



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ending **September** 2020 Financial Results

– 1st Quarter –

February 7, 2020

September, 2020
Securities code
2362

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Key Issue for FY9/20

“Operating income of 8 billion yen”

Q1 Highlights

Q1 TOPICS

- 1. Consolidated operating income**
Up 23% YoY, generally in line with plan
- 2. Construction Engineer Temporary Staffing and Incidental Business**
Improved operation rate & efficient hiring ⇒ Profit increased by 34%
- 3. Engineer Temporary Staffing and Incidental Business**
Promoting a Layer Shifting ⇒ Recording profits
- 4. Other businesses**
Losses narrowed compared to the previous Q4

Summary of Consolidated P/L Statement



Group

(Million yen)

	FY2019/Q1 (J-GAAP)	FY2020/Q1 (J-GAAP)	Change	Pct. change
Sales	11,824	15,084	+3,260	27.6%
Gross profit	3,517 (29.8%)	4,337 (28.8%)	+819	23.3%
SG&A expenses	2,277 (19.3%)	2,811 (18.6%)	+533	23.4%
Operating income	1,240 (10.5%)	1,525 (10.1%)	+285	23.0%
Ordinary income	1,260 (10.7%)	1,542 (10.2%)	+282	22.4%
Net income attributable to owners of parent	852 (7.2%)	728 (4.8%)	▲123	▲14.5%
Amortization of goodwill	39	110	+71	180.6%

* () = Ratio to sales

* The Company will change its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for the fiscal year ending September 2020. For the first to third quarters of the fiscal year ending September 2020, the Japanese standard will be applied as before.

Summary of Segment P/L Statement



Group

(Million yen)

		FY19/Q1	FY20/Q1	Pct. change
Construction Engineer Temporary Staffing and Incidental Business	Sales	8,416	10,022	19.1%
	Gross profit	2,614	3,053	16.8%
	SG&A expenses	1,237	1,208	▲2.4%
	Segment profit	1,377	1,845	34.0%
Engineer Temporary Staffing and Incidental Business	Sales	3,360	4,849	44.3%
	Gross profit	874	1,147	31.3%
	SG&A expenses	703	1,059	50.5%
	Segment profit	170	88	▲48.1%
Other business	Sales	65	248	279.2%
	Segment profit	▲47	▲92	—

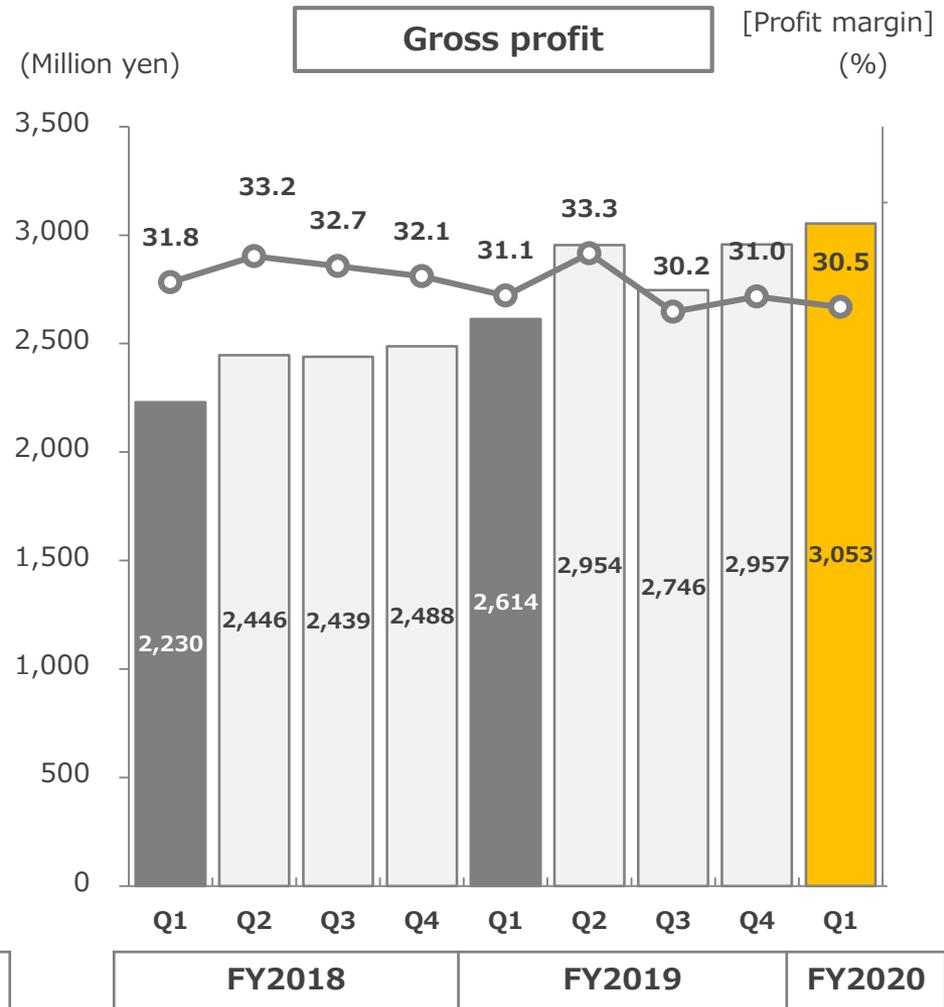
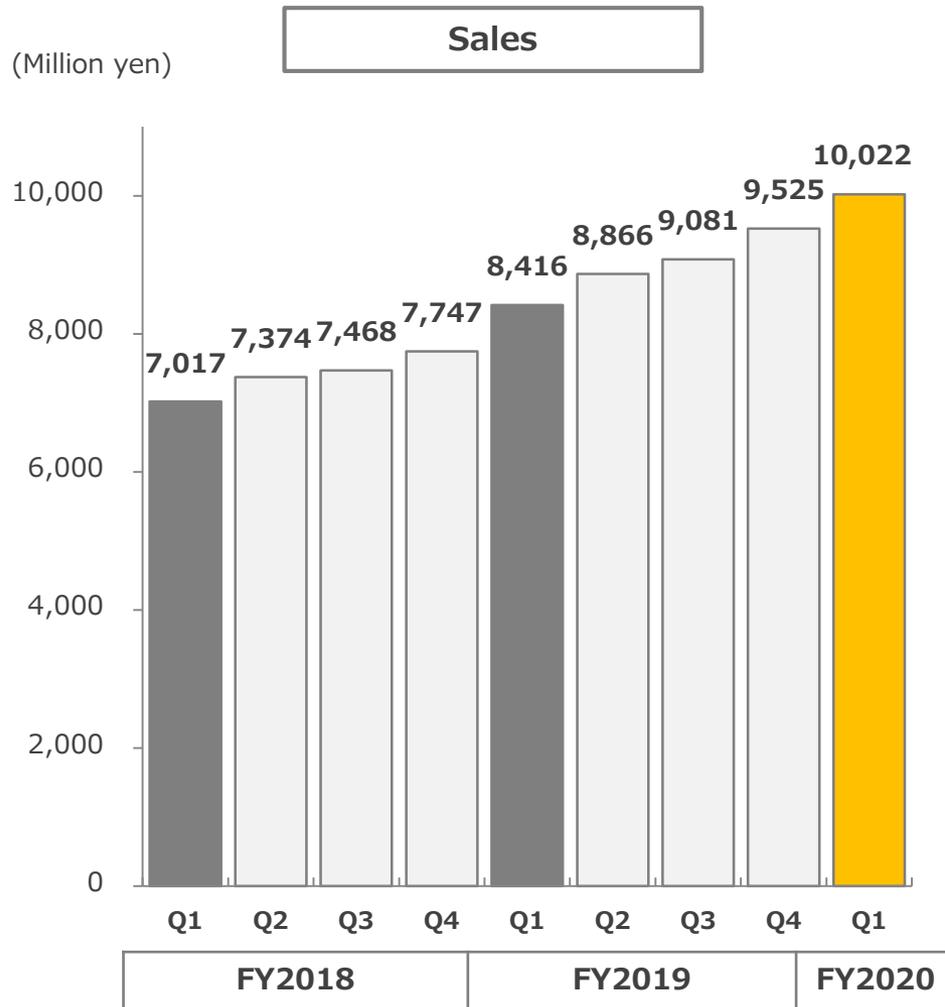
* Results by segment are stated in accordance with Japanese accounting standards.

Segment P/L (1) Sales and Gross Profit



Construction Engineer
Temporary Staffing

- Sales ⇒ Up by 19% YoY thanks to an increase in the number of engineers at work.
- Gross profit ⇒ Up by 17% YoY. Increased returns to engineers, but profitability remained at over 30% due to an increase in unit price of engineers.



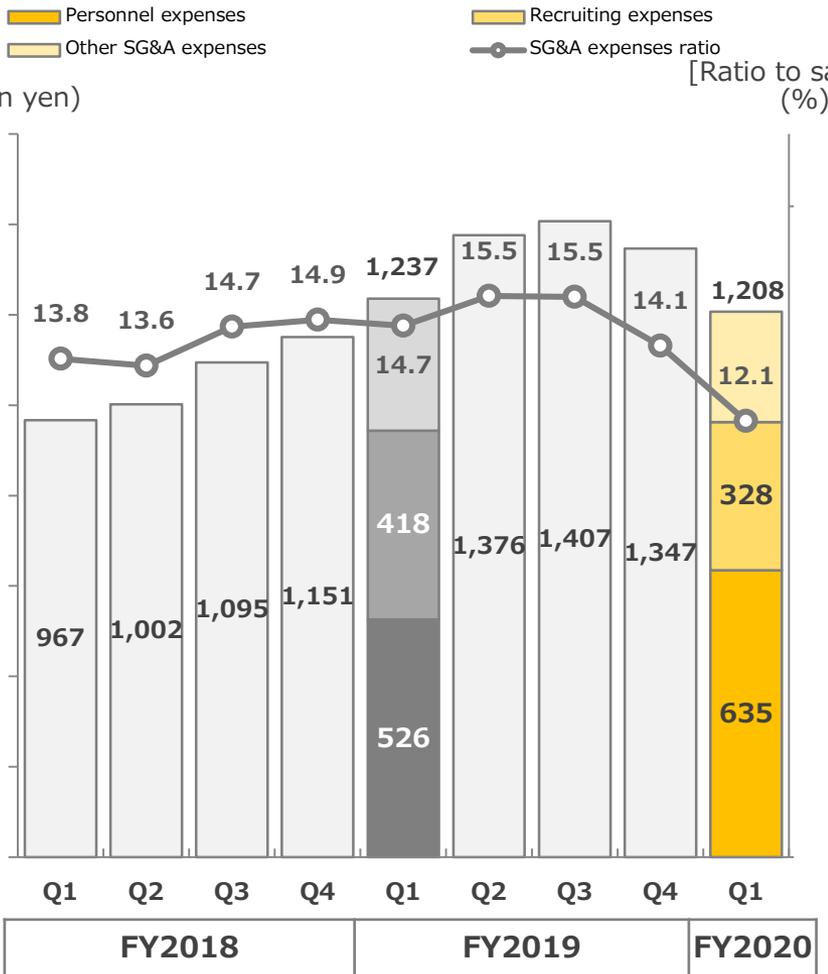
Segment P/L (2)

SG&A Expenses and Segment Profit

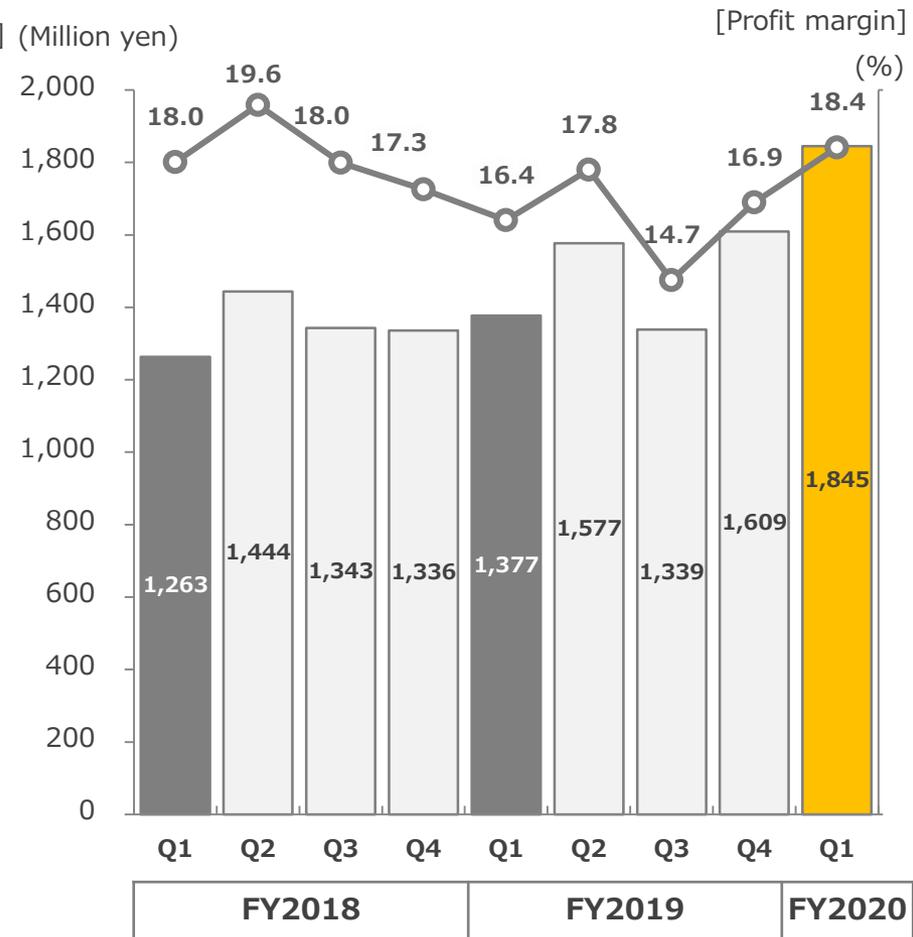


- SG&A expenses ⇒ Down by 2.4% YoY owing to the efficient recruitment activities
- Segment profit ⇒ Up by 34% YoY due to reduced SG&A expenses.

