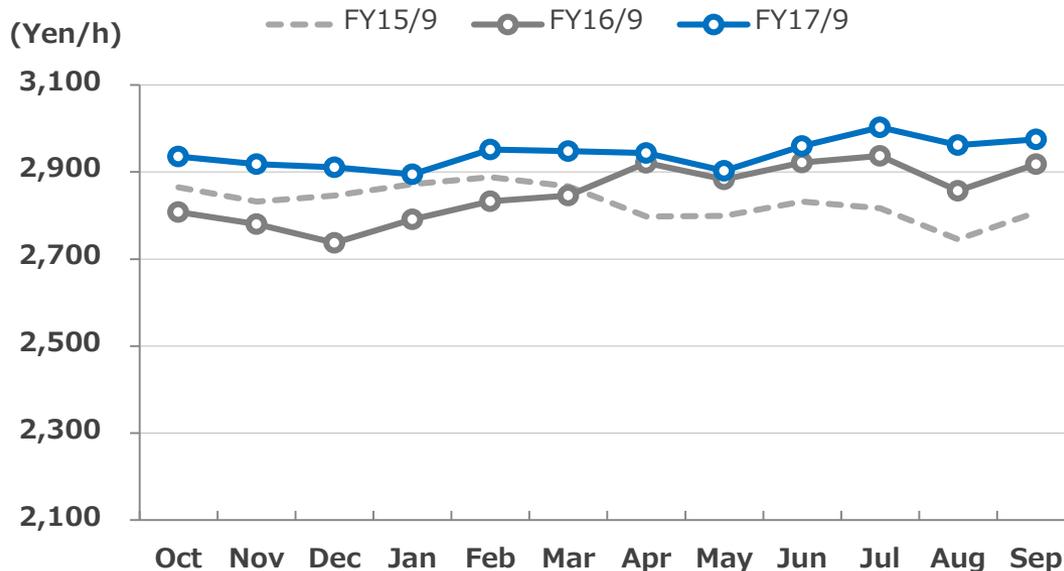
Changes in New Recruits and 2nd Year

[Construction engineer temporary staffing]



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

Fiscal Year	12-month avg. (Oct - Sep)	YoY Change
FY2013	2,208	
FY2015	2,403	+3.2%
FY2016	2,453	+2.1%
FY2017	2,556	+4.2%

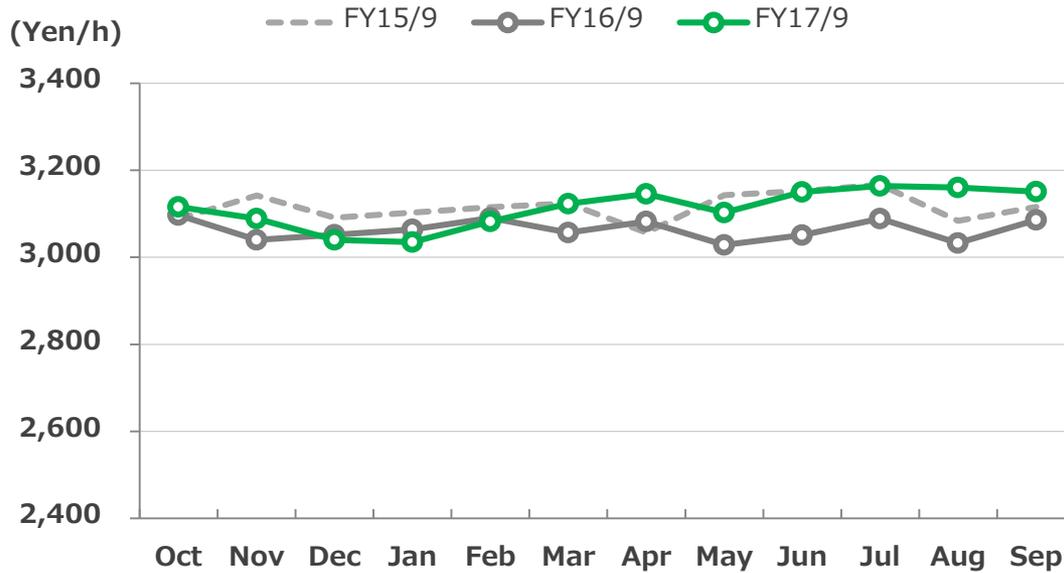


2nd year only
12-month avg. (Oct - Sep)

Fiscal Year	12-month avg. (Oct - Sep)	YoY Change
FY2015	2,831	
FY2016	2,853	+0.8%
FY2017	2,942	+3.1%

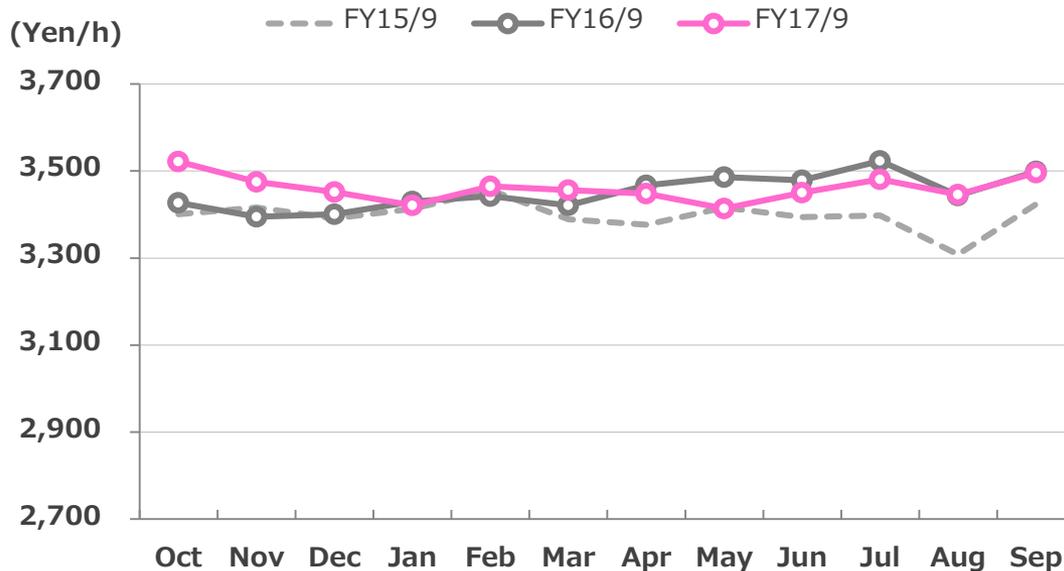
Unit Price of Temporary Staffing (2)^[Construction engineer temporary staffing]

Changes from the 3rd and 4th Year and Over



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

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY2015	3,115	
FY2016	3,064	▲ 1.6%
FY2017	3,113	+1.6%

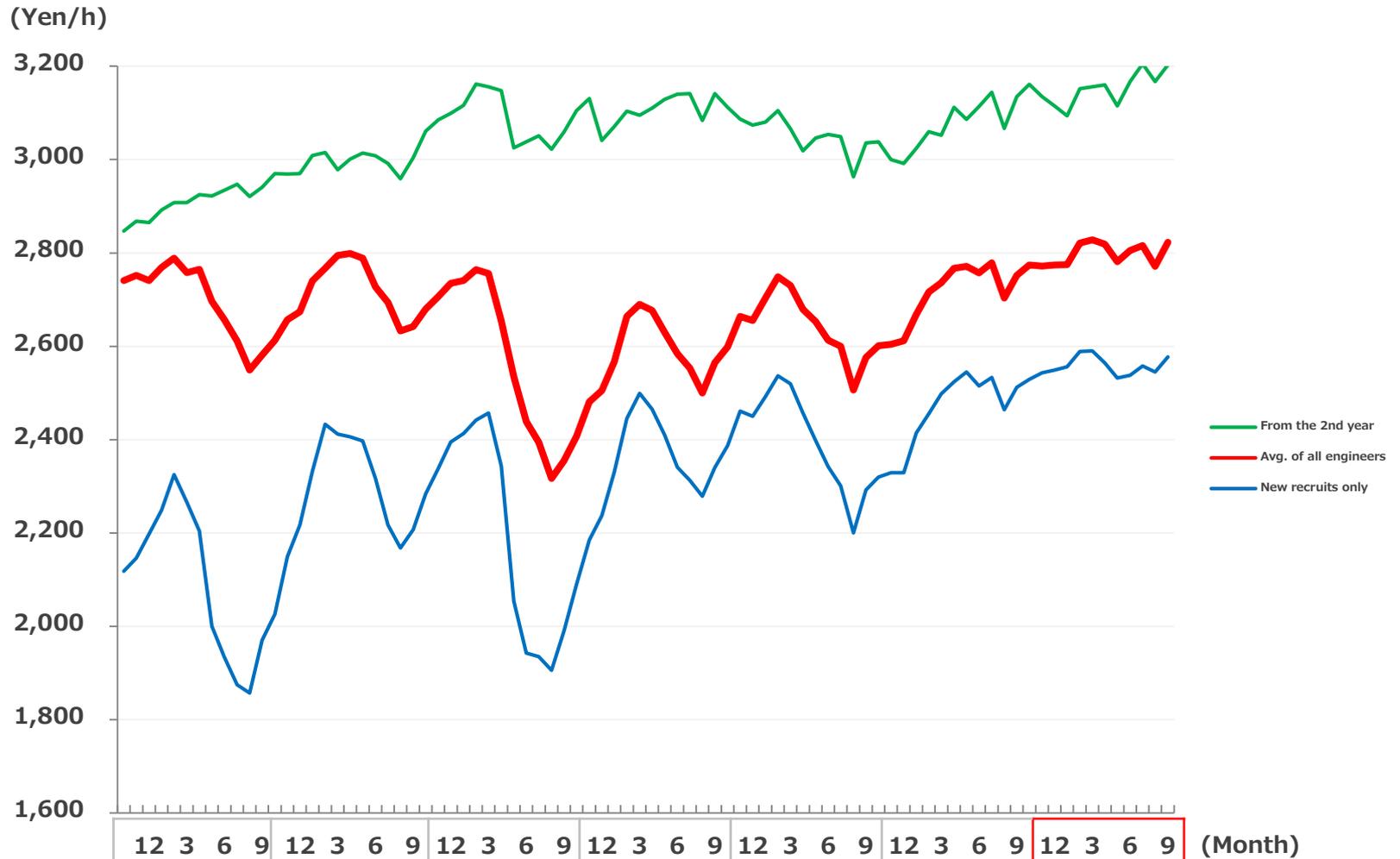


From the 4th year
12-month avg. (Oct - Sep)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY2015	3,399	
FY2016	3,451	+1.5%
FY2017	3,461	+0.3%

Unit Price of Temporary Staffing (3) [Construction engineer temporary staffing]

Interim Changes



	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	12	3	6	9	(Month)							
	FY2011				FY2012				FY2013				FY2014				FY2015				FY2016				FY2017			
All engineers (Q2-Q4)	¥2,701	¥2,711	¥2,590	¥2,569	¥2,644	¥2,706	¥2,797																					
	YoY	+0.4%	▲4.5%	▲0.8%	+2.9%	+2.3%	+3.4%																					

Total Accounting Summary of Four Indicators of Sales

All engineers **12-month average** (Oct – Sep)

	FY16/Q1-Q4 (Total)	FY17/Q1-Q4 (Total)	Change	Pct. change
No. of engineers	3,027人	3,889人	+862 people	+28.5%
Operating rate	92.7%	92.2%	▲0.5pt.	—
Operating time	9.70h	9.61h	▲0.09h	▲1.0%
Unit price of temporary staffing	2,706yen	2,797yen	+91yen	+3.4%

Accounting Summary of Four Indicators of Sales

All engineers **3-month average** (Jun – Sep)

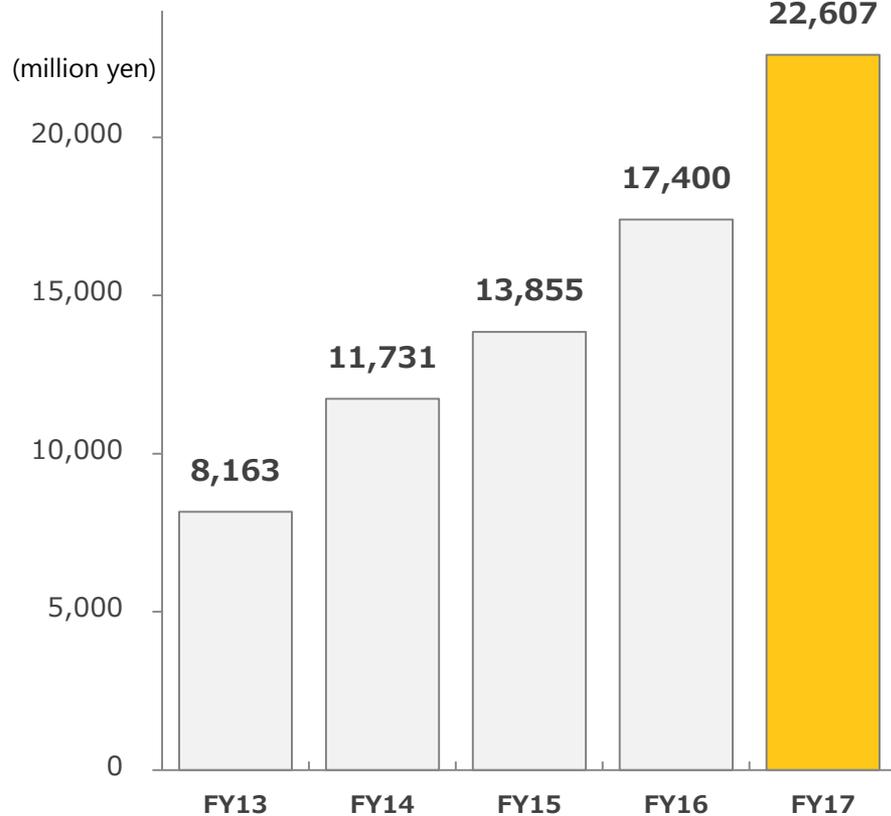
	FY16/Q4 (Accounting)	FY17/Q4 (Accounting)	Change	Pct. change
No. of engineers	3,260人	4,310人	+1,050 people	+32.2%
Operating rate	91.6%	91.8%	+0.2pt.	—
Operating time	9.62h	9.54h	▲0.08h	▲0.8%
Unit price of temporary staffing	2,744yen	2,803yen	+59yen	+2.2%

Non-consolidated P/L Statement (1) [Construction engineer temporary staffing]

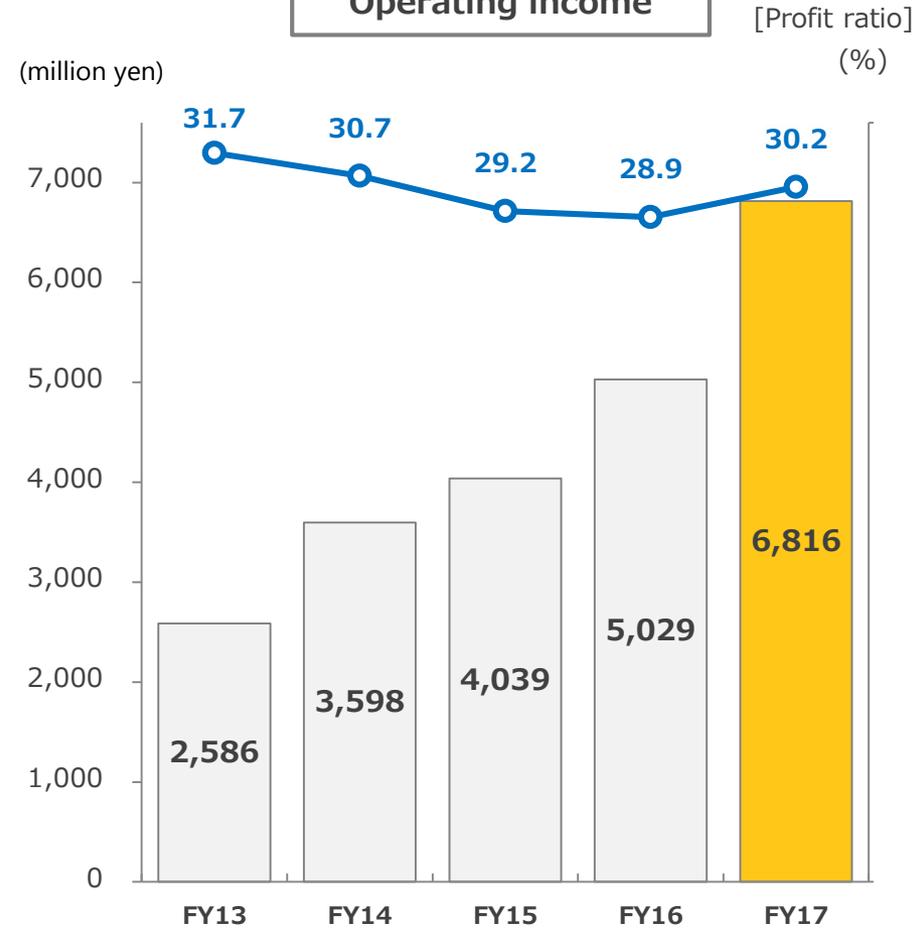
Sales and Gross Margin (Total)

