

Results Briefing Materials

3Q FY2021

October 4, 2021

S-Pool, Inc.

First Section, Tokyo Stock Exchange (2471)

1. 3Q FY2021 Performance Results
2. 3Q FY2021 Overview by Business Segment
3. FY2021 Business Policies/Performance Forecasts

S-POOL



1. 3Q FY2021 Performance Results

S-POOL

3Q FY2021
overview of
financial
results

■ **Achievements exceeding targets, primarily in terms of profits, due to the diverse consequences of COVID-19**

Net sales **18,031 million yen** (YoY change +18.1%)

Operating profit **1,932 million yen** (YoY change +23.9%)

Net income* **1,267 million yen** (YoY change +22.1%)

*Quarterly net income attributable to owners of the parent

3Q FY2021
overview by
business
segment

[Human Resource Outsourcing Services]

Net sales of **12,730 million yen** (YoY change +13.0%)

The call centers business recorded significant growth based on captured demand for spot transactions.

[Special Needs Employment Services]

Net sales of **2,986 million yen** (YoY change +34.8%)

Steady progress with both sales and farm openings in preparation for 4Q, in which equipment sales are concentrated

FY2021
performance
forecasts

■ **Making steady progress on full-year plans. Aiming to exceed plans, centered on profits**

Net sales **24,800 million yen** (YoY change +18.0%)

Operating profit **2,500 million yen** (YoY change +12.2%)

Projected dividend **4.1 yen** (previous year: 3.3 yen)

3Q FY2021 Consolidated Financial Results (YoY Comparison)

■ Steady progress toward full-year targets

(Unit: million yen)

	3Q FY2021 result	3Q FY2020 result	YoY change	YoY change (%)
Net sales	18,031	15,268	+2,763	+18.1%
Gross profit	5,280	4,429	+851	+19.2%
Gross profit margin (%)	29.3%	29.0%		+0.3 pt
Selling and administrative expenses	3,348	2,870	+478	+16.7%
Selling and administrative expenses/net sales (%)	18.6%	18.8%		-0.2 pt
Operating profit	1,932	1,559	+373	+23.9%
Operating profit margin (%)	10.7%	10.2%		+0.5 pt
Ordinary profit	1,946	1,557	+389	+25.0%
Quarterly net income attributable to owners of the parent	1,267	1,038	+229	+22.1%

3Q FY2021 Results by Segment



- The Business Solutions Segment recorded significant growth exceeding 30% in both sales and profits. The Human Resource Solutions Segment also recorded steady double-digit growth in both sales and profits.

(Unit: million yen)

		3Q FY2021 result	3Q FY2020 result	YoY change	YoY change (%)
Net sales	Business Solutions Segment	5,344	4,054	+1,289	+31.8%
	Human Resource Solutions Segment	12,730	11,261	+1,468	+13.0%
	Adjustments	(42)	(47)	-	-
	Total	18,031	15,268	+2,763	+18.1%
Operating profit	Business Solutions Segment	1,387	1,025	+361	+35.3%
	Human Resource Solutions Segment	1,489	1,334	+154	+11.6%
	Adjustments	(944)	(801)	-	-
	Total	1,932	1,559	+373	+23.9%
Operating profit margin	Business Solutions Segment	26.0%	25.3%	-	+0.7 pt
	Human Resource Solutions Segment	11.7%	11.9%	-	-0.2 pt
	Total	10.7%	10.2%	-	+0.5 pt

[Main businesses in each segment]

Business Solutions Segment: Outsourcing Services (Special Needs Employment Services, Logistics, Employment Support Services, etc.)

