



Financial Results

for the Fiscal Year Ended

September 2016

November 18, 2016

September, 2016
Securities code
2362

CONTENTS

**Consolidated
Financial Overview ... P3**

Segment Overview ...P26

FY9/17 ...P54

New Business ...P66

Shareholder Return ...P74

Consolidated Financial Overview

TOPIC

1. Sales

Sales up despite the sale of non-core businesses

2. Operating income

Income up 40% due to business reorganization

3. New business

Start education-related business

Reorganization of Business Portfolio

Business diversification,
Stable profitability from stock
business
[Risk-distributed]

1. Construction technician temporary staffing

Building technology support

- Temporary staffing of construction management specialist
- Temporary staffing of CAD operators

Outsourced production of constructing drawings

2. Engineer temporary staffing

Temporary staffing of engineers for manufacturing industry
Temporary staffing of system engineers

3. Childcare support

Operation of childcare center
Temporary staffing of childcare worker

4. Nursing care

Operation of day-service facility

5. Comprehensive construction

Construction of high-grade custom house

Focus on own field and strengths,
Specialized in high added-value human
resource business
[Highly profitable]

1. Construction technician temporary staffing

Building technology support

- Temporary staffing of construction management specialist
- Temporary staffing of CAD

Outsourced production of constructing drawings

2. Engineer temporary staffing

Temporary staffing of engineers for manufacturing industry
Temporary staffing of system engineers

3. Recruitment

Introducing human resources to construction/manufacturing industries
Utilization and support of foreign engineers

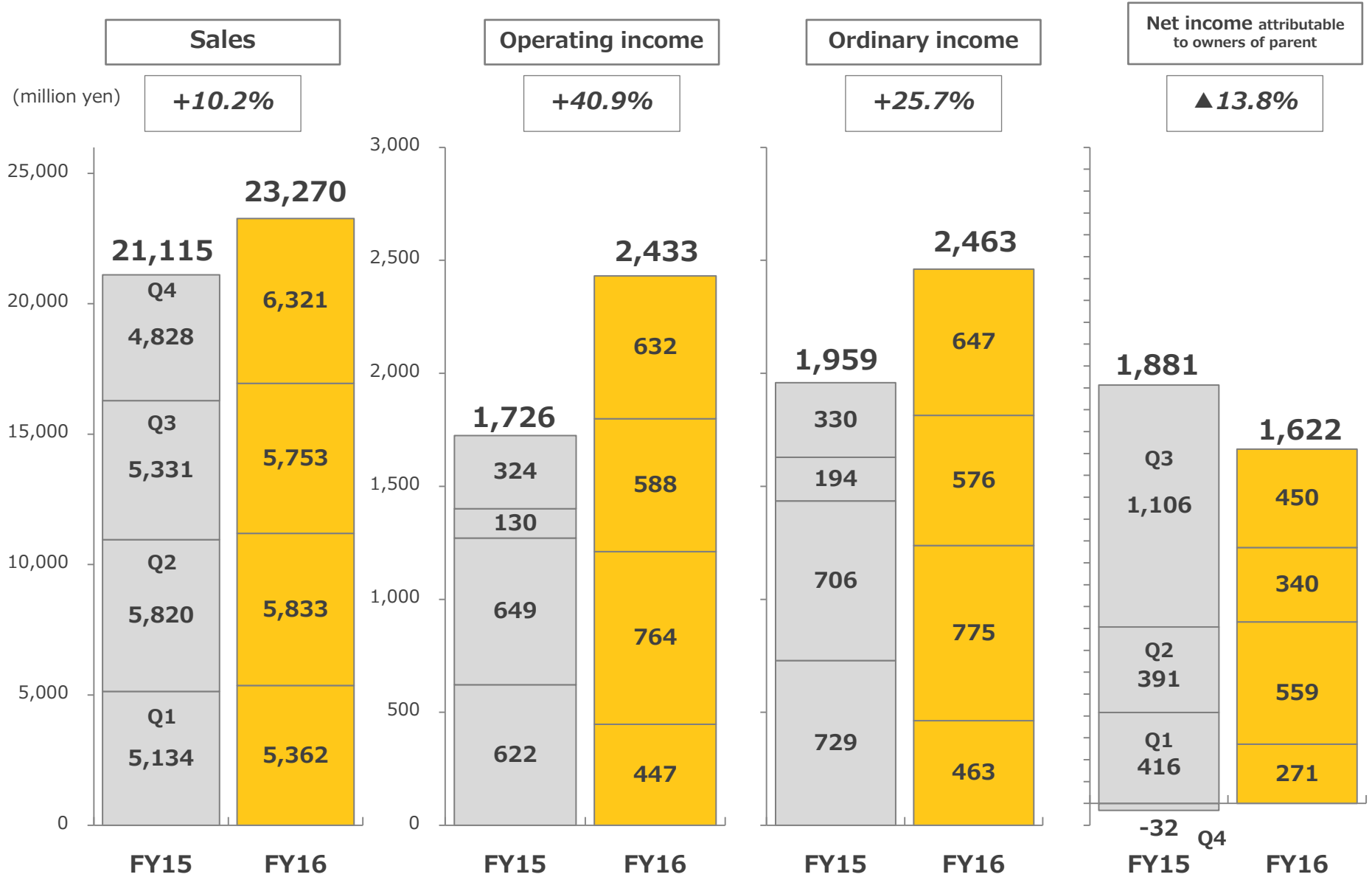
4. Other (education-related)

Fostering of topnotch IT engineers
Teaching of Japanese language to human resources in the Philippines

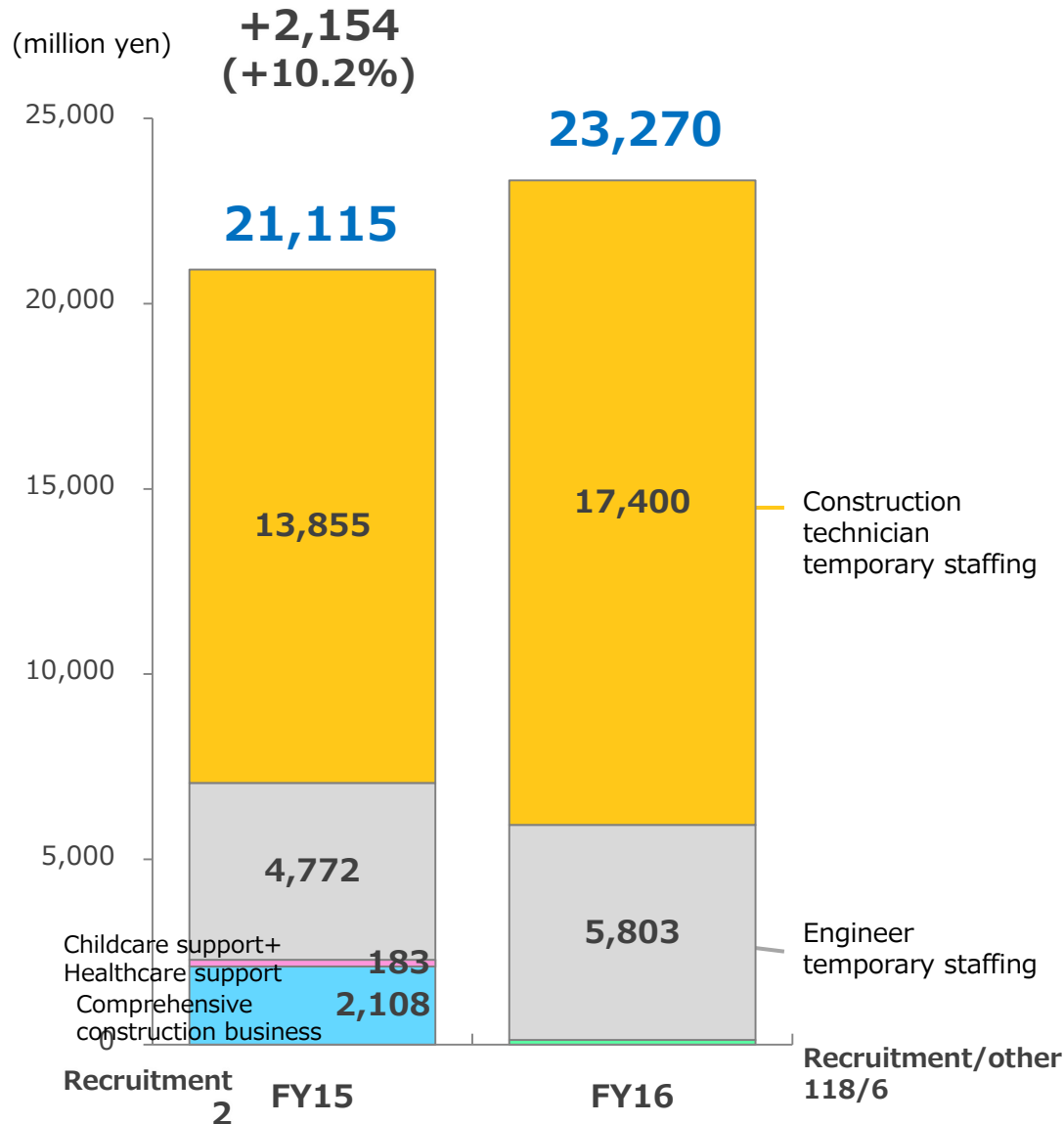


Consolidated P/L Statement

Consolidated P/L



Consolidated P/L (1) Sales



[Major factors for increase/decrease]

Construction technician temporary staffing **+¥3,545m (+25.6%)**

■ Sales up due to increase in staff at work

Engineer temporary staffing **+¥1,030m (+21.6%)**

■ Sales up due to increase in staff at work

Recruitment **+¥115m (+4826.5%)**

■ Introducing human resources to construction/manufacturing industries

Other **¥6m**

■ Fostering of topnotch IT engineers
■ Teaching of Japanese language to human resources in the Philippines

*1. Due to the sale of stock associated with the "childcare support" and "nursing care" business and the "comprehensive construction" business in FY15/Q3, these businesses are not included in FY16

*2. "Other business" is included in the consolidated financial statements from FY16/Q4.

Consolidated P/L (2)

Selling, General and Administrative Expenses

(million yen)

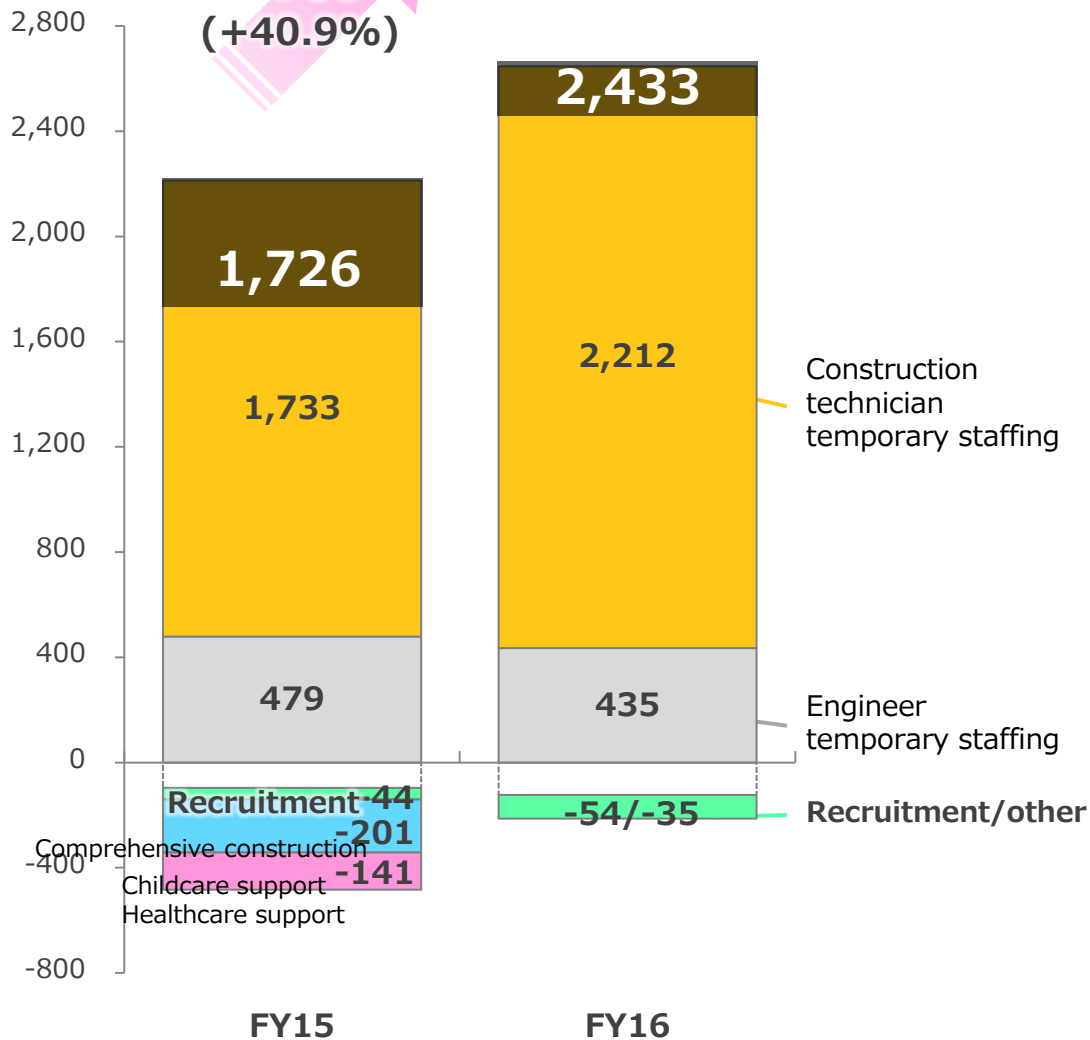
	FY2015	FY2016	Change	Remarks
Cost of sales	15,965	16,707	+741	· Increased due to increase in engineers
Cost of sales ratio	75.6%	71.8%	▲3.8pt.	
Gross profit	5,149	6,563	+1,413	· Increased due to improvement in unit cost of temporary staffing
Gross profit margin	24.4%	28.2%	+3.8pt.	
SG&A expenses	3,422	4,129	+707	
Executive compensation	124	145	+21	
Personnel expenses	1,644	1,919	+275	· Increased due to increase in sales staffs
Ad expenses	43	13	▲29	
Recruiting cost	590	883	+292	· Increase in advertising cost
Rent	323	309	▲14	
Outsourcing expenses	188	265	+77	
Amortization of goodwill	106	133	+26	
SG&A expense ratio	16.2%	17.5%	+1.7pt.	

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

Consolidated P/L Statement (3) Operating Income

(million yen)

+706
(+40.9%)



[Major factors for increase/decrease]

Construction technician temporary staffing **+¥479m**
(+27.6%)

■ Income up due to recovery in unit cost of temporary staffing

Engineer temporary staffing **▲¥43m**
(▲9.1%)

■ Income down due to increase in recruiting costs

Recruitment **▲¥10m**
(▲22.7%)

■ Income down due to prior investments including Website production and company infrastructure improvement

Other **▲¥35m**

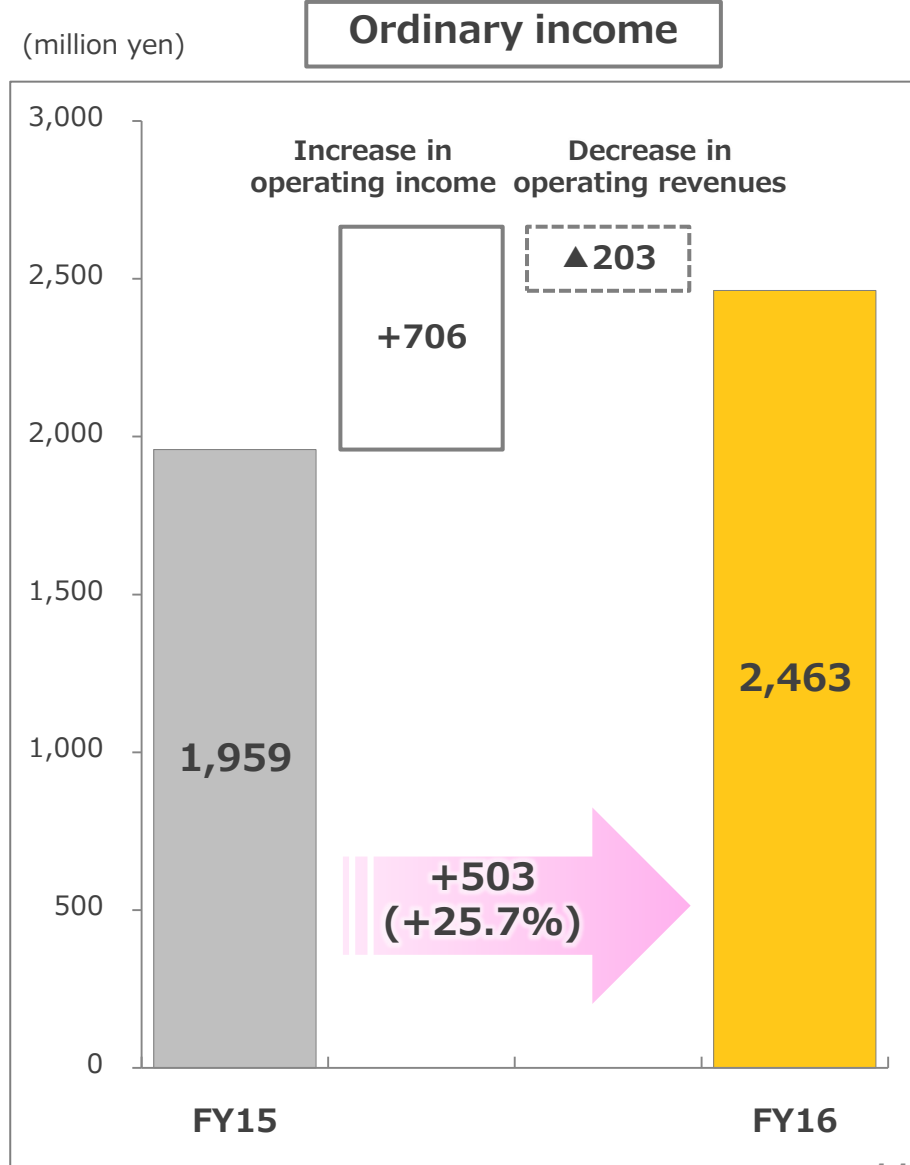
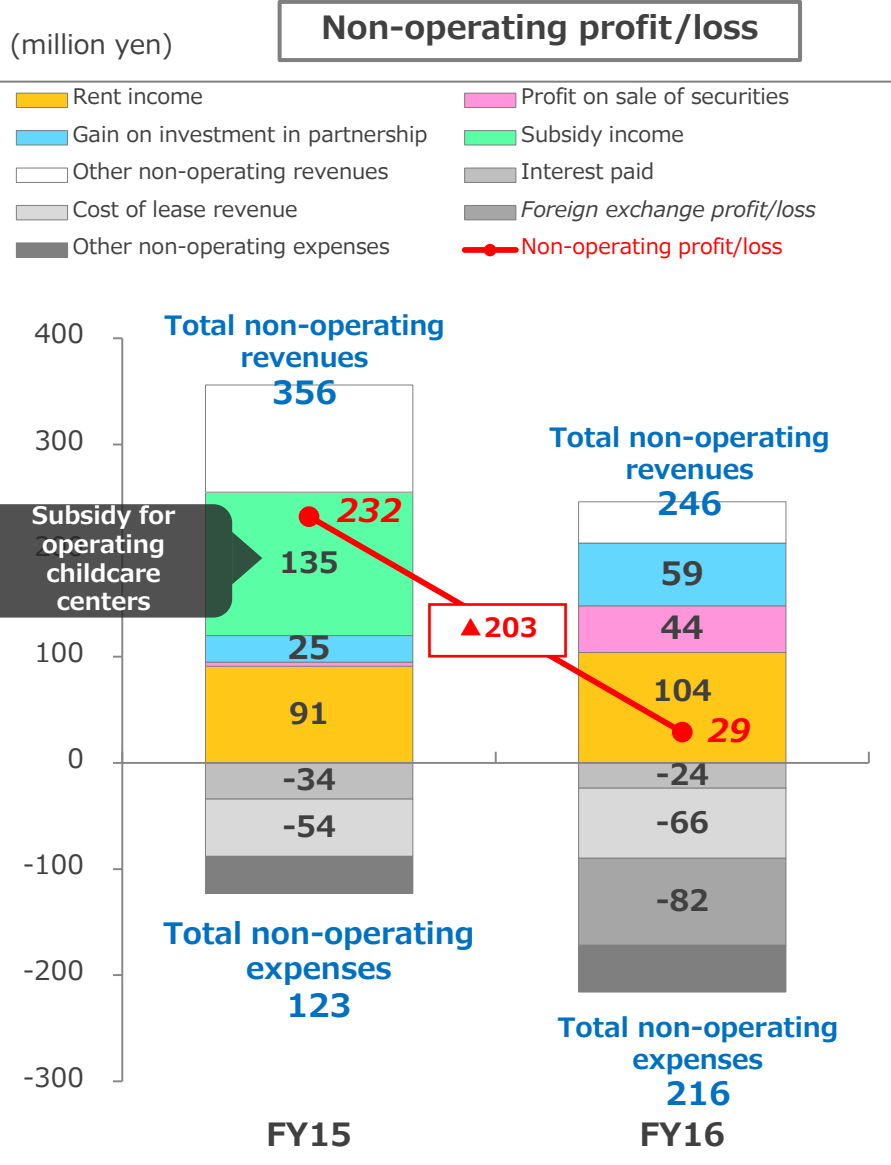
■ Fostering of topnotch IT engineers
■ Teaching of Japanese language to human resources in the Philippines

*1. Due to the sale of stock associated with the "childcare support" and "nursing care" business and the "comprehensive construction" business in FY15/Q3, these businesses are not included in FY16

*2. "Other business" is included in the consolidated financial statements from FY16/Q4.