SG&A expenses



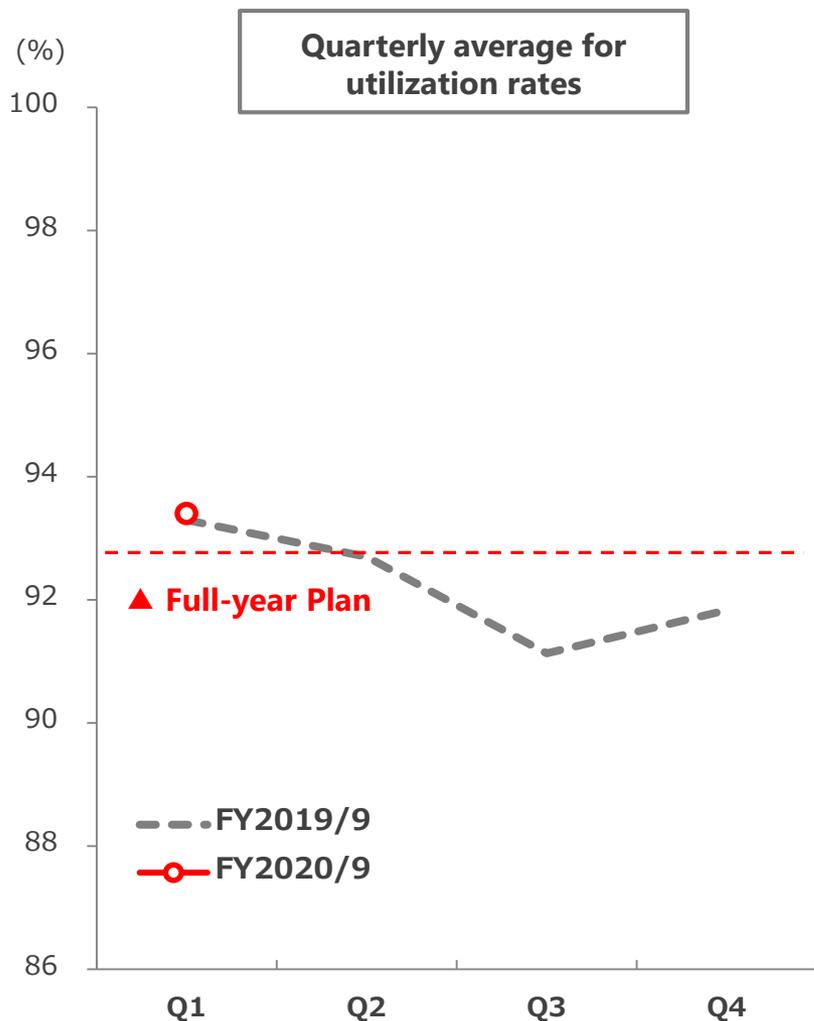
Segment profit



Segment Highlights (1)



- Key Indicator 1: Utilization rate: Improved from the previous Q4 and hit a high level
- Key Indicator 2: Ratio of recruiting expenses to net sales: Steadily implementing efficient hiring



Ratio of recruiting expenses to net sales

	FY19	FY20/Q1	FY20 Plan
Sales (Million yen)	35,890	10,022	41,100
Recruiting expenses (Million yen)	1,640	328	1,450
Sales recruiting expenses ratio	4.57%	3.28%	3.53%

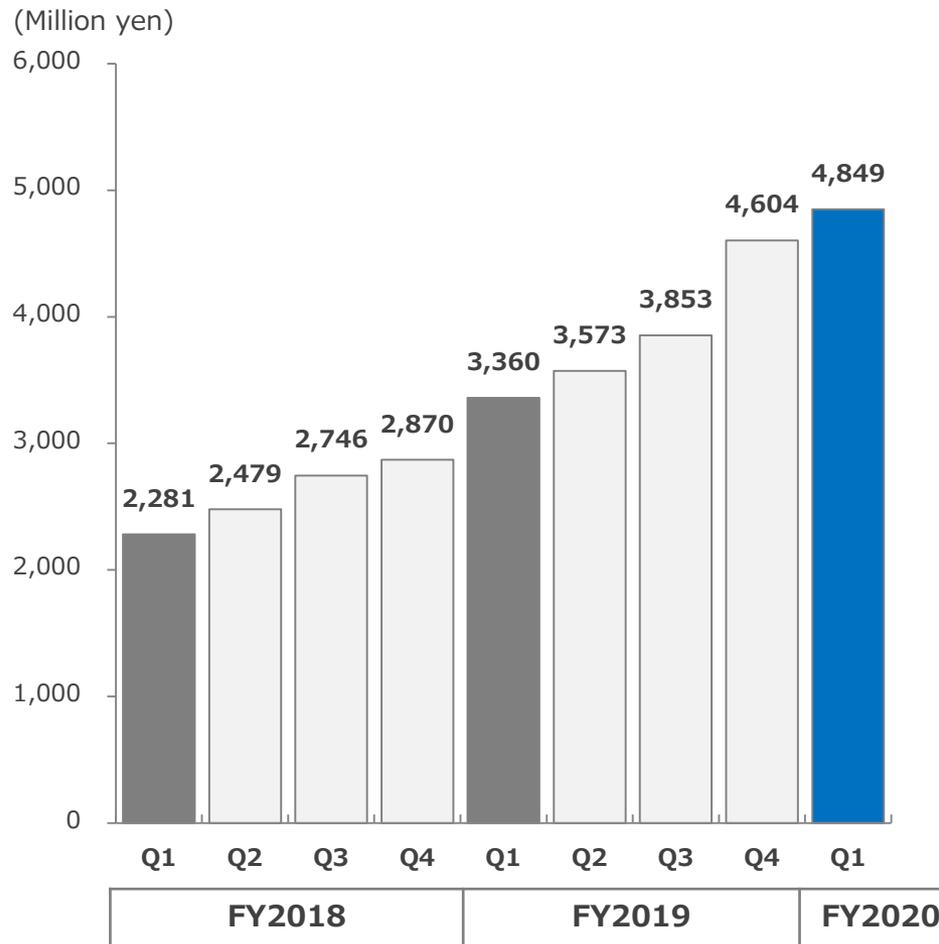
Segment P/L (3) Sales and Gross Profit



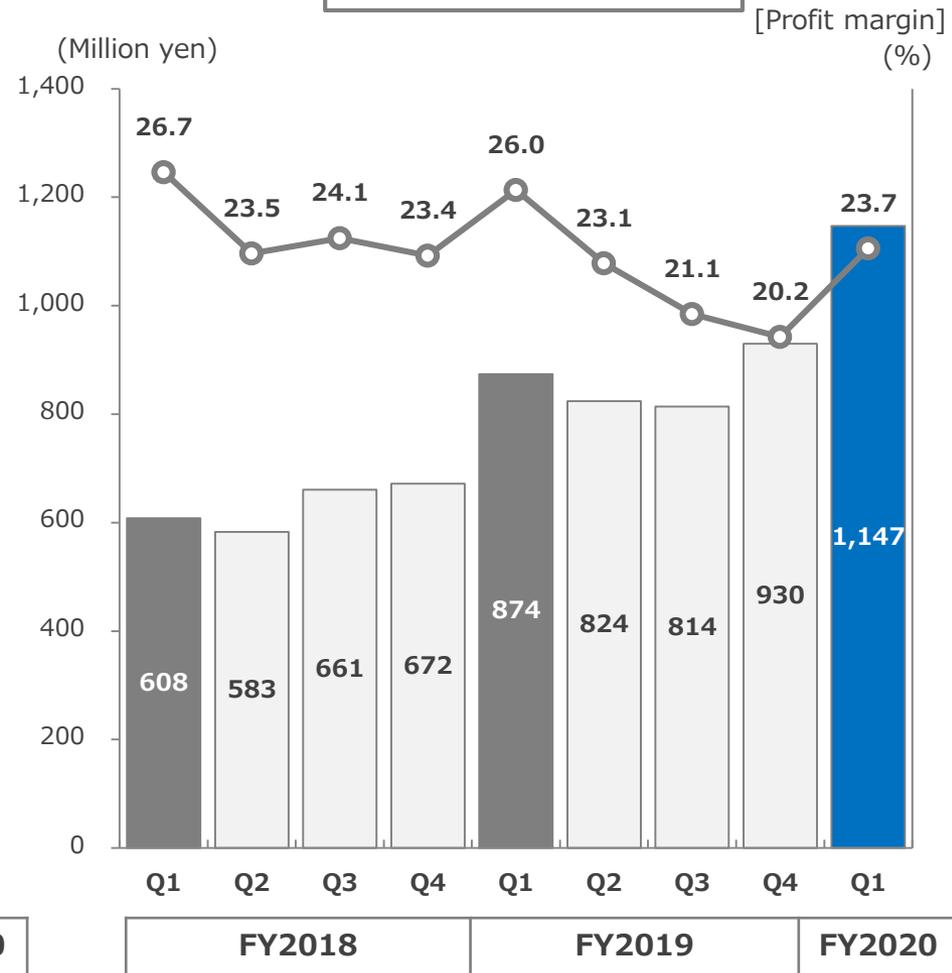
Engineer
Temporary Staff

- Sales ⇒ Up by 44% YoY thanks to an increase in the number of engineers at work due to active recruitment
- Gross Profit ⇒ Up by 31% YoY thanks to an increase in the number of engineers at work

Sales



Gross Profit



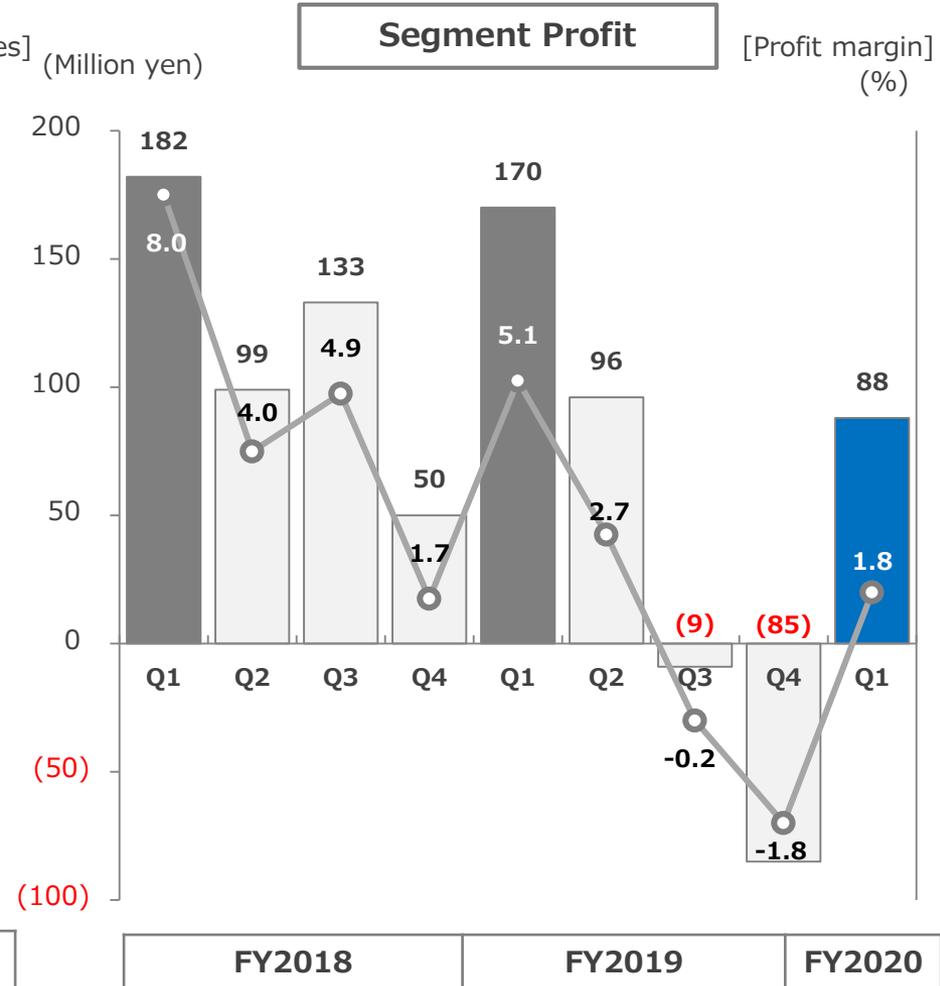
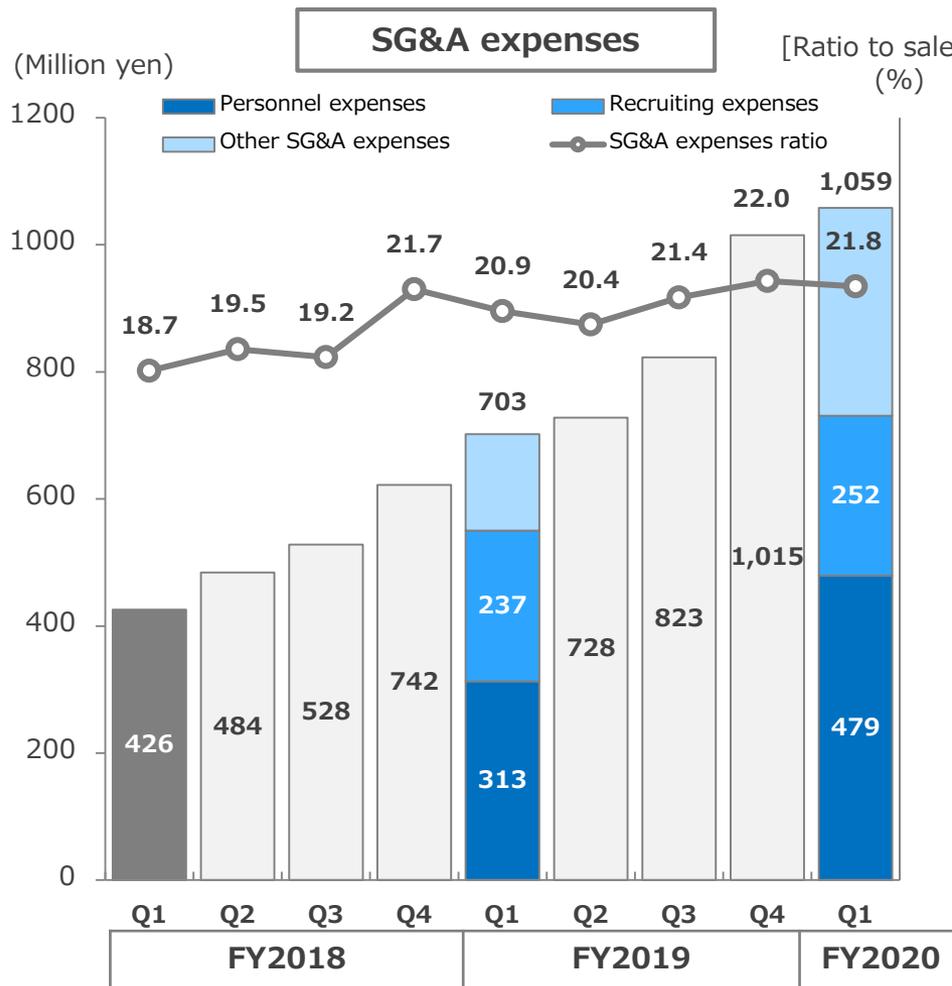
Segment P/L (4)