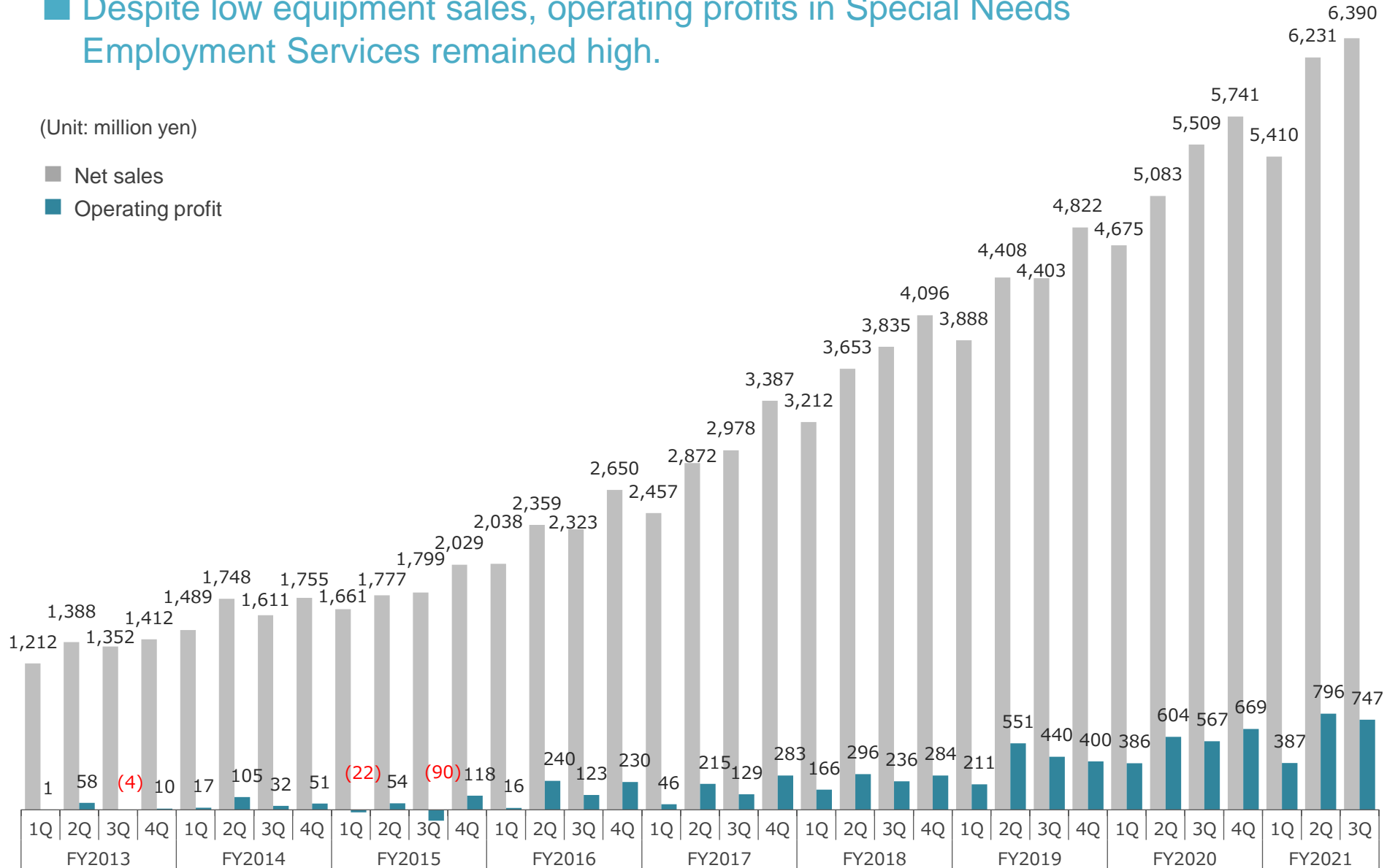
Human Resource Solutions Segment: Temporary Staffing Services (call centers, sales support, long-term care businesses, etc.)

Trends in Quarterly Business Performance

■ Despite low equipment sales, operating profits in Special Needs Employment Services remained high.

(Unit: million yen)

■ Net sales
■ Operating profit





2. 3Q FY2021 Overview by Business Segment

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Net sales: 12,730 million yen (YoY change: +13.0%)

The call centers business recorded significant growth based on captured demand for spot transactions. This more than offset declines in the sales support business.

[Call centers] Net sales: 10,595 million yen (YoY change: +18%):

[Sales support] Net sales: 1,328 million yen (YoY change: -19%):

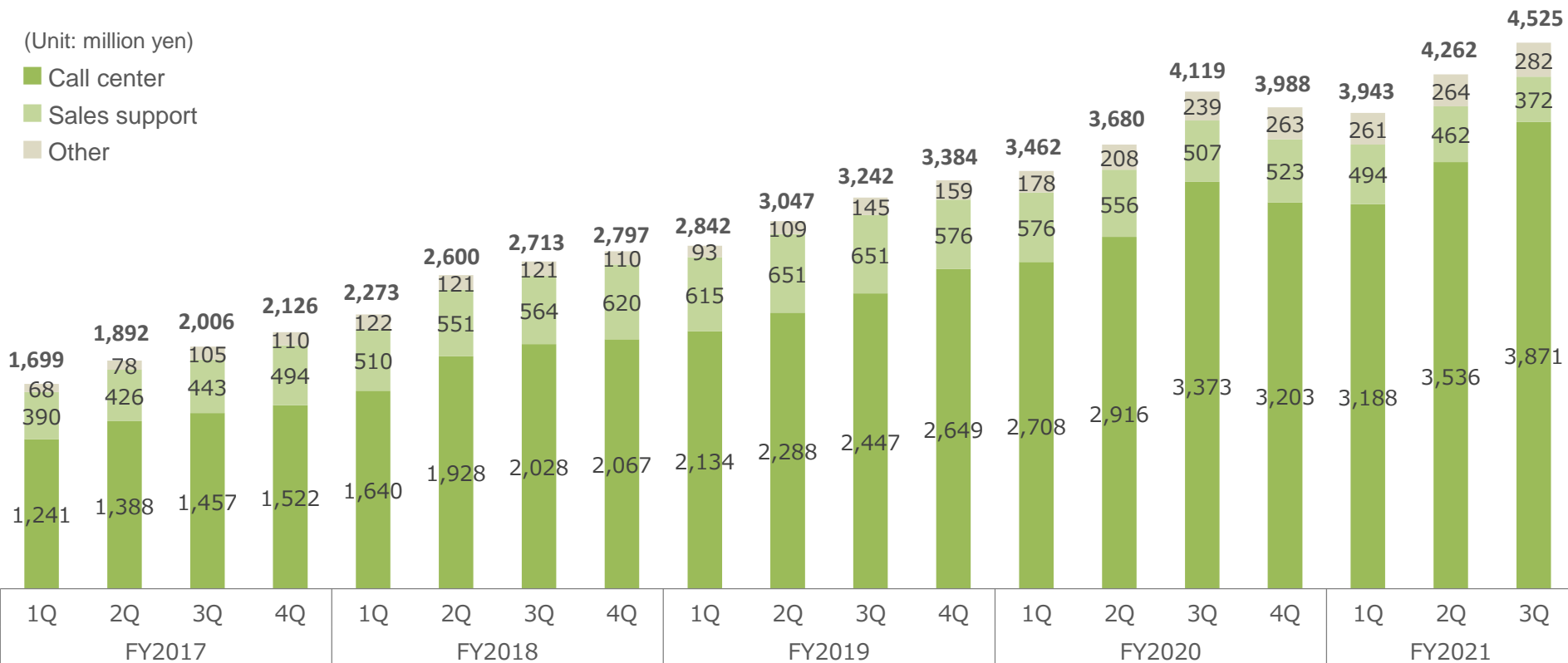
[Number of staff deployed] 5,902 persons/month (YoY change: +4.8%)

