



YUMESHIN HOLDINGS CO.,LTD.

# Fiscal year ended **September** 2020 **Financial Results & Mid-term Management Plan**

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**November 13, 2020**

September, 2020  
Stock code  
**2362**

November 13, 2020

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## 1. Consolidated P/L

**Adoption of IFRS from the full-year results**  
**Impact of IFRS adoption and unplanned impairment losses**

## 2. Segment P/L

**Increased revenues and profits due to high utilization rate and unit prices and cost reductions**

## 3. Announced a Mid-term Plan

**Formulated a 5-year plan for the period from FY9/21 to FY9/25**

# Consolidated P/L① Adoption of IFRS



Group

## ■ Change from Japanese GAAP to IFRS from FY9/20

(Million yen)

【Ref.】 Japanese GAAP	
Net sales	58,669
Cost of sales	▲42,206
Gross profit	16,462
Selling, general and administrative expenses	▲10,531
Operating income	5,930
Non-operating income	433
Non-operating expenses	▲317
Ordinary income	6,046
Extraordinary income	87
Extraordinary loss	▲1,104
Income before income taxes	5,029
Income taxes-deferred	1,653
Net income attributable to owners of parent	3,356

【Ref.】 IFRS-adjusted	
Net sales	58,669
Cost of sales	▲42,493
Gross profit	16,175
Selling, general and administrative expenses	▲10,114
Operating income	6,060
Non-operating income	644
Non-operating expenses	▲249
Ordinary income	6,455
Extraordinary income	34
Extraordinary loss	▲1,414
Income before income taxes	5,076
Income taxes-deferred	1,513
Net income attributable to owners of parent	3,557

After adopting IFRS	
Revenue	58,669
Cost of sales	▲42,493
Gross profit	16,175
Selling, general and administrative expenses	▲10,248
Other revenue	384
Other expenses	▲1,004
Operating profit	5,306
Financial income	293
Financing cost	▲523
Profit before taxes	5,076
Income tax expense	1,513
Profit attributable to owners of parent	3,557

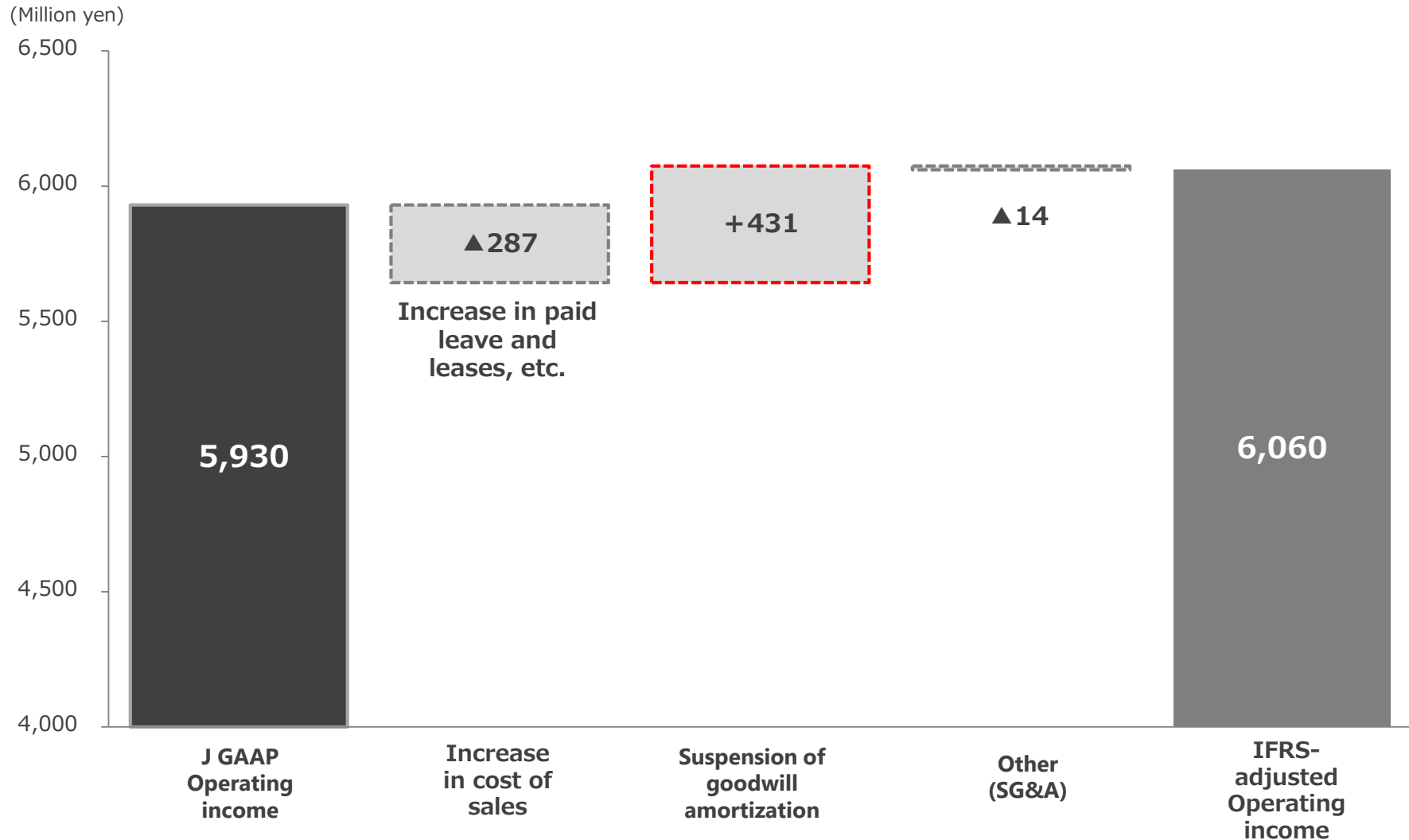
\* Costs are shown as ▲.

\*"IFRS-adjusted" refers to IFRS reclassified figures presented in Japanese standards.



## ■ Major impacts of the change from Japanese GAAP to IFRS

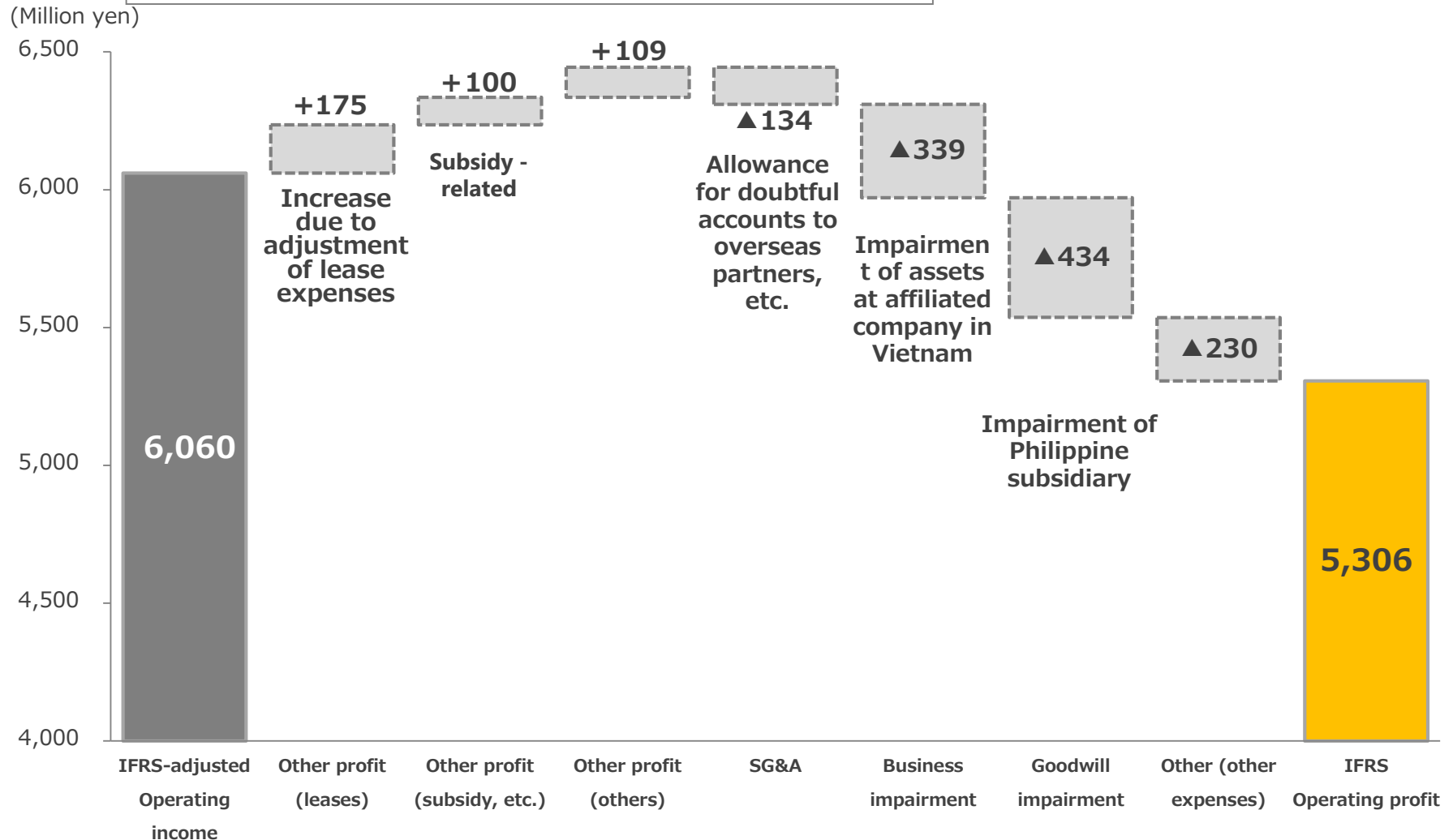
Analysis of Changes in FY2020 Operating Profit (1)





## Major effects of the change from Japanese GAAP to IFRS and the impact of unplanned impairment losses

Analysis of Changes in FY2020 Operating Profit (2)

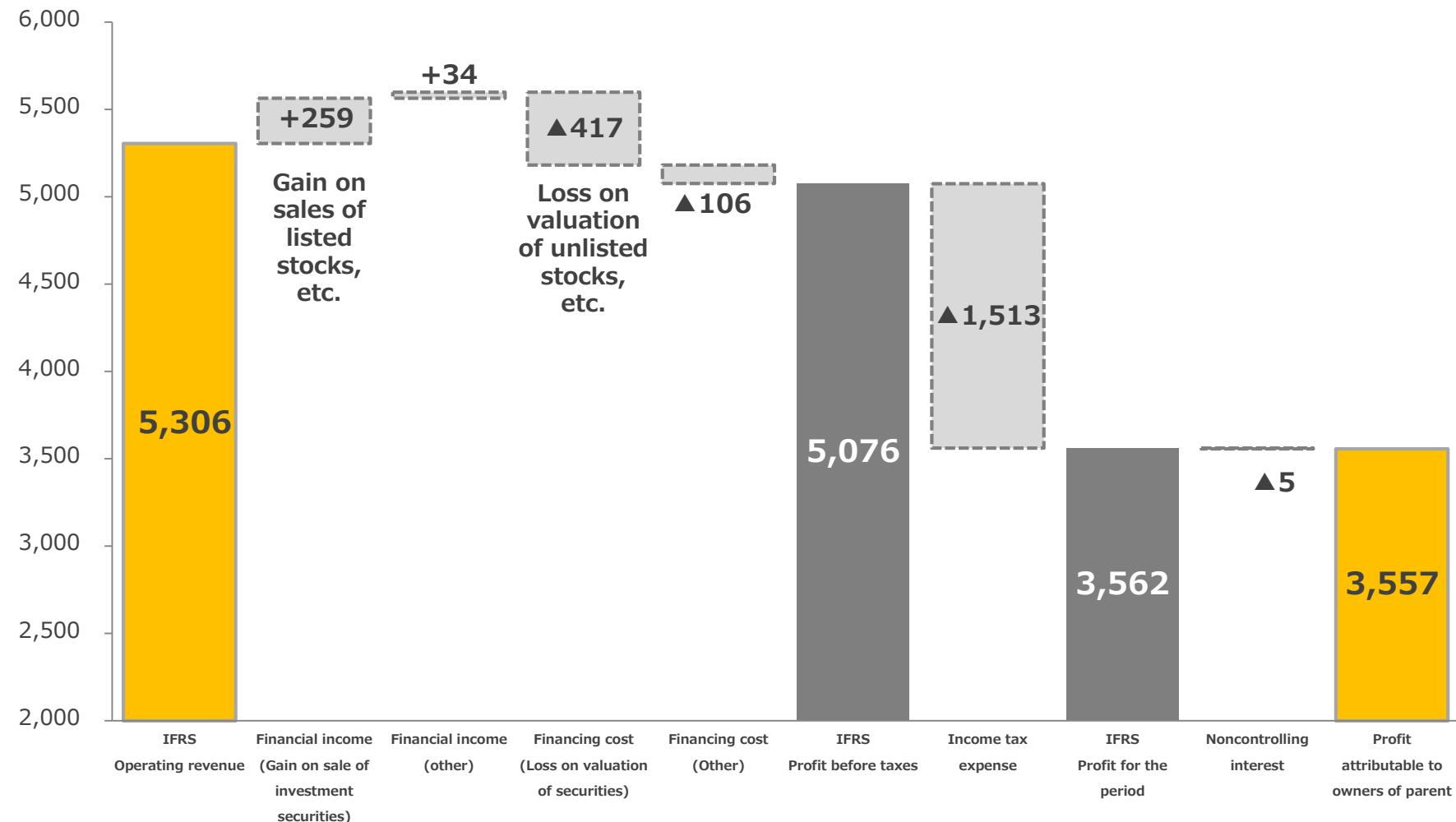




## Major effects of the change from Japanese GAAP to IFRS and the impact of unplanned impairment losses

Analysis of Changes in FY2020 Profit for the Period

(Million yen)



# Consolidated P/L ⑤YoY/Vs. Forecasts



Group

YoY					Vs. Plan	(Million yen)
	FY2019 (IFRS)	FY2020 (IFRS)	Change	Pct. change	FY2020 (IFRS/Forecasts)	Difference from forecasts
Revenue	52,505	58,669	+6,163	+11.7%	58,000 ~60,000	+669 ~▲1,330
Gross profit	14,861 (28.3%)	16,175 (27.6%)	+1,314	+8.8%	—	—
SG&A expenses	10,435 (19.9%)	10,248 (17.5%)	▲186	▲1.8%	—	—
Operating profit	3,891 (7.4%)	5,306 (9.0%)	+1,415	+36.4%	5,800 ~6,600	▲493 ~▲693
Profit before taxes	3,869 (7.4%)	5,076 (8.7%)	+1,206	+31.2%	—	—
Profit attributable to owners of parent	2,949 (5.5%)	3,557 (6.1%)	+607	+20.6%	3,700 ~4,200	▲142 ~▲642

\* ( ) = Ratio to sales

\* The Company has been changed its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for FY9/20. In addition, results for FY9/19 adopt IFRS.



# Segment P/L① (IFRS)



Group

(Million yen)

1. Construction Engineer Temporary Staffing and Incidental Business	FY2019 Results	FY2020 Results	Change	Pct. change
Revenue	35,860	37,921	2,060	5.7%
Segment profit	5,826	6,585	759	13.0%

FY2020 Forecasts	Difference from forecasts	Compared to forecasts
37,700 ~39,000	+221 ~▲1,078	100.6% ~97.2%
6,250 ~6,800	+335 ~▲214	105.4% ~96.8%

2. Engineer Temporary Staffing and Incidental Business	FY2019 Results	FY2020 Results	Change	Pct. Change
Revenue	16,354	19,875	3,521	21.5%
Segment profit	62	653	590	940.2%

FY2020 Forecasts	Difference from forecasts	Compared to forecasts
19,300 ~20,000	+575 ~▲124	103.0% ~99.4%
650 ~900	+3 ~▲246	100.6% ~72.6%

3. Other businesses	FY2019 Results	FY2020 Results	Change	Pct. Change
Revenue	362	981	619	170.9%
Segment profit	△417	△241	176	—

\* We does not disclose the forecasts for Other businesses.

\* The Company has been changed its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for FY9/20. In addition, results for FY9/19 adopt IFRS.



## 1. Maintain high utilization rate

Slight decrease in both segments through reducing hiring and prioritizing utilization of existing engineers

## 2. Rise in unit price of temporary staffing

Both segments increased by more than 4% YoY

## 3. Reduction in SG&A expenses

Decrease in recruiting expenses and other expenses due to reduced recruitment

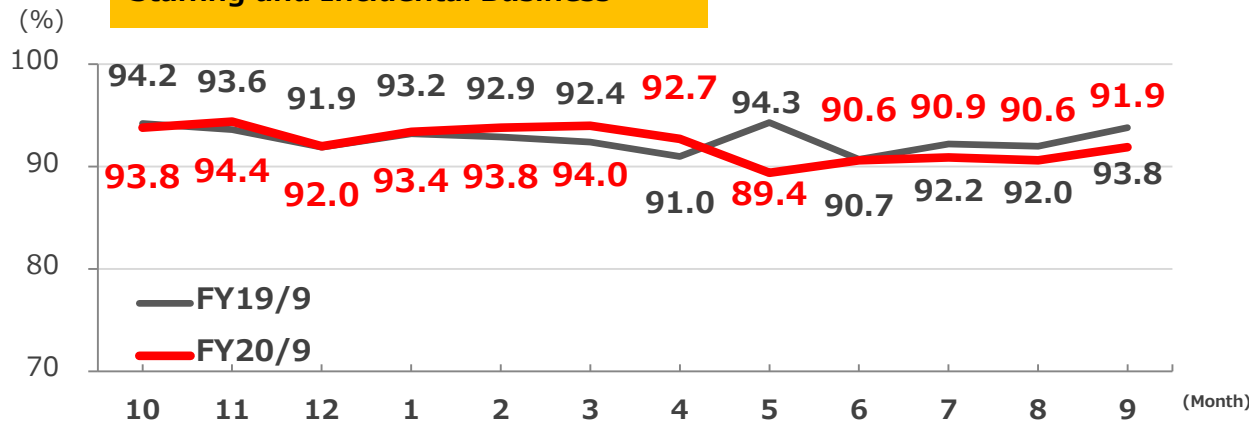
# TOPIC① Maintain Utilization Rate



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 2H of previous year.