- Sales ⇒ up by 30% YoY for 29 consecutive quarters thanks to aggressive recruitment and high retention rate
- Gross margin ⇒ up by 36% with profit ratio exceeding 30% thanks to the improvement in unit cost of temporary staffing and maintaining of operating rate

SG&A expenses



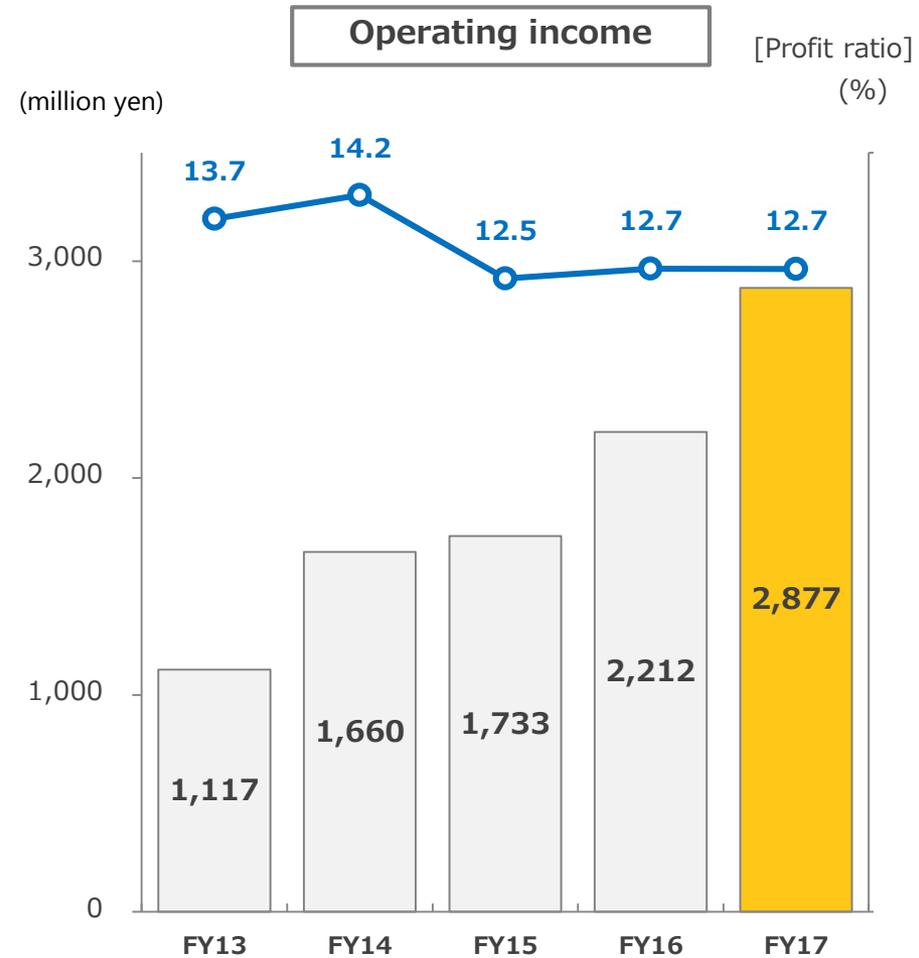
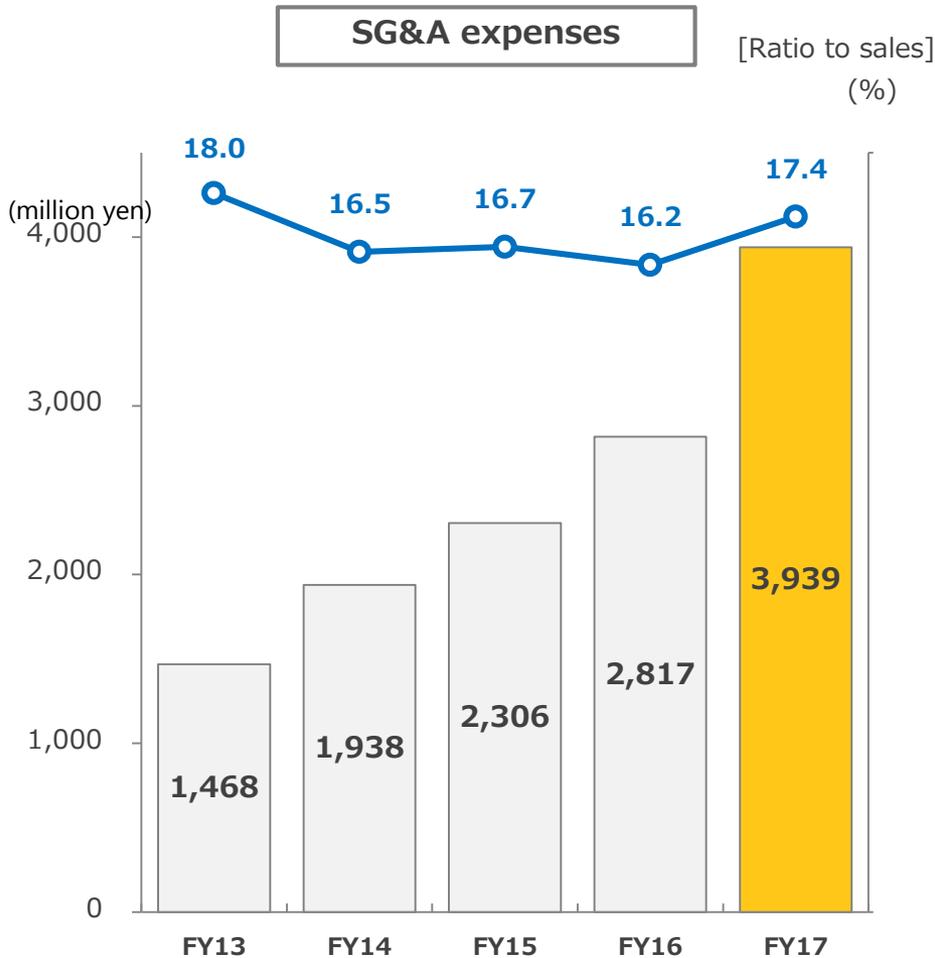
Operating income



Non-consolidated P/L Statement (2) [Construction engineer temporary staffing]

SG&A Expenses and Operating Income (Total)

- SG&A expenses ⇒ up 40%, increase in recruiting cost and personnel expenses
- Operating income ⇒ up 30% thanks to an increase in gross margin despite the higher SG&A



Summary of Non-consolidated P/L Statement

(million yen)

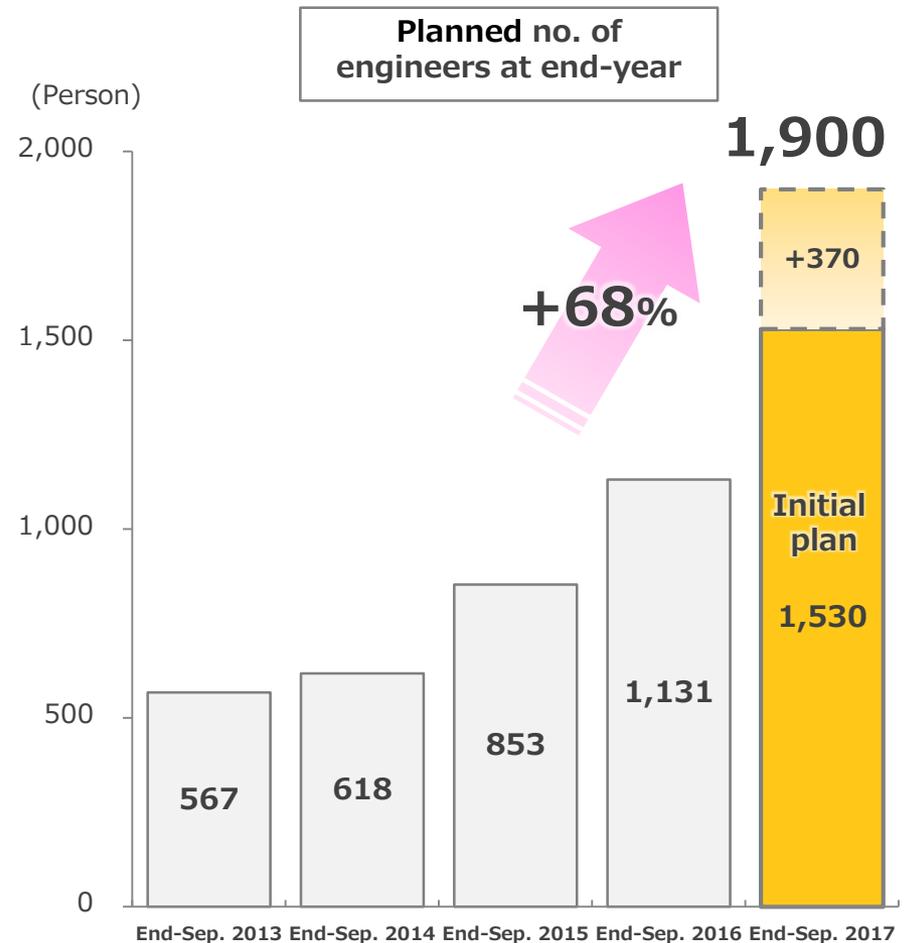
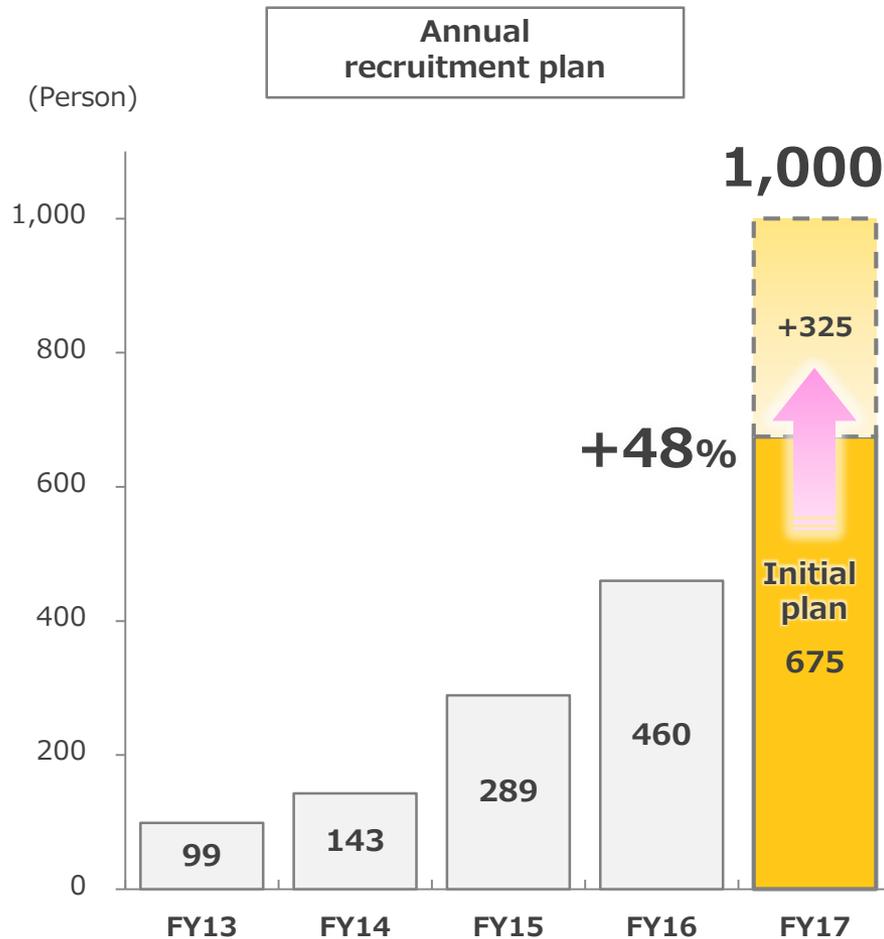
	FY2016	FY2017	Change	Pct. change
Sales	17,400	22,607	+5,206	29.9%
Gross profit	5,029 (28.9%)	6,816 (30.2%)	+1,786	35.5%
SG&A expenses	2,817 (16.2%)	3,939 (17.2%)	+1,122	39.8%
Operating income	2,212 (12.7%)	2,877 (12.7%)	+664	30.0%
Ordinary income	2,390 (13.7%)	3,196 (14.1%)	+806	33.7%
Net income	1,747 (10.0%)	1,837 (8.1%)	+89	5.1%

* () = Percentage of sales

Engineer Temporary Staffing

Revision of Planned Recruitment

- Aim to hire 1,000 engineers, up by 48% from the initial plan
- Aim for 1,900 engineers at work at end-Year → up by 68% YoY



Recruitment

- Increased by 104%YoY although the Company did not achieve the planned recruitment of 1,000 people
- Of which the recruitment results,
female engineer: 527 (56%), foreign engineer: 91 (10%)

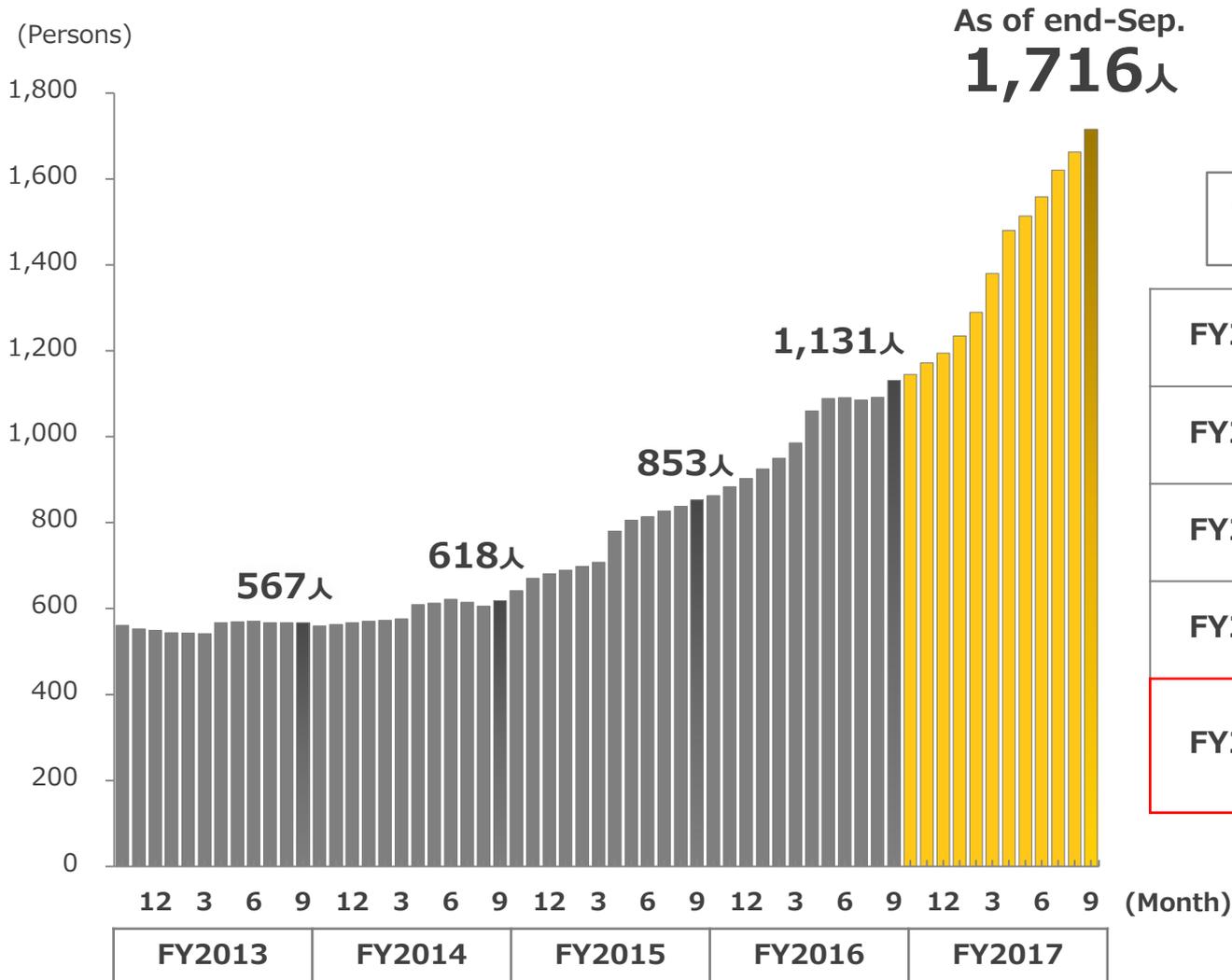
(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY16 recruitment	88			110			198
FY17 recruitment	107			242			349
YoY	+19			+132			+151

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY16 recruitment	164			98			262	460
FY17 recruitment	306			286			592	941
YoY	+142			+188			+330	+481

Changes in the Number of Engineers

- Increased by 585 engineers (+51.7%) YoY although the Company did not achieve the plan of 1,900 engineers



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

FY2013	558 engineers	YoY
FY2014	591 engineers	+5.9%
FY2015	751 engineers	+27.0%
FY2016	1,005 engineers	+33.9%
FY2017	1,414 engineers	+40.7%

*No. of engineers at the end of the month

Original Training System

In the
company

【Basic】

- Human skill training
- Etiquette training

【Skill】

- Network training
- CAD training

【For foreigners】

- Japanese language training
- ...etc.