Growth in spot transactions related to COVID-19
Significant slowing in the pace of recovery due to the declaration of a state of emergency

[Number of field consultants (FCs)] 315 persons
(YoY change: +9.4%)

(Unit: million yen)

- Call center
- Sales support
- Other



Net sales: 2,986 million yen (YoY change: +34.8%)

The tailwinds of legal amendments continue. Steady preparations are being made for 4Q, in which equipment sales are concentrated.

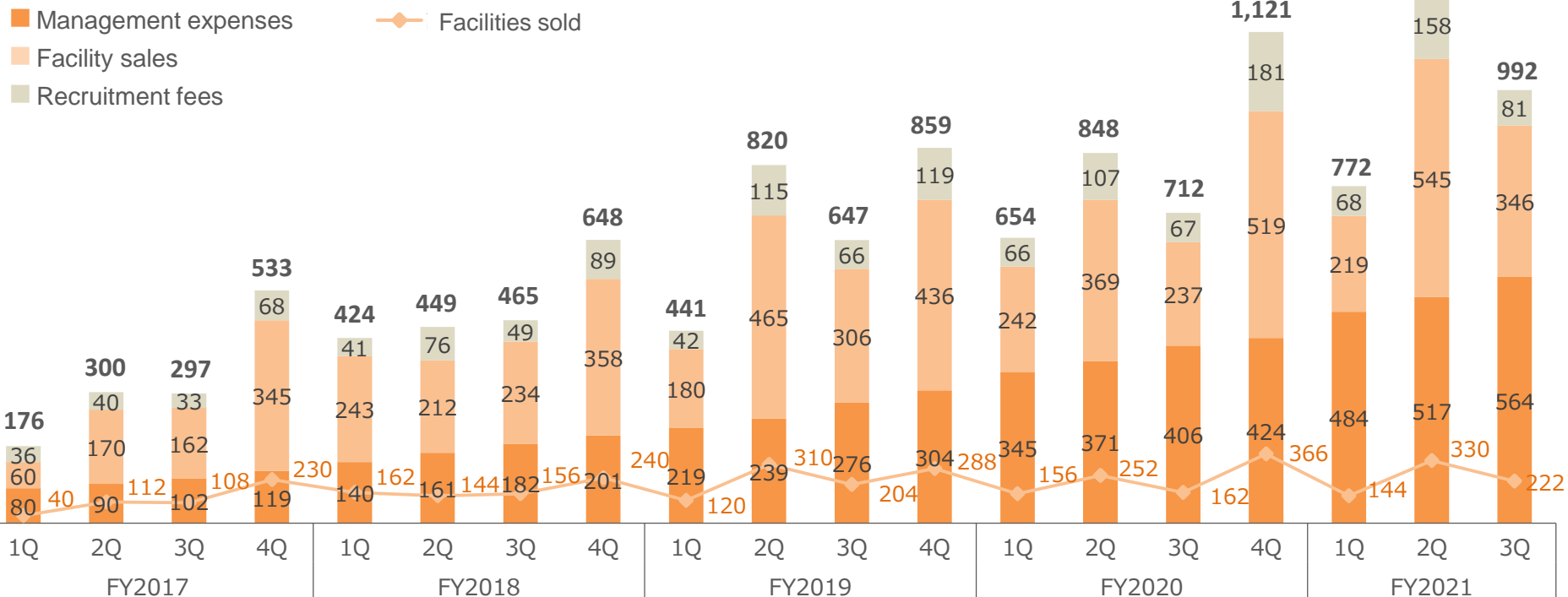
[Equipment sales] 3Q: 222 sections; 3Q cumulative: 696 sections

