



YUMESHIN HOLDINGS CO.,LTD.

Supplementary Material on Financial Results

for the Fiscal Year Ending **September** 2020
– 3rd Quarter –

September, 2019
Securities code
2362

August 7, 2020

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FY9/20 Q3 Highlights

1. Consolidated P/L Statement

Growth in sales and profits for both nine months of FY9/20 and 3Q alone even under the COVID-19 situation from April through June.

2. Segment P/L

Growth in sales and profits reflecting higher utilization rate and unit price for temporary staffing, as well as cost reductions.

Engineer Temporary Staffing: profit up 469% YoY for April-June.

3. M&A

Acquired Arrow Information Co., Ltd. as a subsidiary in May

4. Forecast for Q4

Recruitment to be resumed, utilization rate to maintain at Q3 level

Highlights① Consolidated P/L Statement (Nine months summary)



Group

(Million yen)

	FY2019/Q3 (J-GAAP)	FY2020/Q3 (J-GAAP)	Change	Pct. change
Sales	37,708	44,118	+6,409	17.0%
Gross profit	11,155 (29.6%)	12,607 (28.6%)	+1,452	13.0%
SG&A expenses	7,383 (19.6%)	7,949 (18.0%)	+566	7.7%
Operating income	3,771 (10.0%)	4,658 (10.6%)	+886	23.5%
Ordinary income	3,765 (10.0%)	4,788 (10.9%)	+1,023	27.2%
Net income attributable to owners of parent	2,507 (6.7%)	2,549 (5.8%)	+41	1.7%
Amortization of goodwill	171	314	+142	83.1%

* ()=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.



■ YoY growth for Q3 alone

(Million yen)

	FY2019/Q3 (J-GAAP)	FY2020/Q3 (J-GAAP)	Change	Pct. change
Sales	13,197	13,857	+656	5.0%
Gross profit	3,722 (28.1%)	3,761 (27.2%)	+38	1.0%
SG&A expenses	2,634 (20.0%)	2,482 (17.9%)	▲152	▲5.8%
Operating income	1,087 (8.2%)	1,279 (9.2%)	+191	17.6%
Ordinary income	1,093 (8.3%)	1,359 (9.8%)	+265	24.3%
Net income attributable to owners of parent	757 (5.7%)	927 (6.7%)	+170	22.5%

* () = 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.

Highlights② Segment Profit (Nine months)



Group

(Million yen)

1. Construction Engineer Temporary Staffing and Incidental Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. Change
Sales	26,364	29,059	+2,694	+10.2%
Segment profit	4,294	5,069	+775	+18.0%

2. Engineer Temporary Staffing and Incidental Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. change
Sales	11,213	14,378	+3,164	+28.2%
Segment profit	302	636	+334	+110.6%

3. Other Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. change
Sales	185	746	+561	+303.7%
Segment profit	▲114	▲193	▲78	—

Highlights② Segment Profit (Q3 alone)



Group

(Million yen)

1. Construction Engineer Temporary Staffing and Incidental Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. Change
Sales	9,081	8,884	▲197	▲2.2%
Segment profit	1,339	1,309	▲29	▲2.2%

2. Engineer Temporary Staffing and Incidental Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. change
Sales	4,060	4,729	+668	+16.5%
Segment profit	62	355	+292	+464.7%

3. Other Business	FY2019/Q3 results	FY2020/Q3 results	Change	Pct. change
Sales	73	250	+177	+243.1%
Segment profit	▲62	▲73	▲11	—



1. Maintain high utilization rate

Both segments were on a par with the previous fiscal year's level in April-June

2. Reduction of recruitment costs

SG&A ratio down 1.6pp YoY

3. Rise in unit price of temporary staffing

Both segments increased by more than 4% YoY

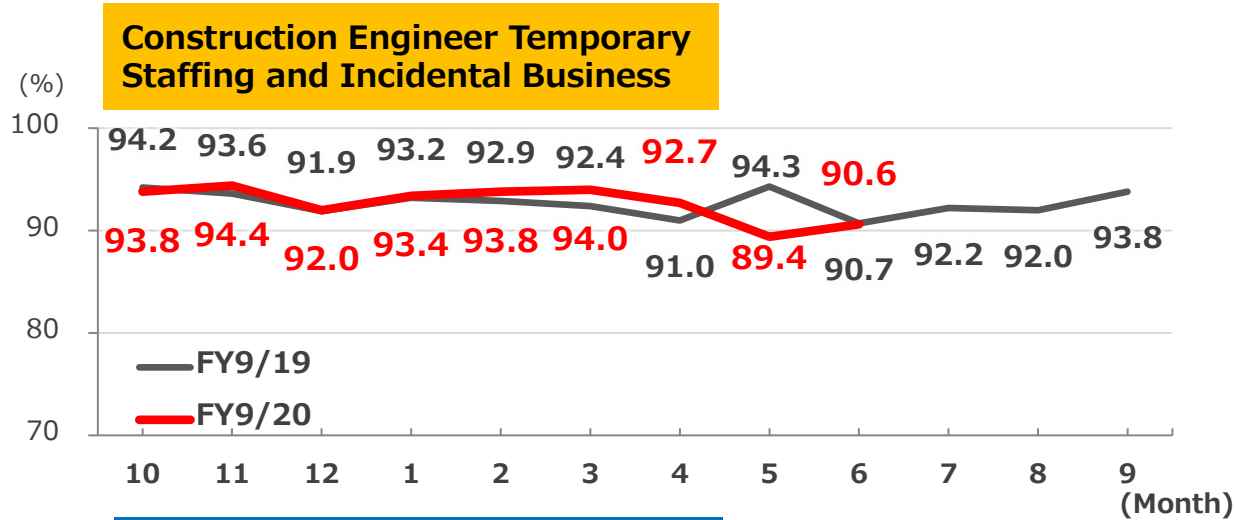
Reasons for the Higher Sales and Profits

(1) Maintain Utilization Rate

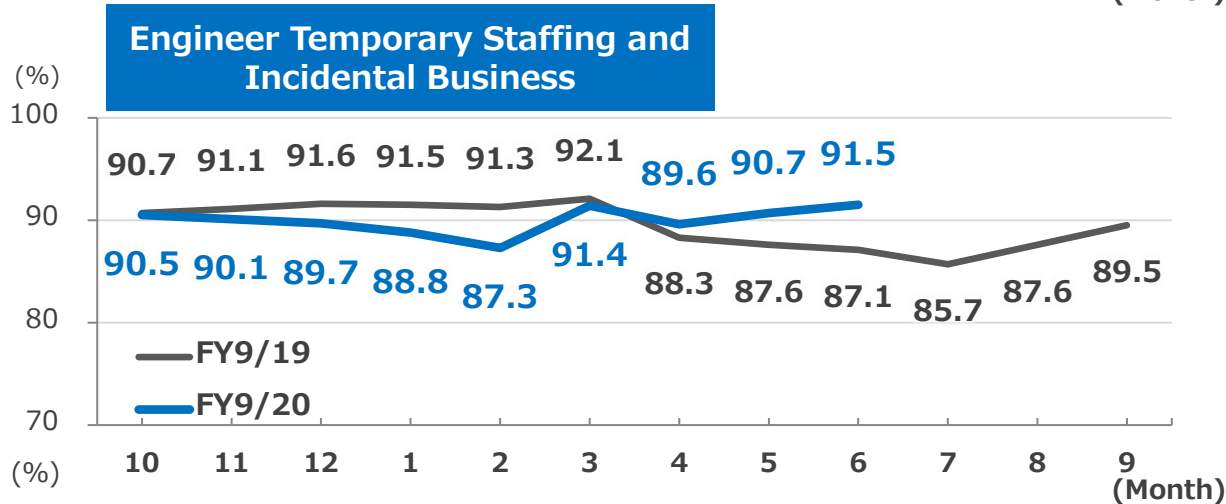


Group

- Utilization rate down only to a minimum as a result of restraining hiring and prioritizing the active use of existing employees.
- In the Engineer Temporary Staffing and Incidental Business, it improved from the previous year for April-June.



Avg. Utilization rate 9-month avg. (Oct – Jun)		
FY19/Q3	92.7%	YoY
FY20/Q3	92.7%	±0pt.



Avg. Utilization rate 9-month avg. (Oct – Jun)		
FY19/Q3	90.1%	YoY
FY20/Q3	90.0%	▲0.2pt.

Q1	Q2	Q3	Q4
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Reasons for the Higher Sales and Profits

(2) Reduction of SG&A



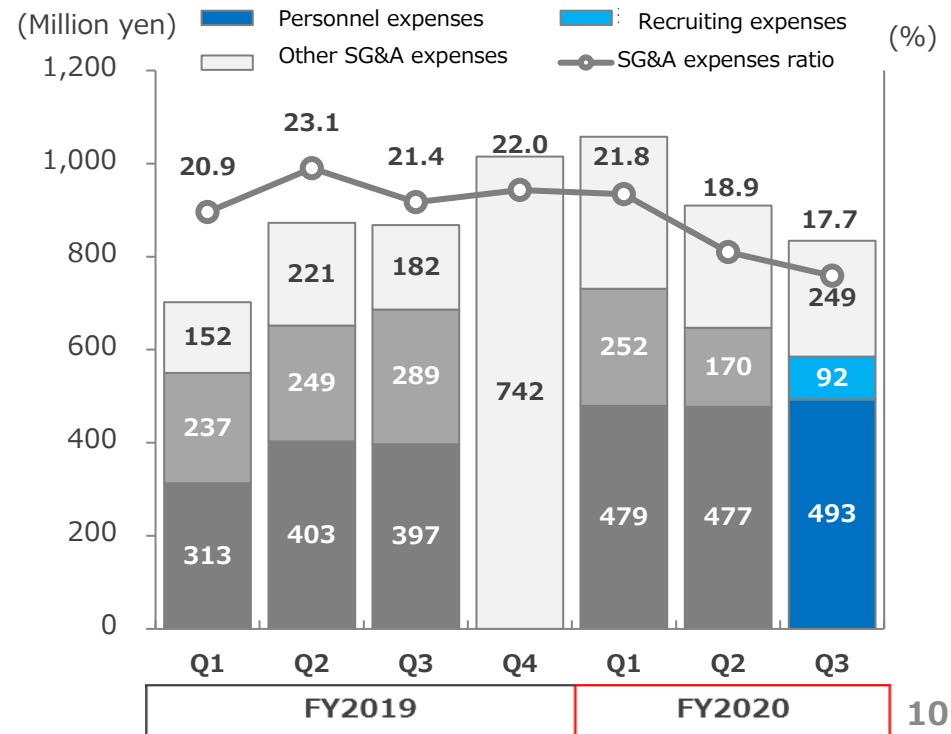
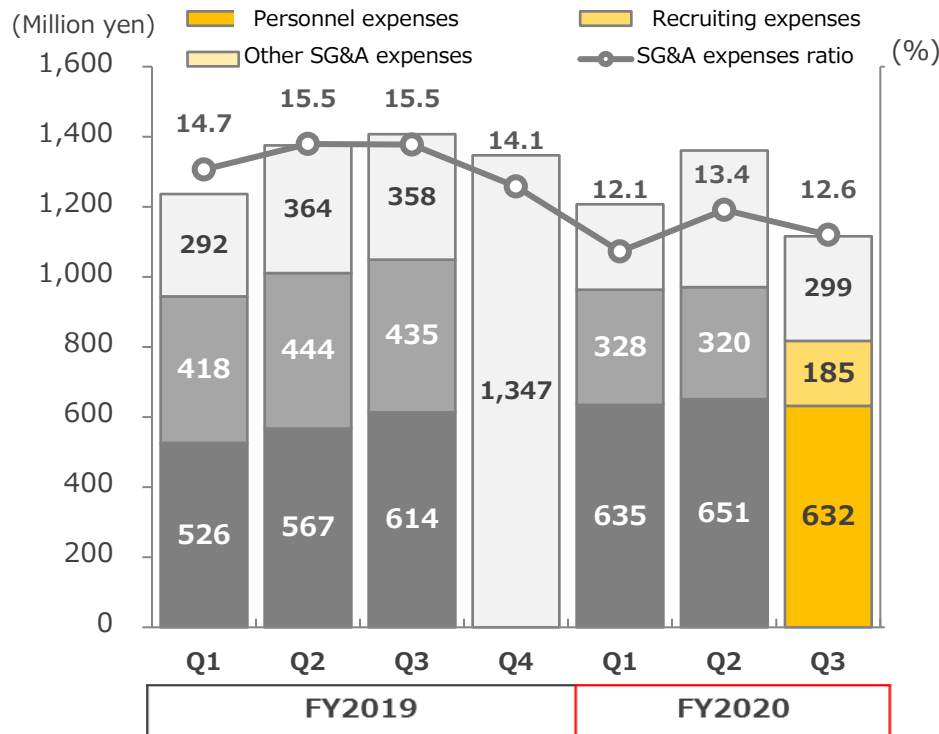
- SG&A expenses decreased, mainly due to a reduction in recruitment costs through restrained recruitment.

Construction Engineer Temporary Staffing and Incidental Business

	FY2019/Q3	FY2020/Q3	Pct. change
Recruiting expenses	1,298	834	▲35.7%
Sales recruiting expenses ratio	4.9%	2.9%	▲2.1pt

Engineer Temporary Staffing and Incidental Business

	FY2019/Q3	FY2020/Q3	Pct. change
Recruiting expenses	776	515	▲33.7%
Sales recruiting expenses ratio	6.9%	3.6%	▲3.3pt



Reasons for the Higher Sales and Profits

(3) Rise in Unit Price for Temporary Staffing

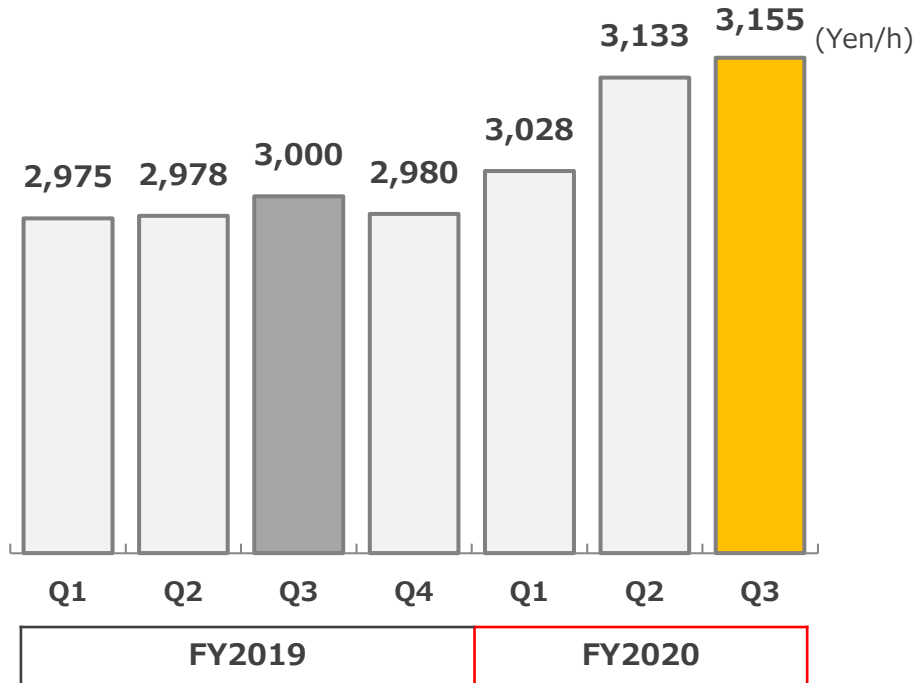


Group

- Increased by more than 4% YoY for each segment
- Increased YoY even under the COVID-19 situation from April through June

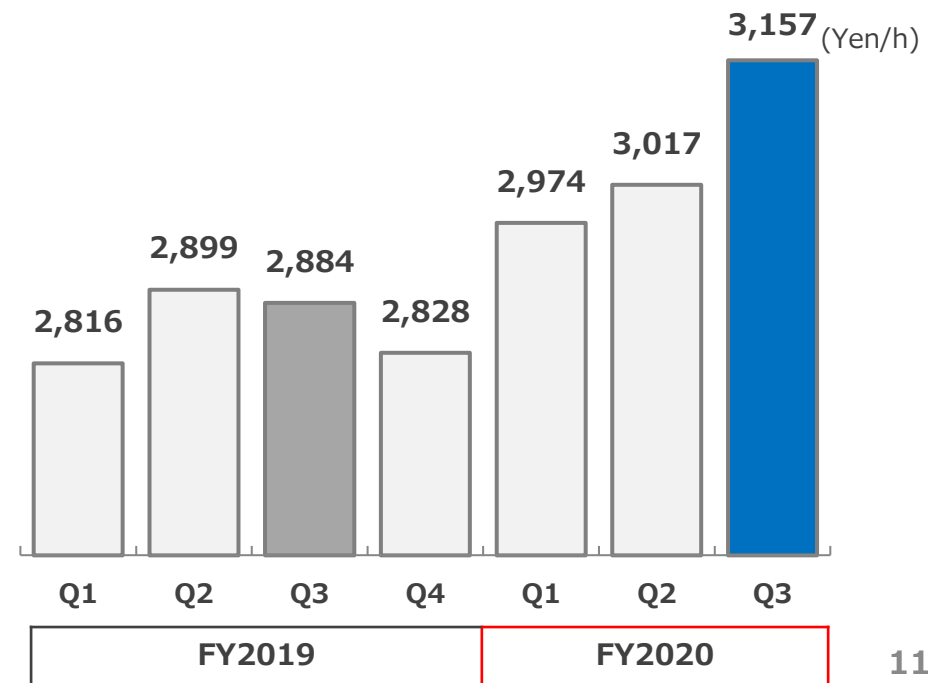
Construction Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
9-month avg. (Oct - Jun)	¥2,985	¥3,105	+4.1%



Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
9-month avg. (Oct - Jun)	¥2,867	¥3,048	+6.3%





<Recent M&A results>

 ARROW INFO Arrow Information Co.,Ltd.

