



YUMESHIN HOLDINGS CO.,LTD.

Fiscal Year Ending **September** 2017

Financial Results

- 1st Quarter -

September, 2017
Securities code
2362

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Business Portfolio

As of Dec. 31, 2016

Business category	Company name	Business description
Construction engineer temporary staffing	Yumeshin Holdings Co., Ltd.	<ul style="list-style-type: none"> • Temporary staffing of construction management specialist • Temporary staffing of CAD operator • Contract production of constructing drawings
Engineer temporary staffing	Yume Technology Co., Ltd.	<ul style="list-style-type: none"> • Temporary staffing of engineers for manufacturing industry • Temporary staffing of IT engineers
Education-related	Yume Education Co., Ltd.	<ul style="list-style-type: none"> • Development of highly trained IT engineers
IT-related	Galaxy Inc. Social Fintec Co., Ltd. Keepdata Ltd.	<ul style="list-style-type: none"> • IT services for construction industry • Foreign exchange trading service using advanced IT • Provision of big data platform
Other	Yume Agent Co., Ltd. Yumeagent Philippines Corp. BuzzBox Co., Ltd. XDREAM Sports Corporation	<ul style="list-style-type: none"> • Introducing human resources to construction/manufacturing industries • Teaching of Japanese language to human resources in the Philippines • Introducing human resources to sports industry

Consolidated Financial Overview

TOPIC

1. Sales

Sales up YoY for 26 consecutive quarters

2. Operating income

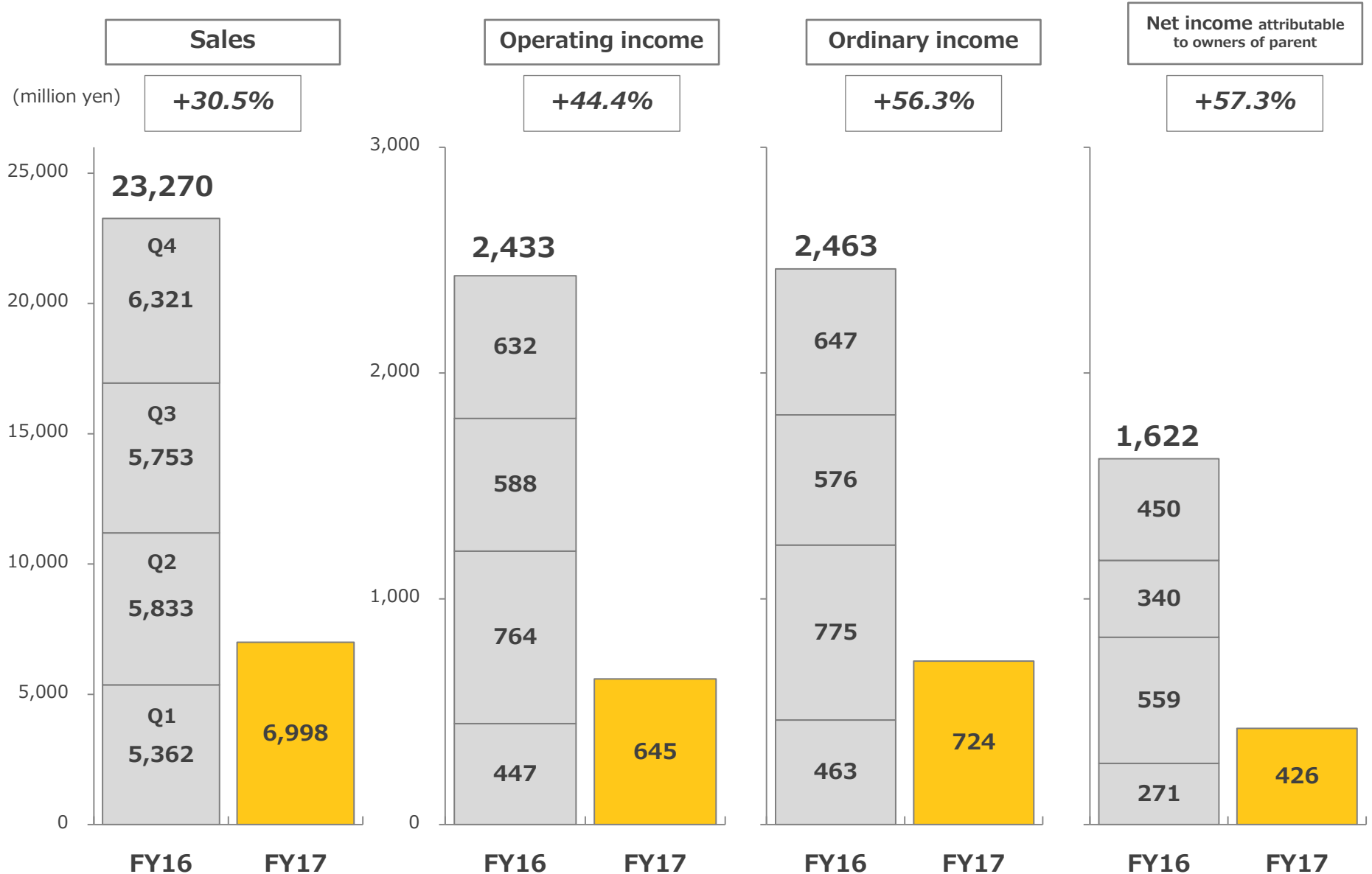
Income up 44% thanks to improvement in unit price of temporary staffing

3. New business

Start Education and IT-related business

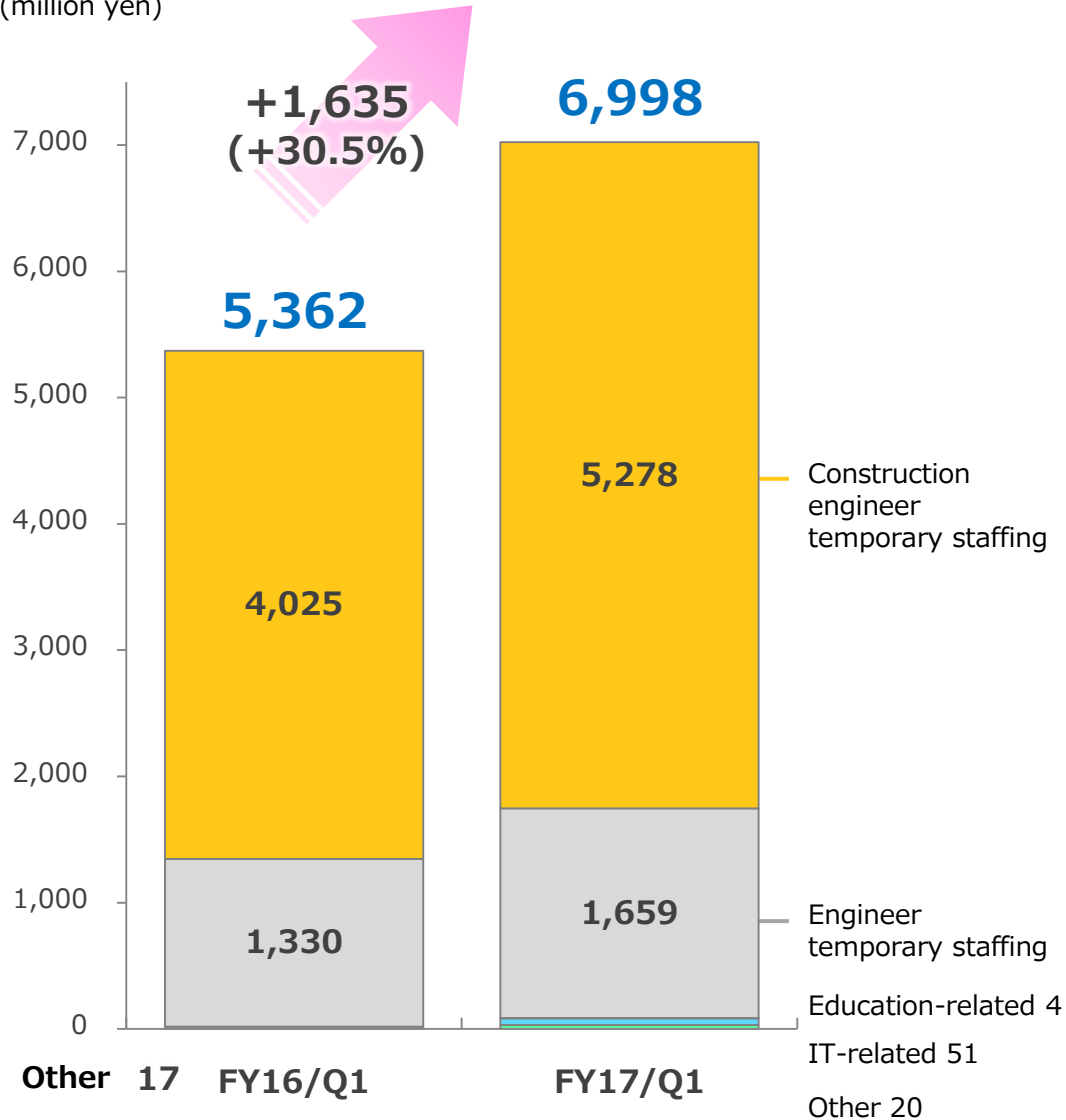
Consolidated P/L Statement

Consolidated P/L



Consolidated P/L (1) Sales

(million yen)



[Major factors for increase/decrease]

Construction engineer temporary staffing **+¥1,252m (+31.1%)**

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

Engineer temporary staffing **+¥328m (+24.7%)**

- Sales up due to increase in staff at work

Education-related/IT-related **+¥56m (-%)**

- Seminars for training IT engineers, IT support for construction sites, foreign exchange system trading and other activities

Other **+¥14m (+85.5%)**

- Introducing human resources to construction, manufacturing and sports industries
- Teaching of Japanese language to human resources in the Philippines

Consolidated P/L (2)

Selling, General and Administrative Expenses

(million yen)

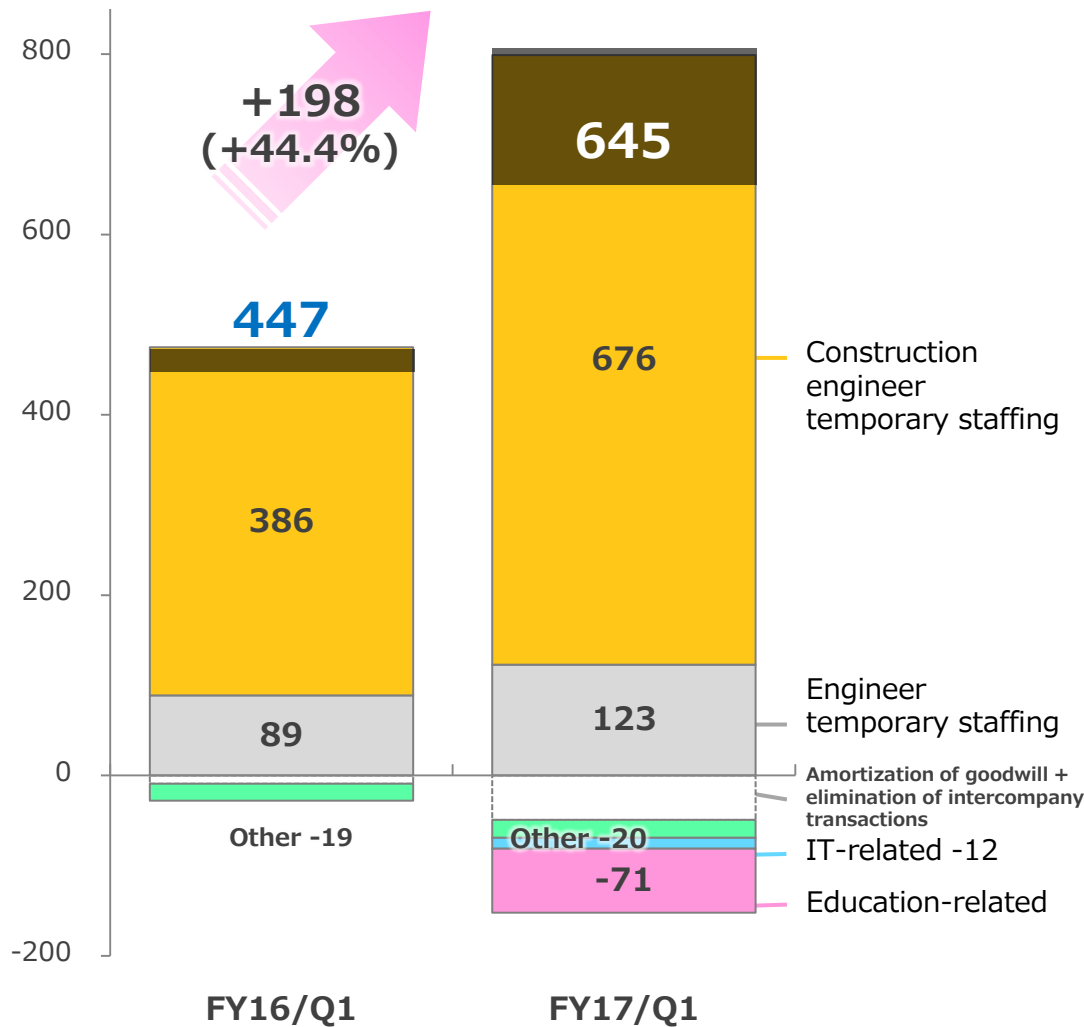
	FY16/Q1	FY17/Q1	Change	Remarks
Cost of sales	3,968	4,980	+1,012	· Increased due to increase in engineers
Cost of sales ratio	74.0%	71.2%	-2.8pt.	
Gross profit	1,394	2,017	+623	
Gross profit margin	26.0%	28.8%	+2.8pt.	· Increased due to improvement in unit price of temporary staffing
SG&A expenses	947	1,371	+424	
Executive compensation	31	40	+9	
Personnel expenses	439	608	+168	· Increased due to increase in sales staffs
Ad expenses	6	13	+7	
Recruiting cost	217	328	+110	· Increase in advertising cost
Rent	72	84	+11	
Outsourcing expenses	57	89	+31	
Amortization of goodwill	13	52	+39	
SG&A expense ratio	17.7%	19.6%	+1.9pt.	

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

Consolidated P/L Statement

(3) Operating Income

(million yen)



[Major factors for increase/decrease]

Construction engineer temporary staffing **+¥289m**
(+74.8%)

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

Engineer temporary staffing **+¥33m**
(+37.2%)

- Income down due to increase in recruiting costs

Education-related/IT-related **-¥83m**
(-%)

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

Other **-¥0.5m**
(-2.8%)

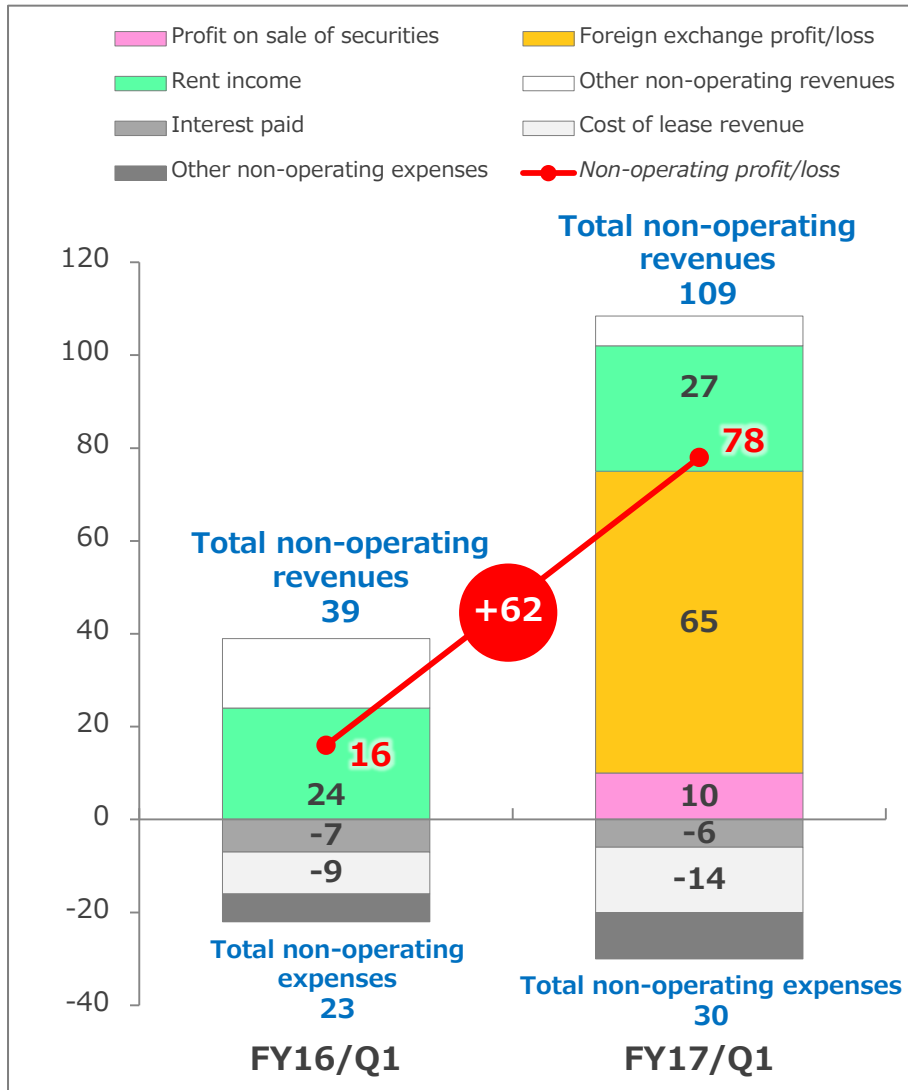
- Introducing human resources to construction, manufacturing and sports industries
- Teaching of Japanese language to human resources in the Philippines

Consolidated P/L (4)