SG&A Expenses and Segment Profit



Engineer
Temporary Staff

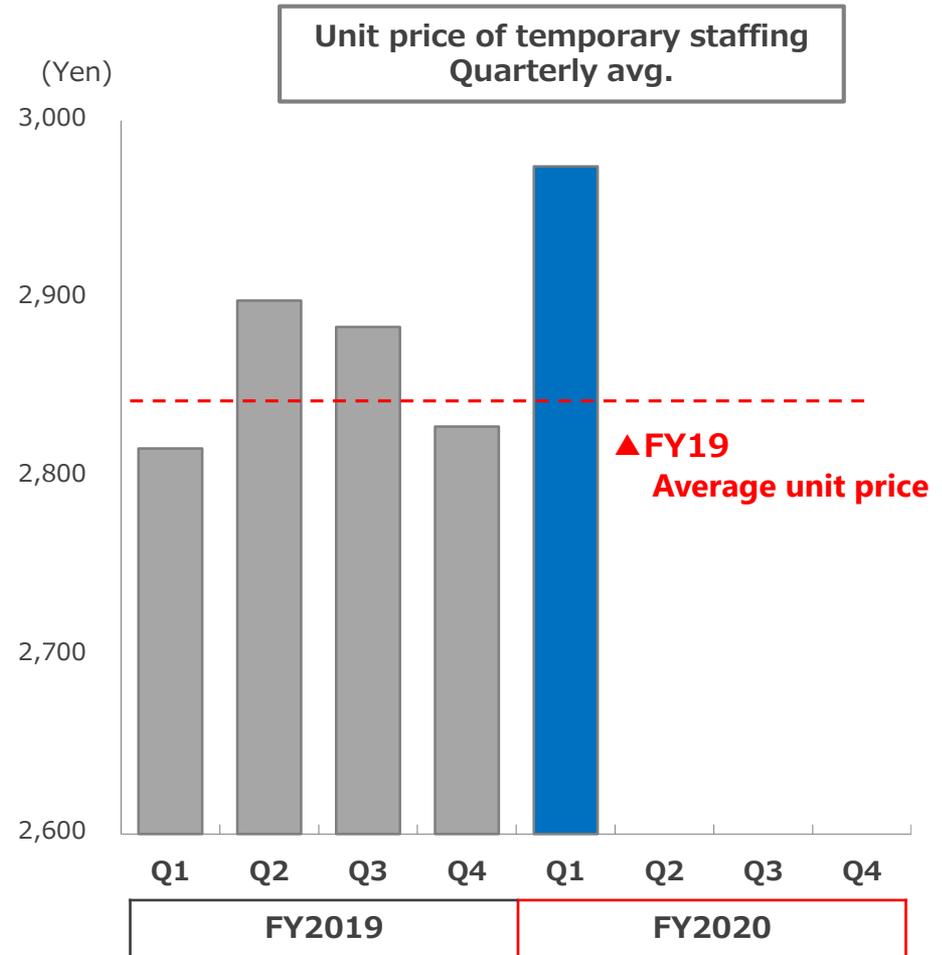
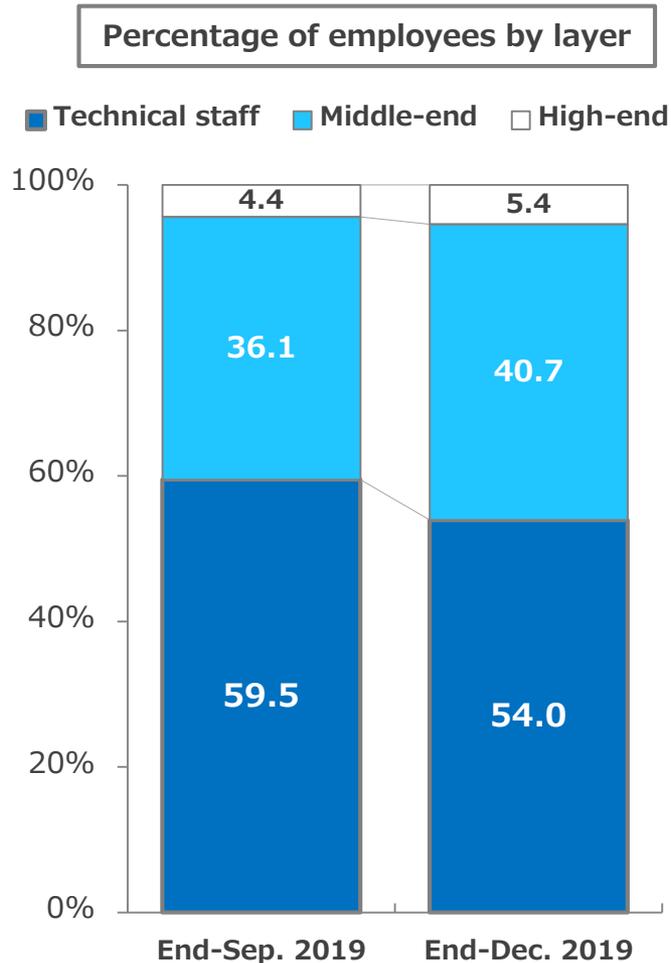
- SG&A expenses ⇒ Up by 51 % YoY due to an increase in personnel and recruiting expenses
- Segment Profit ⇒ Down by 48% YoY but we recorded profits despite an increase in SG&A expenses due to an increase in the number of engineers at work



Segment Highlights (2)



- Key Indicators 1: Percentage of Employees by Layer → Layer Shifting steadily progress
- Key Indicator 2: Unit Price of Temporary Staffing → Unit price of temporary staffing also rose due to an increase in the number of high-class engineers through Layer Shifting and M&A

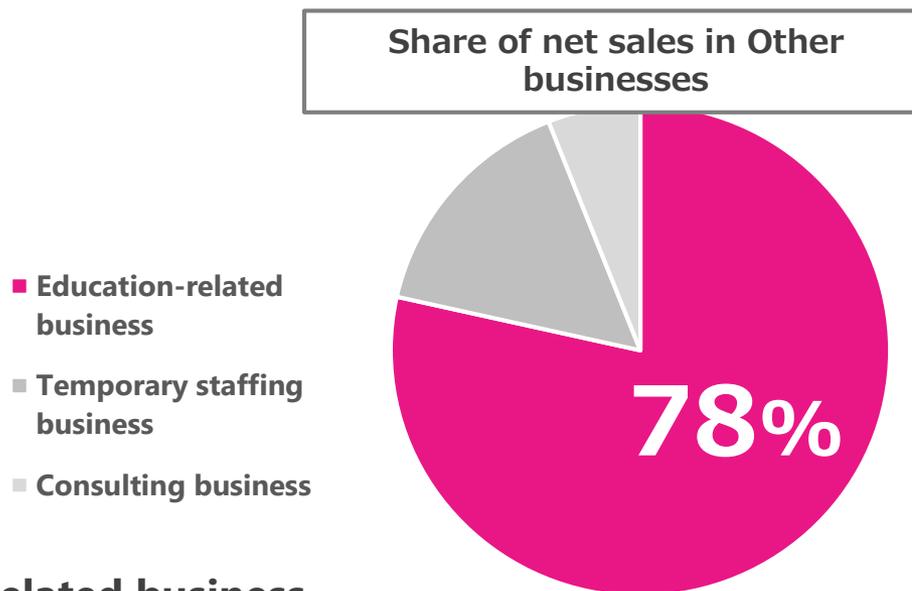


* Calculated by Yume Technology alone until FY2019 ¹³

Segment Highlights (3)

Other

- Losses narrowed sharply in the Education-Related Business within the Other segment.



Education-related business

(Million yen)

	FY19/Q4 (Accounting period)	FY20/Q1	Change
Sales	114	195	+80
Segment profit	▲226	▲4	+222

- Losses narrowed due to higher sales as a result of prior investments in advertising in the previous fiscal year

Consolidated Financial Overview



Profit and Loss

Consolidated P/L (1) Quarterly Trends



Group

- Net sales showed continuous growth due to the accumulation of the number of engineers.
- Generally in line with the plan due to an increase in the number of engineers at work and an increase in the unit price of temporary staffing

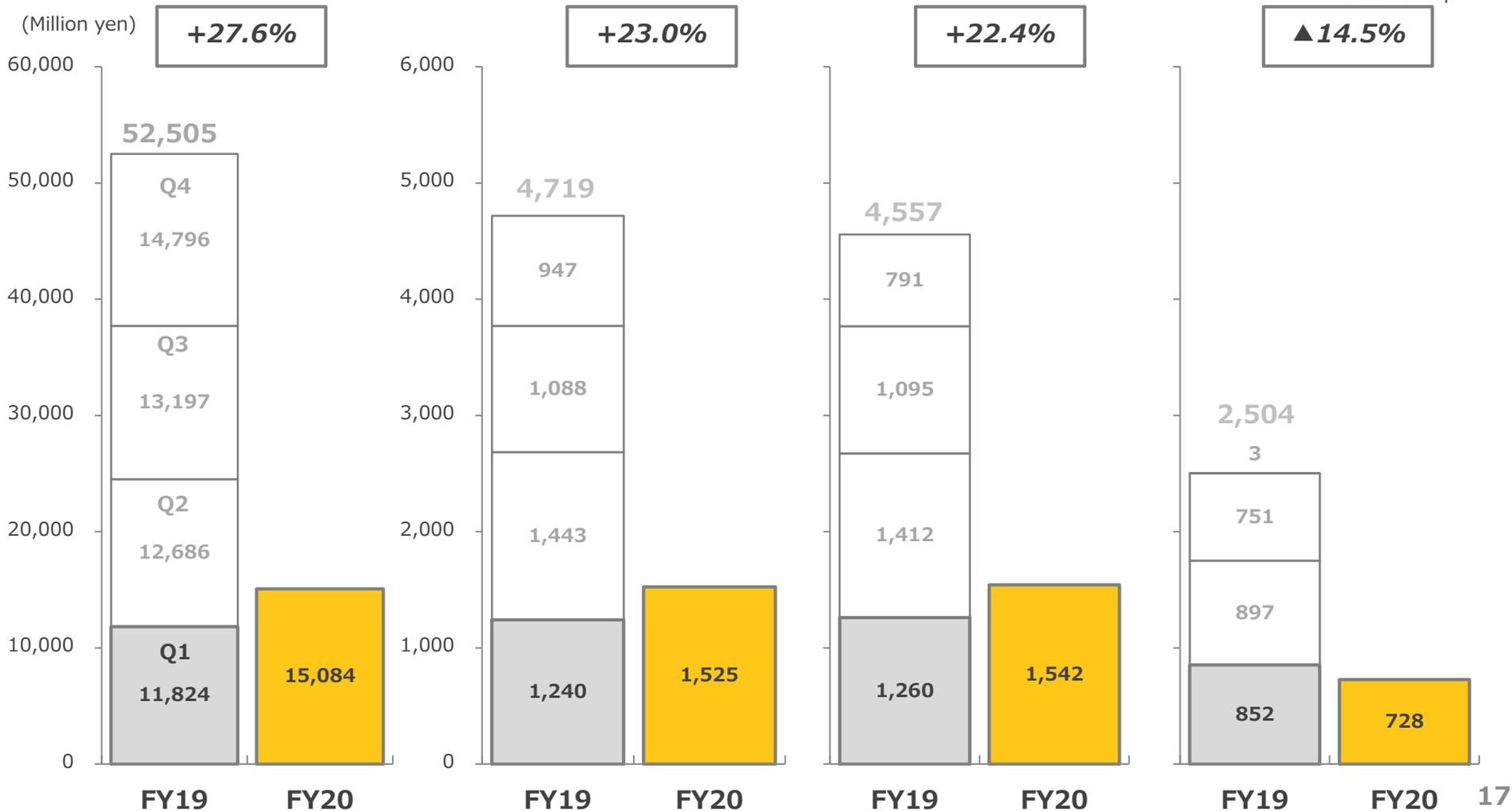
Sales

Operating income

Ordinary income

Net income

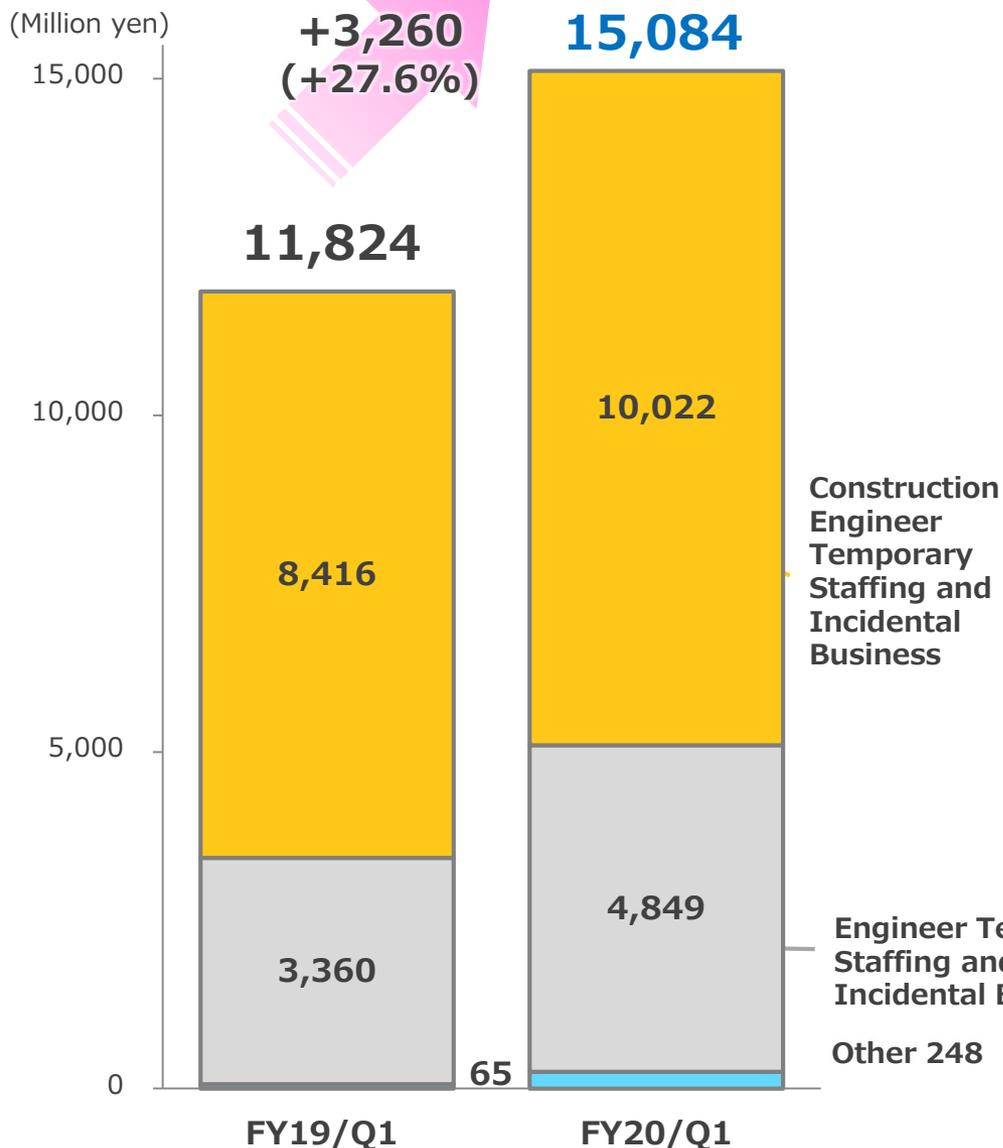
attributable to owners of parent



Consolidated P/L (2) Sales



Group



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing and Incidental Business **+1,606m (+19.1%)**

- Sales up due to increases in engineers at work and unit price of temporary staffing

Engineer Temporary Staffing and Incidental Business **+1,488m (+44.3%)**

- Sales up due to increases in engineers at work and unit price of temporary staffing
- Sales up due to increase in consolidated subsidiaries

Other **+183m (+279.2%)**

- Sales up due to increase in consolidated subsidiaries

Consolidated P/L (3) SG&A expenses



Group

- Personnel expenses and rent, etc. increased due to increase in consolidated subsidiaries, but hiring efficiency improved → SG&A ratio declined slightly

(Million yen)

	FY19/Q1	FY20/Q1	Change	Remarks
Cost of sales	8,306	10,747	+2,441	Increase due to increase in the number of engineers
Cost of sales ratio	70.3%	71.3%	+1.0pt	
Gross profit	3,517	4,337	+819	
Gross profit ratio	29.8%	28.8%	▲1.0pt	
SG&A expenses	2,277	2,811	+533	
Directors' compensations	40	55	+15	
Personnel expenses	928	1,278	+349	Increase due to increase in the number of sales staff and human resources management staff
Advertising expenses	12	51	+38	
Recruiting expenses	642	561	▲80	Decrease due to recruitment control
Rents	135	255	+119	Increase due to increase in consolidated subsidiaries
Business consignment expenses	199	109	▲90	
Amortization of goodwill	39	110	+71	
SG&A expenses ratio	19.3%	18.6%	▲0.7pt	