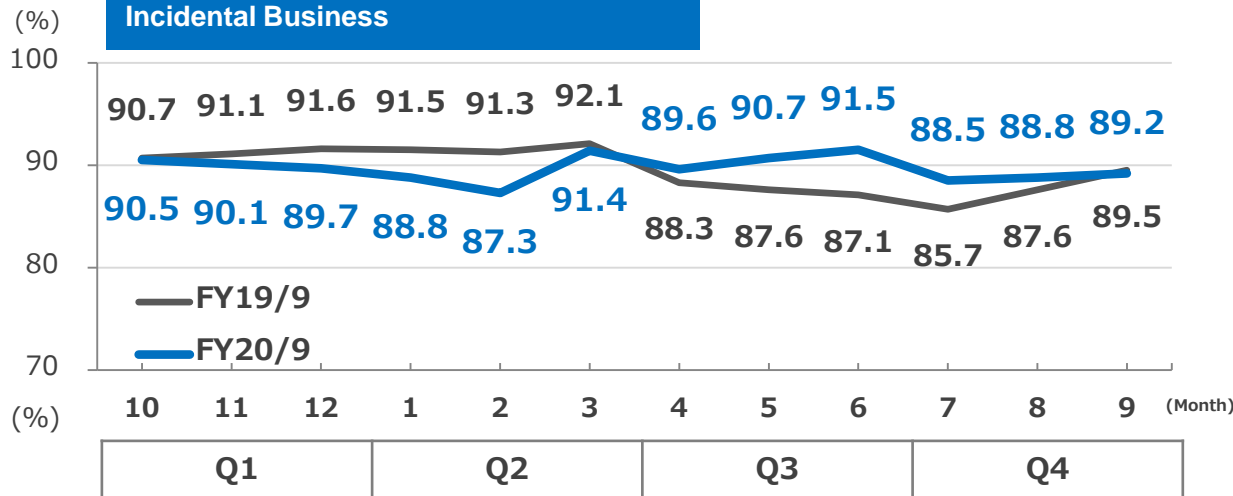
## Construction Engineer Temporary Staffing and Incidental Business



Avg. Utilization rate  
12-month avg. (Oct – Sep)

FY2019	92.7%	YoY
FY2020	92.3%	▲0.4pt.

## Engineer Temporary Staffing and Incidental Business



Avg. Utilization rate  
12-month avg. (Oct – Sep)

FY2019	91.1%	YoY
FY2020	90.1%	▲1.0pt.

# TOPIC② Rise in Unit Price for Temporary Staffing



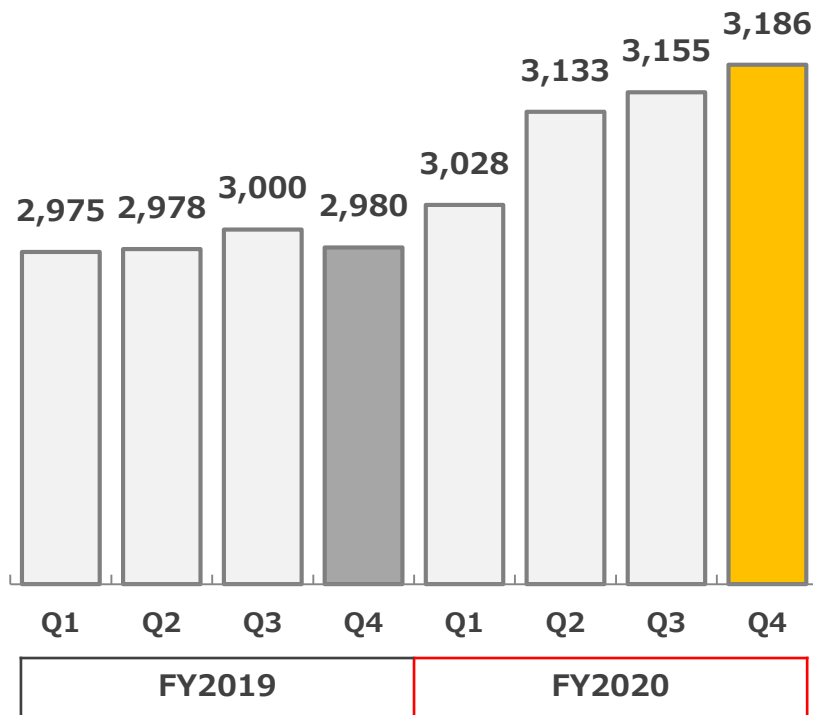
Group

- Increased by more than 4% YoY for each segment
- QoQ increase for 2H even under the COVID-19 crisis

## Construction Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
12-month avg. (Oct – Sep)	¥2,983	¥3,126	+4.8%

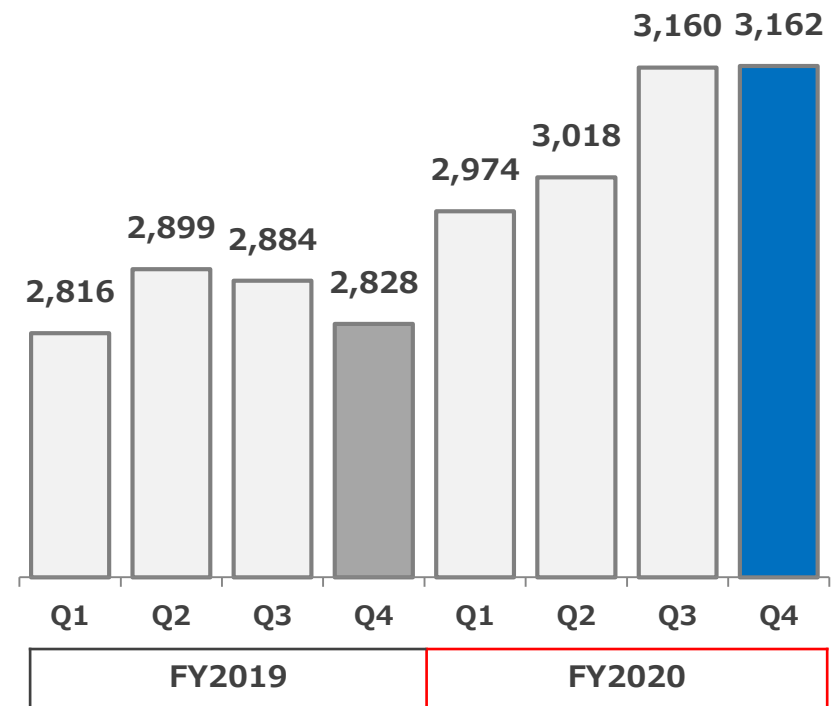
(Yen/h)



## Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
12-month avg. (Oct – Sep)	¥2,857	¥3,076	+7.7%

(Yen/h)



# TOPIC③ Reduction of SG&A



Group

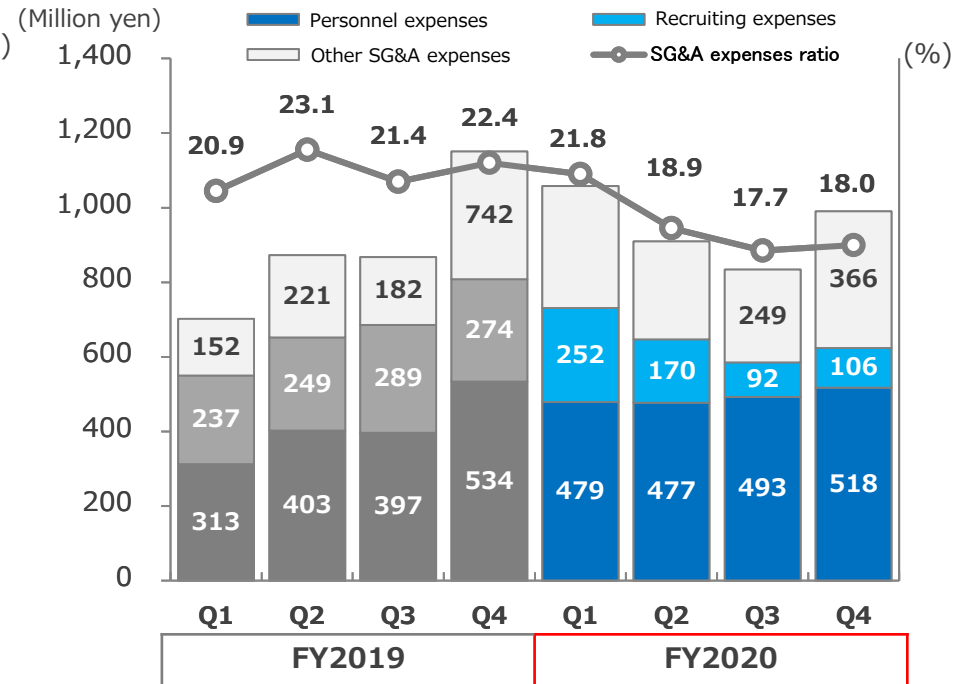
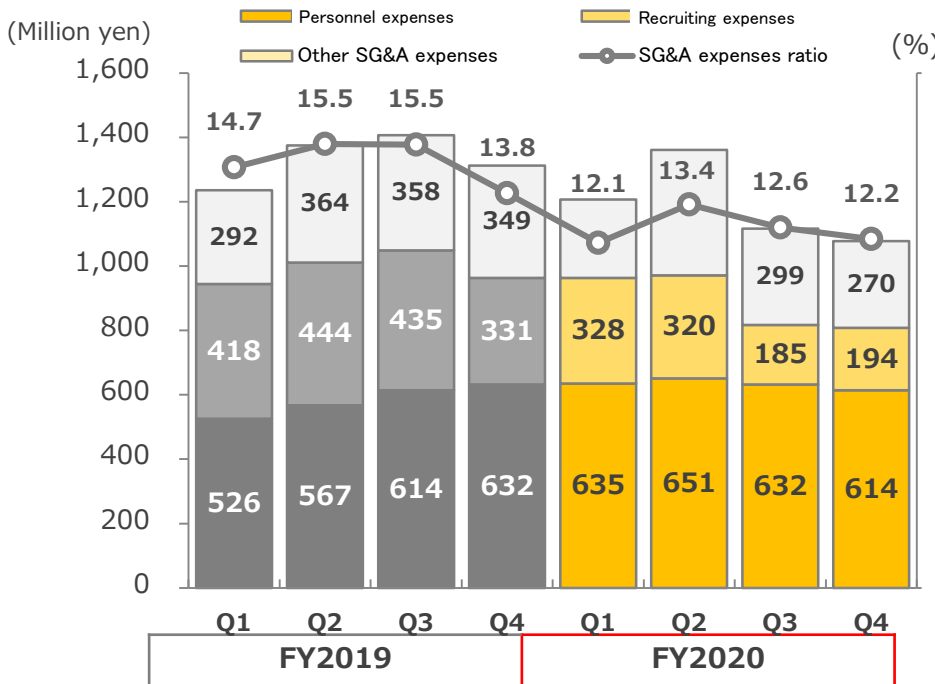
- SG&A expenses decreased, mainly due to a reduction in recruiting expenses through restrained recruitment.

## Construction Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
Recruiting expenses	1,629	1,028	▲36.9%
Recruiting expenses to revenue	4.5%	2.7%	▲1.8pt

## Engineer Temporary Staffing and Incidental Business

	FY2019	FY2020	Pct. change
Recruiting expenses	1,051	621	▲429
Recruiting expenses to revenue	6.4%	3.1%	▲3.3pt



\*IFRS is applied only to FY2020 Q4.

# Consolidated Financial Overview



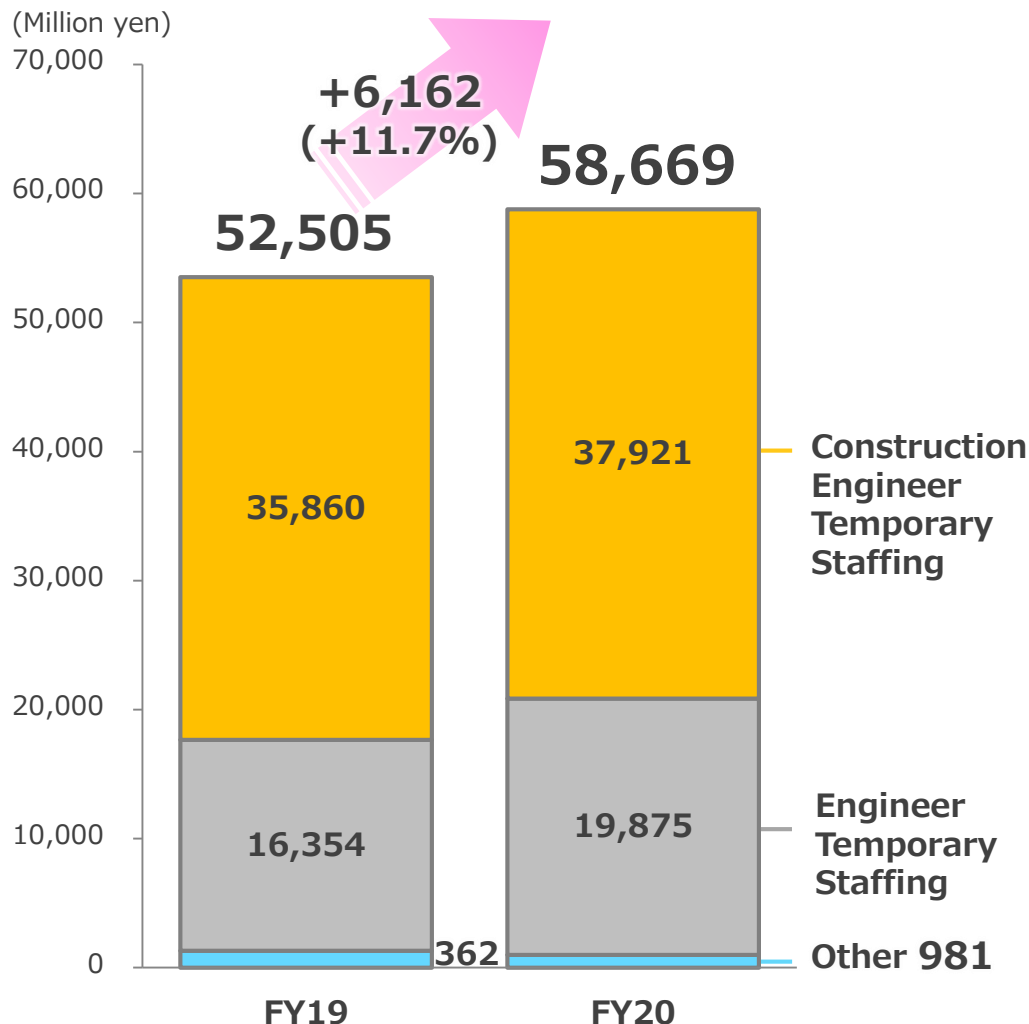
## Profit/Loss Statement

# Consolidated P/L (1) Revenue



Group

- Revenue of construction engineers and engineers rose 11% due to an increase in the unit price of temporary staffing.



## [Major factors for increase/decrease]

Construction Engineer Temporary Staffing and Incidental Business	+2,060m (+5.7%)
<ul style="list-style-type: none"> <li>Sales increased owing to higher unit price of temporary staffing and maintenance of utilization rate</li> </ul>	
Engineer Temporary Staffing and Incidental Business	+3,521m (21.5%)
<ul style="list-style-type: none"> <li>Sales increased owing to higher unit price of temporary staffing and improved utilization rate</li> </ul>	
Other	+619m (+170.9%)
<ul style="list-style-type: none"> <li>Withdrawal from or reduction of unprofitable businesses</li> <li>Education-related business remained high</li> </ul>	

\* The Company has been changed its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for FY9/20. In addition, results for FY9/19 adopt IFRS.



# Consolidated P/L (2) SG&A expenses



Group

## ■ Reduced recruiting expenses due to restrained recruitment activities

(Million yen)

	FY2019	FY2020	Change	Remarks
Cost of sales	37,644	42,493	+4,849	Increased in the number of engineers
Cost of sales ratio	71.7%	72.4%	+0.7pt	
Gross profit	14,861	16,175	+1,314	
Gross profit ratio	28.3%	27.6%	▲0.7pt	
SG&A expenses	10,435	10,248	▲186	
Directors' compensations	185	237	+52	
Personnel expenses	4,514	5,042	+528	Increased due to an increase in the number of consolidated subsidiaries
Advertising expenses	114	174	+60	
Recruiting expenses	2,655	1,606	▲1,049	Decreased due to restrained recruitment
Rents	373	354	▲18	Decrease due to liquidation of unprofitable subsidiaries
Business consignment expense	807	599	▲208	
SG&A expenses ratio	19.9%	17.5%	▲2.4pt	

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

\* The Company has been changed its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for FY9/20. In addition, results for FY9/19 adopt IFRS.