Consolidated P/L (4)

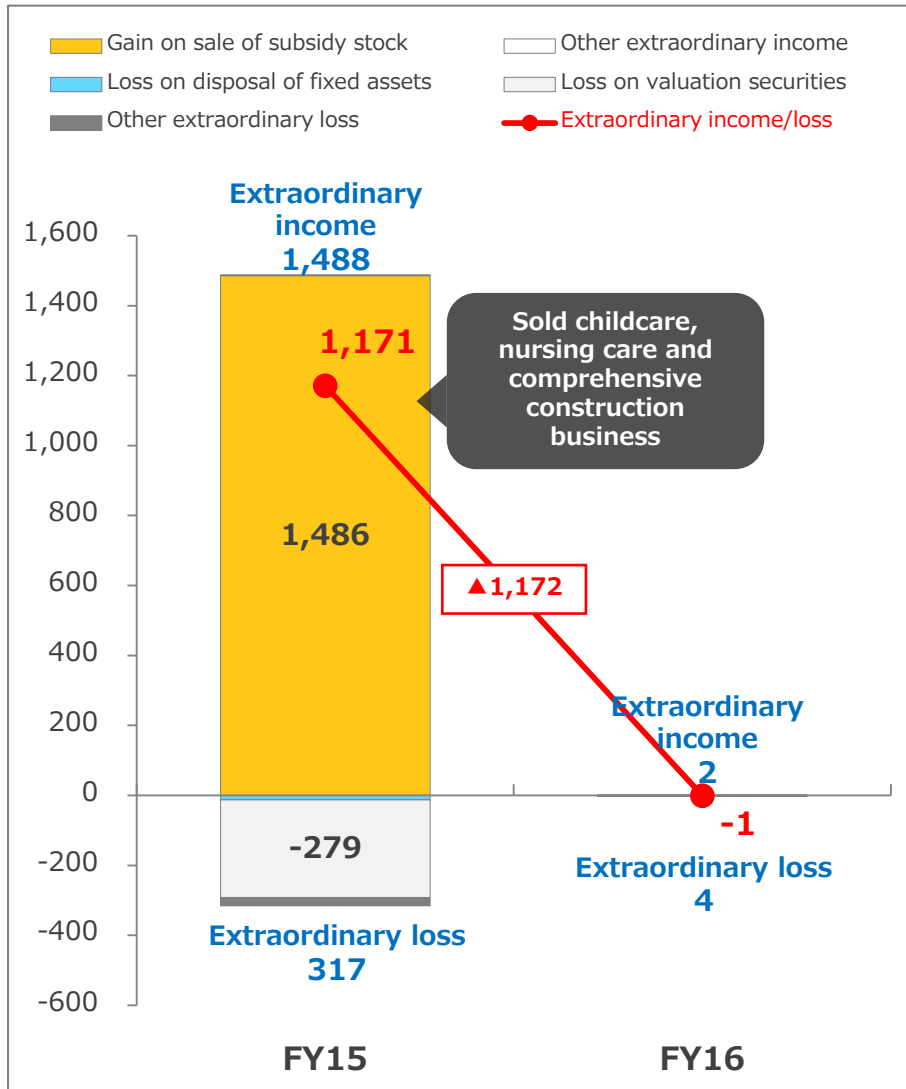
Non-operating Profit/Loss and Ordinary Income



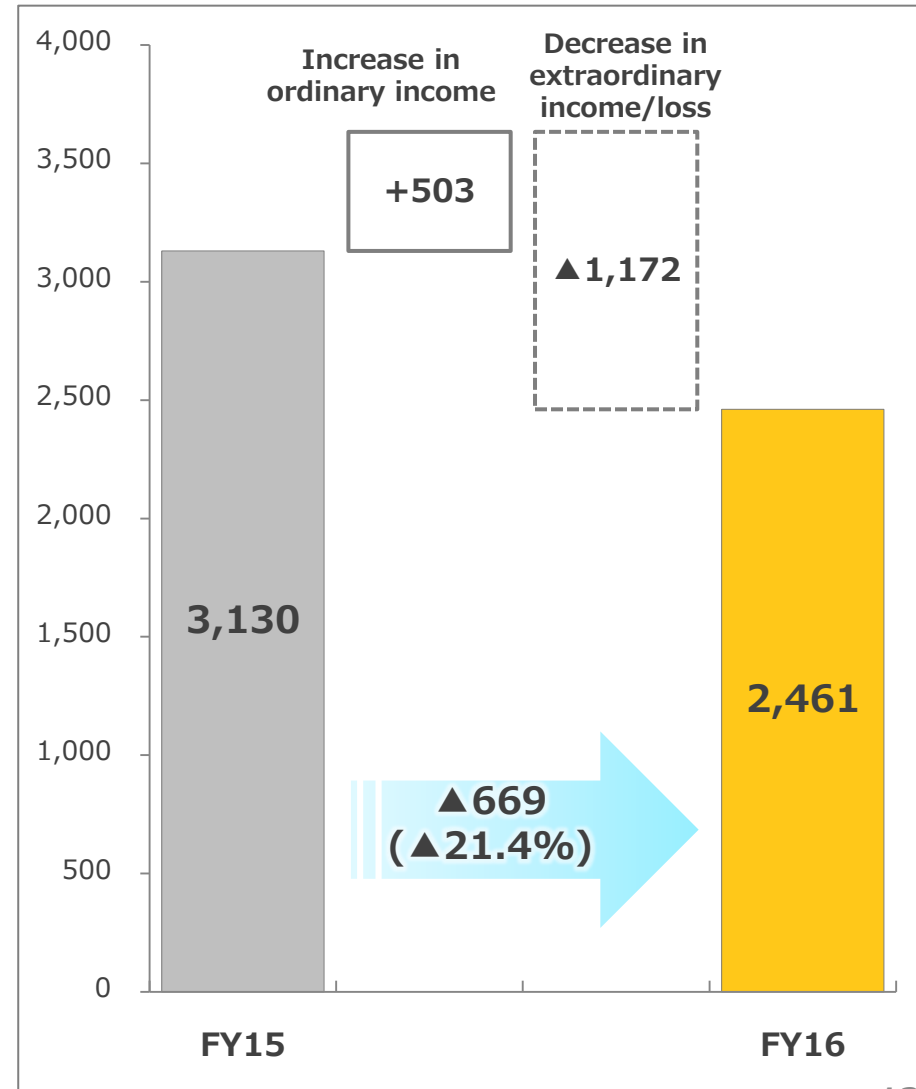
Consolidated P/L (5)

Extraordinary Income/Loss and Income Before Income Tax

(million yen) **Extraordinary income/loss**

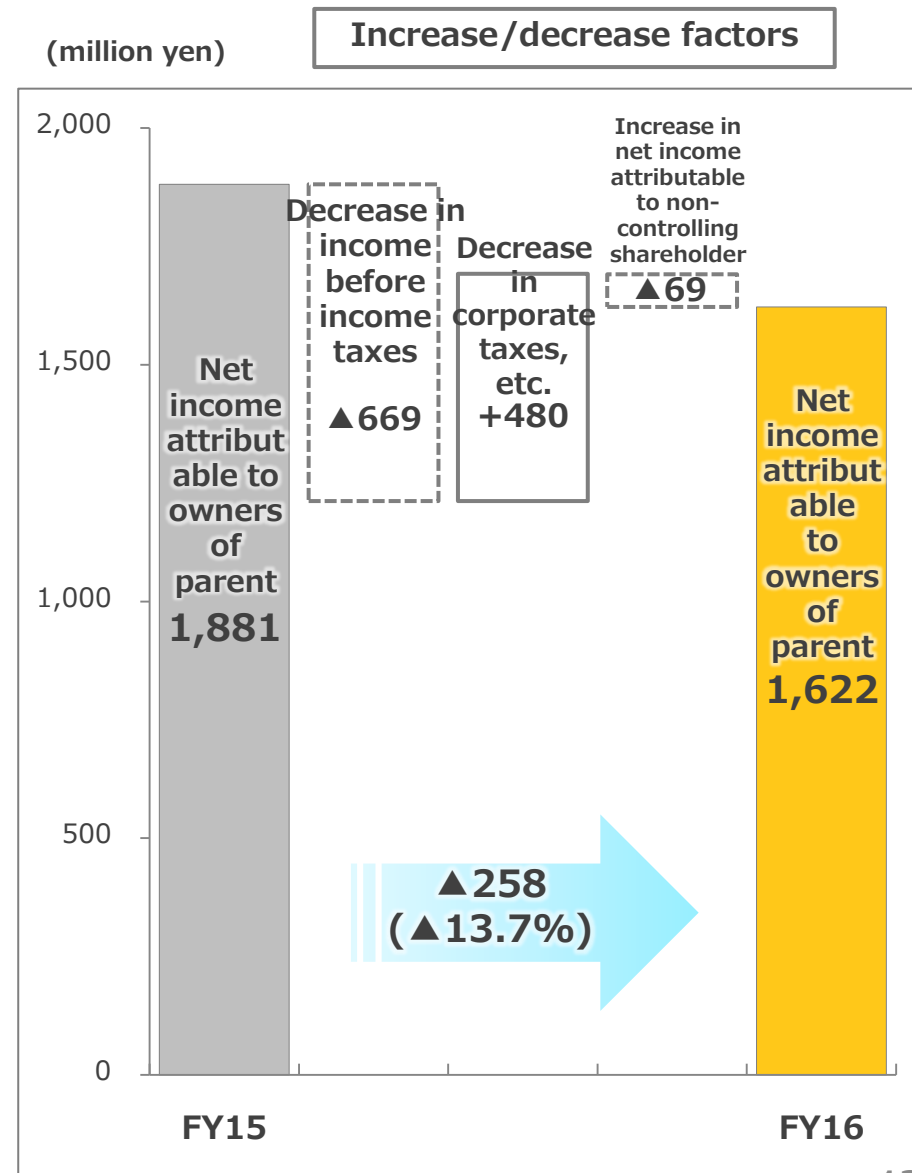
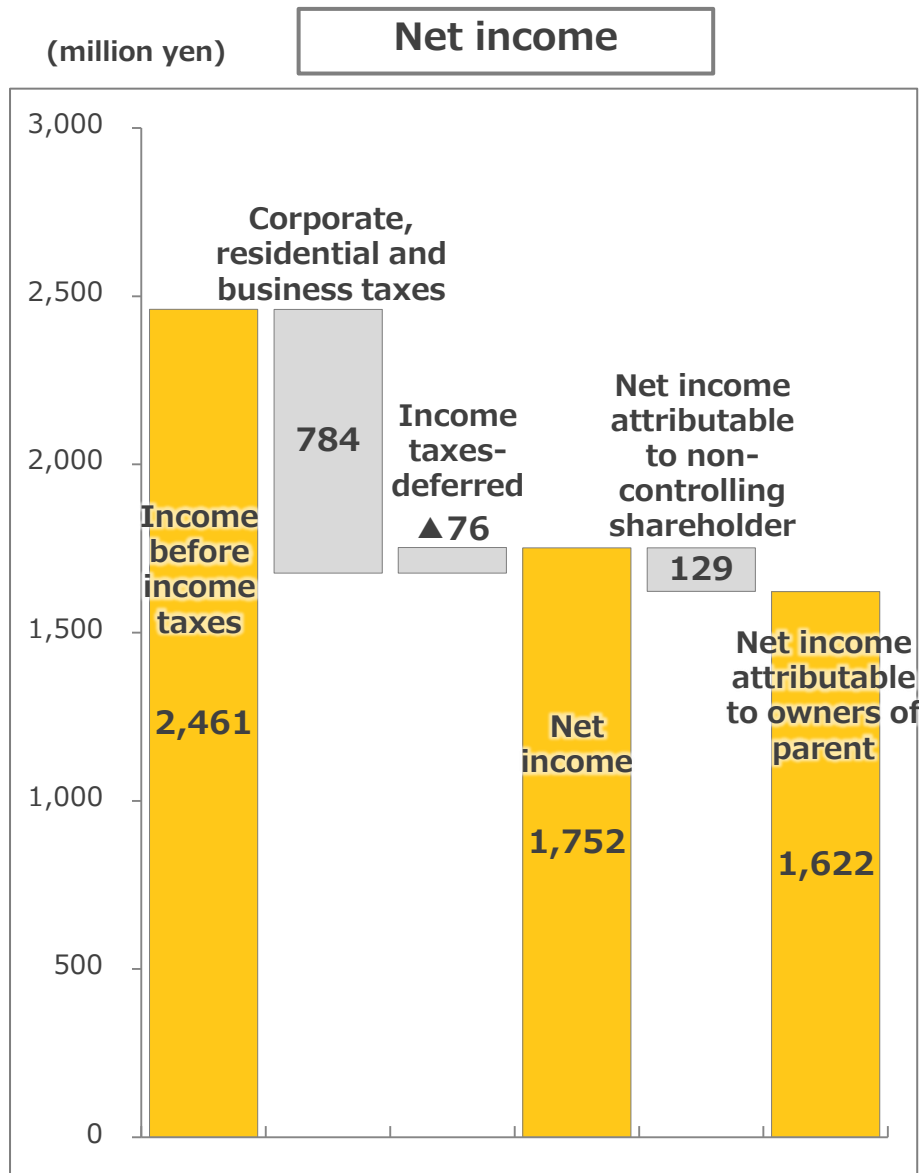


(million yen) **Income before income tax**



Consolidated P/L (6)

Net income attributable to owners of parent



Summary of Consolidated P/L Statement

(million yen)

	FY2015	FY2016	Change	Pct. change
Sales	21,115	23,270	+2,154	10.2%
Gross profit	5,149 (24.4%)	6,563 (28.2%)	+1,413	27.5%
SG&A expenses	3,422 (16.2%)	4,129 (17.7%)	+707	20.7%
Operating income	1,726 (8.2%)	2,433 (10.5%)	+706	40.9%
Ordinary income	1,959 (9.3%)	2,463 (10.6%)	+503	25.7%
Net income attributable to owners of parent	1,881 (8.9%)	1,622 (7.0%)	▲258	▲13.7%

* () = Ratio to sales

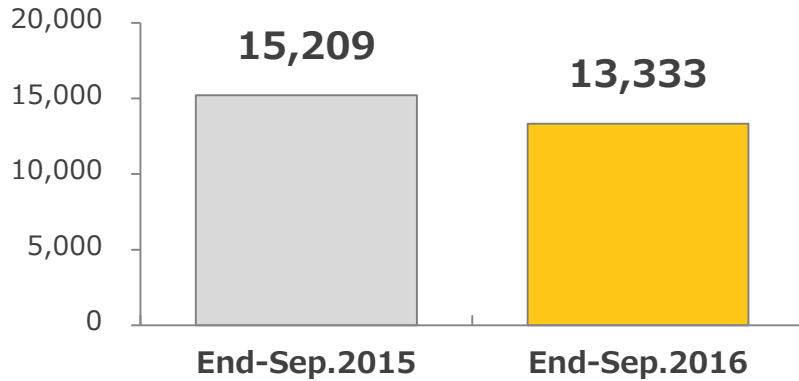
Consolidated Financial Overview

Consolidated B/S

Consolidated B/S

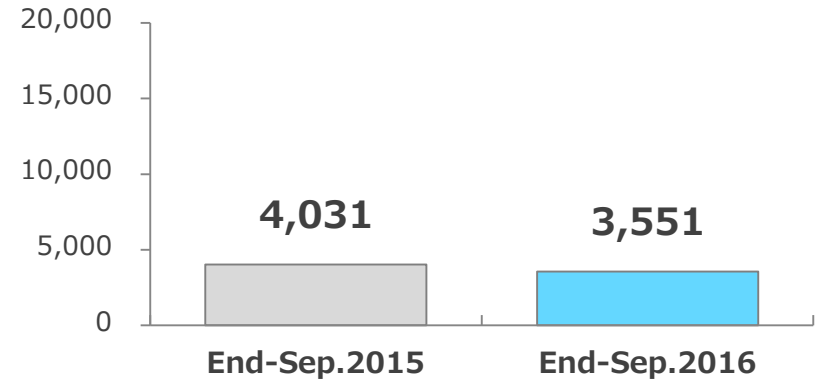
Current assets

(million yen)



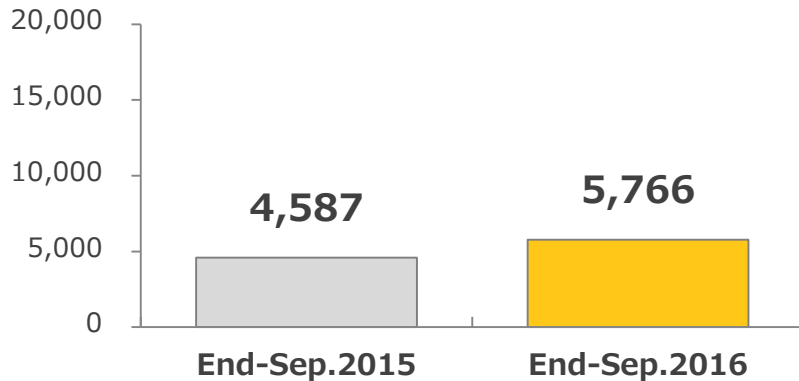
Current liabilities

(million yen)



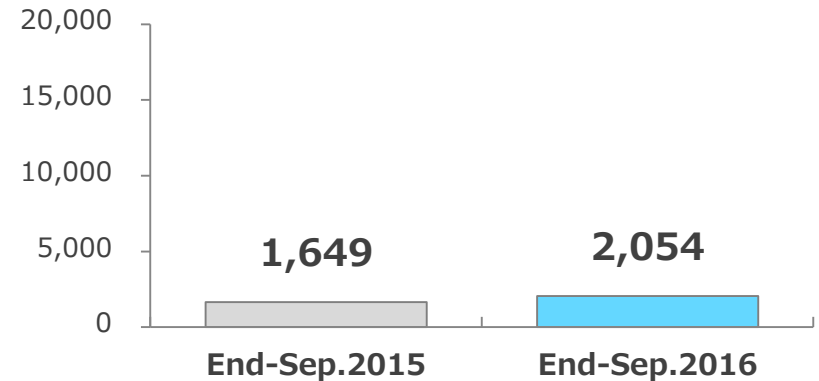
Fixed assets

(million yen)



Fixed liabilities

(million yen)



Consolidated B/S (1) Assets

(million yen)

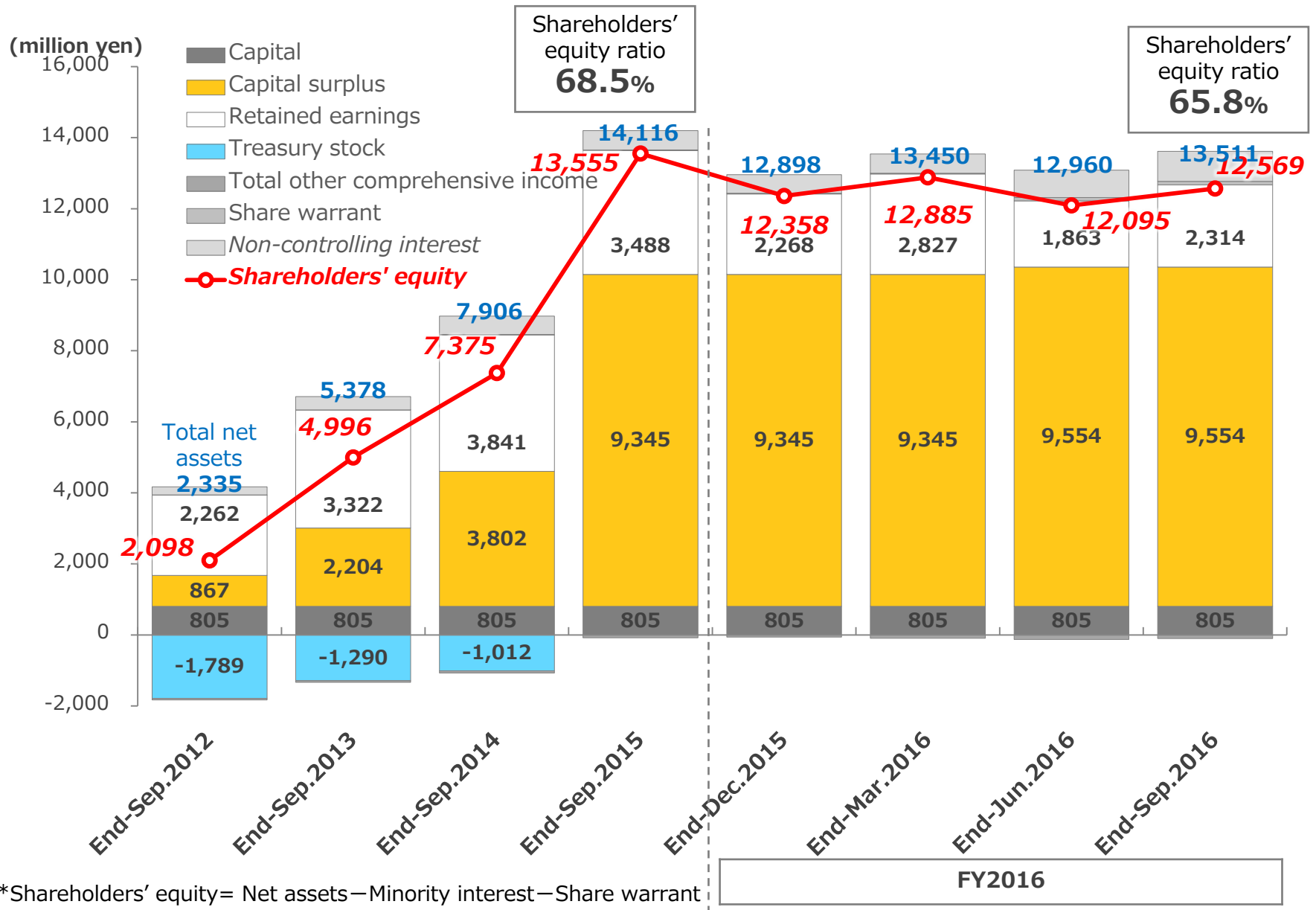
	End-Sep. 2015	End-Sep. 2016	Change	Remarks
Assets	19,797	19,117	▲679	
Current assets	15,209	13,333	▲1,876	
Cash and deposits	11,460	8,723	▲2,736	Decreased due to payment of dividend
Notes and accounts receivable-trade	2,747	3,642	+894	Increased due to increase in the number of job sites of the temporary staffing
Deferred tax assets	185	181	▲3	
Allowance for doubtful accounts	▲21	▲21	+0	
Fixed assets	4,587	5,766	+1,178	
Tangible fixed assets	940	1,352	+412	
Buildings and structures	461	582	+161	
Machinery, delivery equipment	6	4	▲2	
Land	408	702	+294	Increased due to purchase of company housing
Lease asset	37	26	▲10	
Intangible fixed assets	348	1,220	+872	
Goodwill	309	1,175	+866	Increased due to establishment of subsidiary, etc.
Software	29	40	+10	
Lease asset	4	2	▲2	
Investments and other assets	3,299	3,193	▲106	
Investment securities	1,771	1,566	▲205	
Deferred tax assets	23	115	+91	
Lease deposit	336	375	+38	
Investment properties	1,118	1,105	▲12	
Allowance for doubtful accounts	▲52	▲33	+18	