Converted to a subsidiary on April 30, 2020
IT Engineer SES business

- The company has more than 200 high-level engineers, mainly Java engineers
- Focus on the SES business, which has a high degree of affinity with the temporary staffing business of the Yumeshin Group

[Recent results]

(Million yen)

	FY6/17	FY6/18	FY6/19
Sales	1,754	1,922	2,241



Consider M&A on an ongoing basis

Target: Both construction engineers and IT engineers



- Progress generally in line with revised plan
- The lower end of the range is expected to be higher than the estimated progress rate

(Million yen)

	FY19 Actual (Japan Standard)	FY20 Revised Forecasts (IFRS)	Pct. change	FY20 Q3 Actual (Japan Standard)	progress rate
Sales	52,505	58,000 ~ 60,000	+10.5% ~ +14.3%	44,118	76.1% ~ 73.5%
Operating income	4,719	5,800 ~ 6,600	+22.9% ~ +39.8%	4,658	80.3% ~ 70.6%

Highlights④ Progress of Segment Profits



Group

(Million yen)

1. Construction Engineer Temporary Staffing and Incidental Business	FY2019 Actual	FY2020 Revised forecasts (IFRS)	Pct. change	Q3 Actual (Japan Standard)	progress rate
Sales	35,890	39,000 ~37,700	+8.7% ~+5.0%	29,059	74.5% ~77.1%
Segment profit	5,904	6,800 ~6,250	+15.2% ~+5.9%	5,069	74.6% ~81.1%

2. Engineer Temporary Staffing and Incidental Business	FY2019 Actual	FY2020 Revised forecasts (IFRS)	Pct. change	Q3 Actual (Japan Standard)	progress rate
Sales	15,391	20,000 ~19,300	+29.9% ~+25.4%	14,378	71.9% ~74.5%
Segment profit	133	900 ~650	+576.7% ~+388.7%	636	70.7% ~98.0%

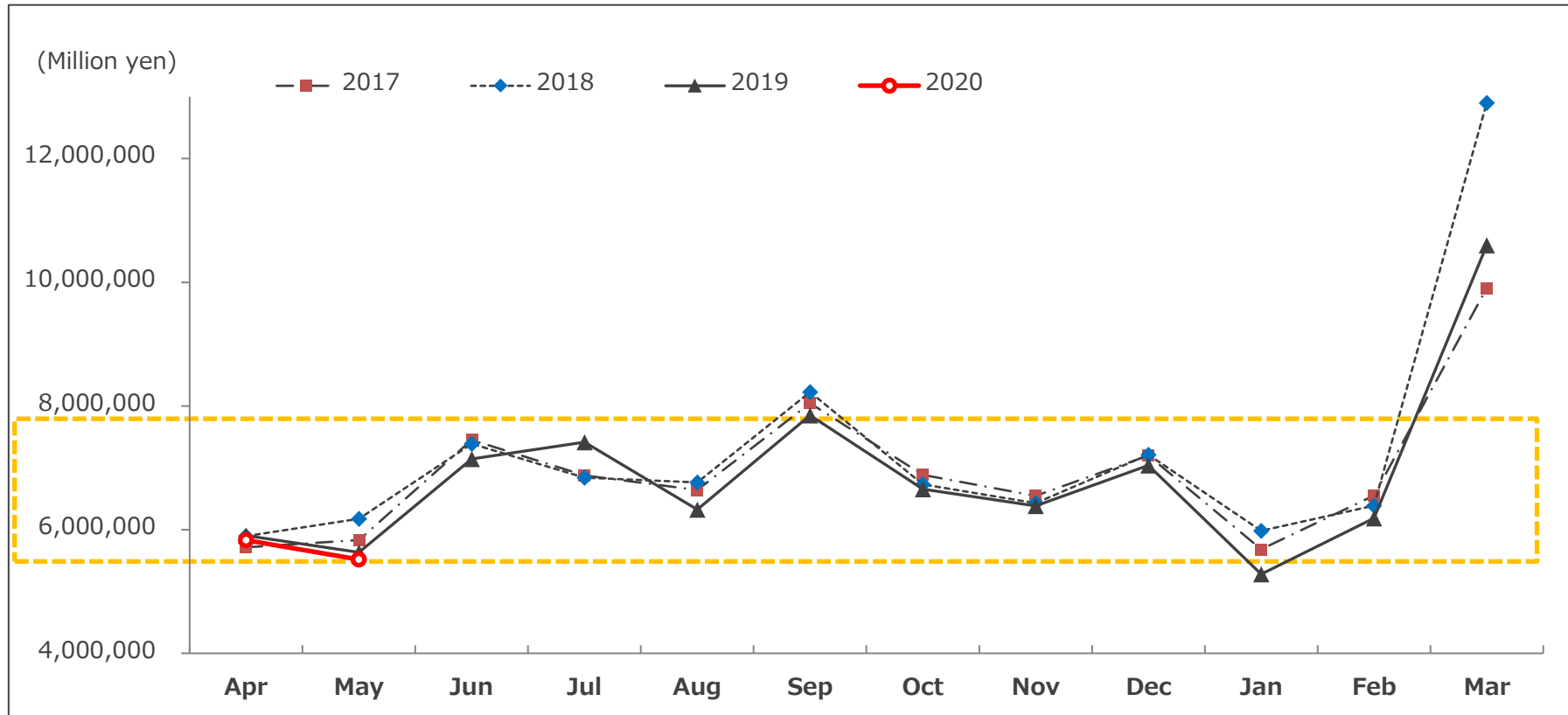
External Environment

(1) Trend of Construction Orders



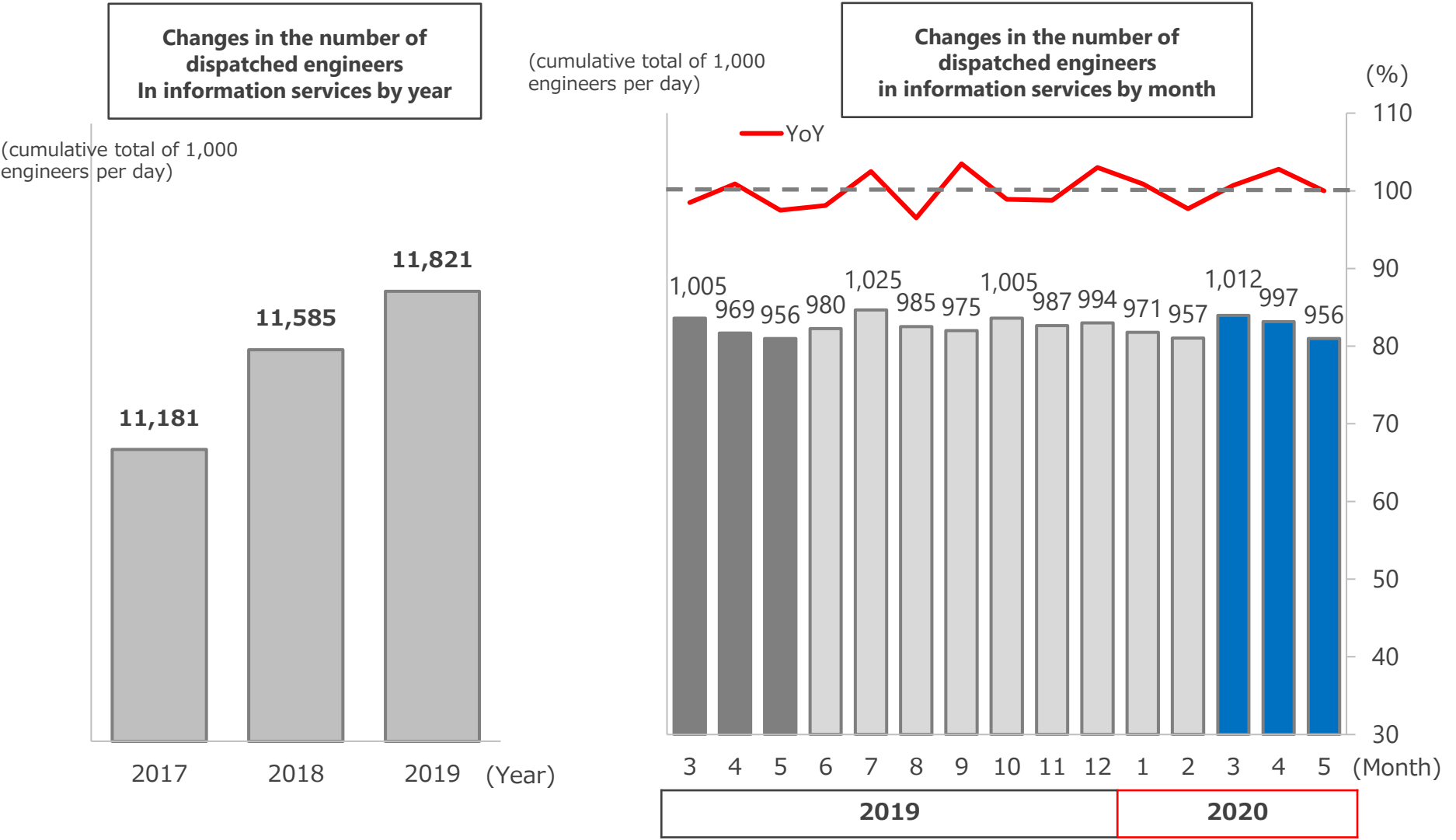
- Stable trend even under the COVID-19 situation
- We will continue to closely monitor construction orders

Survey of Construction Orders





■ Increased YoY even under the COVID-19 situation

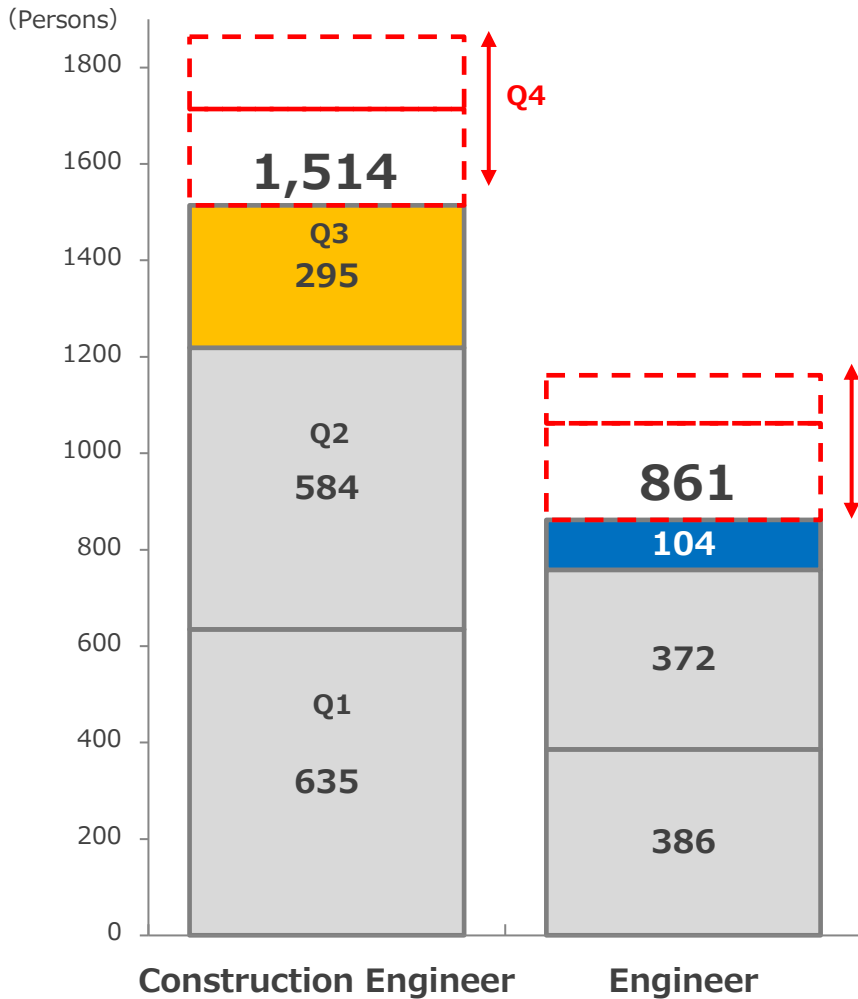


Source: Ministry of Economy, Trade and Industry, Survey of Selected Service Industries (July 16, 2020)

Highlights④ Recruitment Activities and Prospects



- Recruitment activities resumed in stages from July
- Recruitment in line with demand → aiming to maintain utilization rate
- Annual number of new hires expected to exceed the lower end of the range



[Q4 Recruitment Forecast]

Construction Engineer Temporary Staffing and Incidental Business	Annual recruitment plan	1,650~2,300 engineers
	Q3 Actual	1,514 engineers
	Q4 No. of recruits	200~350 engineers (Est.)
	Annual number of new recruits	1,714~1,864 engineers (Est.)
Engineer Temporary Staffing and Incidental Business	Annual recruitment plan	990~1,290 engineers
	Q3 Actual	861 engineers
	Q4 No. of recruits	200~350 engineers (Est.)
	Annual number of new recruits	1,061~1,161 engineers (Est.)

Consolidated Financial Overview



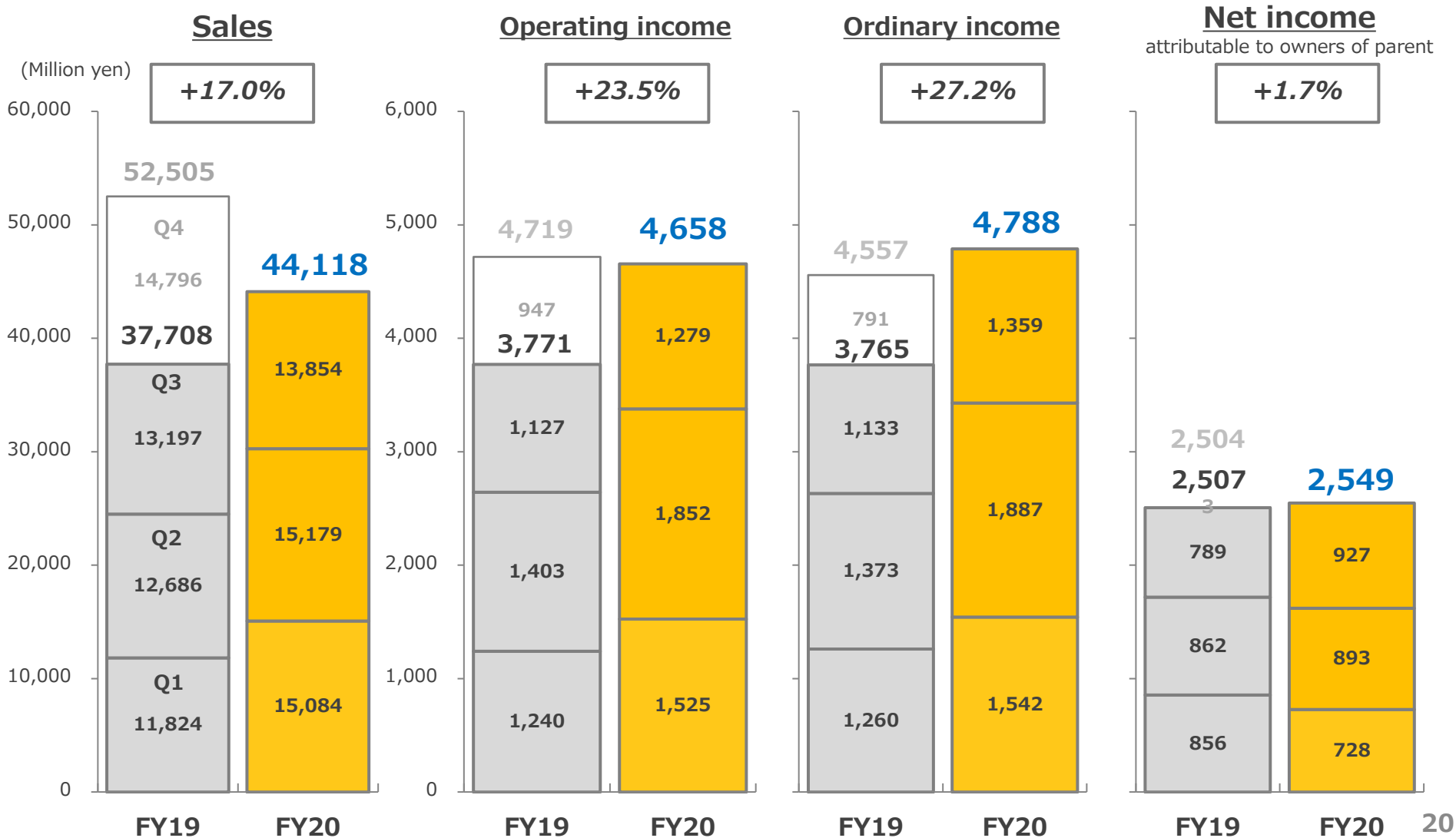
Consolidated Financial Overview

Consolidated P/L (1) Quarterly Trends



Group

- Net sales increased YoY due to an increase in the number of engineers and a rise in the unit price of temporary staffing.