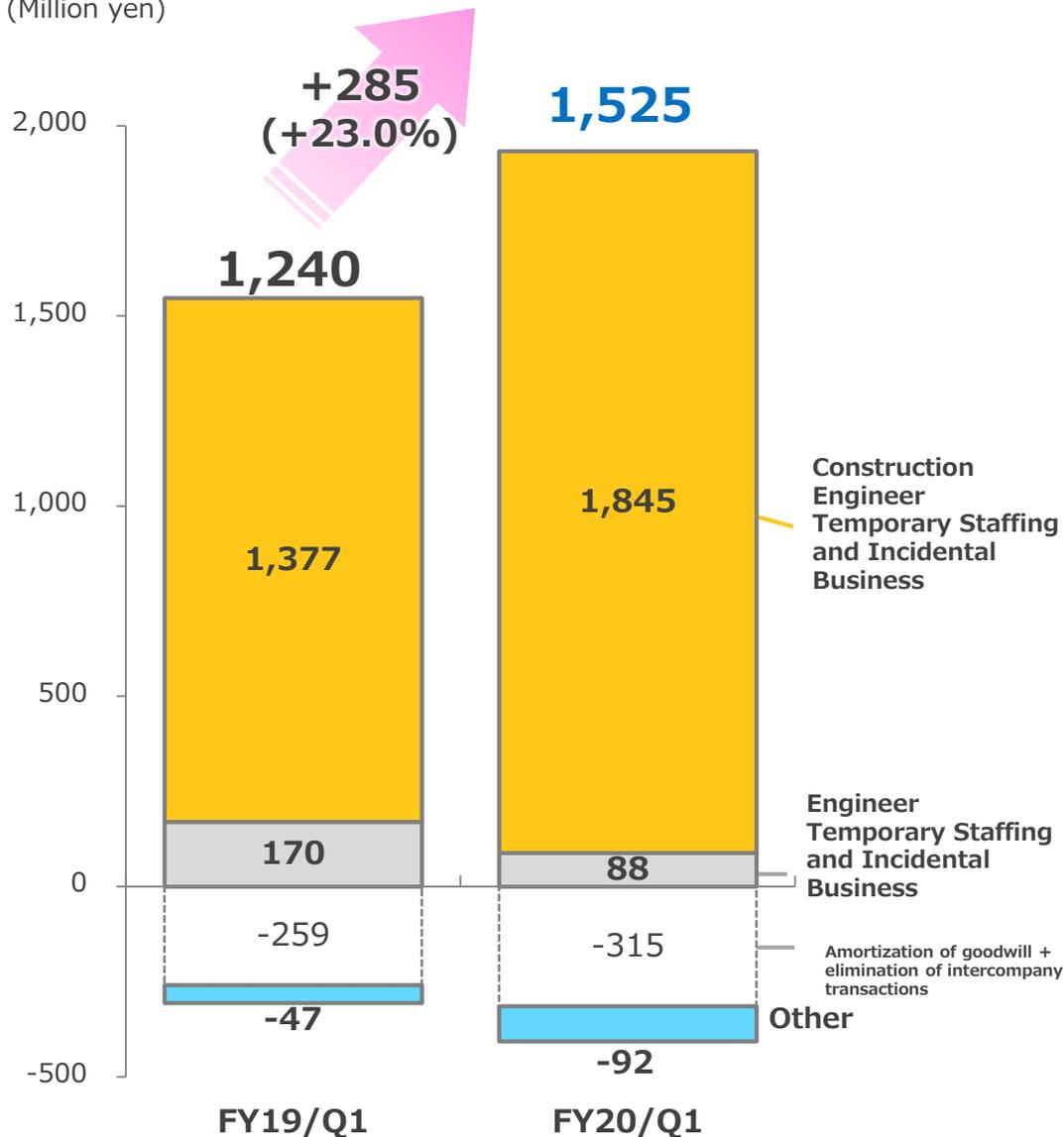
*Personnel expenses = Salaries and allowances + Travel and transport expenses + Bonuses + Legal welfare expenses + Benefit costs + Retirement benefit expenses (except executives)

Consolidated P/L (4) Operating income



Group

(Million yen)



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing and Incidental Business **+467m** (+34.0%)

- Increase in profit due to improvement in utilization rate and increase in unit price of temporary staffing

Engineer Temporary Staffing and Incidental Business **▲82m** (▲48.1%)

- Decrease due to increase in cost of sales

Other **▲45m**

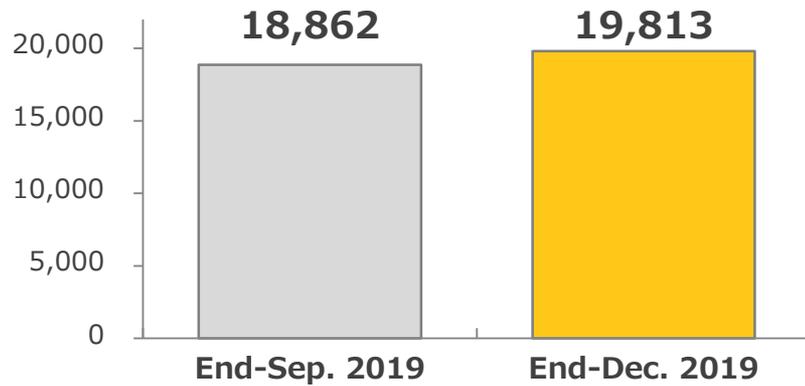
- Increase in the number of consolidated subsidiaries

Balance Sheet

Consolidated B/S

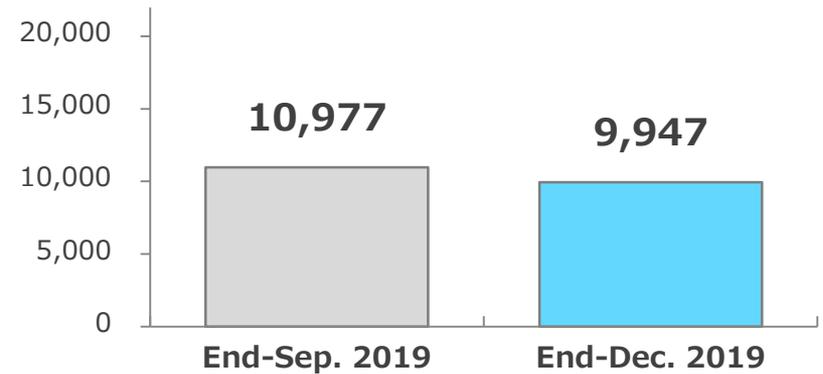
Current assets

(Million yen)



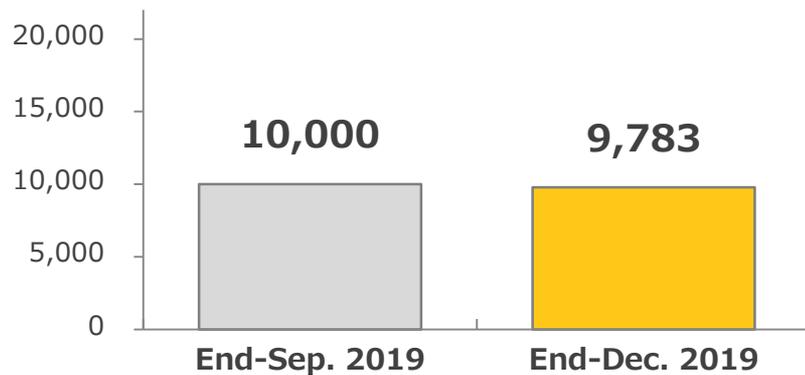
Current liabilities

(Million yen)



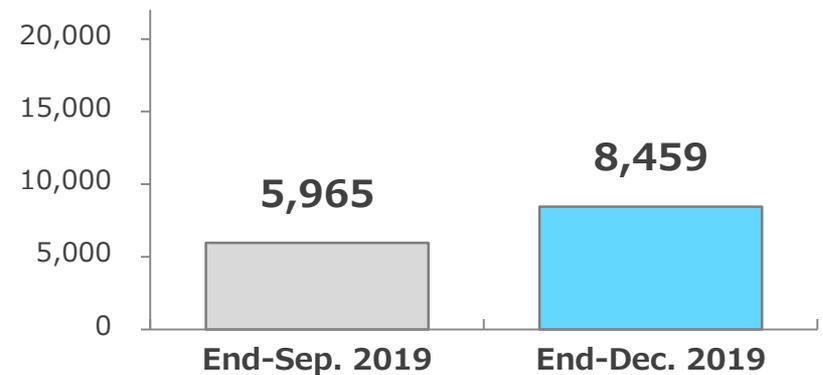
Fixed assets

(Million yen)



Fixed liabilities

(Million yen)



Consolidated B/S (1) Assets

(Million yen)

	End-Sep. 2019	End-Dec. 2019	Change	Remarks
Assets	28,863	29,597	+734	
Current assets	18,862	19,813	+951	
Cash and deposits	9,607	10,853	+1,246	
Notes and accounts receivable-trade	7,650	7,779	+129	<i>Due to an increase in the number of work place for staffing agencies</i>
Electronically recorded monetary claims	3	5	+2	
Inventories	57	47	▲10	
Allowance for doubtful accounts	▲71	▲76	▲5	
Fixed assets	10,000	9,783	▲217	
Tangible fixed assets	1,261	1,424	+163	
Buildings and structures	610	590	▲20	
Machinery, equipment and vehicles	302	318	+16	
Land	245	245	+0	
Intangible fixed assets	4,518	4,428	▲90	
Goodwill	3,615	3,520	▲95	
Other	903	907	+4	
Investments and other assets	4,220	3,930	▲290	
Investment securities	1,856	1,792	▲63	
Deferred tax assets	805	612	▲193	
Allowance for doubtful accounts	▲65	▲76	▲11	

Consolidated B/S (1) Liabilities and Net Assets

(Million yen)

	End-Sep. 2019	End-Dec. 2019	Change	Remarks
Liabilities + net assets	28,863	29,597	+734	
Liabilities	16,942	18,407	+1,465	
Current liabilities	10,977	9,947	▲1,030	
Notes and accounts payable - trade	129	76	▲53	
Short-term debt	2,417	664	▲2,416	
Current portion of long-term debt	2,041	2,737	+696	
Income taxes payable	724	574	▲150	
Accrued expenses	2,546	2,682	+136	
Reserve for bonuses	834	377	▲457	
Allowance for shareholder benefits	207	59	▲148	
Fixed liabilities	5,965	8,459	+2,494	
Long-term debt	5,169	7,685	+2,516	
Loss on retirement benefit	323	330	+7	
Net assets	11,920	11,189	▲731	
Shareholders' equity	11,696	10,920	▲776	
Capital	822	822	+0	
Capital surplus	10,769	10,789	+20	
Retained earnings	2,105	1,310	▲795	Net income for FY20/Q1 -Year-end dividends for FY19
Treasury stock	▲2,001	▲2,002	▲1	
Accumulated other comprehensive income	169	208	+39	
Share warrant	36	36	+0	
Minority interest	17	24	+7	

Segment Overview

Key Performance Indicator

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



Sales

Segment Overview

**Construction Engineer
Temporary Staffing and
Incidental Business**

Number of Engineers (1) Recruitment



- Hiring cost ratio is declining due to effective hiring control
- Against the full-year target of hiring 2,900 engineers, progress rate is 21.9%

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY19 recruitment	774			829			1,603
FY20 recruitment	635						
Change	▲139						

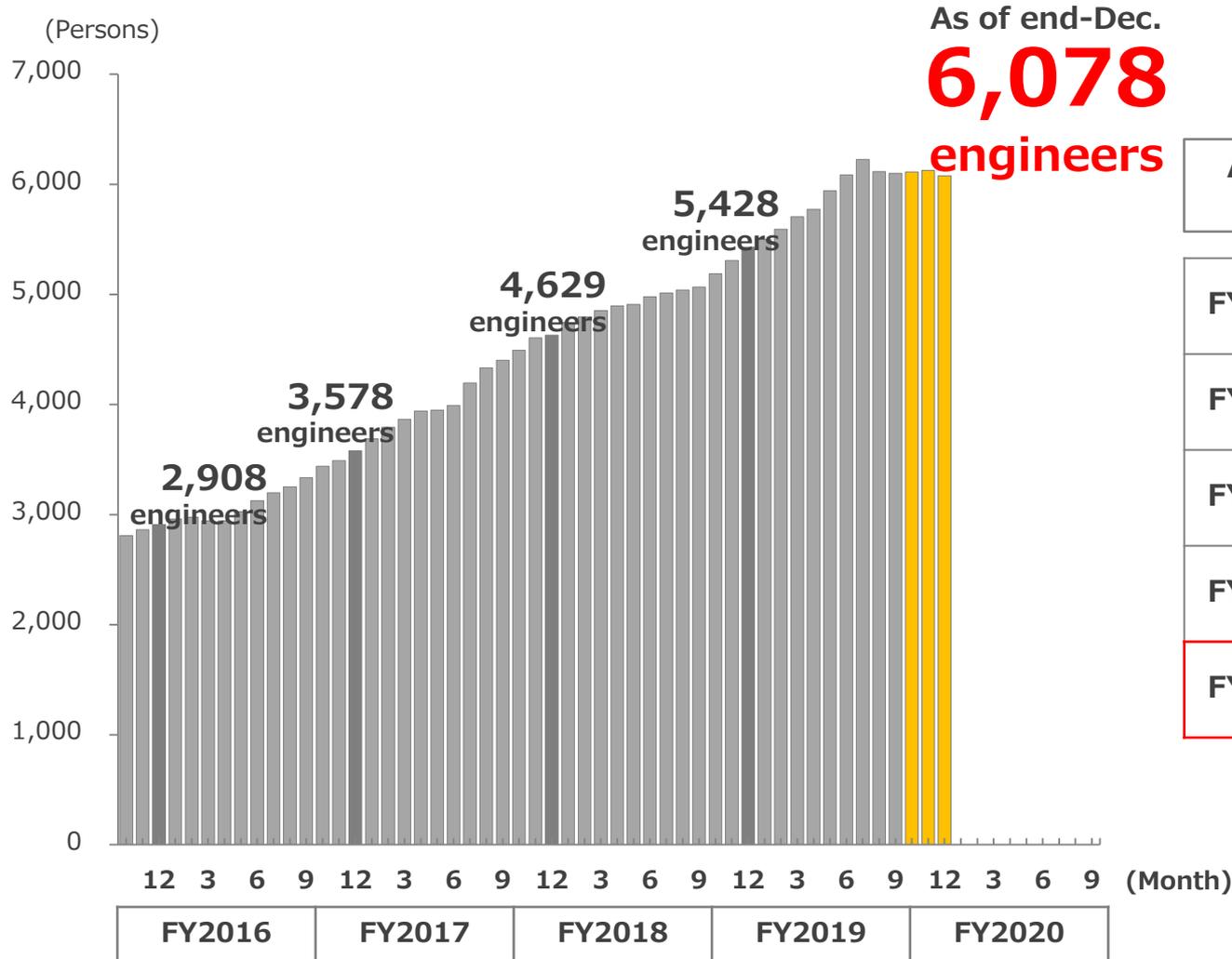
	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY19 recruitment	1,085			601			1,686	3,289
FY20 recruitment								
Change								

Number of Engineers (2)

Changes in the Number of Engineers



- Year-end target is 6,800 engineers, decreased by 21 compared to the previous fiscal year due to the policy of restraining the hiring of 6.8 thousand technicians
- Increased by 650 engineers from the end of the previous year



Avg. number of engineers
3-month avg. (Oct - Dec)