Non-operating Profit/Loss and Ordinary Income

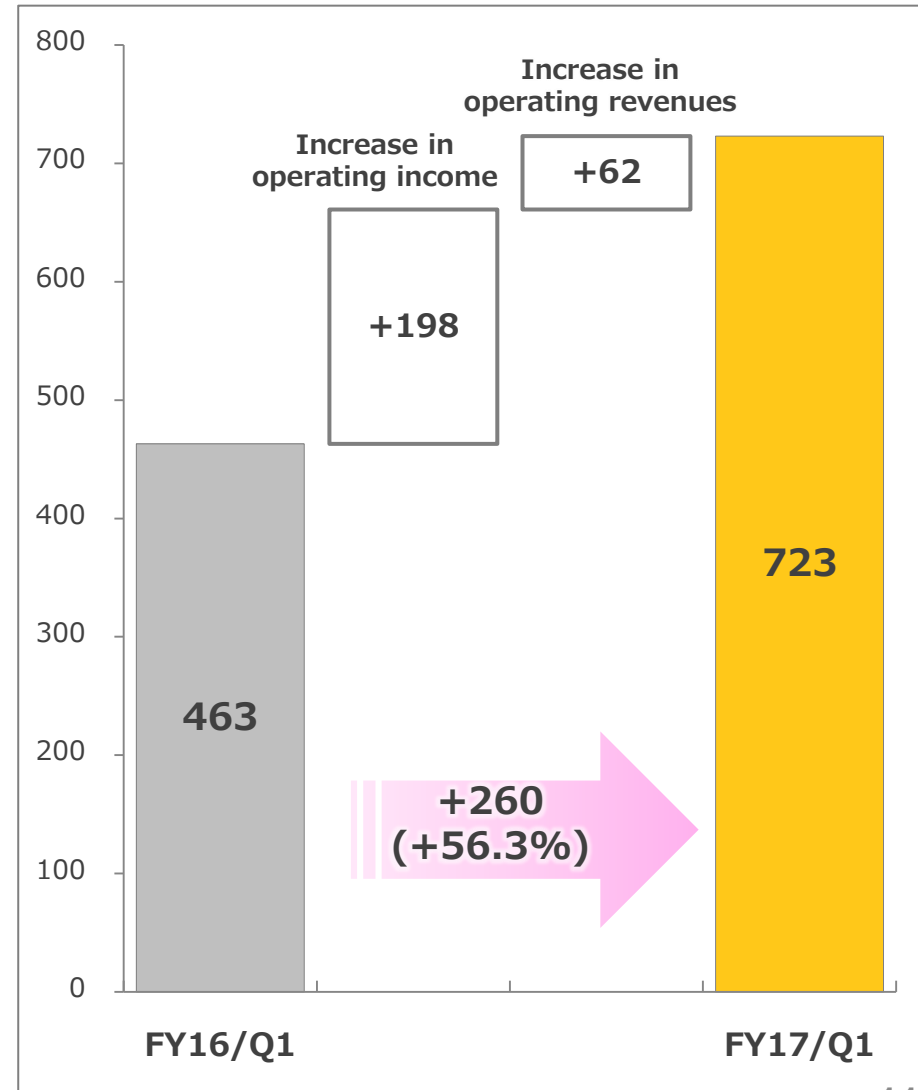
(million yen)

Non-operating profit/loss



(million yen)

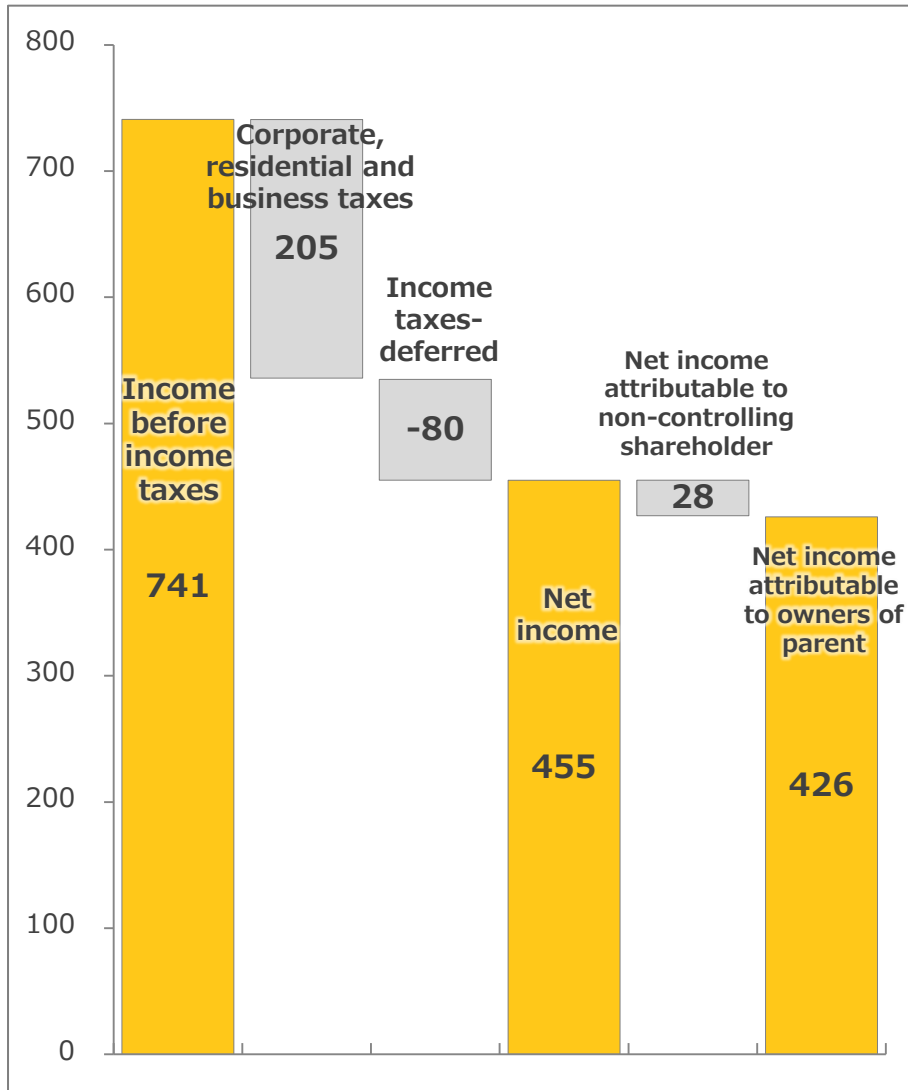
Ordinary income



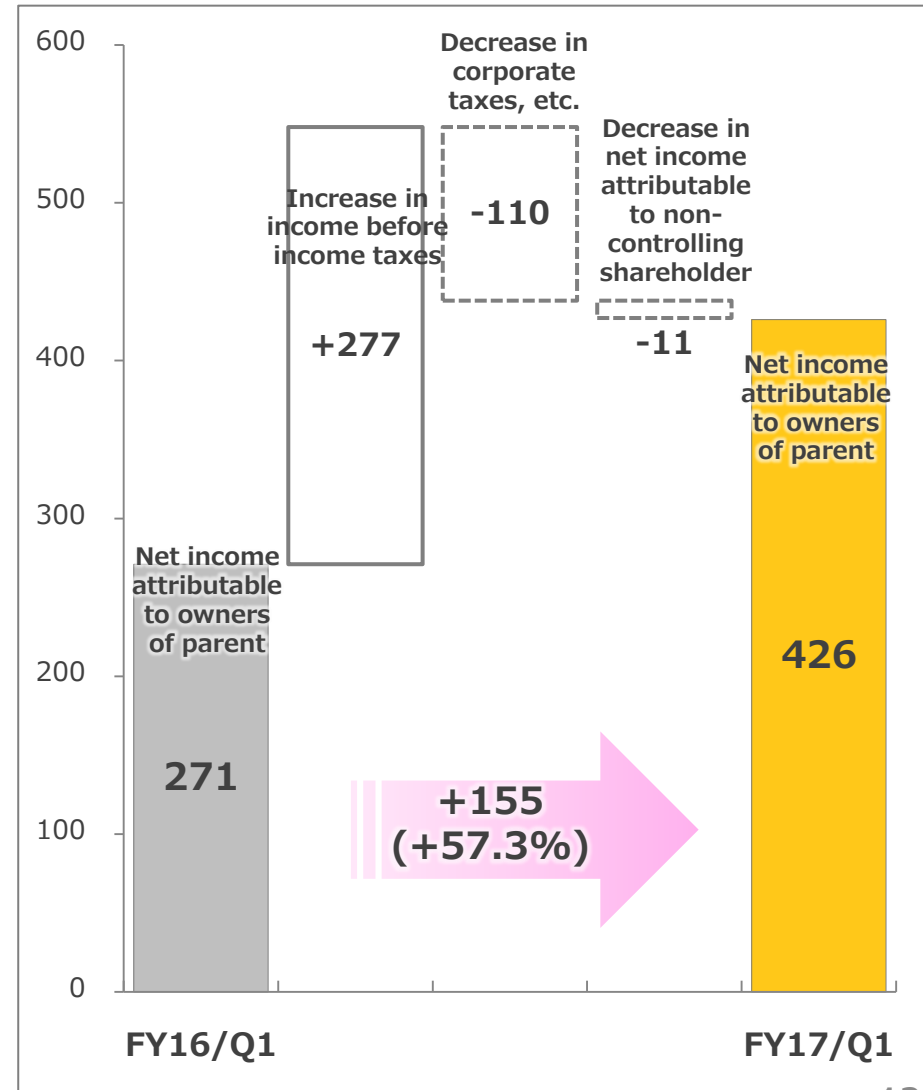
Consolidated P/L (5)

Net income attributable to owners of parent

(million yen) **Net income**



(million yen) **Increase/decrease factors**



Summary of Consolidated P/L Statement

(million yen)

	FY16/Q1	FY17/Q1	Change	Pct. change
Sales	5,362	6,998	+1,635	30.5%
Gross profit	1,394 (26.0%)	2,017 (28.8%)	+623	44.7%
SG&A expenses	947 (17.7%)	1,371 (19.6%)	+424	44.9%
Operating income	447 (8.3%)	645 (9.2%)	+198	44.4%
Ordinary income	463 (8.6%)	724 (10.3%)	+260	56.3%
Net income attributable to owners of parent	271 (5.1%)	426 (6.1%)	+155	57.3%

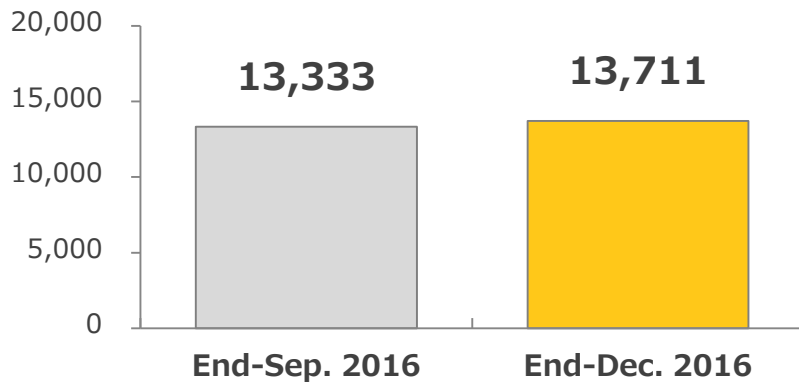
* () = Ratio to sales

Consolidated B/S

Consolidated B/S

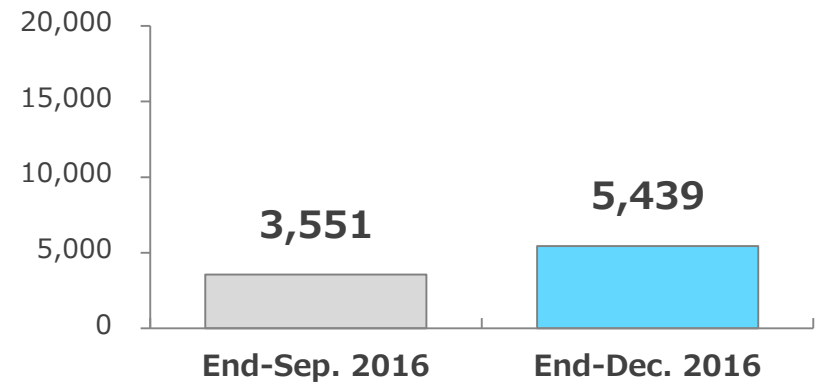
Current assets

(million yen)



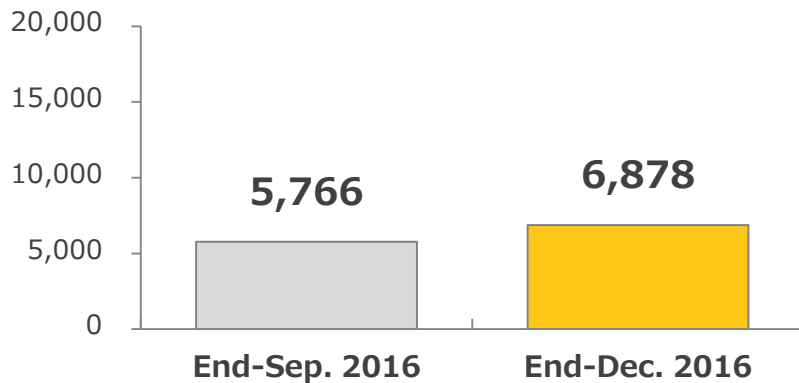
Current liabilities

(million yen)



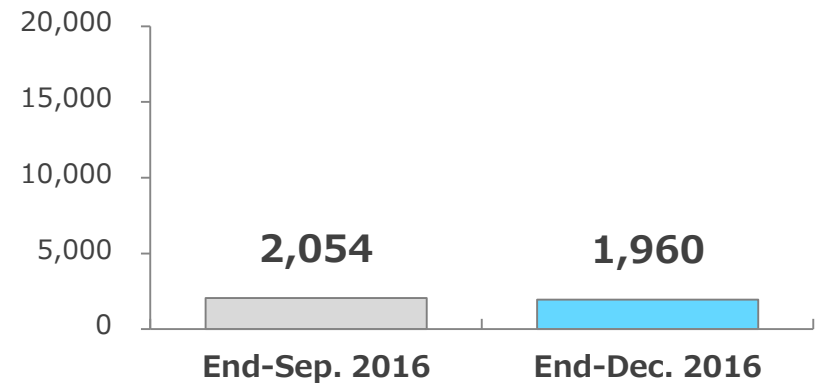
Fixed assets

(million yen)



Fixed liabilities

(million yen)



Consolidated B/S (1) Assets

(million yen)

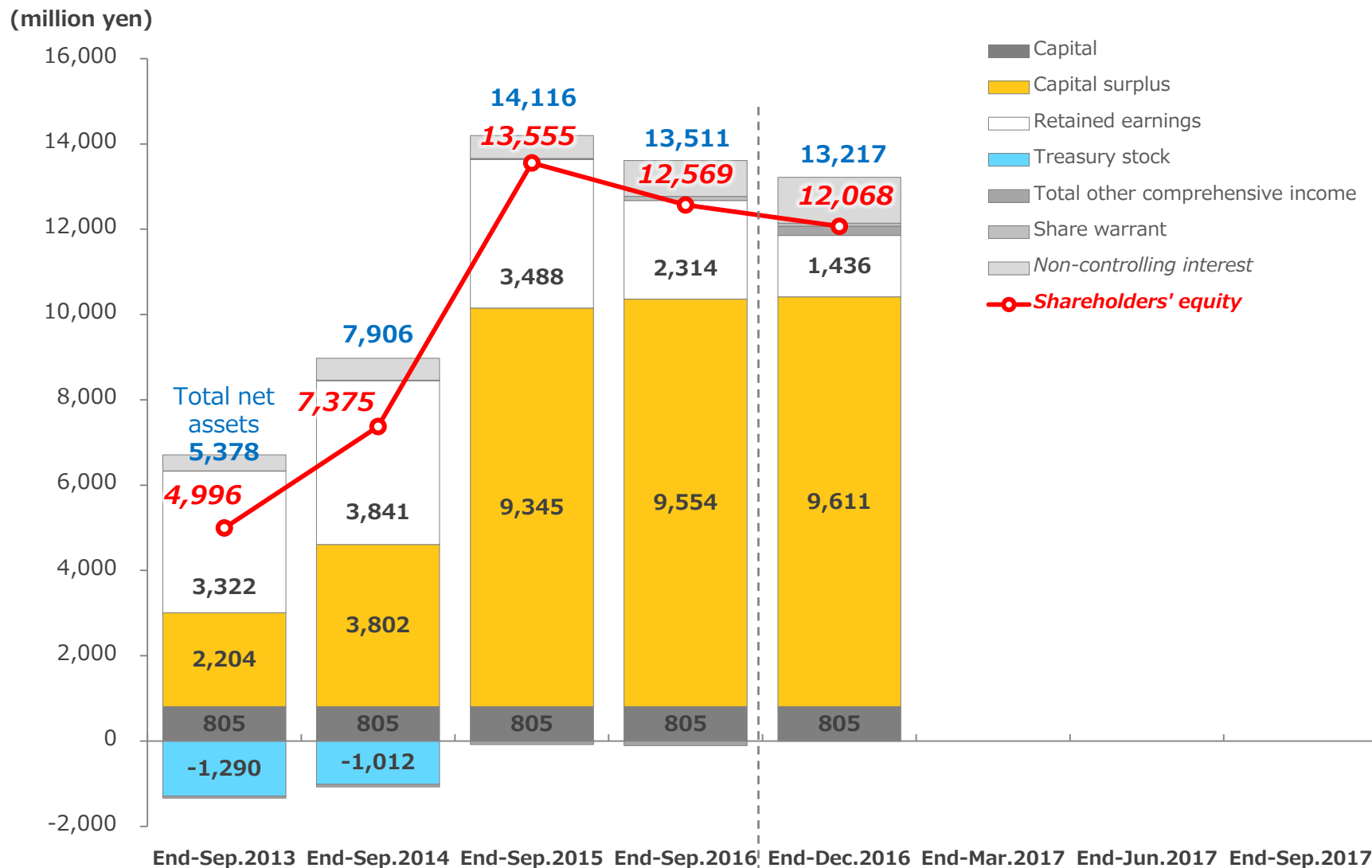
	End-Sep. 2016	End-Dec. 2016	Change	Remarks
Assets	19,117	20,589	+1,472	
Current assets	13,333	13,711	+377	
Cash and deposits	8,723	8,613	-110	Decreased due to payment of dividend
Notes and accounts receivable-trade	3,642	3,761	+119	Increased due to increase in the number of job sites of the temporary staffing
Deferred tax assets	181	97	-83	
Deposits	335	639	+304	
Allowance for doubtful accounts	-21	-23	-2	
Fixed assets	5,766	6,878	+1,112	
Tangible fixed assets	1,352	1,342	-10	
Buildings and structures	582	539	-43	
Land	702	702	-	
Lease asset	26	24	-2	
Intangible fixed assets	1,220	1,411	+190	
Goodwill	1,175	1,269	+94	Increased due to increase in the number of subsidiaries
Software	40	137	+96	Increased due to consolidation of IT-related business
Investments and other assets	3,193	4,125	+932	
Investment securities	1,566	2,508	+942	Increased due to increase in the number of affiliated companies, etc.
Deferred tax assets	115	81	-34	
Lease deposit	375	390	+15	
Investment properties	1,105	1,107	+2	
Allowance for doubtful accounts	-33	-35	-2	