Information sharing
including trainees' skills
and appropriateness



Outside the
Company

【Skill】

- Java programming training
- CCNA training
- MOS training

Outsourcing generates
cost



Future Training System

Complete all training programs within the Company

In the
company

【Basic】

- Human skill training
- Etiquette training

【Skill】

- Network training
- CAD training
- **Java programming training**
- **CCNA training**
- **MOS training**

【For foreigners】

- Japanese language training
- …etc.

Human resources
development



Matching

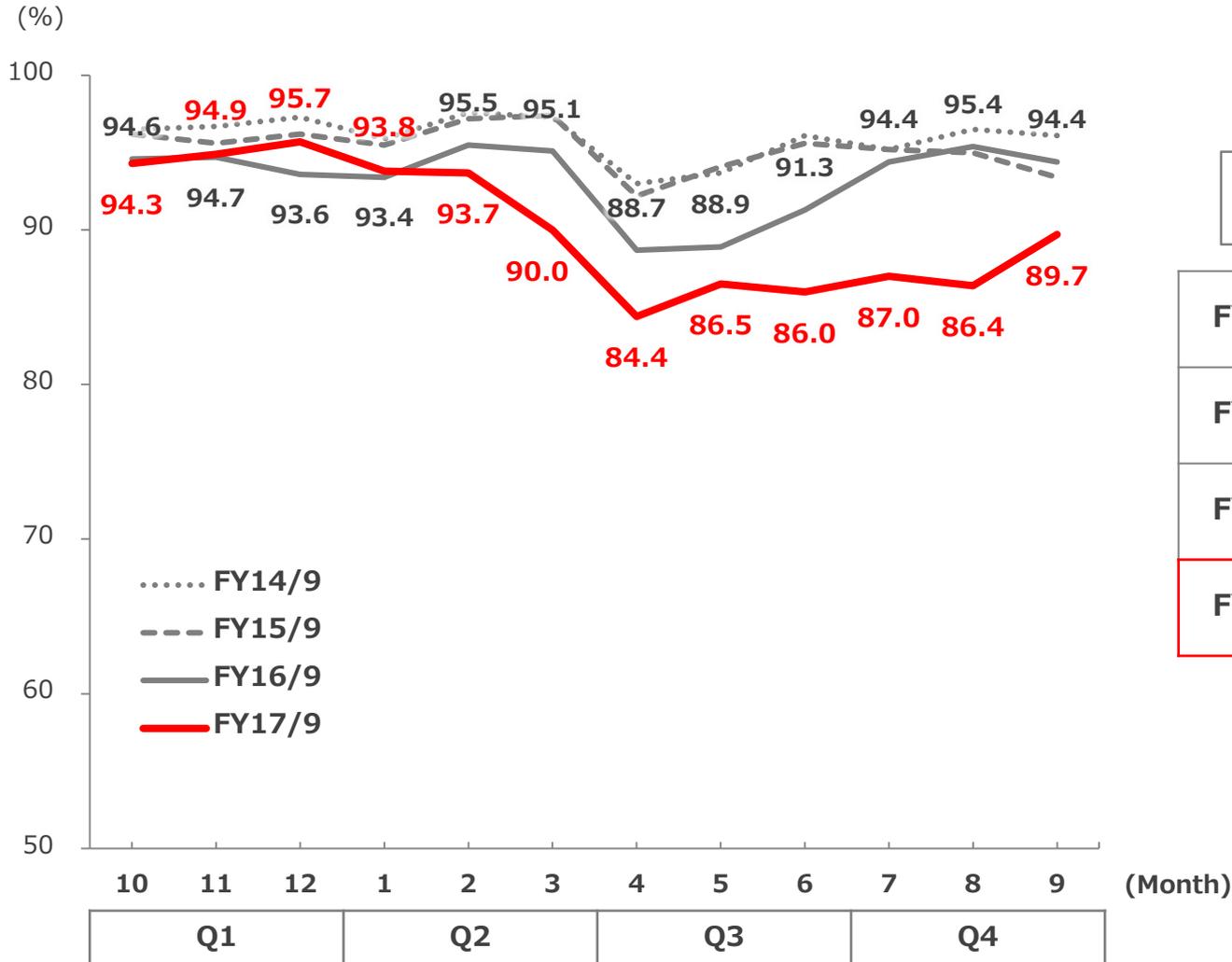


Advantages of company training

1. Incur no outsourcing cost for training
→**cost reduction**
2. No time lag to understand trainees' situations
→**efficiency of business flow from fostering to posting**
3. Flexibility of training contents
→**rapid response to meet the market needs**
4. Improvement in matching accuracy

Operating Rate

- Increase in the number of new employees entered after April due to revision of recruitment plan → Decline in operating rate

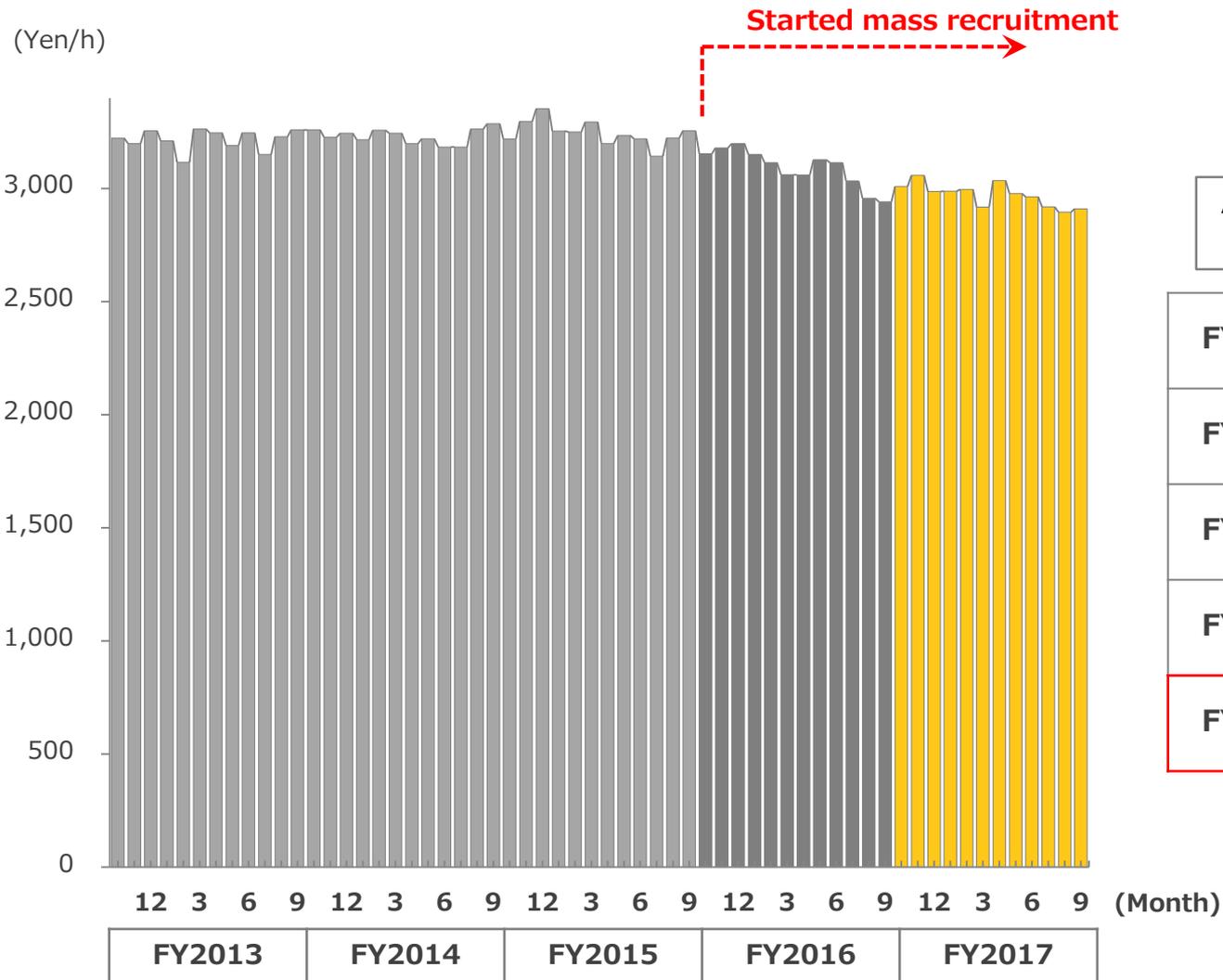


Operating rate
12-month avg. (Oct – Sep)

FY2014	96.0%	YoY
FY2015	95.3%	▲0.7pt.
FY2016	93.3%	▲2.0pt.
FY2017	90.2%	▲3.1pt.

Changes in the Number of Engineers

- Decreased by 119 yen YoY as young engineers increased through mass recruitment

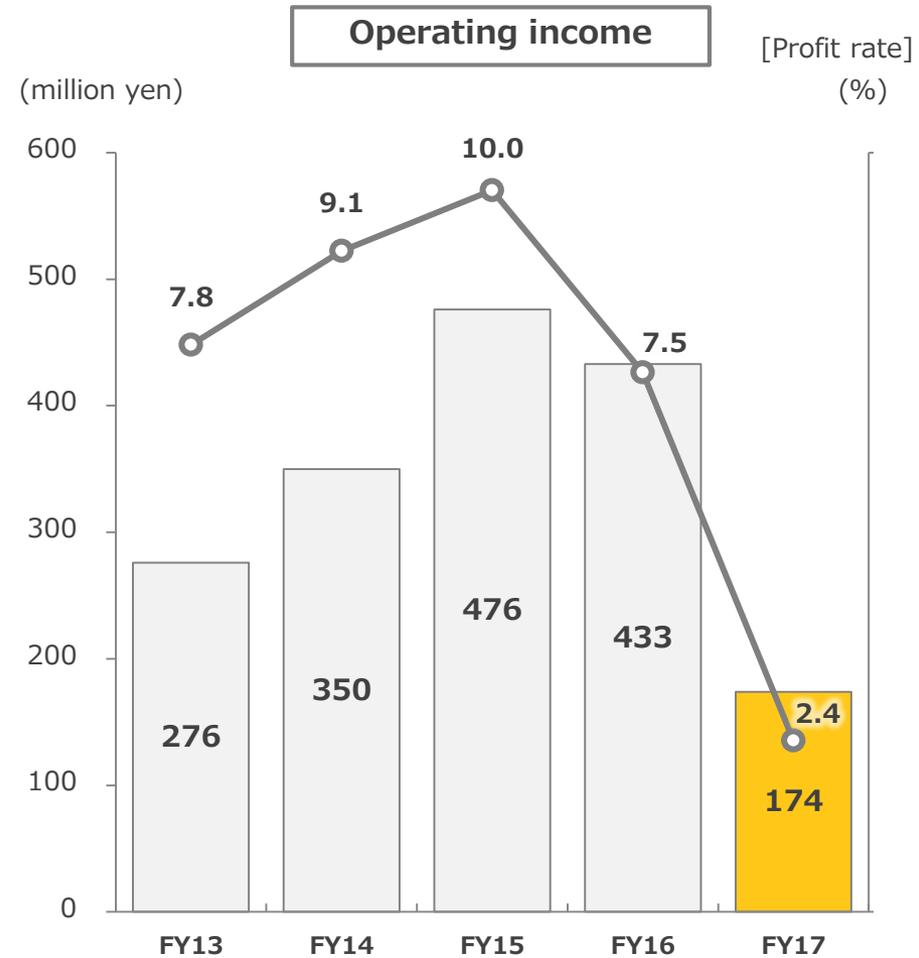
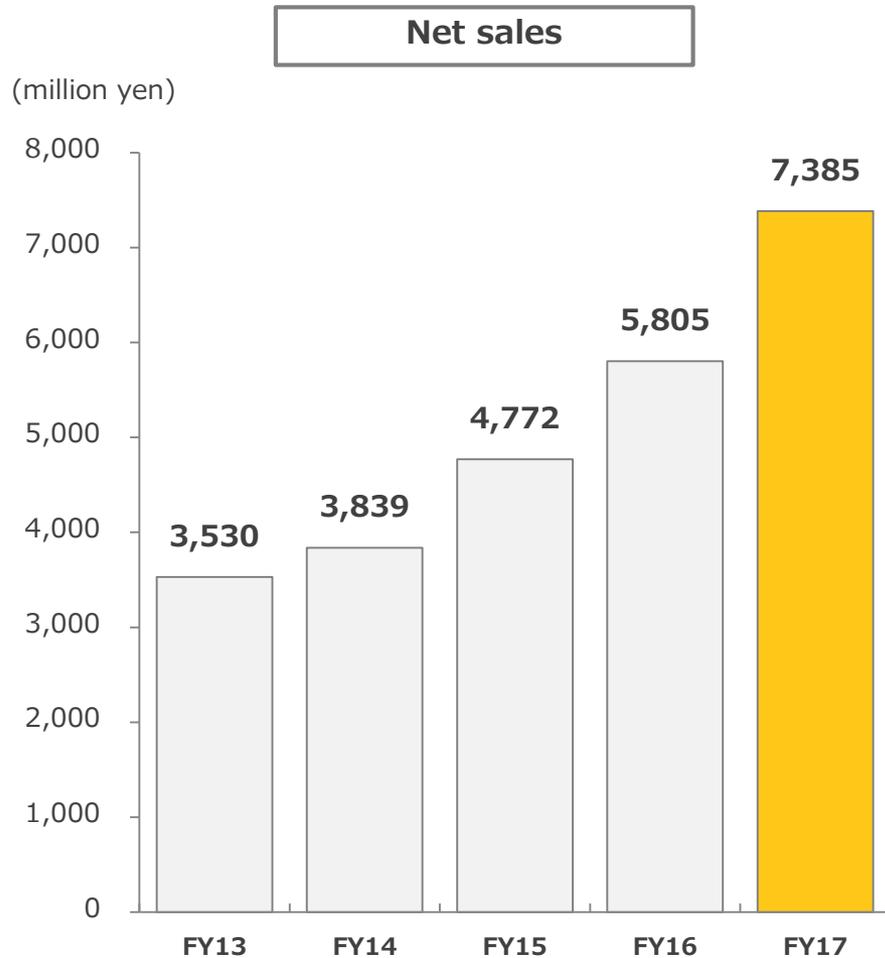


**Avg. number of engineers
12-month avg. (Oct – Sep)**

FY2013	3,216 yen	YoY
FY2014	3,232 yen	+0.5%
FY2015	3,246 yen	+0.4%
FY2016	3,091 yen	▲4.8%
FY2017	2,972 yen	▲3.9%

P/L Summary

- Net sales ⇒ increased by 27% as the number of engineers at work increased through aggressive recruitment
- Operating income ⇒ decreased by 60% due to increase in recruitment cost and training cost



Segment Overview

**Education and IT-
Related Businesses**

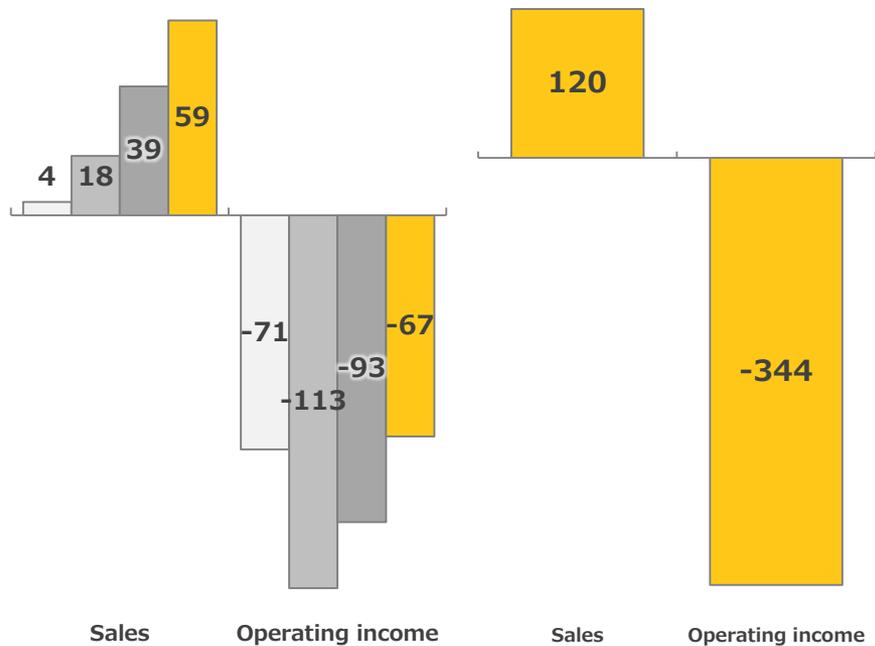
P/L Summary

- Education and IT-Related business has been consolidated from FY9/17
- Up-front costs including ads web-page design and to raise awareness