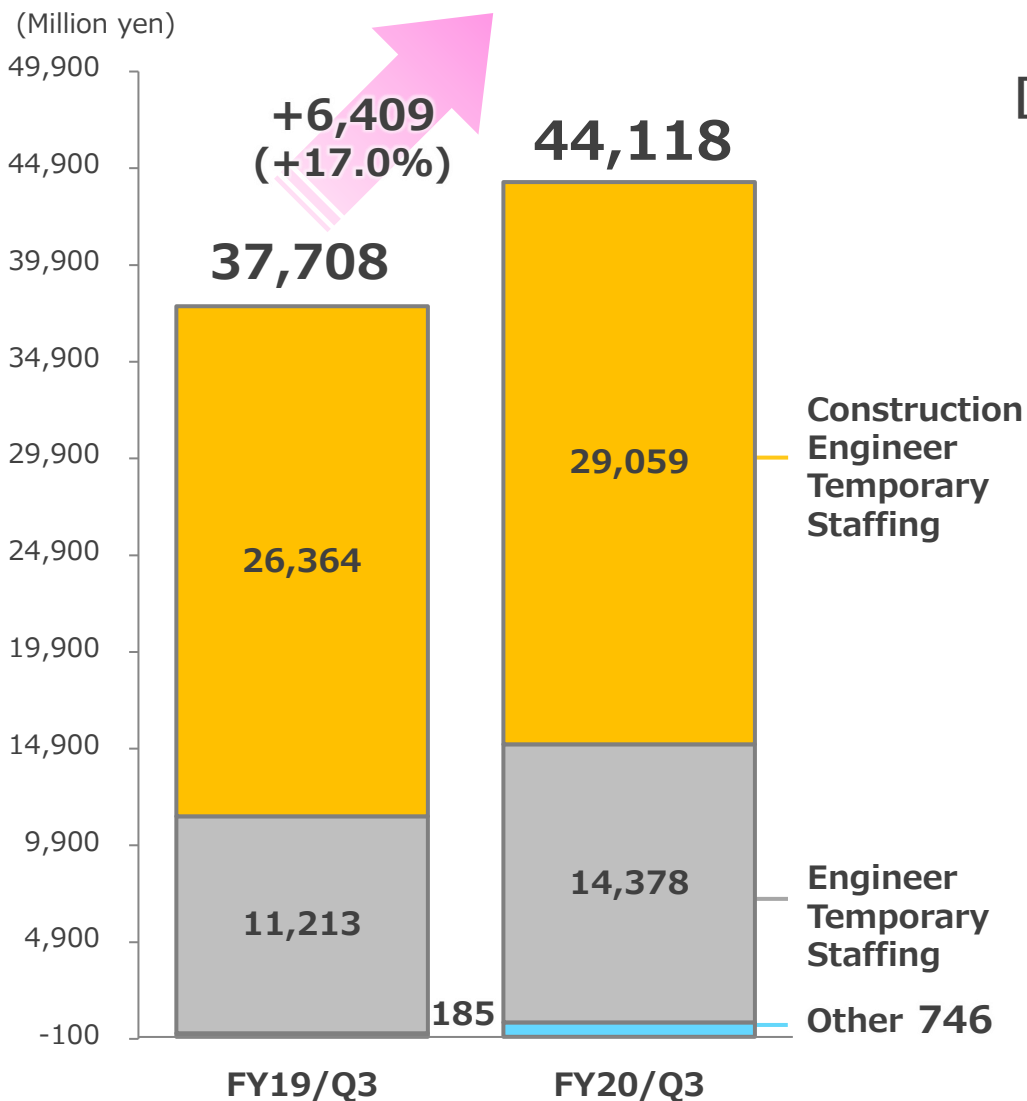


Consolidated P/L (2) Sales



Group

- Sales of construction engineers and engineers rose 17% due to an increase in the unit price of temporary staffing.



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing and Incidental Business	+2,694m (+10.2%)
<ul style="list-style-type: none"> ■ Sales increased owing to higher unit price of temporary staffing and maintenance of utilization rate 	
Engineer Temporary Staffing and Incidental Business	+3,163m (28.2%)
<ul style="list-style-type: none"> ■ Sales increased owing to higher unit price of temporary staffing and improved utilization rate 	
Other	+561m (+303.7%)
<ul style="list-style-type: none"> ■ Withdrawal from or reduction of unprofitable businesses ■ Education-related business remained high 	

Consolidated P/L (3) SG&A expenses



Group

- Reduced recruitment costs due to restrained recruitment activities
- SG&A expenses increased due to an increase in the number of consolidated subsidiaries, but the SG&A ratio decreased

(Million yen)

	FY19/Q3	FY20/Q3	Change	Remarks
Cost of sales	26,553	31,510	+4,956	Increased in the number of engineers
Cost of sales ratio	70.4%	71.4%	+1.0pt	
Gross profit	11,155	12,607	+1,452	
Gross profit ratio	29.6%	28.6%	▲1.0pt	
SG&A expenses	7,383	7,949	+566	
Directors' compensations	122	172	+50	
Personnel expenses	3,109	3,785	+675	Increased due to an increase in the number of consolidated subsidiaries
Advertising expenses	37	128	+90	
Recruiting expenses	2,035	1,301	▲734	Decreased due to restrained recruitment
Rents	456	719	+262	Increased due to increase in consolidated subsidiaries
Business consignment expenses	597	471	▲125	
Amortization of goodwill	171	314	+142	
SG&A expenses ratio	19.6%	18.0%	1.6pt	

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

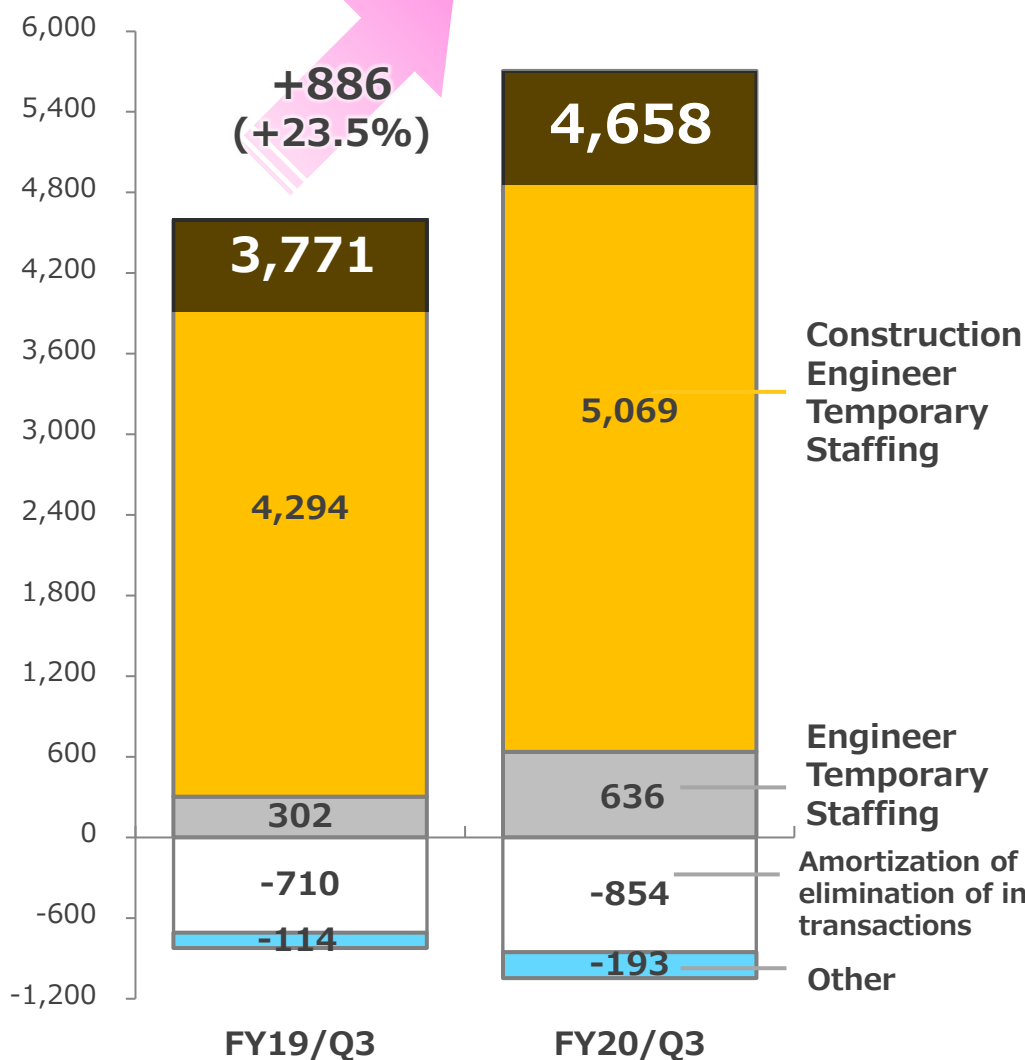
Consolidated P/L (4) Operating income



Group

- Increased due to the rise in unit price of temporary staffing and the reduction of SG&A expenses such as hiring costs

(Million yen)



[Major factors for increase/decrease]

Construction Engineer Temporary Staffing and Incidental Business **+775m (+18.0%)**

- Profits increased due to the rise in unit price of temporary staffing and lower hiring costs

Engineer Temporary Staffing and Incidental Business **+334m (+110.9%)**

- Profits increased due to the rise in unit price of temporary staffing and lower hiring costs

Other **▲78m**

- Demand for overseas human resources was sluggish due to the spread of COVID-19
- Profitability of Education-Related Business improved

Balance Sheet

Consolidated B/S (1) Assets



Group

(Million yen)

	End-Sep.2019	End-Jun.2020	Change	Remarks
Assets	28,904	32,349	+3,344	
Current assets	18,862	23,032	+4,169	
Cash and deposits	9,607	13,465	+3,858	
Notes and accounts receivable-trade	7,650	7,798	+148	Due to an increase in the number of work place for temporary staffing
Electronically recorded monetary claims	3	3	▲0	
Inventories	57	63	+6	
Allowance for doubtful accounts	▲71	▲83	▲12	
Fixed assets	10,041	9,217	▲824	
Tangible fixed assets	1,261	1,385	+123	
Buildings and structures	463	576	+113	
Machinery, equipment and vehicles	302	305	+3	
Land	245	245	±0	
Intangible fixed assets	4,560	4,304	▲214	
Goodwill	3,521	3,240	▲281	Impairment of goodwill and amortization of goodwill of overseas affiliates
Other	1,038	1,064	+25	
Investments and other assets	4,220	3,527	▲692	
Investment securities	1,856	1,148	▲707	Sale of shares held, etc.
Deferred tax assets	805	1,034	+228	
Allowance for doubtful accounts	▲65	▲79	▲13	

Consolidated B/S (2) Liabilities and Net Assets



Group

(Million yen)

	End-Sep.2019	End-Jun.2020	Change	Remarks
Liabilities + net assets	28,904	32,249	+3,344	
Liabilities	16,984	21,013	+4,028	
Current liabilities	10,977	13,563	+2,586	
Notes and accounts payable - trade	129	198	+68	
Short-term debt	2,417	116	▲2,300	※
Current portion of long-term debt	2,041	2,912	+870	※
Income taxes payable	724	1,886	+1,161	* Borrowing Switch from a bridge loan to a syndicated loan and borrowing for management funds at the end of December
Accrued expenses	2,546	2,806	+263	
Reserve for bonuses	834	1,335	+500	
Allowance for shareholder benefits	207	47	▲160	
Fixed liabilities	6,007	7,449	+1,442	
Long-term debt	5,169	6,579	+1,409	※
Loss on retirement benefit	323	382	+59	
Net assets	11,920	11,236	▲684	
Shareholders' equity	11,696	11,168	▲527	
Capital	822	828	+5	
Capital surplus	10,769	10,850	+81	
Retained earnings	2,105	1,982	▲122	Net income for FY20/Q1+Q2 - Yearend dividends for FY19 - Interim dividend for FY20
Treasury stock	▲2,001	▲2,493	▲491	
Accumulated other comprehensive income	169	▲2	▲172	
Share warrant	36	36	▲0	
Minority interest	17	33	+16	

Segment Overview

Construction Engineer Temporary Staffing and Incidental Business

Summary of Segment P/L Statement



Construction Engineer
Temporary Staffing and
Incidental Business

(Million yen)

	FY19/Q3	FY20/Q3	Change	Pct. change
Sales	26,364	29,059	2,694	10.2%
Gross profit	8,315	8,756	441	5.3%
SG&A expenses	4,021	3,687	▲334	▲8.3%
Segment profit	4,294	5,069	775	18.0%

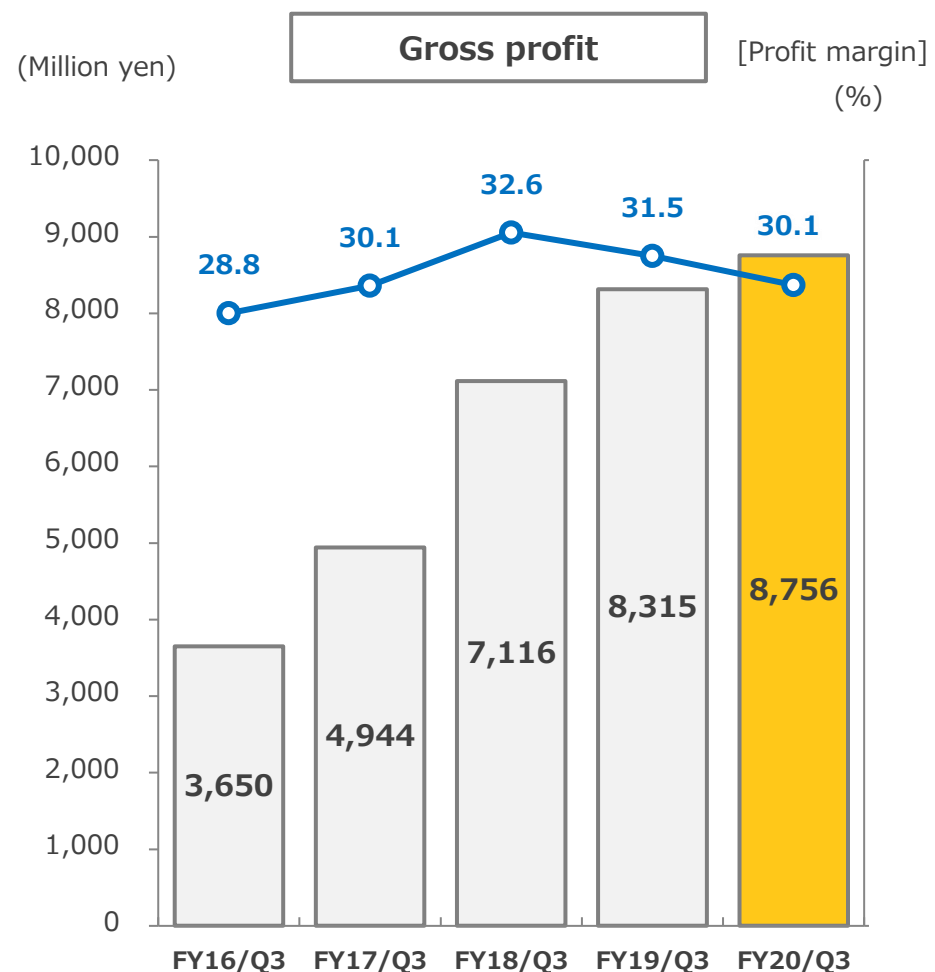
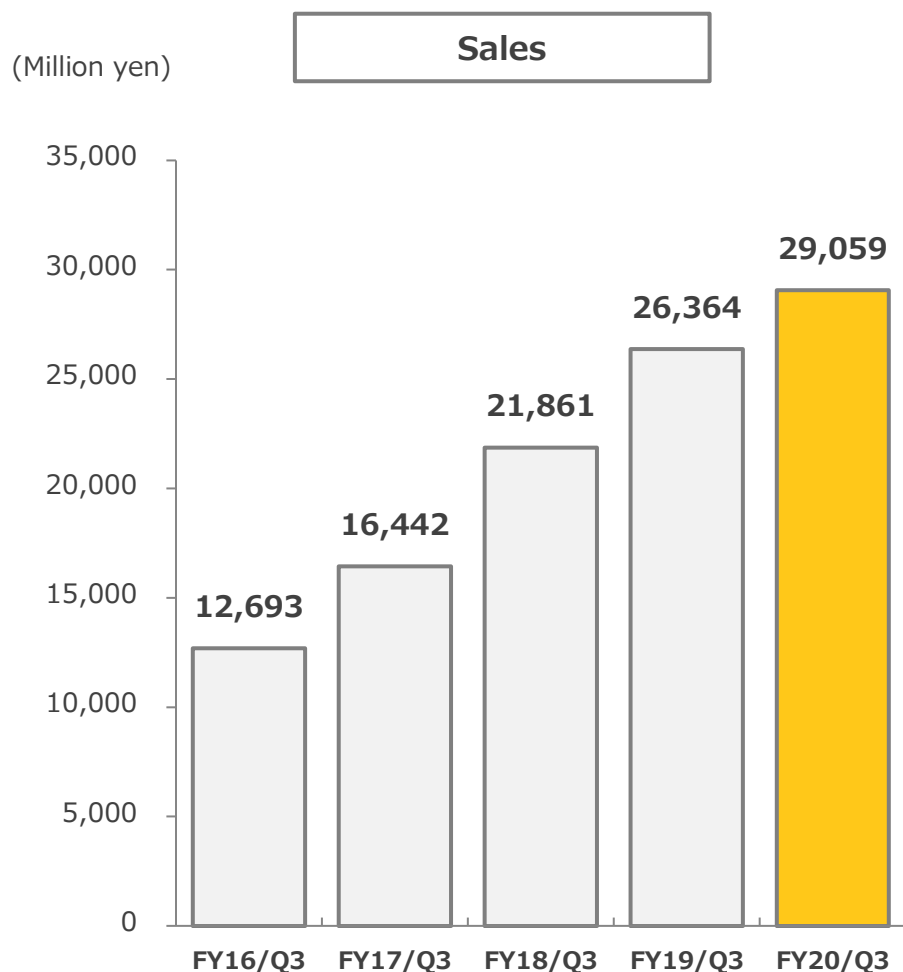
* Results by segment are stated in accordance with Japanese accounting standards.