Consolidated B/S (2) Liabilities and Net Assets

(million yen)

	End-Sep. 2016	End-Dec. 2016	Change	Remarks
Liabilities	5,606	7,400	+1,794	
Current liabilities	3,551	5,439	+1,888	
Account payable-trade	11	55	+44	
Short-term debt	100	1,647	+1,547	Increased due to borrowing of working capital
Current portion of long-term debt	791	793	+2	
Accounts payable	330	405	+74	
Income taxes payable	252	219	-32	
Accrued expenses	1,057	1,269	+212	
Reserve for bonuses	381	176	-205	
Fixed liabilities	2,054	1,960	-93	
Long-term debt	1,644	1,454	-190	
Lease obligations	19	96	+96	
Loss on retirement benefit	258	267	+9	
Net assets	13,511	13,217	-294	
Shareholders' equity	12,674	11,852	-821	
Capital	805	805	-	
Capital surplus	9,554	9,611	+56	Increased due to increase in the number of subsidiaries
Retained earnings	2,314	1,436	-878	FY17/Q1 Net income – FY16 Year-end dividend
Accumulated other comprehensive income	-105	215	+320	
Valuation difference on available-for-sale	-96	221	+318	
Share warrant	95	77	-18	
Minority interest	846	1,071	+225	

Consolidated B/S (3) Shareholders' Equity



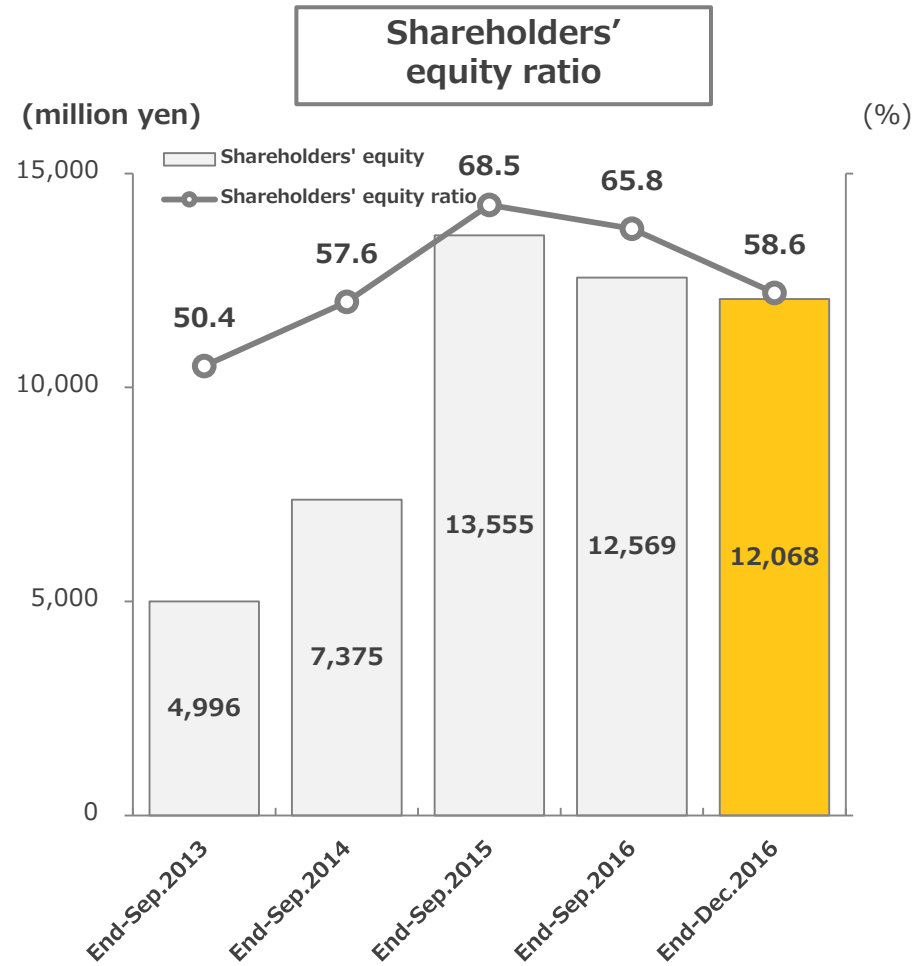
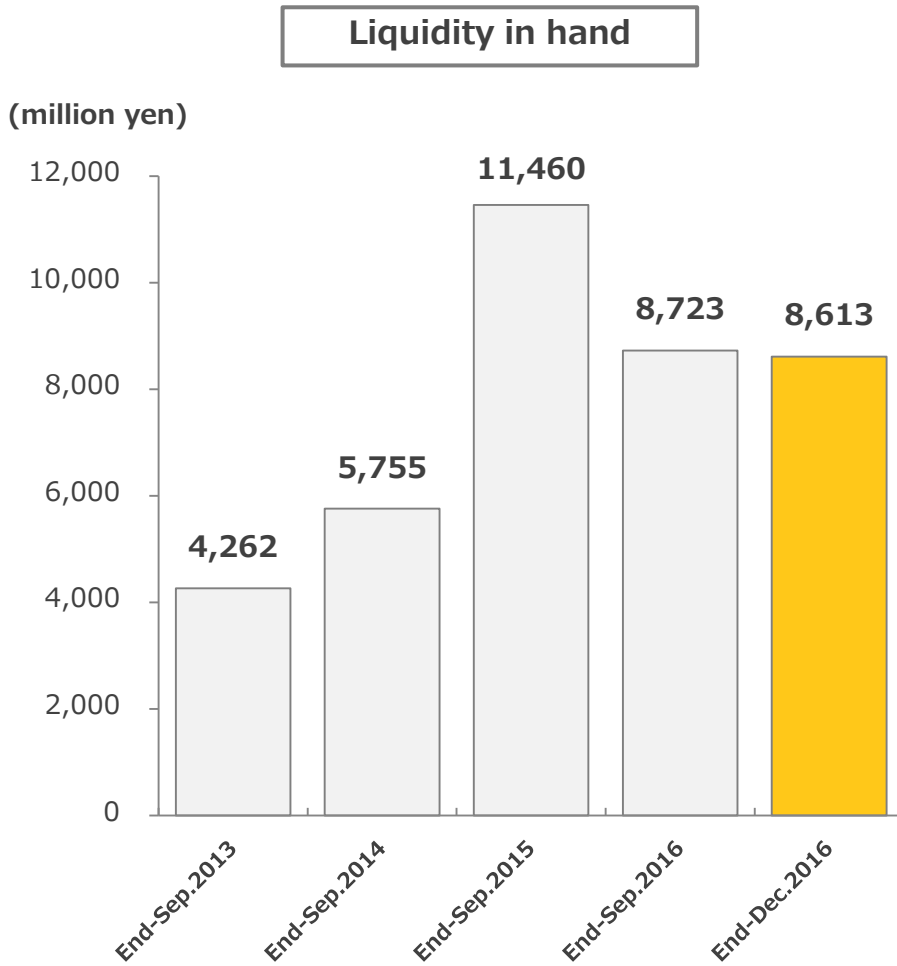
*Shareholders' equity = Net assets - Minority interest - Share warrant

FY2017

Financial Index

Financial Index (1)

Liquidity in Hand / Shareholders' Equity

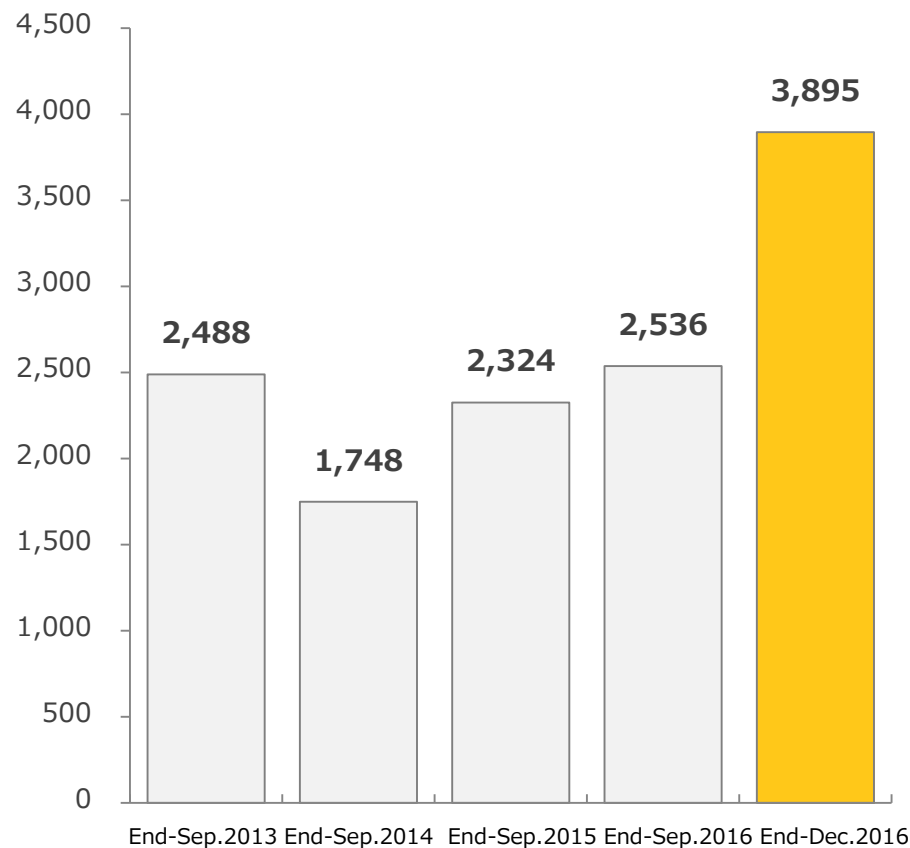


- *1. Liquidity in hand = Cash and deposits+ Securities included in current assets
- *2. Shareholders' equity = Net assets—Minority interest—Share warrant
- *3. Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Financial Index (2) Interest-Bearing Debt

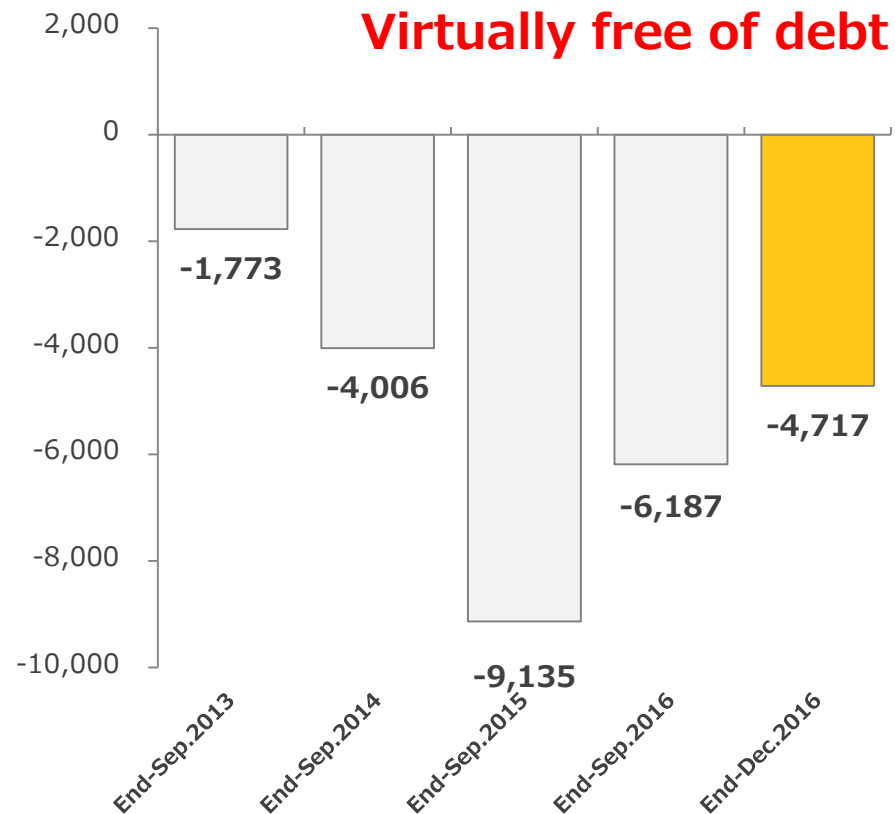
Interest-bearing debt

(million yen)



Net interest-bearing debt

(million yen)

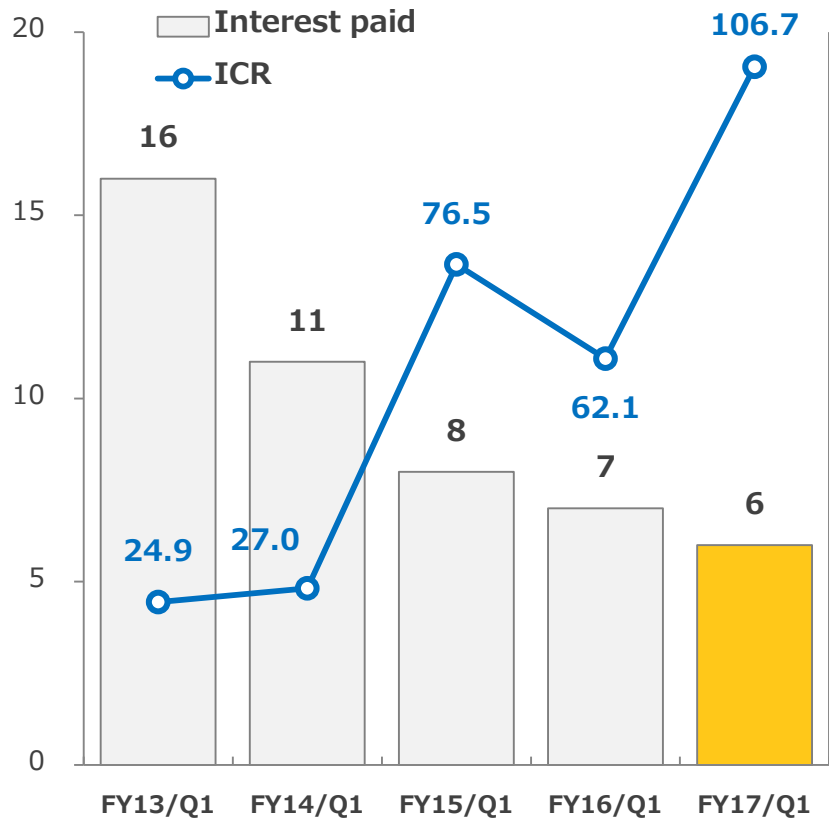


- *1. Interest-bearing debt = Short-term debt+ Long-term debt+ Current portion of long-term debt+ Bond (lease liability not included)
- *2. Net interest-bearing debt = Interest-bearing debt–Liquidity in hand
- *3. Liquidity in hand = Cash and deposits+ Securities included current assets

Financial Index (3) ICR·DER

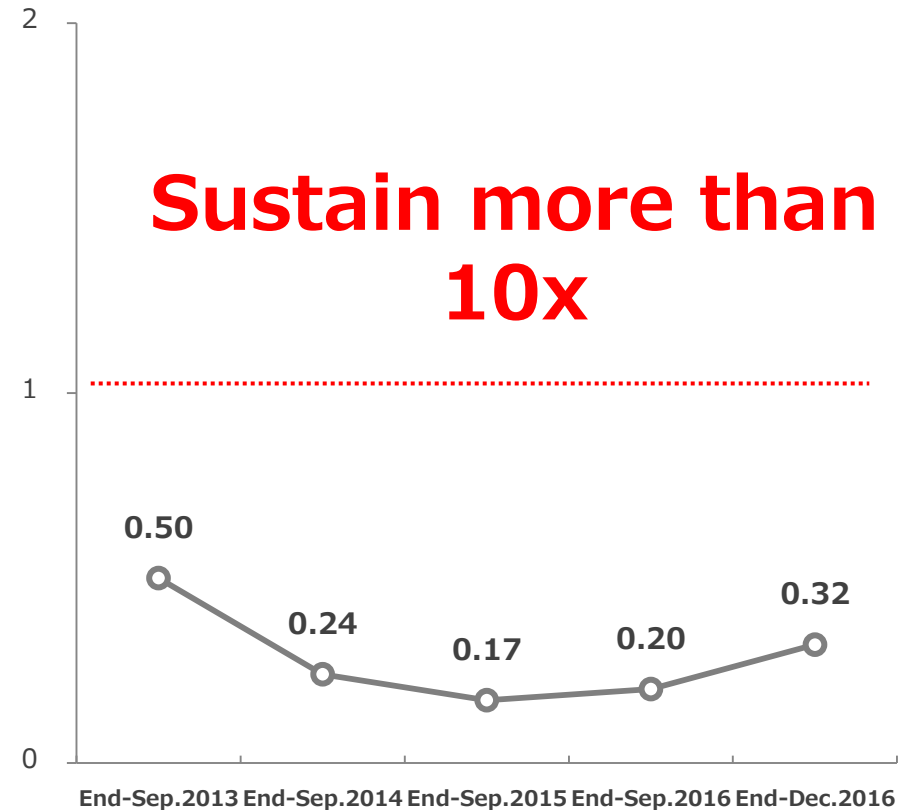
ICR

(million yen)



DER

(%) (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)

Summary of Financial Index

(million yen)

	End-Sep. '16	End-Dec. '16	Change
Shareholders' equity	12,569	12,068	-500
Shareholders' equity ratio	65.8%	58.6%	-7.1pt.
Liquidity in hand	8,723	8,613	-110
Interest-bearing debt	2,536	3,895	+1,359
D/E ratio	0.20times	0.32times	0.12pt.