Consolidated B/S (2) Liabilities and Net Assets

(million yen)

	End-Sep. 2015	End-Sep. 2016	Change	Remarks
Liabilities	5,680	5,606	▲74	
Current liabilities	4,031	3,551	▲479	
Account payable-trade	8	11	+2	
Short-term debt	100	100	0	
Current portion of long-term debt	1,005	791	▲214	
Accounts payable	210	330	+120	
Income taxes payable	652	252	▲400	Decreased due to payment of corporate taxes
Accrued expenses	1,068	1,057	▲10	
Reserve for bonuses	299	381	+82	
Fixed liabilities	1,649	2,054	+405	
Long-term debt	1,218	1,644	+426	Increased due to borrowing of working capital
Lease obligations	31	19	▲11	
Loss on retirement benefit	231	258	+26	
Net assets	14,116	13,511	▲605	
Shareholders' equity	13,638	12,674	▲964	
Capital	805	805	0	
Capital surplus	9,345	9,554	+209	Increased due to Yume Technology's capital increase
Retained earnings	3,488	2,314	▲1,173	Net income – Year-end dividend for FY15 – Interim dividend for FY16
Treasury stock	▲0	▲0	0	
Accumulated other comprehensive income	▲83	▲105	▲21	
Valuation difference on available-for-sale	▲73	▲96	▲22	
Share warrant	19	95	+76	
Minority interest	542	846	+304	18

Consolidated B/S (3) Shareholders' Equity



Consolidated Financial Overview

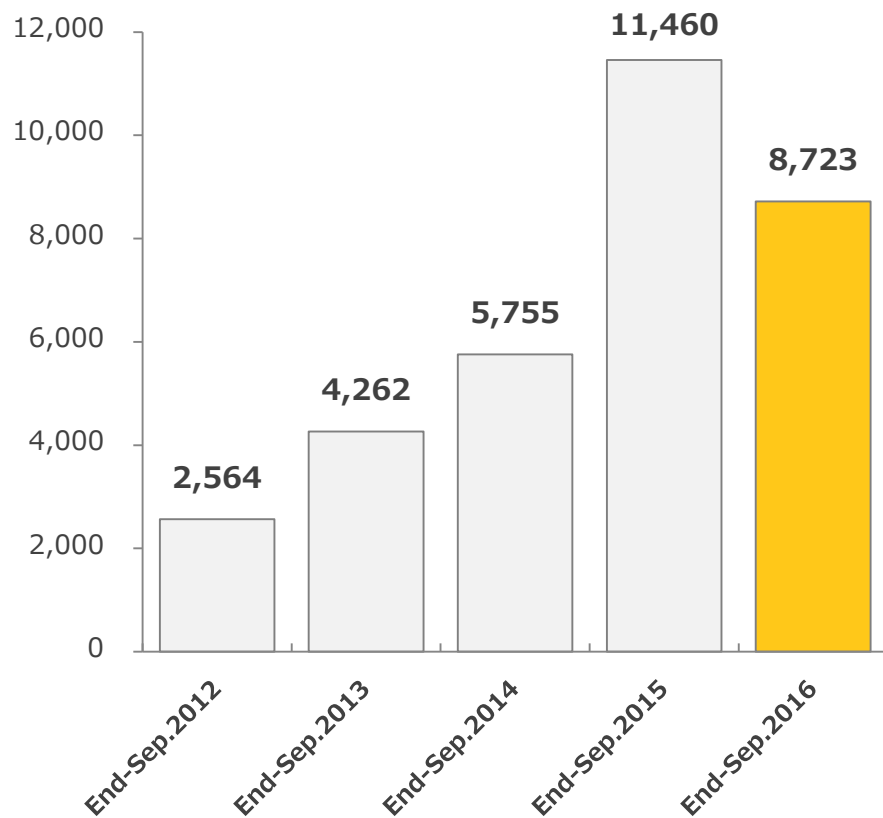
Financial Index

Financial Index (1)

Liquidity in Hand and Shareholders' Equity

Liquidity in hand

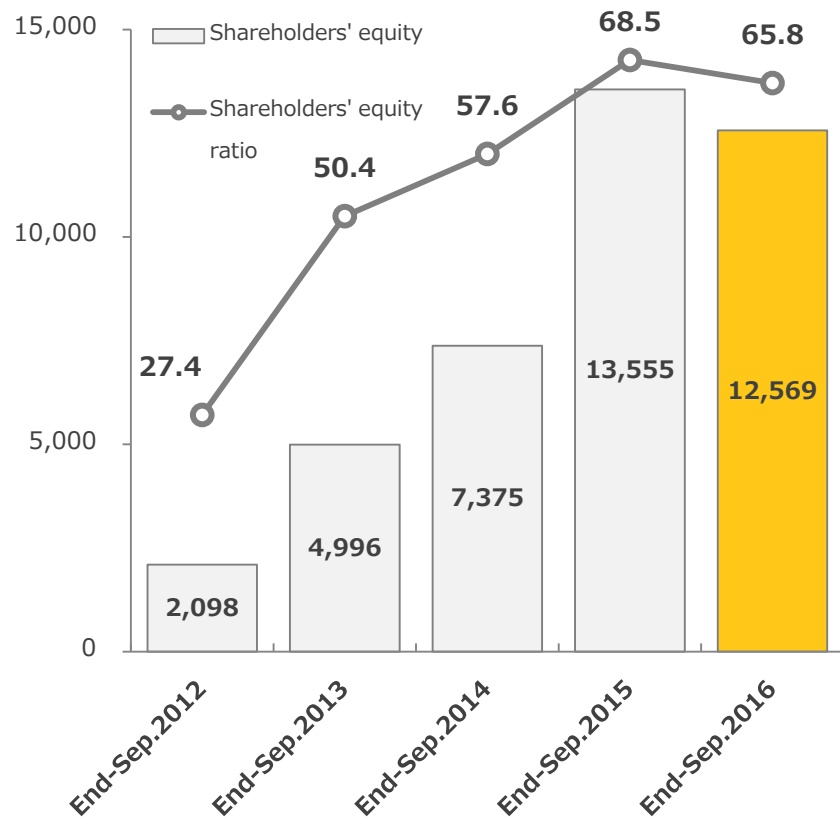
(million yen)



Shareholders' equity ratio

(million yen)

(%)



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

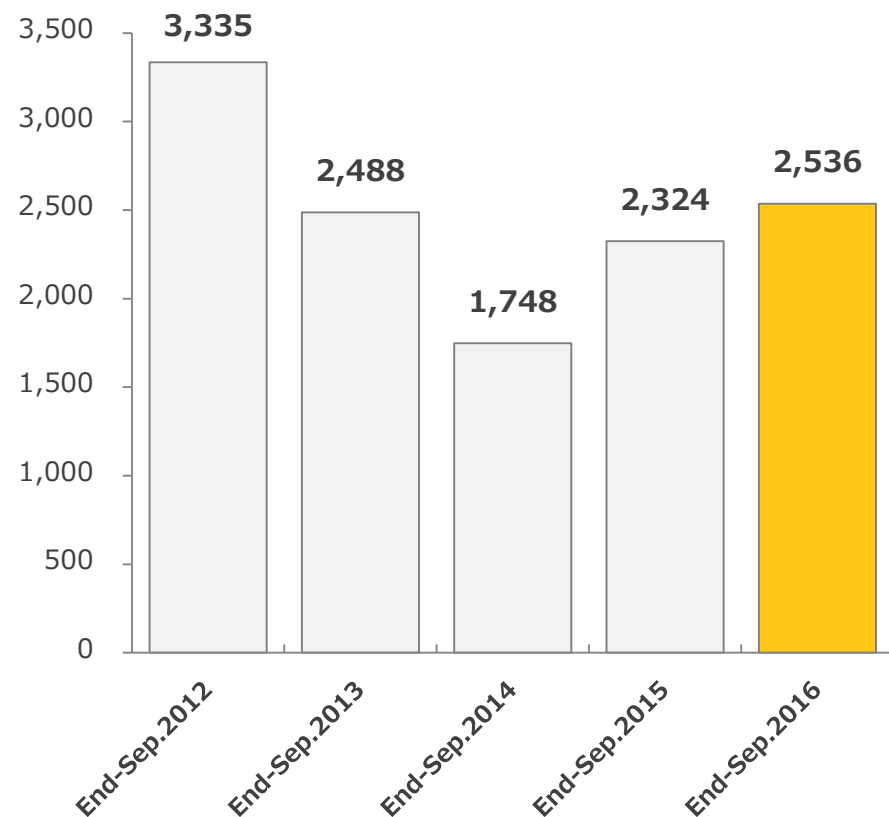
*2. Shareholders' equity = Net assets–Minority interest–Share warrant

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

Financial Index (2) Interest-Bearing Debt

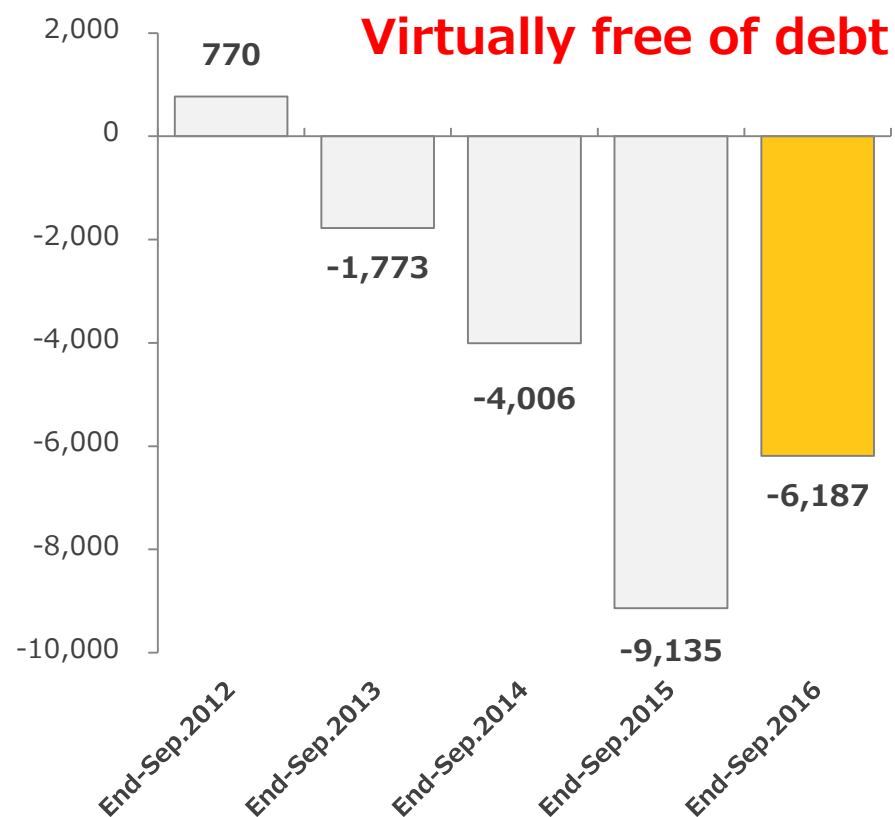
Interest-bearing debt

(million yen)



Net interest-bearing debt

(million yen)



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

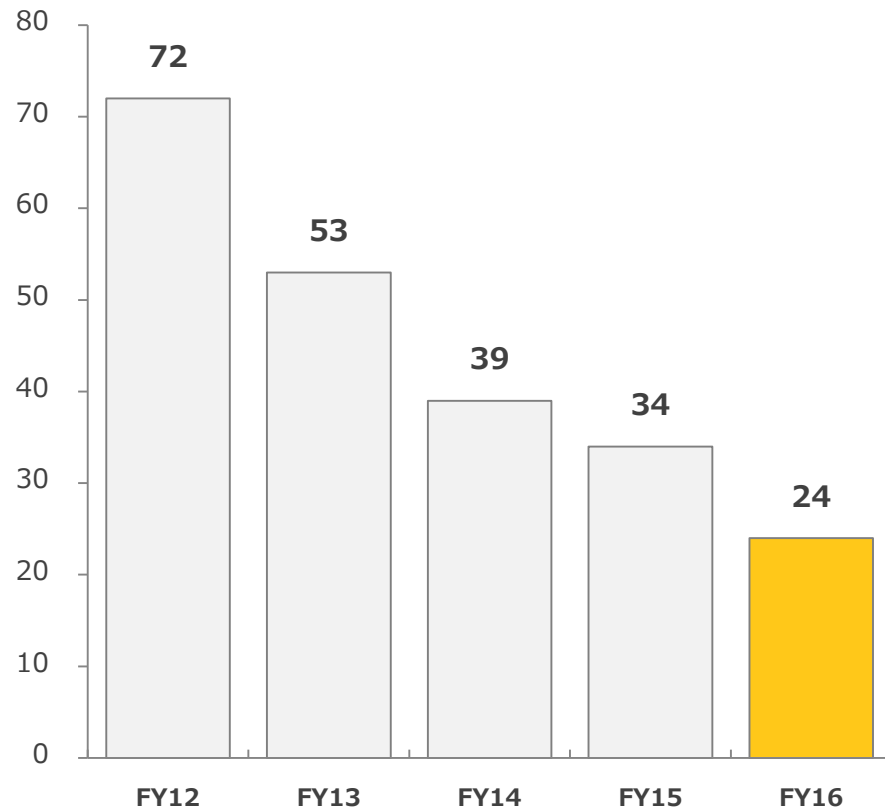
*2. Net interest-bearing debt = Interest-bearing debt–Liquidity in hand

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

Financial Index (3) Interest Paid and ICR

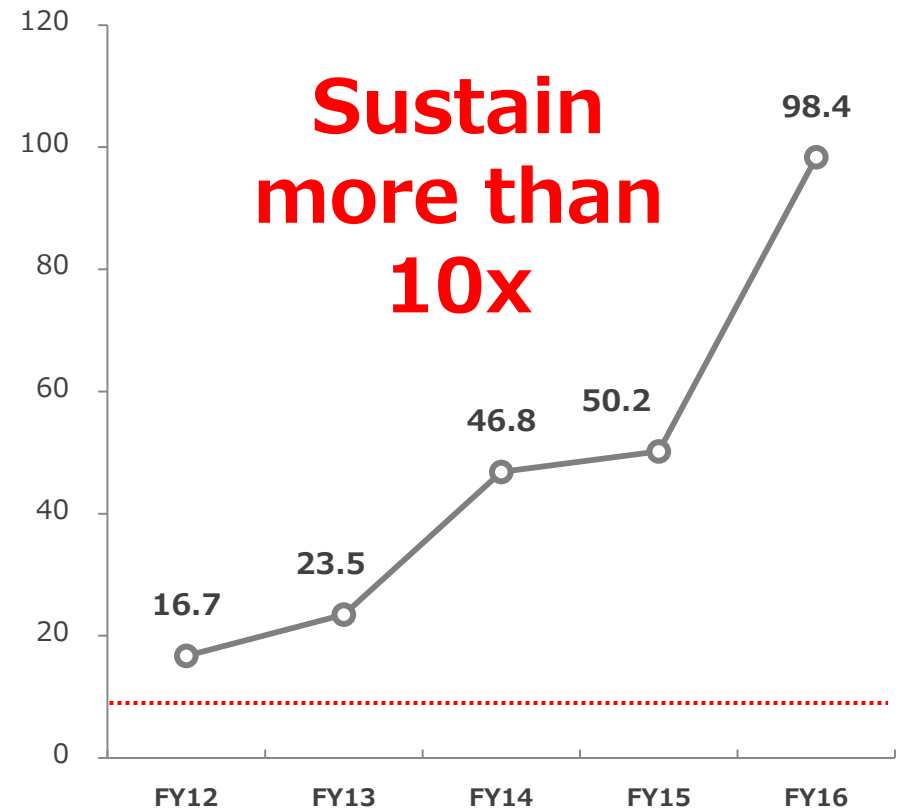
Interest paid

(million yen)



ICR

(Times)

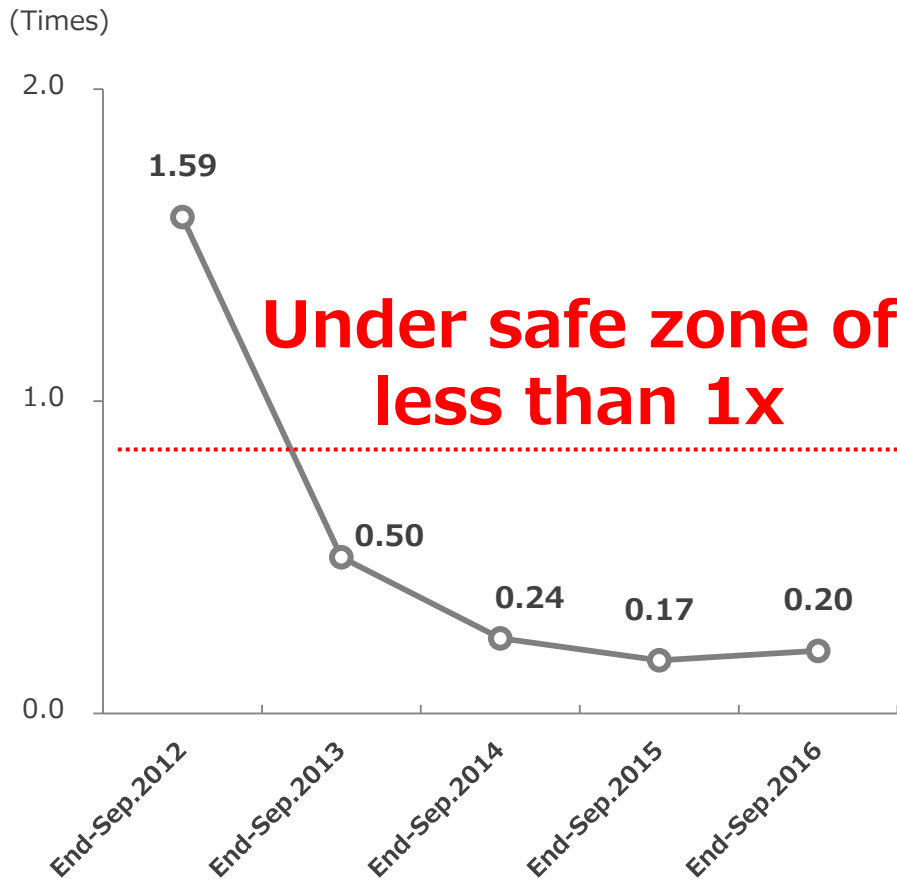


*1. Instant coverage ratio (ICR) = Net operating profit ÷ Interest paid

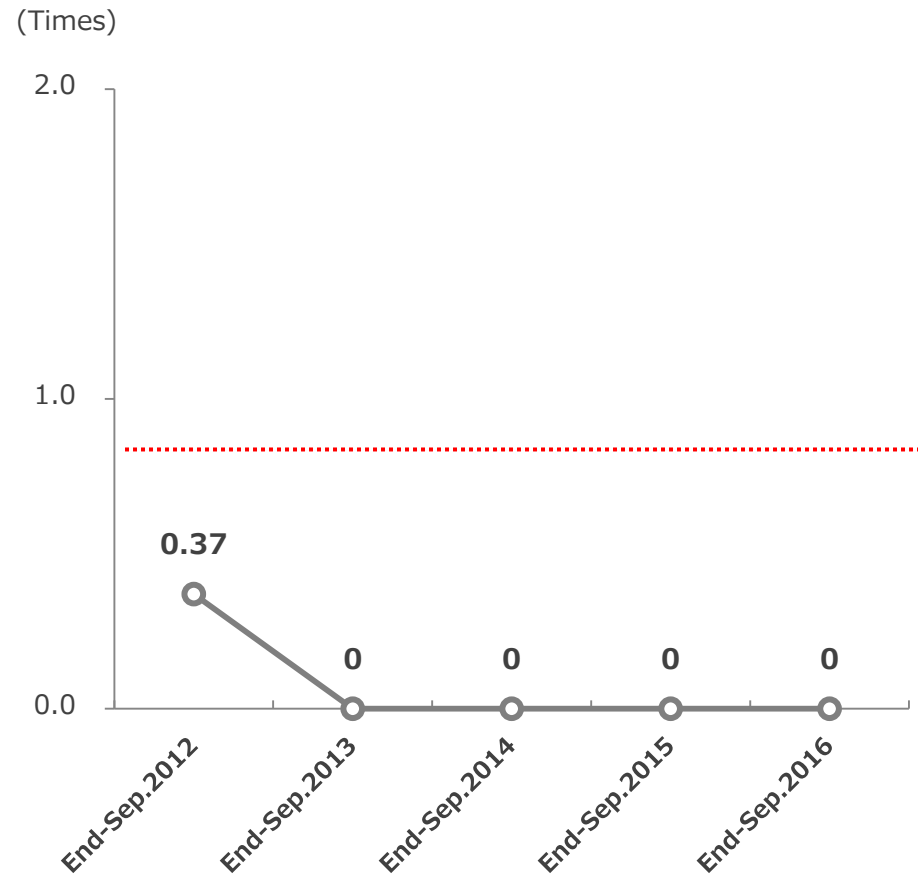
*2. Net operating profit = Operating income + Interest received + Investment gain/loss on equity method

Financial Index (4) D/E Ratio

D/E ratio



Net D/E ratio



- * 1. D/E ratio= Interest-bearing debt÷Shareholders' equity
- 2. Net D/E ratio = Net interest-bearing debt÷Shareholders' equity
- 3. Net interest-bearing debt = Interest-bearing debt– Liquidity in hand
- 4. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)
- 5. Liquidity in hand = Cash and deposits+ Securities included current assets

Summary of Financial Index

(million yen)

	End-Sep. '15	End-Sep. '16	Change
Shareholders' equity	13,555	12,569	▲986
Shareholders' equity ratio	68.5%	65.8%	▲2.7pt.
Liquidity in hand	11,460	8,723	▲2,948
Interest-bearing debt	2,324	2,536	+211
D/E ratio	0.17times	0.20times	▲0.03pt.