Segment P/L (1) Sales and Gross Profit



Construction Engineer
Temporary Staffing and
Incidental Business

- Sales ⇒ Up 10% YoY due to increase in the number of engineers at work and the unit price of temporary staffing.
- Gross profit ⇒ Up 5% YoY. Profitability maintained at least 30% due to higher unit price of temporary staffing despite increased return to engineers.



SG&A Expenses



- Increase in the number of sales staffs and personnel management staffs in line with the increase in engineers ⇒ Increase in personnel expenses by 12%
- Restrained recruitment from late March ⇒ Recruitment cost down 36%

(Million yen)

	FY19/Q3	FY20/Q3	Change	Remarks
SG&A Expenses	4,021	3,687	▲334	
Personnel expenses	1,707	1,919	+211	Increased due to increases in staffs in the Sales and Management Dept.
Ad expenses	12	3	▲9	
Recruiting cost	1,298	834	▲464	Decrease due to reduced recruitment
Outsourcing expenses	161	110	▲50	
SG&A expense ratio	15.3%	12.7%	▲3.6pt.	

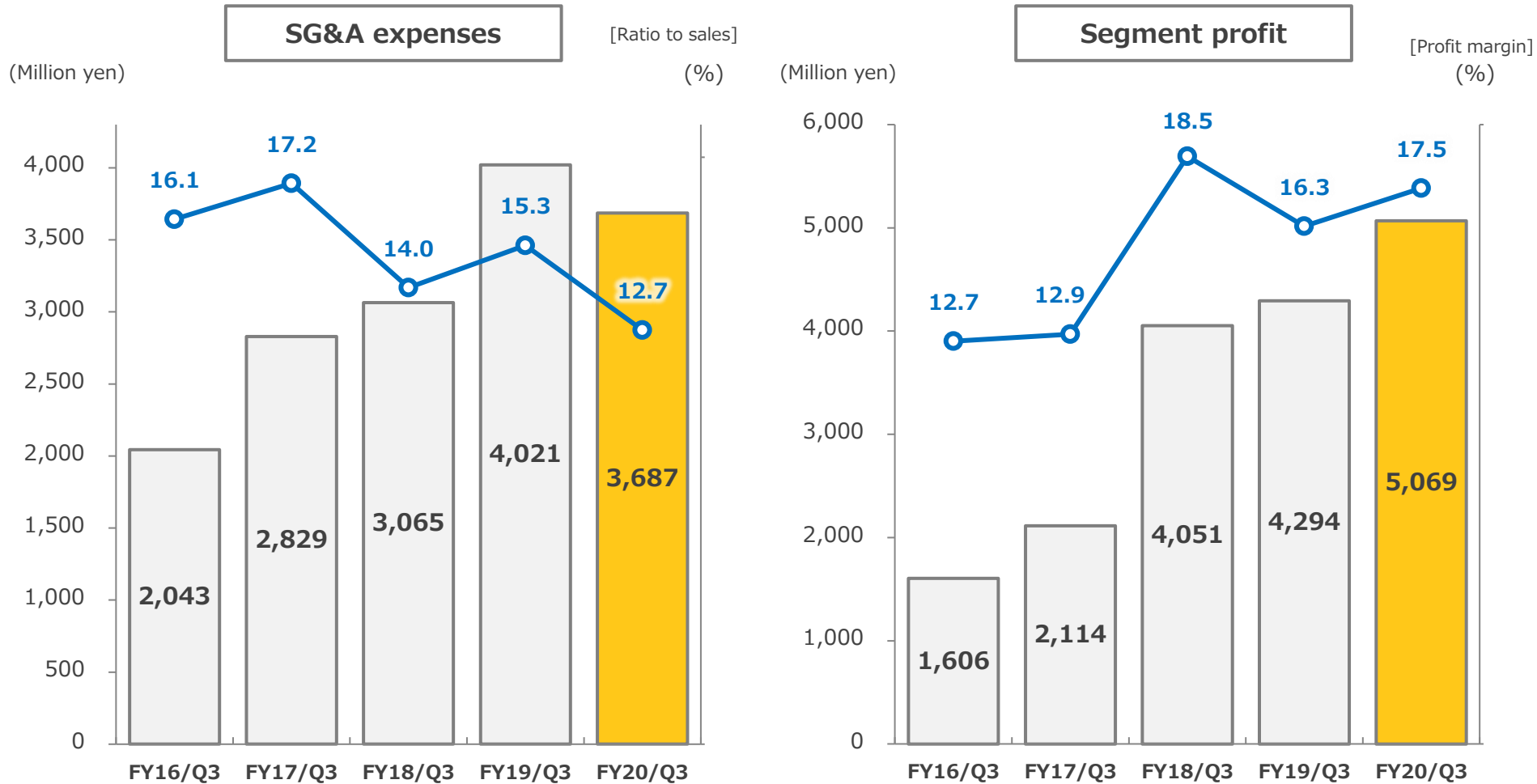
*Personnel expenses = Salaries and allowances + Travel and transport expenses + Bonuses + Legal welfare expenses + Benefit costs + Retirement benefit expenses (except executives)

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

SG&A Expenses and Segment Profit



- SG&A expenses ⇒ Down 8% as a result of cost-cutting efforts including recruitment control
- Segment profit ⇒ Up 18% YoY thanks to the reduction of SG&A expenses despite increase in gross margin



*From FY19Q1, the segment allocation method for corporate expenses has been changed. Accordingly, the figures for the previous fiscal year have been revised.

Number of Engineers (1) Recruitment



- Due to the spread of COVID-19, recruitment was restricted for a certain period of time.
- The ratio of hiring costs to net sales is declining due to the effects of the recruitment control.

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct-Mar total
FY19 recruitment	774			829			1,603
FY20 recruitment	635			584			1,219
Change	▲139			▲245			▲384

	Apr	May	Jun	Jul	Aug	Sep	Apr-Sep total	Oct-Sep total
FY19 recruitment	1,085			601			1,686	3,289
FY20 recruitment	295							
Change	▲790							

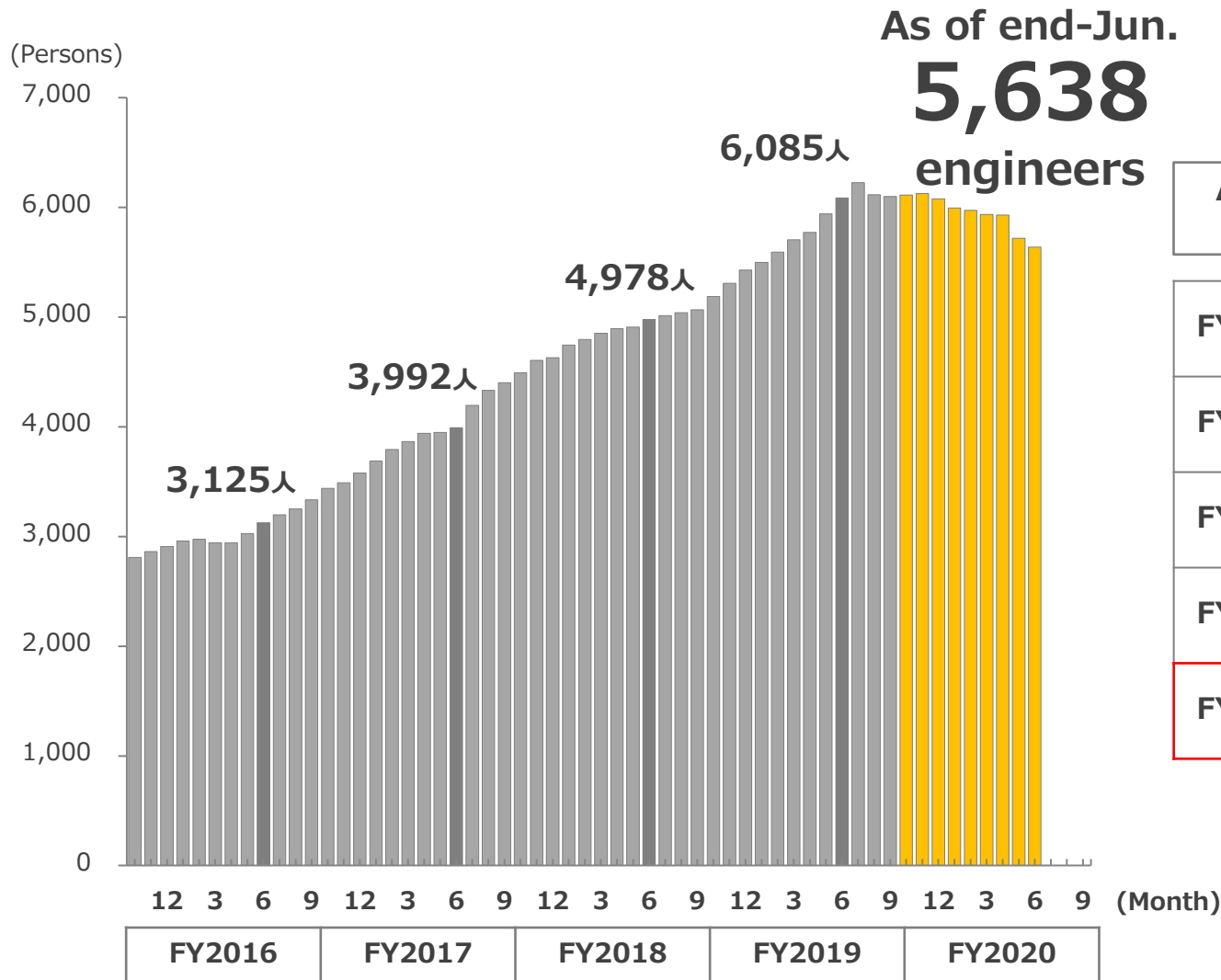
Number of Engineers (2)

Changes in the Number of Engineers



Construction Engineer
Temporary Staffing and
Incidental Business

- Down 447 from the end of the same month of the previous year
- Decline in the number of engineers due to restrained hiring and other factors



Avg. number of engineers
9-month avg. (Oct – Jun)

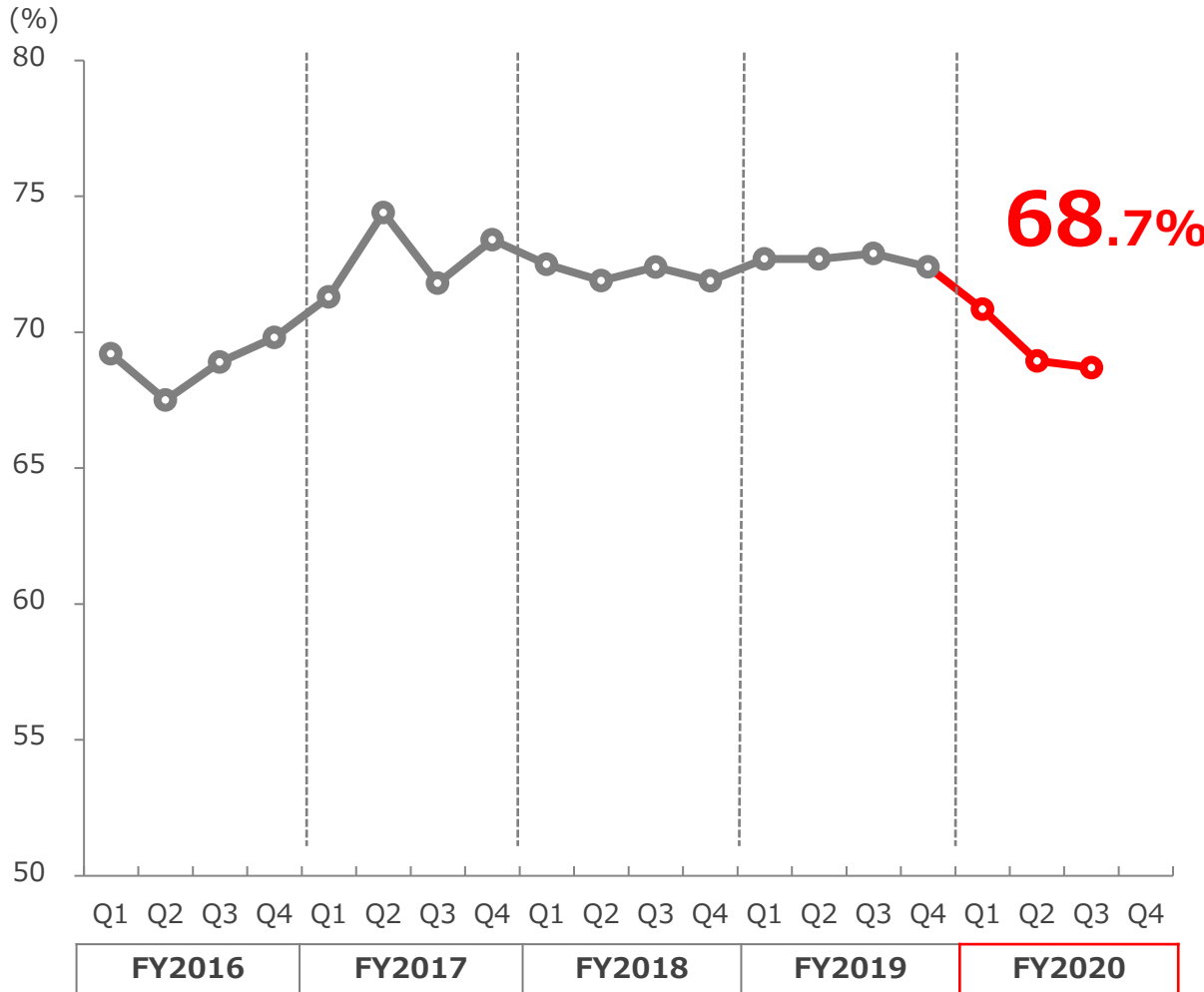
FY	Avg. number of engineers	YoY
FY16/Q3	2,950	
FY17/Q3	3,748	+27.1%
FY18/Q3	4,767	+27.2%
FY19/Q3	5,631	+18.1%
FY20/Q3	5,945	+5.6%

* Number of engineers at the end of month

Number of Engineers (3) Retention Rate



- Temporarily restrain the number of new hires in Q2 due to the impact of COVID-19
⇒ Decline in the number of new employees and net increase in the number of enrolled employees



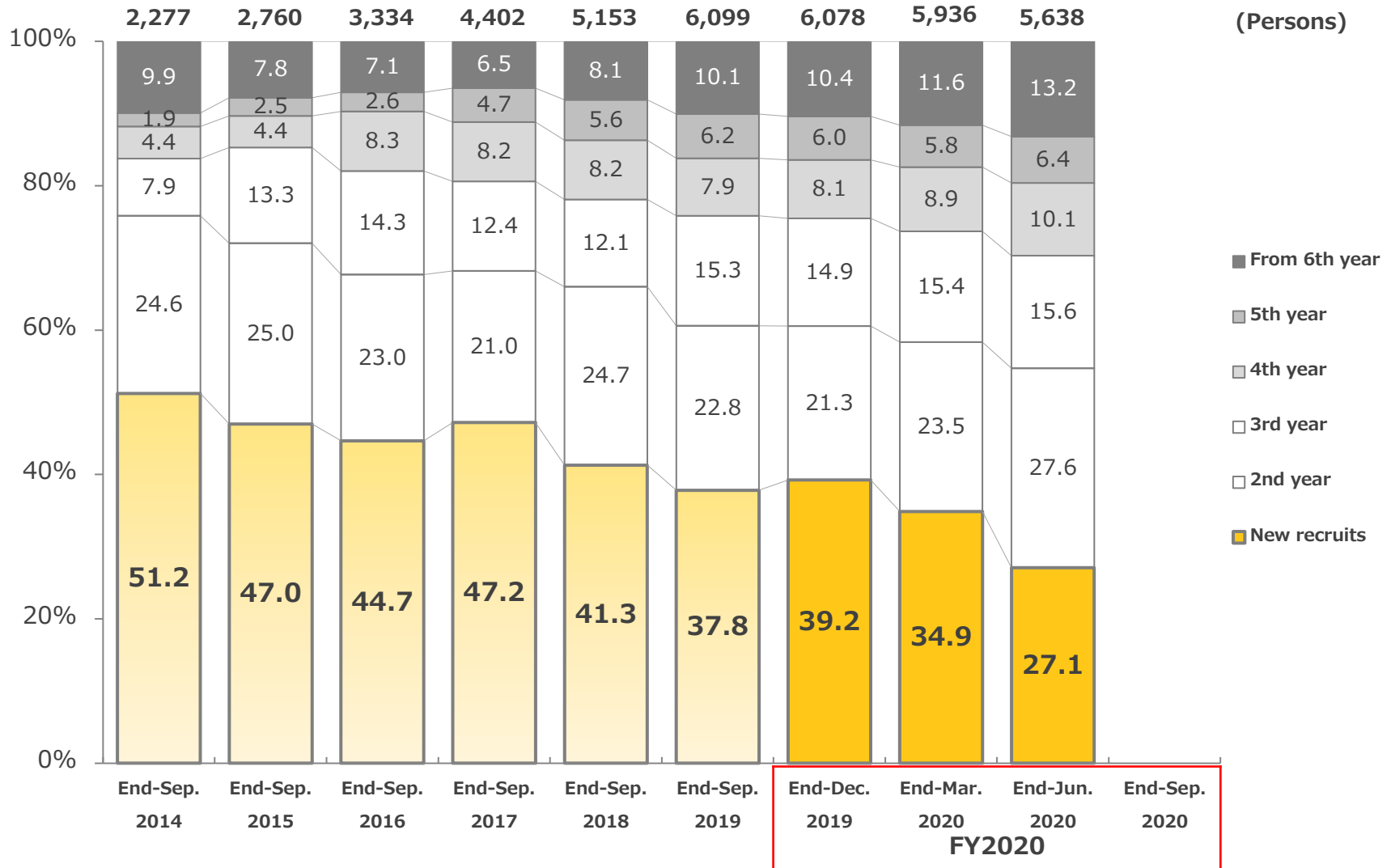
Avg. retention rate 9-month avg. (Oct – Jun)		
FY16/Q3	68.5%	YoY
FY17/Q3	72.5%	+4.0pt
FY18/Q3	72.3%	△0.2pt
FY19/Q3	72.8%	+0.5pt
FY20/Q3	69.5%	△3.2pt