Education-related business

(million yen)

□ Q1 □ Q2 □ Q3 □ Q4



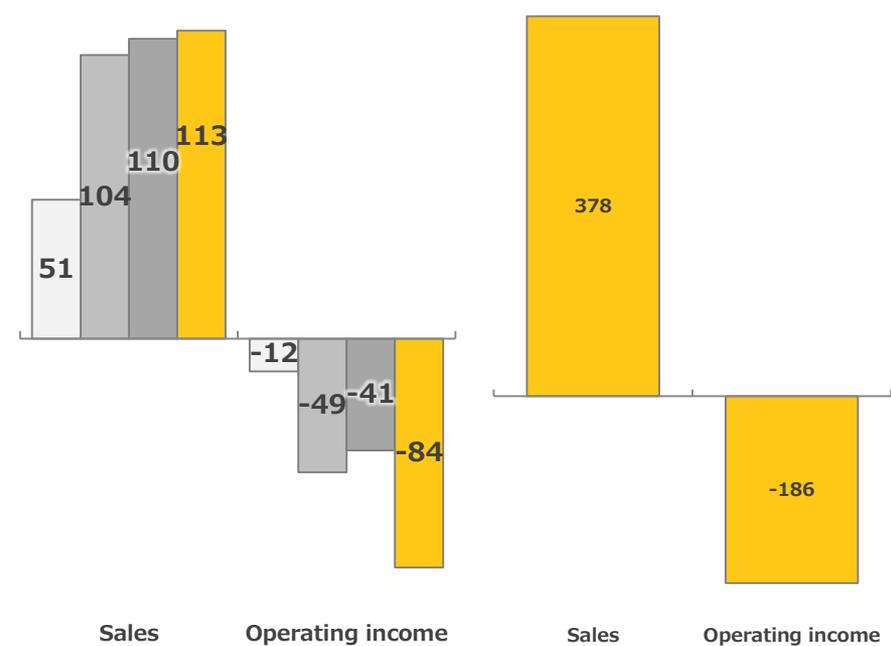
Sales Operating income
Accounting period

Sales Operating income
Cumulative period

IT-related business

(million yen)

□ Q1 □ Q2 □ Q3 □ Q4



Sales Operating income
Accounting period

Sales Operating income
Cumulative period

FY9 / 18

FY9/18 Consolidated Business Forecasts

(million yen)

	FY2017 Actual	FY2018 Forecast	Pct. change
Sales	30,510	39,000	27.8%
Operating income	2,361	4,500	90.5%
Ordinary income	2,423	4,500	85.7%
Net income attributable to owners of parent	1,426	2,900	103.4%
Net income per share	19.12円	38.89円	103.4%

Operational Strategies by Segment

- 1 . Construction engineer temporary staffing**
Recruit 2,500 people + Increase unit price
- 2 . Engineer temporary staffing**
Recruit 1,200 people + Increase unit price
- 3 . Other business**
Reduce losses by making appropriate choice

Most important issue for FY9/18

“Earn profit”

IR Initiatives

- 1 . Disclose operating income on a monthly basis**
- 2 . Disclose annual recruitment budgets**
- 3 . Disclose estimated ROE**

Operational Strategies

Recruitment Strategies (1)

Recruitment Strategies and Costs

Recruitment Strategies

1. Recruitment cost per person is planned to remain on the same level ⇒
Focus on improving acceptance rate rather than increasing number of applicants
2. Set a buffer of 300 million yen ⇒ Thoroughly manage costs
3. Standardize skills of individuals conducting interviews
4. Centralize oversight of the entry/interview/selection/final approval process
5. Establish more recruitment bases in 2H ⇒ strengthen recruitment in local areas

Recruitment cost	(Million yen)				
	FY2014	FY2015	FY2016	FY2017	FY2018 (Plan)
Annual recruitment cost	330	455	668	1,117	1,300
Annual number of recruits	1,628 people	1,702 people	2,018 people	2,666 people	2,500 people
Recruitment cost per share (thousand yen)	203	267	331	419	400
Change ratio	120.1%	31.9%	23.9%	26.5%	△4.5%

Recruitment Strategies (2) Recruitment Base

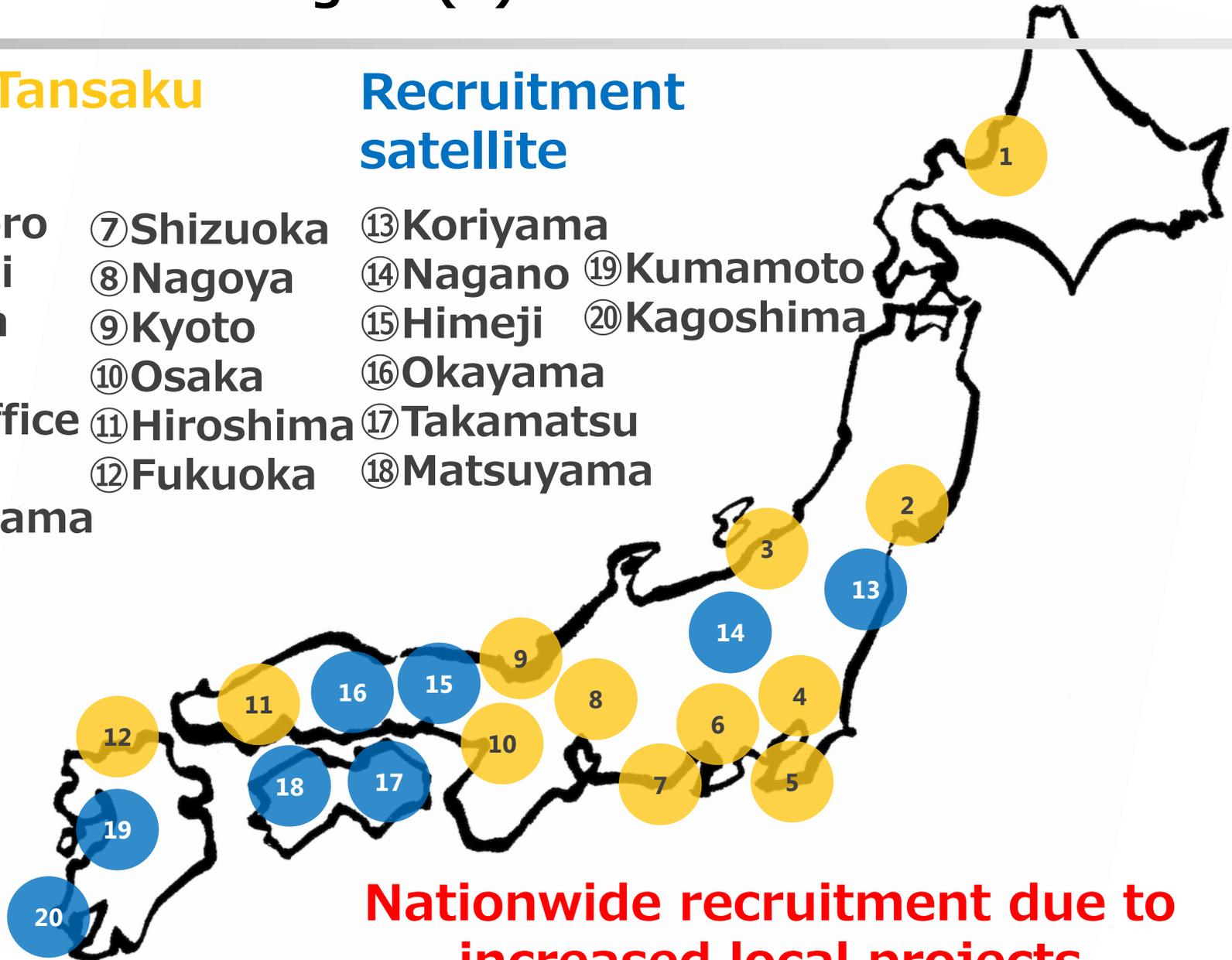
Yume Tansaku Cafe

- ① Sapporo
- ② Sendai
- ③ Nigata
- ④ Tokyo
- head office
- ⑤ Chiba
- ⑥ Yokohama

- ⑦ Shizuoka
- ⑧ Nagoya
- ⑨ Kyoto
- ⑩ Osaka
- ⑪ Hiroshima
- ⑫ Fukuoka

Recruitment satellite

- ⑬ Koriyama
- ⑭ Nagano
- ⑮ Himeji
- ⑯ Okayama
- ⑰ Takamatsu
- ⑱ Matsuyama
- ⑲ Kumamoto
- ⑳ Kagoshima

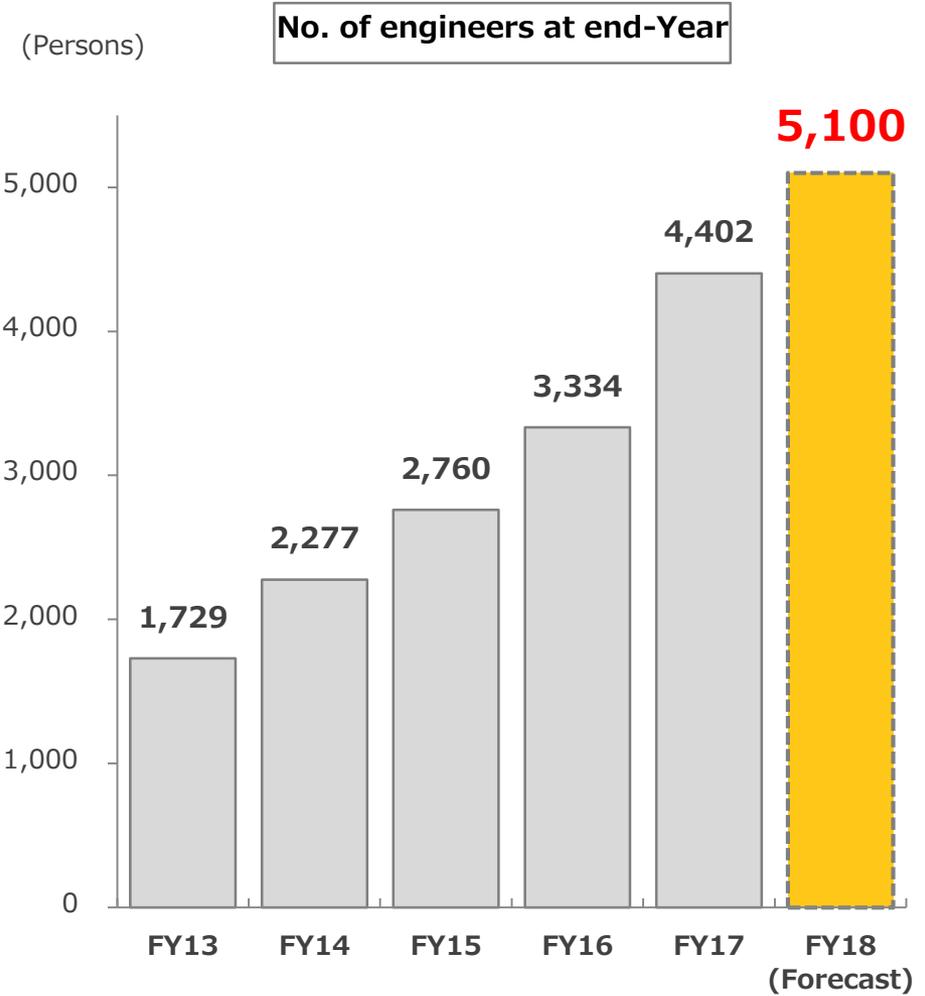
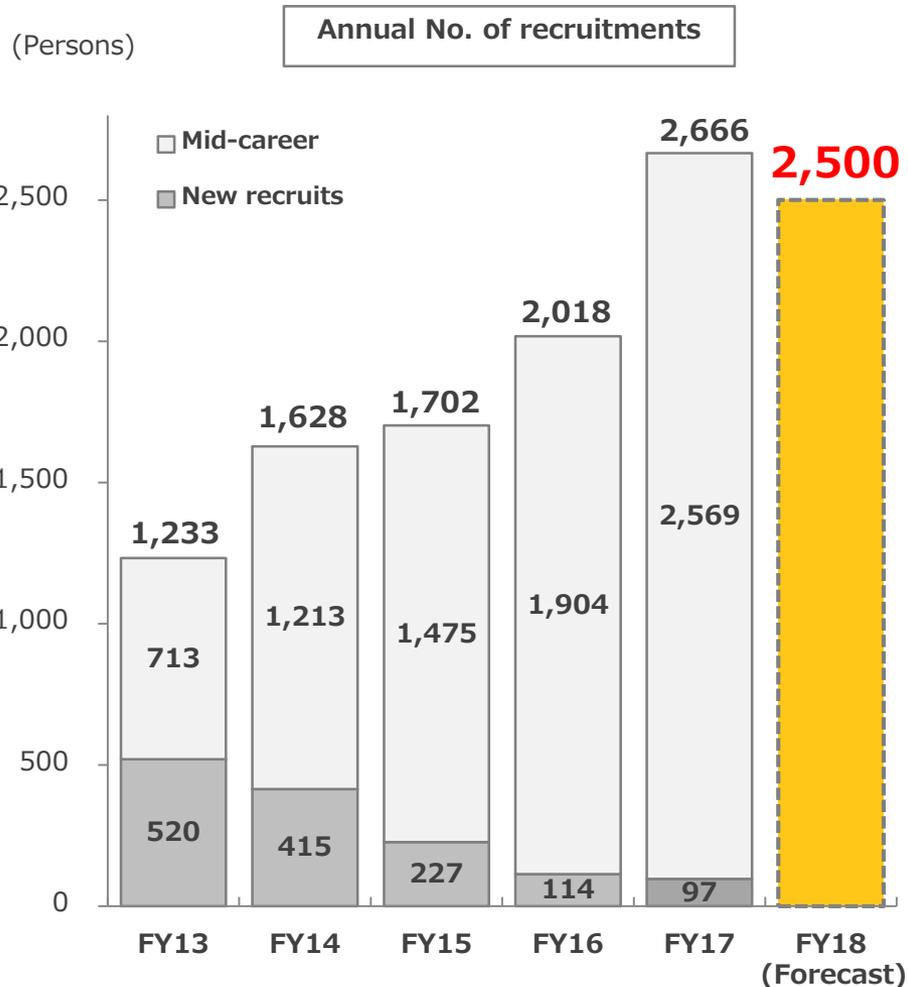


Nationwide recruitment due to increased local projects

Recruitment Strategies (3)

Target Number of Engineers

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



Operational Strategies (1)

External Environment/Measures

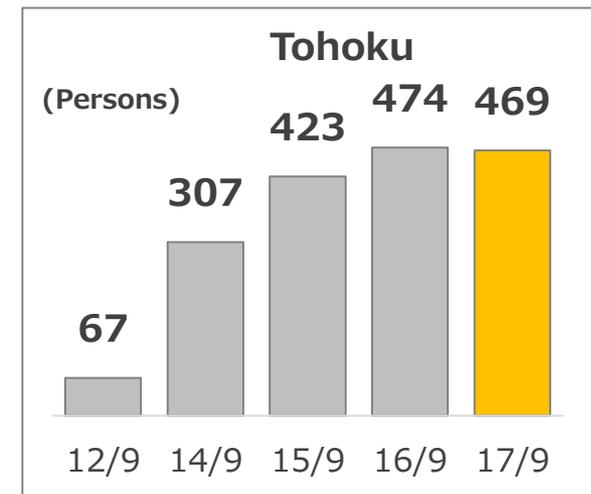
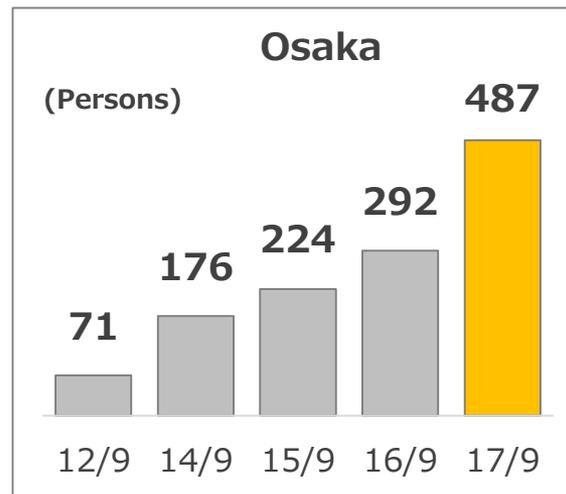
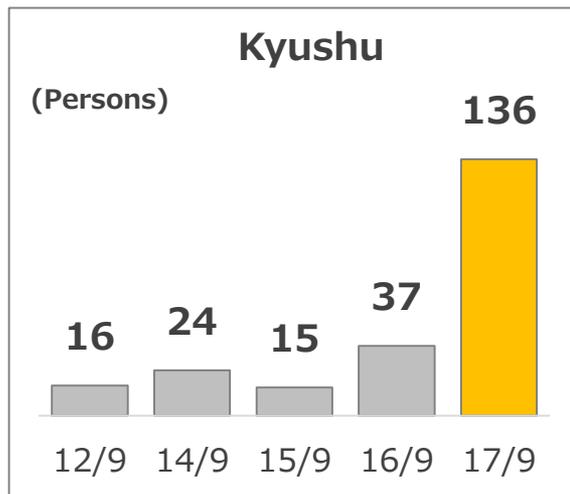
External environment