[Customers] 374 companies (3Q cancellation: 1 company/cancellation rate: 0.3%)

[Sections managed] 4,477 sections [Employees] 2,238 persons [Retention rate] 92%

- Steady progress in both sales and farm opening toward equipment sales in 1100 sections. The balance of orders received is more than 300, and opening of all seven farms is complete.
- We plan to open seven to eight farms in the next fiscal year. Preparations will soon be underway on our first Kanagawa Prefecture location (Yokohama).

(Unit: million yen)



Net sales: **927 million yen** (YoY change: **+6.9%**)

Profit improvements were achieved rapidly. Operating profit margins have returned to normal levels.

[Shipment of mail order products] 840 million yen (YOY change: +8%)

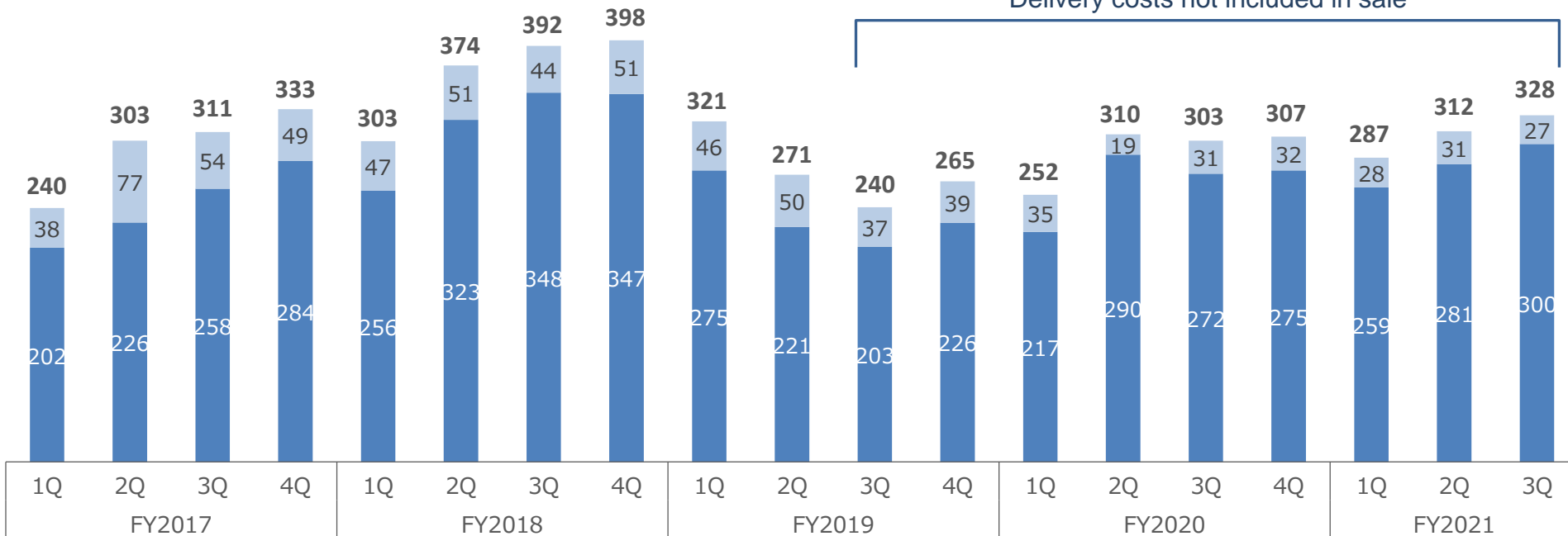
[Distribution center operations] 86 million yen (YOY change: +1%)

- We improved sales at the Shinagawa Center. Various measures, including labor management measures, led to improved gross profit margins.
- We concluded a business and capital joint venture agreement with Asian Bridge intended to strengthen cross-border e-commerce services for ASEAN markets.

(Unit: million yen)