*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



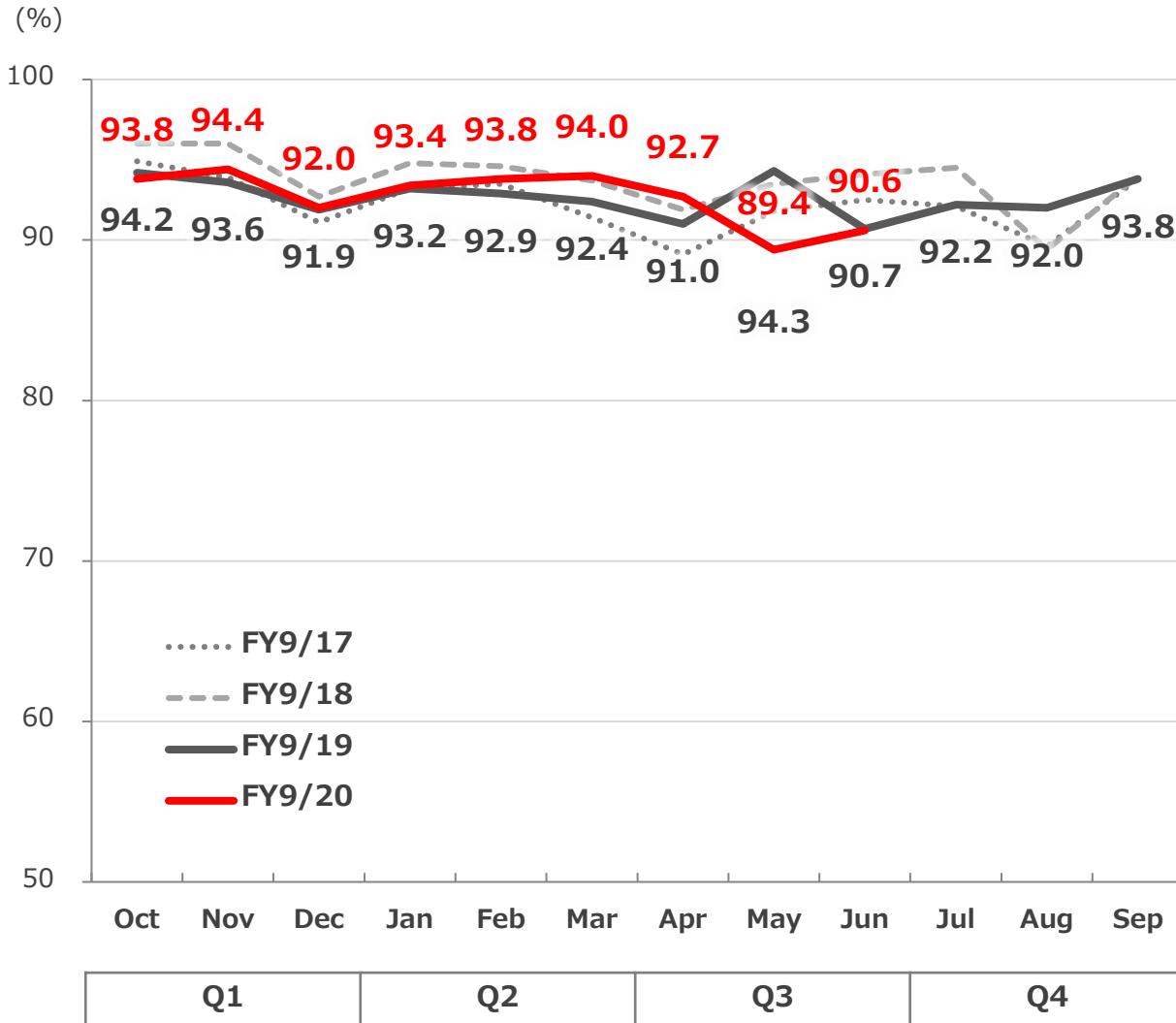
- Ratio of new employees declined due to restrained recruitment
- Well-balanced thanks to an increase in the number of engineers in the second year or later



Utilization rate



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



Avg. Utilization rate
9-month avg. (Oct – Jun)

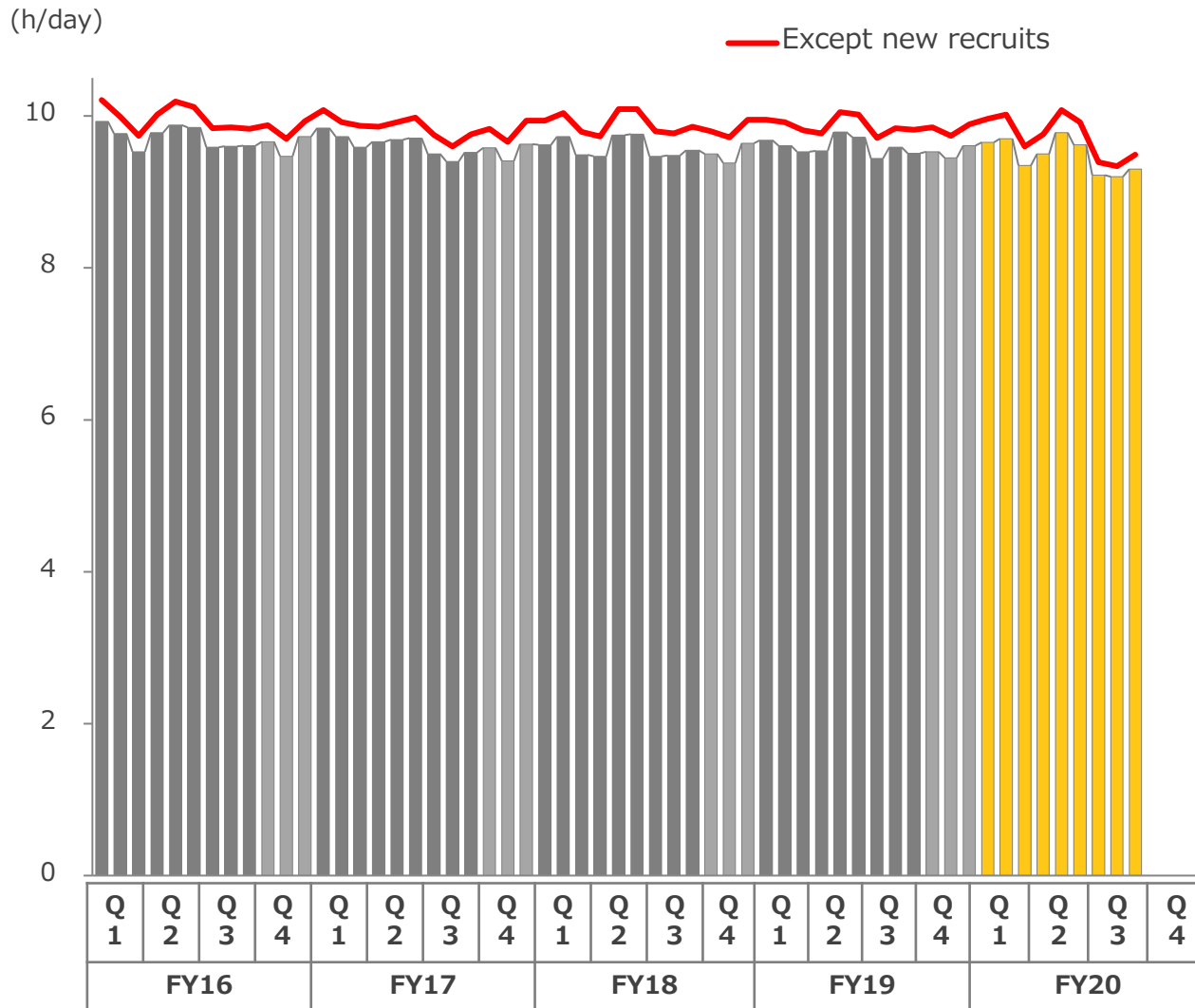
FY17/Q3	92.4%	YoY
FY18/Q3	94.1%	+1.8pt.
FY19/Q3	92.7%	▲1.5pt.
FY20/Q3	92.7%	±0pt.

*Figures for July - September 2019 have been revised.

Operating time

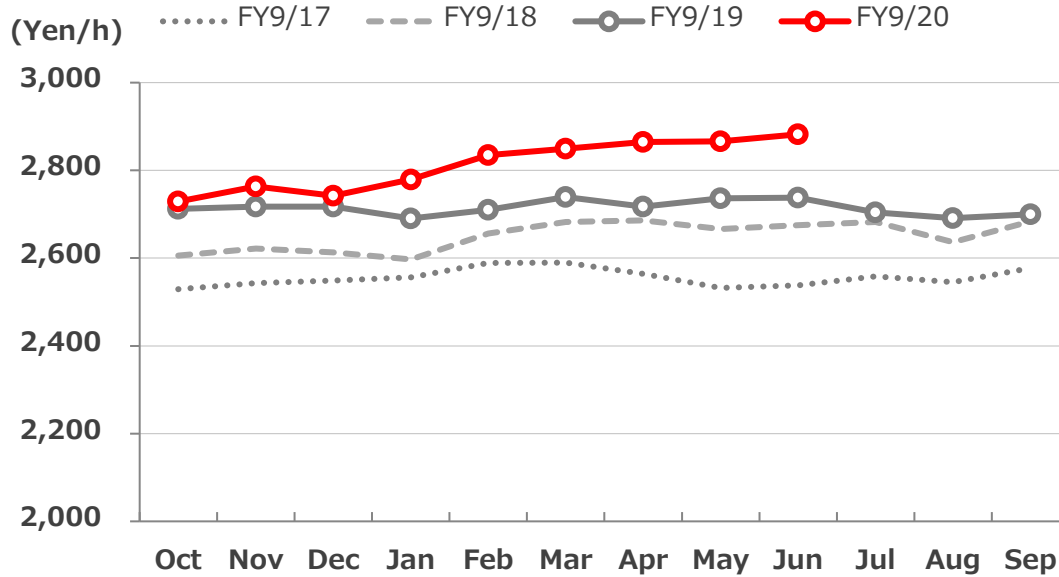


- Operating time continues to decline as a result of "Work Style Reforms"
- Shortened overtime working hours due to the effect of the State of Emergency



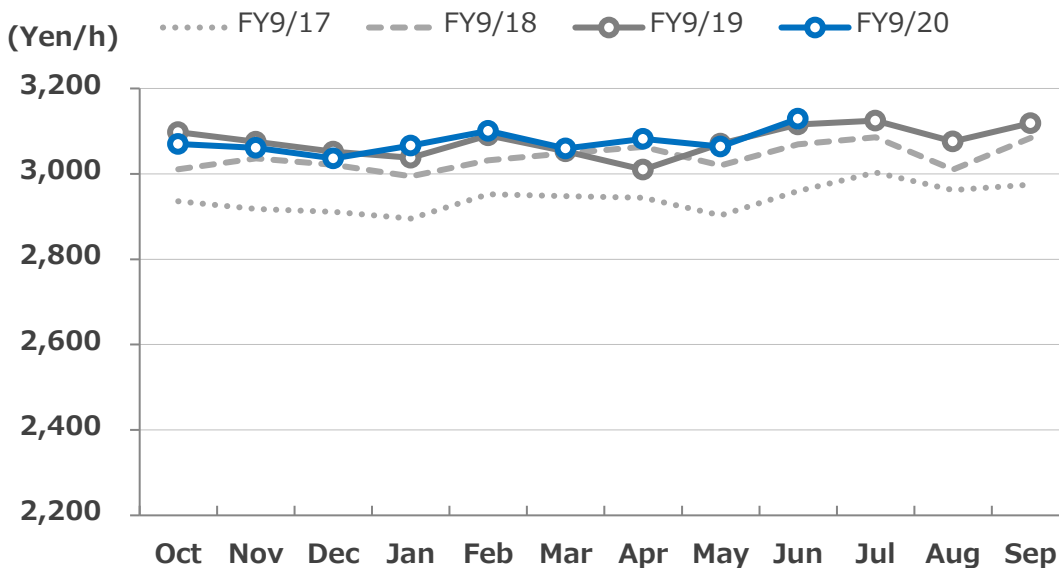
Avg. operating time of all engineers 9-month avg. (Oct – Jun)		
FY16/Q3	9.73h	YoY
FY17/Q3	9.63h	▲ 1.0%
FY18/Q3	9.59h	▲ 0.4%
FY19/Q3	9.60h	+0.1%
FY20/Q3	9.48h	▲ 1.3%

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



New recruits only 9-month avg. (Oct – Jun)

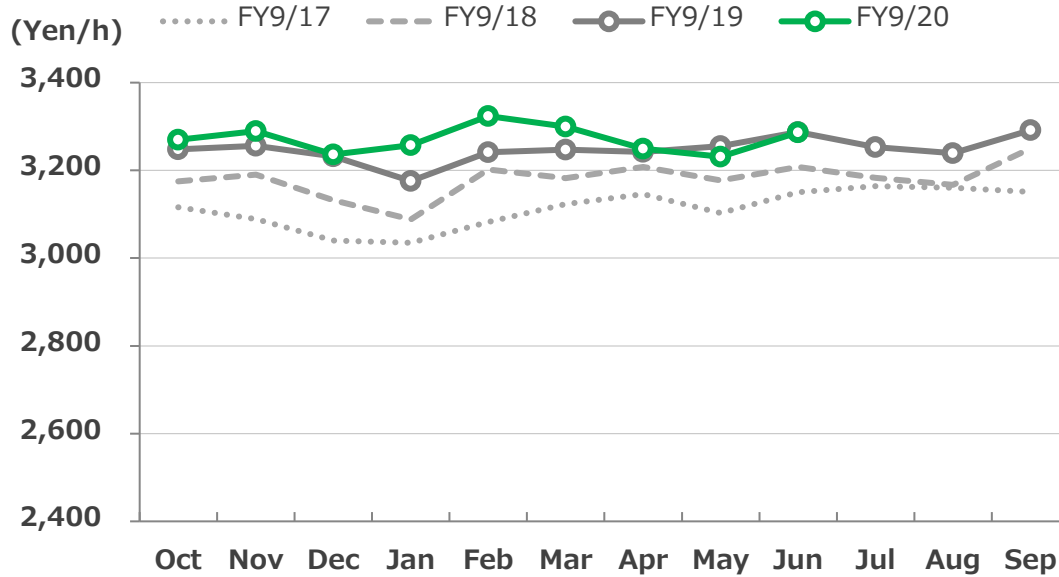
FY17/Q3	¥ 2,555	YoY
FY18/Q3	¥ 2,645	+3.5%
FY19/Q3	¥ 2,720	+2.8%
FY20/Q3	¥ 2,812	+3.4%



2nd year only 9-month avg. (Oct – Jun)

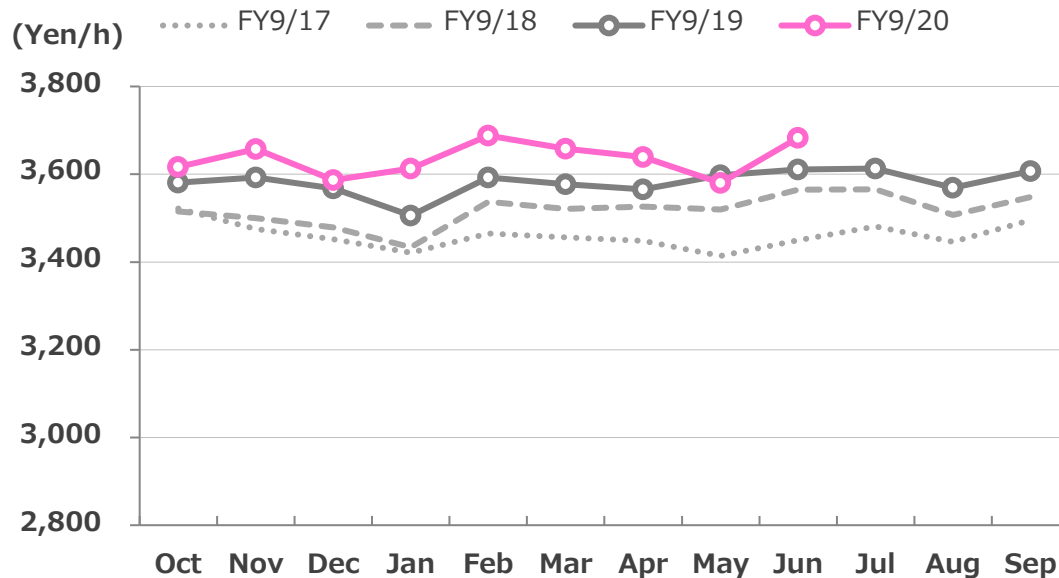
FY17/Q3	¥ 2,931	YoY
FY18/Q3	¥ 3,033	+3.5%
FY19/Q3	¥ 3,066	+1.1%
FY20/Q3	¥ 3,074	+0.2%