Segment Overview

Segment Overview

**Construction Technician
Temporary Staffing**

TOPIC

- 1 . Sales increased by double digit figures for 22 consecutive quarters**
- 2 . Unit price of temporary staffing recovered as expected**
- 3 . Operating income up by 3 times compared with the 2nd half**

Four Indicators of Sales

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



Sales

Number of engineers (1) Recruitment

- To maintain its unit price of temporary staffing during the off-season between April-June period hired more than 2,000 employees despite limiting the number of recruits in March and April

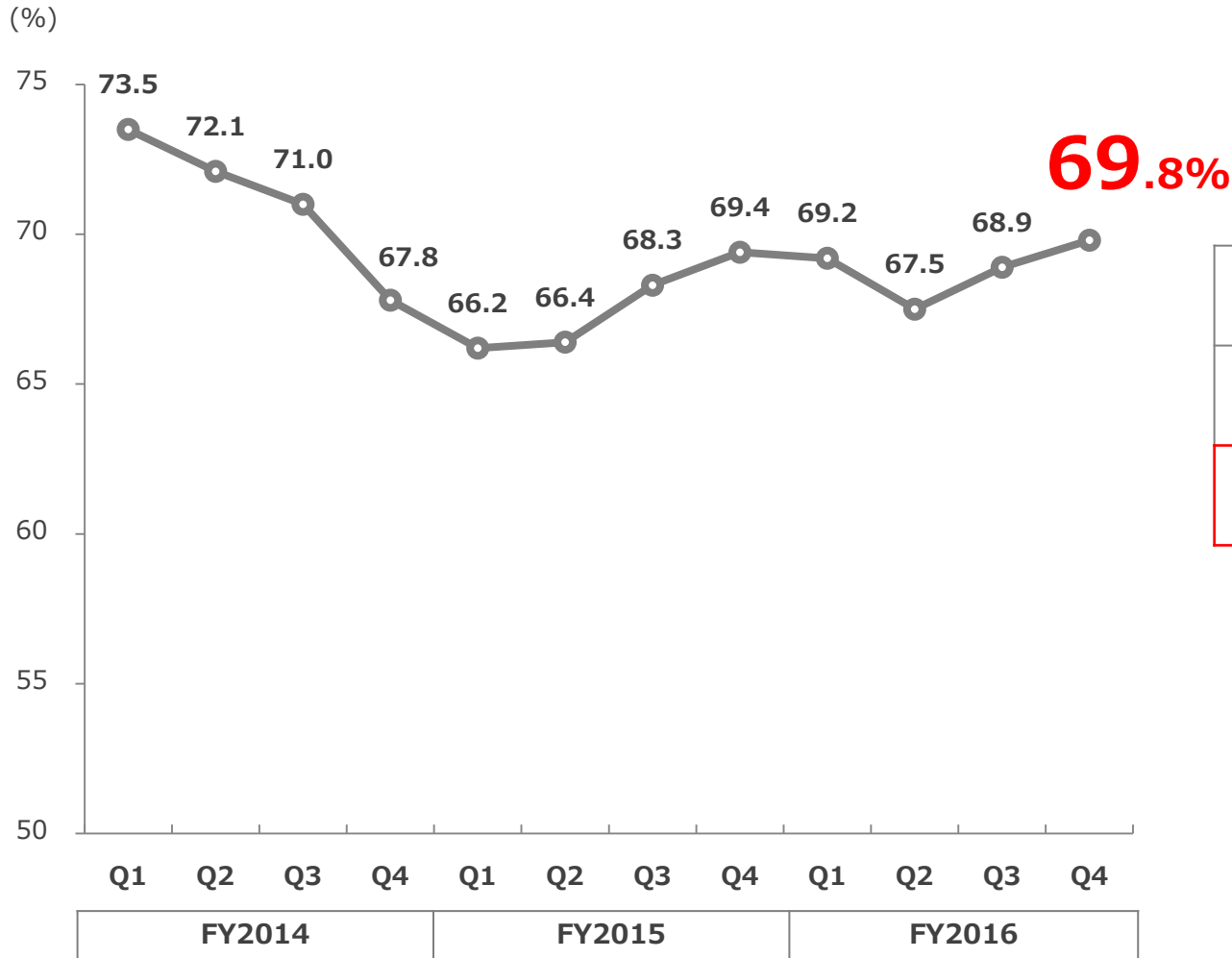
(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY16 Planned recruitment	500			500			1,000
FY16 recruitment	458			460			918
Difference	▲42			▲40			▲82
FY15 Planned recruitment	269			436			705

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY16 Planned recruitment	530			470			1,000	2,000
FY16 recruitment	532			568			1,100	2,018
Difference	+2			+98			+100	+18
FY15 Planned recruitment	534			463			997	1,702

Retention rate

- Retention rate showed recovery trend through continuous improvement plan
- The number of retirees decreased by 4% in the 2nd half compared with the 1st half amid increase in denominator



**Avg. retention rate
(End-Sep.)**

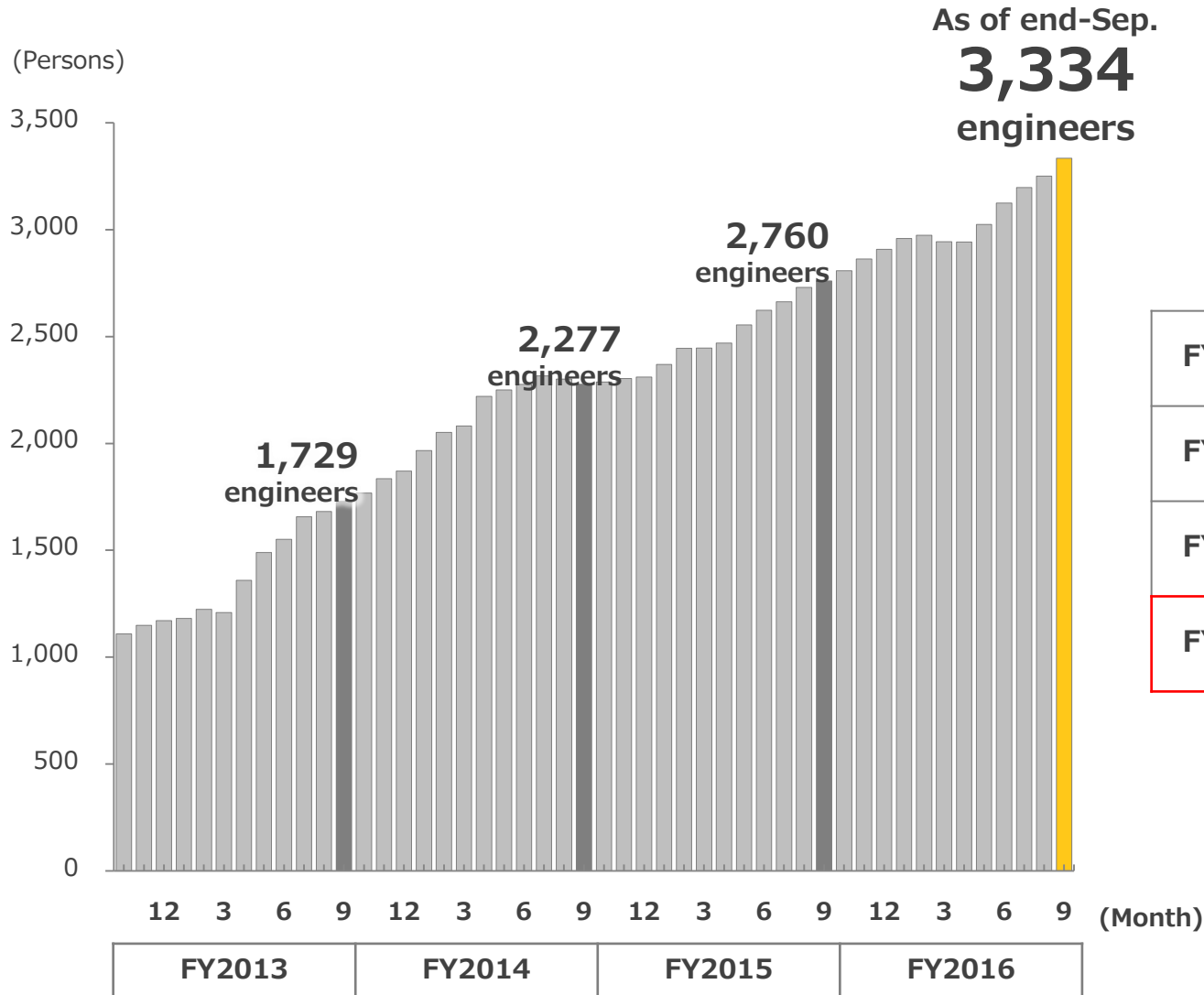
FY2014	67.8%	YoY
FY2015	69.4%	+1.6pt.
FY2016	69.8%	+0.4pt.

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

Number of engineers (2)

Changes in the Number of Engineers

■ Increased by 574 engineers YoY (+20.8%)



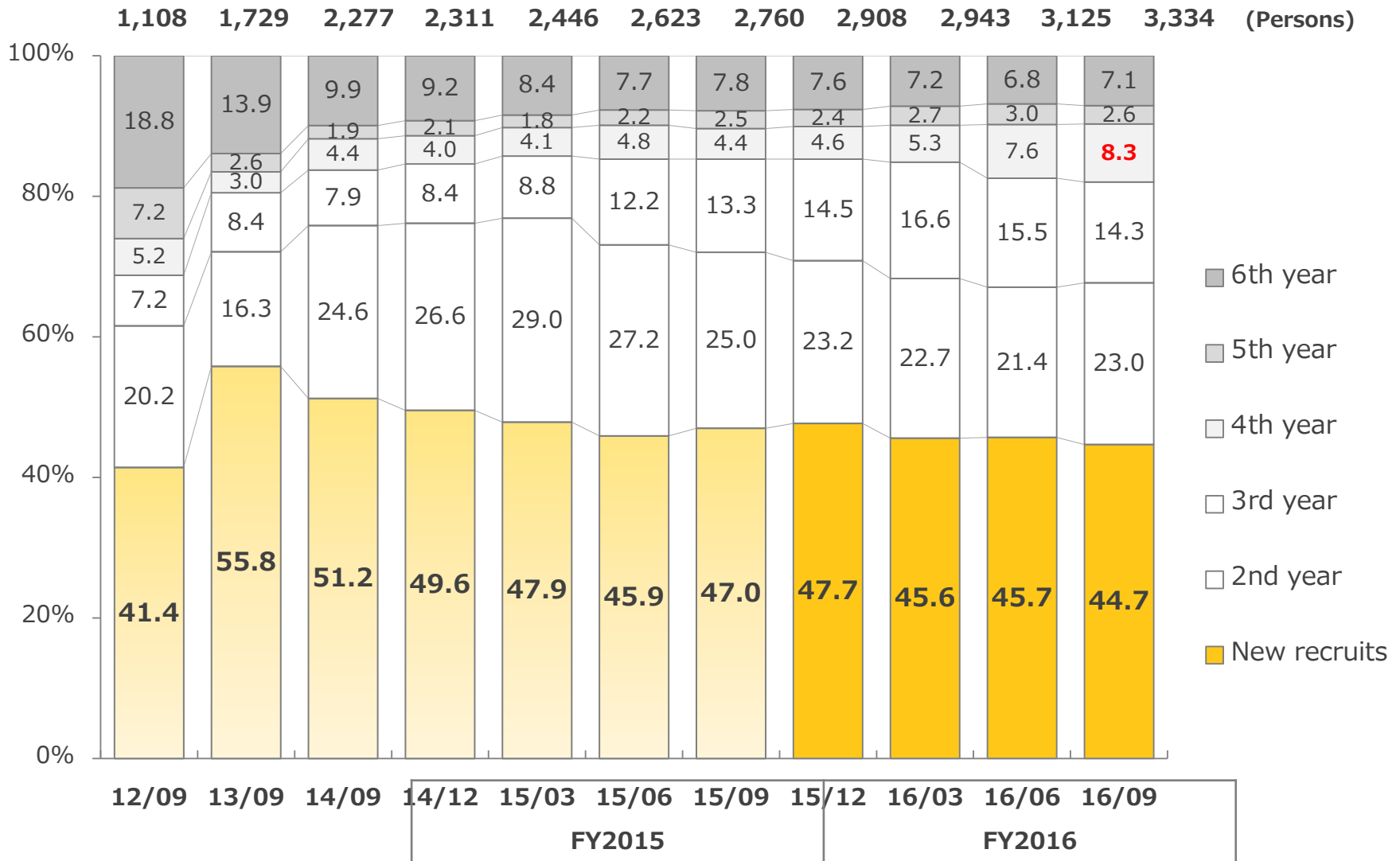
Number of engineers
12-month avg. (Oct.- Sep.)

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

* Number of engineers at the end of month

Number of engineers (3) Ratio by Length of Service

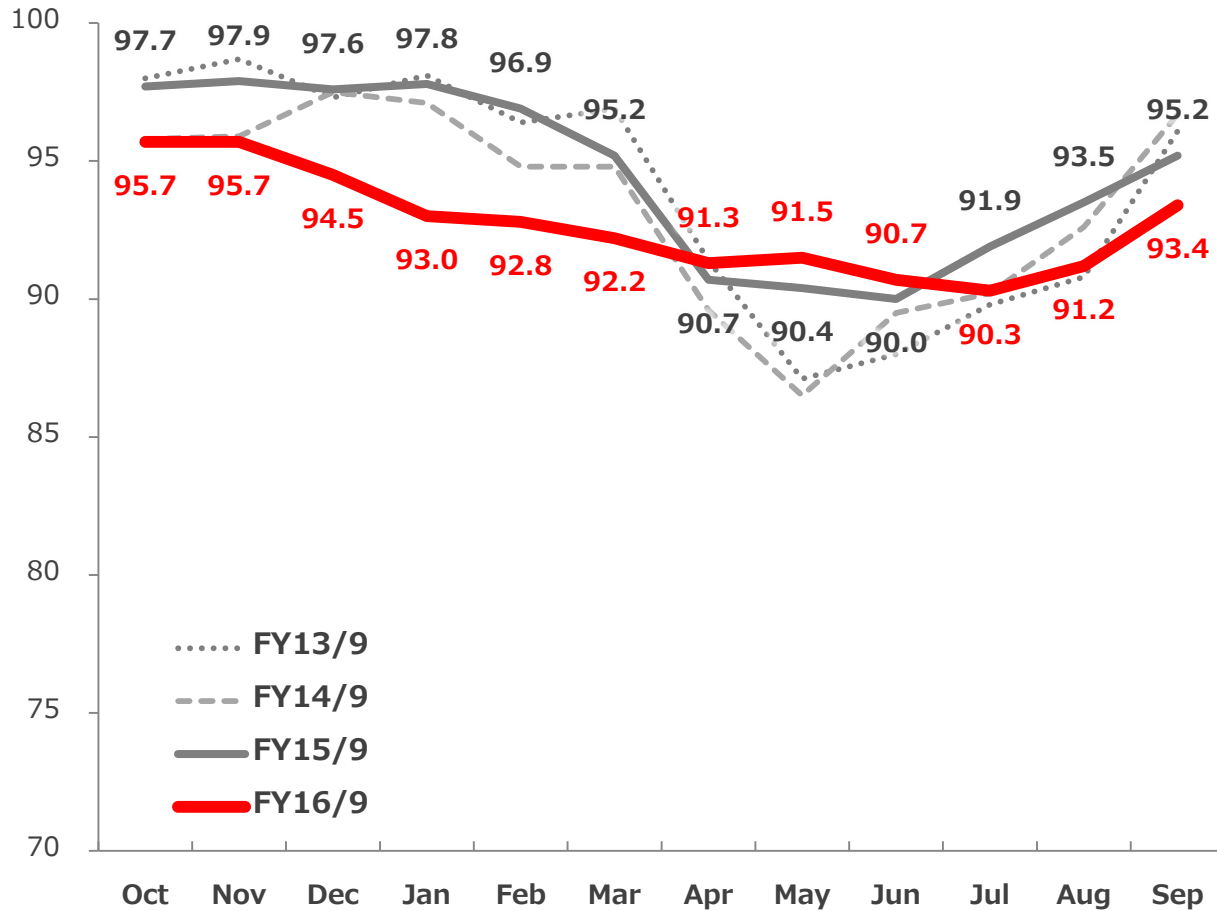
■ 4th year since the start of mass recruitment ⇒ engineers with more than 4 years of experience steadily increased



Operating Rate

■ Operating rate decreased as recruitment is doing well

■ Equalized during the off-season between April-June period throughout the year by controlling the number of recruits



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

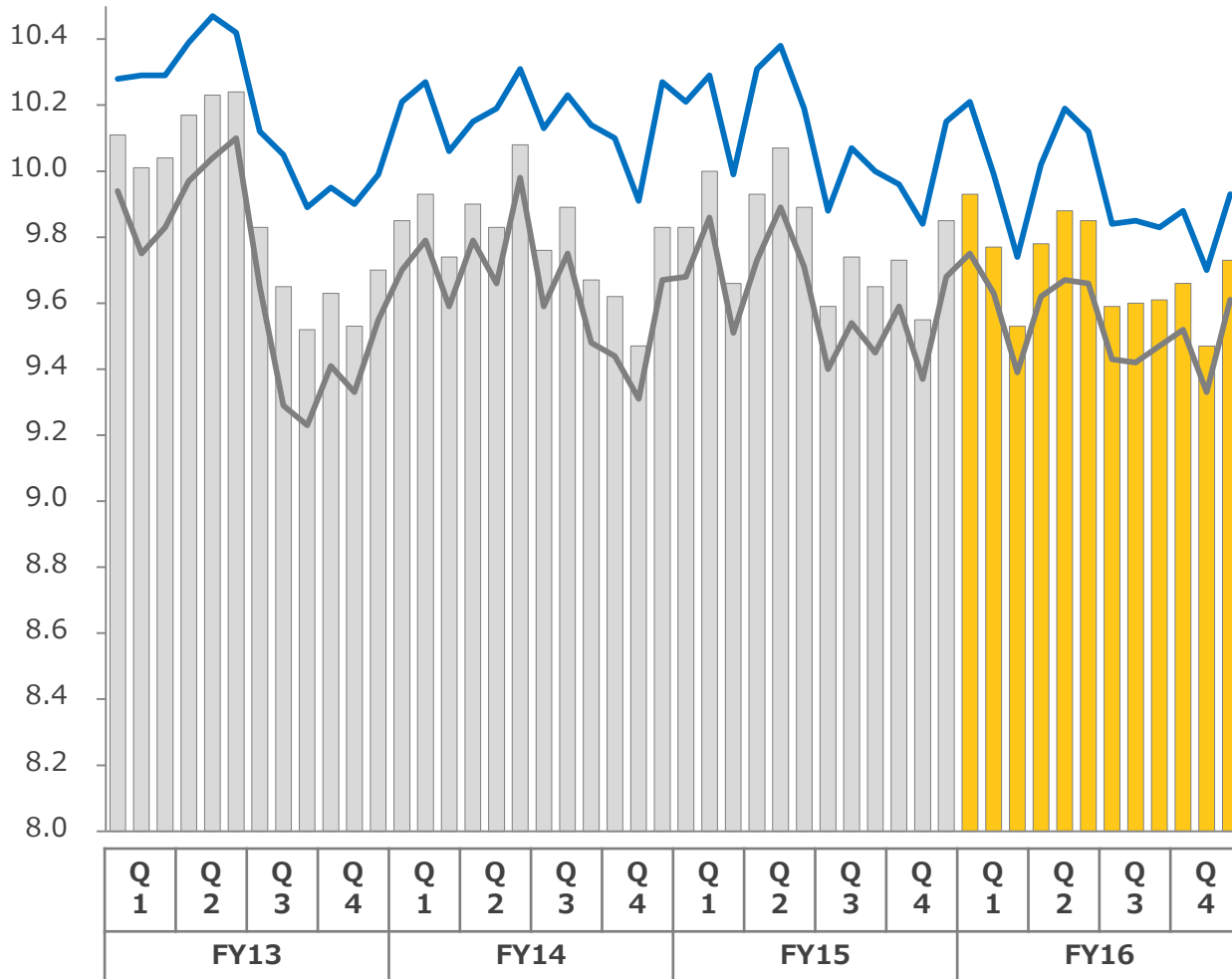
FY2013	94.1%	YoY
FY2014	93.4%	▲ 0.6pt.
FY2015	94.6%	+1.2pt.
FY2016	92.7%	▲ 1.9pt.

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

Operating Time

■ Settled at 10h/day due to labor control

(h/day) All engineers — From the 2nd year — New recruits only

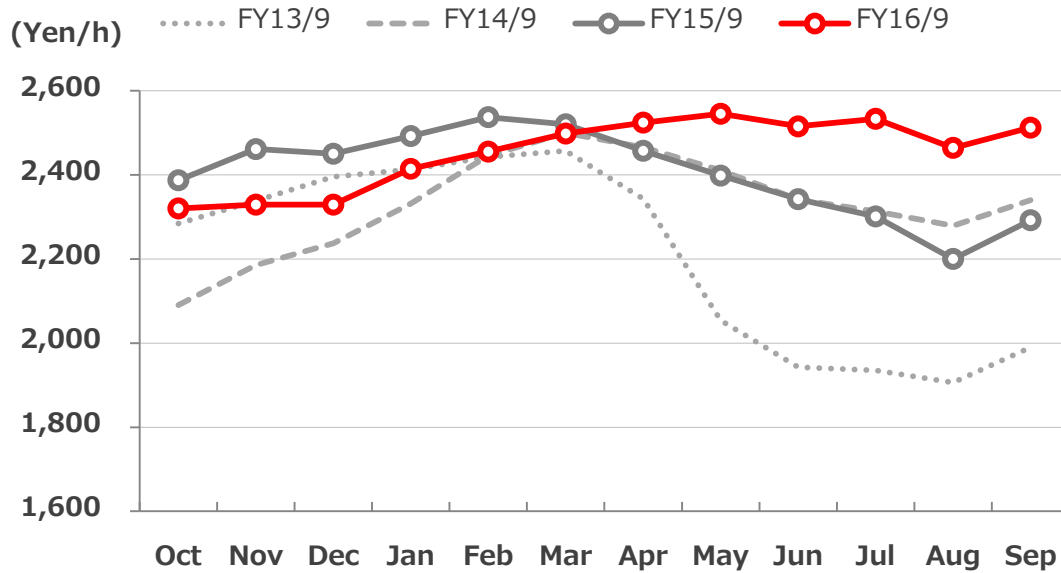


Average of all engineers
12-month avg. (Oct.- Sep.)