■ Shipment of mail-order products
■ Distribution center operations

Delivery costs not included in sale



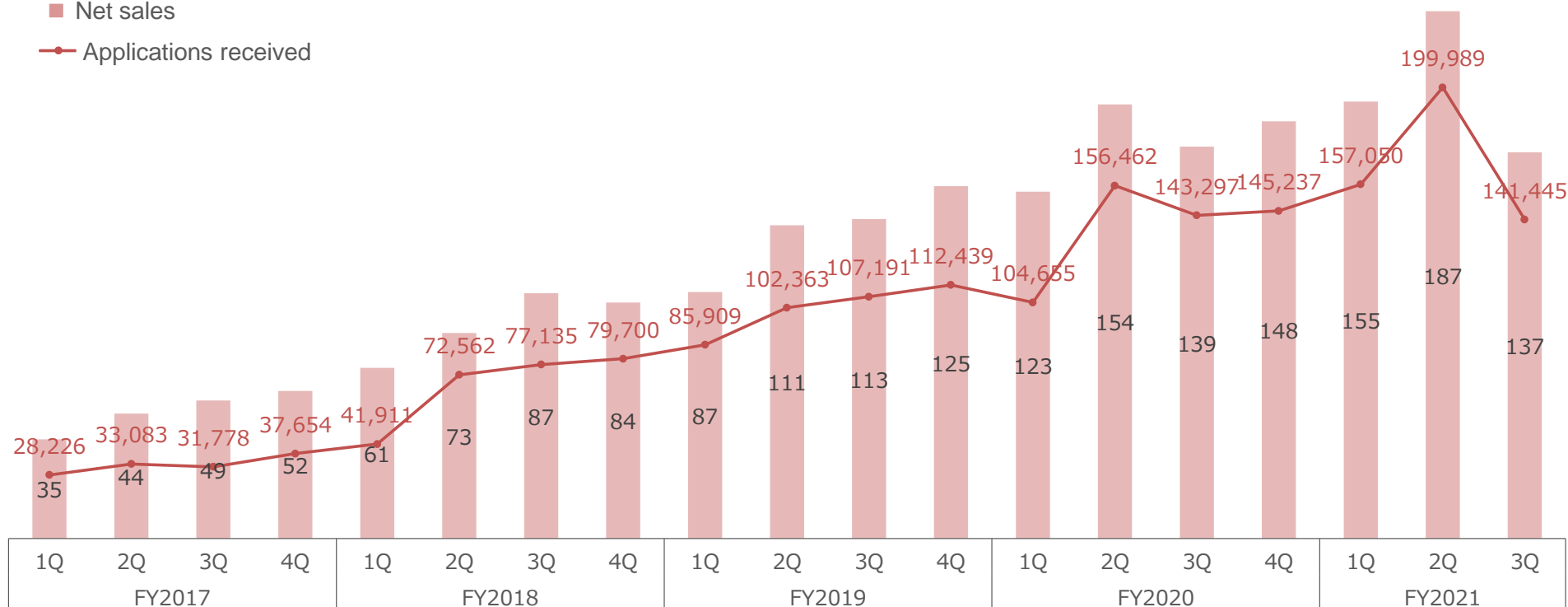
Net sales: 479 million yen (YoY change: +14.7%)

Despite double-digit growth, conditions were difficult in 3Q. A recovery is expected after the state of emergency is released

- Restrained hiring in food service, due to a negative rebound from the peak period and extension of the state of emergency, greatly impacted 3Q results
- We focused on sales to prepare for accelerated hiring when the state of emergency is lifted.

(Unit: million yen)

■ Net sales
—● Applications received



[Environmental Management Support Services] (blue dot green Inc.)

Net sales: 221 million yen

Both sales and profits grew considerably thanks to large-scale delivery of (CDP-related) consulting services. Full-year budgets were largely cleared in 3Q.

- Demonstrating Group synergies in both sales and deliveries in consulting services, toward significant growth in orders received.
- We are currently making progress with staffing enhancements in preparation for an anticipated increase in consulting orders (CDP and TCFD support) in the following year.



(*) Carbon Disclosure Project (CDP)


British nonprofit that studies and evaluates corporate greenhouse gas emissions and climate change initiatives. Researches around 500 listed companies in Japan

[Wide-area Administrative BPO Services]

Net sales: 78 million yen

Orders were received from three local governments in the first three months after service launch. This business got off to a smooth start with operations on two of these orders now underway.

- We finalized orders from the cities of Daisen (Akita Prefecture) and Kitami (Hokkaido), followed by Hirosaki (Aomori Prefecture).
- Targeting two more orders during this fiscal year, we will focus on finalizing the potential orders currently under negotiation.



3. FY2021 Business Policies/ Performance Forecasts

S-POOL

Basic policy

Promoting well-balanced portfolio management resistant to environmental changes

High social contributions

Resistant to business cycle changes

High added value

New medium-term management plan (Announced January 13, 2021)

[Theme] **Creating both social and economic value**

[Numerical plans] FY2025: Net sales **41** billion yen, operating profit **5** billion yen

[Management strategies]

Business strategy ①

Maintaining organic growth by building on existing businesses

Business strategy ②

Securing growth opportunities in new business domains

Organizational strategy

Enhancing management foundations based on ESG

[Financial strategies]