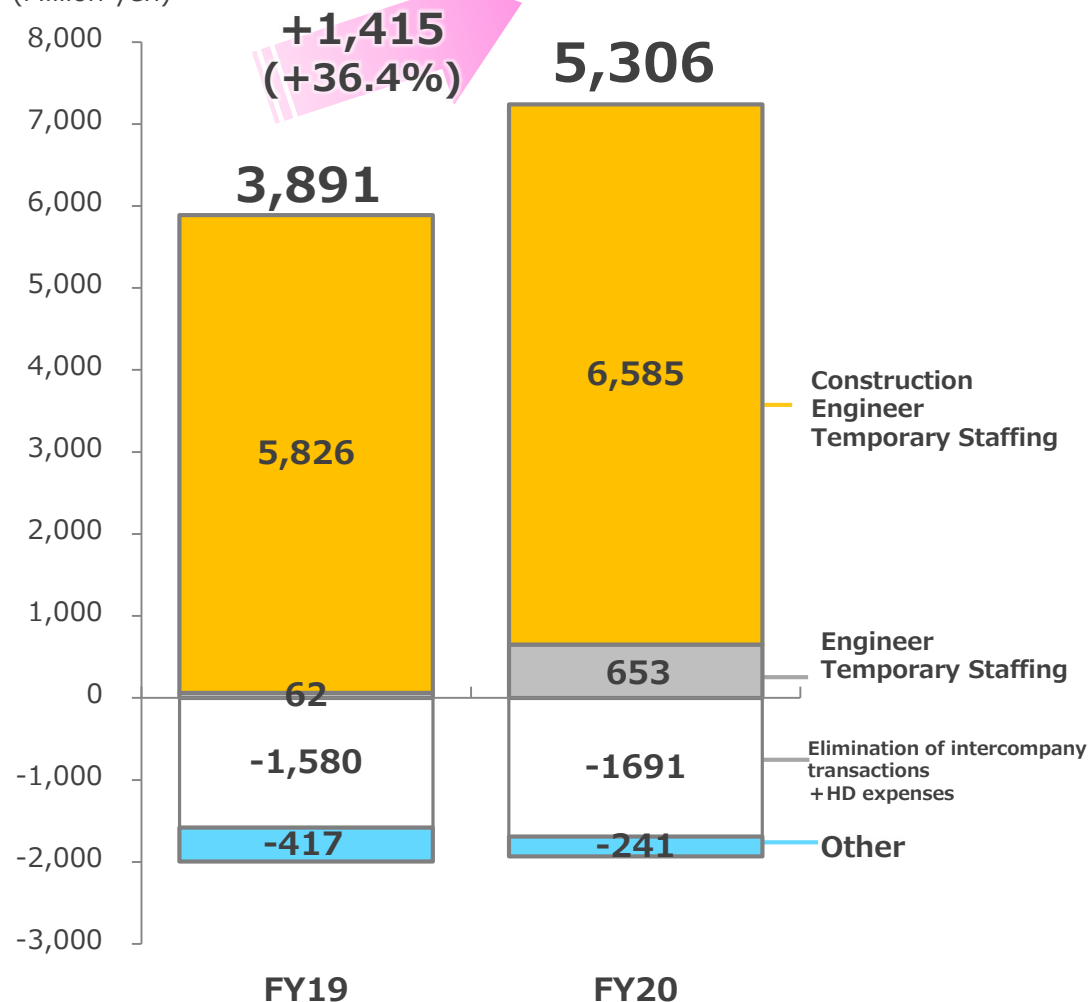
# Consolidated P/L (3) Operating profit



Group

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

(Million yen)



## [Major factors for increase/decrease]

**Construction Engineer Temporary Staffing and Incidental Business** **+759m (+13.0%)**

- Profits increased due to the rise in unit price of temporary staffing and lower recruiting expenses

**Engineer Temporary Staffing and Incidental Business** **+590m (+940.2%)**

- Profits increased due to the rise in unit price of temporary staffing and lower recruiting expenses

**Other** **+176m**

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

\* The Company has been changed its accounting standards for consolidated financial results to International Accounting Standards (IFRS) from the full-year results for FY9/20. In addition, results for FY9/19 adopt IFRS.

## Balance Sheet

# Consolidated B/S (1) Assets



Group

(Million yen)

	End-Sep.2019	End-Sep.2020	Change	Remarks
<b>Assets</b>	<b>30,346</b>	<b>36,399</b>	<b>+6,052</b>	
<b>Current assets</b>	<b>18,825</b>	<b>24,774</b>	<b>+5,815</b>	
Cash and cash equivalents	10,109	15,426	+5,316	
Trade and other receivables	7,613	7,528	▲213	Decreased due to a decrease in the number of engineers at work
Inventories	57	62	+5	
Other financial assets	187	146	▲44	
Other current assets	857	1,610	+750	
<b>Noncurrent assets</b>	<b>11,521</b>	<b>11,624</b>	<b>+102</b>	
Tangible fixed assets	2,304	2,993	+688	Increased due to increase in bases
Goodwill	3,676	3,428	▲247	Impairment of goodwill of overseas affiliates
Intangible assets	1,044	1,122	+78	
Investment real estate	229	224	▲4	
Other financial assets	3,029	1,790	▲1,241	Sale of shares held, etc.
Deferred tax assets	1,203	2,028	+824	
Other noncurrent assets	34	35	+1	

# Consolidated B/S (2) Liabilities and Net Assets



Group

	End-Sep.2019	End-Sep.2020	Change	Remarks	(Million yen)
<b>Liabilities + net assets</b>	<b>30,346</b>	<b>36,193</b>	<b>+5,846</b>		
<b>Liabilities</b>	<b>19,292</b>	<b>24,837</b>	<b>+5,545</b>		
<b>Current liabilities</b>	<b>12,631</b>	<b>17,013</b>	<b>+4,381</b>		
Bonds and borrowings	4,458	2,674	▲1,784		
Trade and other payables	688	566	▲121		
Other financial liabilities	646	1,653	+1,006	Increase due to increase in offices and deposits received	
Accrued income tax	724	2,390	+1,665		
Provisions	207	23	▲184		
Other current liabilities	5,905	9,703	+3,798		
<b>Noncurrent liabilities</b>	<b>6,660</b>	<b>7,824</b>	<b>+1,164</b>		
Bonds and borrowings	5,219	6,050	+831		
Other financial liabilities	671	1,017	+346		
Liabilities for retirement benefits	335	352	+16		
Provisions	191	182	▲9		
Deferred tax liabilities	241	216	▲24		
Other noncurrent liabilities	—	4	+4		
<b>Assets</b>	<b>11,054</b>	<b>11,561</b>	<b>+506</b>		
Capital	822	828	+5		
Capital surplus	10,777	10,803	+25		
Retained earnings	1,562	2,458	+896	Net income for FY20 – Yearend dividends for FY19 – Interim dividend for FY20	
Treasury stock	▲2,001	▲2,437	▲436		
Other components of capital	26	36	+10		
Total equity attributable to owners of parent	11,187	11,689	+501		
Non-controlling interest	▲133	▲128	+4		

## **FY9/21 Forecasts**

# FY9/21 Consolidated Forecasts



Group

(Million yen)

	FY2020 Result (IFRS)	FY2021 Forecasts (IFRS)	Pct. change
Revenue	58,669	61,000	4.0%
Operating profit	5,306 (9.0%)	6,000 (9.8%)	13.1%
Profit before taxes	5,076 (8.7%)	5,800 (9.5%)	14.3%
Profit attributable to owners of parent	3,557 (6.1%)	3,800 (6.2%)	6.8%
Basic profit per share	46.92 yen	50.39 yen	—

# Medium-Term Management Plan

(FY9/21 – FY9/25)



# Summary of Business Plan①



Group

(Million yen)

1. Group (consolidated)	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	61,000	71,500	84,000	98,000	114,000
Operating profit	6,000	7,000	9,500	13,000	16,500

2. Construction engineer temporary staffing and incidental business	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	38,000	42,500	46,000	51,000	56,500
Segment profit	6,000	6,400	7,200	8,000	9,100

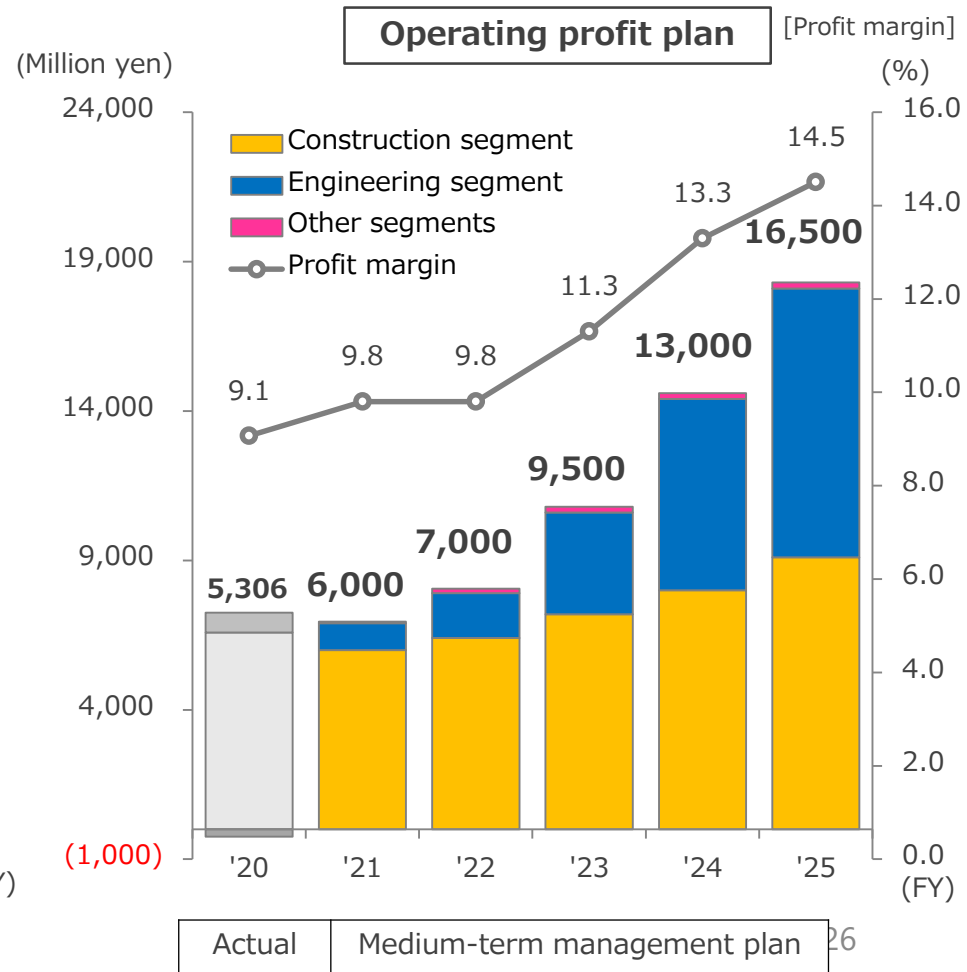
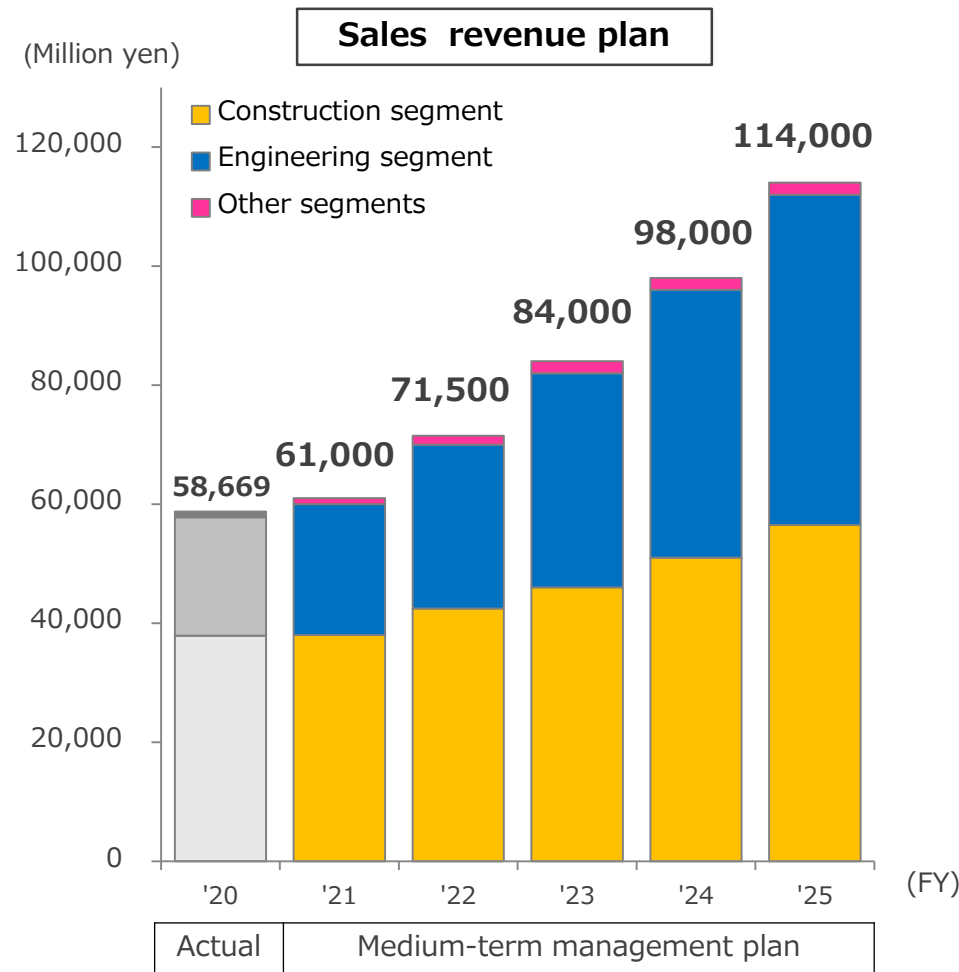
3. Engineer temporary staffing and incidental business	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	22,000	27,500	36,000	45,000	55,500
Segment profit	900	1,500	3,400	6,400	9,000

# Summary of Consolidated Business Forecasts②



Group

- Revenue ⇒ Increase due to increase in each segment
- Operating profit ⇒ Stable growth in the construction segment  
Expect a rapid growth in the engineering segment



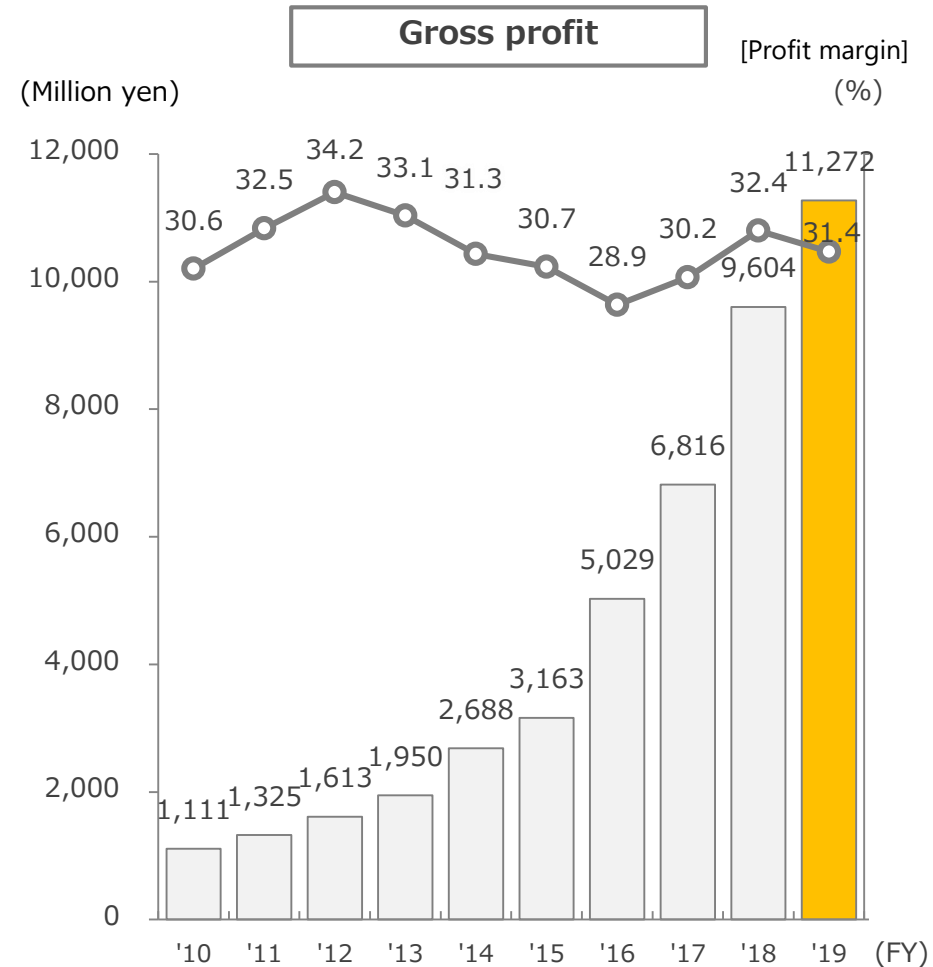
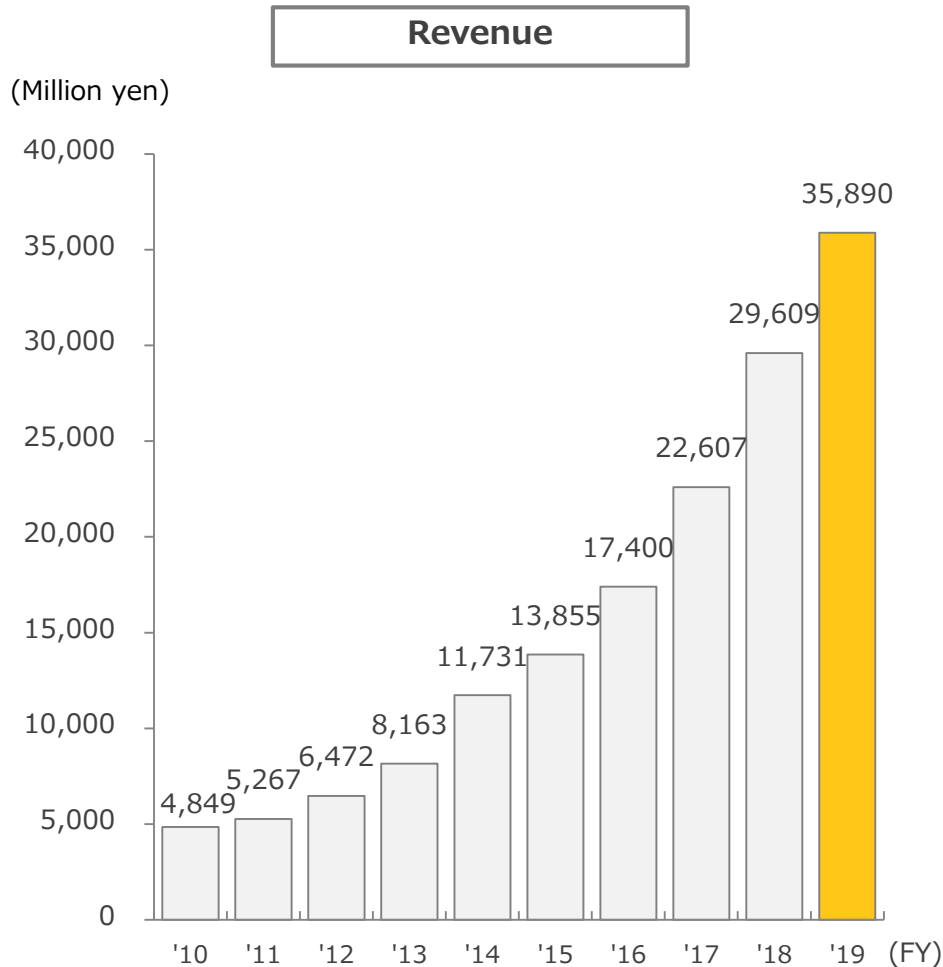
**Yumeshin Holdings is No.1  
in **training** and temporary  
staffing of engineers**