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

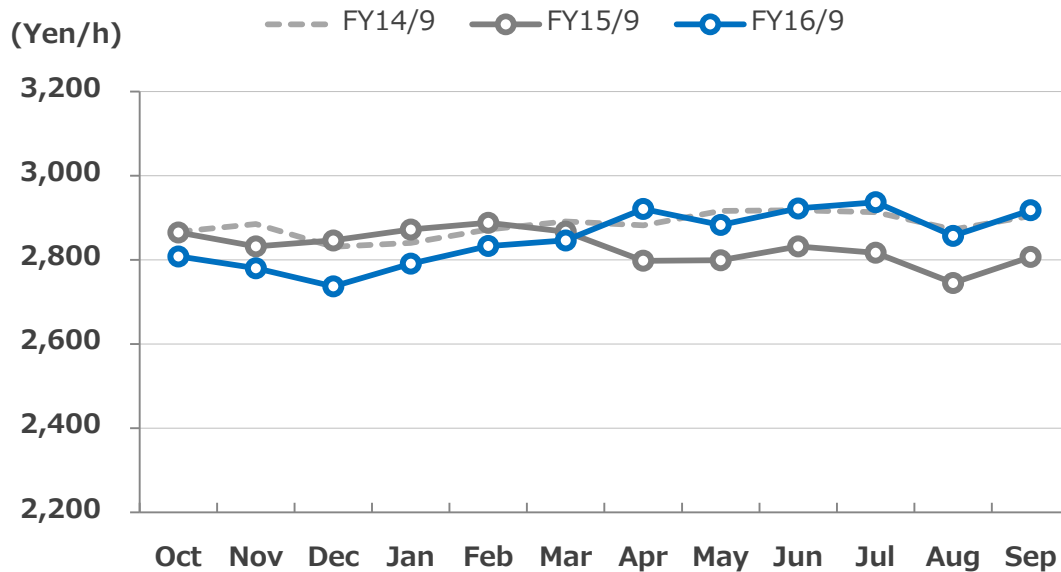
Unit Price of Temporary Staffing (1)

Changes in New Recruits and 2nd Year



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

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY2013	2,208	
FY2014	2,328	+5.4%
FY2015	2,403	+3.2%
FY2016	2,453	+2.1%

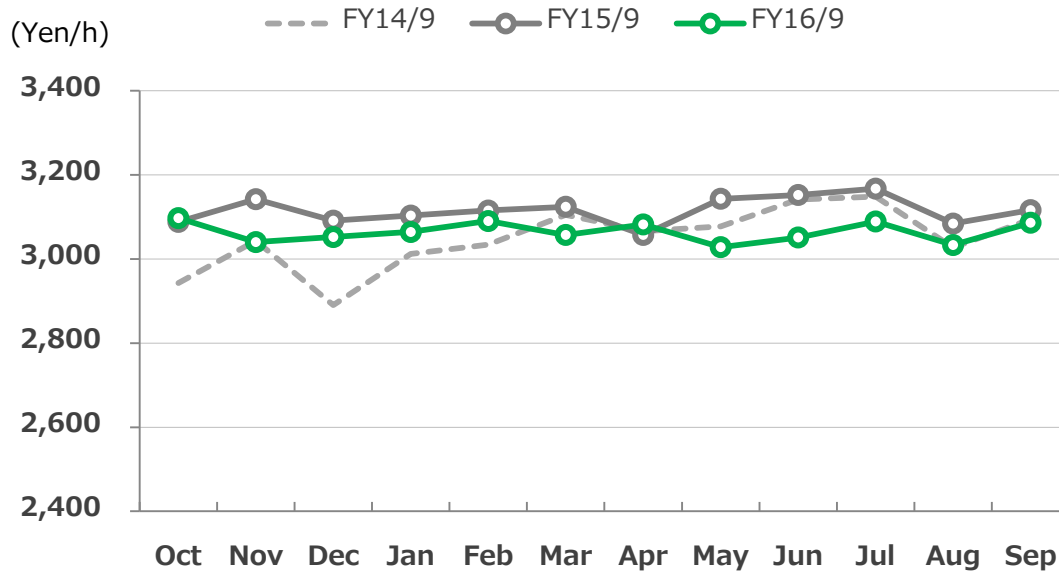


2nd year only
12-month avg. (Oct.- Sep.)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY2014	2,883	
FY2015	2,831	▲ 1.8%
FY2016	2,853	+0.8%

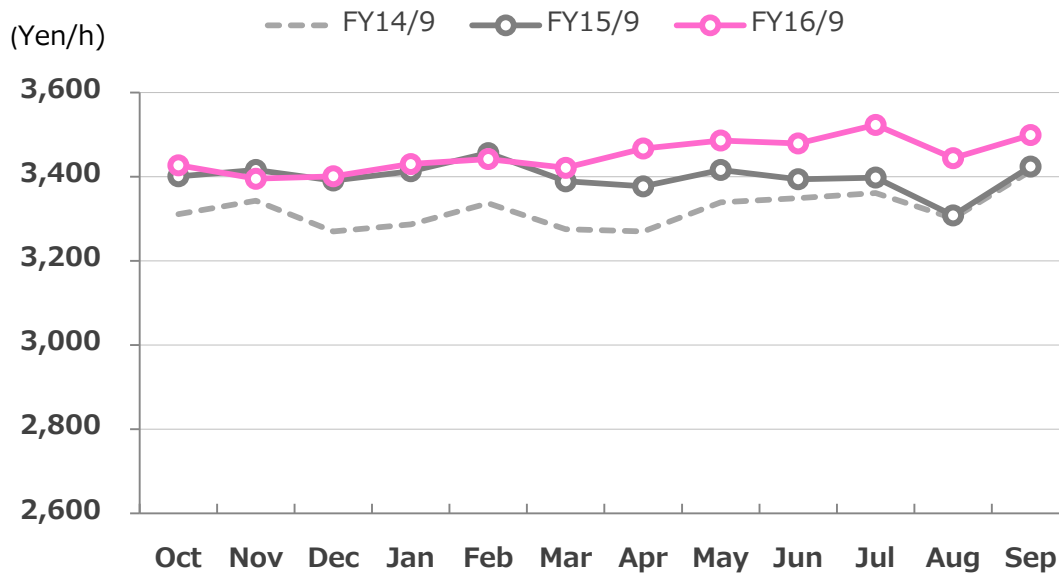
Unit Price of Temporary Staffing (2)

Changes from the 3rd and 4th Year and Over



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

FY	Unit Price (Yen/h)	YoY Change
FY2014	3,048	YoY
FY2015	3,115	+2.2%
FY2016	3,064	▲1.6%

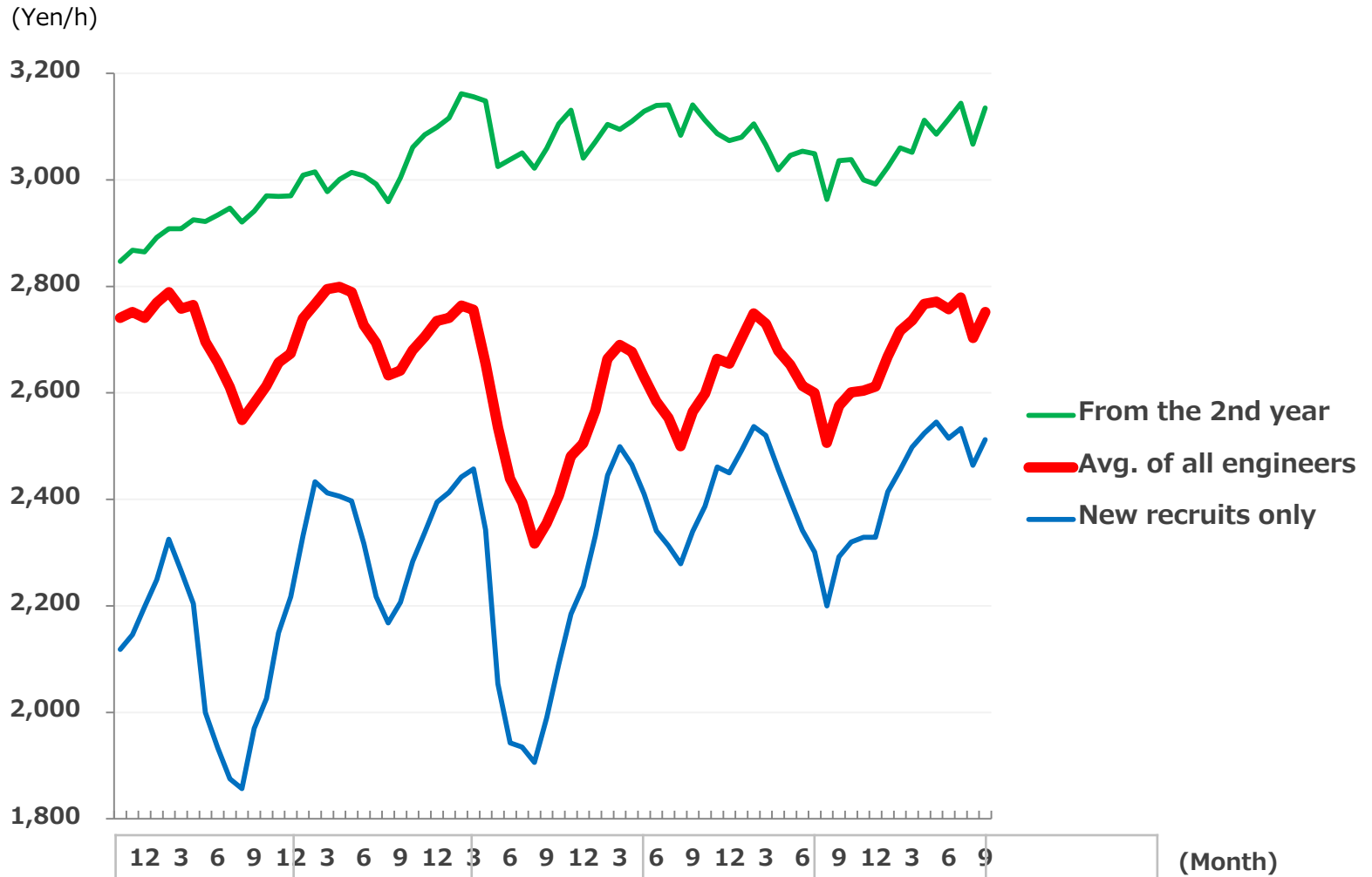


From the 4th year
12-month avg. (Oct.- Sep.)

FY	Unit Price (Yen/h)	YoY Change
FY2014	3,321	YoY
FY2015	3,399	+2.3%
FY2016	3,451	+1.5%

Unit Price of Temporary Staffing (3)

Interim Changes



	12 3 6 9 12 3 6 9 12 3 6 9 12 3 6 9 12 3 6 9																							
	FY2011				FY2012				FY2013				FY2014				FY2015				FY2016			
All engineers	2,701yen				2,711yen				2,590yen				2,569yen				2,644yen				2,706yen			
	YoY				+0.4%				▲4.5%				▲0.8%				+2.9%				+2.3%			

Total - Summary of Four Indicators of Sales

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

	FY2015 (Total)	FY2016 (Total)	Change	Pct. change
No. of engineers	2,497 engineers	3,027 engineers	+530 engineers	+21.3%
Operating rate	94.6%	92.7%	▲1.9pt.	—
Operating time	9.79h	9.70h	▲0.09h	▲0.9%
Unit price of temporary staffing	2,644yen	2,706yen	+62yen	+2.3%

Accounting - Summary of Four Indicators of Sales

All engineers **3-month average** (Jul. - Sep.)

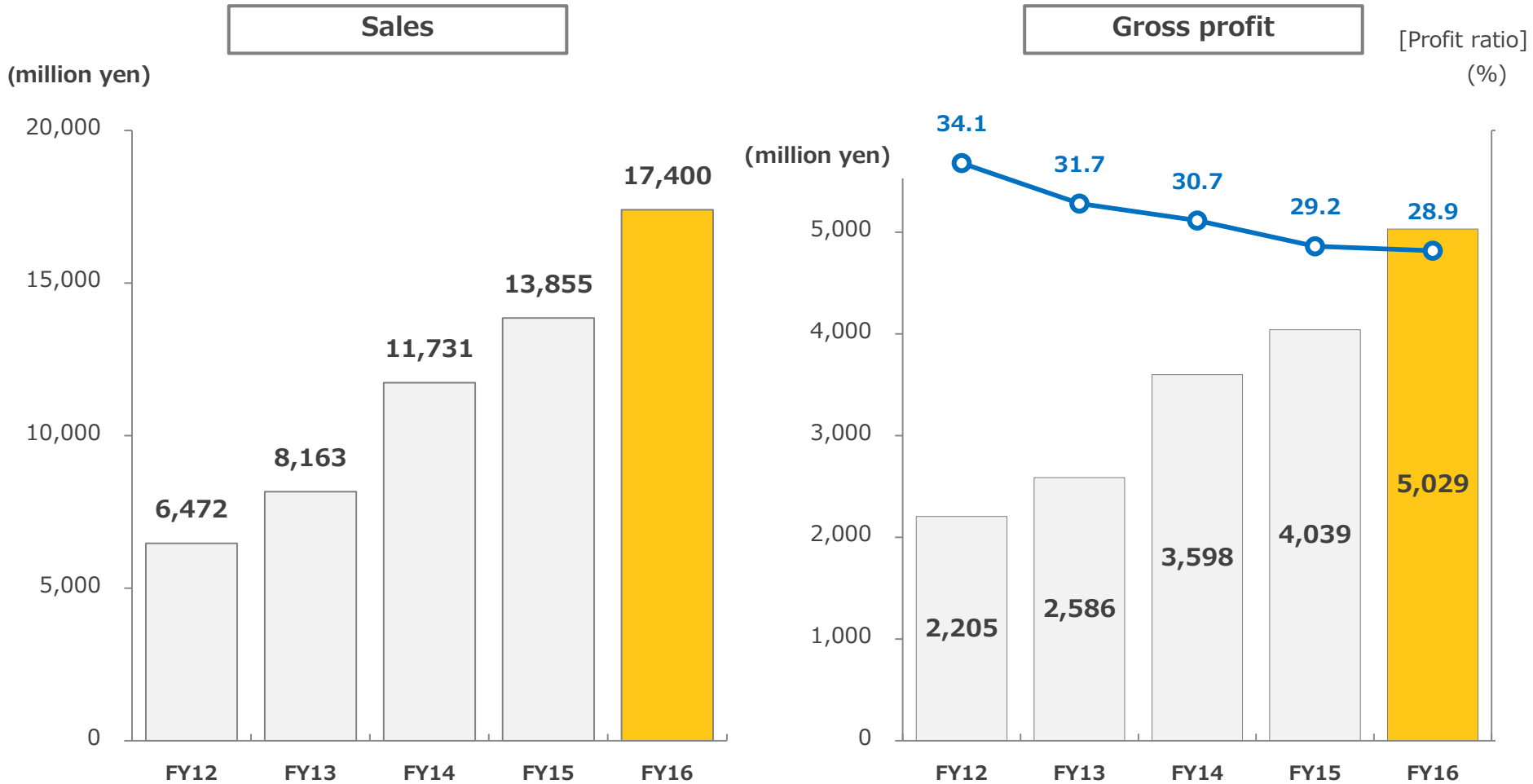
	FY15/Q4 (Accounting)	FY16/Q4 (Accounting)	Change	Pct. change
No. of engineers	2,717 engineers	3,260 engineers	+543 engineers	+20.0%
Operating rate	93.5%	91.6%	▲1.9pt.	—
Operating time	9.71h	9.62h	▲0.09h	▲0.9%
Unit price of temporary staffing	2,561yen	2,745yen	+184yen	+7.2%

Non-consolidated P/L Statement (1)

Sales and Gross Margin (Total)

■ Sales ⇒ increased by 26% due to increase in the number of engineers at work through aggressive recruitment activity

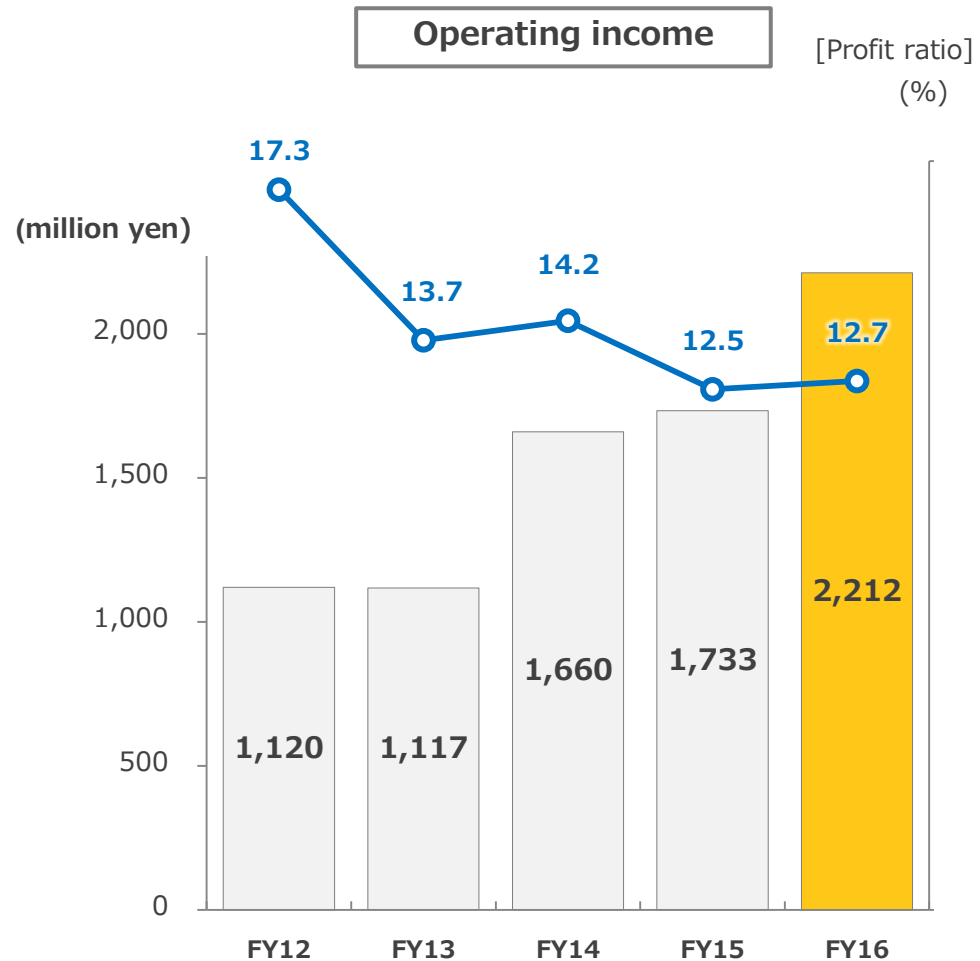
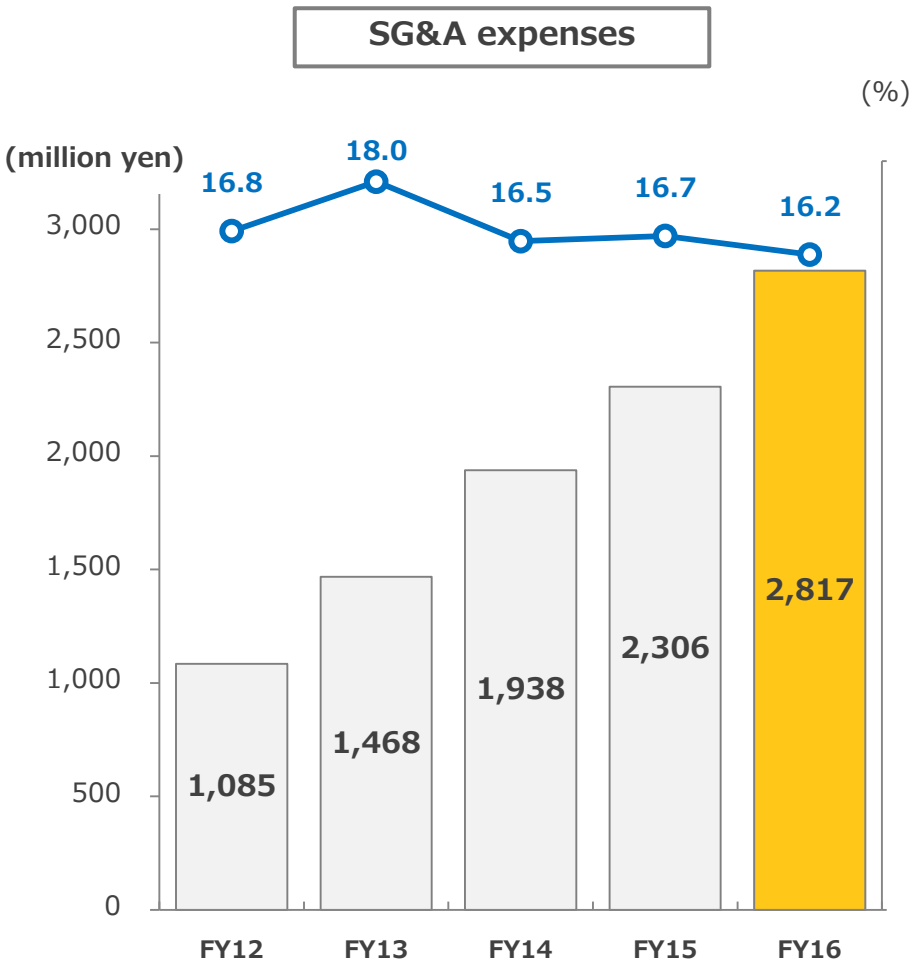
■ Gross profit ⇒ no effect of temporary low unit cost strategy and gross profit increased by 25%



Non-consolidated P/L Statement (2)

SG&A Expenses and Operating Income (Total)