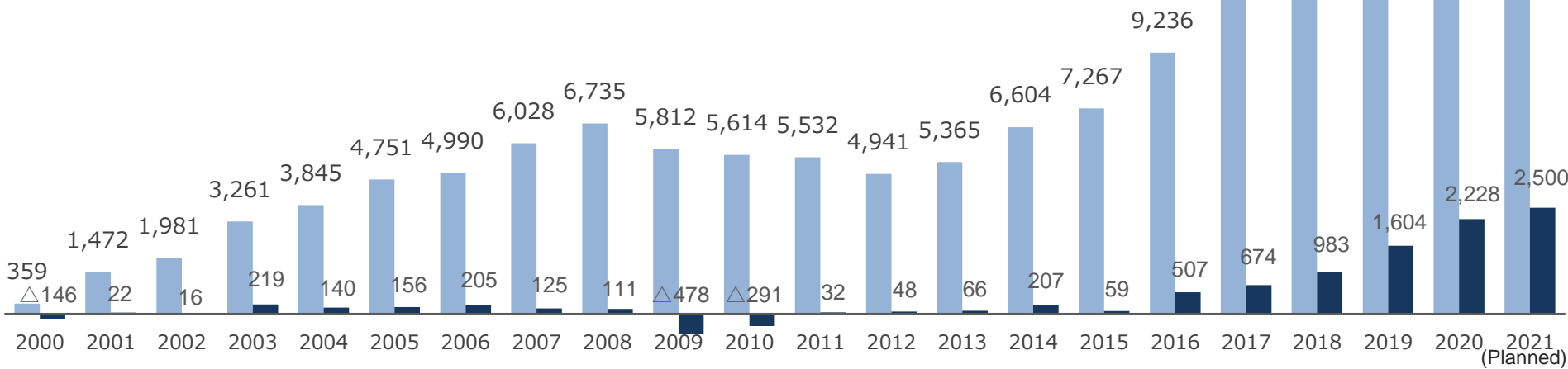
FY2025: Consolidated dividend payout ratio of **30%** or better
Maintaining high ROE

■ Expectation for record highs in net sales for the ninth consecutive year and in operating profits for the sixth consecutive year

Net Sales	24,800 million yen (+18.0%)	(YoY change)
Operating profit	2,500 million yen (+12.2%)	
Ordinary profit	2,488 million yen (+11.6%)	
Net income attributable to owners of the parent	1,635 million yen (+3.5%)	

■ Net Sales
■ Operating profit

(Unit: million yen)



- We are making steady progress toward our targets and plan to exceed them, for profits in particular.

(Unit: million yen)

	FY2021 planned	FY2020 result	YoY change	YoY change (%)
Net sales	24,800	21,009	+3,790	+18.0%
Gross profit	7,106	6,377	+729	+11.4%
Gross profit margin (%)	28.7%	30.4%		-1.7 pt
Selling and administrative expenses	4,606	4,148	+458	+11.0%
Selling and administrative expenses/net sales (%)	18.6%	19.7%		-1.1 pt
Operating profit	2,500	2,228	+271	+12.2%
Operating profit margin (%)	10.1%	10.6%		-0.5 pt
Ordinary profit	2,488	2,229	+258	+11.6%
Net income attributable to owners of the parent	1,635	1,580	+55	+3.5%

FY2021 Business Performance Forecasts by Segment



(Unit: million yen)

		FY2021 planned	FY2020 result	YoY change	YoY change (%)
Net sales	Business Solutions Segment	7,408	5,825	+1,582	+27.2%
	Human Resource Solutions Segment	17,500	15,250	+2,249	+14.8%
	Adjustments	(108)	(65)	-	-
	Total	24,800	21,009	+3,790	+18.0%
Operating profit	Business Solutions Segment	1,873	1,619	+254	+15.7%
	Human Resource Solutions Segment	1,930	1,757	+172	+9.8%
	Adjustments	(1,303)	(1,148)	-	-
	Total	2,500	2,228	+271	+12.2%
Operating profit margin	Business Solutions Segment	25.3%	27.8%	-	-2.5 pt
	Human Resource Solutions Segment	11.0%	11.5%	-	-0.5 pt
	Total	10.1%	10.6%	-	-0.5 pt