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



3rd year only
9-month avg. (Oct – Jun)

FY	Unit Price (Yen/h)	YoY Change
FY17/Q3	¥3,097	
FY18/Q3	¥3,176	+2.6%
FY19/Q3	¥3,243	+2.1%
FY20/Q3	¥3,271	+0.9%



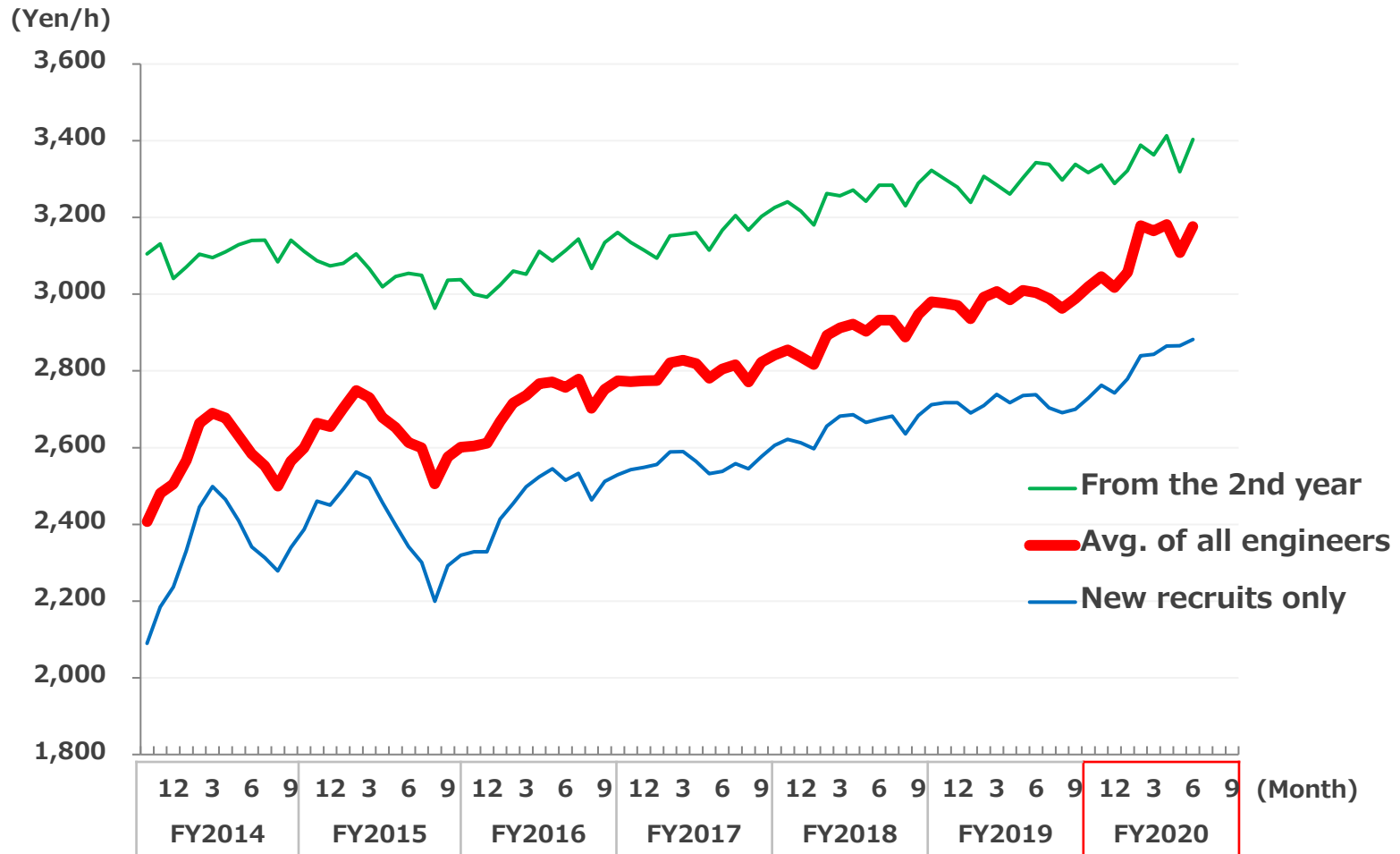
From the 4th year
9-month avg. (Oct – Jun)

FY	Unit Price (Yen/h)	YoY Change
FY17/Q3	¥3,454	
FY18/Q3	¥3,512	+1.7%
FY19/Q3	¥3,578	+1.9%
FY20/Q3	¥3,636	+1.6%

Unit Price of Temporary Staffing (3) Interim Changes



- Increased for the six consecutive years from FY2015 supported by the strong demand
- Higher unit prices for new engineers, which account for a high proportion of the workforce, contributed to an increase in profit margins



Avg. on a companywide basis (Q1~Q3)	2,582 yen	2,672 yen	2,693 yen	2,795 yen	2,880 yen	2,985 yen	3,105 yen
	YoY	+3.5%	+0.8%	+3.8%	+3.0%	+3.6%	+4.1%

KPI Summary



- Decrease in the ratio of new recruits × structural labor shortage in the construction industry = Rise in unit price for temporary staffing for 6 consecutive years

All engineers 9-month avg. (Oct-Jun)

	FY19/Q3	FY20/Q3	Change	Pct. change
No. of engineers	5,631 engineers	5,945 engineers	+314 engineers	+5.6%
Utilization rate	92.7%	92.7%	±0pt.	—
Operating time	9.60h	9.48h	▲0.12h	▲1.3%
Unit price of temporary staffing	2,985yen	3,105yen	+120yen	+4.1%

Engineer Temporary Staffing and Incidental Business

Summary of Segment P/L Statement



Engineer
Temporary Staffing
and Incidental Business

(Million yen)

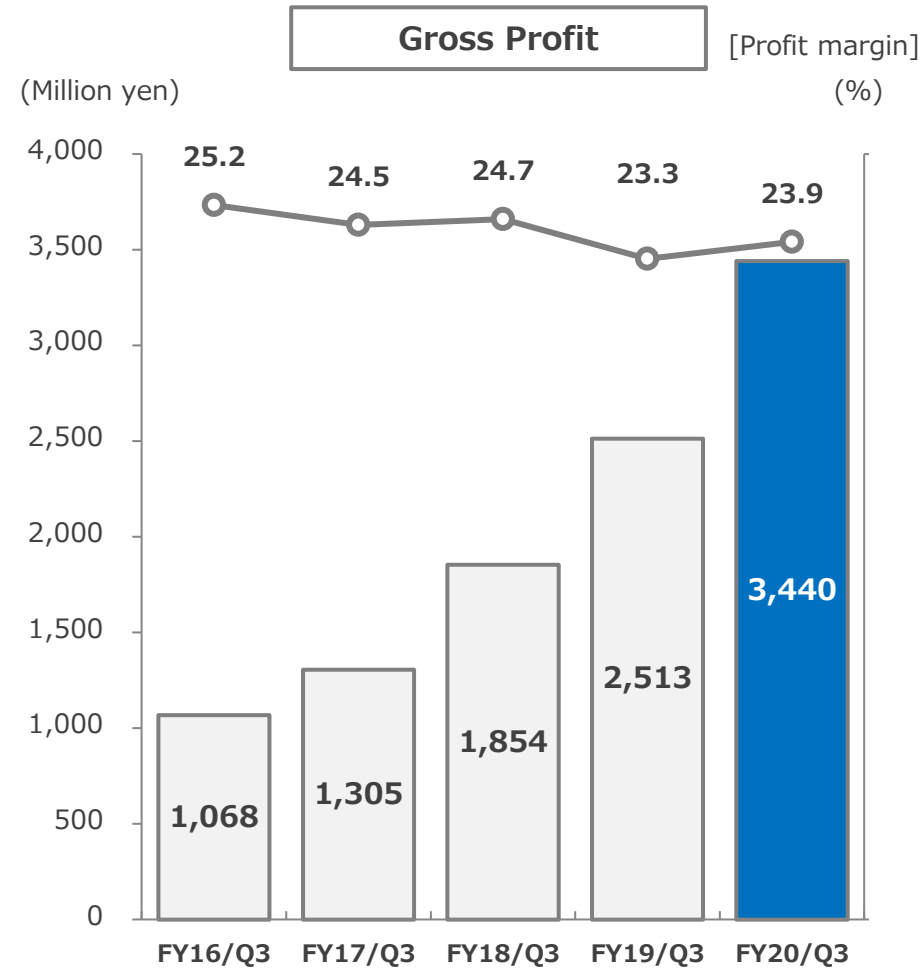
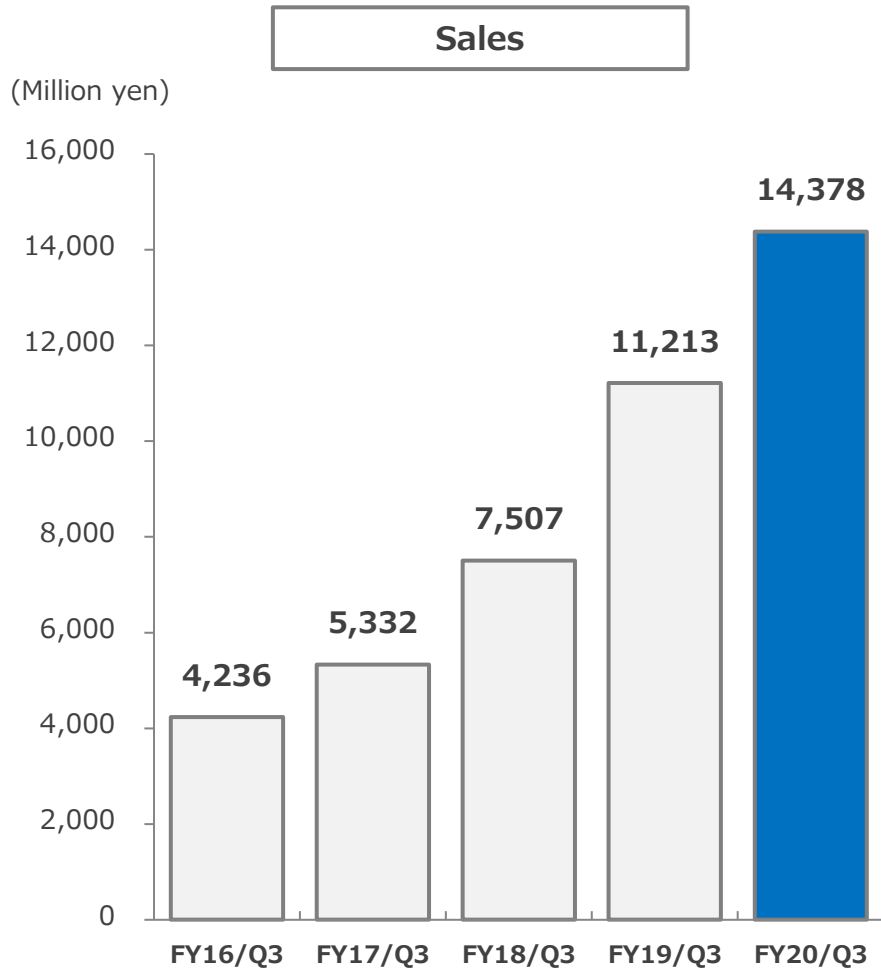
	FY19/Q3	FY20/Q3	Change	Pct. change
Sales	11,213	14,378	3,164	28.2%
Gross profit	2,750	3,440	689	25.1%
SG&A expenses	2,448	2,803	355	14.5%
Segment profit	302	636	334	110.6%

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

Segment P/L (1) Sales and Gross Profit



- Sales ⇒ Up 28% YoY due to increased number of engineers at work and higher unit price
- Gross Profit ⇒ Up 25% YoY due to increased number of engineers at work



Sales and Gross Profit



- Personnel expenses increased by 30% due to an increase in operating companies and the strengthening of administrative and sales divisions
- Restraint in hiring from late March ⇒ Decrease in hiring costs by 34%

(Million yen)

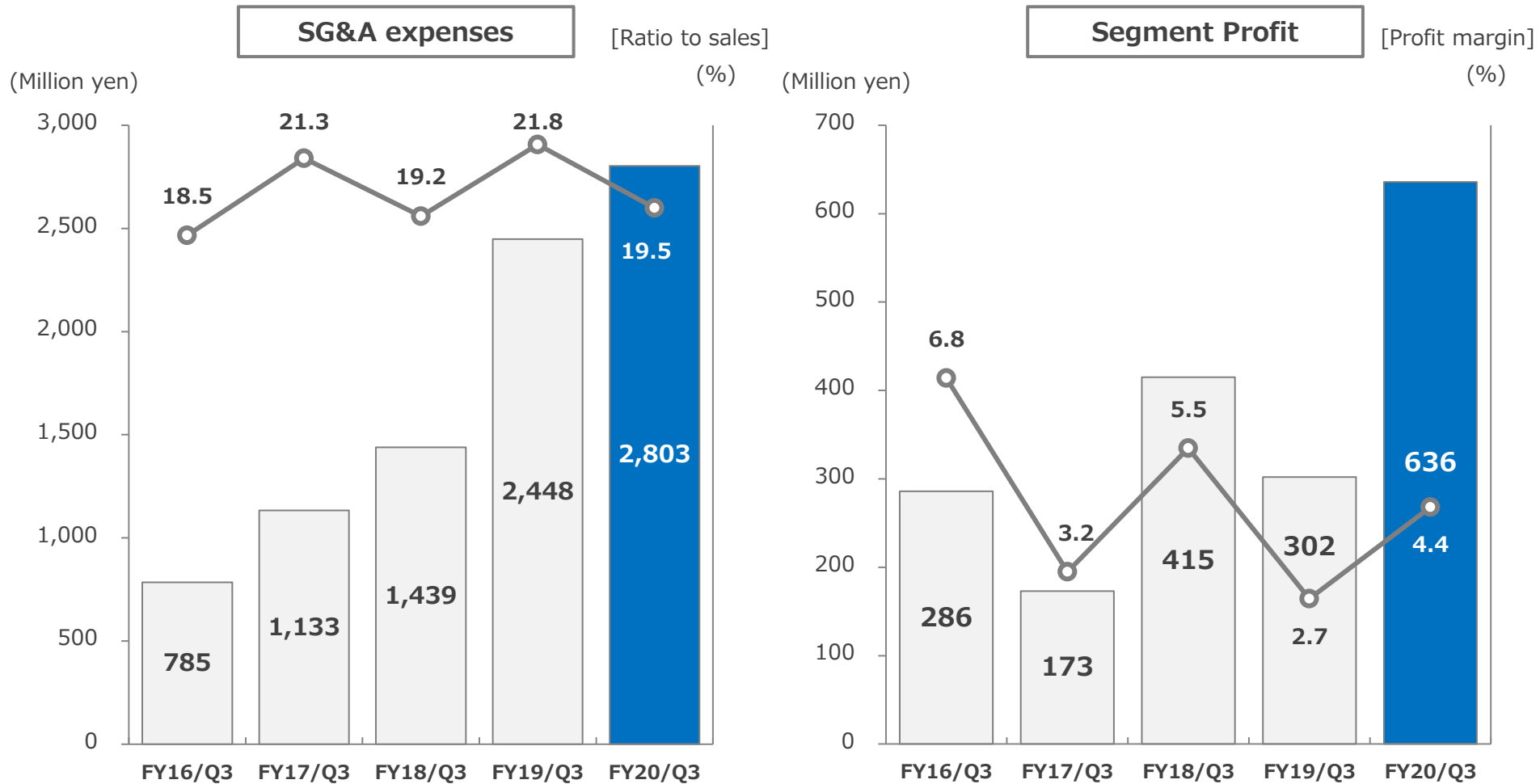
	FY19/Q3	FY20/Q3	Change	Remarks
Sales and Gross Profit	2,448	2,803	+355	
Personnel expenses	1,115	1,450	+335	Increase due to an increase in the number of operating companies and an increase in the number of personnel management divisions and sales divisions
Ad expenses	18	38	+19	
Recruiting cost	776	515	▲261	Decrease due to restraint in recruitment
Outsourcing expenses	106	142	+35	
SG&A expense ratio	21.8%	19.5%	▲2.3pt.	