- Rapid increase in number of general contractors using workers with no experience
⇒ Affect major general contractors, too.
- Tohoku regions remains at the same level ⇒ Kansai regions including Osaka continues to grow
- Workforce sent to Kyushu due to Kumamoto earthquake restoration and recovery works up by 4 times

Operational strategies

1. Continue to negotiate for higher unit price
2. Cultivate and expand market into branches of general contractors
3. Shift to workplaces with better prospects for overtime
4. Increase sales office to meet growing needs to work in home regions

Change in No. of engineers by office



Operational Strategies (2)

Sales by Customer

- 1,690 client companies due to steady progress in developing new businesses → Increase of about 1,000 client companies in 5 years (FY2012:693 companies)
- The top 10 companies account for 22%. Distribution of customer base has been progressed
- Introduce a team system for important customers

Sales composition

(%)

Rank	FY2013		FY2014		FY2015		FY2016		FY2017	
1	TOKYU CONSTRUCTION CO., LTD.	6.6	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
2	Daiwa House Industry Co., Ltd.	4.8	TOKYU CONSTRUCTION CO., LTD.	4.6	Taisei Corporation	3.7	Taisei Corporation	4.1	Taisei Corporation	3.8
3	KUROSAWA CONSTRUCTION CO., LTD.	2.7	Taisei Corporation	3.5	SHIMIZU CORPORATION	2.8	SHIMIZU CORPORATION	3.4	SHIMIZU CORPORATION	2.6
4	Takenaka Corporation	2.2	HAZAMA ANDO CORPORATION	1.6	TOKYU CONSTRUCTION CO., LTD.	2.7	Takenaka Corporation	3.0	Takenaka Corporation	2.0
5	Taisei Corporation	2.2	SHIMIZU CORPORATION	1.6	Takenaka Corporation	2.2	SHINRYO CORPORATION	1.7	Fuji Electric	1.6
	Top 5 total	18.5	Top 5 total	17.8	Top 5 total	17.5	Top 5 total	18.3	Top 5 total	15.3
	Top 10 total	27.5	Top 10 total	24.9	Top 10 total	24.8	Top 10 total	24.6	Top 10 total	22.1

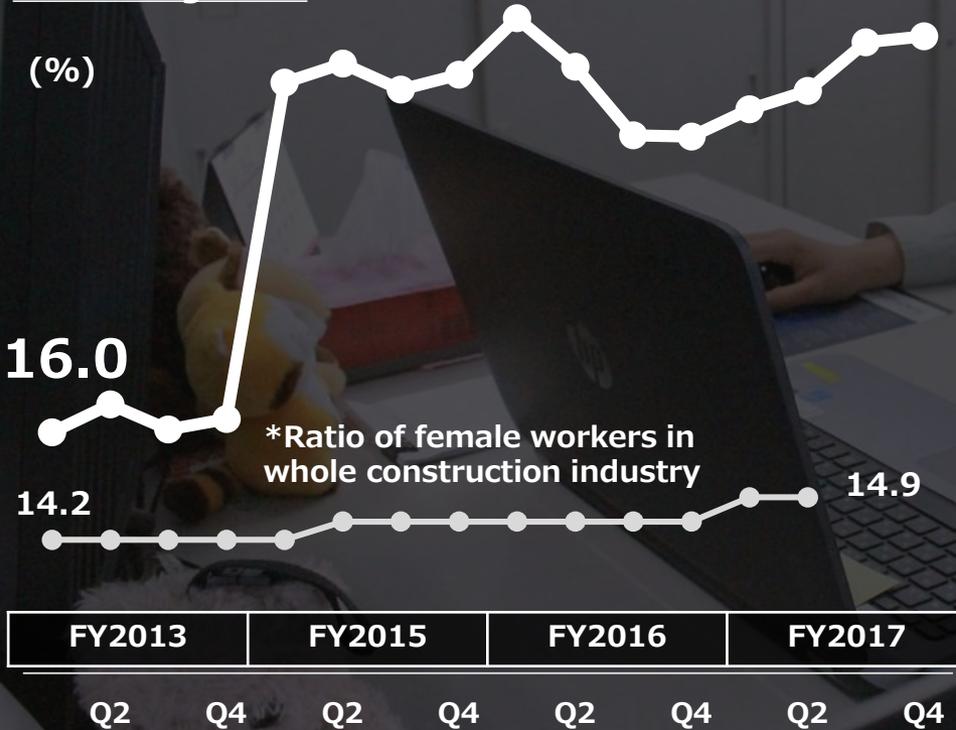
Operational Strategies (3)

Recruit More Female Engineers

Characteristics of female engineer placements

- Female workers have increased rapidly with the government support
- Long-term staffing period and high repeat rate

Change in ratio of female engineers



Summary of Operational Strategies

1. Number of staffs at work

- Recruit 2,500 people with thorough cost management
- Maintain retention rate at more than 70% through continuous monitoring strategies
- Proactively use female engineers

2. Operating rate

- Reducing recruiting in April-June, a quiet period
- 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

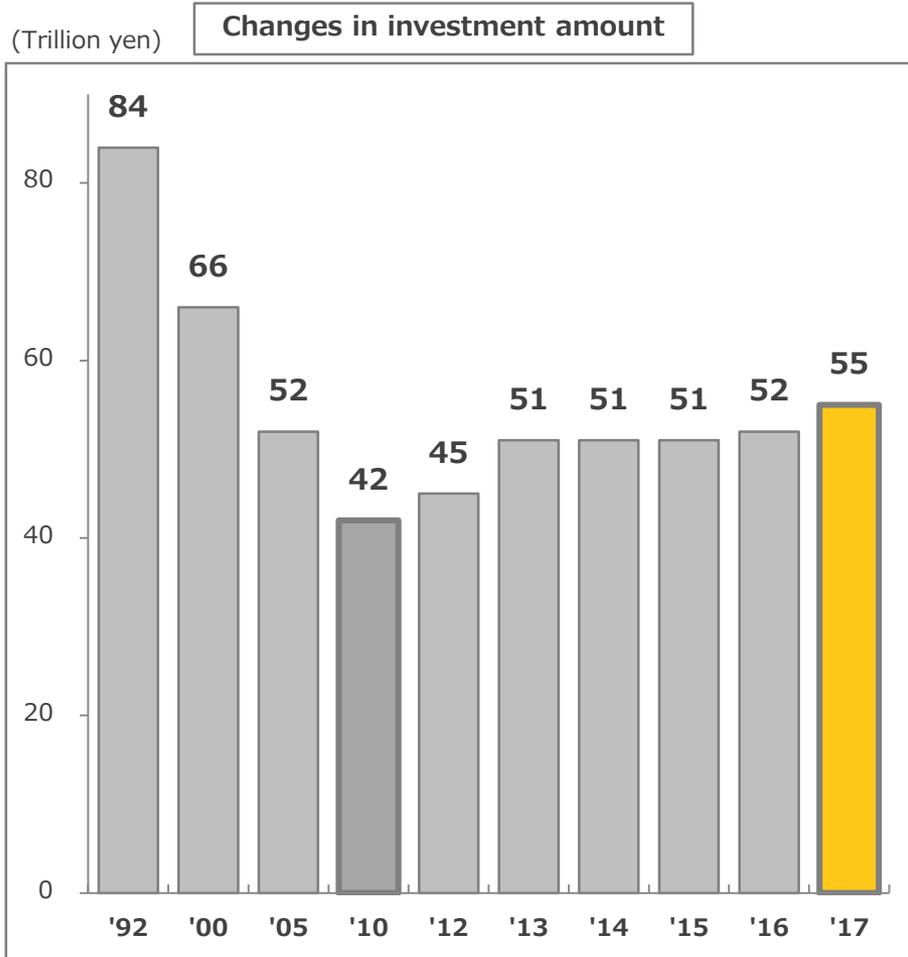
- Increase added value by using constant follow-up training
- Create evaluation system for sales staff focusing on contract unit prices

Medium-Term Management Plan

External environment (1)

Increasing Construction Works

- Investment amount increased by 30% from the bottom in 2010
- Many projects spanning across 2020



Example of large projects after the Tokyo Olympics

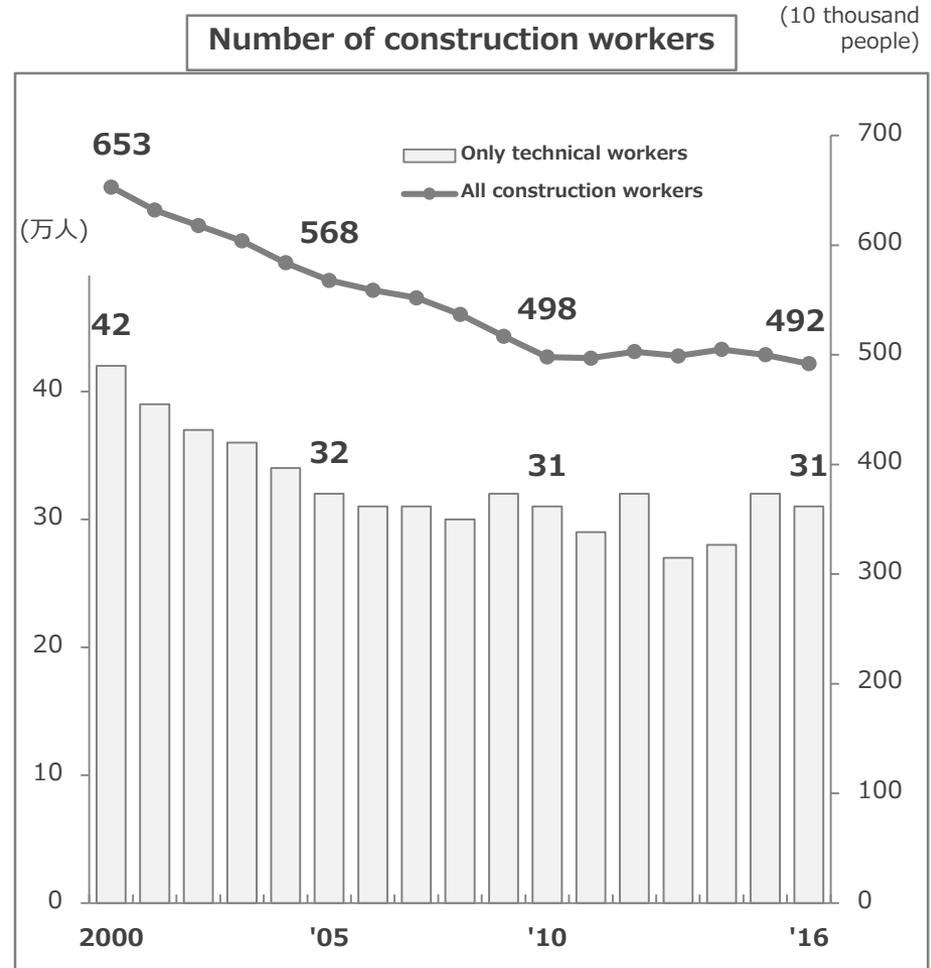
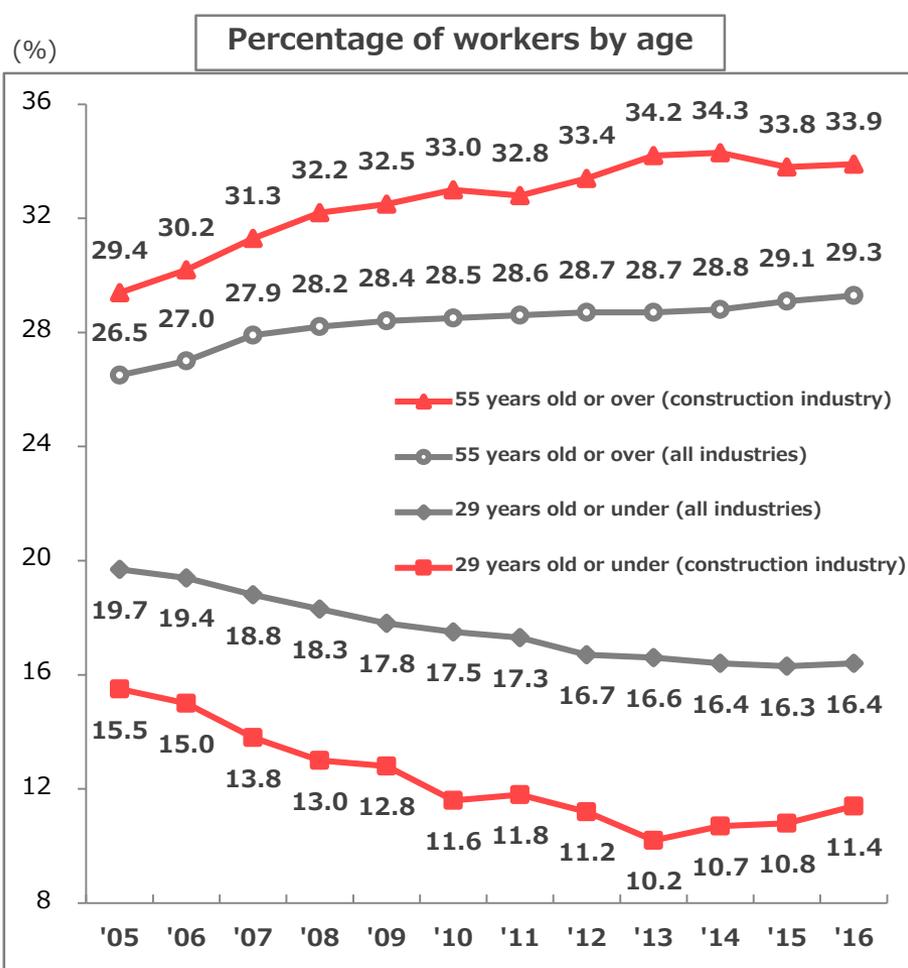
Project	Planned contractor	Planned completion
Redevelopment of Shinagawa	Taisei Corporation Maeda Corporation	2019
Shibaura Project	SHIMIZU CORPORATION SHIMIZU CORPORATION	2019
Toranomon Tokyo Worldgate	SHIMIZU CORPORATION	2019
Redevelopment of Shibuya	TOKYU CONSTRUCTION CO., LTD.	2021
Redevelopment of Yaesu	Taisei Corporation Obayashi Corporation	2024
Hamamatsucho Trade center building	Kajima Corporation	2024
Tokiwabashi Empty lots of Nihon Building	Taisei Corporation	2027

Source: Ministry of Land, Infrastructure, Transport and Tourism 'Survey on Building Activities Actual Survey' (Surveyed Companies = About 50 Large Construction Contractors)

External environment (2)