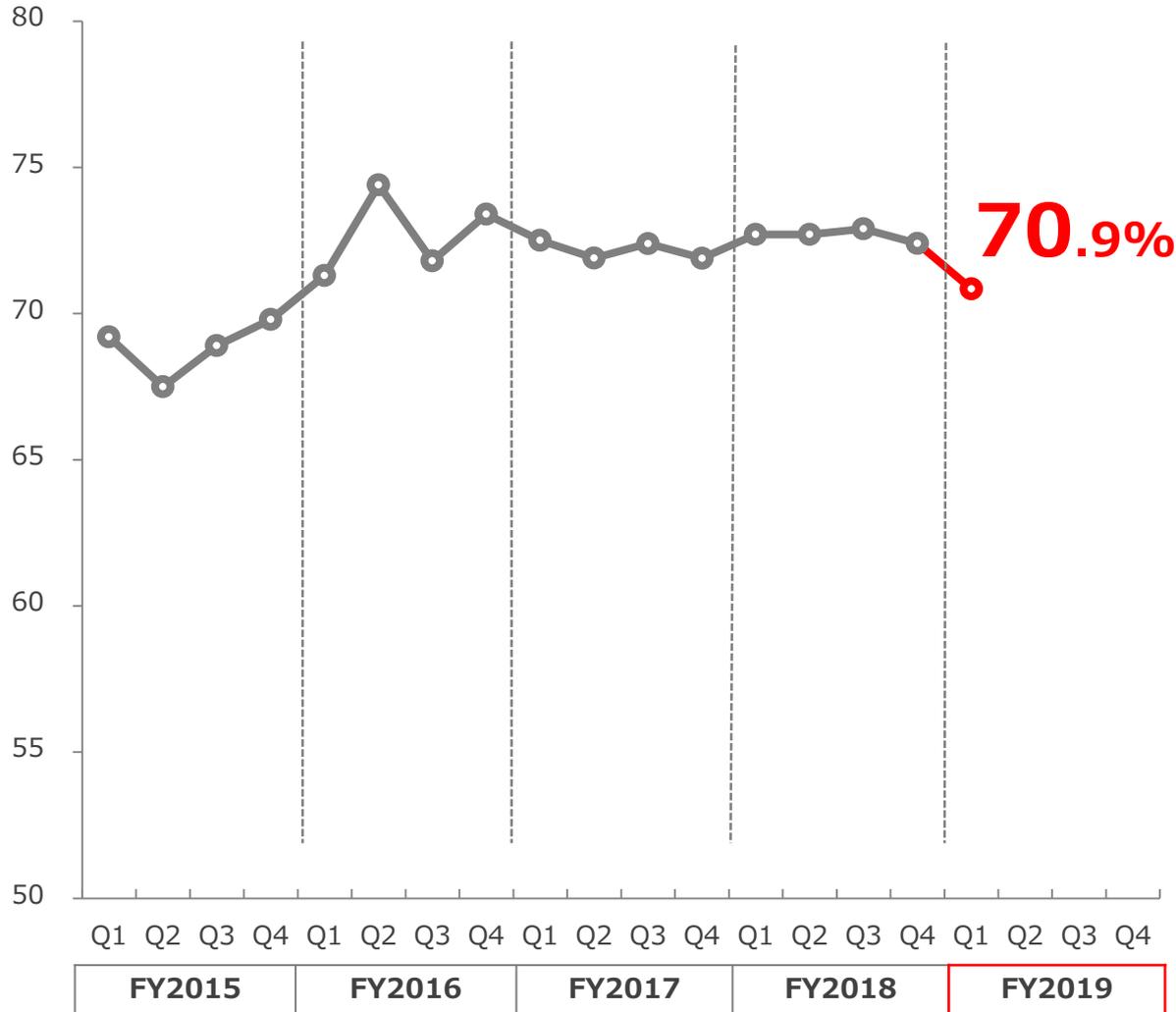
FY16/Q1	2,790	YoY
FY17/Q1	3,503	+25.5%
FY18/Q1	4,575	+30.6%
FY19/Q1	5,363	+17.2%
FY20/Q1	6,105	+13.8%

* Number of engineers at the end of month

Number of Engineers (3) Retention Rate



- Temporary decrease due to the concentration of retirement after the first job of the human resources recruited in the previous fiscal year

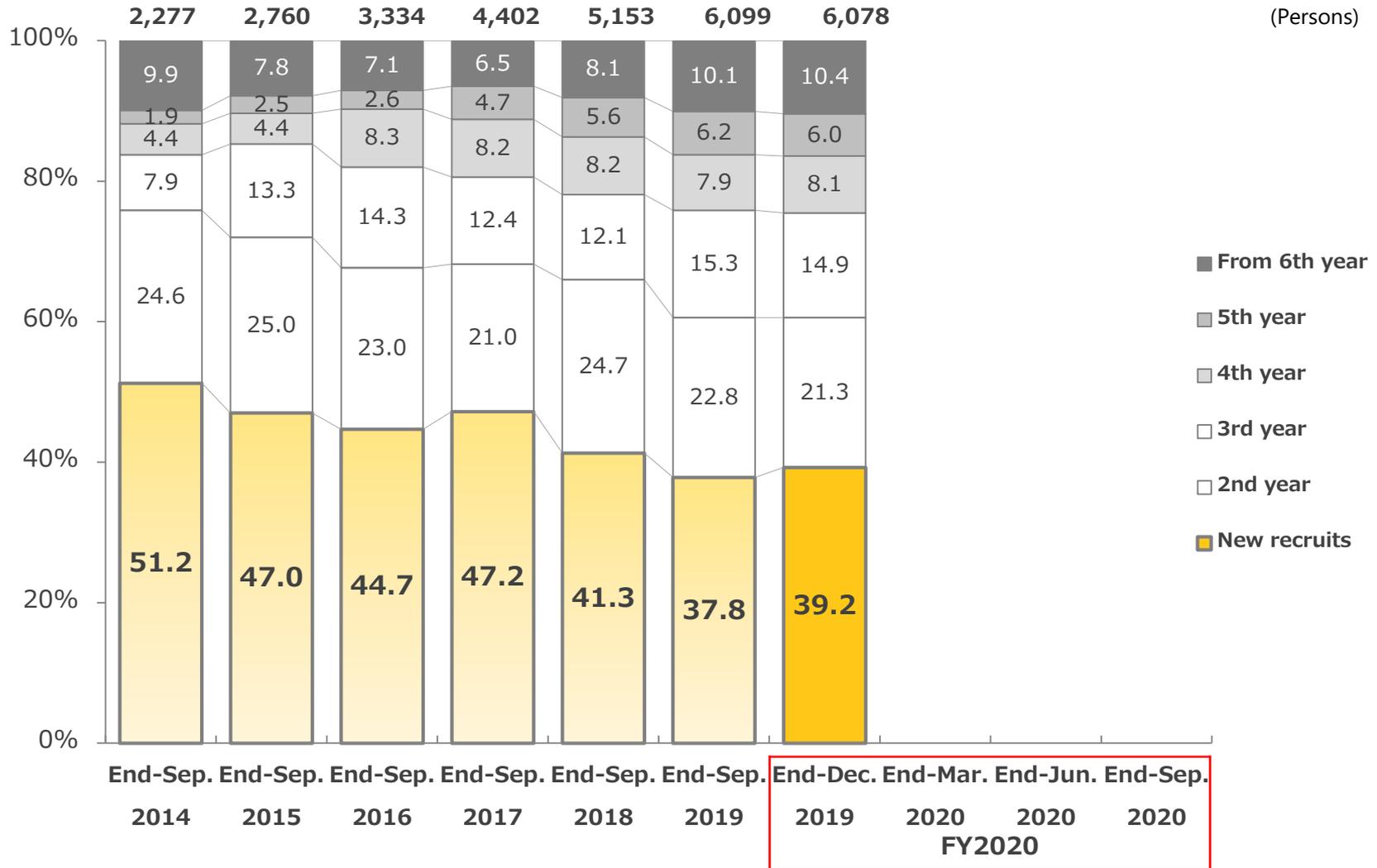


Avg. retention rate 3-month avg. (Oct – Dec)		
FY16/Q1	69.2%	YoY
FY17/Q1	71.3%	+2.1pt
FY18/Q1	72.5%	+1.2pt
FY19/Q1	72.7%	+0.2pt
FY20/Q1	70.9%	▲1.8pt

*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

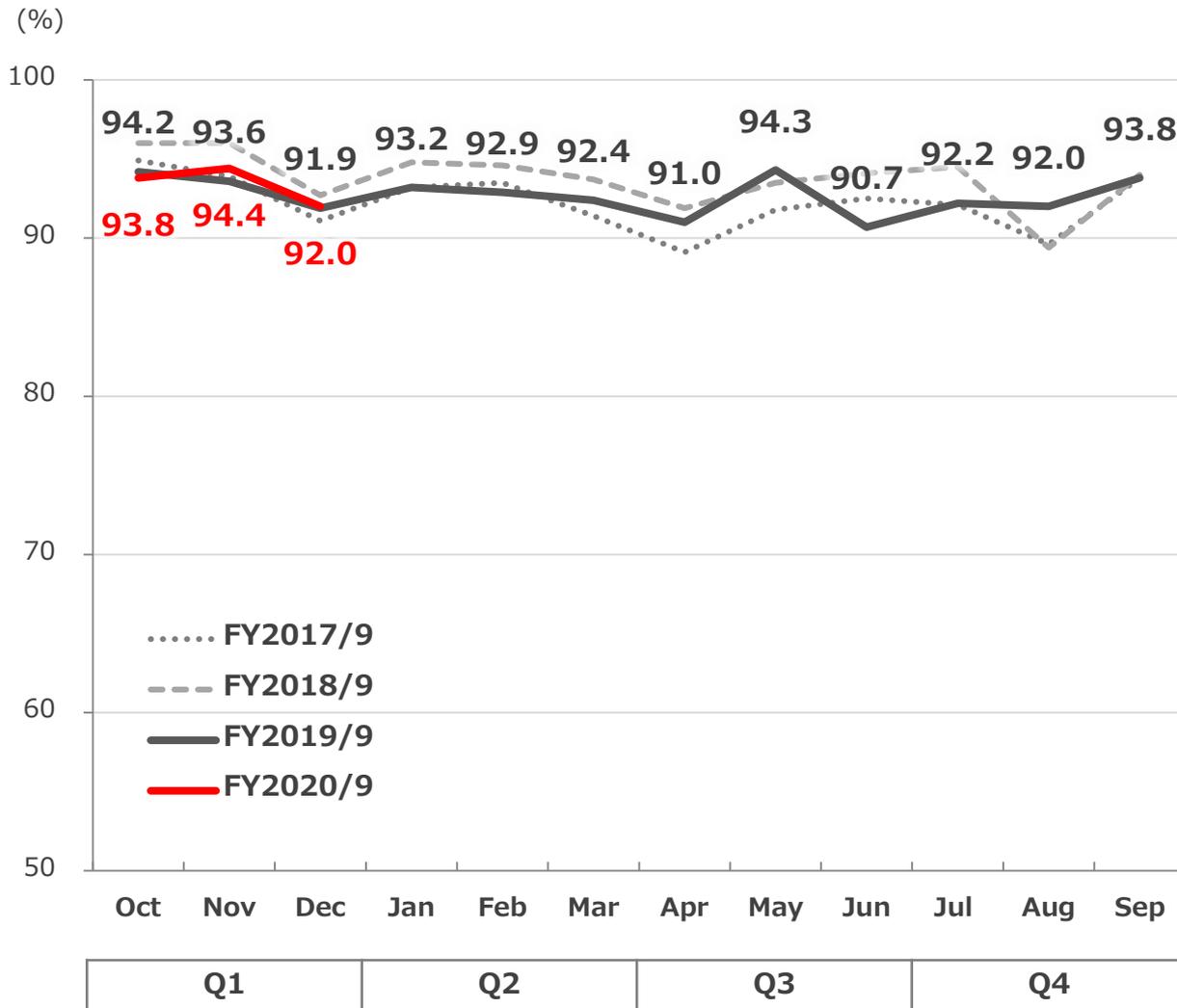
■ Well-balanced thanks to an increase in the number of engineers in the second year or later



Utilization rate



- Maintain high utilization rate at the same level as the previous year



Avg. Utilization rate
3-month avg. (Oct - Dec)

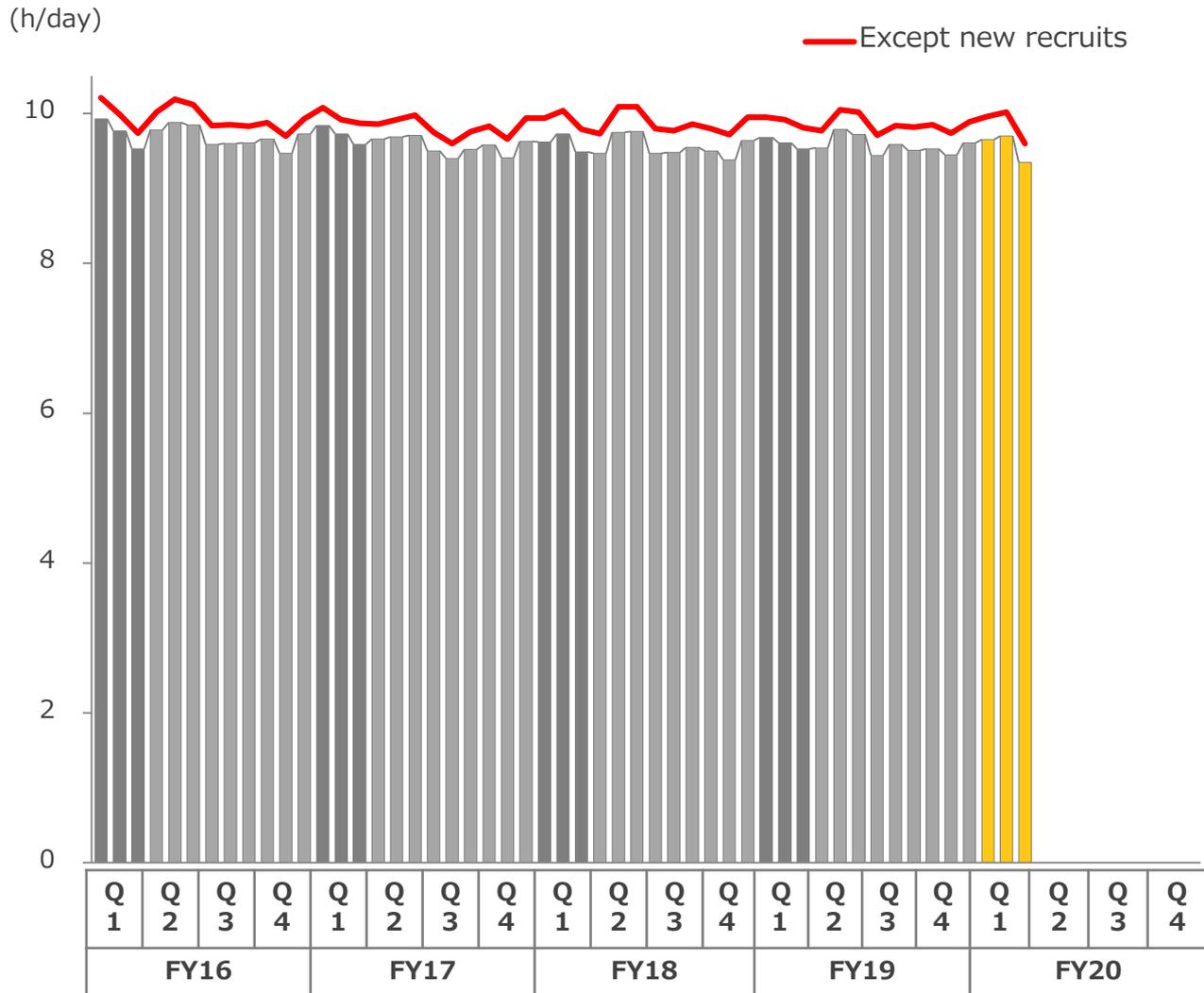
Fiscal Year	Avg. Utilization Rate	YoY Change
FY17/Q1	93.3%	YoY
FY18/Q1	94.9%	+1.6pt.
FY19/Q1	93.2%	▲1.7pt.
FY20/Q1	93.4%	+0.2pt.

* Figures for July - September 2019 have been revised.