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

SG&A Expenses and Segment Profit



- SG&A expenses ⇒ Up 14.5% YoY due to higher personnel expenses and rent
- Segment Profit ⇒ Up by 110.9% YoY due to higher unit price of temporary staffing and lower SG&A ratio



Number of Engineers (1) Recruitment



- Due to the spread of COVID-19, recruitment was restricted for a certain period of time
- Breakdown of recruitment: IT field: 746 engineers; Machinery and Electric field: 115 engineers

(Unit: Persons)

	Oct	Nov	Dec	Jan	Feb	Mar	Oct-Mar Total
FY19 recruitment	362			344			706
FY20 recruitment	386			371			757
YoY	+24			+27			+51

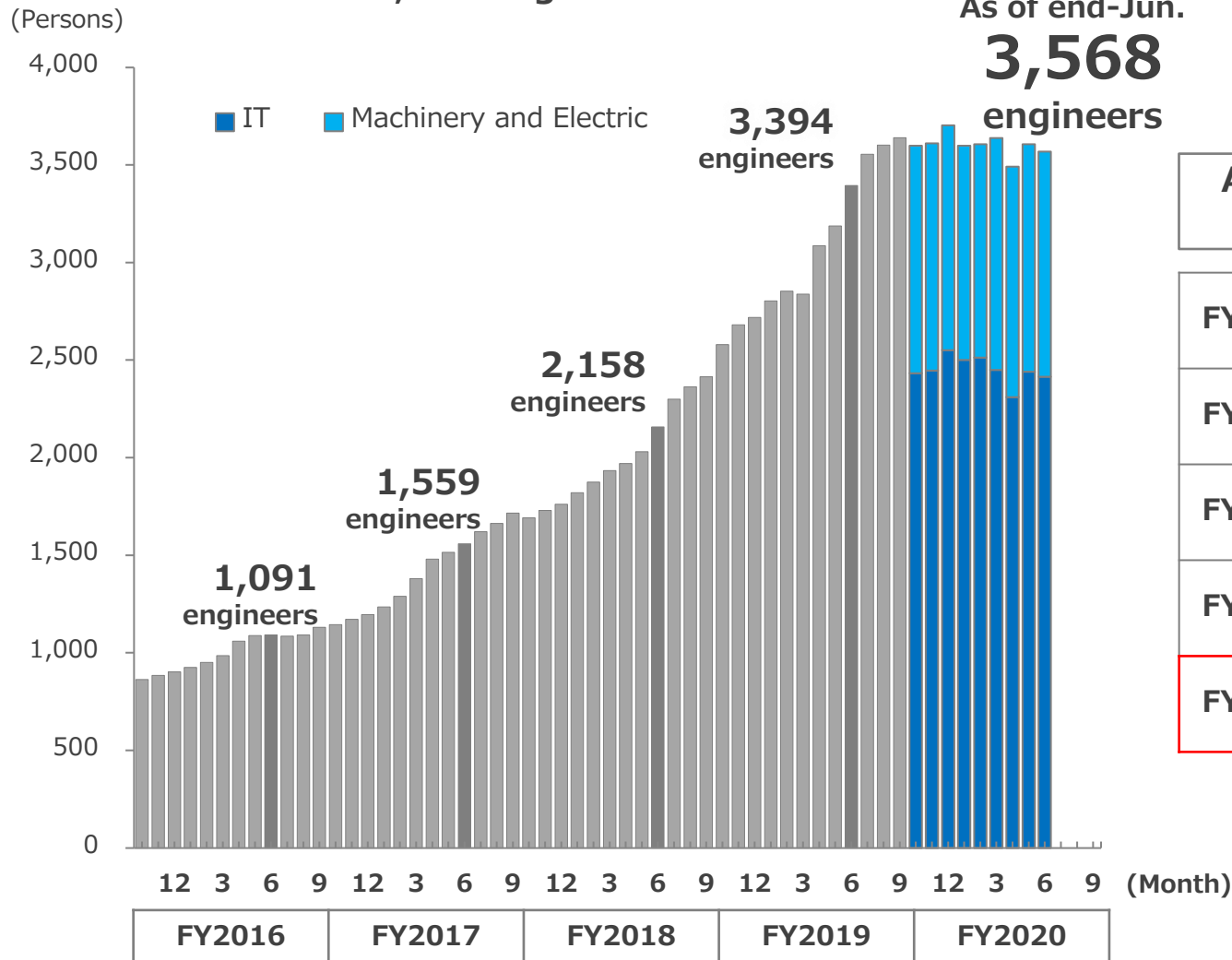
	Apr	May	Jun	Jul	Aug	Sep	Apr-Sep Total	Oct-Sep Total
FY19 recruitment	584			458			1,042	1,748
FY20 recruitment	104							
YoY	▲480							

Number of Engineers (2)

Changes in the Number of Engineers



- Increased by 174 from the end of the same month of the previous year
- Breakdown of enrolled human resources: IT field: 2,415 engineers, Machinery and Electric field: 1,153 engineers



Avg. number of engineers
9-month avg. (Oct – Jun)

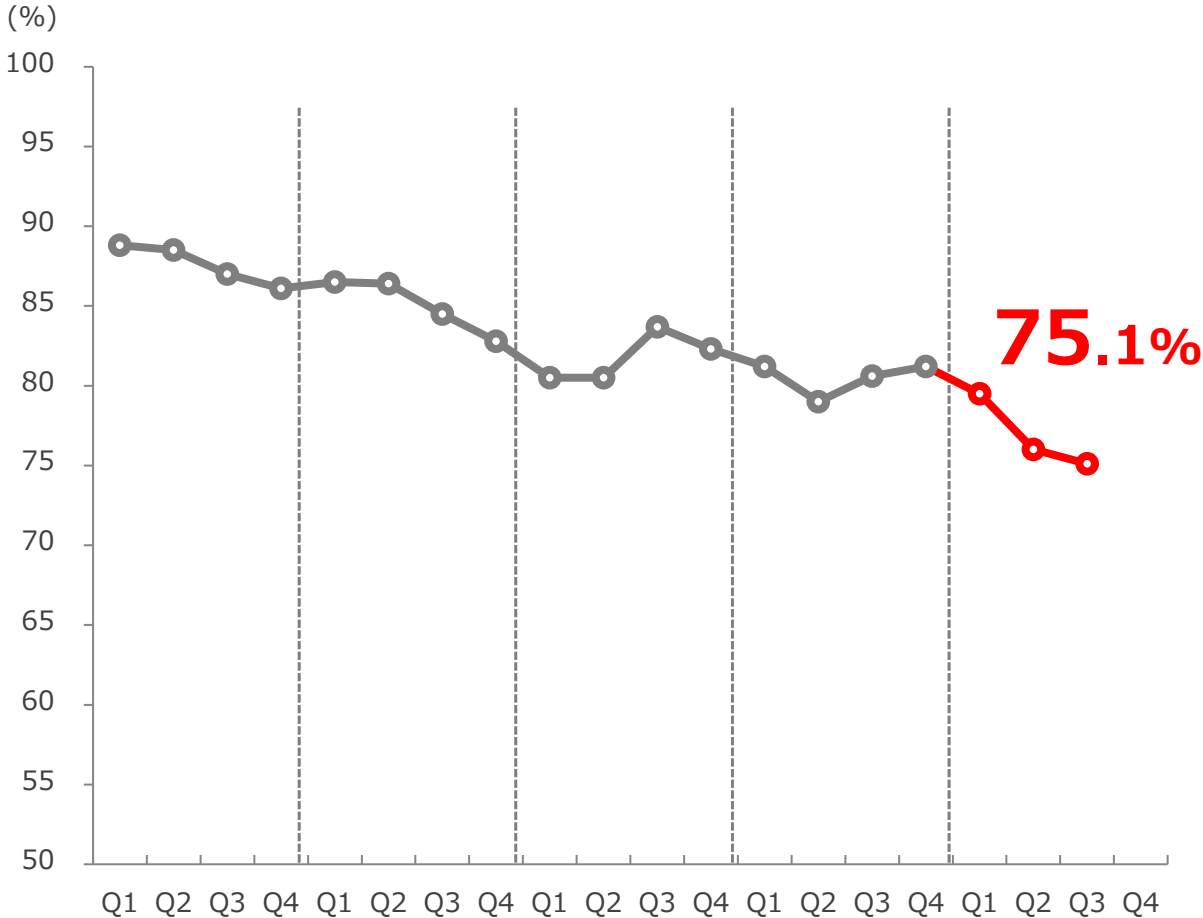
FY	Number of Engineers	YoY
FY16/Q3	972 engineers	
FY17/Q3	1,330 engineers	+36.8%
FY18/Q3	1,885 engineers	+41.8%
FY19/Q3	2,904 engineers	+54.1%
FY20/Q3	3,602 engineers	+24.0%

* Number of engineers at the end of month

Retention Rate



- Continued active recruitment until the first half, but reduced recruitment activities from Q3 and did not increase the number of engineers



Avg. retention rate
9-month avg. (Oct – Jun)

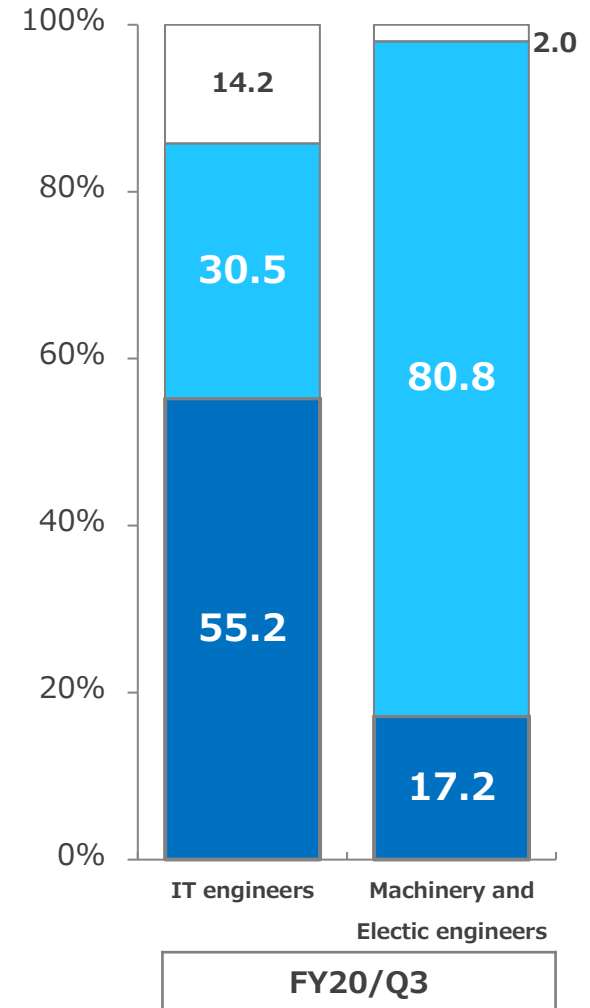
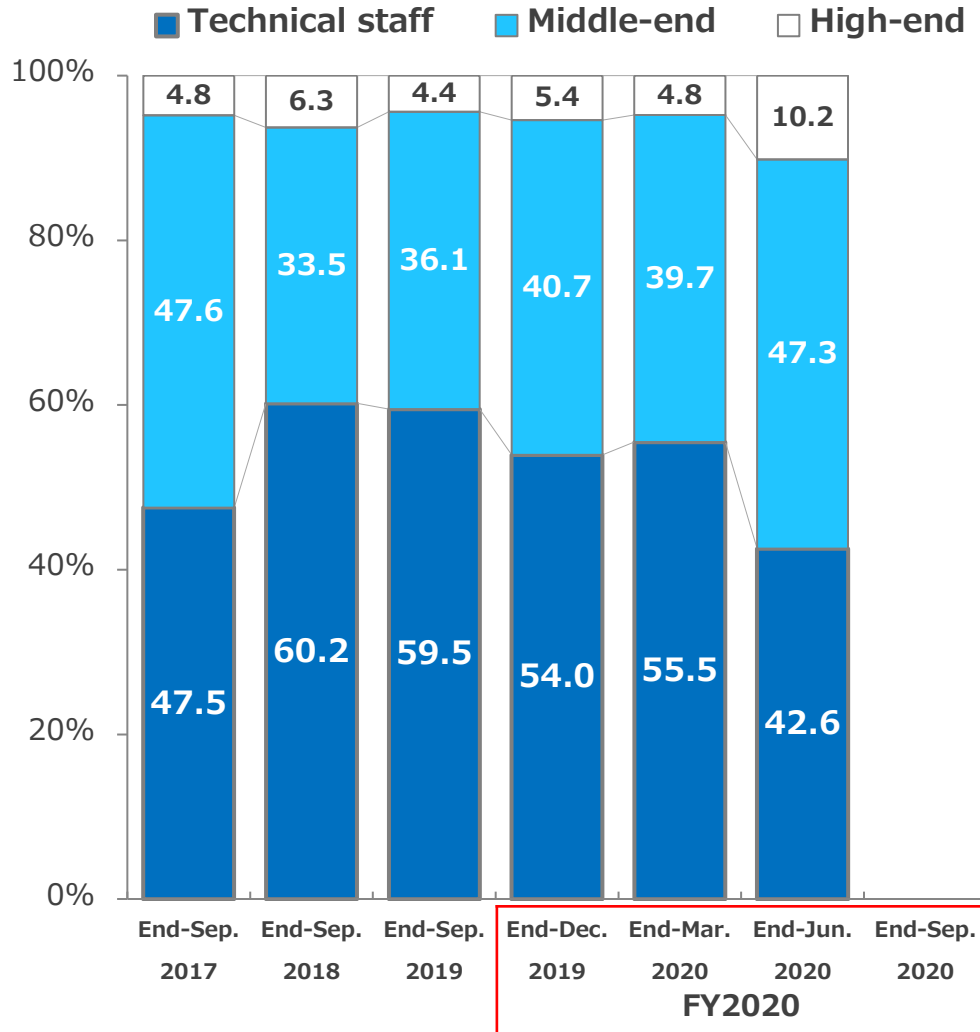
FY	Retention Rate	YoY
FY16/Q3	88.1%	
FY17/Q3	85.8%	△2.3pt
FY18/Q3	81.6%	△4.2pt
FY19/Q3	80.3%	△1.3pt
FY20/Q3	77.9%	△2.3pt

*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 Level of Engineers



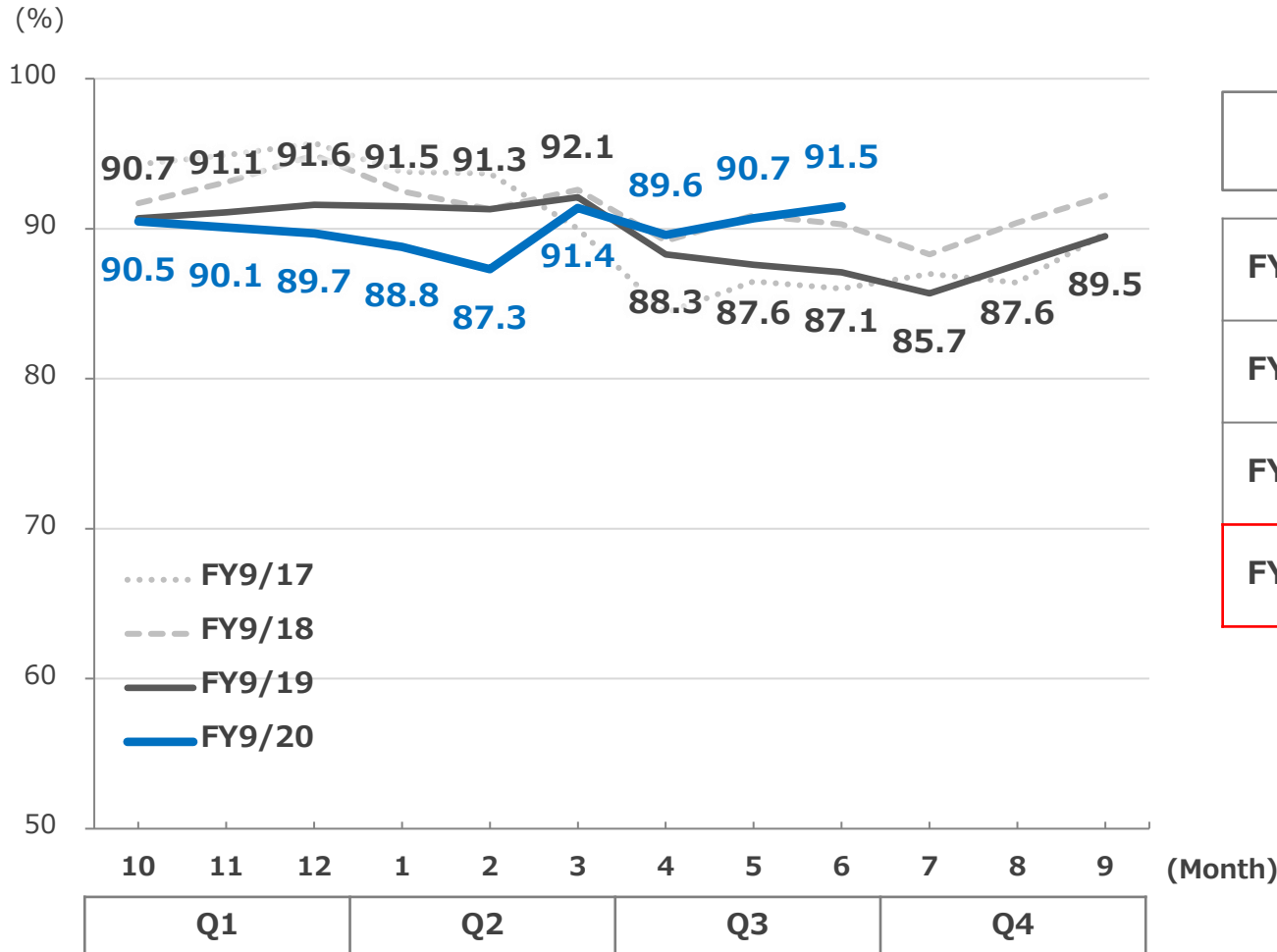
- Decline in the ratio of technical staff due to restrained recruitment
- Increase in the ratio of high-end projects due to an increase in the number of subsidiaries through M&A