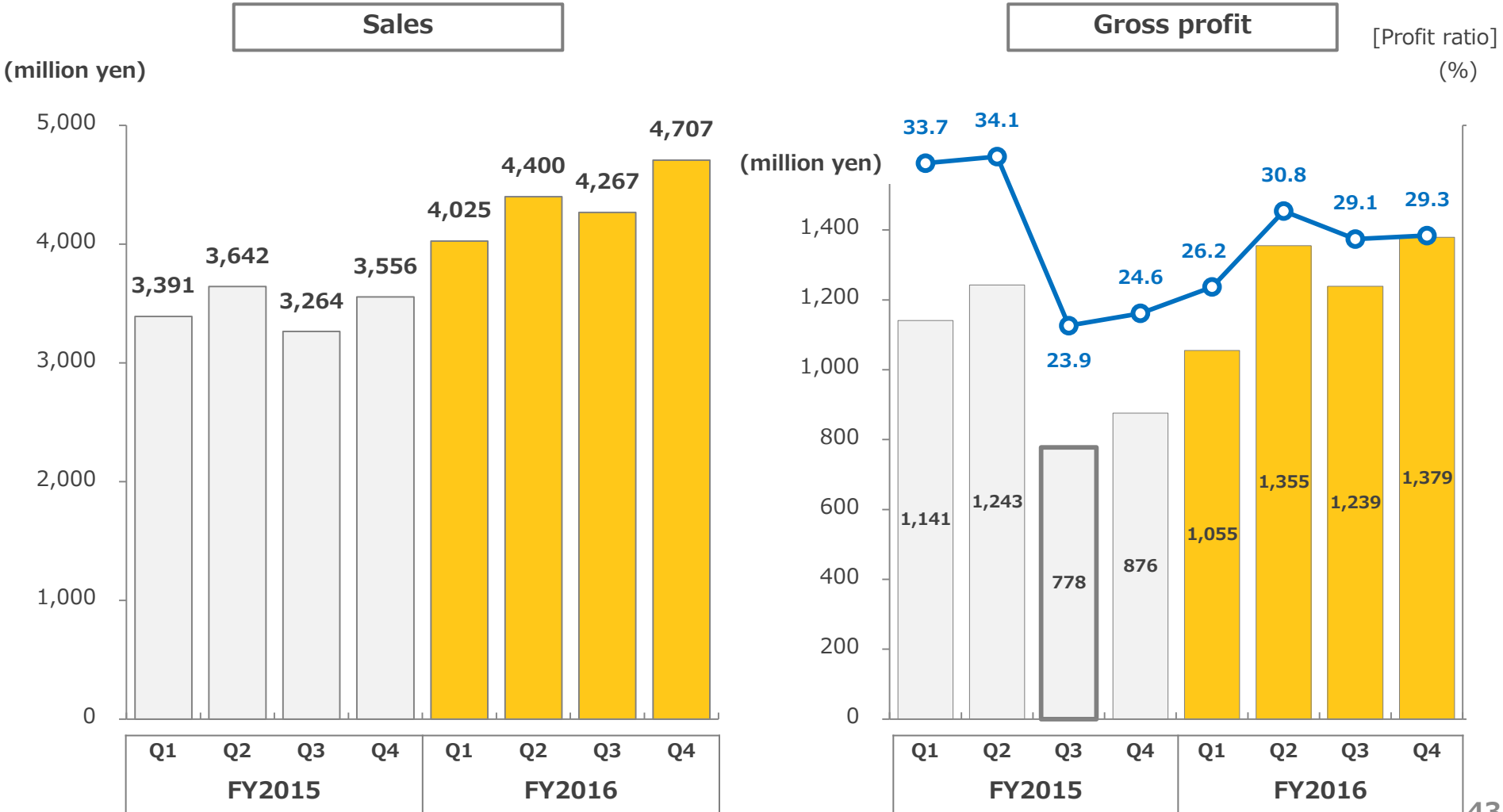
- SG&A expenses ⇒ Sales ratio was appropriately controlled while recruiting cost increased
- Operating income ⇒ Increased by 28% due to improvement in unit cost



Non-consolidated P/L Statement (3)

Sales and Gross Profit (Quarter)

- Sales ⇒ increased by double digit figures for 22 consecutive quarters due to increase in the number of engineers
- Gross profit ⇒ recovered from the decrease in profit ratio due to low unit cost strategy and gross profit increased by 58% compared with the 2nd half

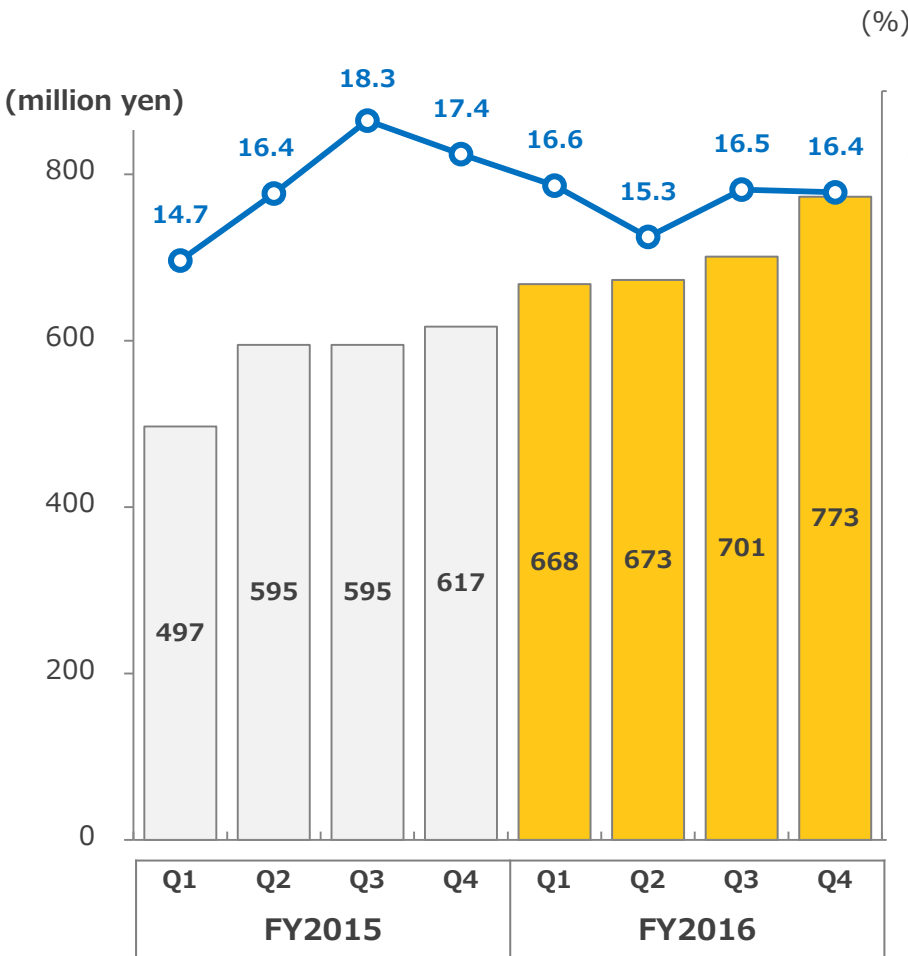


Non-consolidated P/L Statement (4)

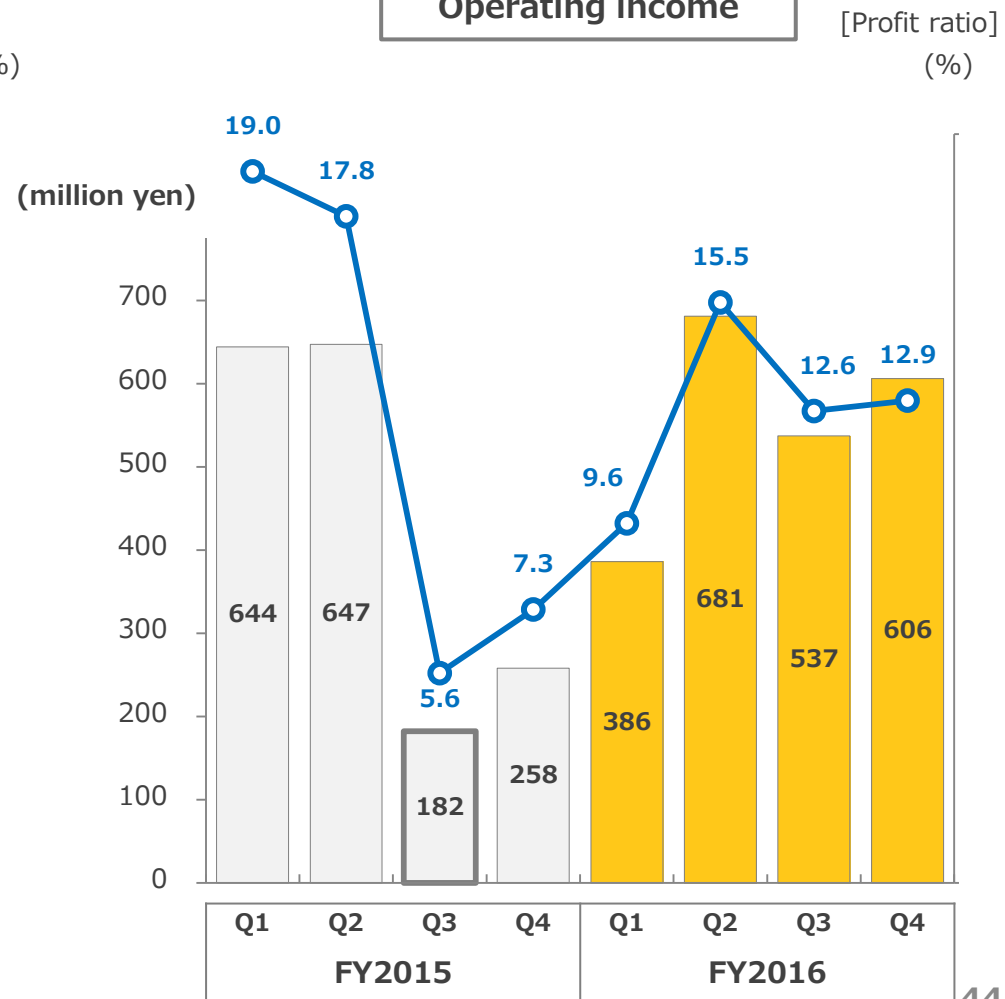
SG&A Expenses and Operating Income (Quarter)

- SG&A expenses ⇒ SG&A expenses ratio to sales was appropriately controlled while recruiting cost increased
- Operating income ⇒ Recovered significantly due to improvement in gross profit → substantially increased by 2.6 times compared with the 2nd half

SG&A expenses



Operating income



Summary of Non-consolidated P/L Statement

(million yen)

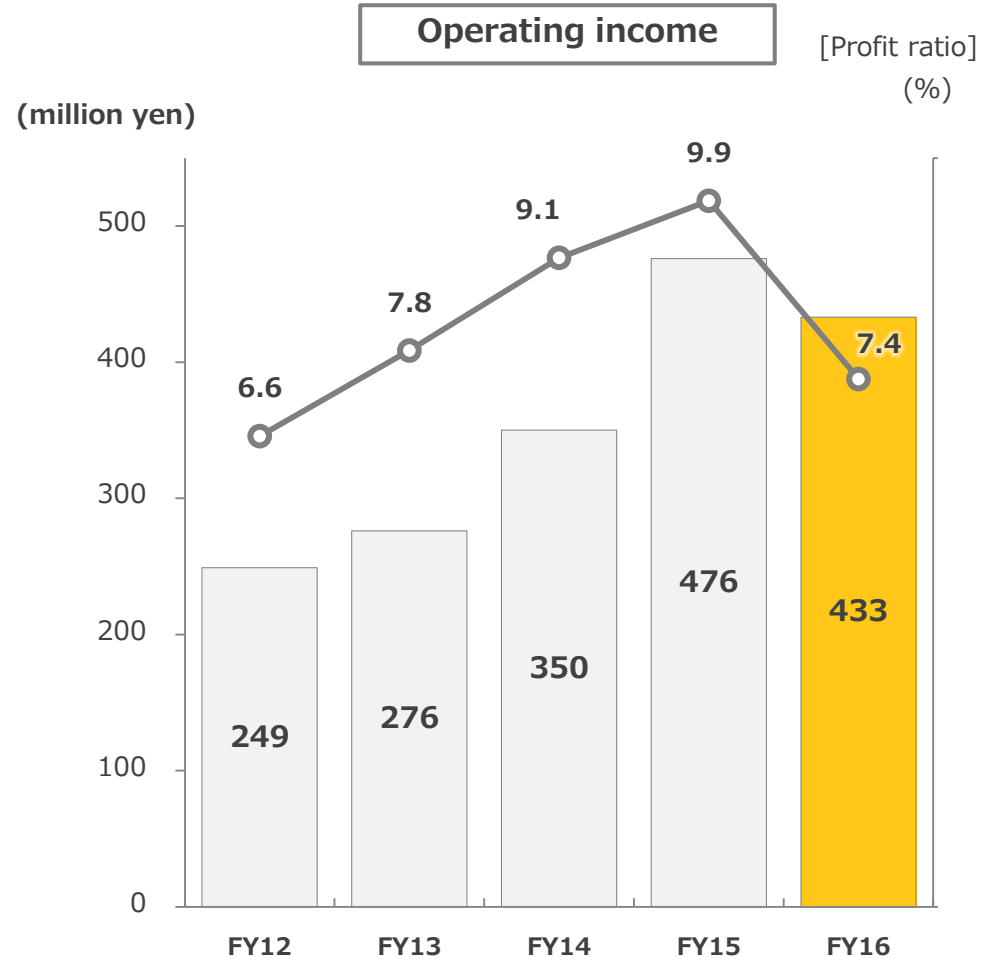
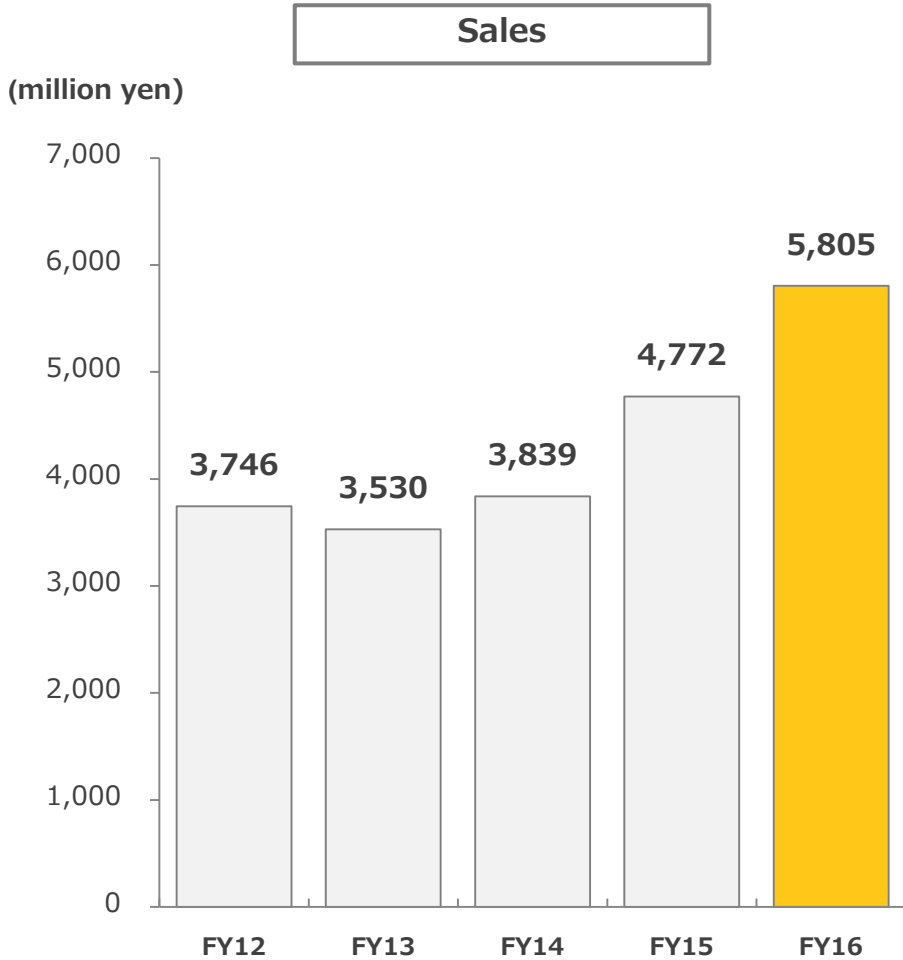
	FY2015	FY2016	Change	Pct. change
Sales	13,855	17,400	+3,545	25.6%
Gross profit	4,039 (29.2%)	5,029 (28.9%)	+989	24.5%
SG&A expenses	2,306 (16.7%)	2,817 (16.2%)	+510	22.1%
Operating income	1,733 (12.5%)	2,212 (12.7%)	+479	27.6%
Ordinary income	1,970 (14.2%)	2,390 (13.7%)	+420	21.3%
Net income	1,895 (13.7%)	1,747 (10.0%)	▲147	▲7.8%

* () = Percentage of sales

Engineer Temporary Staffing

Engineer Temporary Staffing (1) Summary

- Sales ⇒ increased by 22% due to increase in the number of engineers at work through aggressive recruitment activity
- Segment income ⇒ decreased due to increase in recruiting cost



Engineer Temporary Staffing (2) Recruitment

- Increased by 59% YoY but annual recruitment target of 500 engineers unachieved

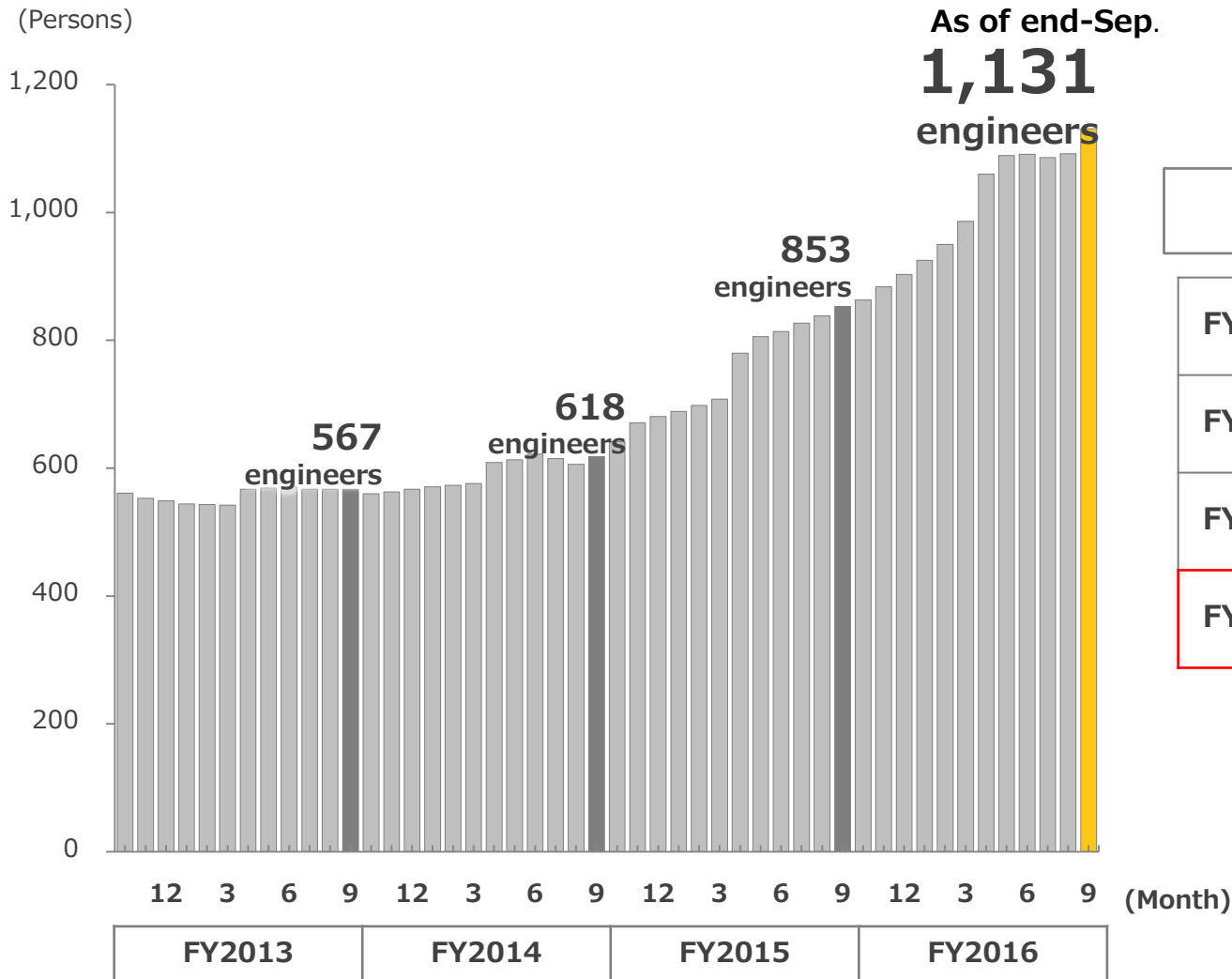
(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY16 Planned recruitment		88			110		198
FY15 recruitment		41			40		81
YoY		+47			+70		+117

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY16 Planned recruitment		164			98		262	460
FY15 recruitment		130			78		208	289
YoY		+34			+20		+54	+171

Engineer Temporary Staffing (3) Changes in the Number of Engineers

■ Increased by 278 engineers YoY (+32.6%)