## **Construction Engineer Temporary Staffing and Incidental Business**

# Changes in Revenue and Gross Profit



- Revenue ⇒ Continued increase in revenue due to increase in the number of engineers and rise in unit price
- Gross profit ⇒ Increased in proportion to revenue but profit margin remained at about 30%

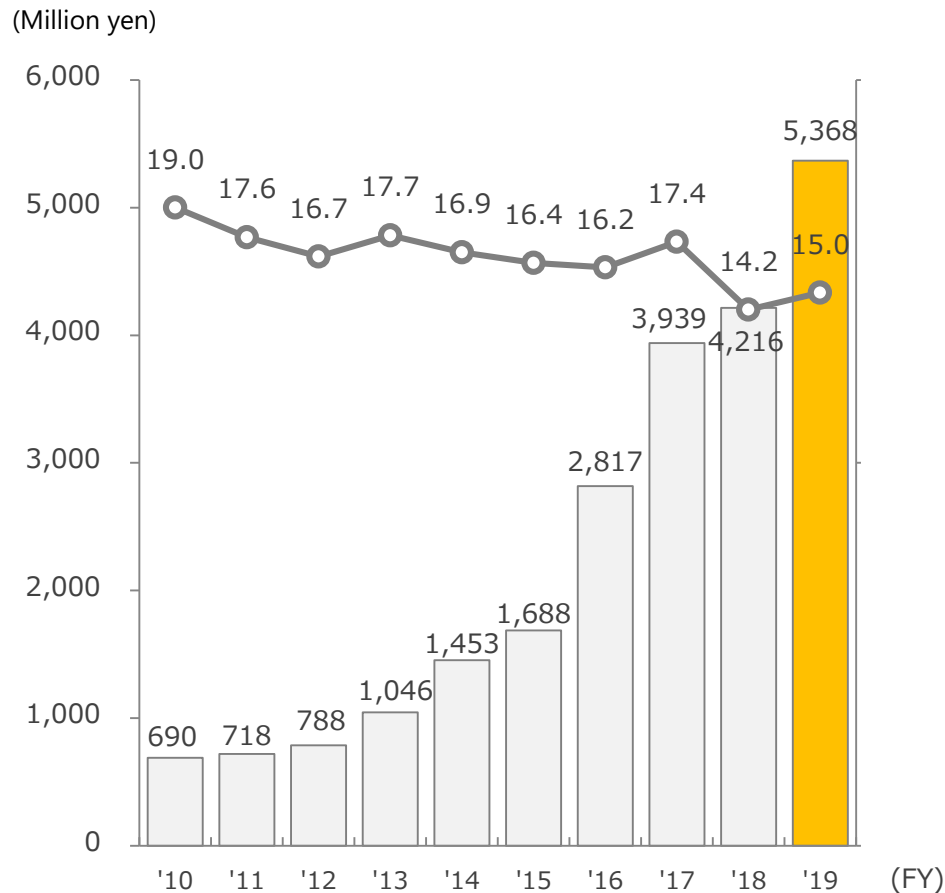




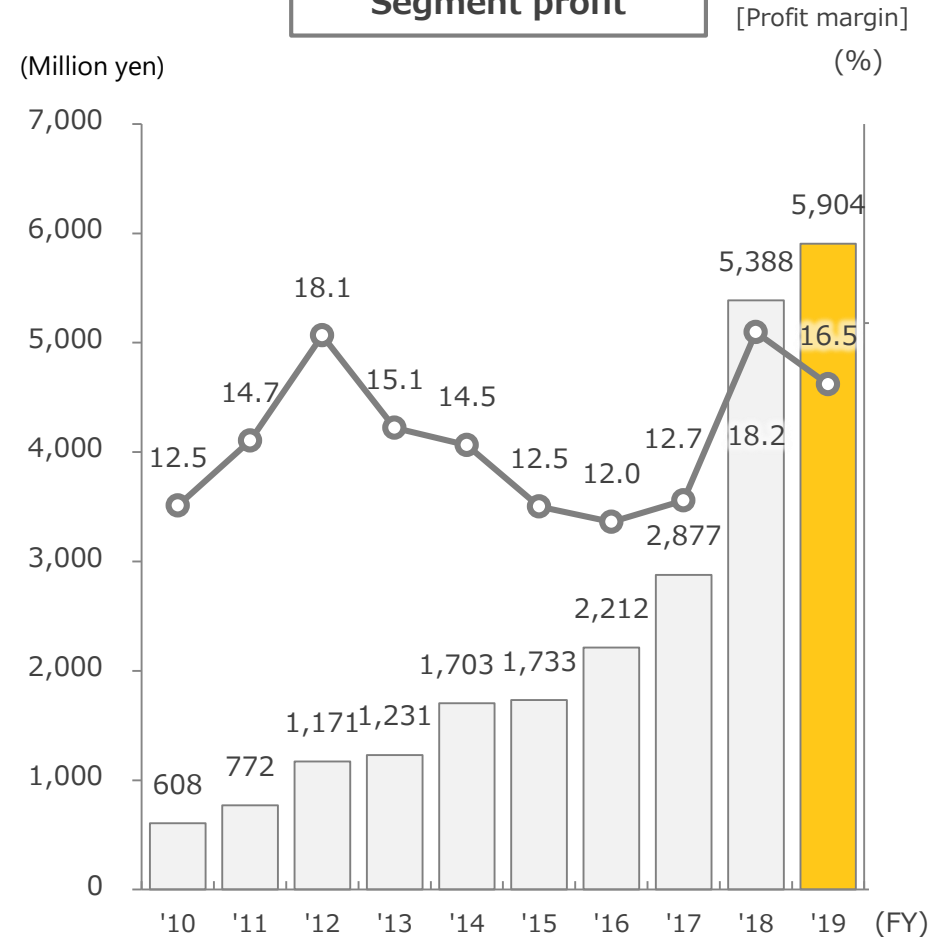
# Changes in SG&A Expenses and Segment Profit

- SG&A expenses ⇒ Increased due to increased number of recruitment
- Segment profit ⇒ Revenue continued to increase but profit margin fluctuated due to investment in recruitment

SG&A expenses



Segment profit

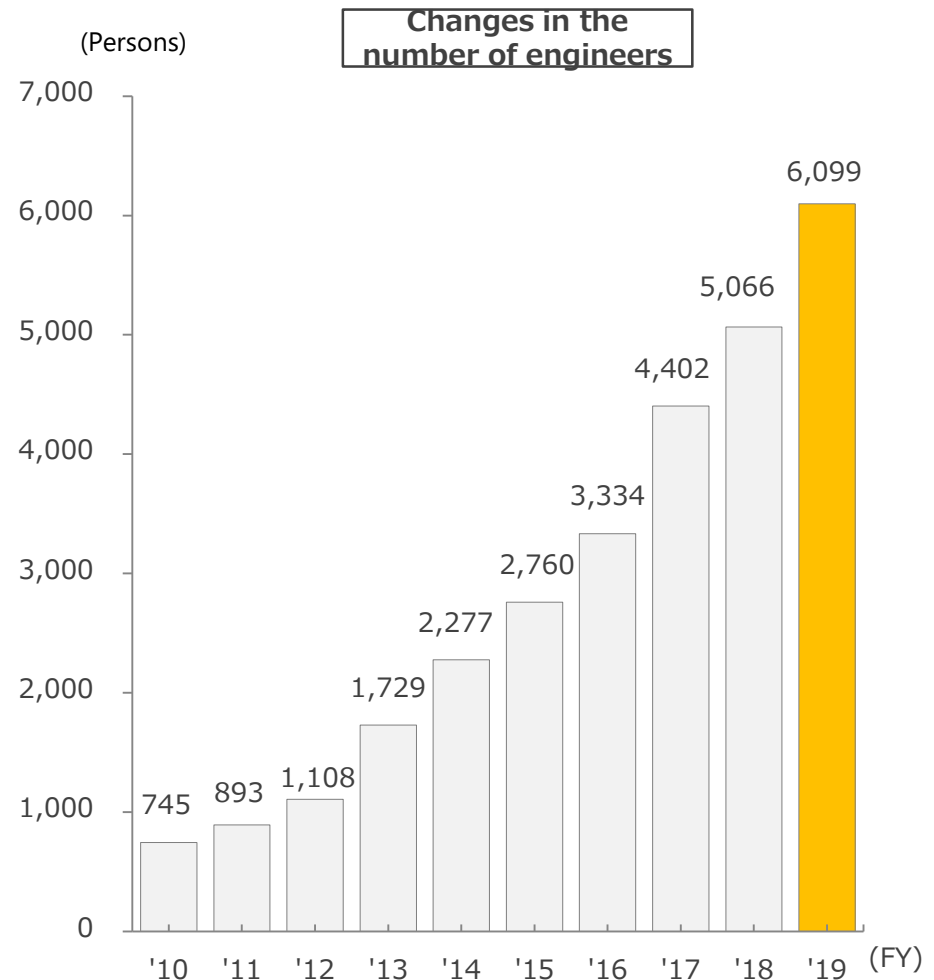
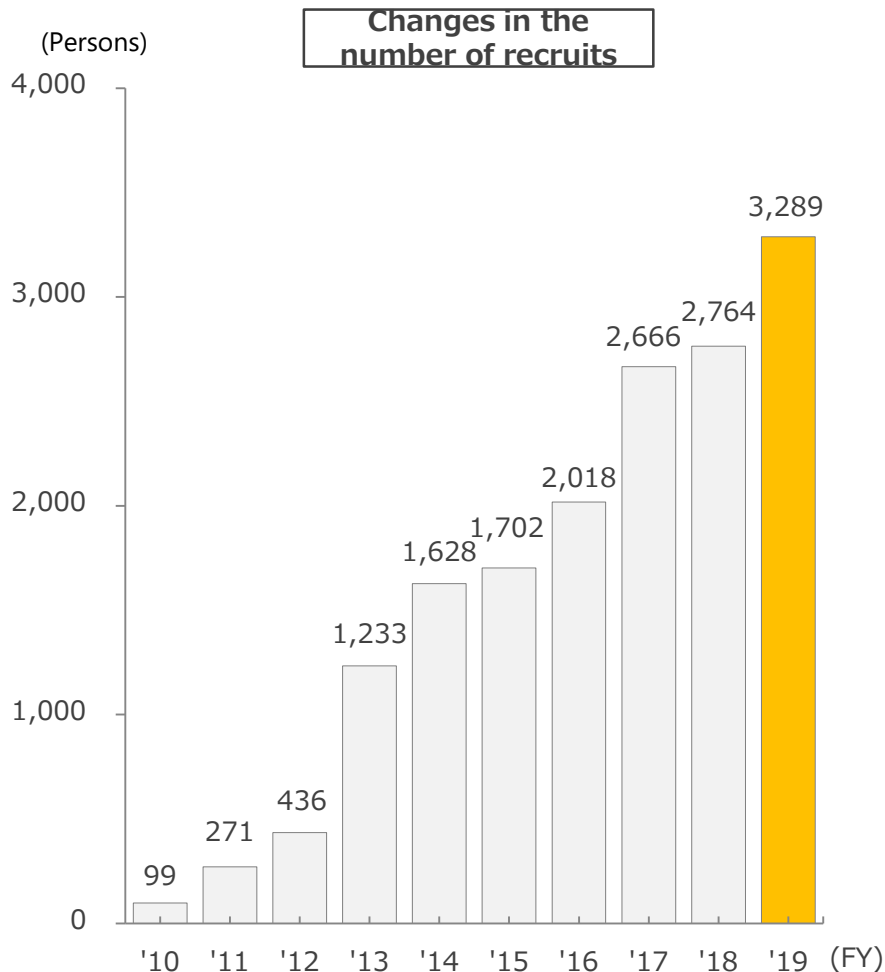


# Changes in the Number of Engineers



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Number of recruits ⇒ Demand for engineers after the Great East Japan Earthquake in 2011 increased rapidly → Active recruitment in full-scale
- Number of engineers ⇒ Steadily increased



**Q. Why did the  
Company **grow** to  
be the Company it  
is today?**



**A. Difference in **strategy**  
from other companies**

**Originally, construction  
industry was...**

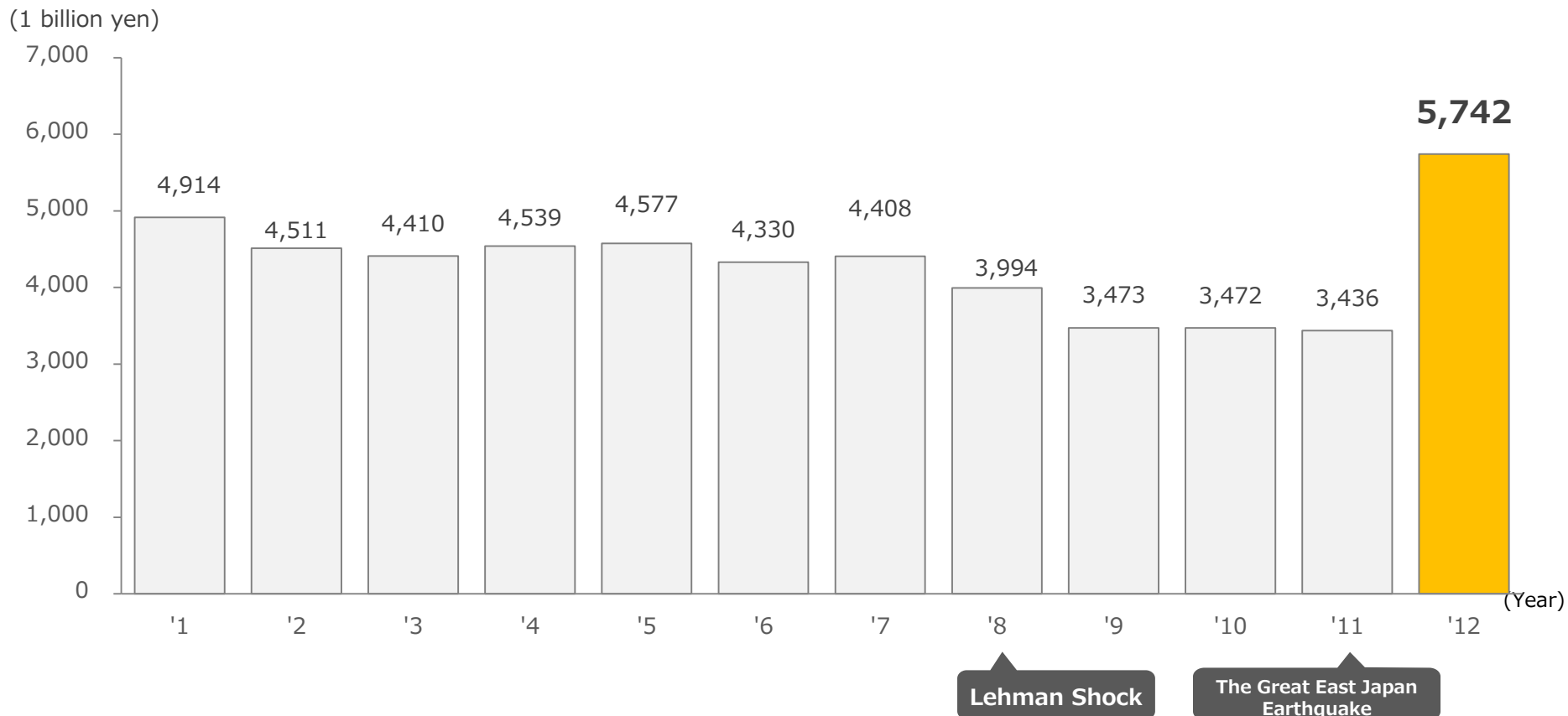


# External Environment①

## Changes in the Volume of Construction Work

- In the past, experienced workers were the mainstream of the market in the construction industry
- The volume of construction work which was on the decrease recovered rapidly after the Great East Japan Earthquake ⇒ Demand for engineers also increased rapidly

Survey of Orders Received for Construction



Source: "Survey of Orders Received for Construction," Ministry of Land, Infrastructure, Transport and Tourism