Changes in Utilization rate



■ Improved utilization rate by temporarily restraining hiring activities

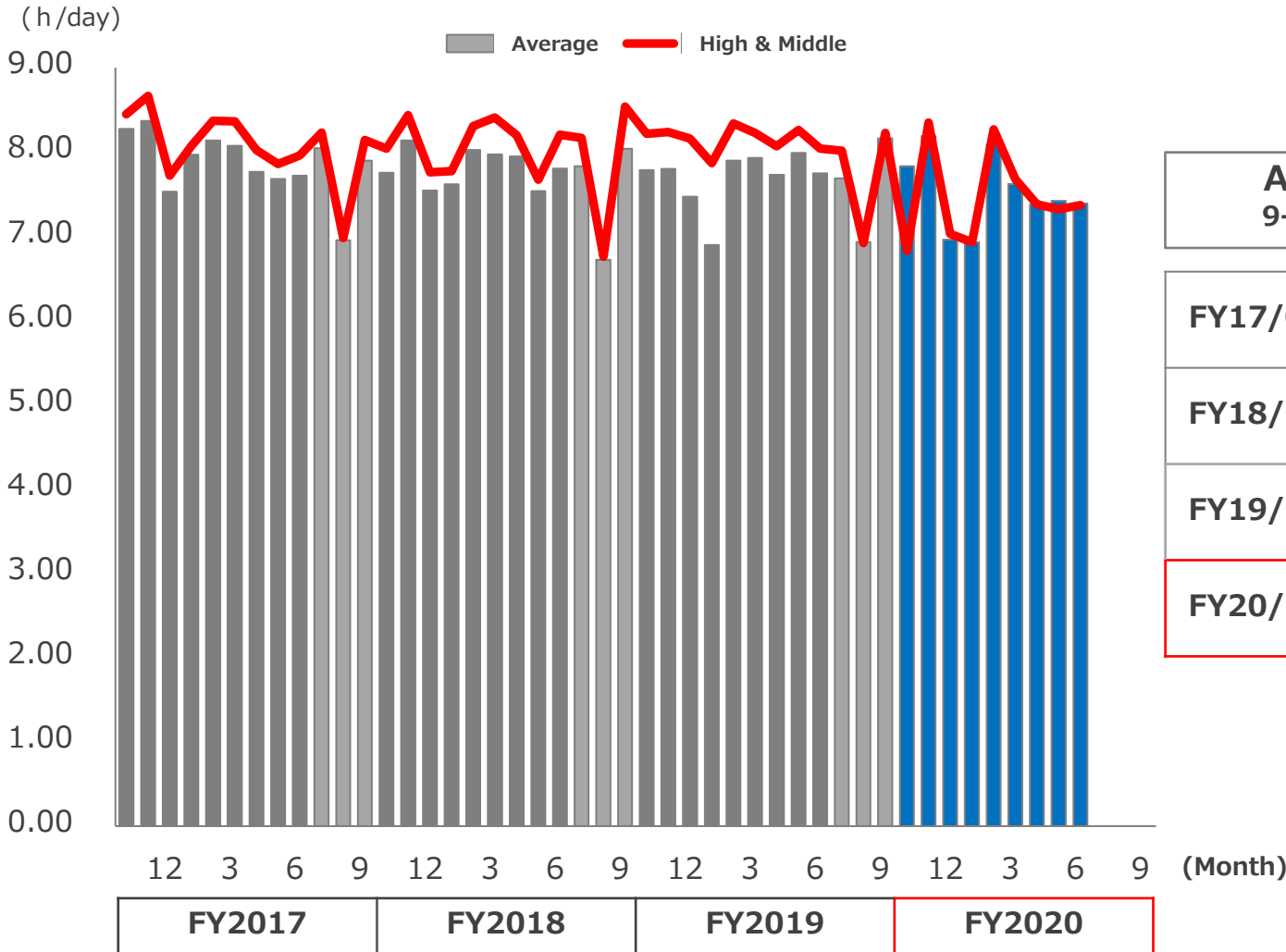


Avg. Utilization rate 9-month avg. (Oct – Jun)		
FY17/Q3	91.0%	YoY
FY18/Q3	91.8%	+ 0.8pt.
FY19/Q3	90.1%	▲ 1.7pt.
FY20/Q3	90.0%	▲ 0.2pt.

Changes in Operating Time



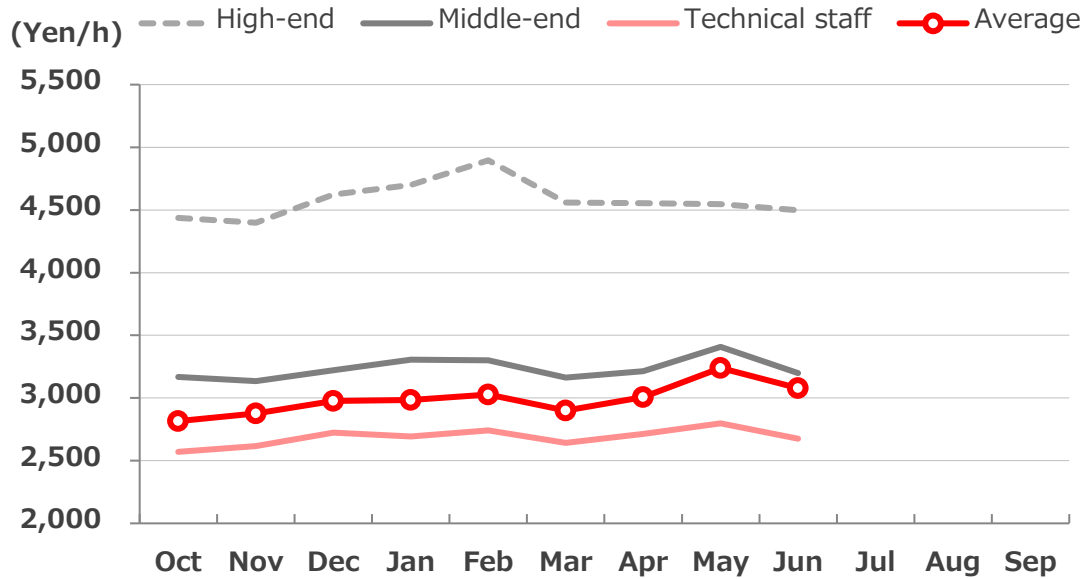
Shortened overtime working hours due to the effect of the State of Emergency



Avg. operating time 9-month avg. (Oct – Jun)		
FY17/Q3	7.95h	YoY
FY18/Q3	7.82h	▲ 1.7%
FY19/Q3	7.69h	▲ 1.6%
FY20/Q3	7.53h	▲ 2.1%

* The aggregation range has been changed from FY2020.

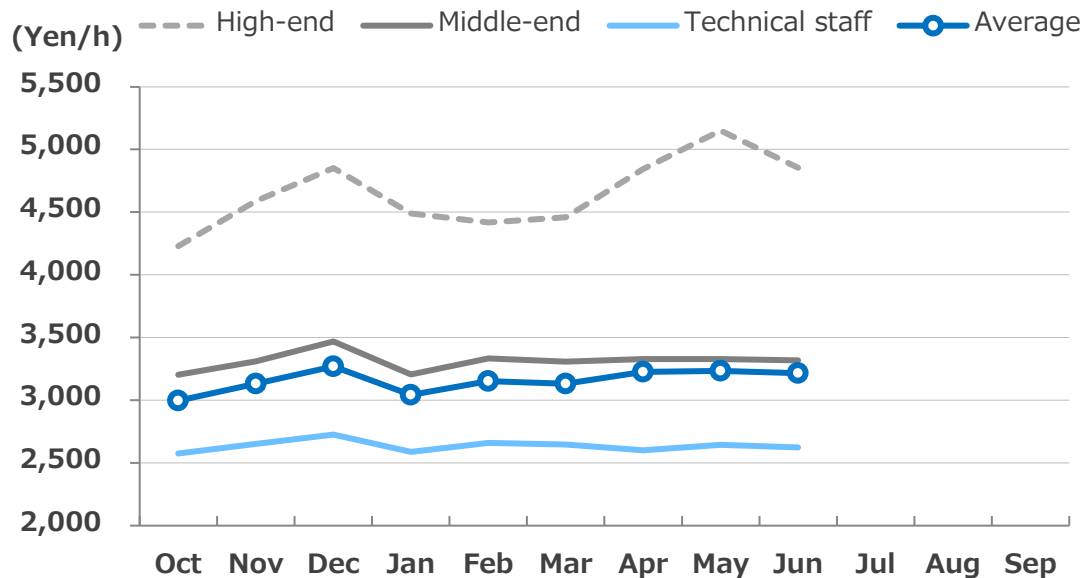
Unit Price of Temporary Staffing



Avg. for IT Engineers 9-month avg. (Oct – Jun)

		YoY
FY19/Q3	2,867yen	—
FY20/Q3	2,987yen	+4.2%

* Figures for FY19/Q3 are for reference only (averages for all engineers).
The calculation methods have been changed from FY2020.



Avg. for Machinery and Electric Engineers 9-month avg. (Oct – Jun)

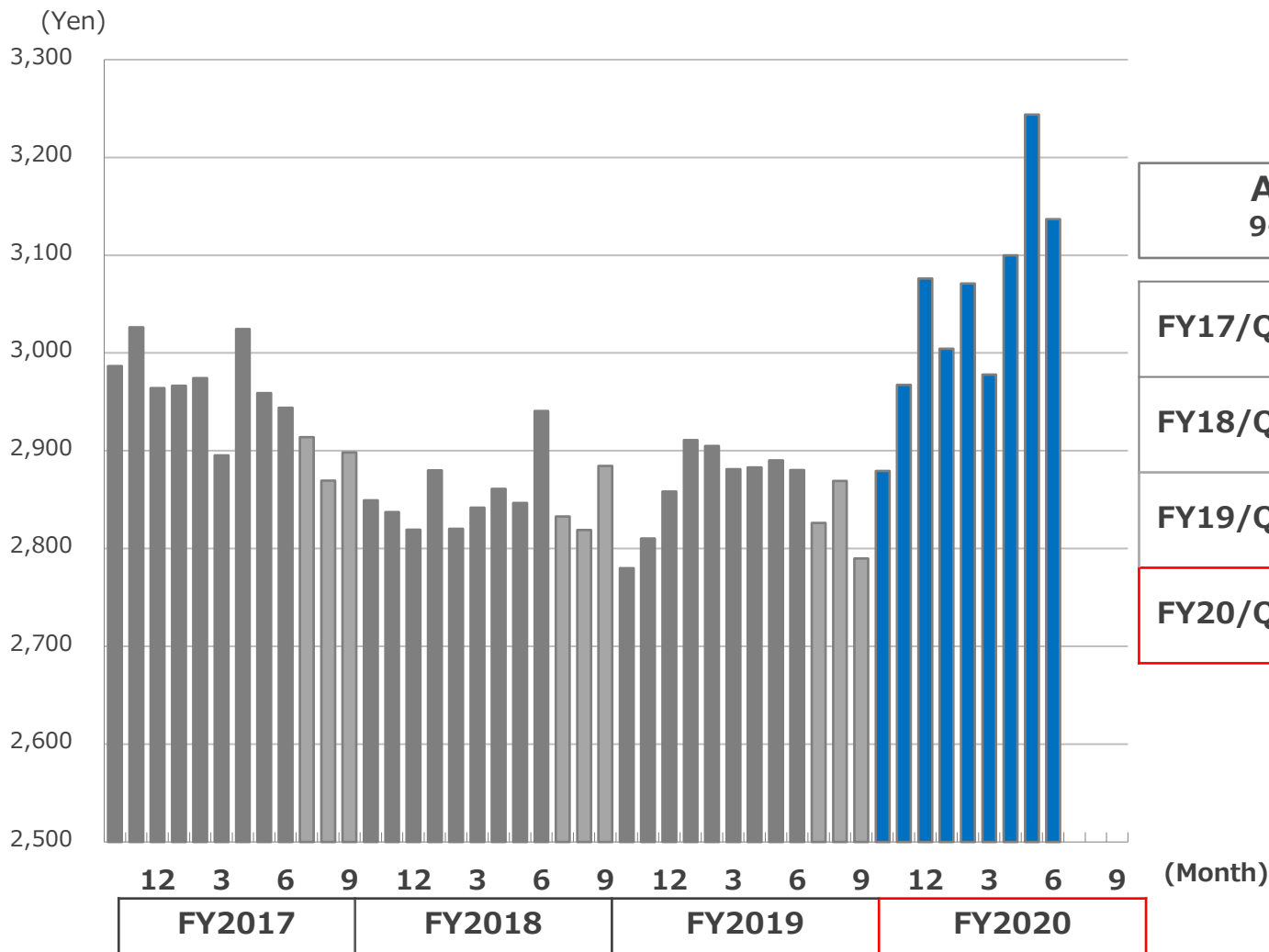
		YoY
FY19/Q3	2,867yen	—
FY20/Q3	3,150yen	+9.9%

* Figures for FY19/Q3 are for reference only (averages for all engineers).
The calculation methods have been changed from FY2020.

Changes in Unit Price of Temporary Staffing



- Unit price has been rising due to a decline in the ratio of technical staffs due to restrained recruitment.
- Middle-end to high-end engineers increased due to M&A → average unit price increased



Avg. operating time 9-month avg. (Oct – Jun)		
FY17/Q3	2,971yen	YoY
FY18/Q3	2,855yen	▲3.9%
FY19/Q3	2,867yen	+0.4%
FY20/Q3	3,048yen	+6.3%

*The aggregation methods have been changed from FY2020.

KPI Summary



Engineer
Temporary Staffing
and Incidental Business

- The number of engineers increased by 24% due to aggressive recruitment up to the first half of the fiscal year
- The average unit price of temporary staffing rose due to the increase in demand

All engineers 9-month avg. (Oct – Jun)

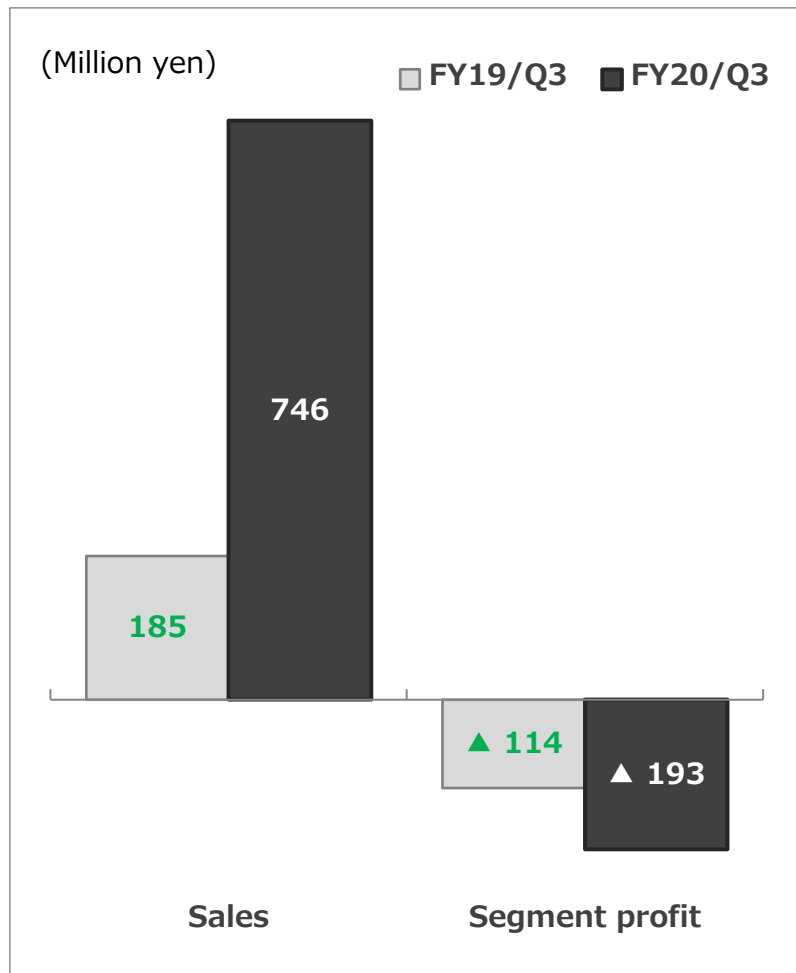
	FY19/Q3	FY20/Q3	Change	Pct. change
No. of engineers	2,904 engineers	3,602 engineers	+698 engineers	+24.0%
Utilization rate	90.1%	90.0%	▲0.2pt.	—
Operating time	7.69h	7.53h	▲0.16h	▲2.1%
Unit price of temporary staffing	2,867yen	3,048yen	+181yen	+6.3%

Other Business

Segment P/L Summary

Other

- Portfolio changed from the previous fiscal year
- Proceed with the liquidation of unprofitable subsidiaries



1. Temporary staffing business

(Million yen)

	FY19/Q3	FY20/Q3	Pct. change
Sales	139	70	▲ 49.7%
Segment Profit	▲ 164	▲ 164	—

· Overseas recruitment consulting business shrank due to the impact of COVID-19 → Plan to withdraw from the business.

2. Education-related business

(Million yen)

	FY19/Q3	FY20/Q3	Pct. change
Sales	8	627	+7,294%
Segment Profit	▲ 10	8	—

· In the programming learning service business, sales and profits increased due to the efficacies of advertising, which was invested in the previous fiscal year.

*We also provide consulting services.

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

Meeting people makes Everybody's dream come true



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