Declining Construction Workers

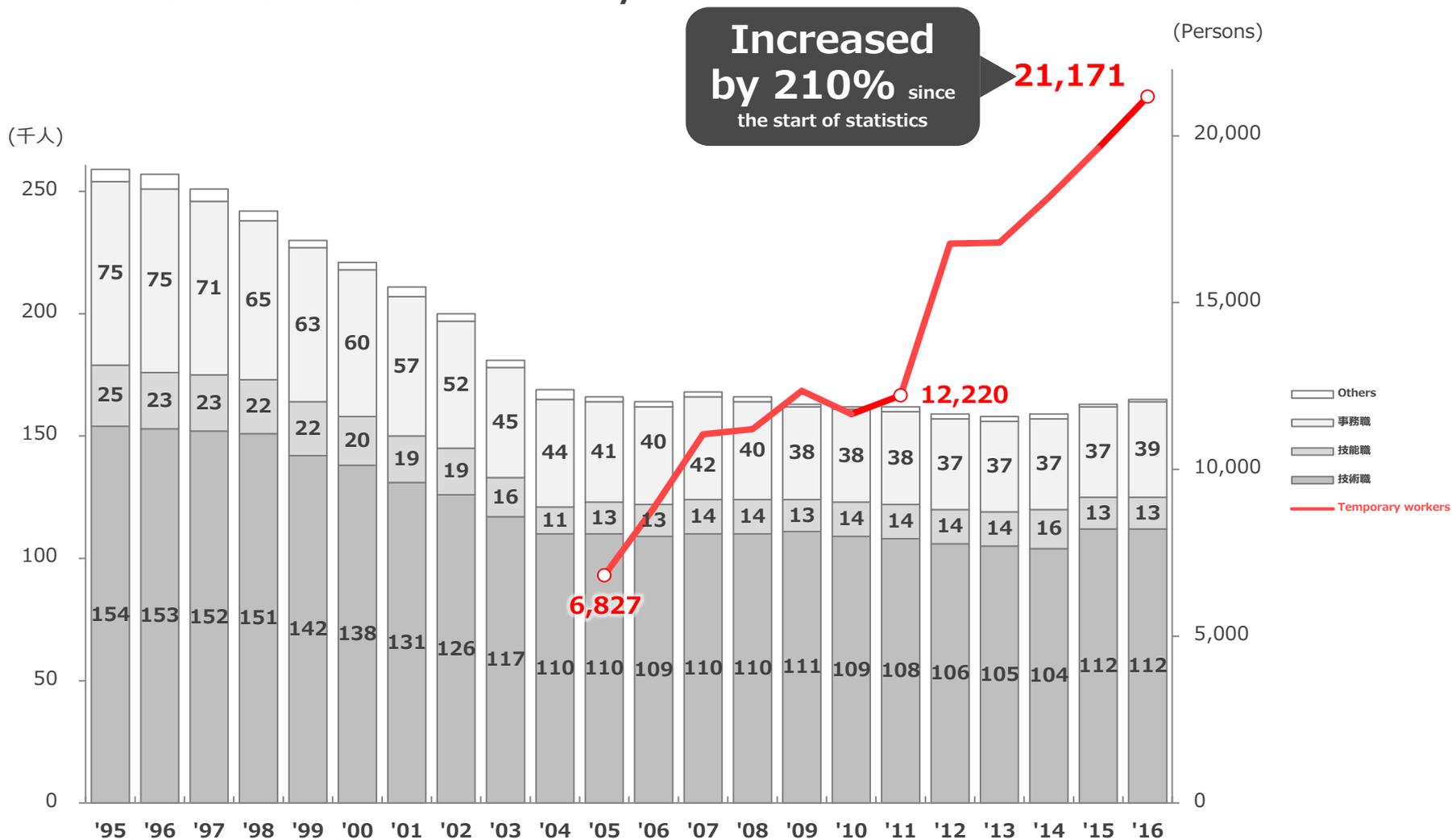
- Construction workers decreased by 1.4 million in 15 years
- One in three people is over 55 years old



External environment (3)

Increased Use of Temporary Staffing Engineers

- After the Great East Japan Earthquake in 2011, the utilization of temporary workers has increased remarkably.



Source: Ministry of Land, Infrastructure, Transport and Tourism 'Survey on Building Activities Actual Survey' (Surveyed Companies = About 50 Large Construction Contractors)

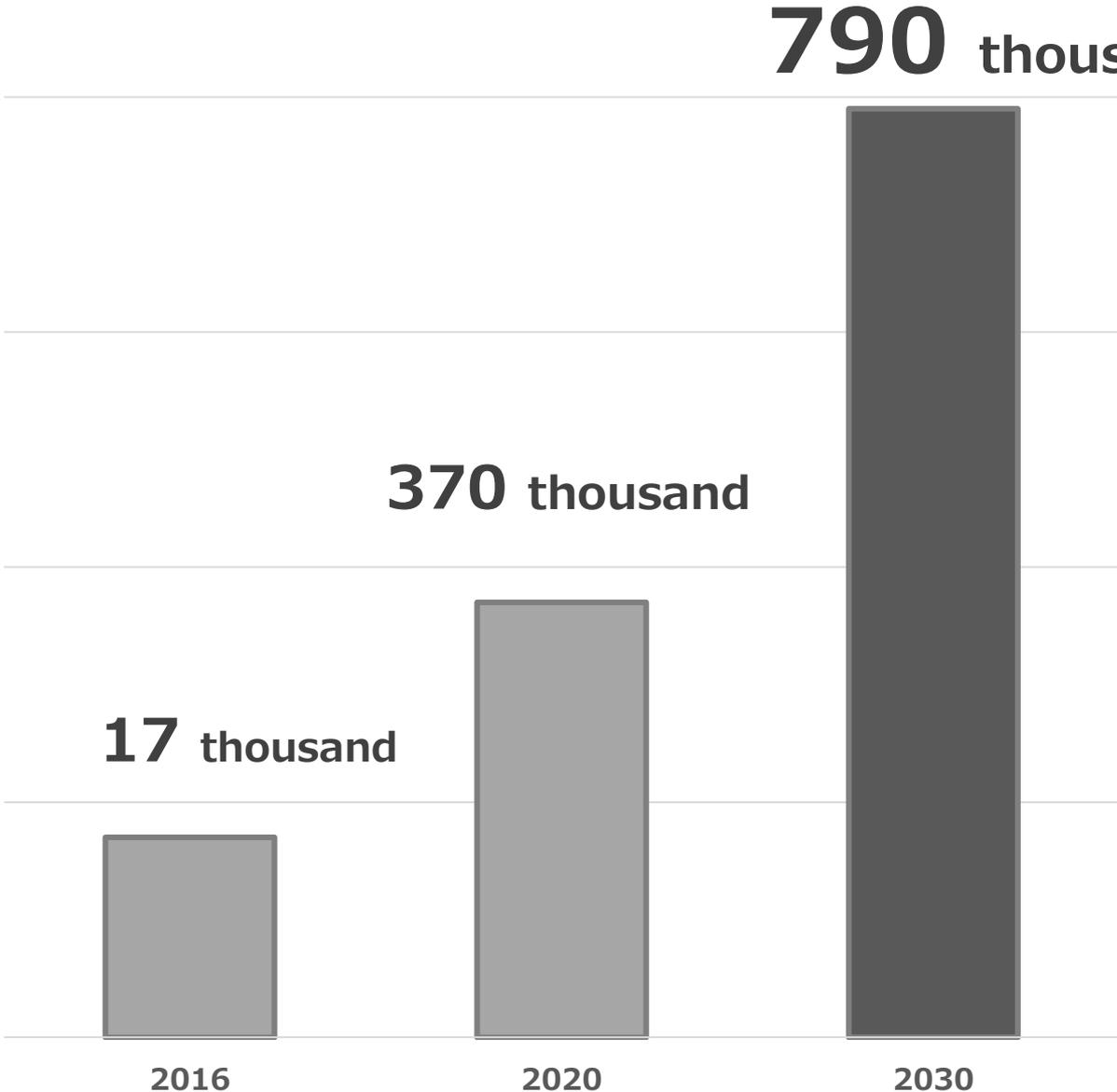
External Environment (4) Size Of "Engineer" Temporary Staffing Market



Source: Human Resources Business 2016, YANO Research Institute

External Environment (5)

Shortage Number of IT Engineers



790 thousand

Labor shortage is a **Unprecedented crisis** at the global level

17 thousand

370 thousand

2016

2020

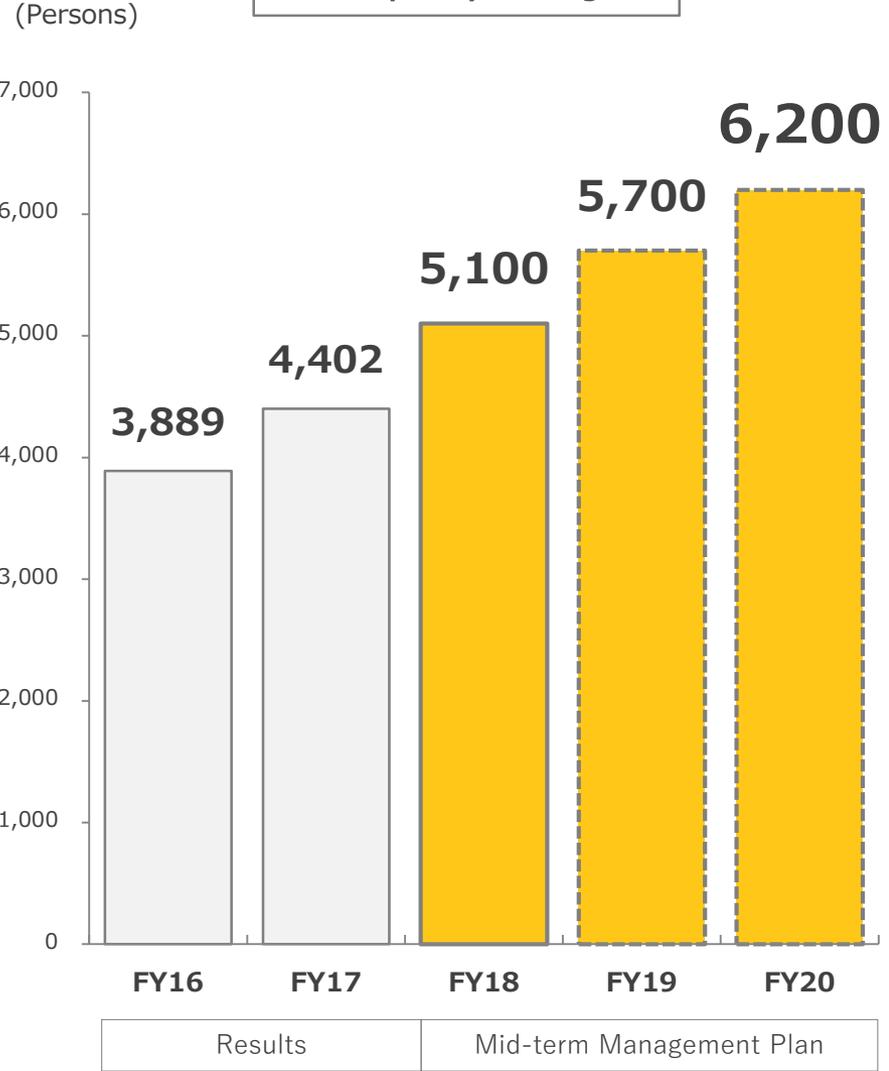
2030

Source: Ministry of Economy, Trade and Industry

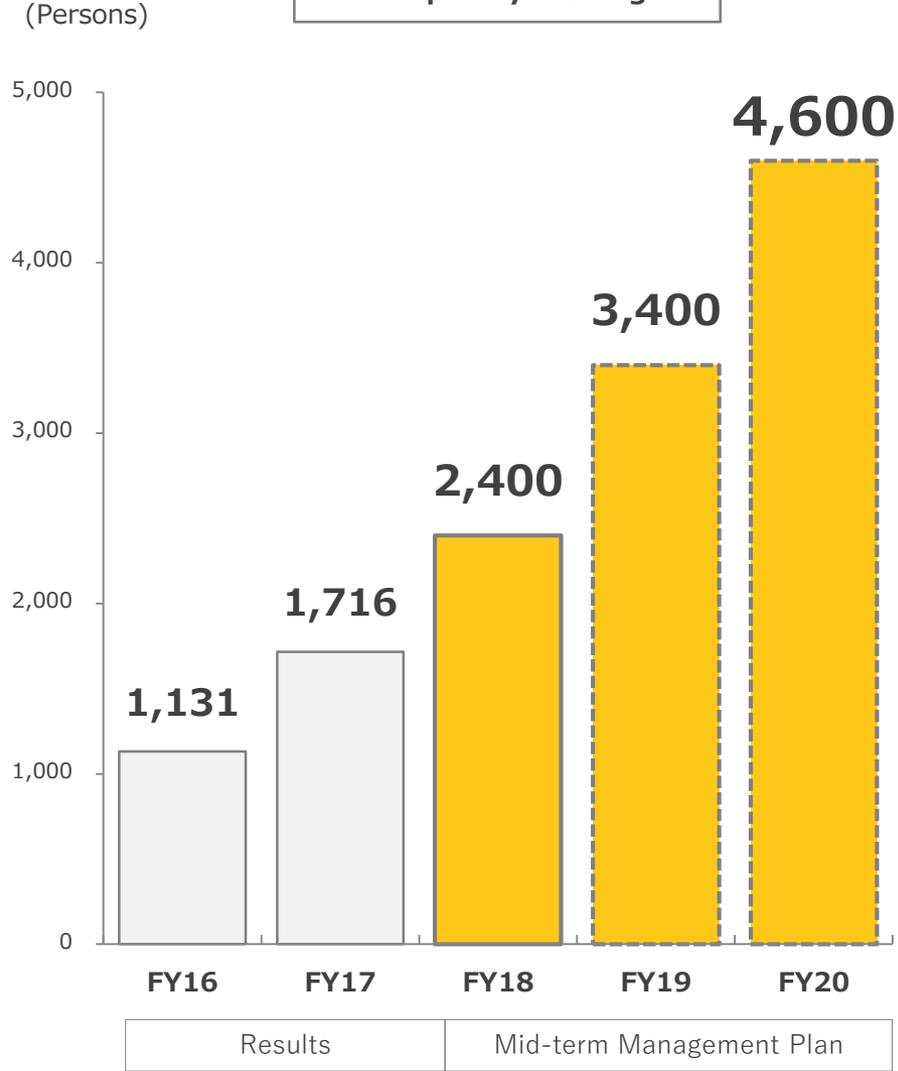
Mid-term Management Plan (1)

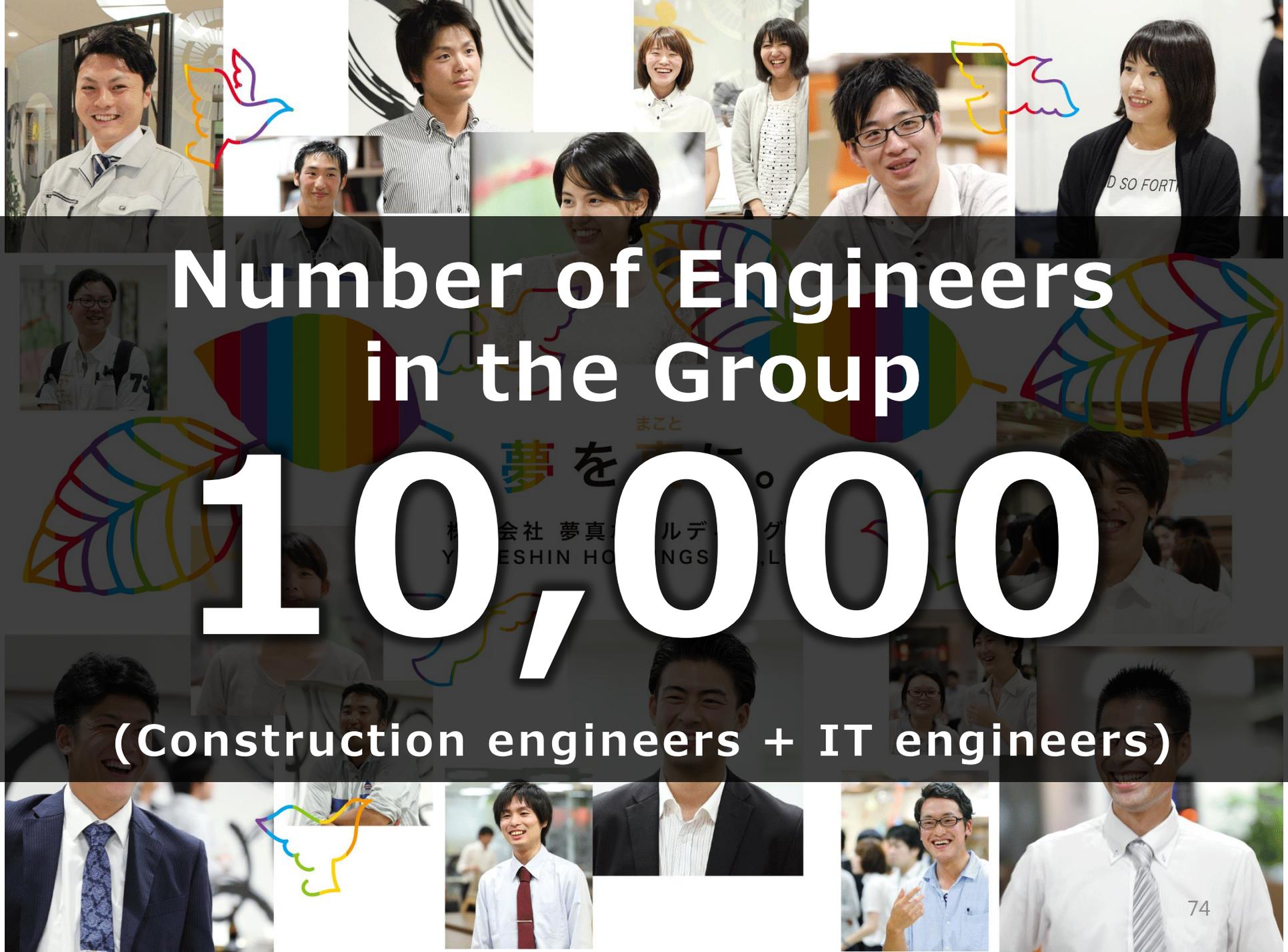
Planned Number of Engineers

Construction engineer temporary staffing



Engineer temporary staffing





Number of Engineers in the Group

10,000

(Construction engineers + IT engineers)