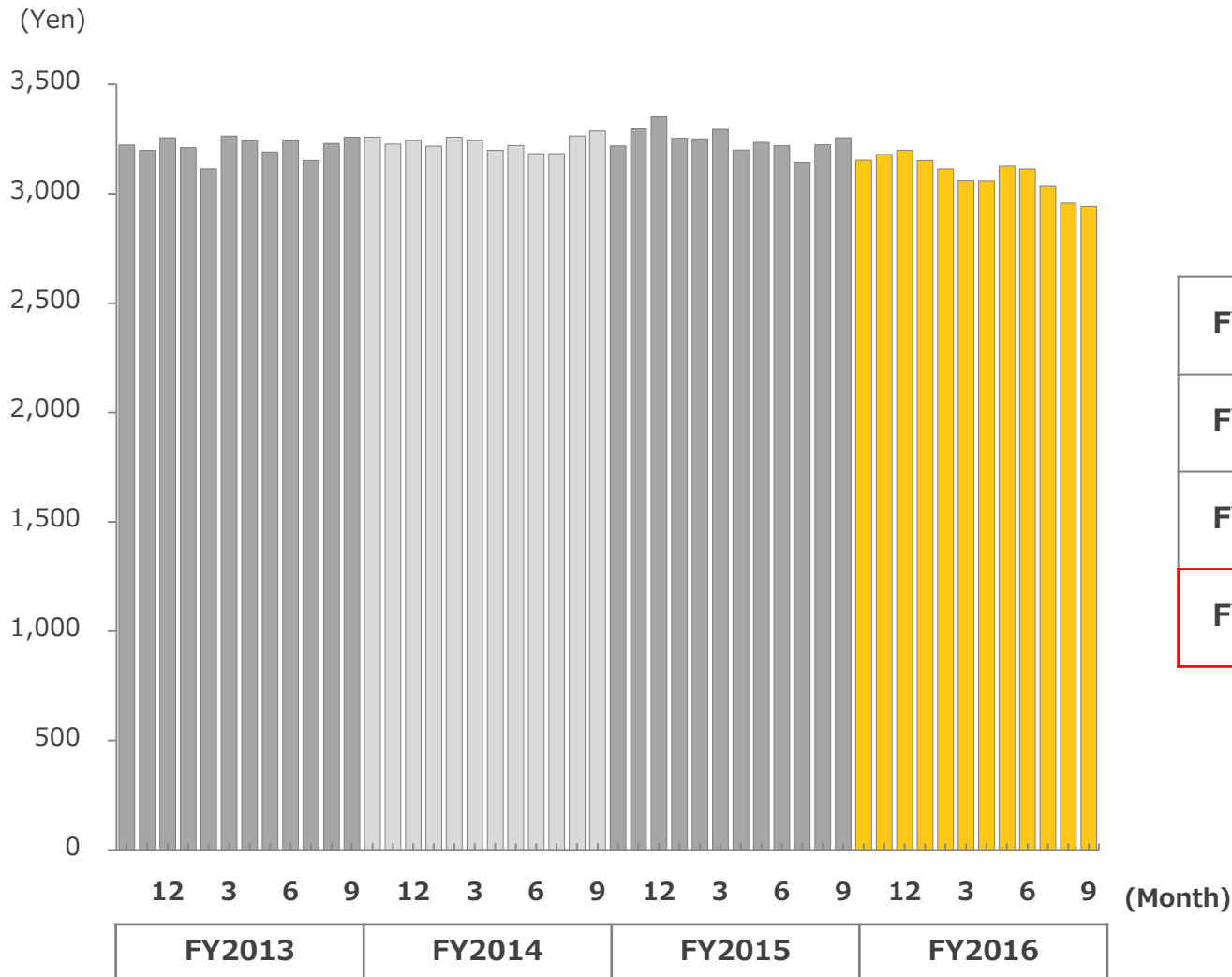
Average no. of engineers 12-month avg. (Oct.- Sep.)		
FY2013	558 engineers	YoY
FY2014	591 engineers	+5.9%
FY2015	751 engineers	+27.0%
FY2016	1,005 engineers	+33.9%

*No. of engineers at the end of the month

Engineer Temporary Staffing (4)

Changes in Unit Price of Temporary Staffing

■ Decreased by 155 yen (-4.0%) YoY as a result of increase in young engineers due to mass recruitment



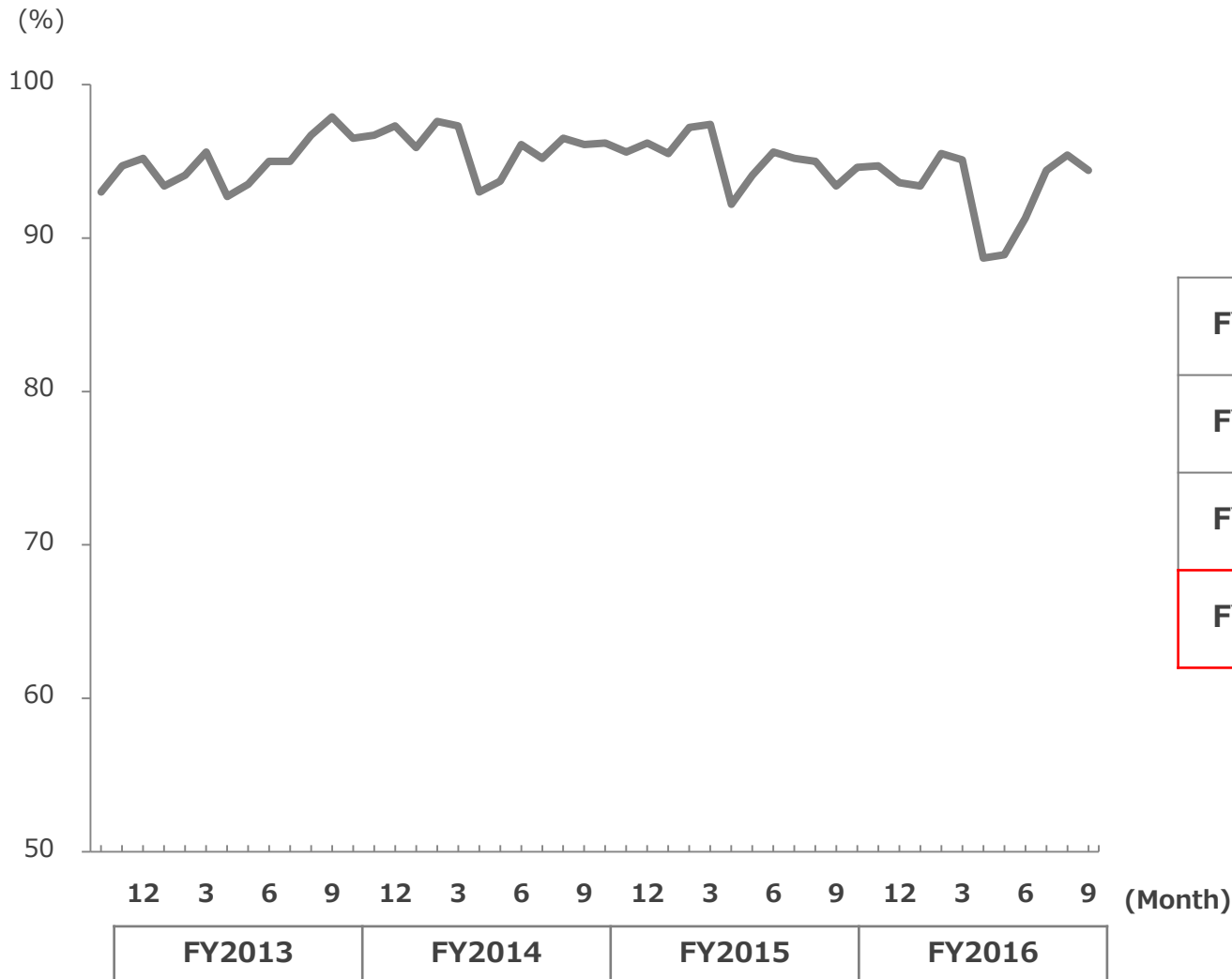
Average no. of engineers
12-month avg. (Oct-Sep)

Fiscal Year	Average no. of engineers	YoY
FY2013	3,216 yen	
FY2014	3,232 yen	+0.5%
FY2015	3,246 yen	+0.4%
FY2016	3,091 yen	▲4.8%

*No. of engineers at the end of the month

Engineer Temporary Staffing (5) Changes in Operating Rate

■ Decreased by 2.0 points YoY due to an increase in the number of new recruits



Average no. of engineers 12-month avg. (Oct-Sep)		
FY2013	94.7%	YoY
FY2014	96.0%	+1.3pt.
FY2015	95.3%	▲0.7pt.
FY2016	93.3%	▲2.0pt.

*No. of engineers at the end of the month

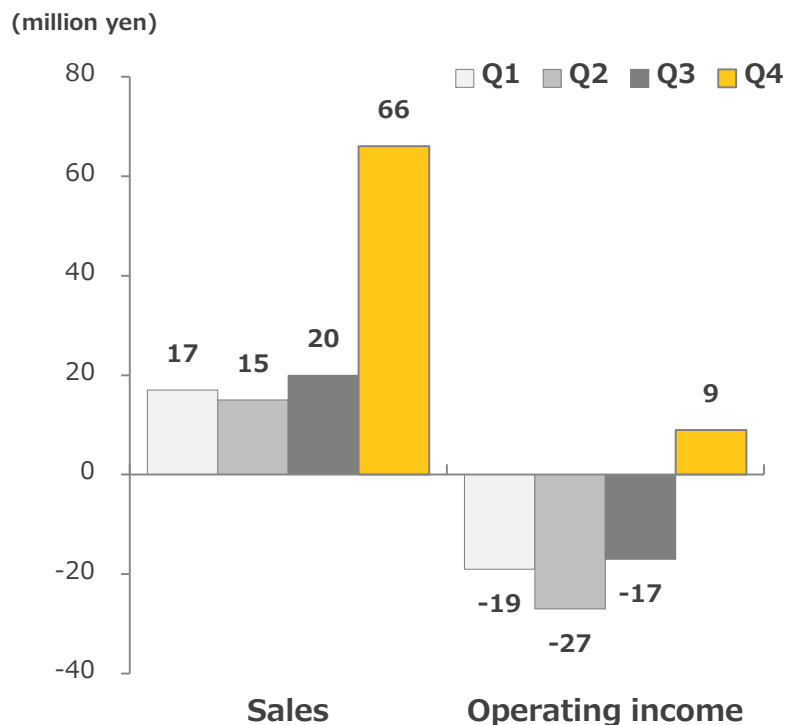
Overview by Segment

Recruitment business

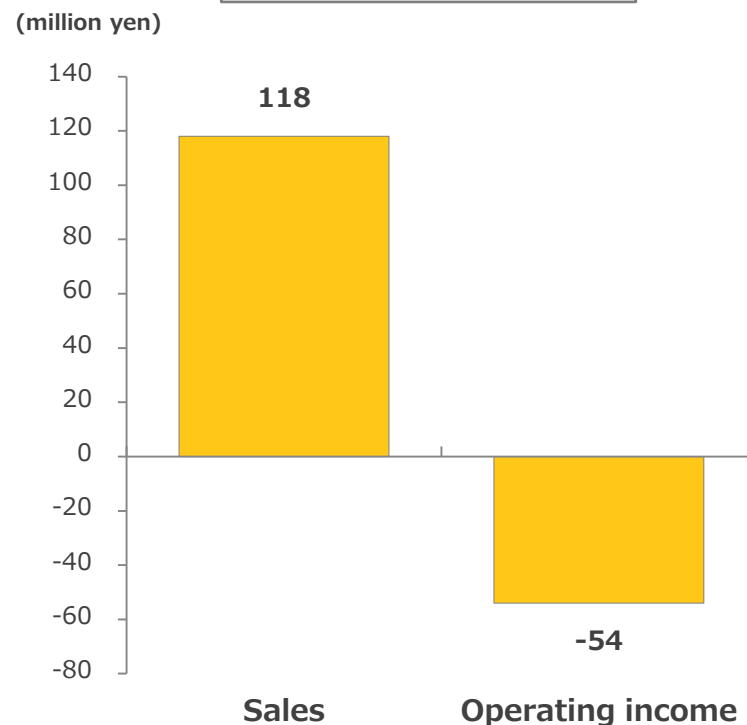
Recruitment business

- Started recruitment business for construction and manufacturing industry from June 2015 → making prior investment in FY16
- Established recruitment bases in Vietnam and Philippines → Fostering foreign engineers

Quarterly changes



FY16 cumulative period



*BuzzBox Co., Ltd. became a consolidated subsidiary from Q4

FY9 / 17

FY9 / 17

FY9/17 Consolidated Business Forecasts

(million yen)

	FY2016 actual	FY2017 forecast	Pct. change
Sales	23,270	30,800	32.4%
Operating income	2,433	3,600	47.9%
Ordinary income	2,463	3,600	46.2%
Net income attributable to owners of parent	1,622	2,100	29.4%
Net income per share	21.76yen	28.16yen	29.4%

Management Strategies

**Improve the accuracy of measures
in the previous fiscal year**

- 1 . Increase and maintain unit price of temporary staffing**
- 2 . Continue to recruit 2,000 engineers**
- 3 . Continuous improvement of retention rate**

Management Strategies

Recruitment Strategies (1)

Continue to Recruit 2,000 Engineers Annually

1. Standardize skills of individuals conducting interviews
2. Centralize oversight of the entry/interview/selection/final approval process
3. Typical starting pay for men in their 20s is 190,000 yen to 220,000 yen = 250,000 yen at Yumeshin Holdings (overtime payments included)
4. Establish recruitment bases ⇒ open in Takamatsu, Okayama and Kagoshima ⇒ total of 14 bases in Japan

A strong start with 192 people joined in October

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY17 Planned recruitment	500			500			1,000
FY17 recruitment	192	残 308					
FY16 recruitment	163	295			460		918

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY17 Planned recruitment	500			500			1,000	2,000
FY16 recruitment		532			568		1,100	2,018

Recruitment Strategies (2) Retention rate

- Decreased retention rate showed recovery trend from FY15 due to continuous improvement plan
- Aim for more than 70% since FY13 in FY17

Changes in retention rate		FY2014	FY2015	FY2016	FY2017 plan
Annual retention rate		67.8%	69.4%	69.8%	Over 72.0%
	YoY	▲6.1pt.	+1.6pt.	+0.4pt.	+2.2pt.
Annual no. of recruitments		1,628engineers	1,702engineers	2,018engineers	2,000engineers
No. of engineers at end-FY		2,277engineers	2,760engineers	3,334engineers	3,960engineers
Net increase		548engineers	483engineers	574engineers	626engineers

*Retention rate = No. of engineers at the end of the FY ÷ (No. of engineers at the end of previous FY + No. of engineers joined Yumeshin in the FY) × 100

Recruitment Strategies (3)

Measures for Improving Retention Rate

Follow-up strategies for all engineers

1. Create a career plan for all engineers
2. Provide regular opportunities to share information
3. Encourage and support quality circle activities
4. Guarantee 100% of salaries while waiting for the next assignment
5. Support and promote the acquisition of qualifications
6. Fragment the qualification allowances
7. Conduct periodic skill evaluation
8. Conduct study tour

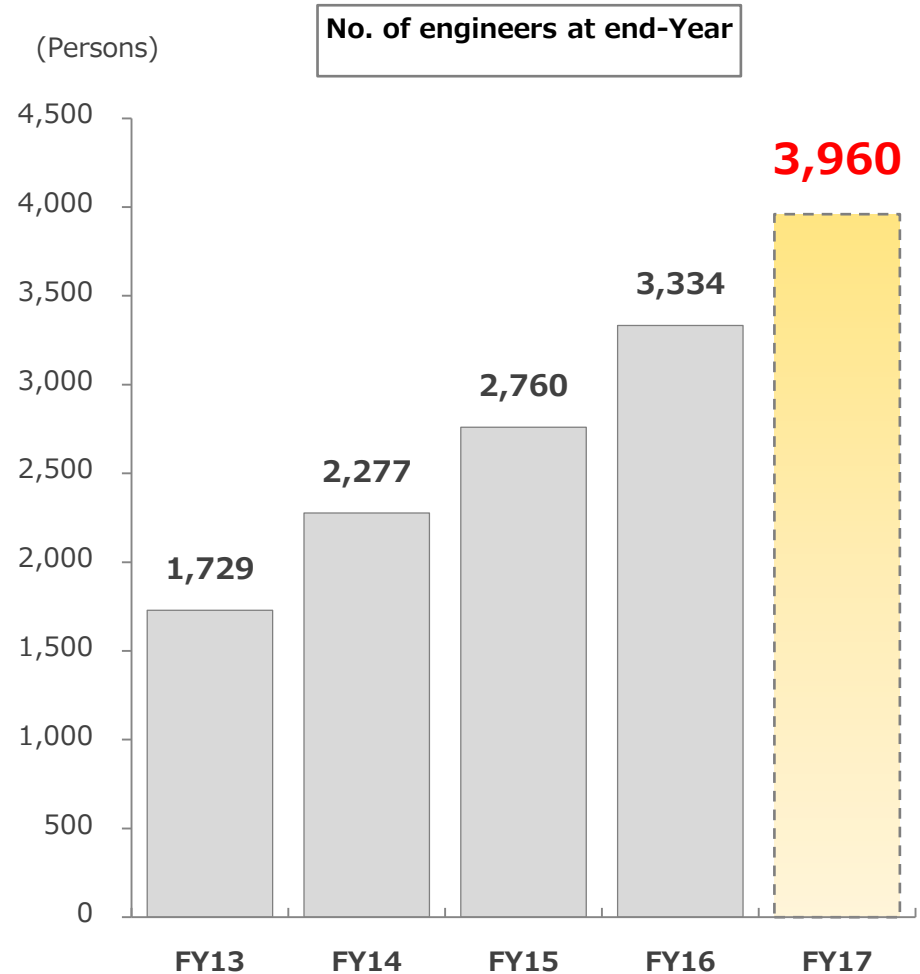
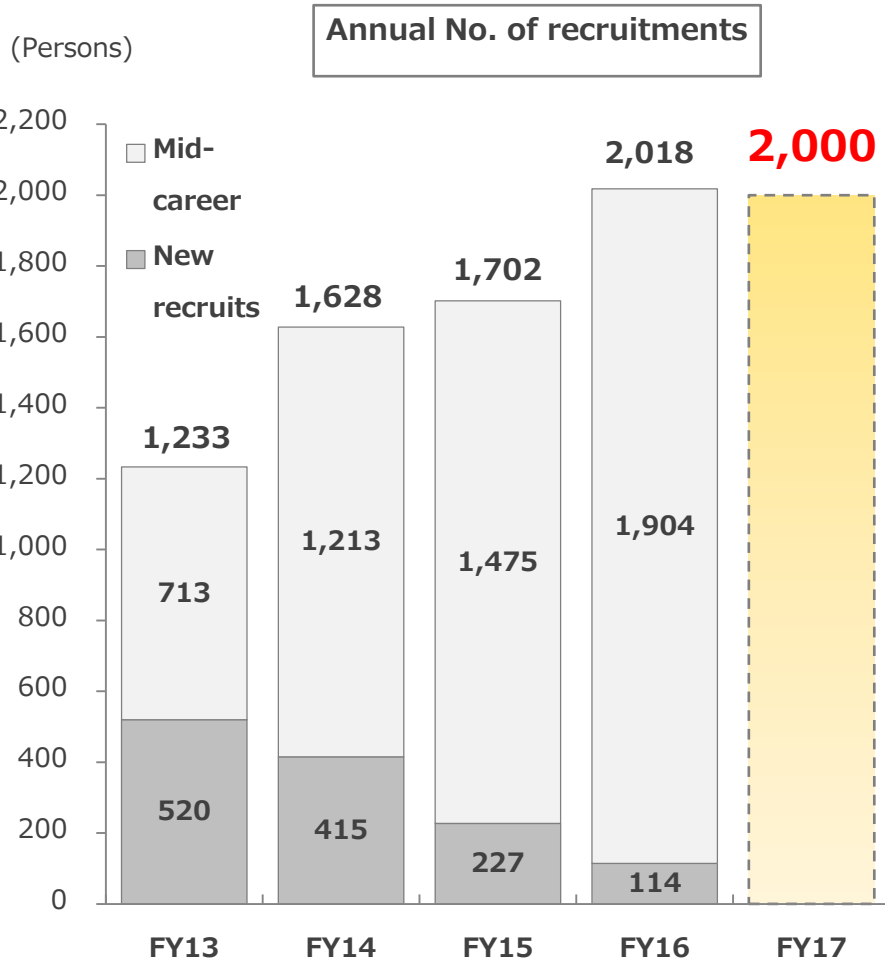
Follow-up strategies for new recruits

1. Talk with individuals every week during the first month of their first assignments.
⇒ Quickly identify problems = Reassign individuals and take other actions
2. Provide training after three, six and 12 months
⇒ Periodically provide the skills required for employees jobs
3. Introduce group and partner system in the training (to start in March)
⇒ Enhance the partnerships with colleagues = develop a feeling of belonging to the company

Recruitment Strategies (4)

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
- Aim to increase by 626 engineers to 3,960 engineers by end-Sep. 2017



Operational Strategies (1)

External Environment/Measures

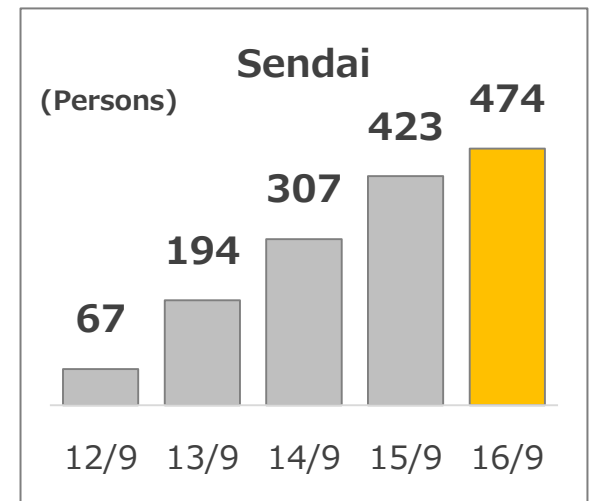
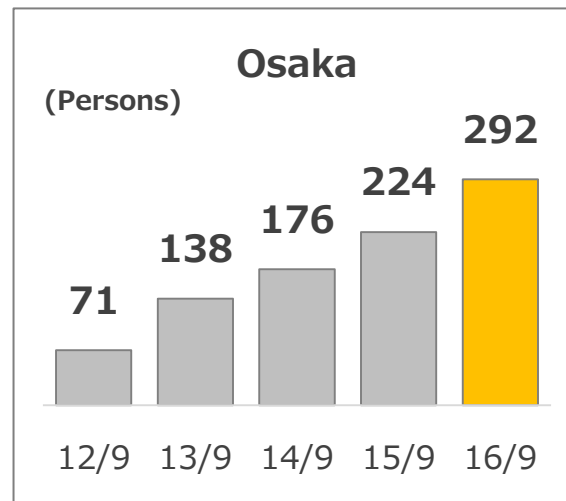
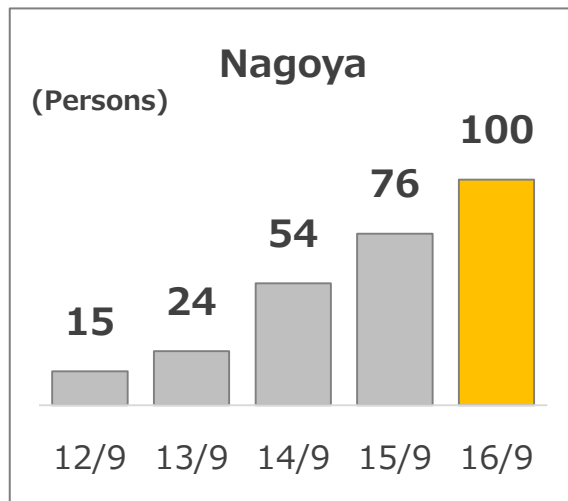
External environment