Segment Overview

Segment Overview

**Construction Engineer
Temporary Staffing**

TOPIC

- 1 . Sales increased by double digit figures for 20 consecutive quarters**
- 2 . Unit price and retention rate significantly recovered**
- 3 . Operating income up by 75% YoY**

Four Indicators of Sales

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



Sales

Number of engineers (1) Recruitment

- Making a good start beyond the planned value, hired over 200 people in January
- Consolidated subsidiaries plan to hire 500 people in addition to the initially planned recruitment of 2,000

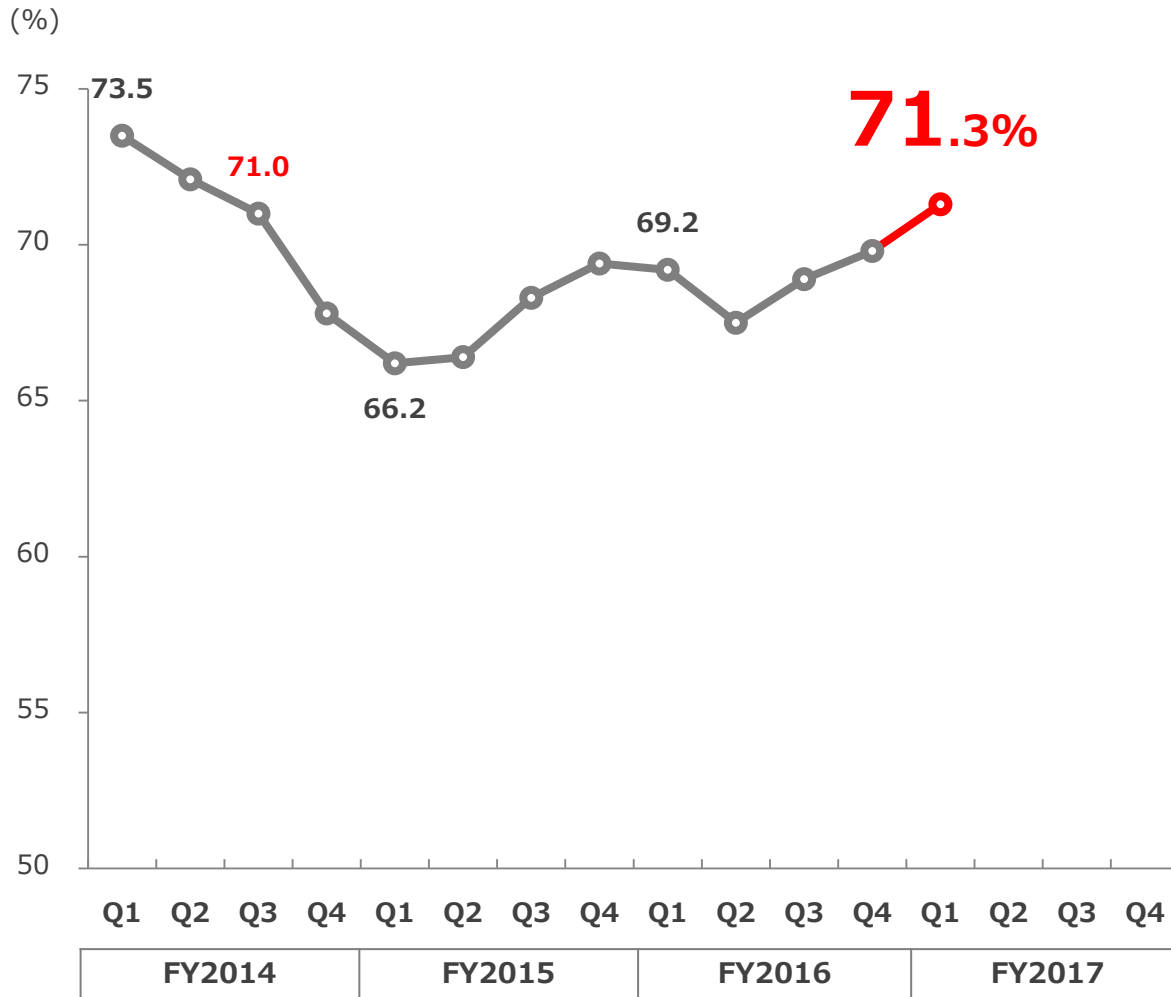
(Unit: persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct – Mar total
FY17 Planned recruitment	500			500			1,000
FY17 recruitment	553						
Difference	+53						
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								
Difference								
FY16 Planned recruitment	532			568			1,100	2,018

Retention rate

- Improvement to more than 70% for the first time in 2 and half years due to constant measures to raise the retention of current employees
- Improvement trend continues after January onward



Annual retention rate
(During the 12-month period ending in each December)

FY14/Q1	73.5%	YoY
FY15/Q1	66.2%	-7.3pt.
FY16/Q1	69.2%	+3.0pt.
FY17/Q1	71.3%	+2.1pt.

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

Number of engineers (2)

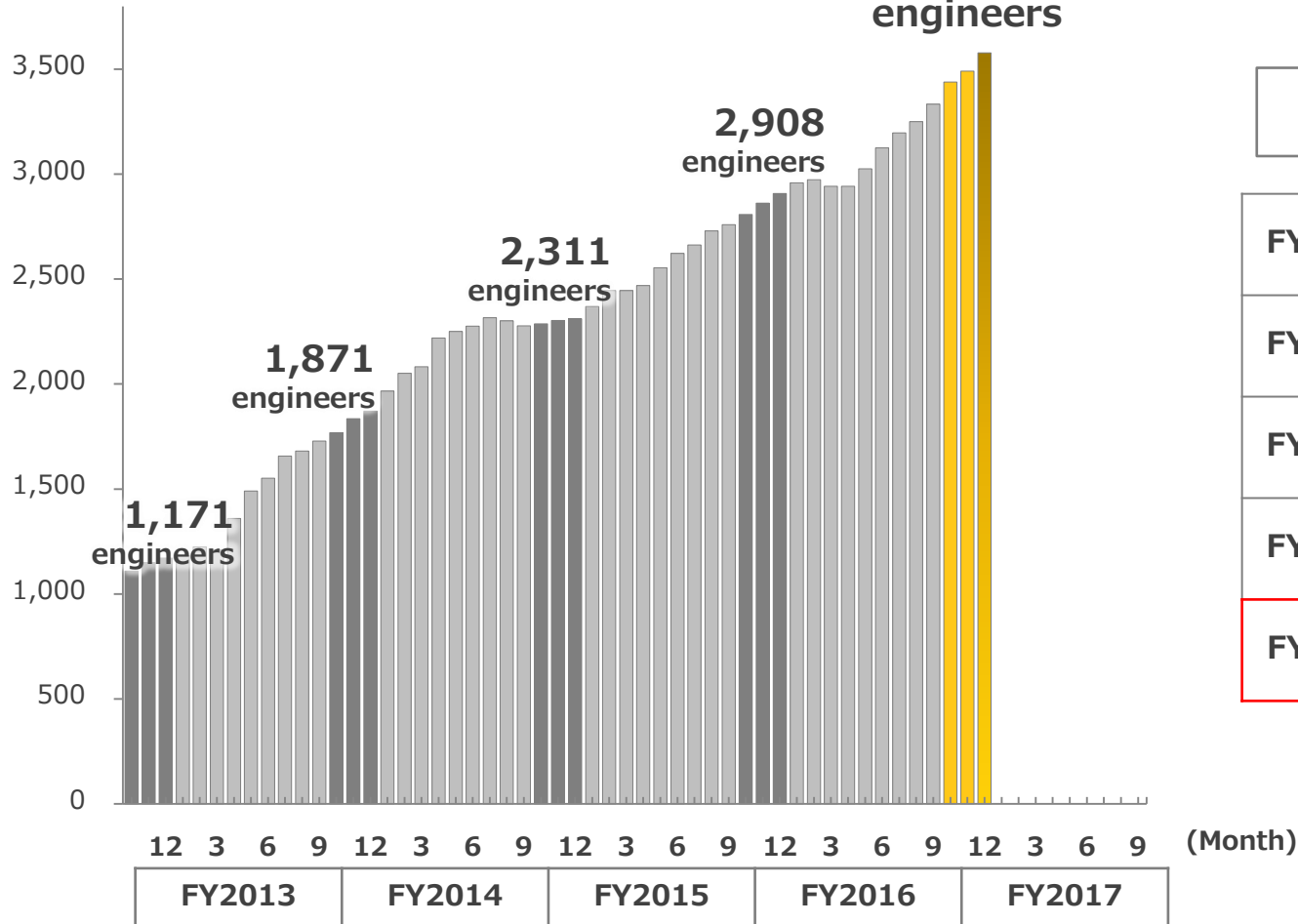
Changes in the Number of Engineers

■ Increased by 670 engineers YoY (+23.0%)

(Person)

As of end-Dec.

3,578
engineers



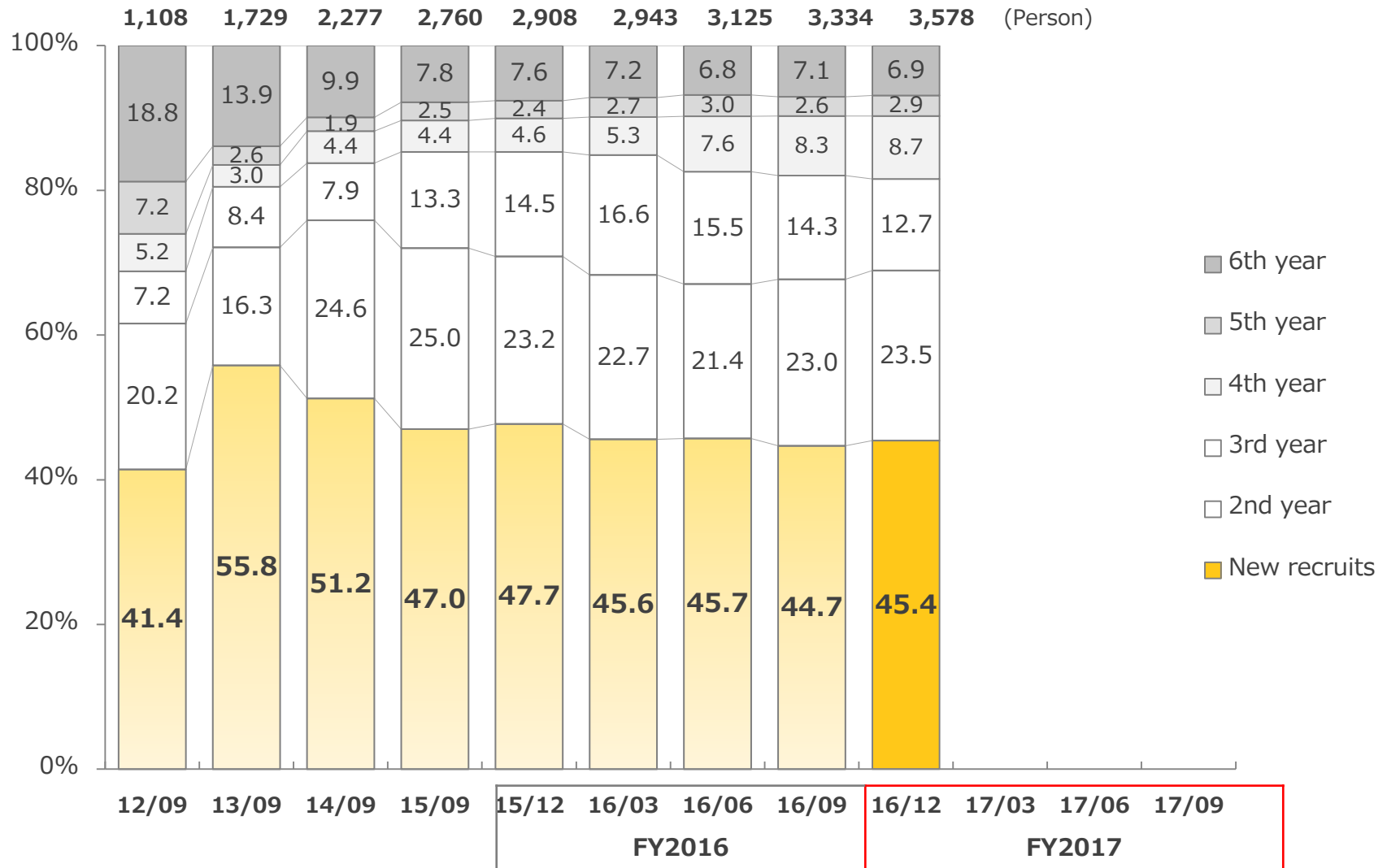
Number of engineers
3-month avg. (Oct.- Dec.)

Fiscal Year	Number of Engineers	YoY
FY13/Q1	1,143 engineers	
FY14/Q1	1,825 engineers	+59.6%
FY15/Q1	2,300 engineers	+26.1%
FY16/Q1	2,859 engineers	+24.3%
FY17/Q1	3,503 engineers	+22.5%

* Number of engineers at the end of month

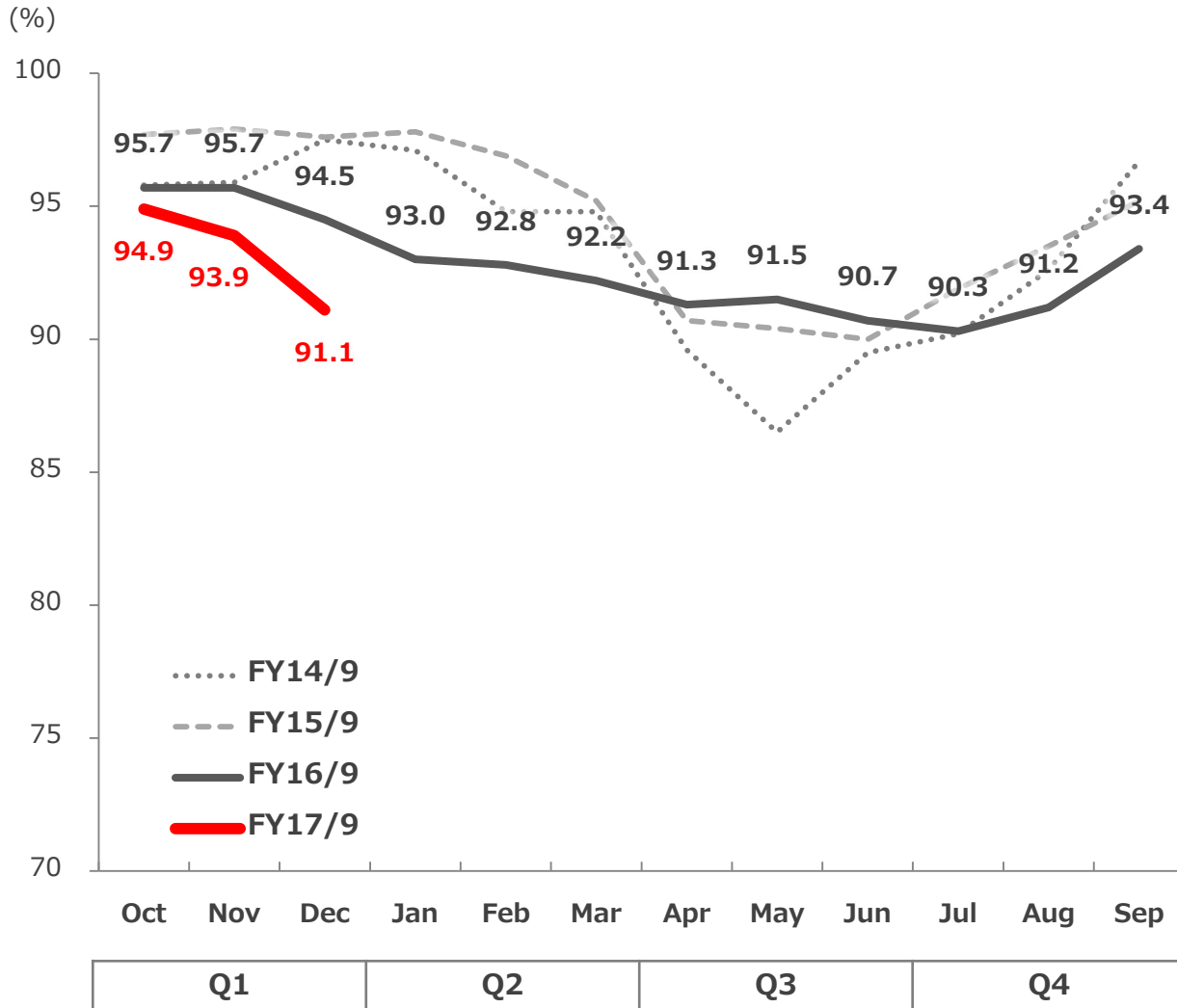
Number of engineers (3) Ratio by Length of Service

- Rising retention rate is producing a steady increase in ratio of engineers with experience of at least 4 years despite the small increase in the ratio of newly hired employees



Operating Rate

■ Operating rate declined due to steady recruitment

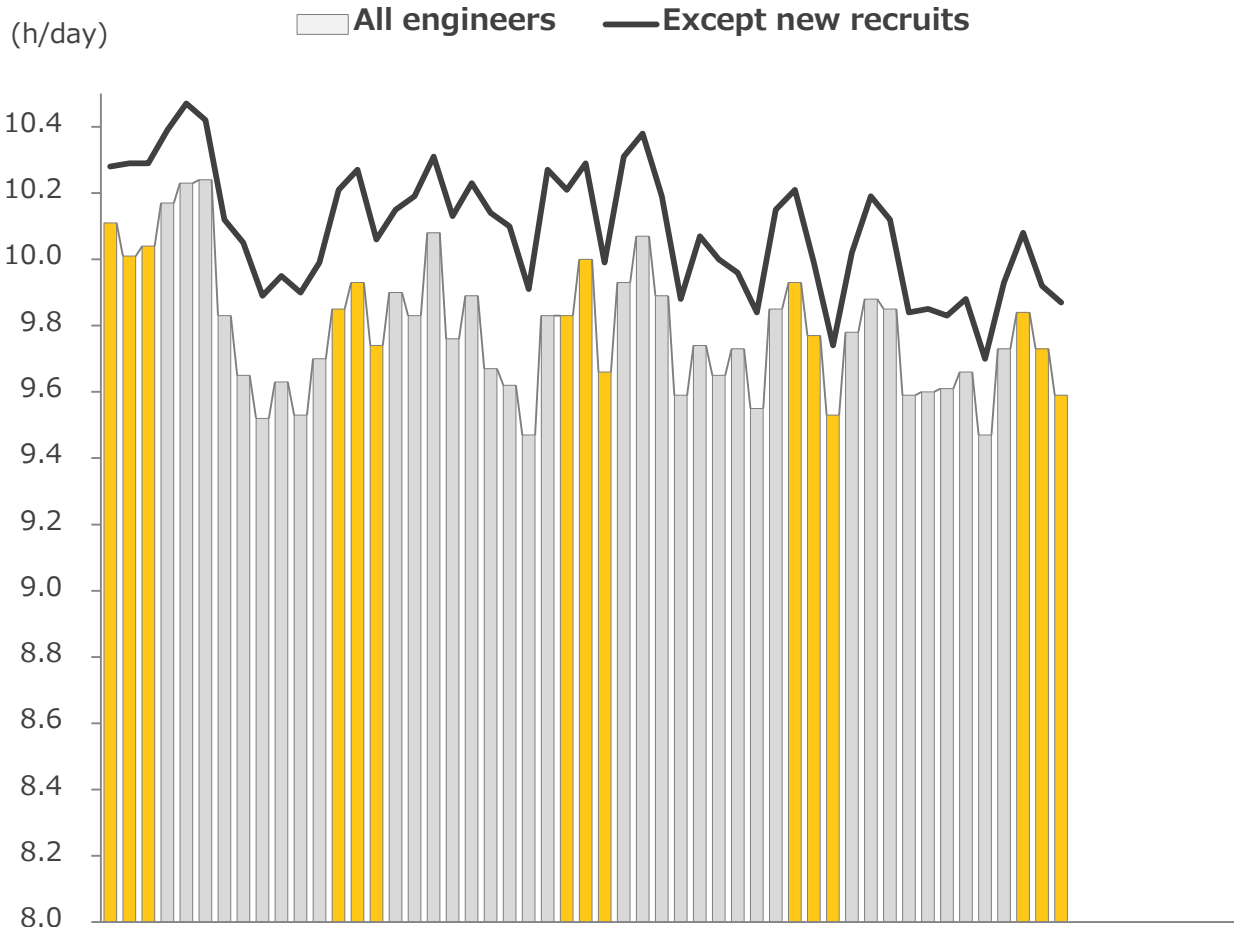


Operating rate
3-month avg. (Oct.- Dec.)