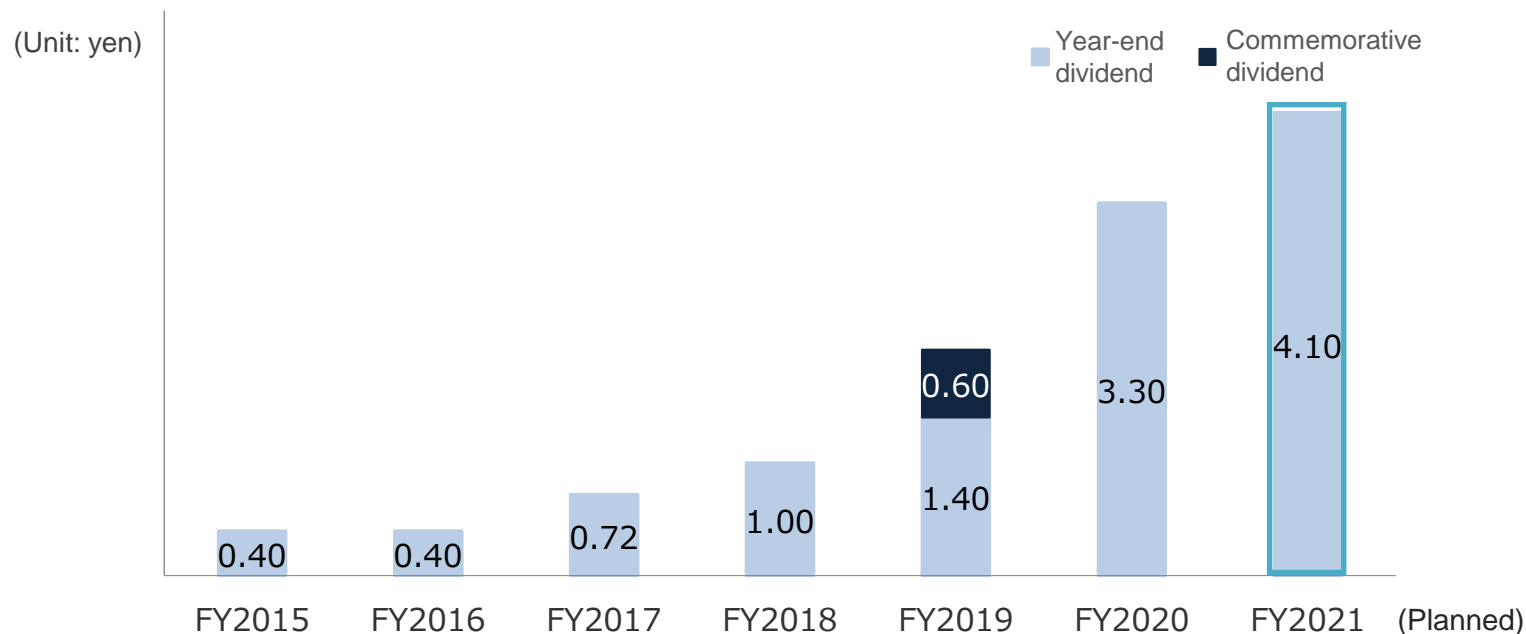
[Main businesses in each segment]

Business Solutions Segment: Outsourcing Services (Special Needs Employment Services, Logistics, Employment Support Services, etc.)

Human Resource Solutions Segment: Temporary Staffing Services (call centers, sales support, long-term care businesses, etc.)

Dividend plan

FY2021 dividend of 4.1 yen planned



Dividend policy

Targeting stable, sustained growth in dividends while considering capital efficiency and strengthening our financial foundations

Paying dividends targeting consolidated payout ratio of 20%

(Even if earnings decrease, dividends will not be reduced to levels at which the consolidated payout ratio decreases by more than 60% on a single-year basis.)

Name	S-Pool, Inc.
Origin of name	'Pool' (combination) of Solutions / Systems / Staff / Sustainability
Head office	6F, Akihabara Dai Building, 1-18-13 Sotokanda, Chiyoda-ku, Tokyo, Japan
Capital	372,200,000 yen (as of end of August, 2021)
Established	December 1, 1999
Representative	Sohei Urakami, Chairman of the Board, President, and Representative Director
Directors	Director: Hideaki Sato (CPA) Director: Naoshi Arai Outside Director: Toru Akaura Outside Director: Nao Miyazawa (attorney) Outside Director: Kazuhiko Nakai (CPA)
Listed exchange	First Section, Tokyo Stock Exchange (Securities Code: 2471)
Number of employees	944 persons (consolidated, as of end of August, 2021)
Number of facilities	57 locations (as of end of September, 2021)

- Two main services account for 88% of consolidated net sales.

Business Solutions Segment (29%)	Human Resource Solution Segment (71%)
<ul style="list-style-type: none"> ■ Special Needs Employment Services [3.34 billion yen] <ul style="list-style-type: none"> • Operating rental farms for use by companies employing exclusively people with disabilities • Employment support services (training and introduction to employment opportunities for people with disabilities) 	<ul style="list-style-type: none"> ■ Human Resource Outsourcing Services [15.25 billion yen] <ul style="list-style-type: none"> • Temporary staffing/referral services <ul style="list-style-type: none"> Sales and marketing staff (e.g., smartphones, home electronics) Office staff (call centers, offices) Long-term care, nursing, childcare staff
<ul style="list-style-type: none"> ■ Logistics Outsourcing Services [1.17 billion yen] <ul style="list-style-type: none"> • e-Commerce shipping agent services, cross border e-commerce services • Distribution center operations ■ Sales Support Services [410 million yen] <ul style="list-style-type: none"> • Sales promotion support, merchandising operations • Operational support (promotional campaigns, promotions, trial operation) ■ Employment Support Services [560 million yen] <ul style="list-style-type: none"> • OMUSUBI ■ Environmental Management Support Services [120 million yen] <ul style="list-style-type: none"> • CO2 emissions calculation support, carbon credit brokering support ■ New businesses [230 million yen] <ul style="list-style-type: none"> • Professional human resource bank (consultant staffing services), etc. 	