Operating time



- Operating time continues to decline as a result of “Work Style Reforms”
- Slight increase in short-term due to growth in demand



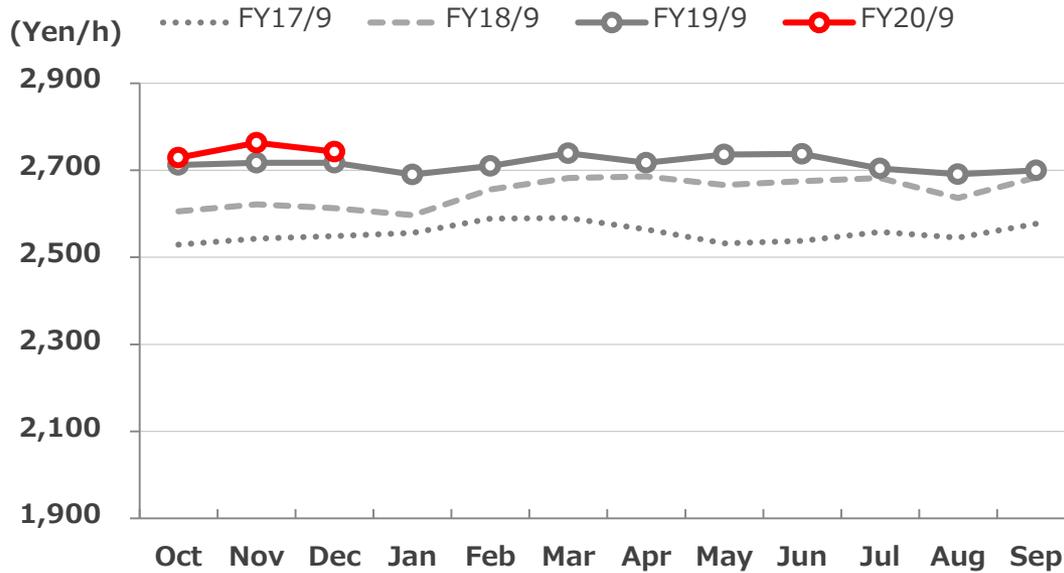
Avg. operating time of all engineers 3-month avg. (Oct – Dec)		
FY16/Q1	9.74h	YoY
FY17/Q1	9.72h	▲0.2%
FY18/Q1	9.61h	▲1.1%
FY19/Q1	9.61h	▲0.1%
FY20/Q1	9.57h	▲0.4%

Unit Price of Temporary Staffing (1)

New Recruits and 2nd Year

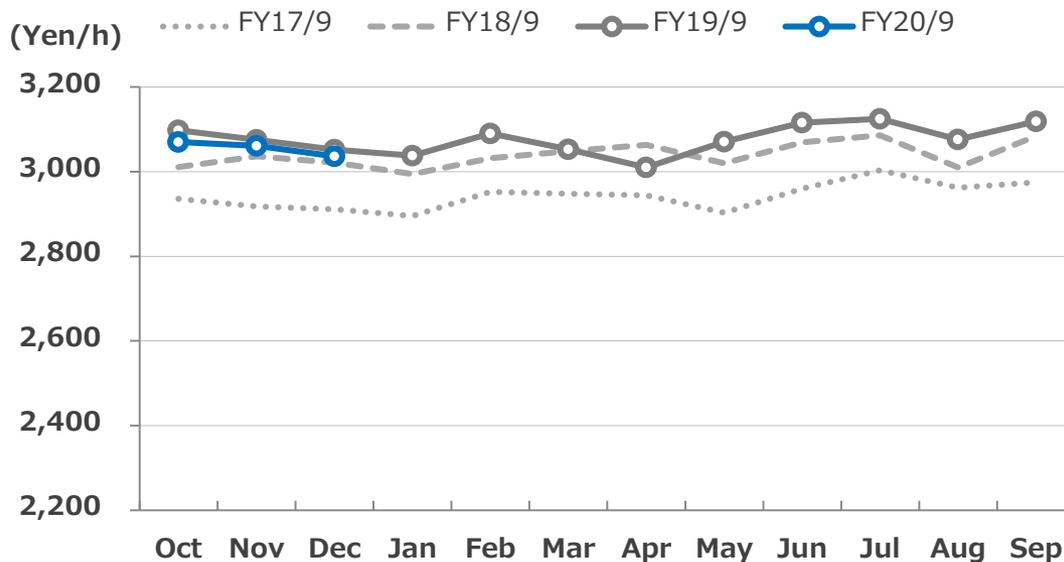


Construction Engineer
Temporary Staffing



New recruits only
3-month avg. (Oct - Dec)

Fiscal Year	Unit Price (Yen)	YoY Change
FY17/Q1	2,540yen	YoY
FY18/Q1	2,614yen	+2.9%
FY19/Q1	2,715yen	+3.9%
FY20/Q1	2,745yen	+1.1%



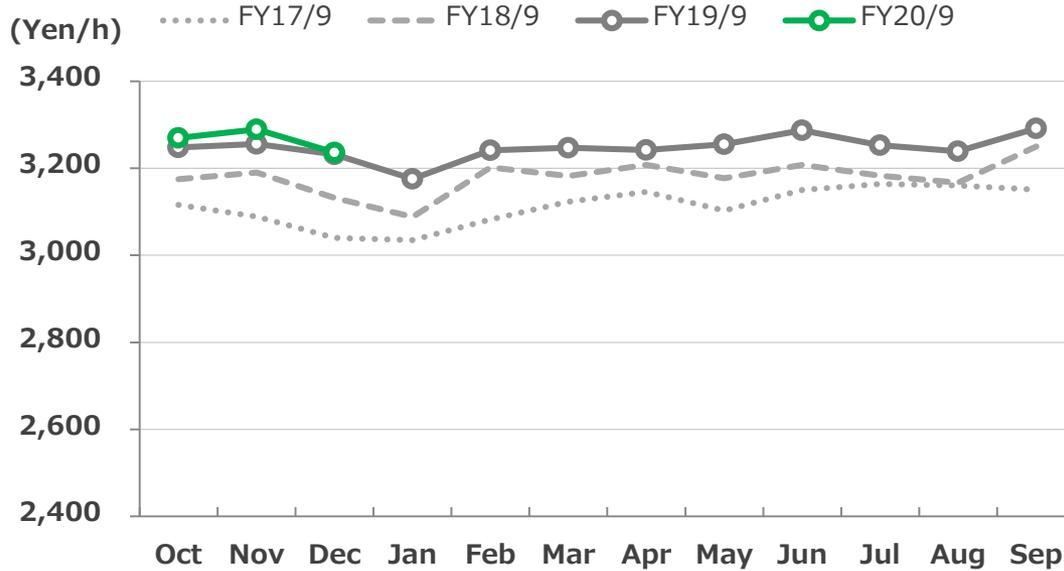
2nd year only
3-month avg. (Oct - Dec)

Fiscal Year	Unit Price (Yen)	YoY Change
FY17/Q1	2,922yen	YoY
FY18/Q1	3,023yen	+3.4%
FY19/Q1	3,075yen	+1.7%
FY20/Q1	3,056yen	▲0.6%

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

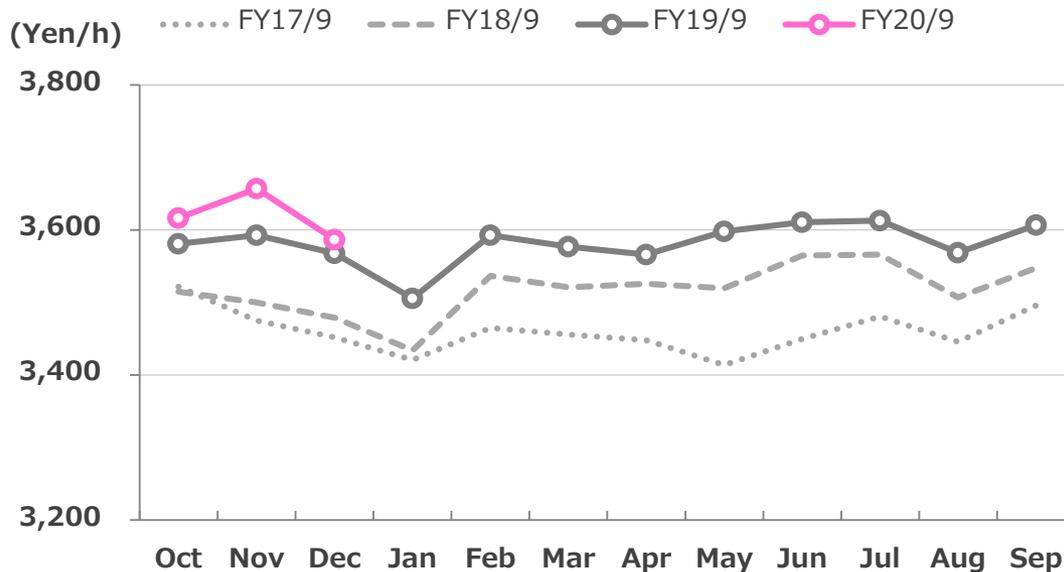


Construction Engineer
Temporary Staffing



3rd year only
3-month avg. (Oct - Dec)

Fiscal Year	Unit Price (Yen)	YoY Change
FY17/Q1	3,082yen	
FY18/Q1	3,166yen	+2.7%
FY19/Q1	3,245yen	+2.5%
FY20/Q1	3,265yen	+0.6%



From the 4th year
3-month avg. (Oct - Dec)

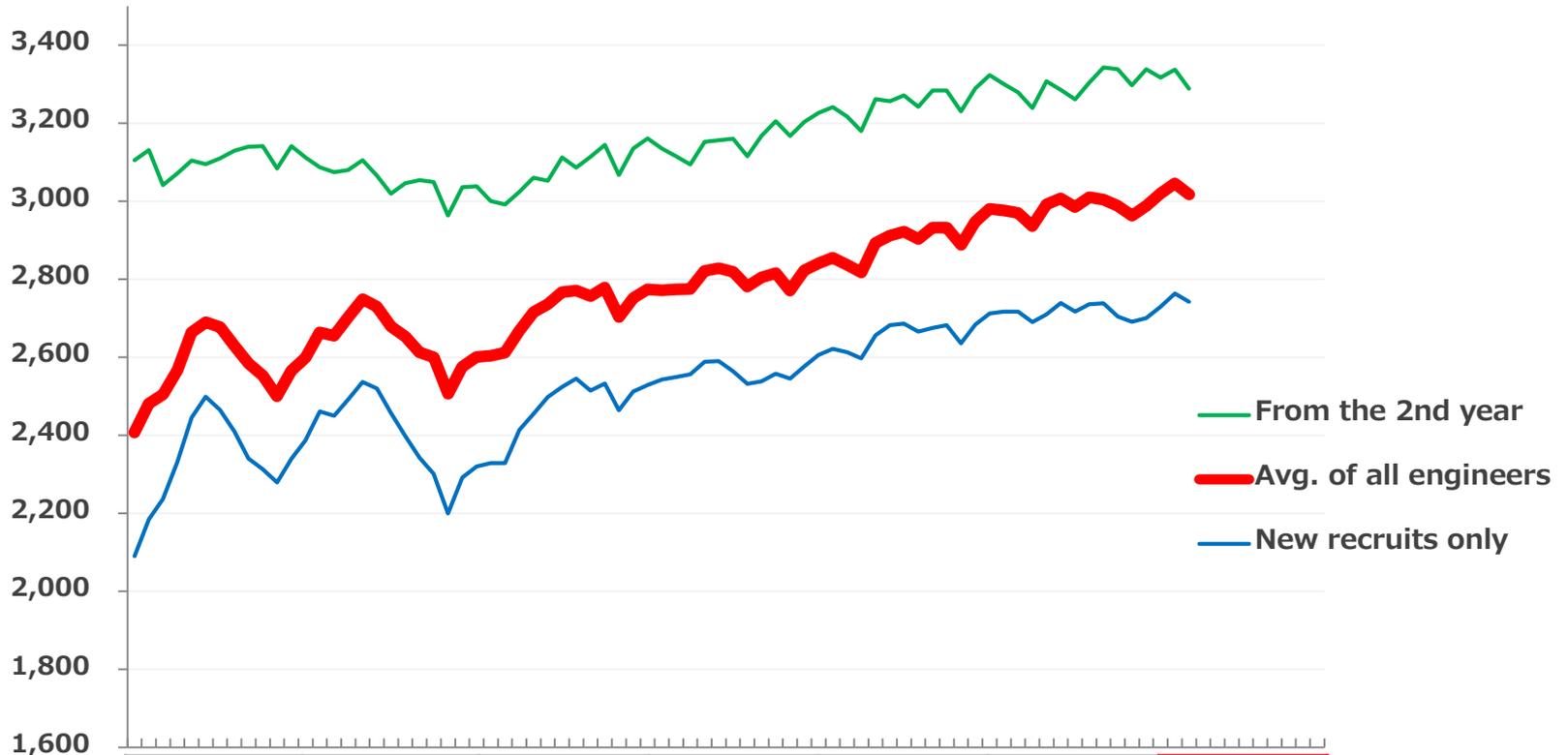
Fiscal Year	Unit Price (Yen)	YoY Change
FY17/Q1	3,483yen	
FY18/Q1	3,498yen	+0.4%
FY19/Q1	3,581yen	+2.4%
FY20/Q1	3,620yen	+1.1%

Unit Price of Temporary Staffing (3) Interim Changes



- Continue to rise from FY2016 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)



	FY2014				FY2015				FY2016				FY2017				FY2018				FY2019				FY2020				(Month)
	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)	2,464 yen	2,639 yen	2,606 yen	2,773 yen	2,844 yen	2,975 yen	3,028 yen
	YoY	+7.1%	▲1.3%	+6.4%	+2.6%	+4.6%	1.8%

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
- Increase in utilization rate by recruitment controll

All engineers 3-month avg. (Oct -Dec)

	FY19/Q1	FY20/Q1	Change	Pct. change
No. of engineers	5,363 engineers	6,105 engineers	+742 engineers	+13.8%
Utilization rate	93.2%	93.4%	+0.2pt.	—
Operating time	9.61h	9.57h	▲0.04h	▲0.4%
Unit price of temporary staffing	2,975yen	3,028yen	+53yen	+1.8%

Engineer Temporary Staffing and Incidental Business

Number of Engineers (1) Recruitment



Engineer
Temporary Staff

- Achieved 29% of the annual recruitment target of hiring 1,350 engineers and increased by 6.6% YoY
- Breakdown of recruitment: IT field: 320 engineers; Machinery and Electric field: 66 engineers

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY19 recruitment	362			344			706
FY20 recruitment	386						
YoY	+24						

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY19 recruitment	584			458			1,042	1,748
FY20 recruitment								
YoY								

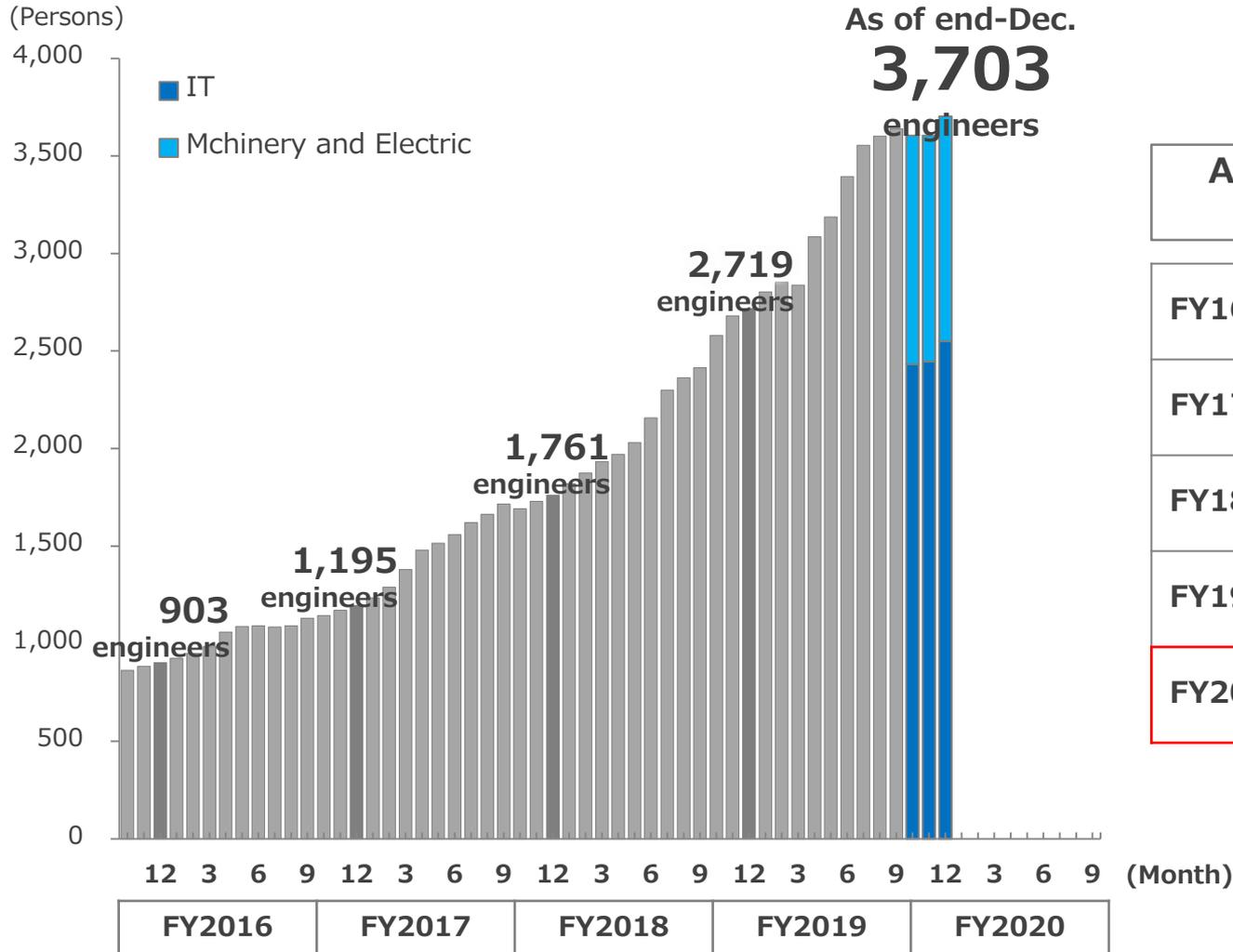
Number of Engineers (2)