FY14/Q1	96.4%	YoY
FY15/Q1	97.7%	+1.3pt.
FY16/Q1	95.3%	-2.4pt.
FY17/Q1	93.3%	-2.0pt.

Operating Time

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



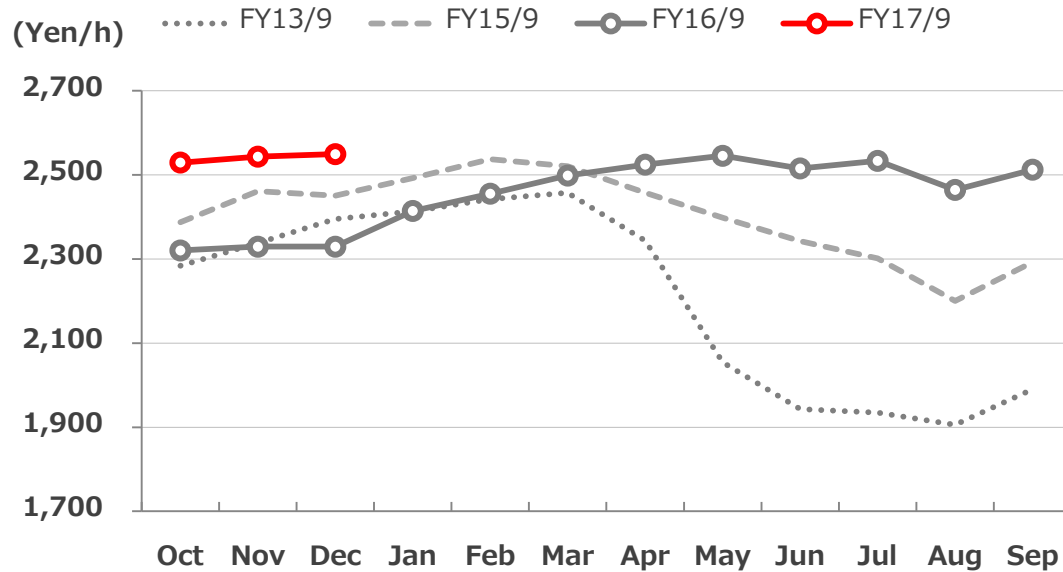
**Average of all engineers
3-month avg. (Oct.- Dec.)**

FY13/Q1	10.05h	YoY
FY14/Q1	9.84h	-2.1%
FY15/Q1	9.83h	-0.1%
FY16/Q1	9.74h	-0.9%
FY17/Q1	9.72h	-0.2%

Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
FY13				FY14				FY15				FY16				FY17			

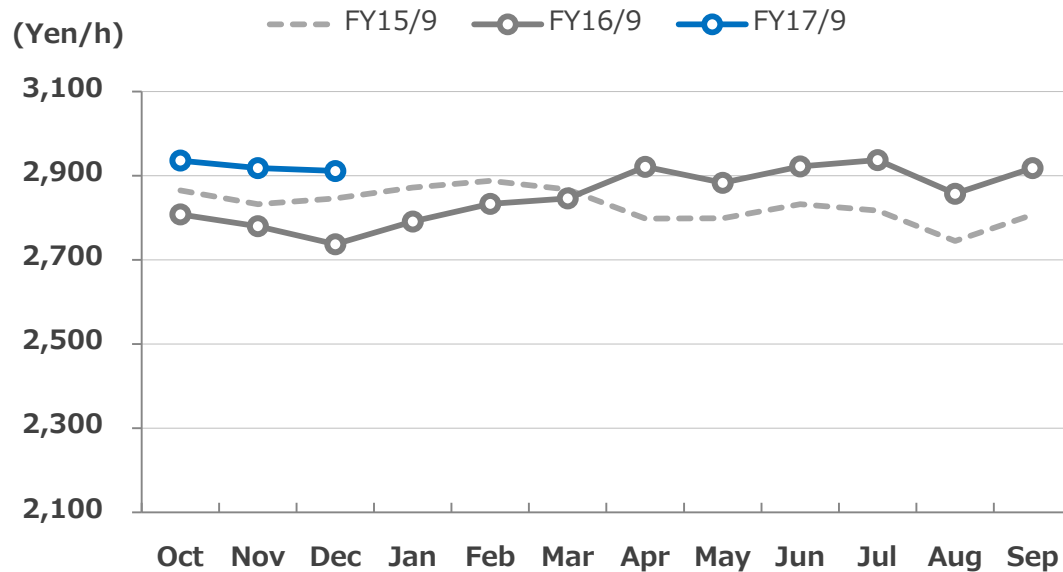
Unit Price of Temporary Staffing (1)

Changes in New Recruits and 2nd Year



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

Fiscal Year	3-month avg. (Oct.- Dec.)	YoY
FY13/Q1	2,339	
FY15/Q1	2,433	+12.1%
FY16/Q1	2,326	-4.4%
FY17/Q1	2,540	+9.2%

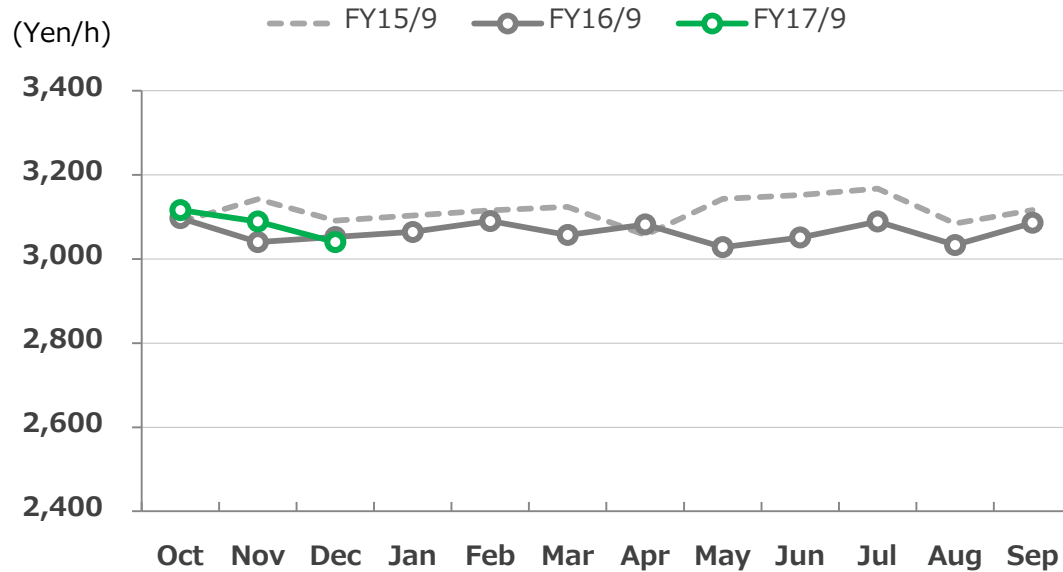


2nd year only
3-month avg. (Oct.- Dec.)

Fiscal Year	3-month avg. (Oct.- Dec.)	YoY
FY15/Q1	2,848	
FY16/Q1	2,775	-2.6%
FY17/Q1	2,922	+5.3%

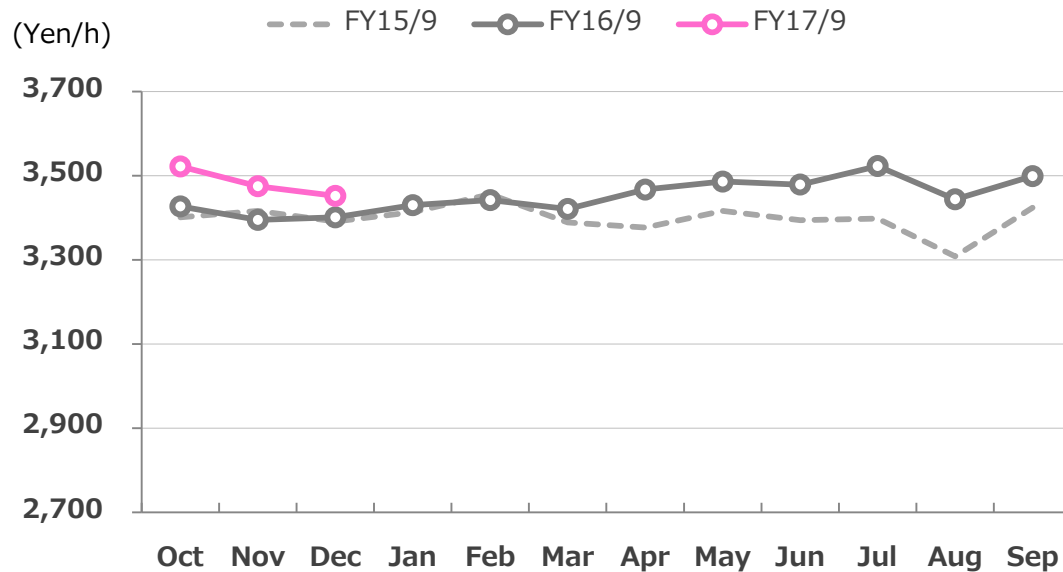
Unit Price of Temporary Staffing (2)

Changes from the 3rd and 4th Year and Over



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

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY15/Q1	3,107	YoY
FY16/Q1	3,063	-1.4%
FY17/Q1	3,082	+0.6%

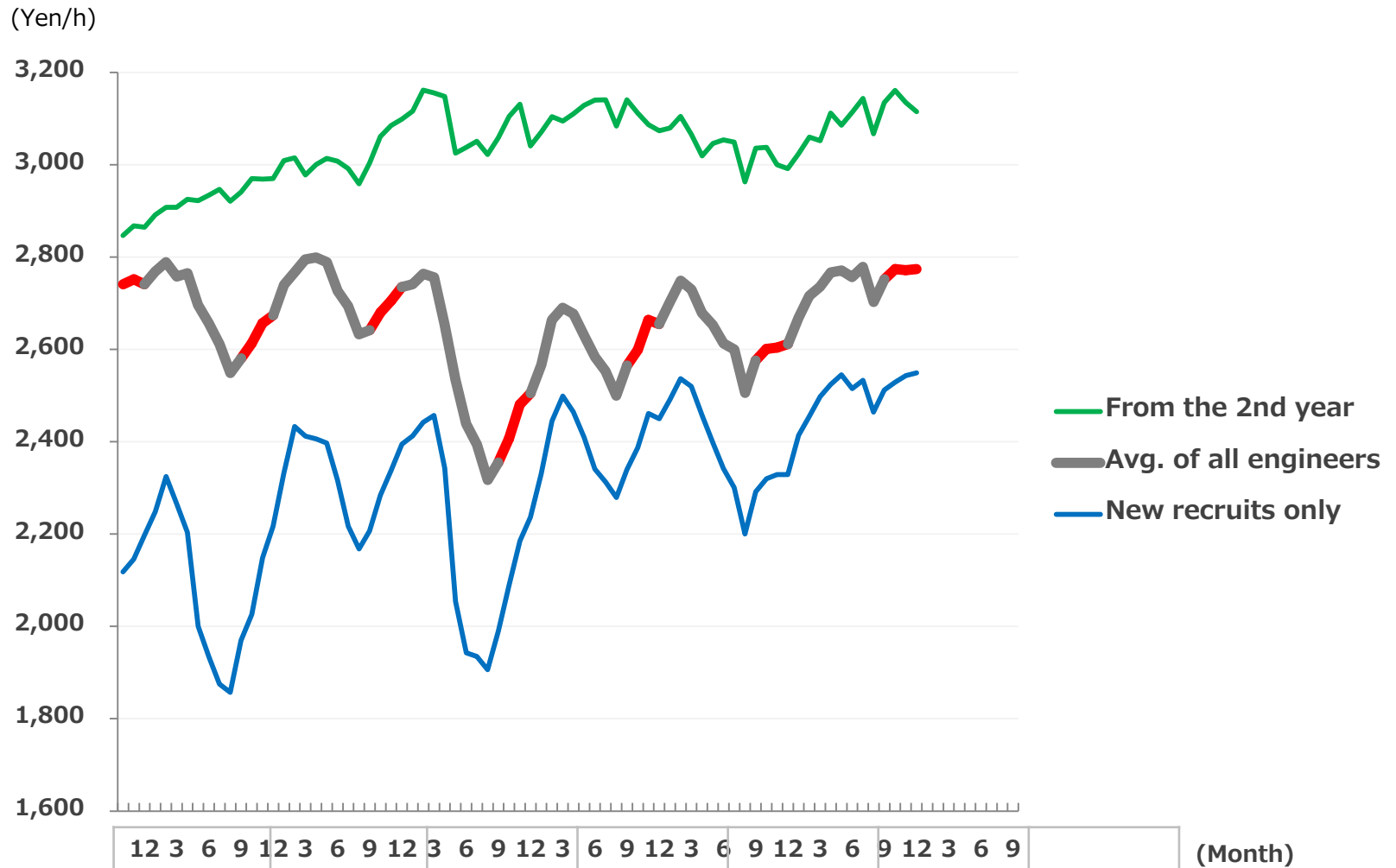


From the 4th year
3-month avg. (Oct.- Dec.)

Fiscal Year	Unit Price (Yen/h)	YoY Change
FY15/Q1	3,403	YoY
FY16/Q1	3,408	+0.1%
FY17/Q1	3,483	+2.2%

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	12 3 6 9													
	FY2011			FY2012			FY2013			FY2014			FY2015			FY2016			FY2017
All engineers (Q1/ 3-month)	¥2,745			¥2,648			¥2,707			¥2,464			¥2,639			¥2,606			¥2,773
	YoY			-3.5%			+2.2%			-9.0%			+7.1%			-1.3%			+6.4%

Accounting Summary of Four Indicators of Sales

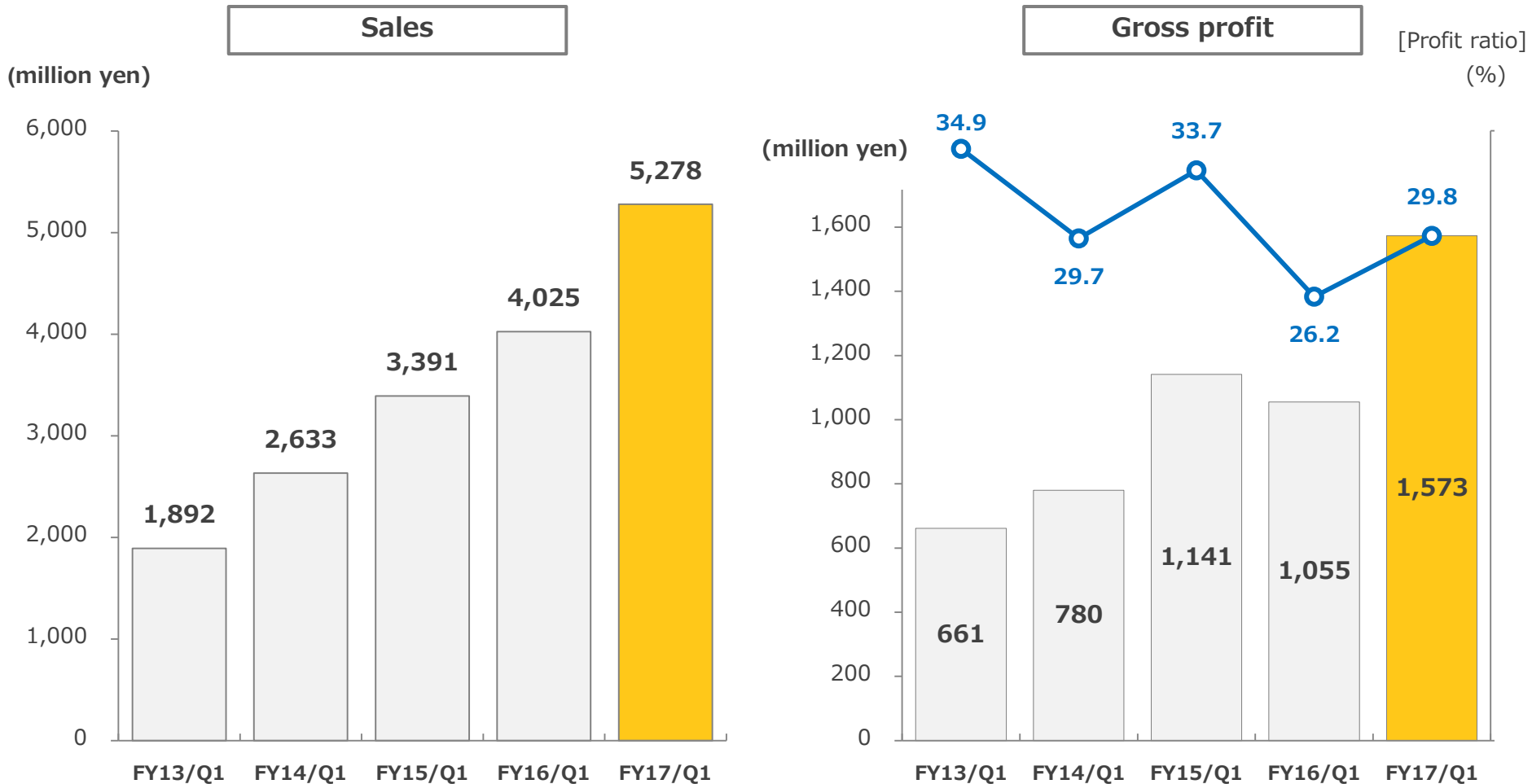
All engineers **3-month average** (Oct. - Dec.)