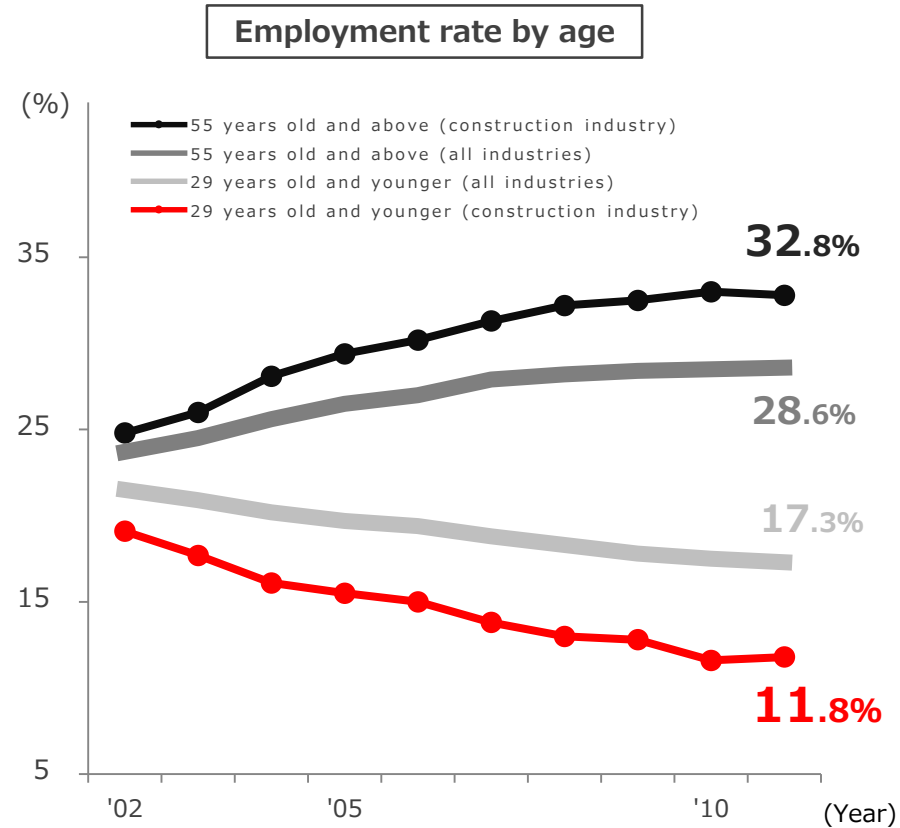
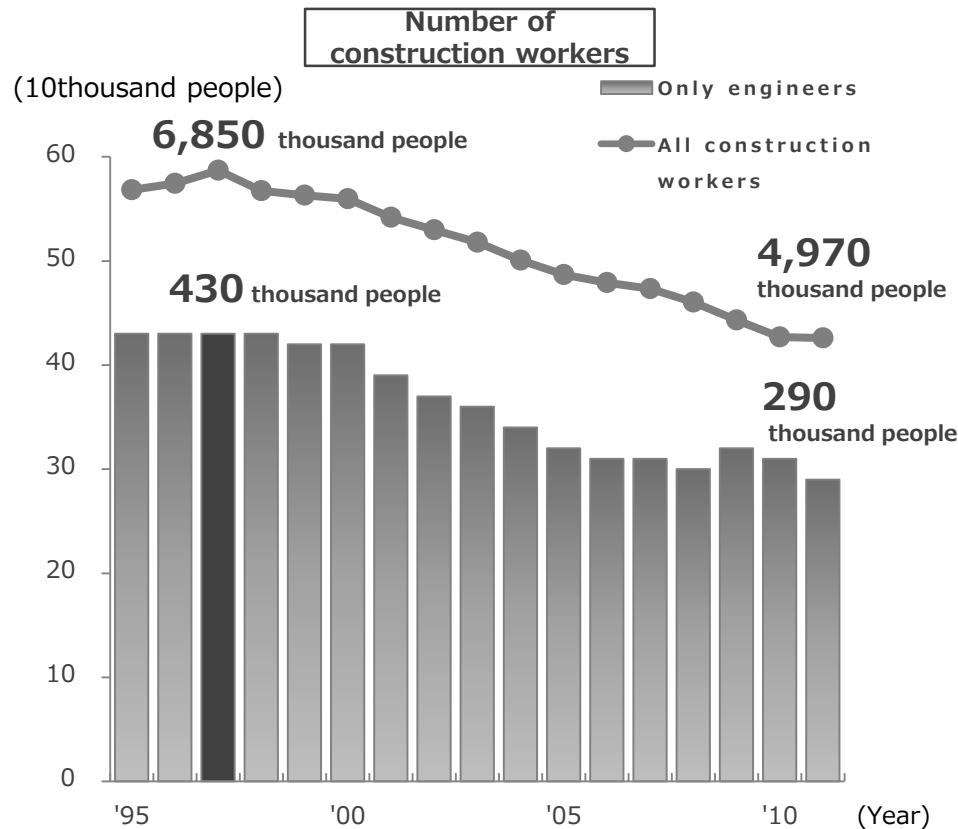
**On the other hand**

# External Environment② Decrease in the Number of Employees and Aging Population



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Decrease in the number of employees due to decrease in construction demand
- Shortage of workforce due to declining birthrate and aging population → One third of the employees to 55 years old and above



**To a human resources structure that is unable to respond to rapid increase in demand**



Industry characteristics  
of experienced workers  
as a mainstream



Decrease in  
experienced workers  
due to declining birthrate  
and aging population

Unprecedented shortage of human resources but  
cannot increase experienced workers straight away



**A company that can newly foster human  
resources is necessary**



# Why did the Company grow to be the Company it is today?



- Able to differentiate from other companies in the strategy focusing on recruitment and fostering of inexperienced workers

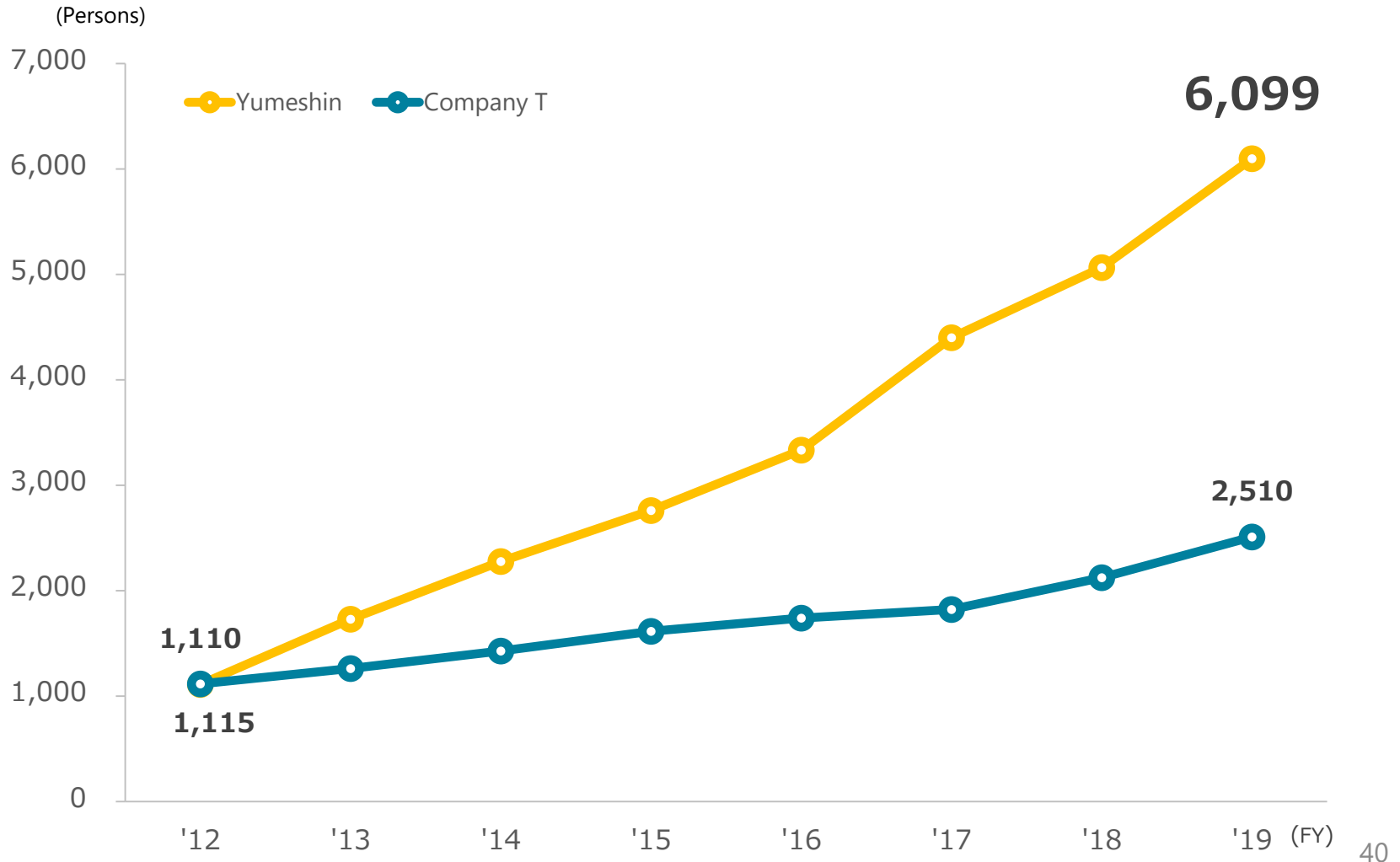
Strategy of fostering of inexperienced workers		Strategy of recruitment of experienced workers	
Can increase	Capacity to supply to market	Cannot increase	
Easier	Employment environment	Difficult	
Low but has growth potential	Unit price level	High but limited growth potential	
Rise with growth	Profit margin	Fixed	

# Changes in Growth due to Fostering of Inexperienced Workers



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Other companies adopting strategy for experienced workers struggled in recruitment
- Obvious difference in the long-term growth



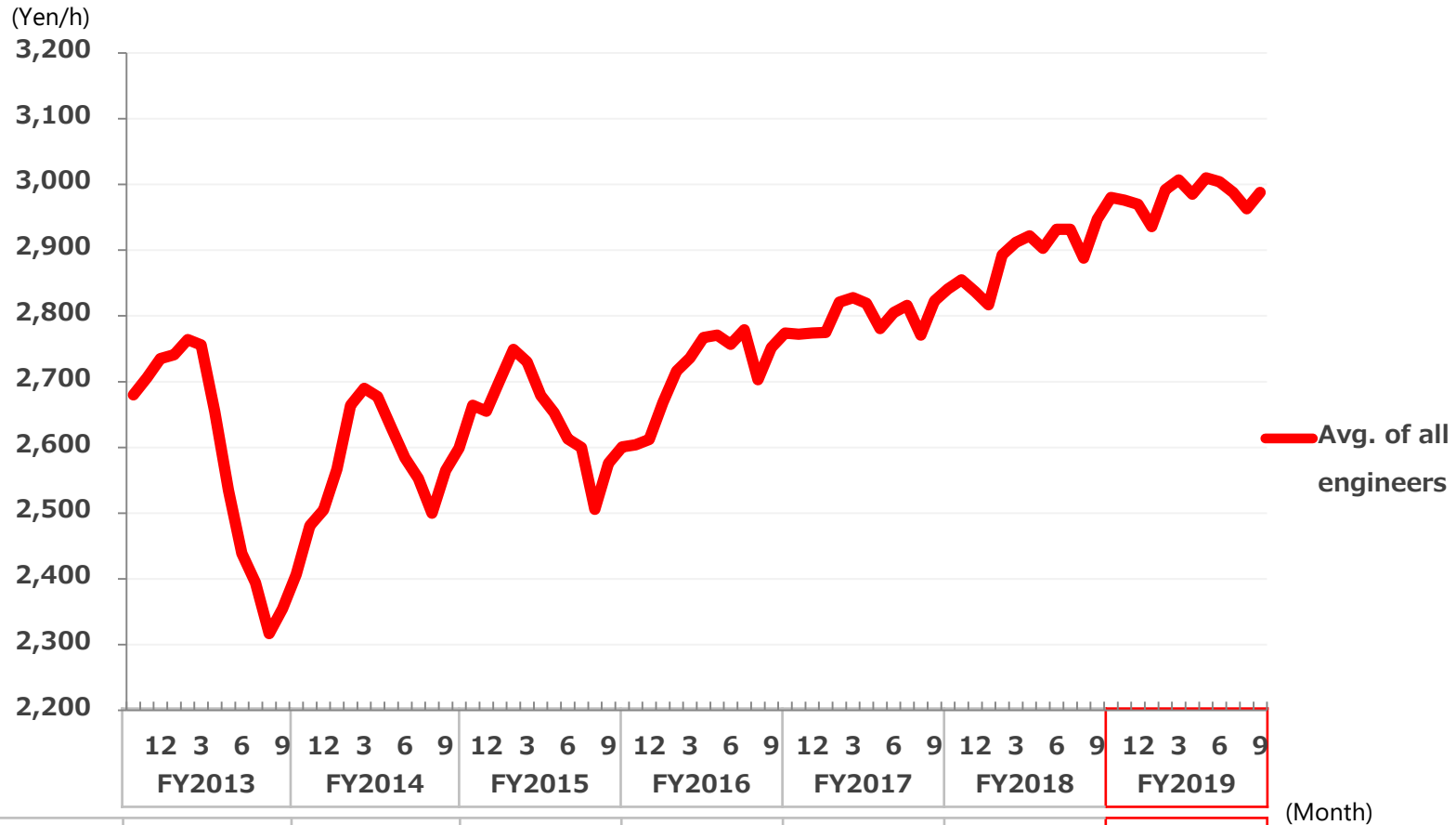


# Changes in Unit Price of Temporary Staffing



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Unit price was low when there were many inexperienced workers
- Average unit price increased as a result of increase in experienced engineers (increased by more than 30% from the bottom)



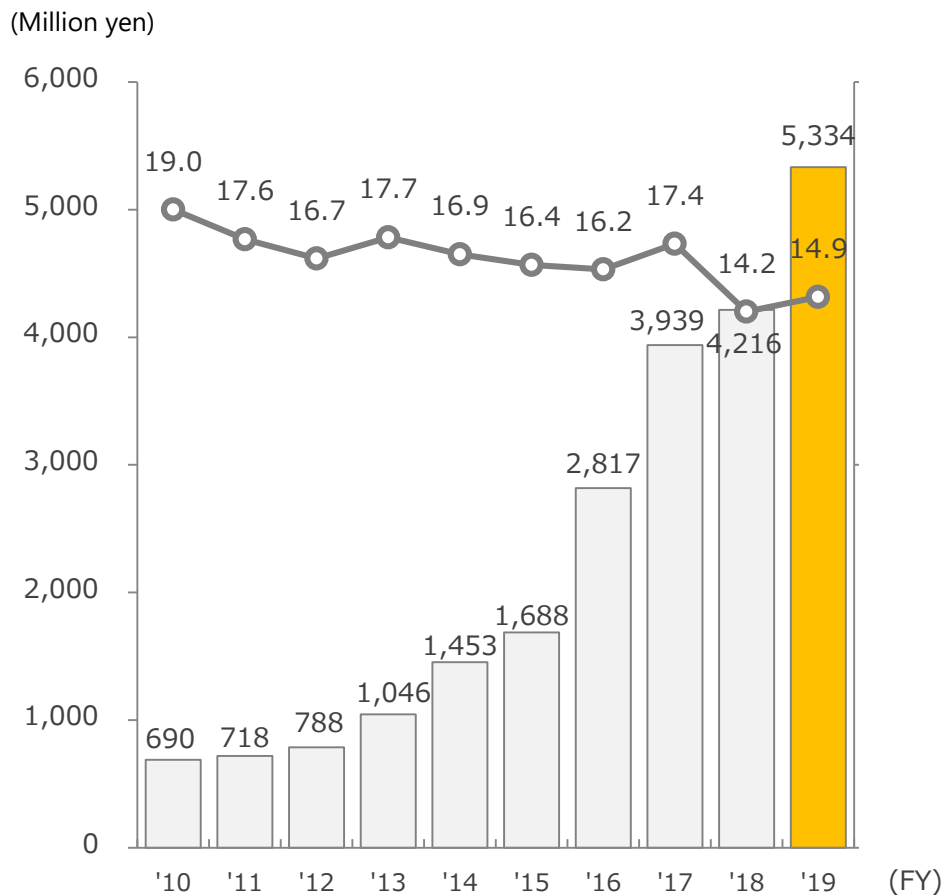
# Changes in SG&A Expenses and Segment Profit



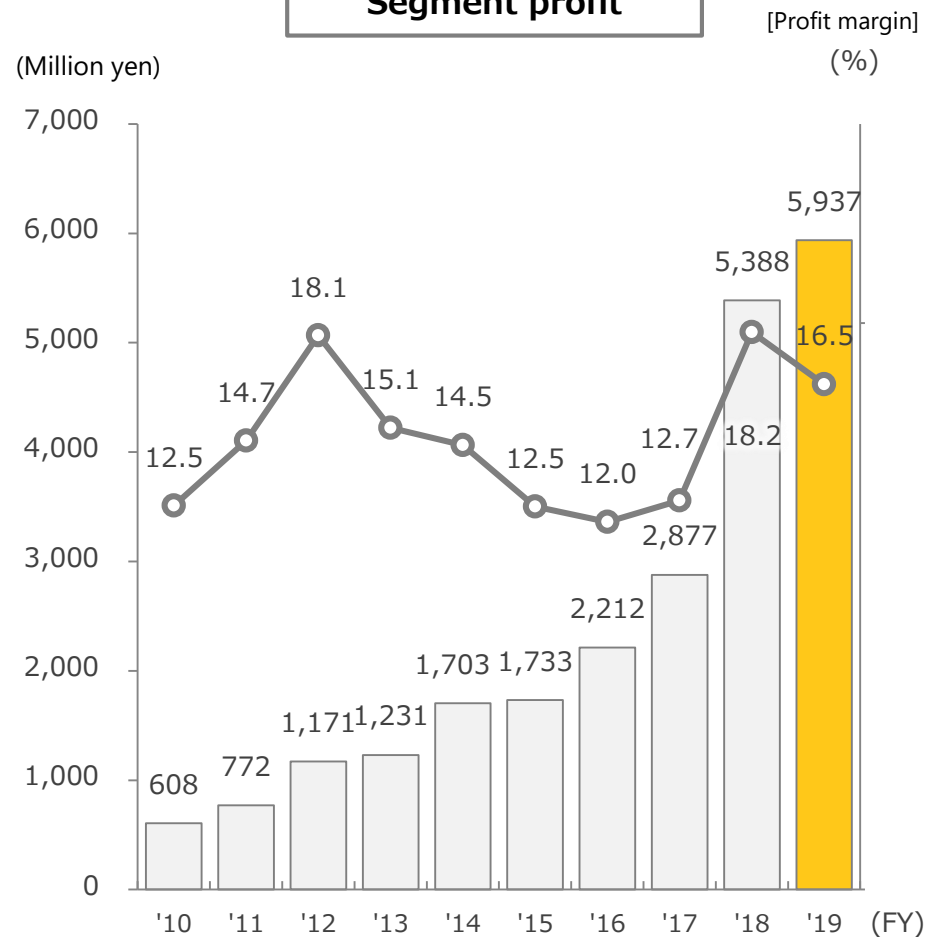
**Construction Engineer  
Temporary Staffing and  
Incidental Business**