Mid-term Management Plan (2)

Market Share of Engineer Temporary Staffing

The engineer temporary staffing market is led by two companies

2013

Rank	Company name	Net sales (100 million yen)
1	Meitec Corporation	703
2	TechnoPro Holdings	694
3	Altech Corporation	180
4	Trust Tech Inc.	149
5	Yumeshin HD	125

2017

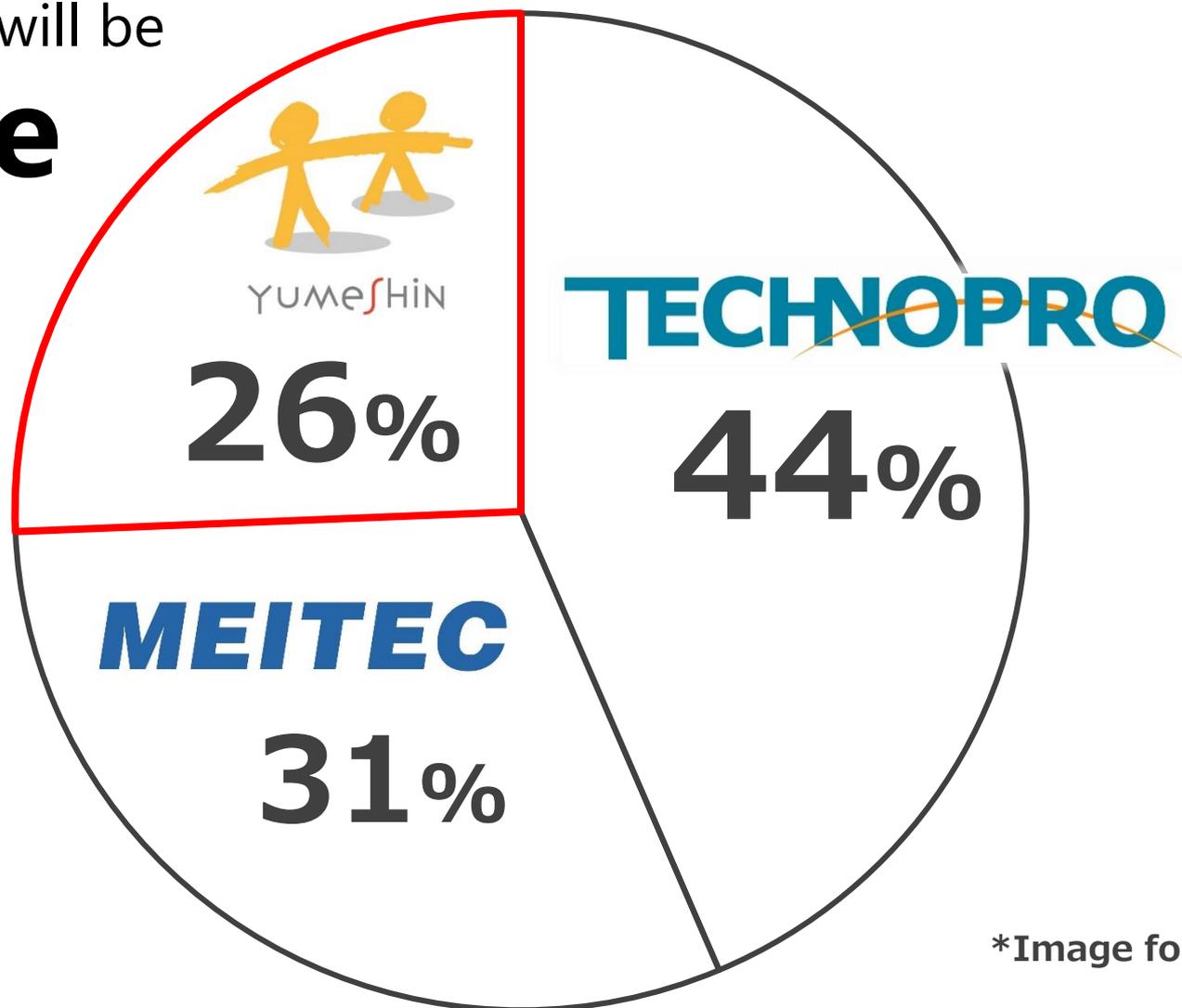
Rank	Company name	Net sales (100 million yen)
1	TechnoPro Holdings	1,000
2	Meitec Corporation	899
3	Trust Tech Inc.	430
4	Yumeshin HD	305
5	Altech Corporation	267

*Source: summary of financial results of each company

Mid-term Management Plan (3) Target Share

The market will be

stable



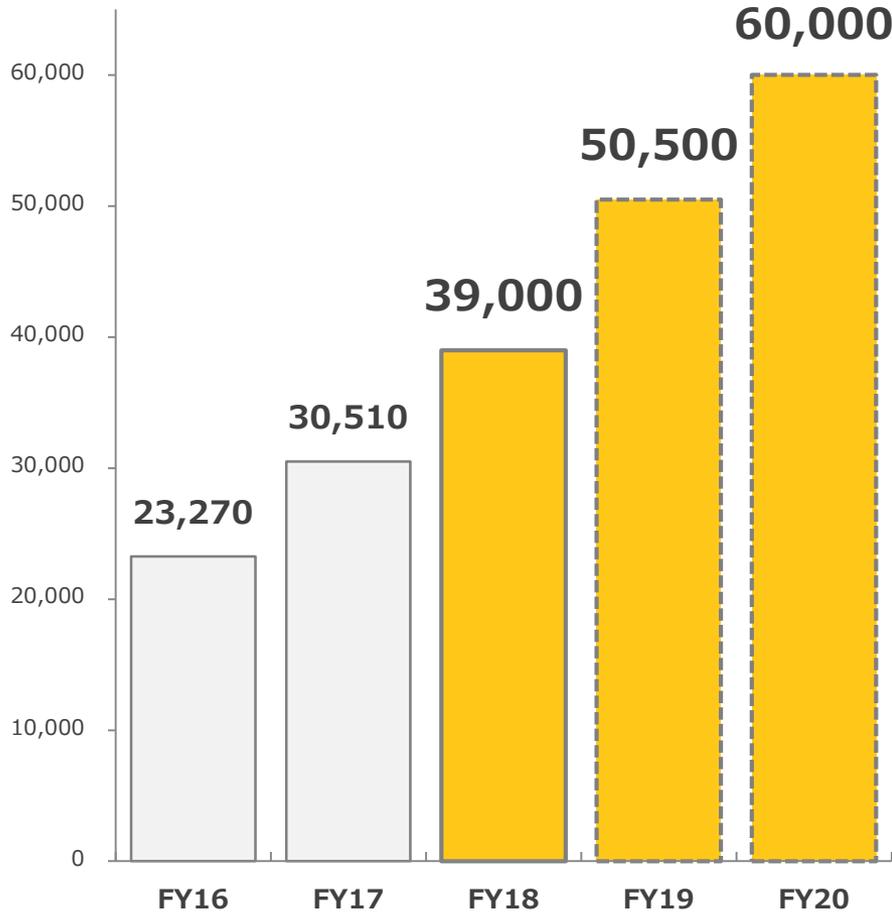
*Image for 2020

Mid-term Management Plan (4)

Forecast of Net Sales and Operating Income

Consolidated net sales

(Persons)

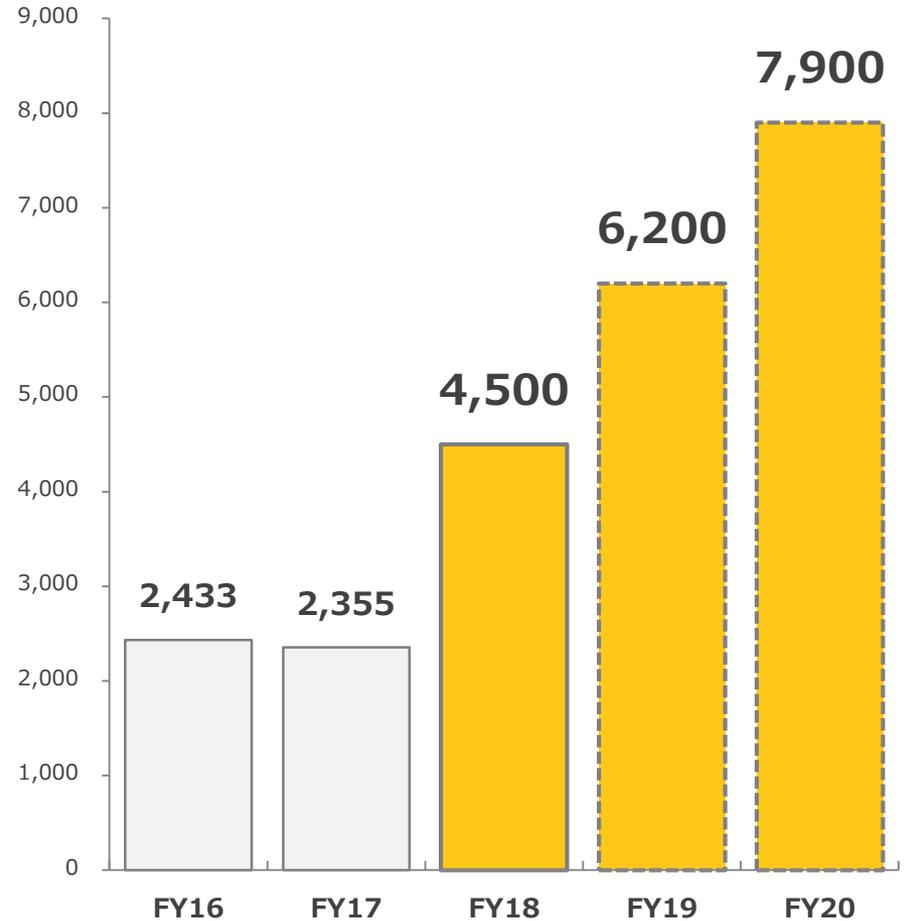


Results

Mid-term Management Plan

Consolidated operating income

(Persons)



Results

Mid-term Management Plan

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

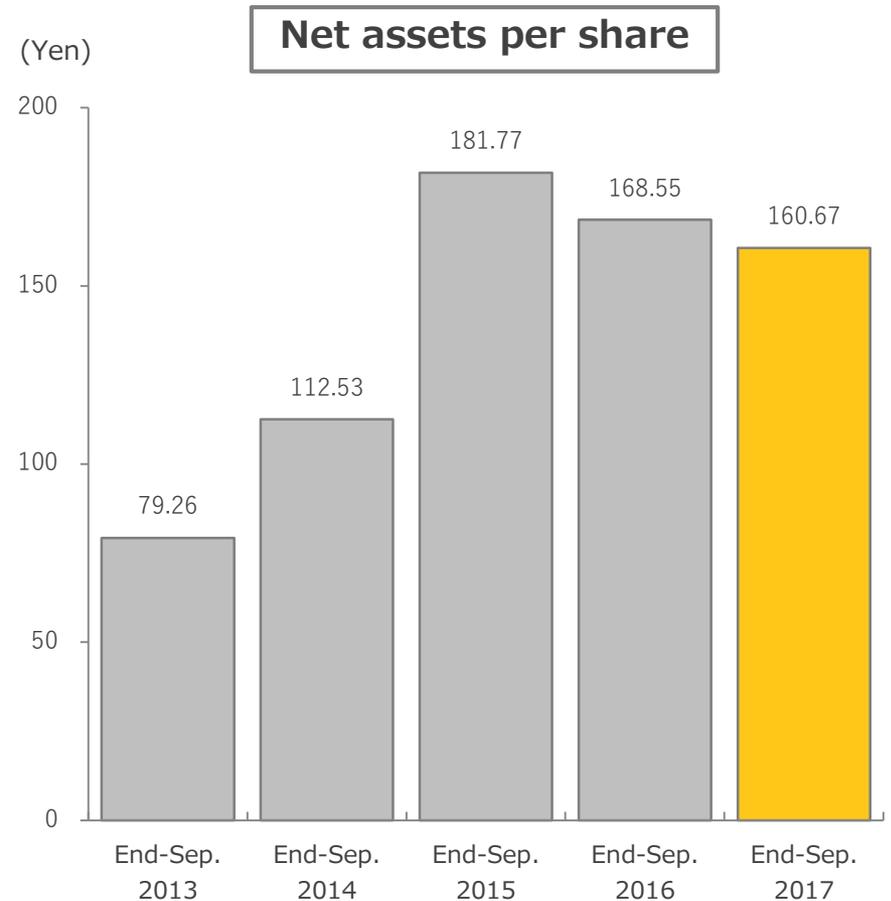
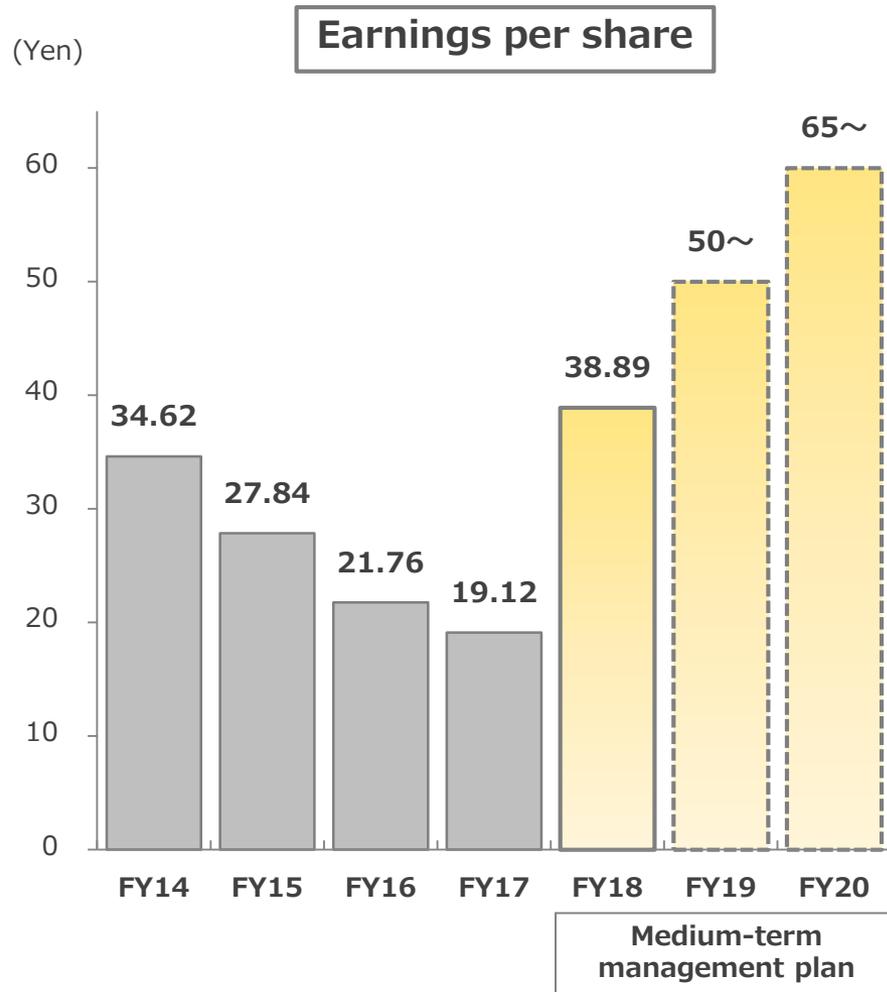
Aim for ROE of 30% or more by improving profit margin