	FY16/Q1 (Accounting)	FY17/Q1 (Accounting)	Change	Pct. change
No. of engineers	2,859 engineers	3,503 engineers	+644 engineers	+22.5%
Operating rate	95.3%	93.3%	-2.0pt.	—
Operating time	9.74h	9.72h	-0.02h	-0.2%
Unit price of temporary staffing	2,606yen	2,773yen	+167yen	+6.4%

Non-consolidated P/L Statement (1)

Sales and Gross Margin (Total)

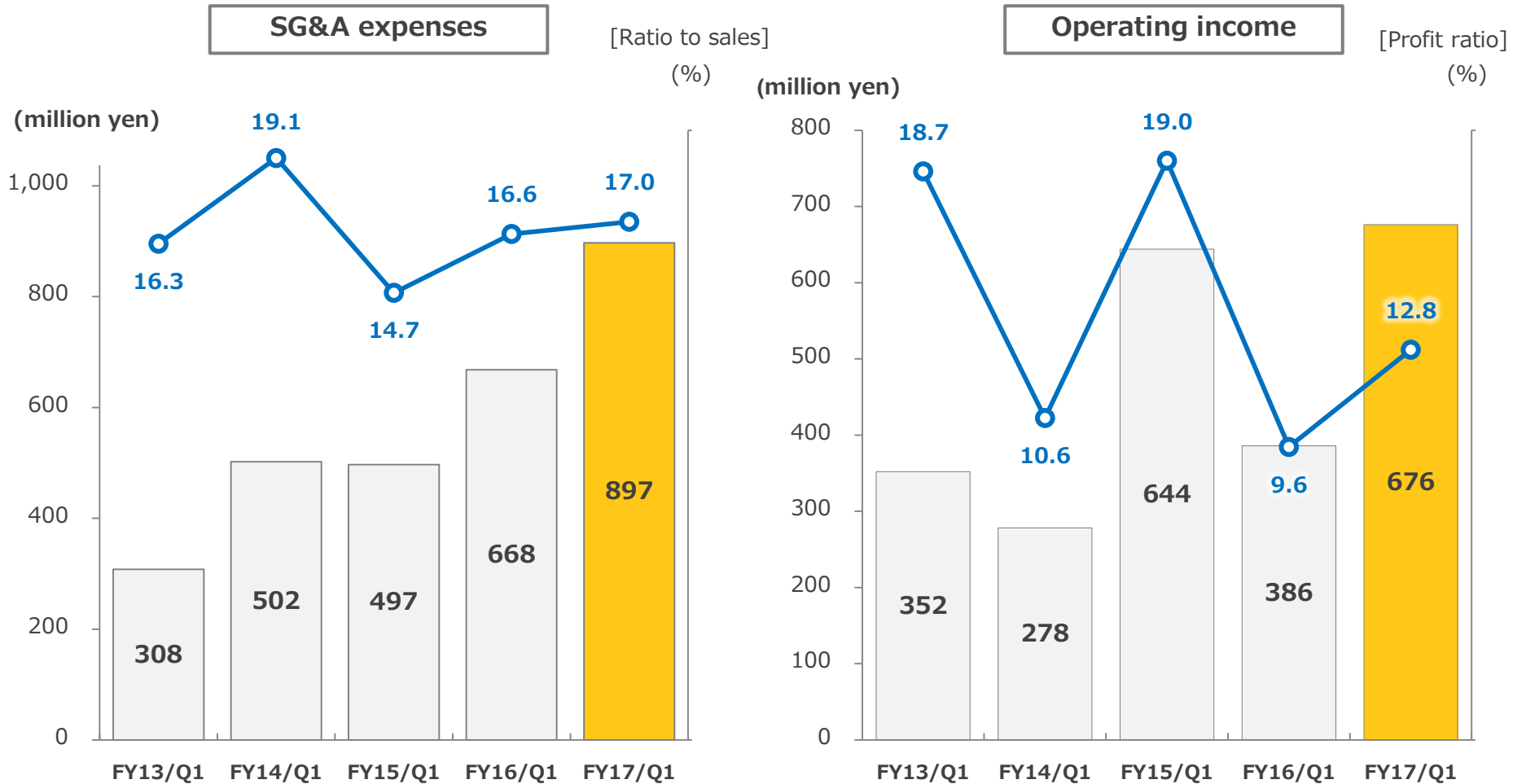
- Sales ⇒ up by 31%, increased YoY for 26 consecutive quarters as the number of engineers increased steadily
- Gross margin ⇒ up by 49%, quarterly result exceeded 1.5 billion yen for the first time since its founding, as the unit price rose due to the tightening supply-demand balance



Non-consolidated P/L Statement (2)

SG&A Expenses and Operating Income (Total)

- SG&A expenses ⇒ up 34%, increase in recruiting cost (+98) and personnel expenses (+78)
- Operating income ⇒ up 75% thanks to an increase in gross margin despite the higher SG&A



Summary of Non-consolidated P/L Statement

(million yen)

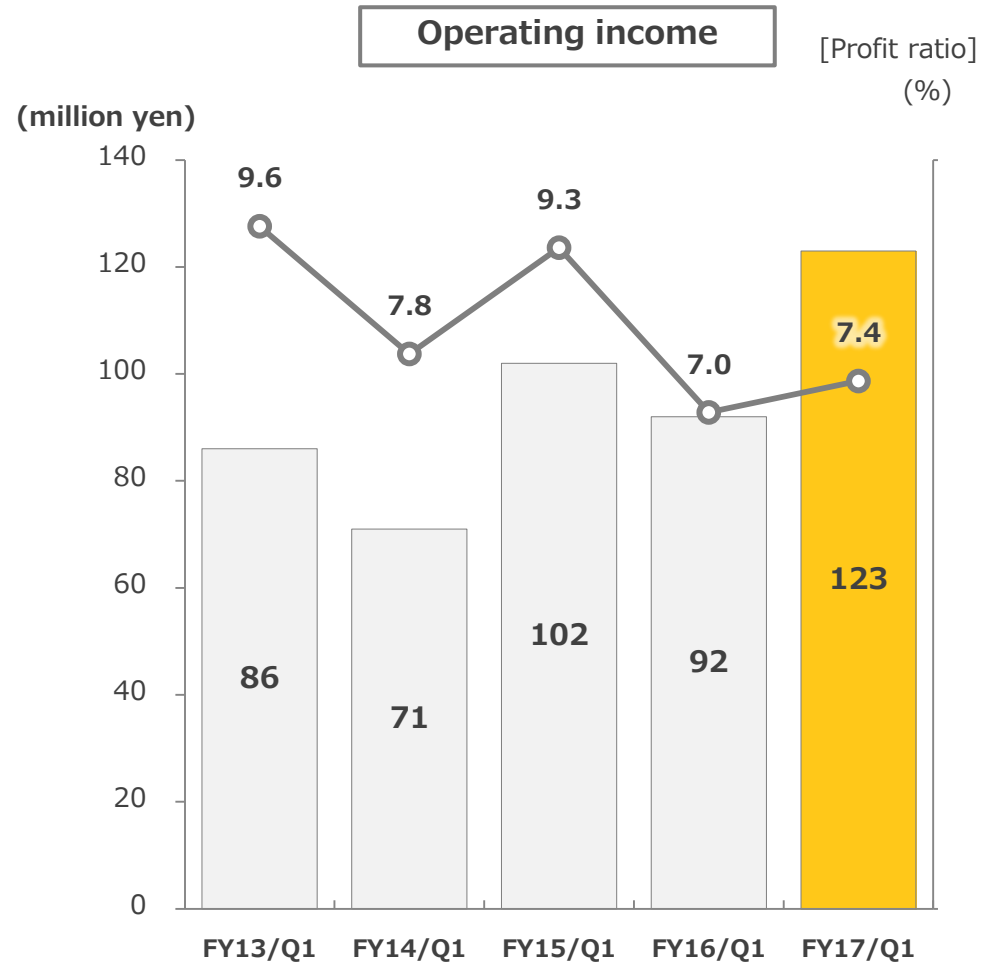
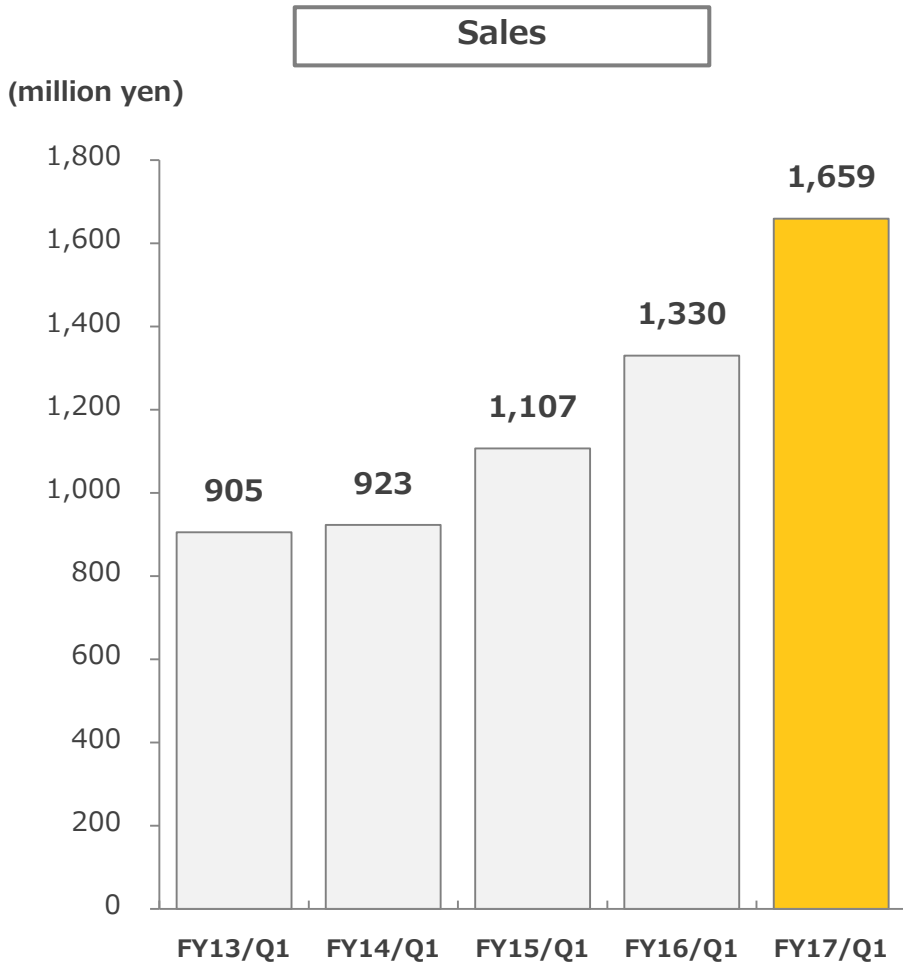
	FY16/Q1	FY17/Q1	Change	Pct. change
Sales	4,025	5,278	+1,252	31.1%
Gross profit	1,055 (26.2%)	1,573 (29.8%)	+518	49.1%
SG&A expenses	668 (16.6%)	897 (17.0%)	+228	34.2%
Operating income	386 (9.6%)	676 (12.8%)	+289	74.8%
Ordinary income	406 (10.1%)	759 (14.4%)	+353	86.9%
Net income	266 (6.6%)	531 (10.1%)	+265	99.5%

* () = Percentage of sales

Engineer Temporary Staffing

Engineer Temporary Staffing (1) Summary

- Sales ⇒ up 25% through aggressive recruitment
- Operating income ⇒ up 33% as gross margin grew to 26% level for the first time in 5 years



Engineer Temporary Staffing (2) Recruitment

- To keep the unit price of temporary staffing steady during the April-June period, when activity is usually low, affiliated companies plan to recruit 500 people in addition to the initial recruiting plan of 675 people.

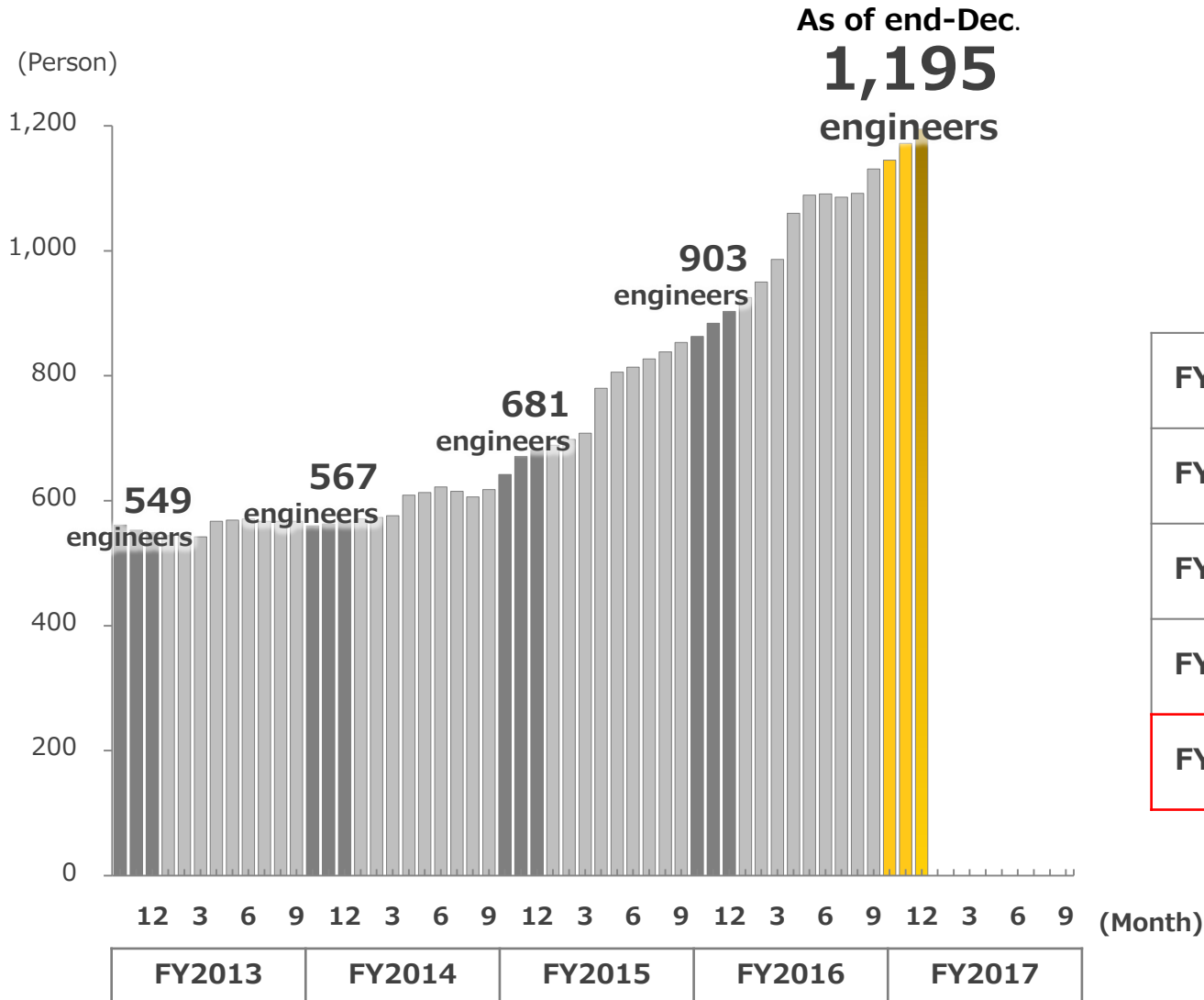
(Unit: persons)

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

	Apr	May	Jun	Jul	Aug	Sep	Apr – Sep total	Oct – Sep total
FY16 recruitment	164			98			262	460
FY17 recruitment								
YoY								

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

■ Increased by 292 engineers YoY (+32.3%)



Average no. of engineers
3-month avg. (Oct-Dec)

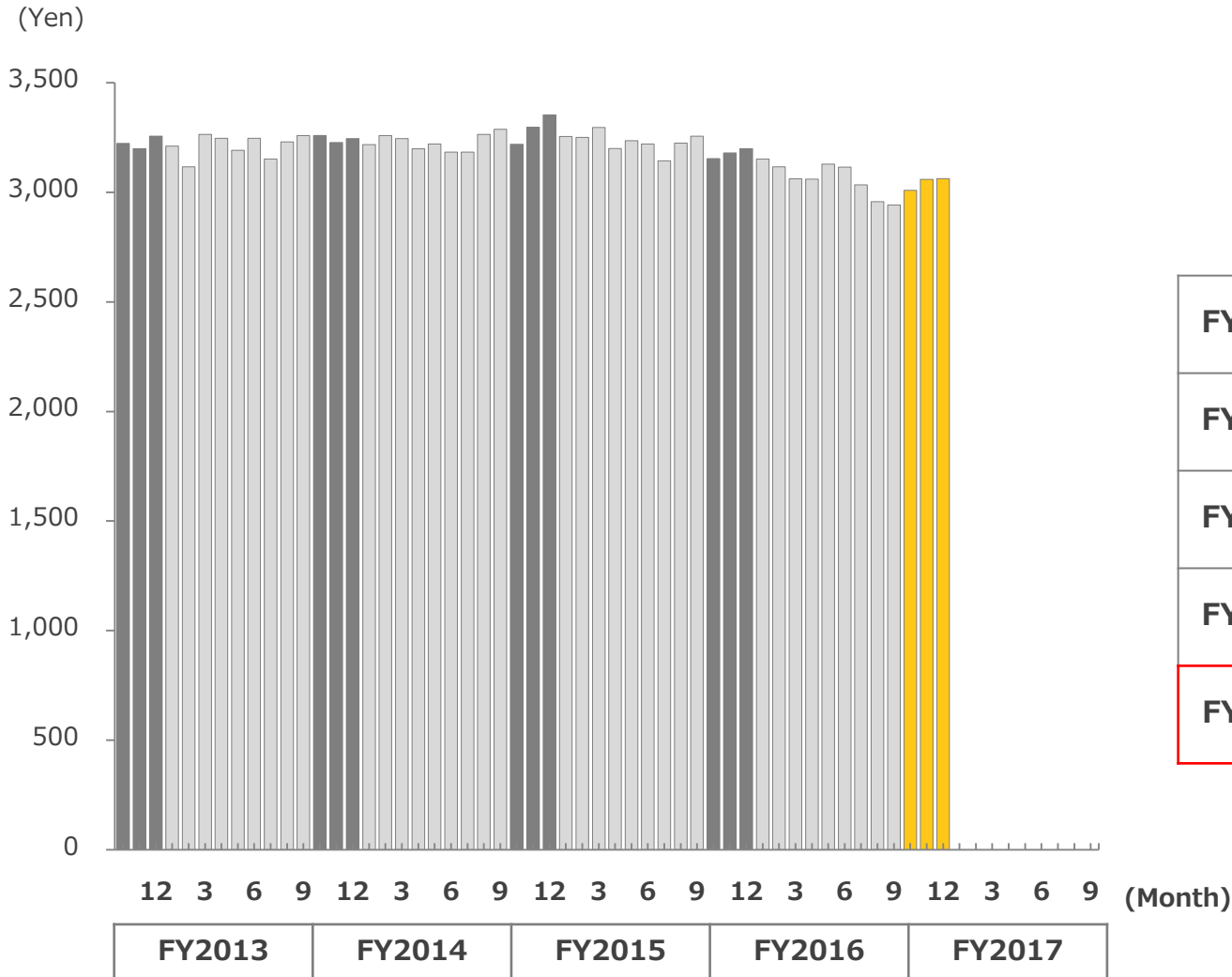
Fiscal Year	Average no. of engineers	YoY
FY13/Q1	554 engineers	
FY14/Q1	563 engineers	+1.6%
FY15/Q1	665 engineers	+18.0%
FY16/Q1	883 engineers	+32.9%
FY17/Q1	1,171 engineers	+32.5%