- Rapid increase in number of general contractors using workers with no experience ⇒ Affect major general contractors, too.
- Tokyo and Tohoku regions continue to be the growth driver ⇒ temporary placement workforce in Osaka and Nagoya up 5 times
- Workforce sent to Kyushu due to Kumamoto earthquake restoration and recovery works up by 2.5 times from the beginning of the fiscal year

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. Started sales activities in Hiroshima and Hokkaido, Kanazawa and Shizuoka in 2016

Change in No. of engineers by office



Operational Strategies (2)

Percentage of Sales by Customers

- More than 1,400 client companies due to steady progress in developing new businesses (711 companies in FY11)
- The percentage of super general contractors significantly increased

Sales composition ratio

(%)

Rank	FY2012		FY2013		FY2014		FY2015		FY2016	
1	TOKYU CONSTRUCTION CO., LTD.	8.9	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
2	Konoike Construction Co., Ltd.	3.2	Daiwa House Industry Co., Ltd.	4.8	TOKYU CONSTRUCTION CO., LTD.	4.6	Taisei Corporation	3.7	Taisei Corporation	4.1
3	Takenaka Corporation	3.0	KUROSAWA CONSTRUCTION CO.,LTD.	2.7	Taisei Corporation	3.5	SHIMIZU CORPORATION	2.8	SHIMIZU CORPORATION	3.4
4	Kajima Corporation	2.8	Takenaka Corporation	2.2	HAZAMA ANDO CORPORATION	1.6	TOKYU CONSTRUCTION CO., LTD.	2.7	Takenaka Corporation	3.0
5	Sumitomo Mitsui Construction Co., Ltd.	2.0	Taisei Corporation	2.2	SHIMIZU CORPORATION	1.6	Takenaka Corporation	2.2	SHINRYO CORPORATION	1.7
	Top 5 total	19.9	Top 5 total	18.5	Top 5 total	17.8	Top 5 total	17.5	Top 5 total	18.3
	Top 10 total	29.1	Top 10 total	27.5	Top 10 total	24.9	Top 10 total	24.8	Top 10 total	24.6

Operational Strategies (3)

Recruit More Female Engineers

Characteristics of female engineer placements

- Women are being used at building construction sites, too.
- Female CAD operators tend to have long assignments of one to two years

Measures to recruit more female engineers

1. Train female construction management specialists.
2. Increase placement fees for CAD operators.
3. Plan to recruit between 10 - 20 women every month

Change in ratio of female engineers

(%)



FY2013	FY2014	FY2015	FY2016
Q2	Q4	Q2	Q4



Summary of Management Strategies

1. No. of staffs at work

- Recruit 2,000 people
- Improve retention rate 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 focusing on contract unit prices

New Business

MEMBERSHIP

New Business

“Keyword”

1. Strong area

2. Can expand globally

New Business

Shortage of 20 million workers around the world in 2030

1. Fostering of human resources engaged in information technology

Supported by the country as the industry lags behind other industries

2. Introduce information technology in the construction industry



Yume Education

Summary of Recent Business Alliances

Company name	Date of establishment/ alliance	Business	Relationship
Dazzle Inc.	May 27	VR-related business	Capital&business alliance
LinkPro Co., Ltd.	May 31	Image processing system	Capital&business alliance
Valhalla Game Studios Co., Ltd.	June 22	Game development	Business alliance
Social Fintec Co., Ltd.	August 19	FX trade system	Subsidiary
Sofiamedix Co., Ltd.	July 19	Medical IT, Financial IT	Business alliance
Galaxy Inc.	July 22	<u>Introduction of IT at building sites</u>	Subsidiary
Construction Industry Engineers Center	August 31	Workshop, qualification course	Business acquisition
BtcBox Co., Ltd.	August 31	Bitcoin exchange	Affiliate
Mindshift Inc.	September 27	AI support business	Capital&business alliance
GEAR NOUVE Co., Ltd.	October 14	<u>Introduction of IT at building sites</u>	Affiliate
XDREAM Sports Corporation	November 1	Sports-related business	Subsidiary
Self Co., Ltd.	November 14	Application development using AI	Capital&business alliance
V-Sync. Co., Ltd.	November 14	Digital signage	Capital&business alliance

Tender Offer and Capital and Business Alliance



Purchase period
Sep.29 – Nov. 11, 2016

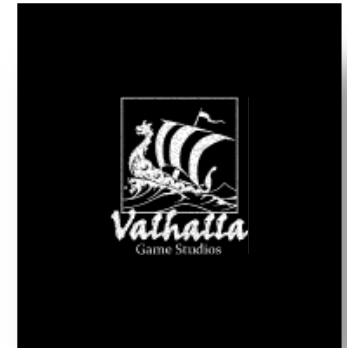
Acquired 13.09% (voting
rights basis)

Japan Third Party Co., Ltd.

(JASDAQ : 2488)

- 1. Information technology outsourcing**
for overseas companies
- 2. Fostering of information technology engineers**
at the Japan's biggest training facility

BTCBOX



Yume Education



Mindshift

SELF



GALAXY



Medium-Term Management Plan

(million yen)

	FY2016	FY2017	FY2018	FY2019
Sales	23,270	30,800	36,000 ~40,000	43,000 ~50,000
Operating income	2,433	3,600	5,000 ~6,000	6,500 ~8,000
Operating margin	10.5%	11.7%	13.9% ~15.0%	15.1% ~16.0%
Net income	1,622	2,100	3,000 ~3,500	4,000 ~5,000
EPS	21.76yen	28.16yen	40yen ~46yen	53yen ~67yen

Annual No. of recruitments

(Persons)

Construction technician temporary staffing business	2,018	2,000	2,000	2,000
Engineer temporary staffing business	460	675	900	1,200

Shareholder Return

Shareholder Return

Medium Term Shareholder Return Policy

① Expect 100% of payout ratio until FY17/9, and continue to maintain high payout ratio linked to business growth.

② Promote management in consideration of improvement in earnings per share (EPS)

③ Aim at change of listing to Tokyo Stock Exchange First Section for the following 2 reasons.

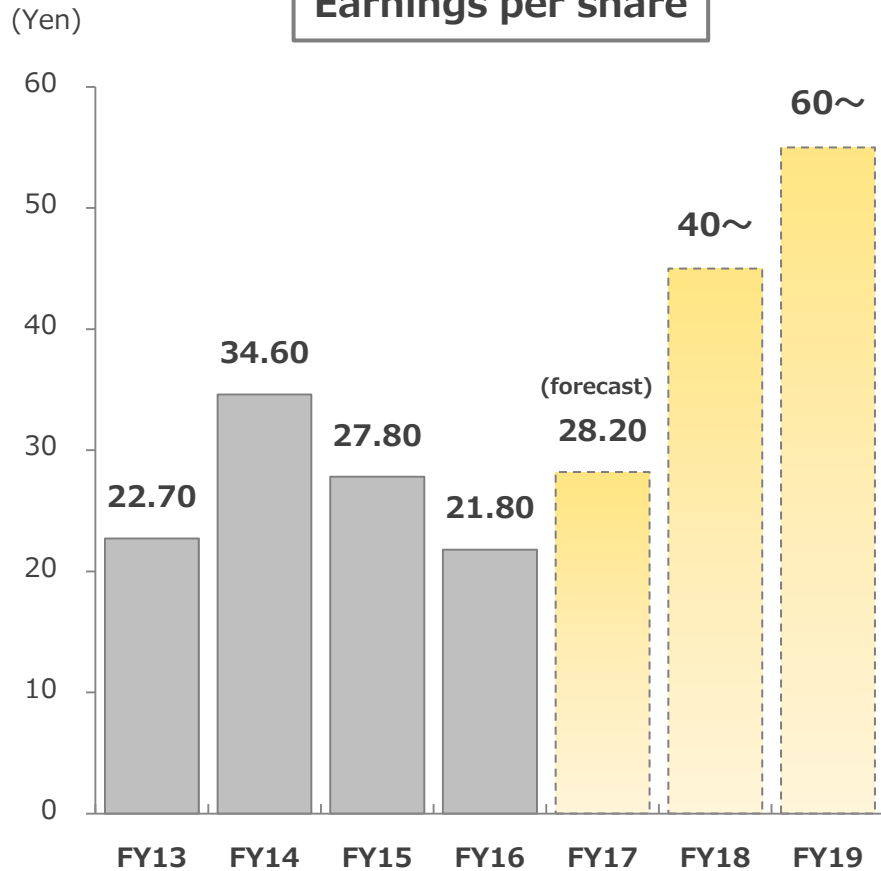
- i . Business⇒ To strengthen recruitment capability and improve retention rate**
- ii . Stock⇒ To improve liquidity and expand shareholders**

Shareholder Return (1) Earnings/Net Assets Per Share

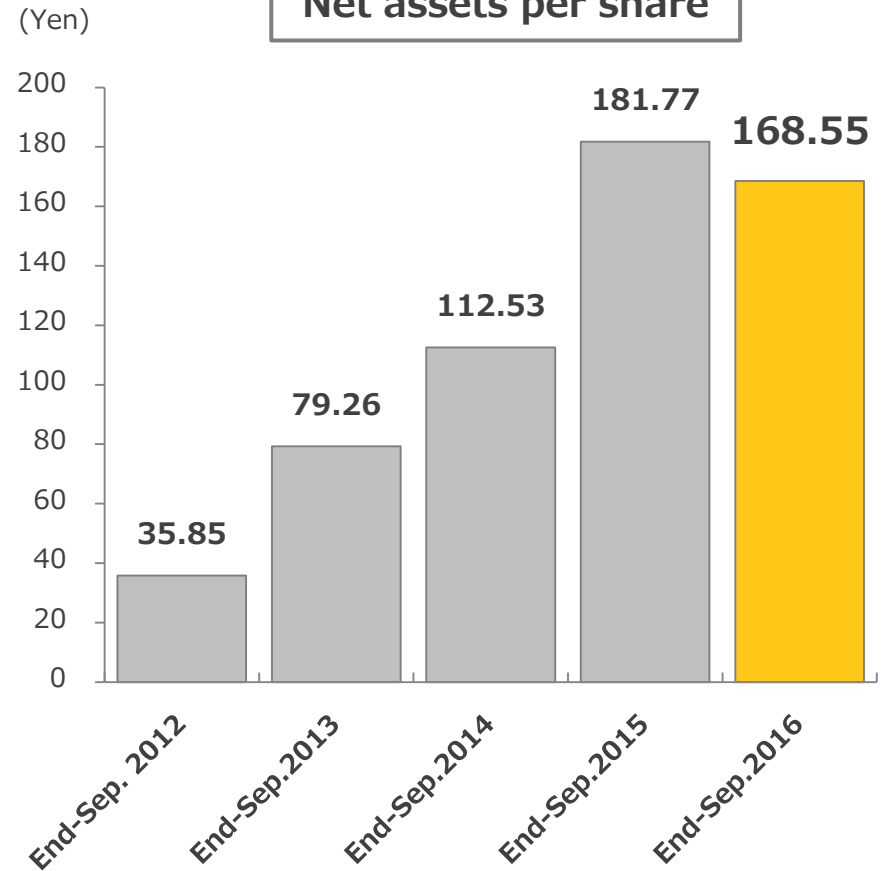
(Yen)

- Earnings per share ⇒ Expect to increase from FY17 onward, owing to improvement in profit ratio through business reorganization, although it was temporary decreased as a result of increase in the number of shares due to disposition of treasury stock

Earnings per share



Net assets per share



Medium-term management plan

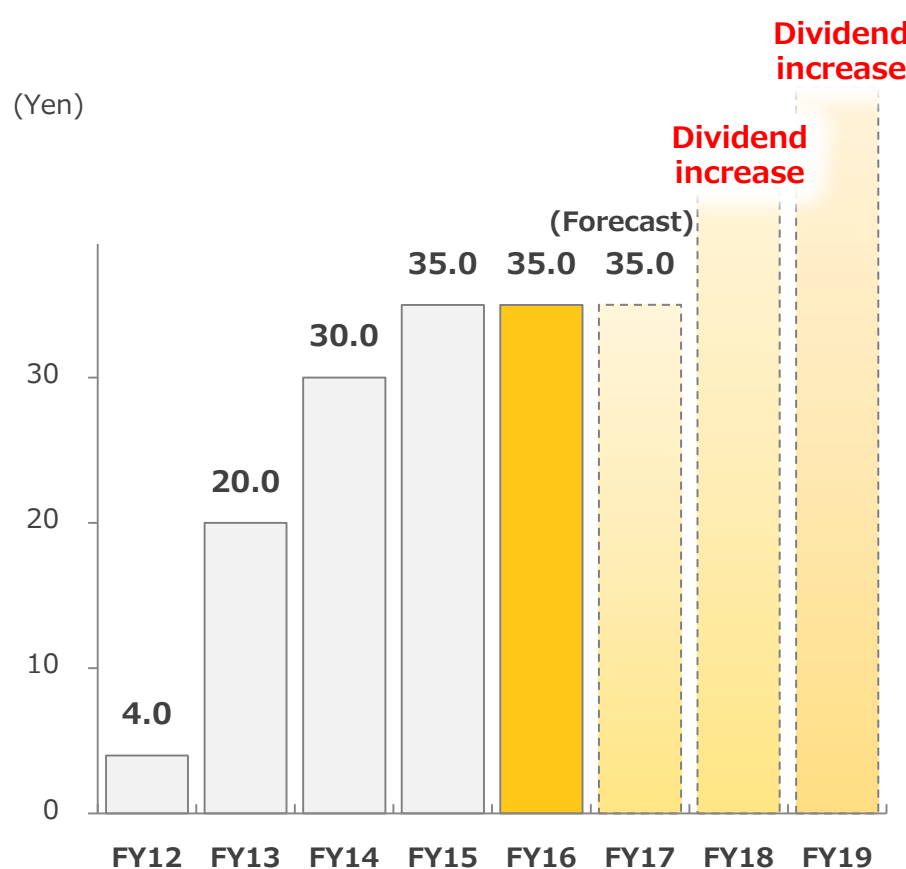
* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

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

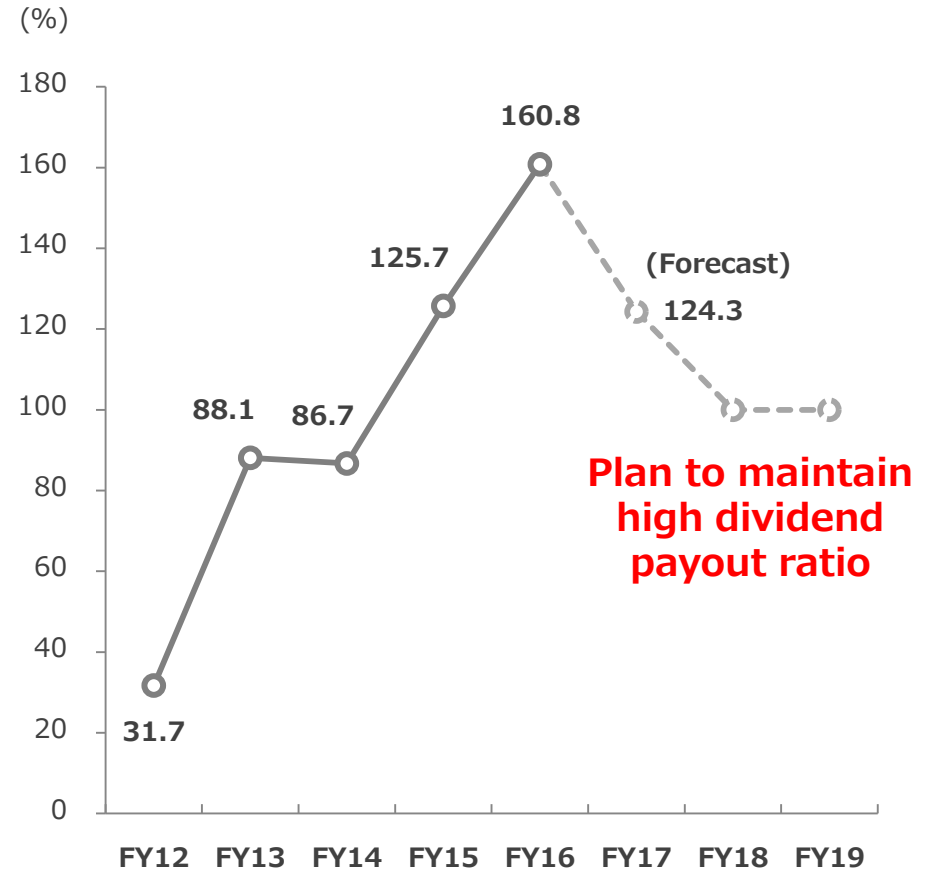
Shareholder Return (2) Dividend Policy

- Plan to increase dividend every year → Expect 100% of payout ratio until FY17, and plan to maintain high payout ratio onward

Dividend per share

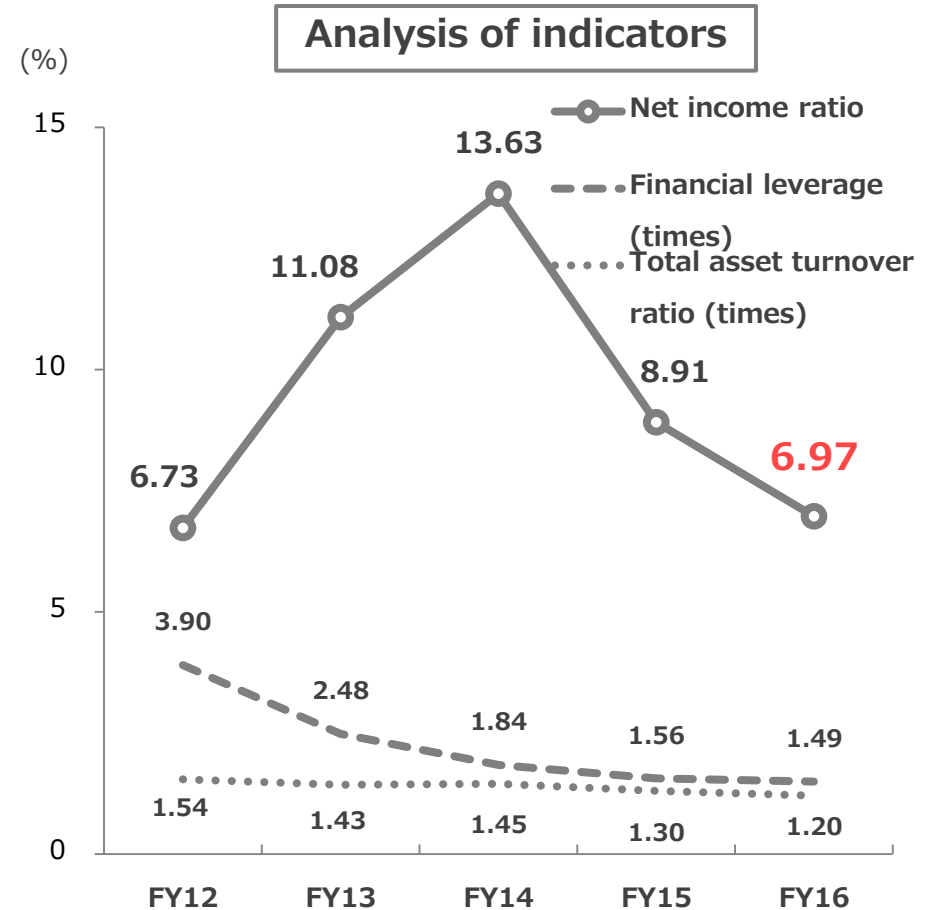
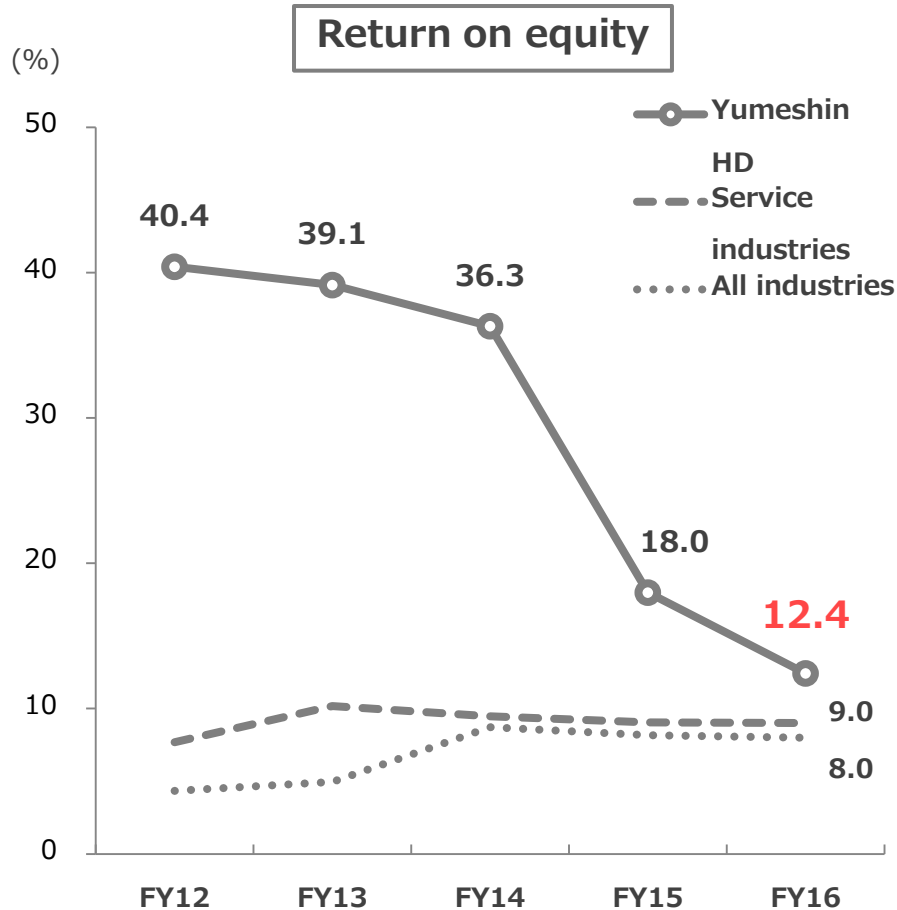


Dividend payout ratio



Shareholder Return (3) Return on Equity

- ROE decreased because of lower profitability and the sale of treasury stock to procure funds
- Goal is ROE of 30%+ by improving profitability and using acquisitions and other investments to hold down equity



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



YUMESHIN

Disclaimer

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

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



JASDAQ

[Contact]

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

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

E-mail: ir@yumeshin.co.jp