- SG&A expenses ⇒ Increased due to increased number of recruitment
- Segment profit ⇒ Sales continued to increase but profit margin fluctuated due to investment in recruitment

**SG&A expenses**



**Segment profit**





**No change in the external  
environment**

**From No.1 to overwhelming No.1  
in refining the fostering**

# External Environment①

## Recovery in the Volume of Construction Work

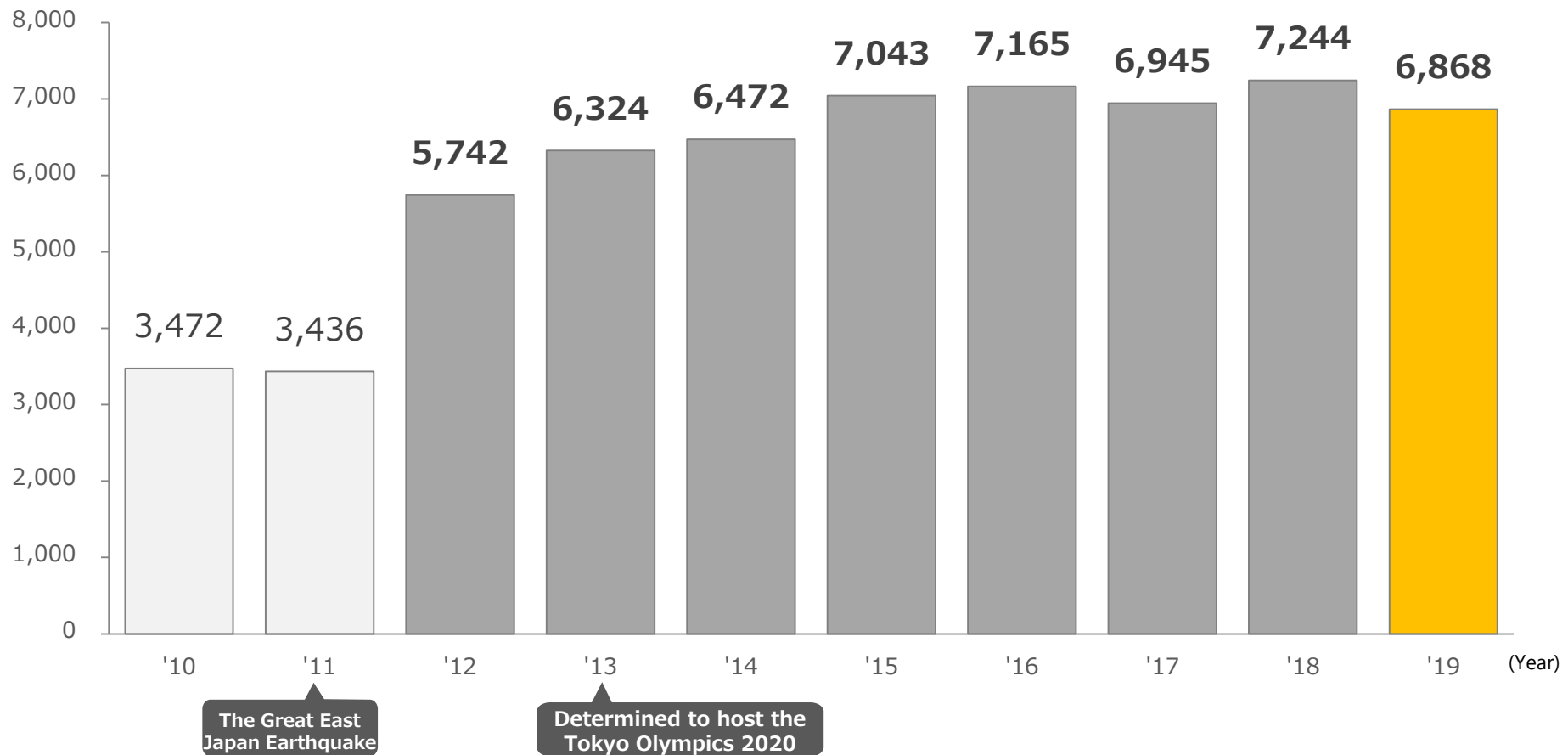


Construction Engineer  
Temporary Staffing and  
Incidental Business

### ■ Steady increase in the volume of construction work

Survey of Orders Received for Construction

(1 billion yen)



Source: "Survey of Orders Received for Construction," Ministry of Land, Infrastructure, Transport and Tourism

# External Environment②

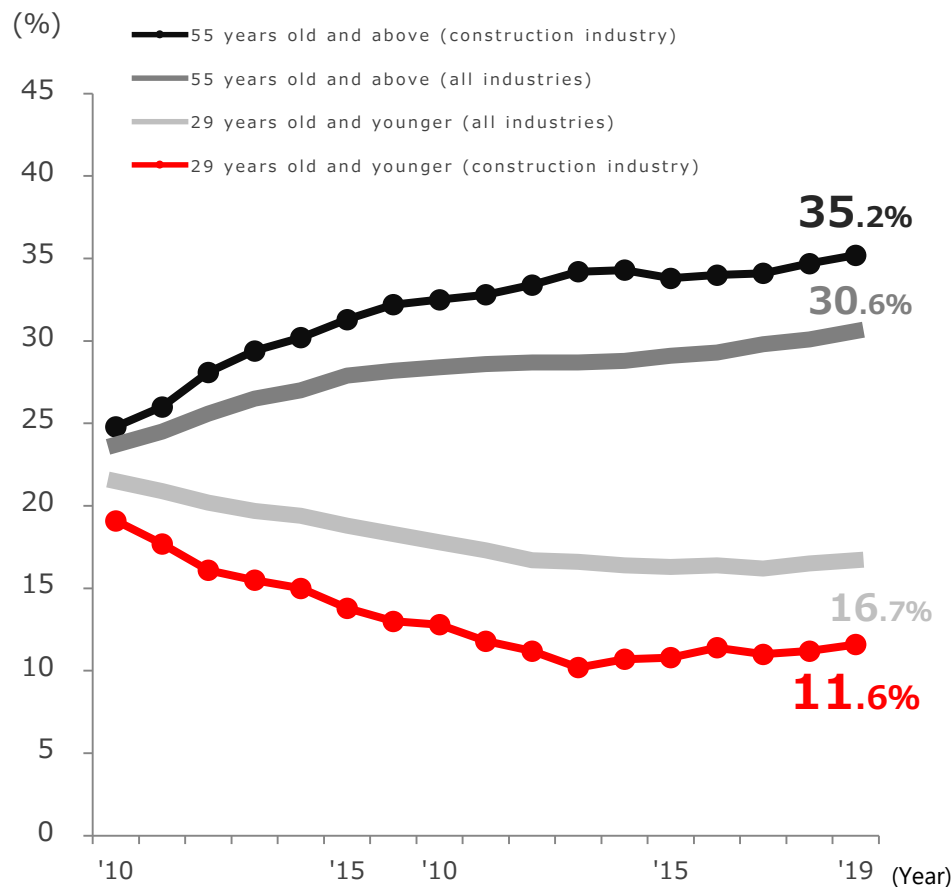
## The Current State of Securing of Workforce



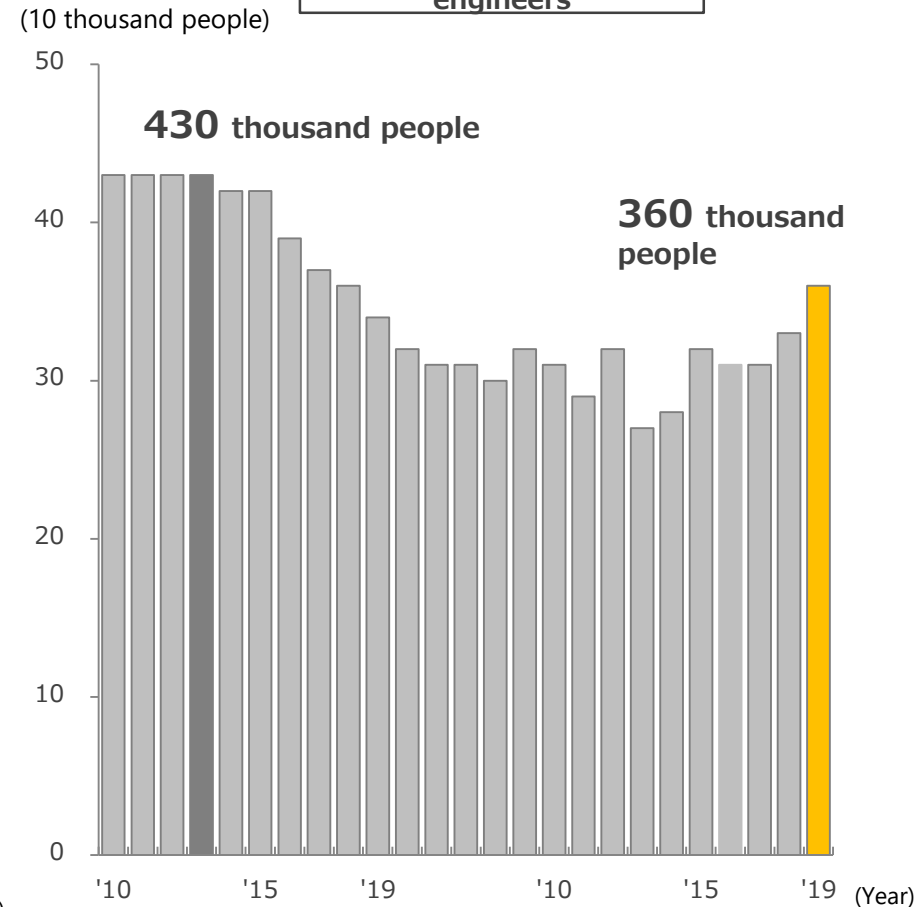
Construction Engineer  
Temporary Staffing and  
Incidental Business

- Aging of population = Structural causes of the shortage of human resources
- Even if the volume of construction work remains unchanged, the speed at which the number of employees decreases exceeds

Employment rate by age



Number of construction engineers





## Issues faced by construction companies in recruitment

### Major companies

- Life-long employment is a deep-rooted problem, and from a long-term perspective there's a risk in mass recruitment
- Incidental cost of personnel expenses, such as welfare pensions, is high
  - Want to avoid fixed cost due to the employment of full-time workers

### Small and medium-sized companies

- Less human resources, funds, and other recruitment resources
  - Low recruitment capabilities

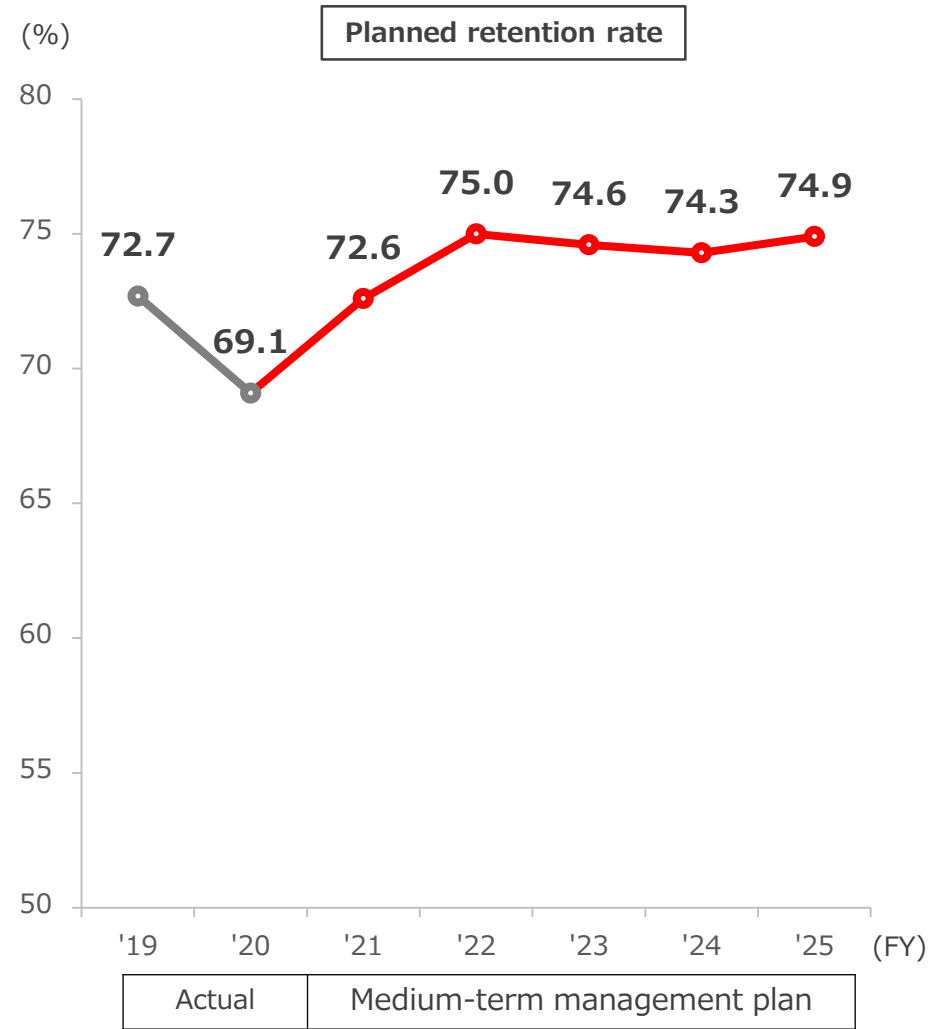
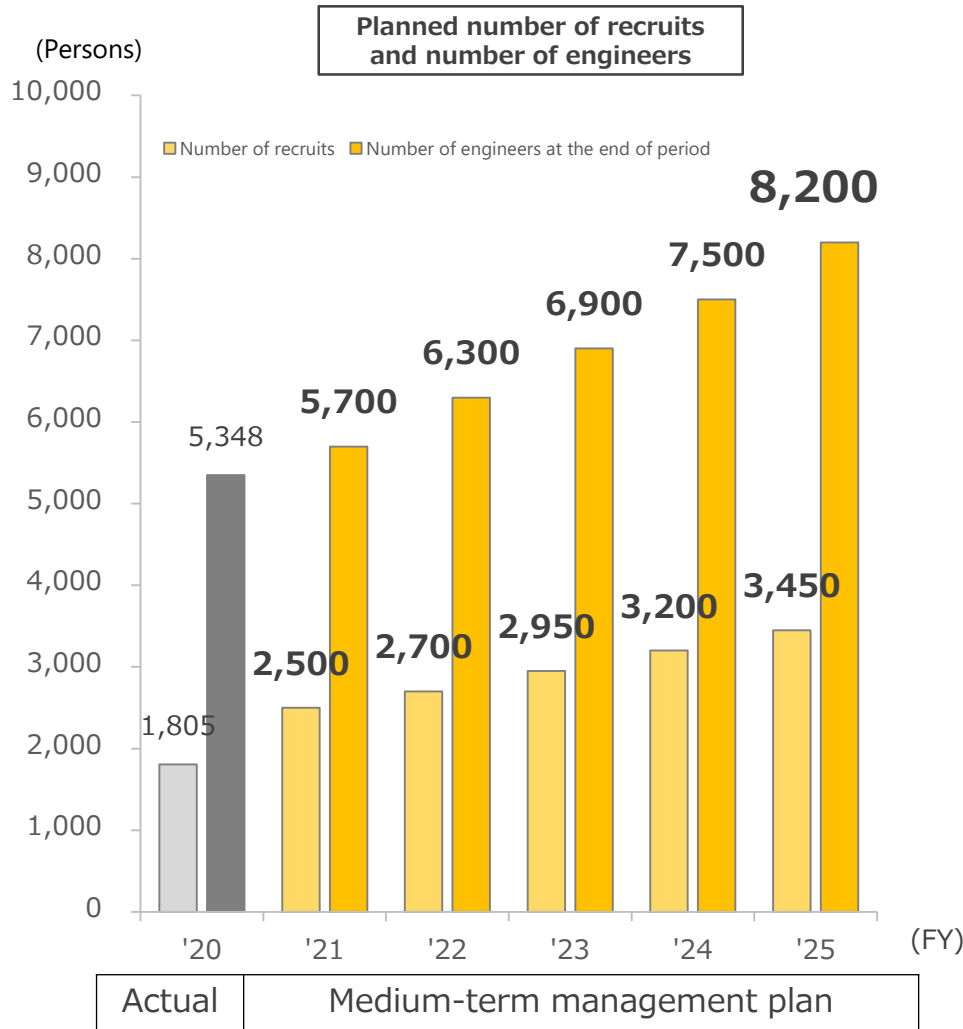
**⇒ Use of flexible temporary staffing is generalized**

# Medium-Term Management Plan①Retention Rate, Recruitment and Number of Engineers



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Active recruitment + Increase in the number of engineers due to improved retention rate
- Reduced recruitment + reshuffling of human resources → FY20 retention rate temporarily decreases



# Priority Measures: Improvement in Retention Rate



Construction Engineer  
Temporary Staffing and  
Incidental Business

- Follow up in smaller groups of Engineer Access Team (newly established)

Description of  
measures

- Follow up in limiting the number of engineers to 50
- Contact every week, visit every month and have a questionnaire
- Continue to follow up even the job site changes