*No. of engineers at the end of the month

Engineer Temporary Staffing (4)

Changes in Unit Price of Temporary Staffing

- Unit price decreased by 134 yen YoY due to increase in the number of young engineers as a result of mass hiring

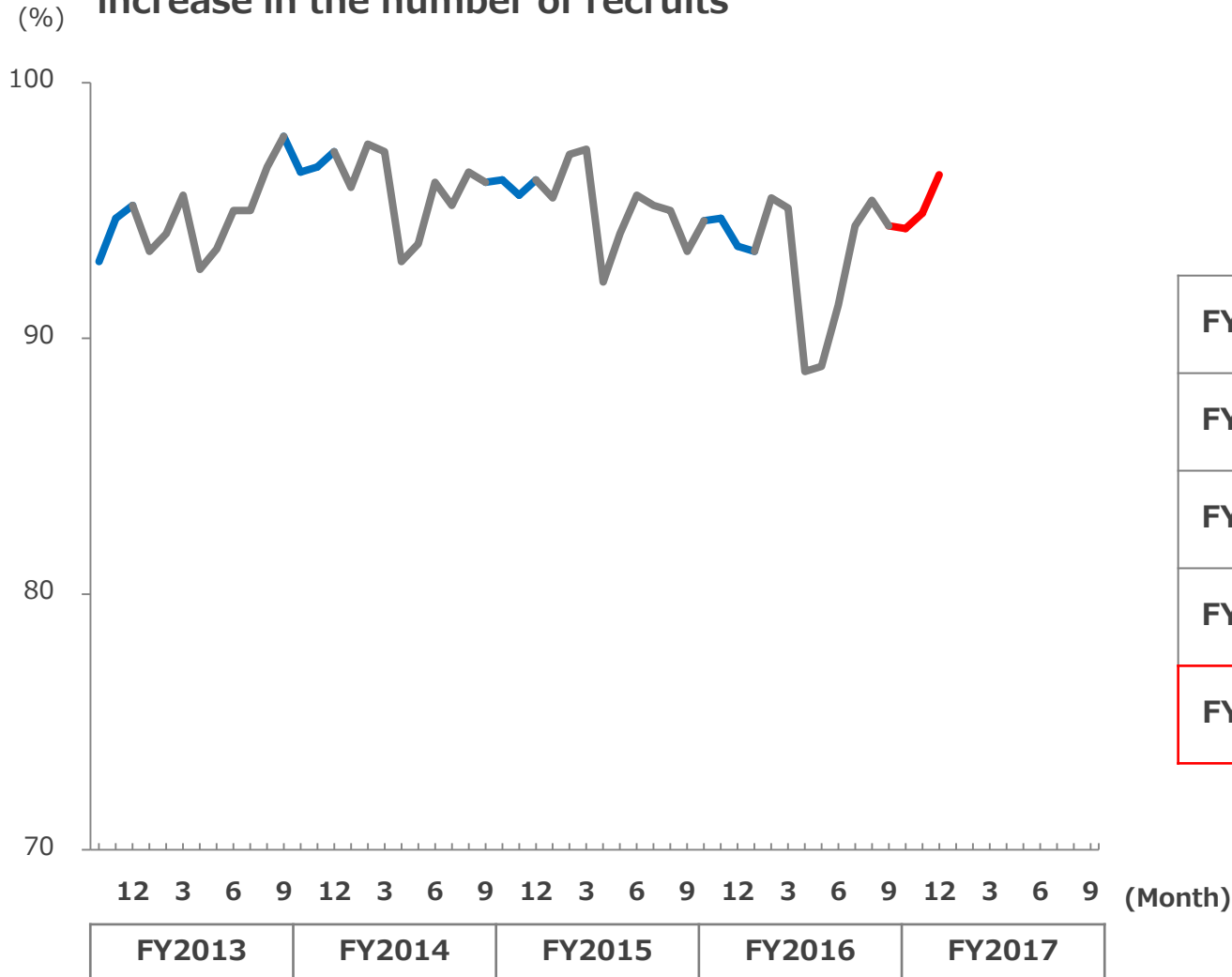


Average no. of engineers
3-month avg. (Oct-Dec)

Fiscal Year	Average no. of engineers	YoY
FY13/Q1	3,226 yen	
FY14/Q1	3,244 yen	+0.5%
FY15/Q1	3,290 yen	+1.4%
FY16/Q1	3,177 yen	-3.4%
FY17/Q1	3,043 yen	-4.2%

Engineer Temporary Staffing (5) Changes in Operating Rate

- Newly development of the support department in the R&D department
Operating time increased due to the tightening supply-demand balance despite the increase in the number of recruits



Average no. of engineers
3-month avg. (Oct-Dec)

FY	Average no. of engineers	YoY
FY13/Q1	94.3%	YoY
FY14/Q1	96.8%	+2.5pt.
FY15/Q1	96.0%	-0.8pt.
FY16/Q1	94.3%	-1.7pt.
FY17/Q1	95.2%	+0.9pt.

*No. of engineers at the end of the month

FY9/17

Q2 and onward

FY9/17 Consolidated Business Forecasts

(million yen)

	FY2016 actual	FY2017 forecast	Pct. change	Progress rate
Sales	23,270	30,800	32.4%	22.7%
Operating income	2,433	3,600	47.9%	17.9%
Ordinary income	2,463	3,600	46.2%	20.1%
Net income attributable to owners of parent	1,622	2,100	29.4%	20.3%
Net income per share	21.76yen	28.16yen	29.4%	20.3%

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) Retention rate

- Retention rate has been improving since FY2015 thanks to the continuous efforts for improvement measures
- For FY2017, target above 70% of retention rate for the first time since FY2013

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		1,628 engineers	1,702 engineers	2,018 engineers	2,000 engineers
No. of engineers at end-FY		2,277 engineers	2,760 engineers	3,334 engineers	3,960 engineers
Net increase		548 engineers	483 engineers	574 engineers	626 engineers

*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

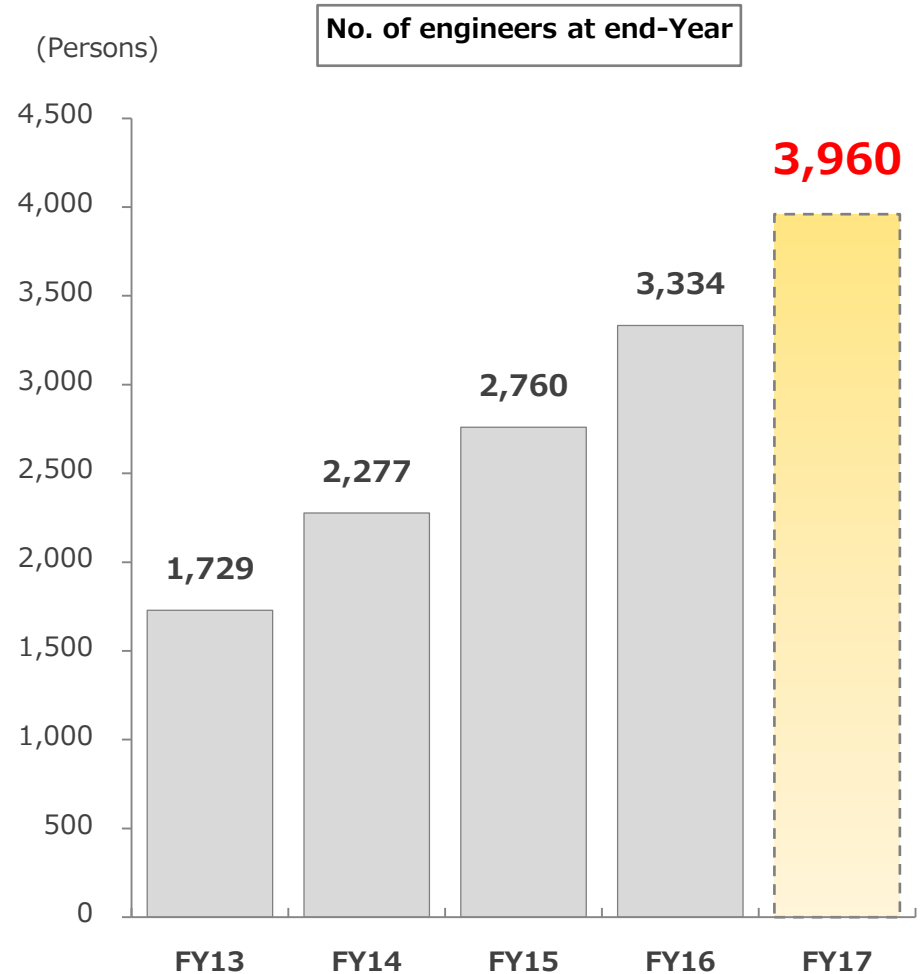
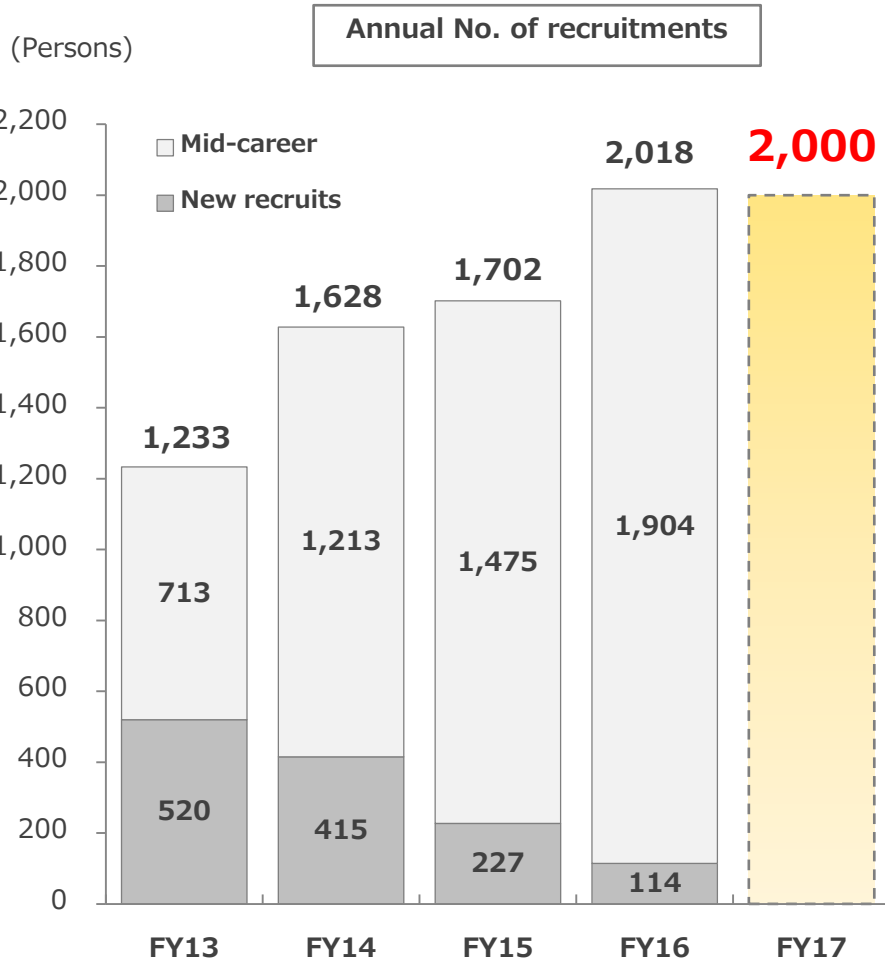
Follow-up strategies for new recruits

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 (+18.8%) by end-Sep. 2017



Operational Strategies (1)

External Environment/Measures

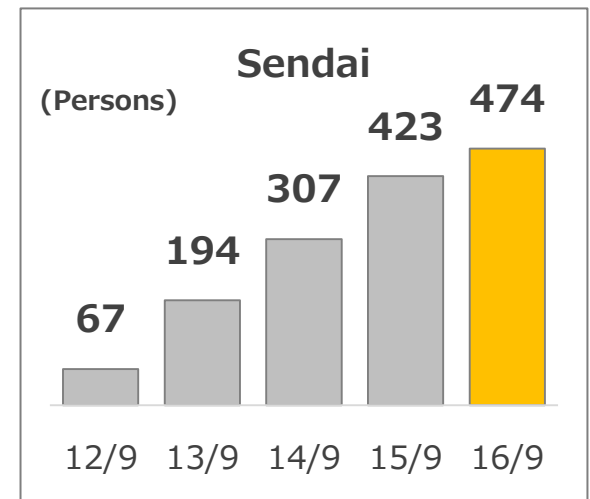
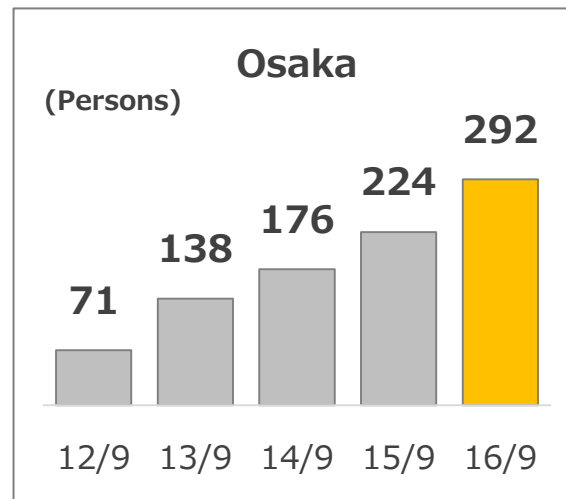
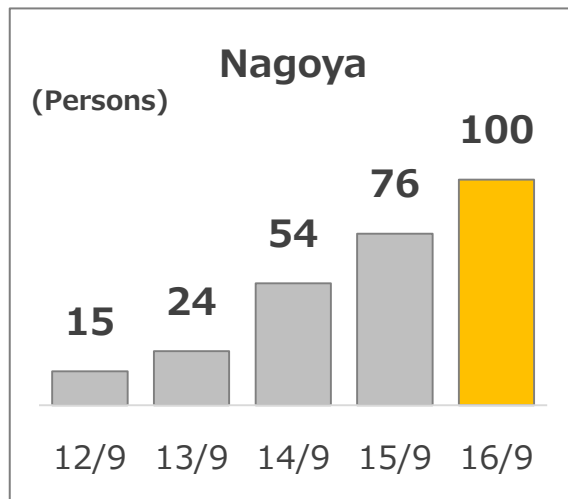
External environment

- 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 (3)

Recruit More Female Engineers

Characteristics of female engineer placements

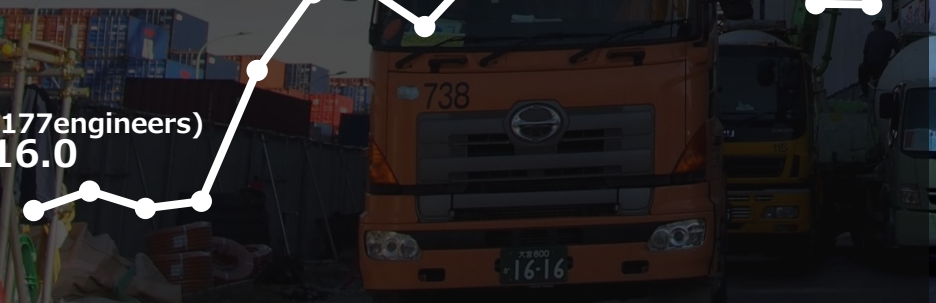
- Women are being used at building construction sites, too.
- Female CAD operators tend to have long assignments of one to two years

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

Expect a global shortage of 20 million IT engineers in 2030

1. Training of IT engineers

Slow pace compared to other industries;
Supported from the Japanese government

2. Increase the use of IT in the construction industry

Summary of Recent Business Alliances

Company name	Date of establishment/ alliance	Business	Relationship
Dazzle Inc.	May 27	VR-related business	Affiliate
LinkPro Co., Ltd.	May 31	Image processing system	Capital&business alliance
Valhalla Game Studios Co., Ltd.	June 22	Game development	Business alliance
Sofiamedix Co., Ltd.	July 19	Medical IT, Financial IT	Business alliance
Galaxy Inc.	July 22	<u>Introduction of IT at building sites</u>	Subsidiary
Social Fintec Co., Ltd.	August 19	FX trade system	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
Keepdata Ltd.	November 30	Utilization of big data	Subsidiary

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

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 engineer 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.