Changes in the Number of Engineers



Engineer
Temporary Staff

- Achieved 93% of the plan at 4,000 engineers at the end of the fiscal year, increased by 984 engineers YoY
- Breakdown of enrolled human resources: IT field: 2,550 engineers, Machinery and Electric field: 1,153 engineers



Avg. number of engineers
3-month avg. (Oct - Dec)

Fiscal Year	Number of Engineers	YoY Change
FY16/Q1	883 engineers	
FY17/Q1	1,171 engineers	+32.6%
FY18/Q1	1,727 engineers	+49.8%
FY19/Q1	2,659 engineers	+53.9%
FY20/Q1	3,637 engineers	+36.8%

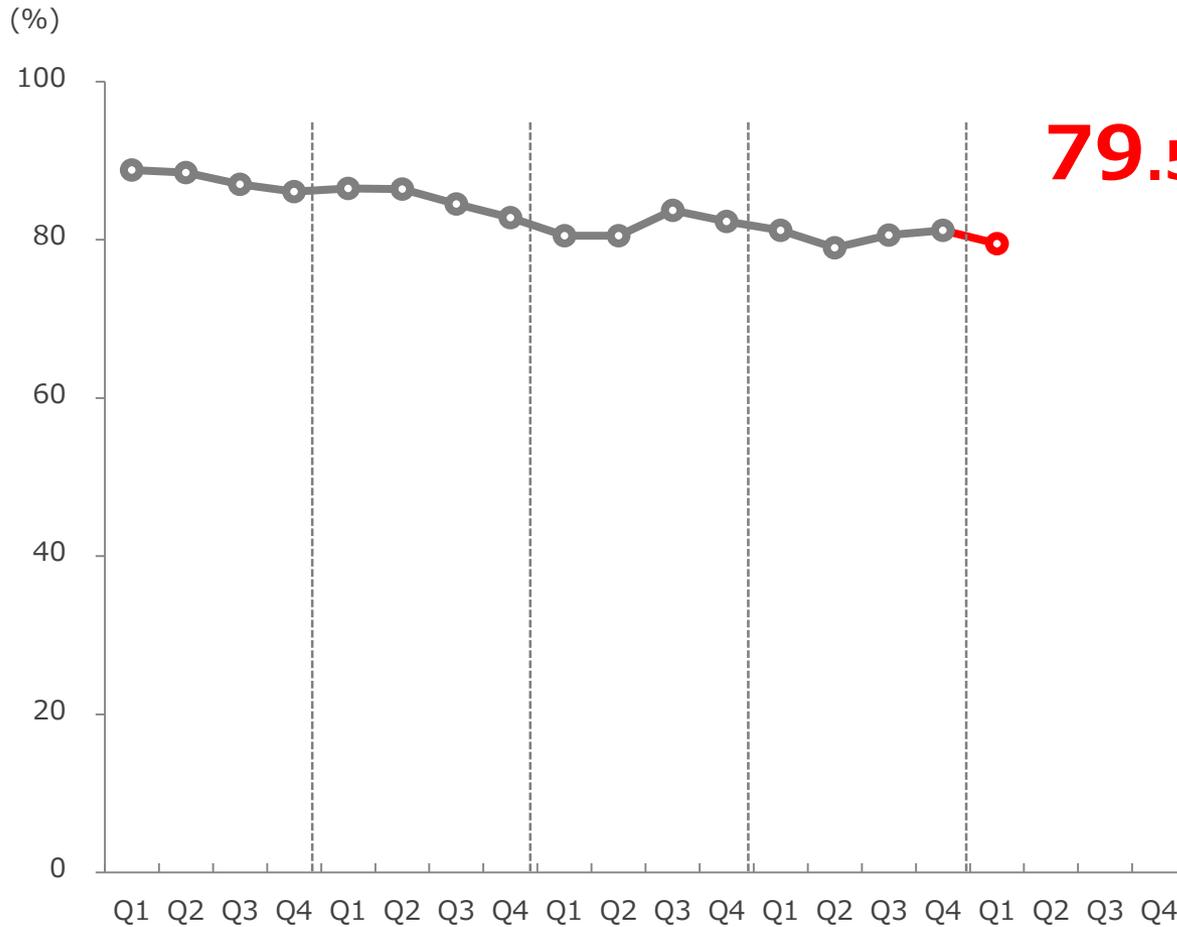
* Number of engineers at the end of month

Number of Engineers (3) Retention Rate



Engineer
Temporary Staff

■ The retention rate remains roughly flat despite increase in the number of recruits



79.5%

Avg. retention rate
3-month avg. (Oct – Dec)

FY	Retention Rate	YoY Change
FY16/Q1	88.8%	YoY
FY17/Q1	86.5%	▲2.3pt
FY18/Q1	80.5%	▲6.0pt
FY19/Q1	81.2%	+0.7pt
FY20/Q1	79.5%	▲1.7pt

FY2016	FY2017	FY2018	FY2019	FY2020
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*Retention rate = No. of engineers at the time of calculation / (No. of engineers a year ago + New hires during the year) x 100

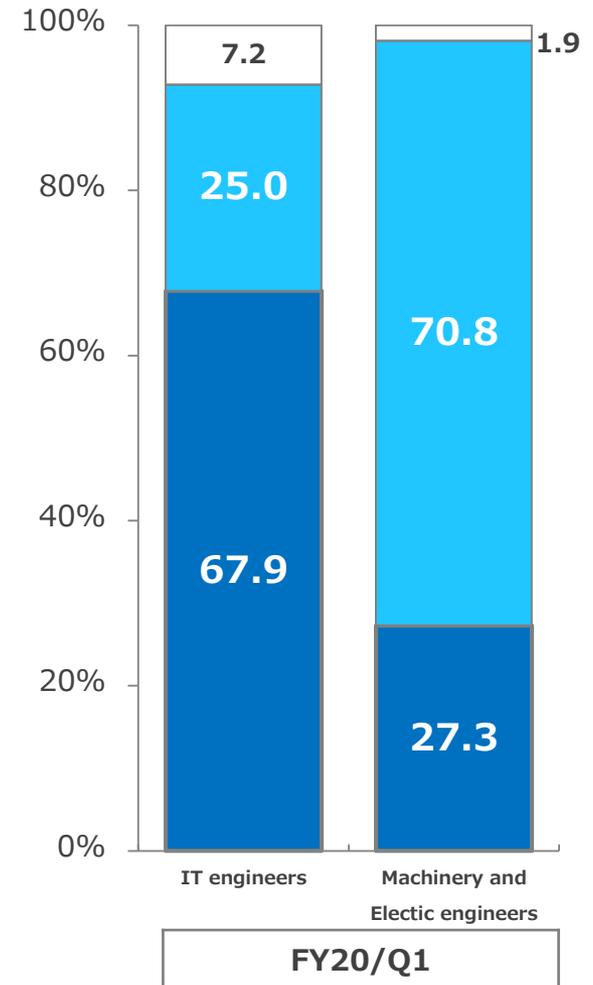
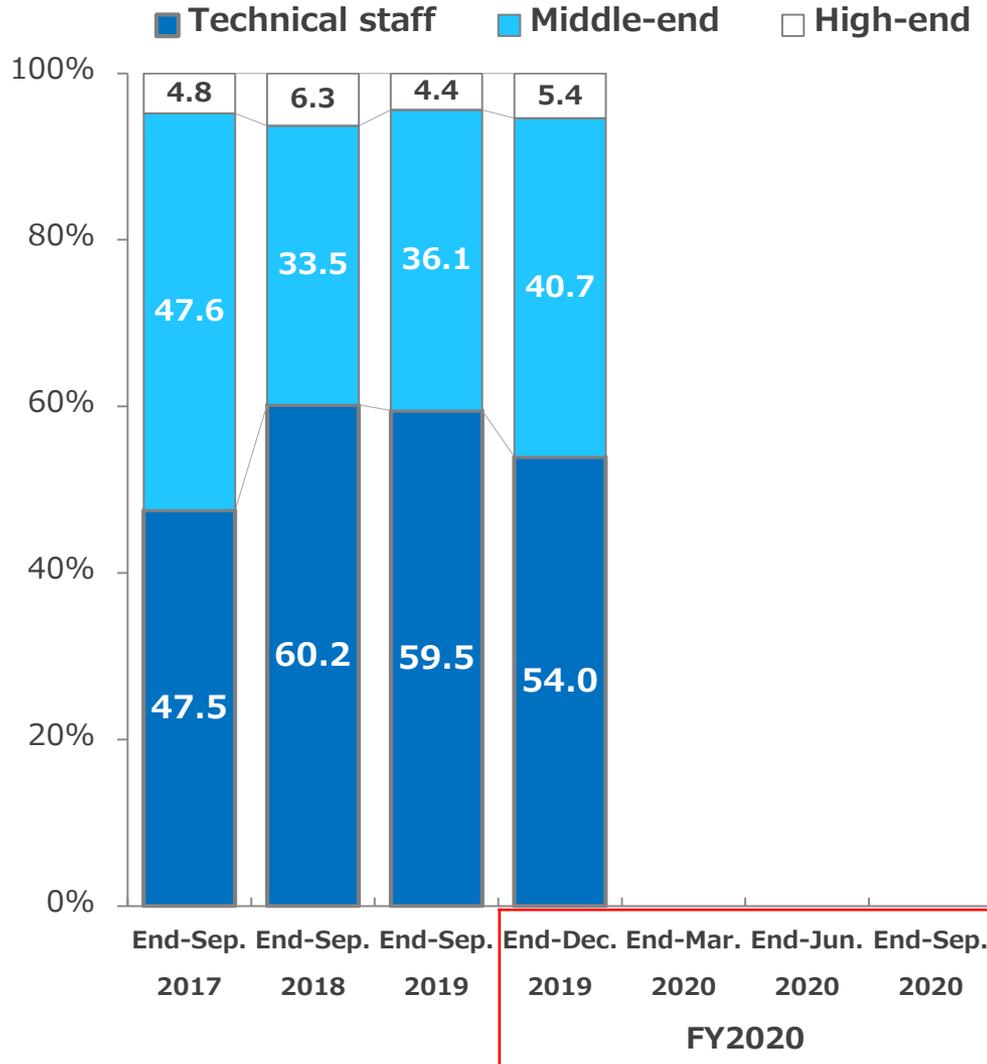
*Only Yume Technology

Number of Engineers (4) Ratio by Level of Engineers



Engineer
Temporary Staff

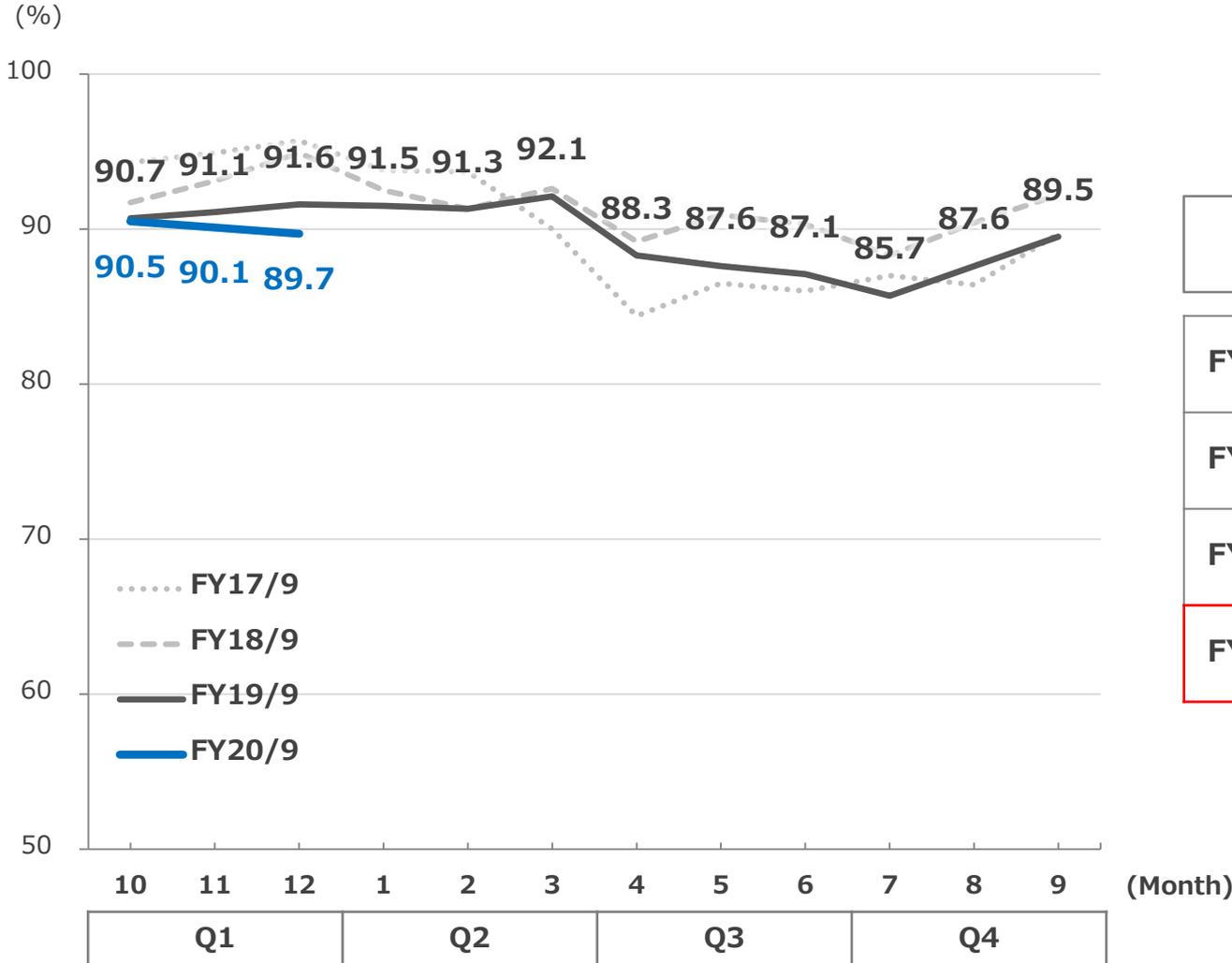
- The proportion of middle-end engineers increased as there were changes in job posts and the retention rate remained flat in Q1