* Sales figures and segment sales percentages are based on FY2020 results.

- S-Pool develops new businesses to be spun off as future subsidiaries.

Parent company

[Business holding company and new business development]

S-Pool, Inc.



Group member companies

[Human Resource Outsourcing Services (staffing, referral)]

S-Pool Human Solutions, Inc.



[Special Needs Employment Services]

S-Pool Plus, Inc.



[Logistics Outsourcing Services]

S-Pool Logistics, Inc.



[Sales Support Services]

S-Pool Sales Support, Inc.



[Employment Support Services]


S-Pool Link, Inc.




[Environmental Management Support Services]


blue dot green Inc.



 [Group head office] Akihabara

 Sales Support Services
Akihabara, Osaka



 Human Resource Outsourcing Services

【Hokkaido】 Sapporo Odori, Sapporo Kitaguchi, Sapporo Minamiguchi, Kitami Applications Reception Center

【Tohoku】 Sendai


【Kanto】 Shinjuku Head Office, Shinjuku 3-chome, Shinjuku Minamiguchi, Ikebukuro, Yokohama, Yokohama Nishiguchi

【Chukyo】 Nagoya

【Kansai】 Osaka Umeda, Osaka Ekimae

【Kyushu】 Hakata Ekimae, Tenjin

【Okinawa】 Naha, Chatan

 Logistics Outsourcing Services
[Distribution centers] Shinagawa, Tsukuba

 Special Needs Employment Services

【Work Happiness Farm】 30 farms

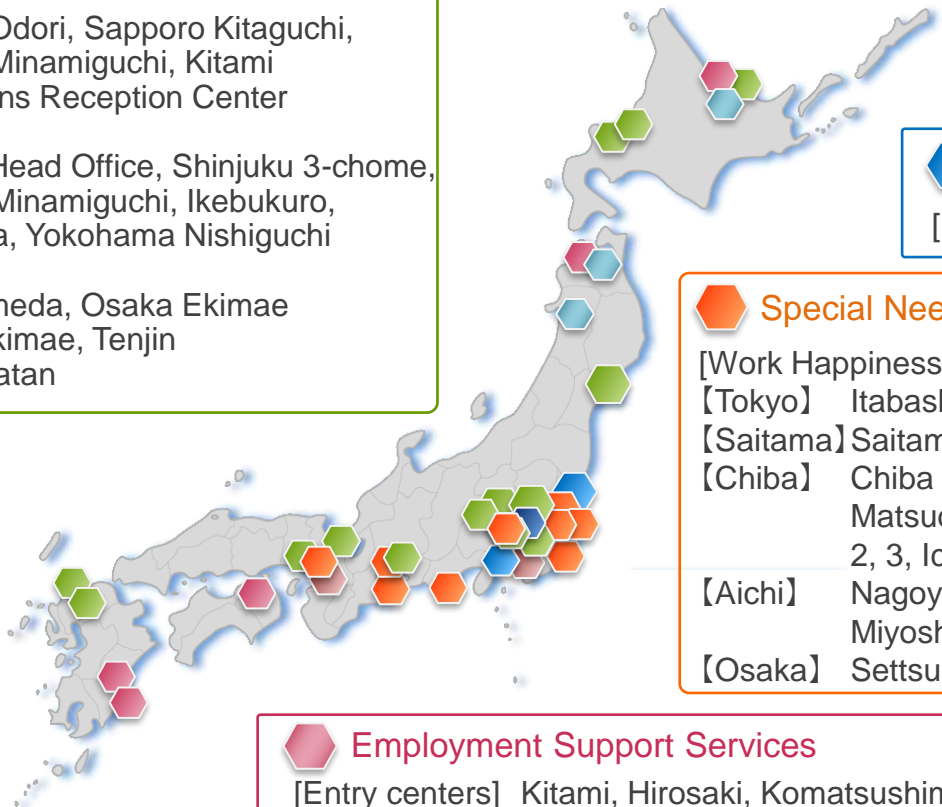
【Tokyo】 Itabashi 1, 2


【Saitama】 Saitama (Iwatsuki), Kawagoe, Koshigaya


【Chiba】 Chiba (Wakaba 1, 2, Hanamigawa), Ichikawa, Matsudo, Yachiyo, Funabashi 1, 2, 3, Kashiwa 1, 2, 3, Ichihara 1, 2, Mobara 1, 2

【Aichi】 Nagoya, Kasugai, Komaki, Tokai, Toyoake, Miyoshi, Nagakute

【Osaka】 Settsu, Maikata



 Employment Support Services
[Entry centers] Kitami, Hirosaki, Komatsushima, Nichinan, Saito

 Wide-area Administrative BPO Services
[BPO centers] Kitami, Hirosaki, Daisen





S-Pool, Inc.

【Contact】 Investor Relations at the President's Office TEL: +81-3-6853-9411
E-mail: kouhou@spool.co.jp

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