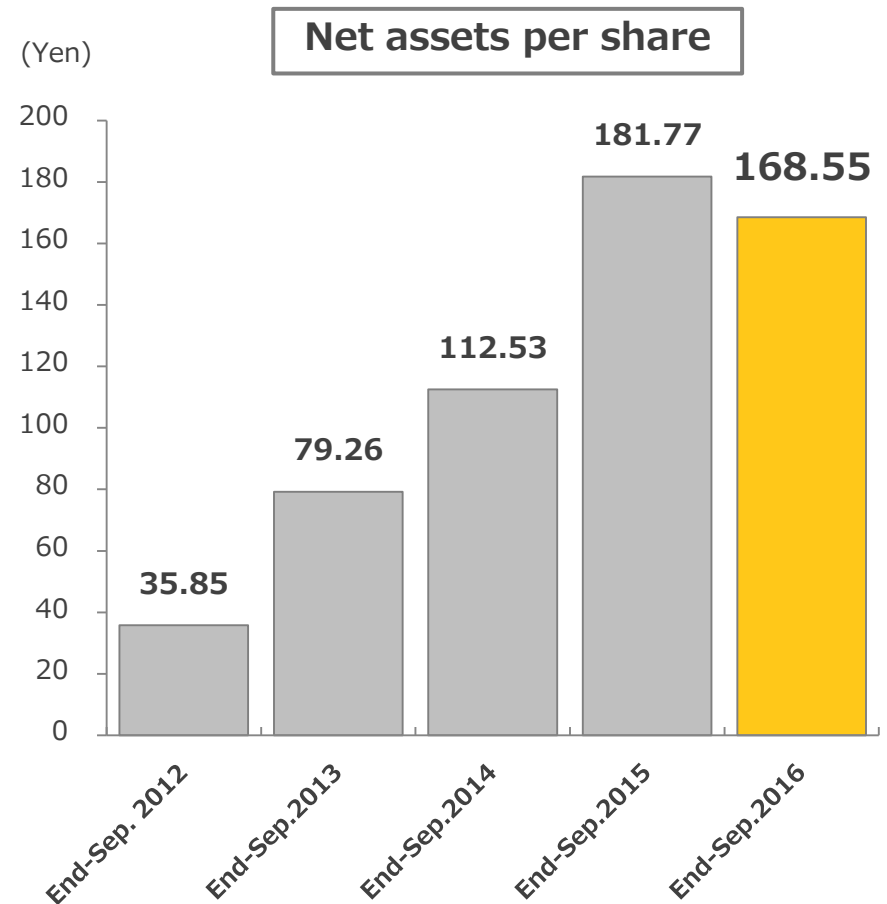
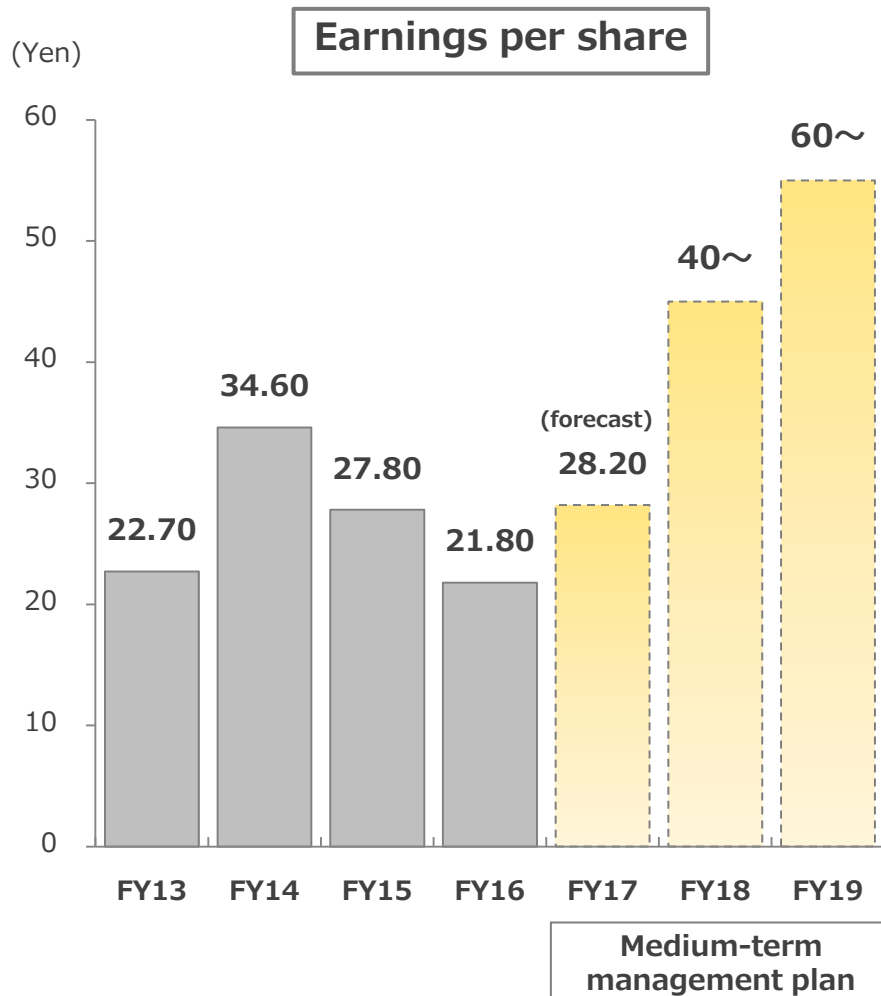
② Promote management in consideration of improvement in earnings per share (EPS)

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

- Earnings per share ⇒ Expect to increase from FY2017 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



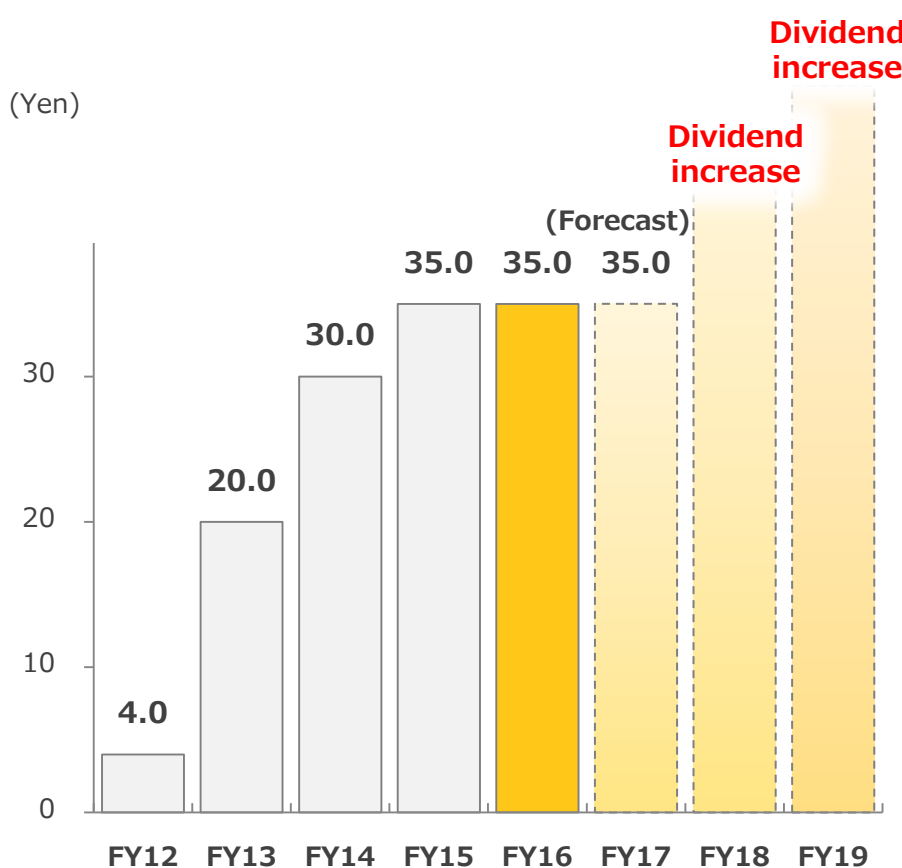
* 1. Earnings per share = Net income ÷ Average no. of shares during period × 100

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

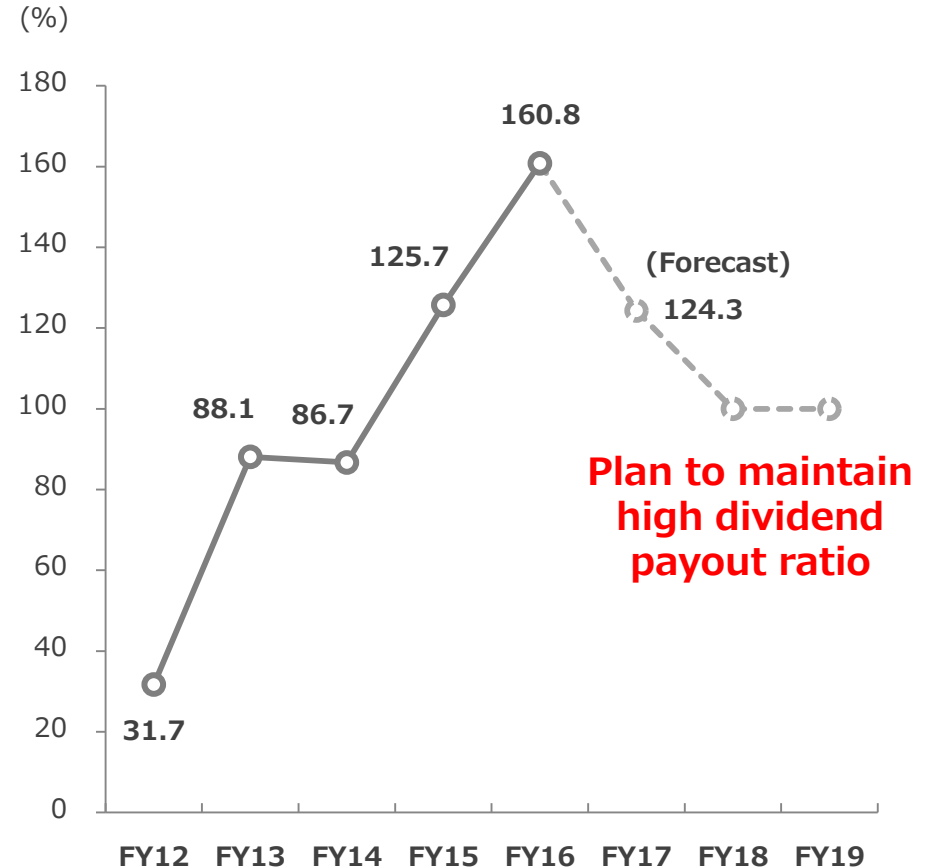
Shareholder Return (2) Dividend Policy

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

Dividend per share

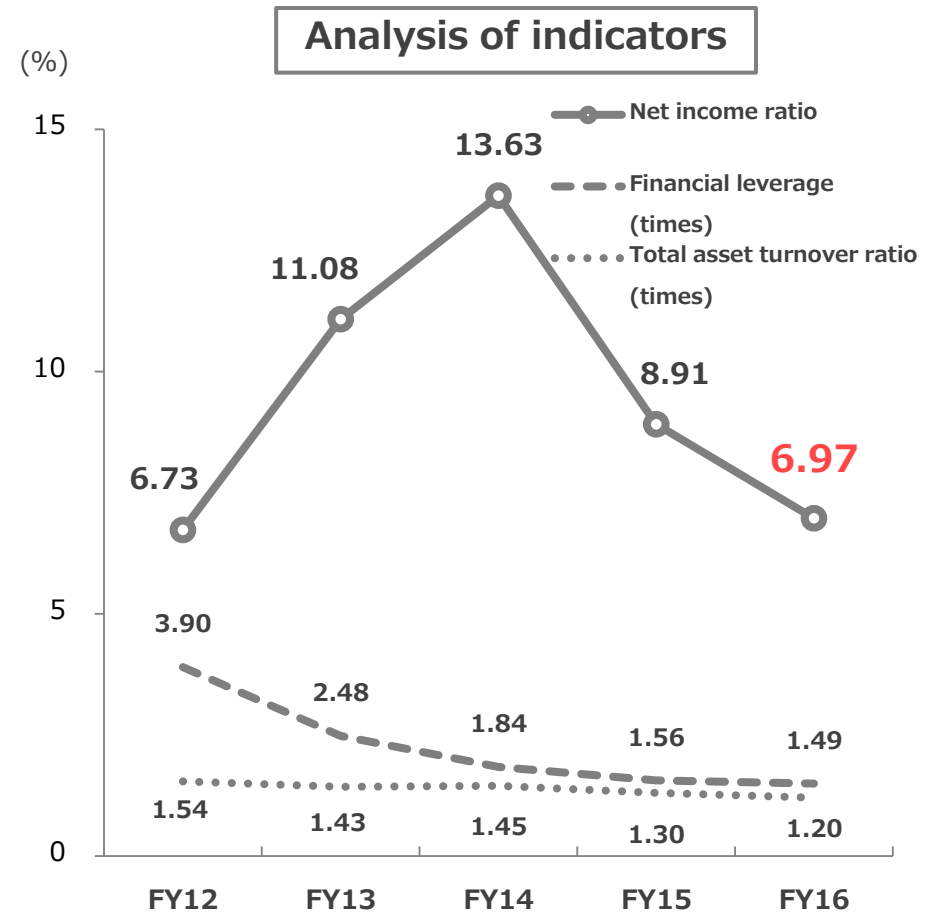
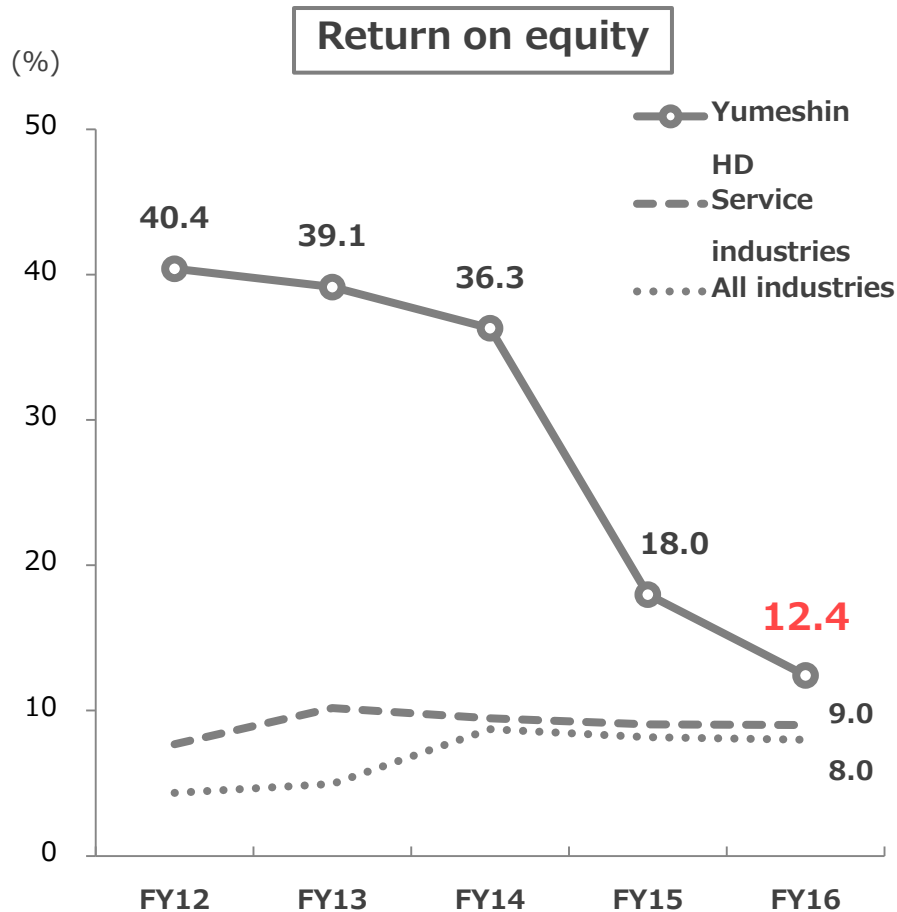


Dividend payout ratio



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

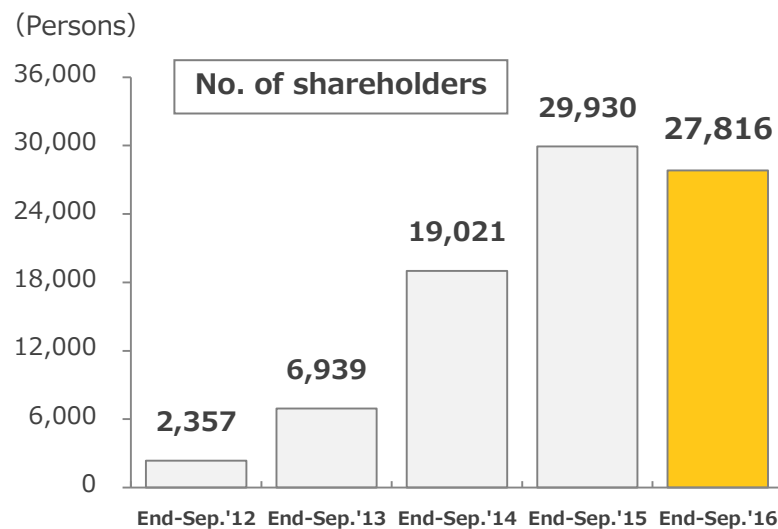
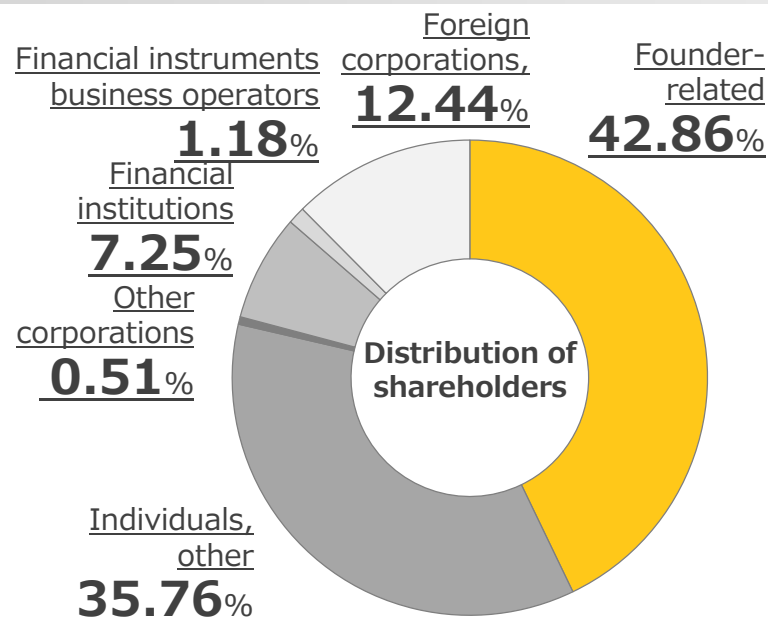
Reference

Reference

Reference (1) Shareholders Situation

As of Sep. 30, 2016

	Name of shareholders	No. of shares held (in thousands)	Ownership ratio (%)
1	Shingo Sato	16,425	22.02
2	Sato Sogo Kikaku	14,844	19.90
3	Japan Trustee Services Bank, Ltd.	2,598	3.49
4	BNYM TREATY	1,387	1.86
5	The Master Trust Bank of Japan, Ltd.	1,278	1.71
6	Trust & Custody Services Bank, Ltd.	1,266	1.70
7	Hideki Fukai	880	1.18
8	BANQUE PICTET AND CIE SA	700	0.94
9	Yoshiko Sato	688	0.92
10	STATE STREET BANK AND TRUST COMPANY	585	0.78
Total of top 10 largest shareholders		40,654	54.52



*Number of shares outstanding=74,573,440 shares

Reference (2) Executives

Director	Auditor	Total
6 (Outside:2)	3 (Outside:2)	9 (As of Dec. 19, 2016)

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 3,700shares

Director

Masato Kusahara

Born on Jan. 2, 1950 17,000shares

Director

Yoshikiyo Sato

Born on Apr. 22, 1963

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 Jun. 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

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