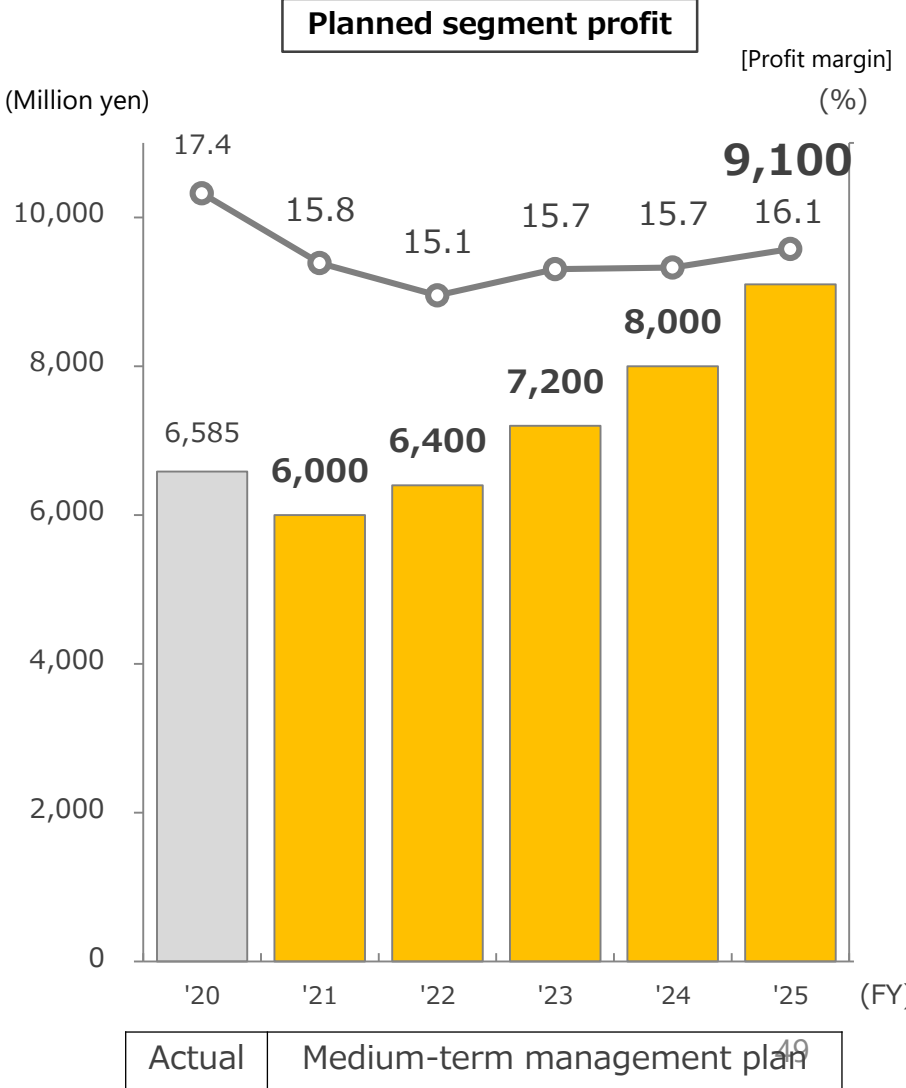
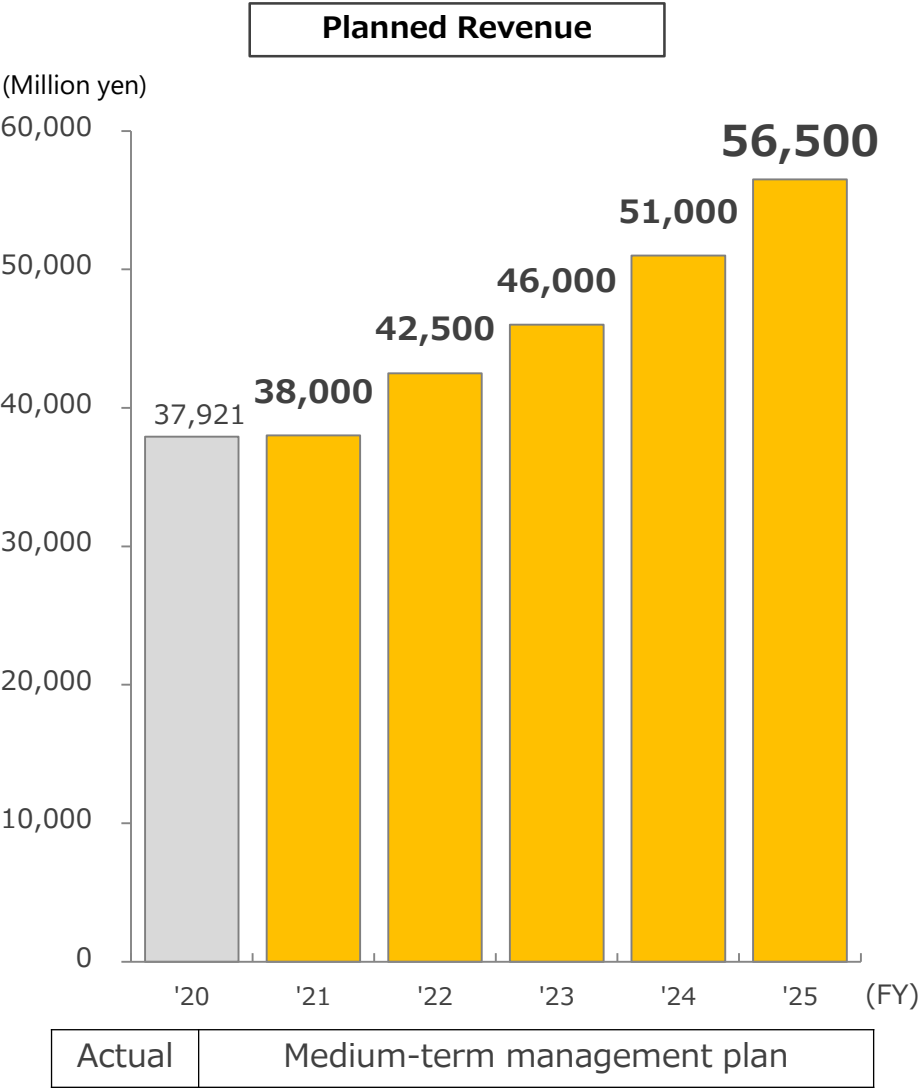
**Improve retention rate**  
by raising follow-up depth



# Medium-Term Management Plan②

## Business Forecasts

### Revenue increase due to increase in the number of engineers



# Medium-Term Management Plan②

## Summary of Business Forecasts



Construction Engineer  
Temporary Staffing and  
Incidental Business

### ■ Planned number of engineers to 8,000 in FY2025

(Million yen)

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	38,000	42,500	46,000	51,000	56,500
Segment profit	6,000	6,400	7,200	8,000	9,100
Number of recruits (persons)	2,500	2,700	2,950	3,200	3,450
Number of engineers at the end of period (persons)	5,700	6,300	6,900	7,500	8,200

## **Engineer Temporary Staffing and Incidental Business**

**No. 1 in the industry  
in fostering**

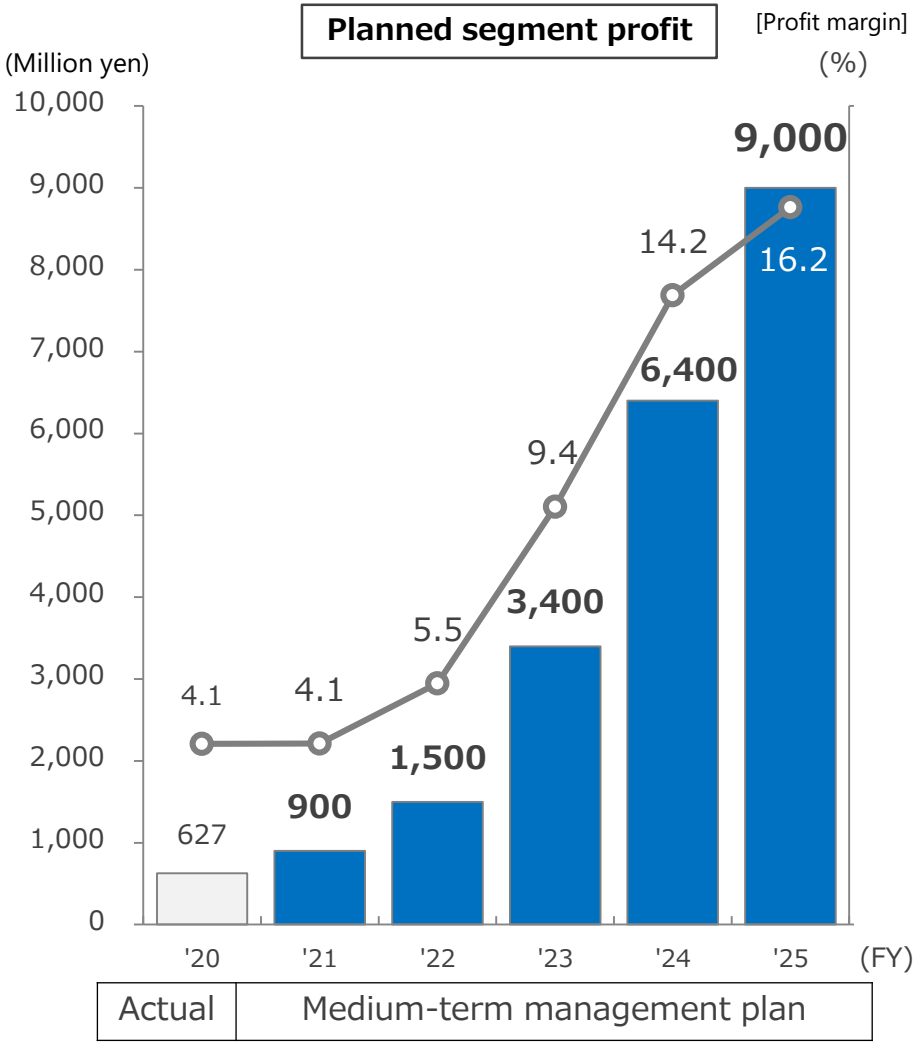
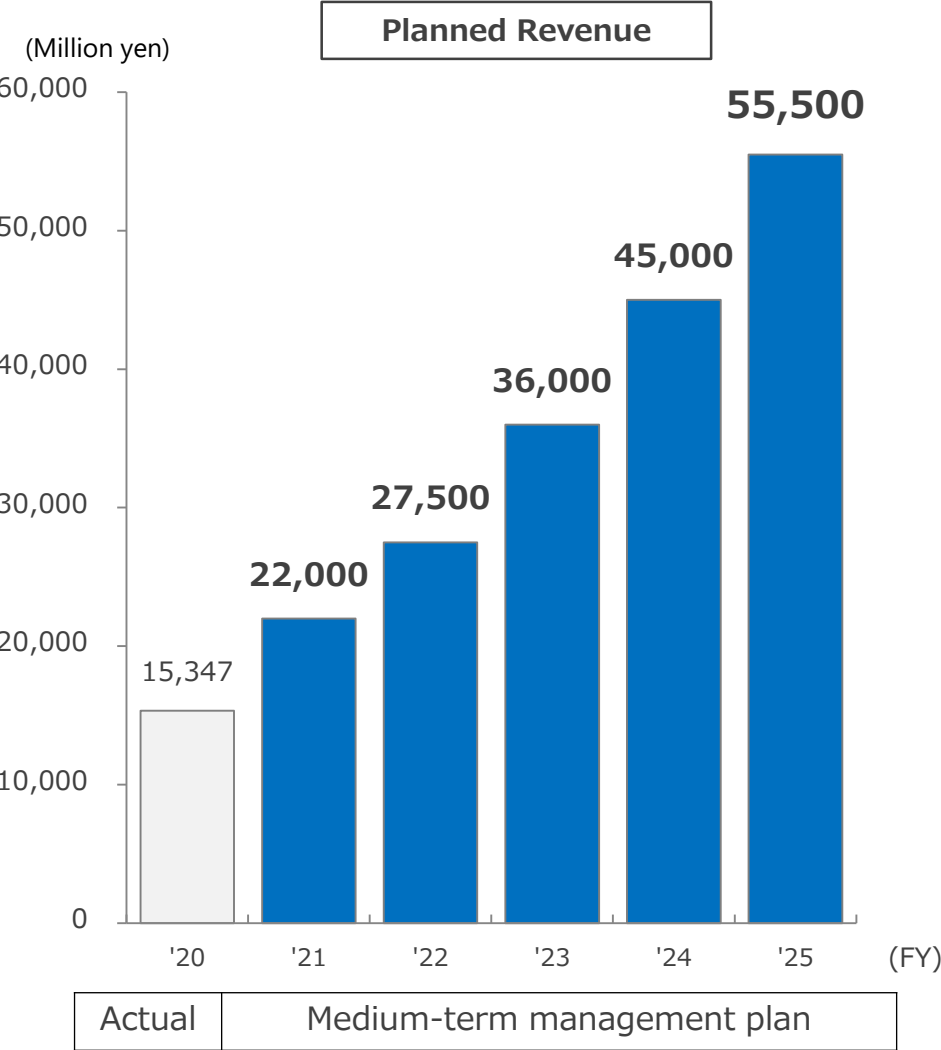
# Medium-Term Management Plan①

## Summary of Business Forecasts



Engineer Temporary  
Staffing and Incidental  
Business

- Increase in experienced engineers × economies of scale  
⇒ Profit margin improve to the same level as the construction engineering temporary staffing segment



# Medium-Term Management Plan②

## Summary of Business Forecasts



Engineer Temporary  
Staffing and Incidental  
Business

### ■ Planned number of engineers to 10,000 in FY2025

	(Million yen)				
	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	22,000	27,500	36,000	45,000	55,500
Segment profit	900	1,500	3,400	6,400	9,000
Number of recruits (persons)	1,600	2,300	3,000	3,100	3,800
Number of engineers at the end of period (persons)	4,200	5,400	6,900	8,300	10,000

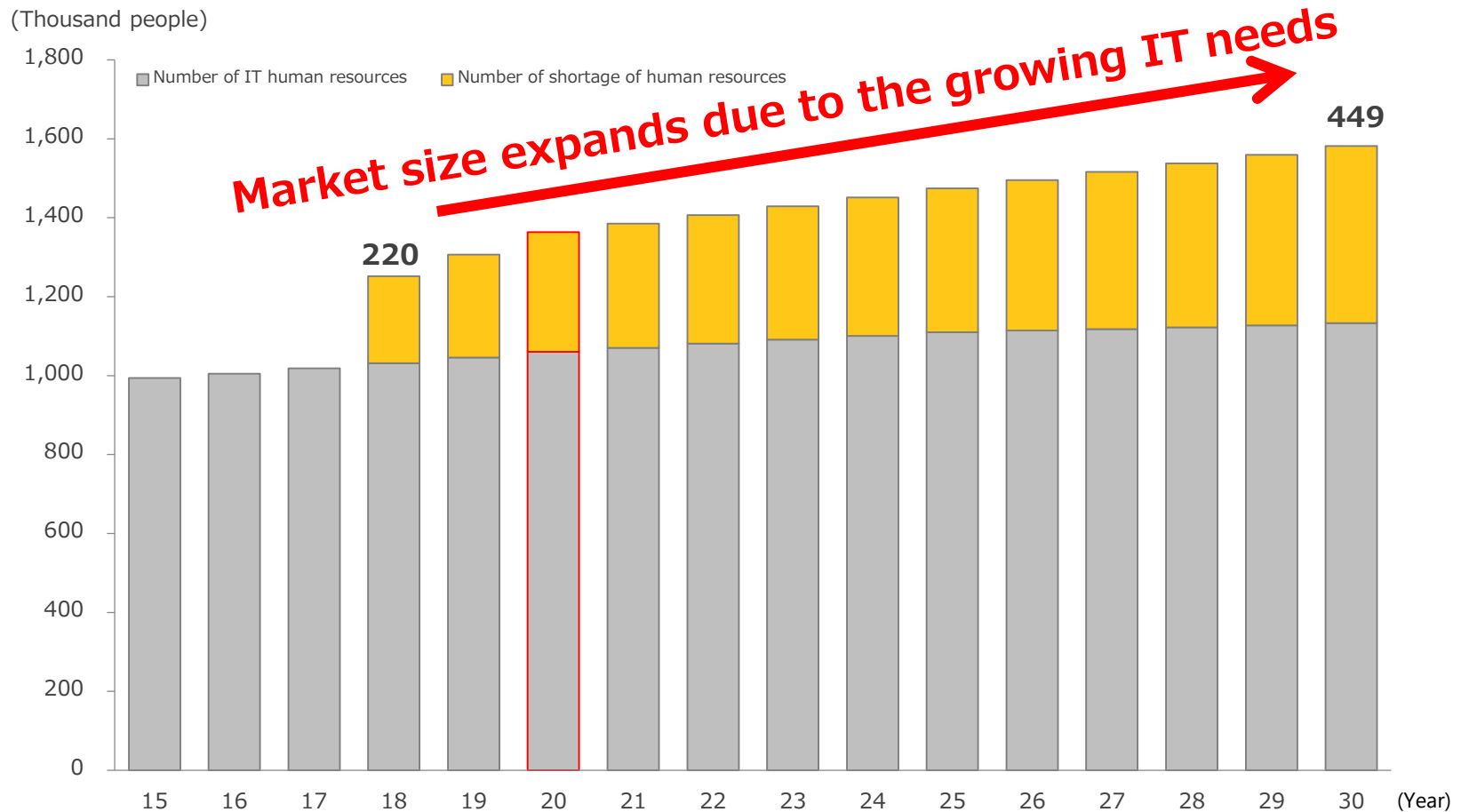
# External Environment① The Current State of Securing of Workforce in the Industry



Engineer Temporary  
Staffing and Incidental  
Business

- Revitalization of the industry due to DX + shortage of human resources = increase in demand for engineers

Estimated scale of shortage of IT human resource



Source: "Survey on IT human resources supply and demand," Ministry of Economic, Trade and Industry (March 2019)



- Change the value of IT investment for companies ⇒ unmatched skills

In the past **Managerial (cost-centered)** position

## Waterfall

System design tailored to business

- It takes time to complete because it is made step by step
- There is a minor alteration but it takes a lot of trouble if you need to fix it

## On-premises

Use server considering the risk

- Takes time to launch a service
- Each company has its own infrastructure and is inefficient

## Outsourcing

To Sier considering expertise and risk

- Not able to accumulate in-house know-how
- It cannot be repaired in-house and is slow



From now on Positioning as **sales (sales improvement)**

## SaaS and agile development

System design tailored to customers market

- Speed up business
- Changes in services and products

## Cloud

Business efficiency

- Can build infrastructure right away
- Maintenance and operation will be easier

## Self-manufacture

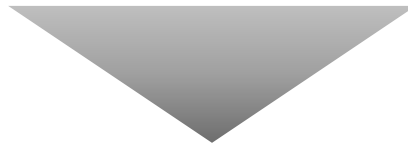
IT engineers will be necessary in the company

- Can repair in-house and can respond flexibly to meet the needs
- IT has competitive advantage and promotes corporate R&D





- Expect a shortage of 500 thousand people in 2030
- New human resources with IT skills will be necessary due to industry change
- Cannot expect a large-scale supply of human resource due to the declining birthrate and aging population



**Unprecedented shortage of  
manpower**

**What is needed  
is a company that can newly  
foster human resources**



# Misunderstanding and Reality of Engineer Temporary Staffing



Engineer Temporary  
Staffing and Incidental  
Business

- There's a misunderstanding that "Engineer temporary staffing" is red ocean
- Blue ocean where there are less competitors, especially in the area of inexperienced workers in the engineer temporary staffing industry

## Misunderstanding

Red ocean with many competitors

Low entry barrier

Low profit margin



No need to focus on it?