Improve liquidity

Aim for listing on the TSE 1st Section

Shareholder Return (1) Earnings/Net Assets Per Share

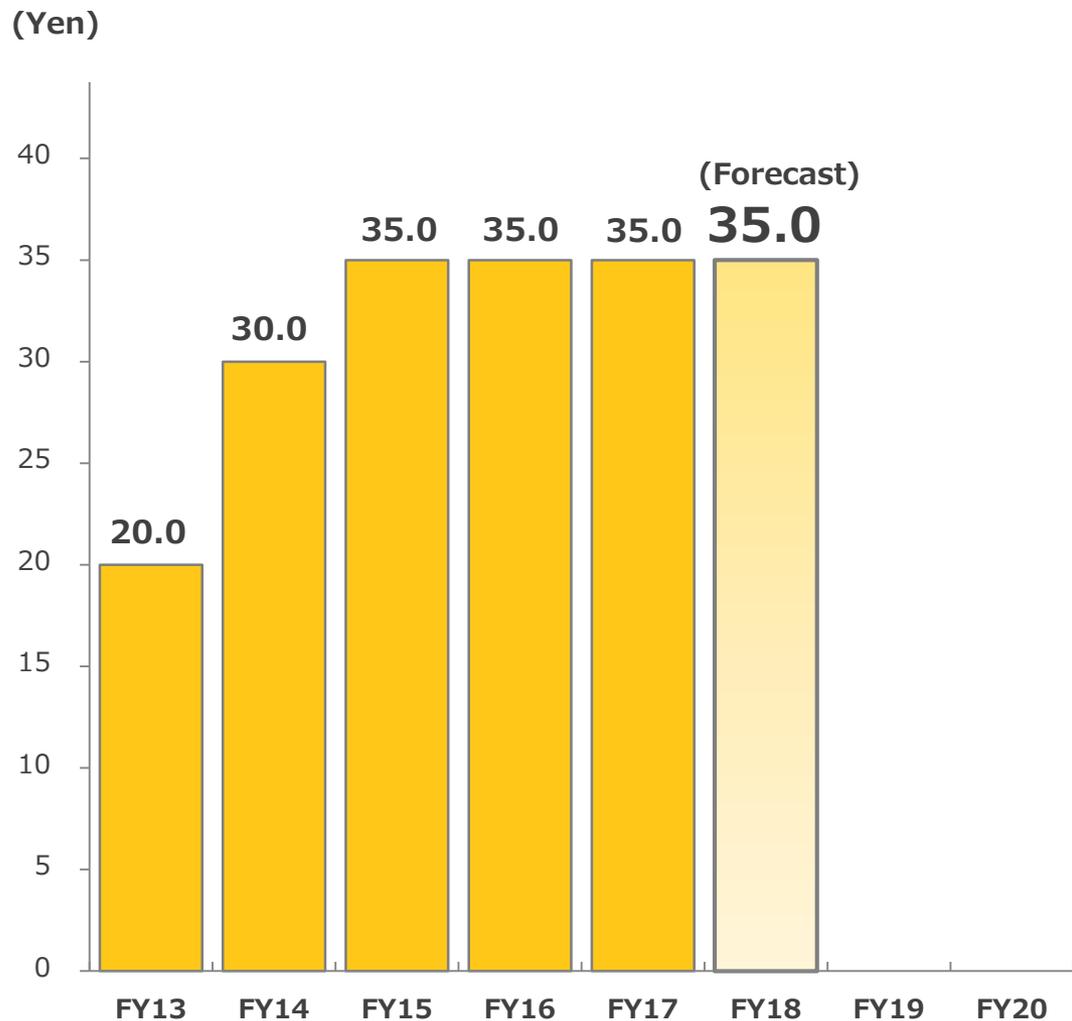
- Earnings per share ⇒ expect large increase from FY18 onward due to improvement in profit ratio



* 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 Payout Ratio



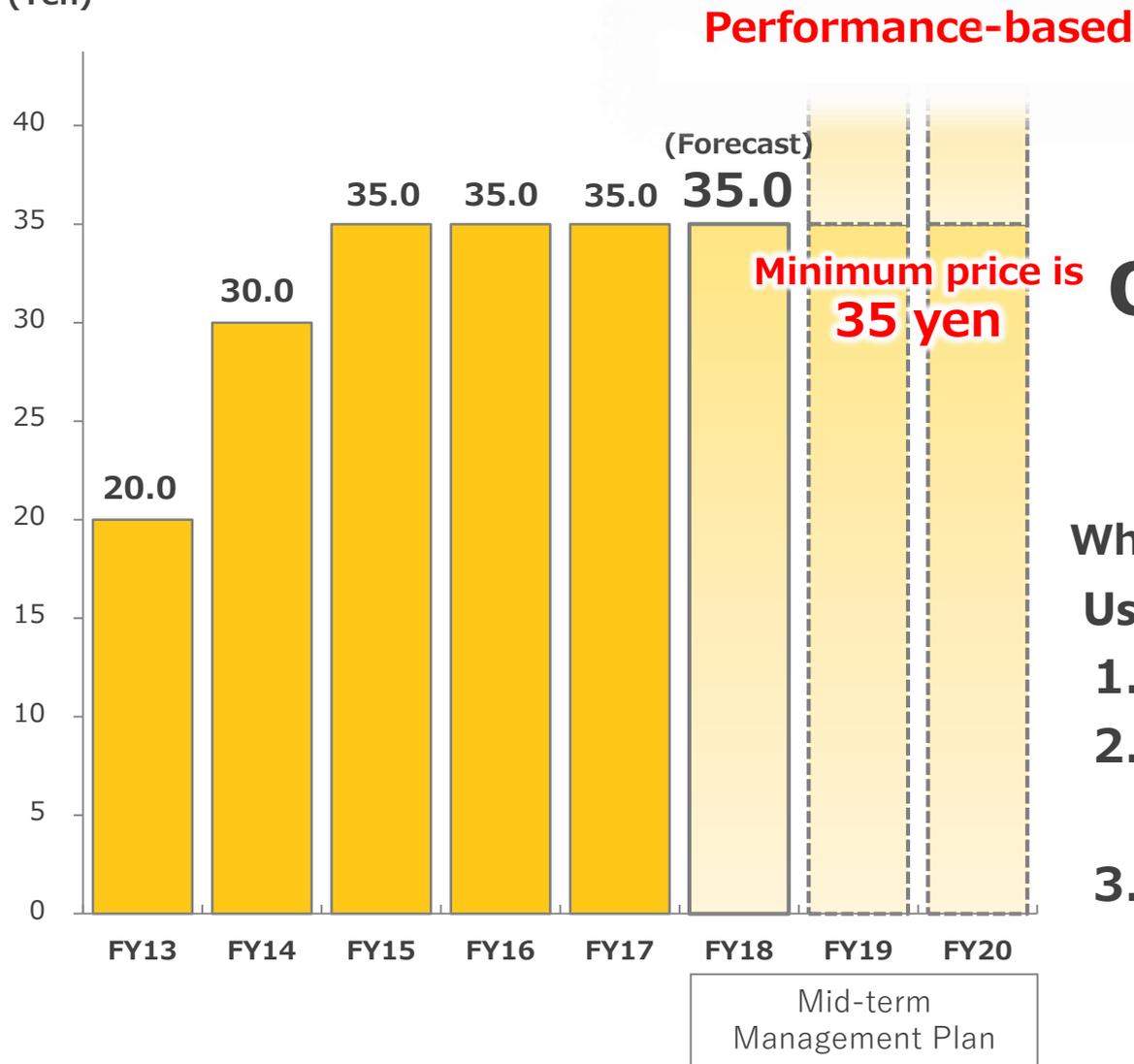
**Average
payout ratio
for the past 5-year**

129%

Mid-term
Management Plan

Shareholder Return (3) Dividend Policy

(Yen)

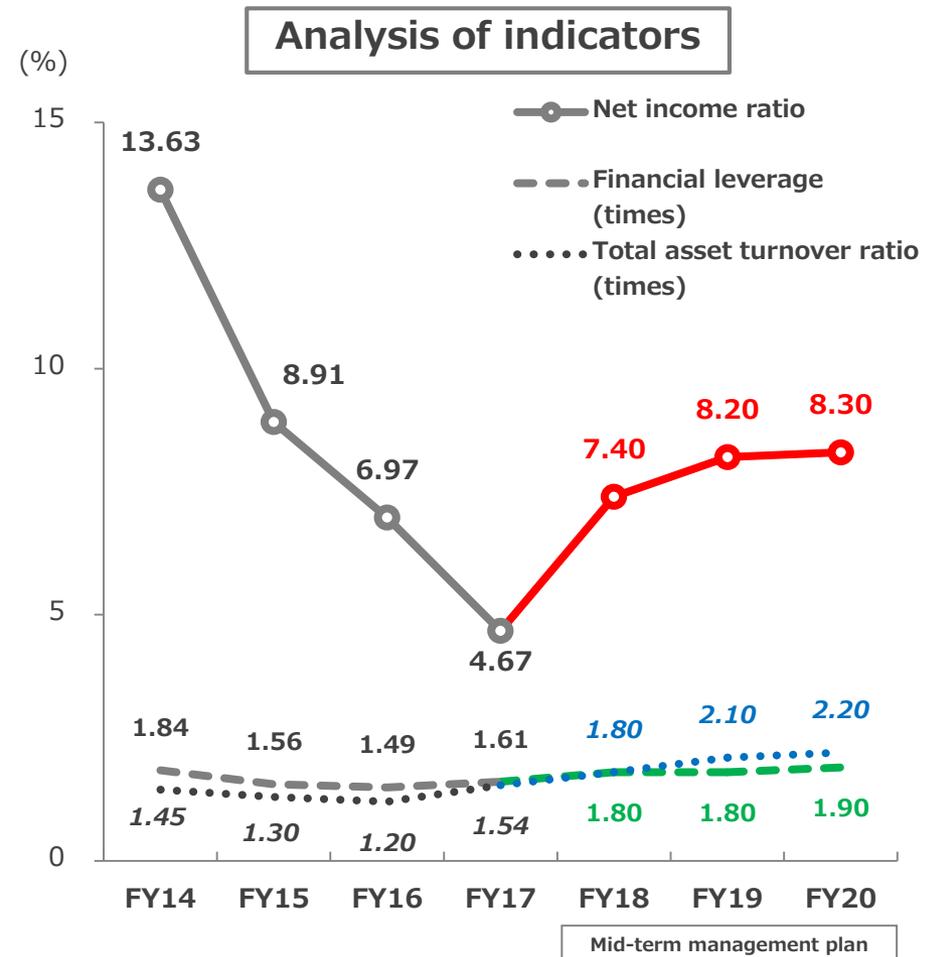
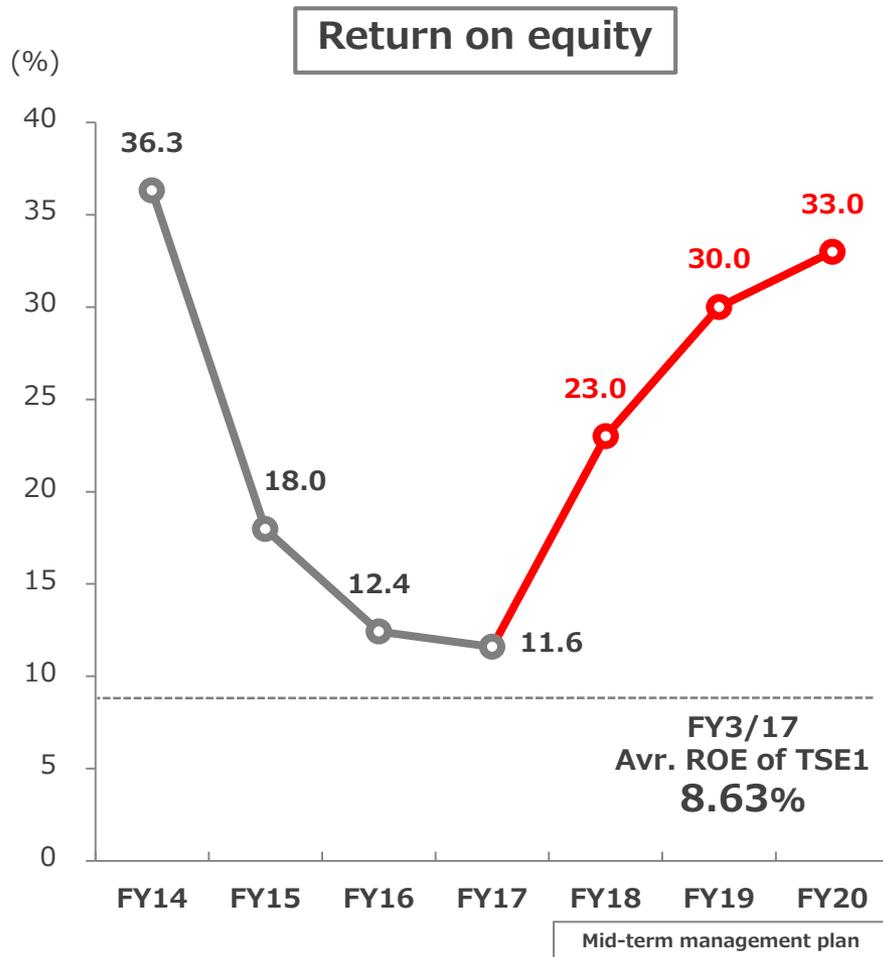


Add extra on the stable dividend

- 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 (4) 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 = $\text{Sales} \div \text{Total assets (avg. during period)}$
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)

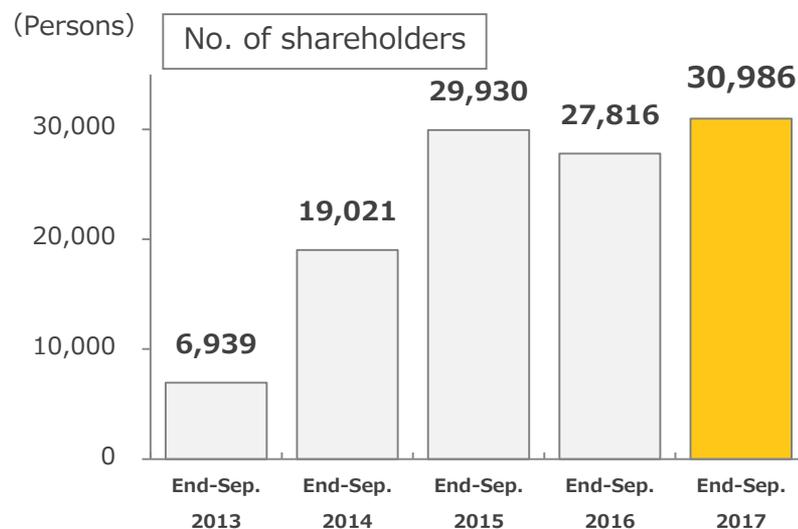
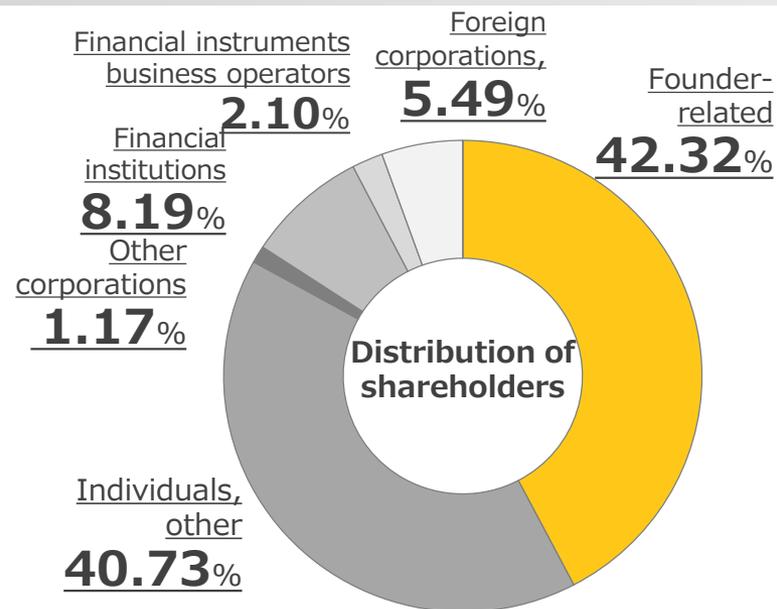
(million yen)

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

Reference (3) Executives

Director	Auditor	Total
6 (Outside:2)	3 (Outside:2)	9

(As of Sept. 30, 2017)

Chairman and Representative Director

Shingo Sato

Born on Mar. 14, 1947 18,425,440shares

President and Representative Director

Daio Sato

Born on Nov. 25, 1983 5,600shares

Senior Managing Director

Yoshikiyo Sato

Born on Apr. 22, 1963

Director

Masato Kusahara

Born on Jan. 2, 1950 17,000shares

Outside Director

(Independent executive)

Tomohiro Sakamoto

Born on Dec. 17, 1962 Sakatomo Law Office (Present post)

Outside Director

(Independent executive)

Miki Oda

Born on Jan. 15, 1973 FinanTec Co., Ltd. (Director)

Outside Auditor

(Independent executive)

Hirobumi Takahashi

Born on Sep.1, 1939 4,000shares

Outside Auditor

(Independent executive)

Hiroaki Rokugawa

Born on June 10, 1963

OGASAWARA KONNO & ROKUGAWA (Present post)

Auditor

Yukio Matsumoto

Born on Mar. 7, 1948

Meeting people makes Everybody's dream come true





YUMESHIN

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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