Changes in Utilization rate



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



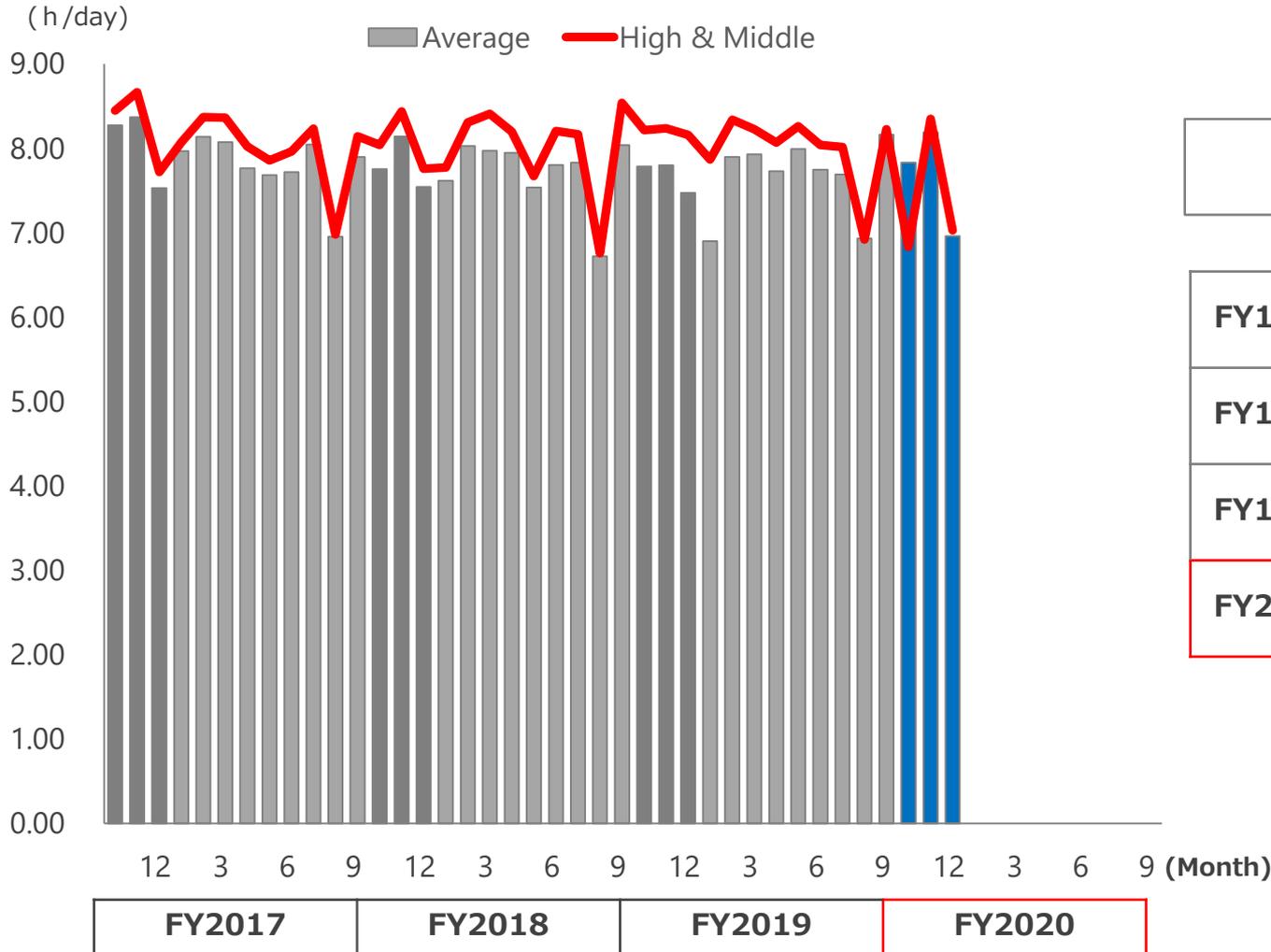
Avg. Utilization rate 3-month avg. (Oct - Dec)		
FY17/Q1	95.0%	YoY
FY18/Q1	93.2%	▲ 1.8pt.
FY19/Q1	91.1%	▲ 2.1pt.
FY20/Q1	90.1%	▲ 1.0pt.

* The aggregation range has been changed from FY2020.

Changes in Operating Time



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

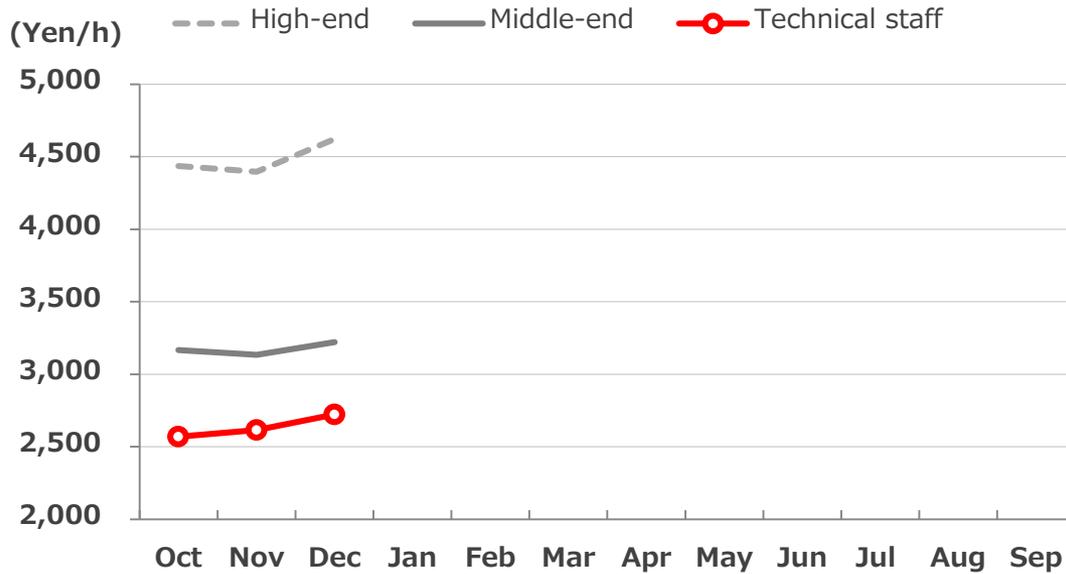


Avg. operating time
3-month avg. (Oct - Dec)

FY17/Q1	8.06h	YoY
FY18/Q1	7.81h	▲3.1%
FY19/Q1	7.68h	▲1.6%
FY20/Q1	7.66h	▲0.3%

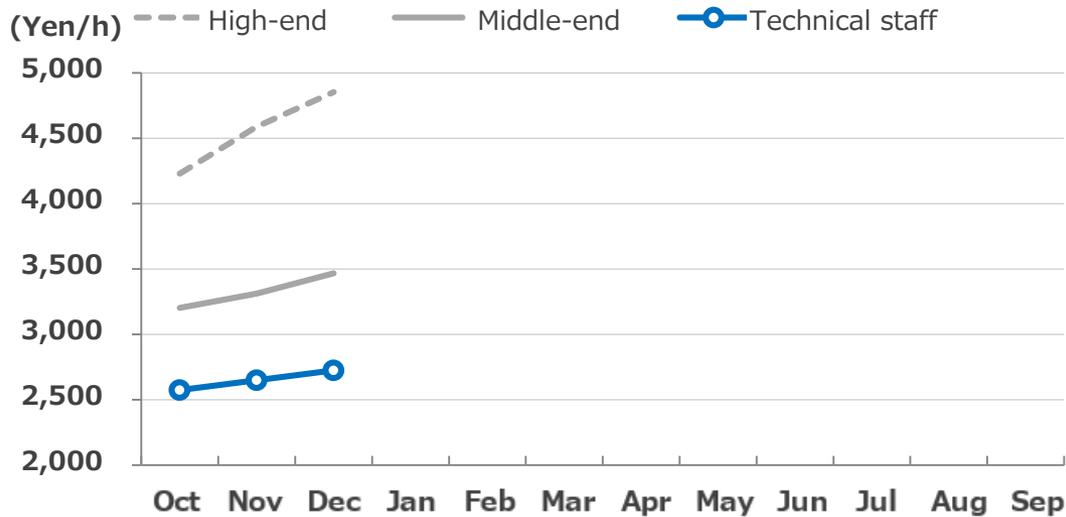
* The aggregation range has been changed from FY2020.

Unit Price of Temporary Staffing



Avg. for IT Engineers
3-month avg. (Oct – Dec)

		YoY
FY20/Q1	2,890yen	—



Avg. for Machinery and Electric Engineers
3-month avg. (Oct – Dec)

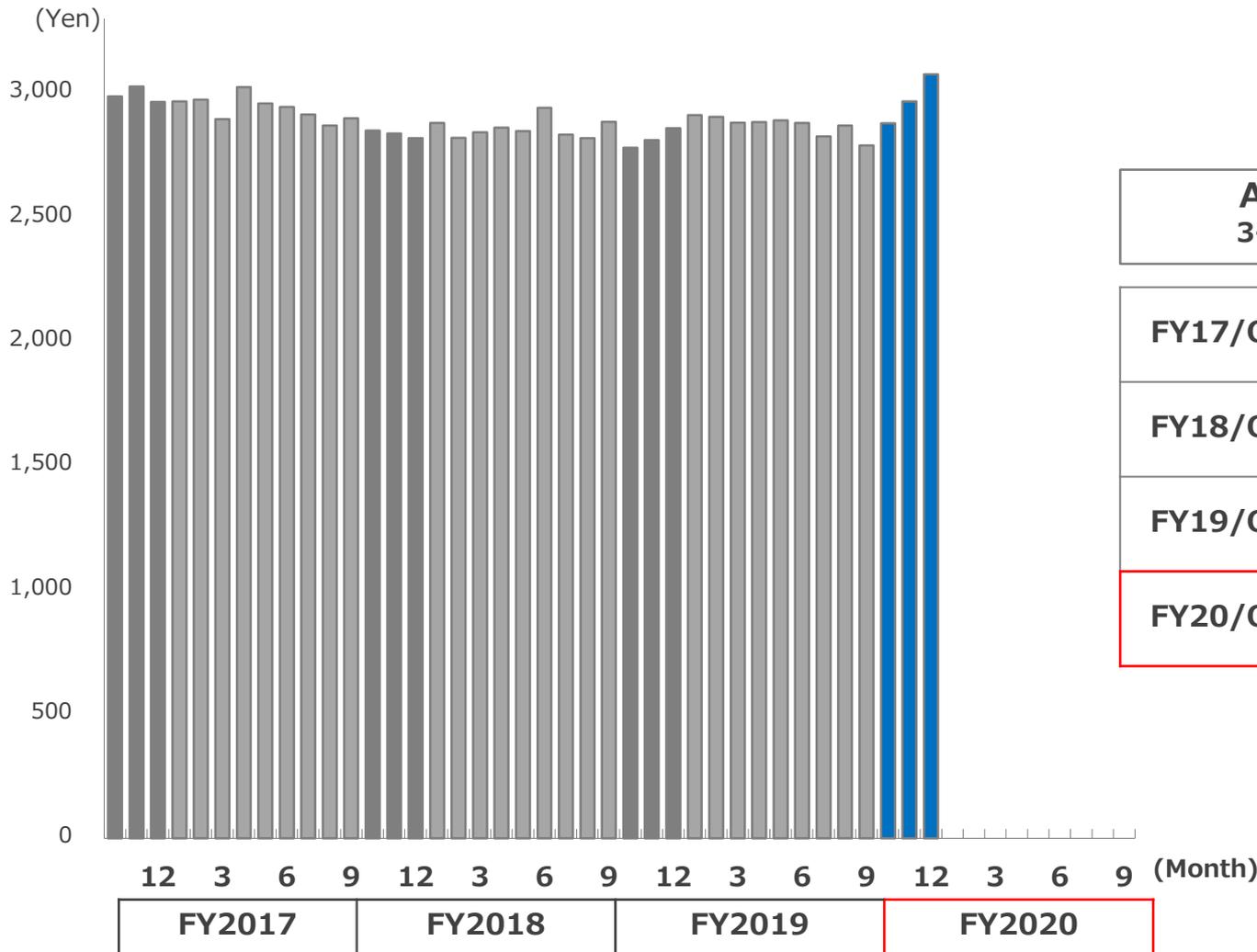
		YoY
FY20/Q1	3,131yen	—

*The aggregation methods have been changed from FY2020.

Changes in Unit Price of Temporary Staffing



- Average unit price increased due to increase in middle-end of the group as a whole reflecting M&A in the previous fiscal year



Avg. operating time 3-month avg. (Oct – Dec)		
FY17/Q1	2,992yen	YoY
FY18/Q1	2,835yen	▲5.2%
FY19/Q1	2,816yen	▲0.7%
FY20/Q1	2,974yen	+5.6%

*The aggregation methods have been changed from FY2020.

KPI Summary



Engineer
Temporary Staff

- The number of engineers increased steadily by 37% due to active recruitment
- Utilization rate decreased with increased number of engineers but the average unit price of temporary staffing increased

All engineers 3-month avg. (Oct – Dec)

	FY19/Q1	FY20/Q1	Change	Pct. change
No. of engineers	2,659 engineers	3,637 engineers	+978 engineers	+36.8%
Utilization rate	91.1%	90.1%	▲1.0pt.	—
Operating time	7.68h	7.66h	▲0.02h	▲0.3%
Unit price of temporary staffing	2,816yen	2,974yen	+158yen	+5.6%

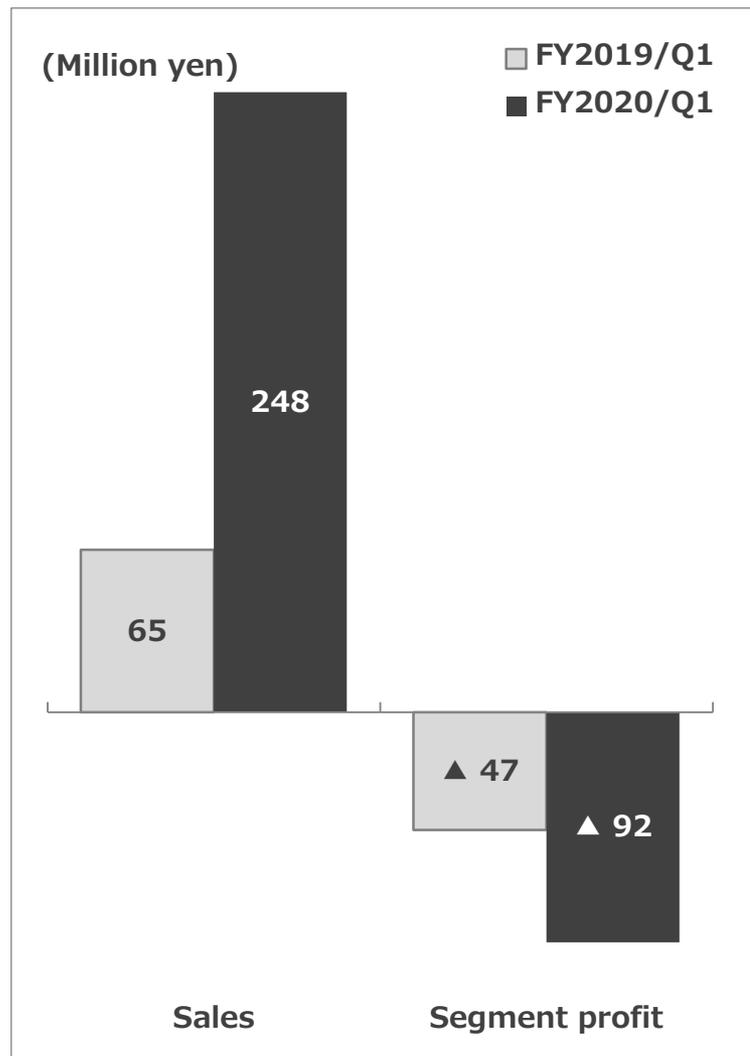
* The aggregation range has been changed from FY2020.

Other Business

P/L Summary

Other

■ Portfolio changed from the previous fiscal year



1. Temporary staffing business

(Million yen)

	FY19/Q1	FY20/Q1	Change
Sales	45	38	▲ 7
Segment profit	▲ 35	▲ 62	▲ 26

- Domestic business merged → Investment phase focusing on the use of foreigners
- Started overseas recruiting for external customers

2. Education-related business

(Million yen)

	FY19/Q1	FY20/Q1	Change
Sales	9	195	185
Segment profit	▲ 5	▲ 4	0

- Losses narrowed as sales increased due to the effect of advertising investments made by the programming learning services business in the previous fiscal year.

*We also provide consulting services.

*In addition, there are eliminations due to inter-segment transactions.

Business Portfolio

[FY20/Q1]

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
Other	Yume Global YUMEGLOBAL.Corp. YUMEGLOBAL.CO.,LTD. Samurai Centurion Capital Pacific Limited P3OPLE4U Yumeshin

Meeting people makes Everybody's dream come true



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