## Our Company's views

Blue ocean has a different strategy

Difficult to imitate

Profit margin will be high



Now is the perfect opportunity as a growing business!!



- The same environment as the construction engineer temporary staffing business around 2012
  - ... · Market with potential for growth in demand in the future
  - Not No.1 in the industry in terms of the size
- Strategy different from other companies



**Industry ranking can be reversed**



**Promote the fostering of inexperienced workers**



# Entry Barrier: Expenses on Fostering



- Characterized by high initial investment cost and difficult to make a profit in the beginning

## Simulation of fostering cost per person

Initial training	Recruiting cost	550 thousand yen
	Training cost/month	200 thousand yen
	Training period	1 to 2 months
Retraining	Training cost/month	200 thousand yen
	Training period	1 to 2 months

## Features of Training

- Concentrate in training being away from work during training period
- Training through practical operation
- Build 3 training bases nationwide



# Improvement in Profit Margin

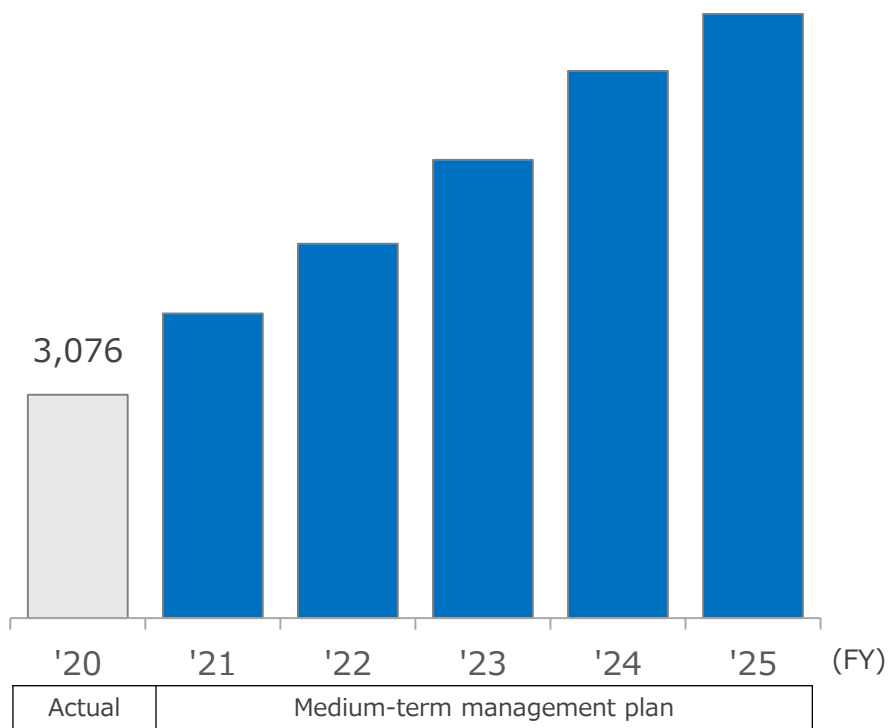


- Increase in experienced engineers × economies of scale  
⇒ Profit margin improve to the same level as the construction engineering temporary staffing segment

Planned unit price of  
temporary staffing

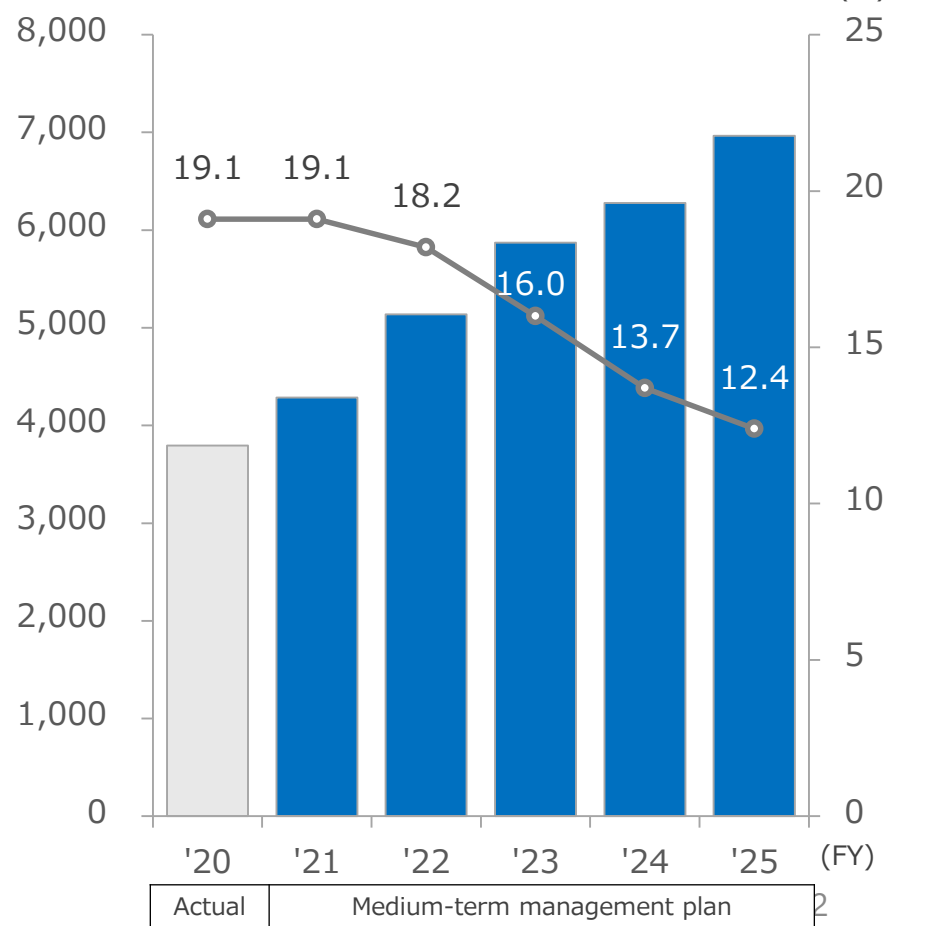
(Yen)

	FY21	FY22	FY23	FY24	FY25
YoY	+2.1%	+1.8%	+2.1%	+2.1%	+1.4%



Planned SG&A expenses

(Million yen)



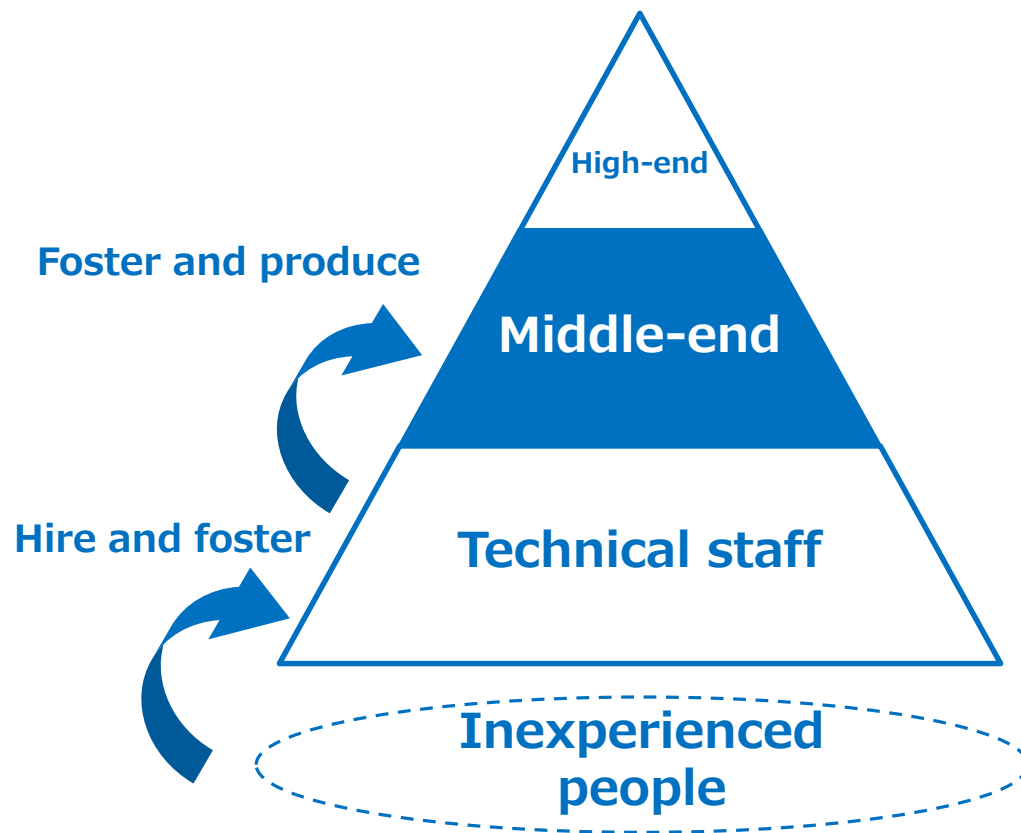
# Priority Measures①

## Enhancement of Training System



Engineer Temporary  
Staffing and Incidental  
Business

- Increase in the number of engineers due to thorough recruitment  
→ Rise in Revenue
- Rise in unit price due to expansion of continued training  
→ Improvement in profit margin



### Retraining programs

- **Salesforce training**
- **AWS training**
- **C# training**
- **IT specialist training**



# Priority Measures②

## Fostering of Cloud Engineers



Engineer Temporary  
Staffing and Incidental  
Business

- Aim to be No.1 in the number of cloud engineers to be fostered

### Focus①Salesforce engineers

- Build its own fostering program
  - Training period: 1 month to 2 months
- Certified partner
  - Certified as Salesforce.com's consulting partner

	FY2020 actual
Number of qualified engineers	68 engineers



### Focus②AWS engineers

- Build its own fostering program
  - Training period: 2 months
- Certified partner
  - Certified as AWS Partner Network (APN) of AWS' select consulting partner

	FY2020 actual
Number of qualified engineers	54 engineers





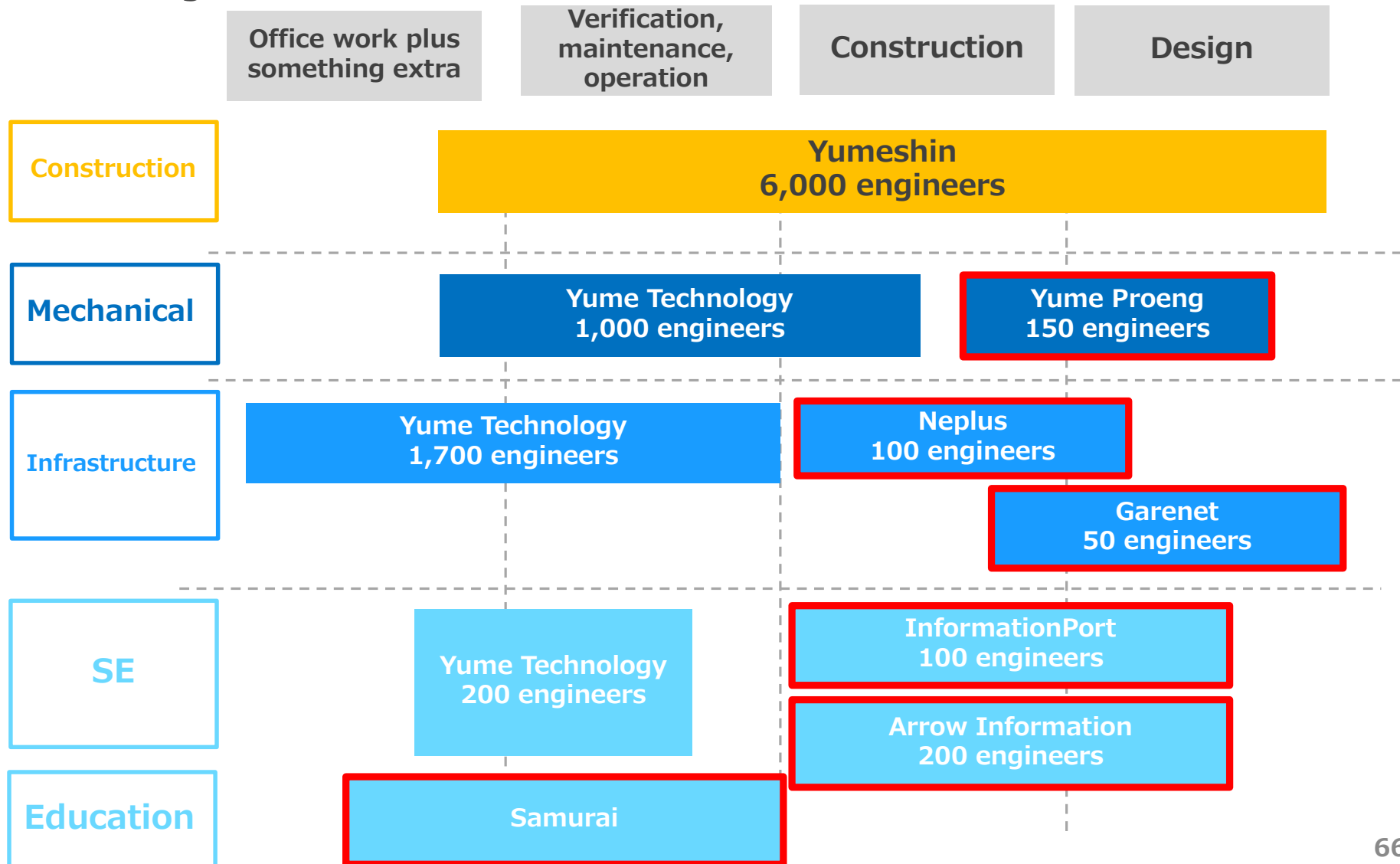
## Group Strategy

# M&A①Recent 3-Year Results



Group

- M&A mainly in the engineer temporary staffing segment where there are shortages (red boxes: results)





## M&A

### Used to conduct flexible business alliances

- Responded to a variety of situations such as earn-out type, our fully driven PMI type, and the existing management team balance type



- Accumulated know-how up to PMI
- Built relationships with many partners

## PMI

### Built a smooth cooperative structure due to PMI respecting mutual culture

- Conducted a human resources fostering program starting from no experience
- Customer development through joint sales
- Strengthening of recruitment through joint operation of recruitment website
- Progress of DX
- Joint cost reduction through management personnel

## Completion of building of a system leading to future excellent M&A



**Future policy: Consider M&A as something extra with organic growth as a basic policy**

### [Judgement criteria]

- Match the business domain
- Fair value
- Construction areas that have not been implemented in the past are also subject to consideration



- Promote efficiency of paperwork between the parties
- Laying the groundwork for management using more data in the future

- Improve convenience of engineers
- Growth promotion through visualization of careers
  - Digitalization of attendance
  - Background and career management
  - Application for qualification, etc.

Technical staff

- Improve convenience of customers
- Expansion of Web marketing market
  - Digitalization of contract and billion
  - Searching and matching of engineers
  - Digitalization of project orders

Customers

Efficiency due to the same platform

Sales and administrative divisions

- Digitalization of interaction with technical staff and customers ⇒ Efficiency of sales and administration, realization of visualization



- Aim to practice ESG based on the business models of “creation of employment opportunity” and “provision of learning opportunity”

**E**

- Promotion of paperless
- Telecommuting suggested

**S**

- Provide inexperienced people (regardless of academic background and career) with training to gain employment opportunities and skills as full-time workers  
⇒ train more than 25 thousand people in the next 5 years
- Inexperienced people can be engineers  
Aim to create a society where anyone can be reeducated and change their jobs

**G**

- 3 External Directors, 1 female director
- Comply with the CGC code in general

# Shareholder Return



## 1. Dividend

→ Stable dividend with paying 35 yen per share

## 2. Acquisition of treasury stock

→ Possible to be implemented in the future due to its flexible capital policy

【Ref.】	2019	2020	
		Plan	Result
No. of shares acquired	2,651,600 shares (Result)	1,600,000 shares	800,000 shares
Acquisition price	1,999,979,500 yen (Result)	1,000,000,000 yen	435,127,600 yen
Acquisition period	December 20, 2018- December 19, 2019	March 17, 2020- June 16, 2020	March 17, 2020- April 30, 2020

## 3. Forecast of profit per share

(Yen)

FY2021	FY2022	FY2023	FY2024	FY2025
50.39	58.35	79.57	108.74	139.24

# Meeting people makes Everybody's dream come true



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