



April 1, 2022

To Whom It May Concern

Company Name: OUTSOURCING Inc.
Representative: Haruhiko Doi
Chairman and CEO
(First Section of TSE: Securities Code 2427)
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General Manager in charge
Of Corporate Management
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Notice Regarding Acquisition of Shares of Sankyo Logi Associate Co., Ltd.

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that the Board of Directors, at its meeting held on April 1, 2022, resolved to acquire all of the issued shares of Sankyo Logi Associate Co., Ltd. and its wholly owned subsidiary Sankyo Logi Associate Group (hereinafter “SLA Group”) consisting of six companies developing human resources business, whereby making them subsidiaries, as per the details below.

Particulars

1. Purpose of the acquisition of shares

For some time, the OUTSOURCING Group (hereinafter “the Group”) has sought to level its business performance and strengthen its foundation of growth by expanding its business in markets that have different business cycles from the highly volatile Manufacturing Outsourcing Business and fields that are less susceptible to economic fluctuations. In the midst of industry restructuring that is accelerating due to law revision and the COVID-19 pandemic, the Group has led the industry restructuring toward a healthier industry under sustainability management and has focused on projects where synergies can be expected.

The SLA Group is engaged in dispatching and outsourced contracting business for warehouse work in the Kanto, Tohoku, Kansai, and Chugoku areas. It has an excellent client base by taking advantage of its ability to make proposals such as improving operating efficiency and work quality by utilizing the extensive experience and know-how that has been involved in warehouse work over many years.

As a result of the acquisition, the SLA Group can benefit from leveraging the Group management resources including sales capabilities and nationwide strength in recruiting and can also expect growth acceleration through raising the level of management aspects. At the same time, the Group will be able to respond flexibly by establishing an HR mobilization through collaboration between the two groups. In addition to anticipating synergies for the expansion of defensive businesses including the logistics-related business that is not as affected by the COVID-19 pandemic, the Company expects to achieve the maximum synergetic effect by leveraging the proposal development capability of the SLA Group's strengths in increasing operating efficiency to improve productivity and promote the use of senior citizens and foreign human resources.

Going forward, the Company will continue to promote the strengthening of its foundation of growth by smoothing out its business performance to stabilize and expand the Group businesses.

[Translation]

2. Outline of the subsidiary to be transferred

(1) Company name	Sankyo Logi Associate Co., Ltd.		
(2) Head office	5-8-9 Sendagaya, Shibuya-ku, Tokyo		
(3) Name and title of representative	Jun Ichikawa, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations, dispatching business related to warehouse work		
(5) Share capital	JPY 37 million		
(6) Established	January 25, 2005		
(7) Major shareholder, % owned	Jun Ichikawa 100%		
(8) Relationship between the Company and Sankyo Logi Associate Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY12/19	FY12/20	FY12/21(Unaudited)
Net assets	1,934	2,307	343
Total assets	2,798	4,670	1,998
Net assets per share (JPY)	610,664.98	728,401.63	108,322.72
Net sales	335	1,242	10,483
Operating profit	(24)	6	(35)
Ordinary profit	69	30	(11)
Profit for the year	46	61	26
Profit per share (JPY)	14,732.38	19,433.68	8,472.17
Dividends per share (JPY)	-	-	-

3. Outline of sub-subsidiaries to be transferred

(1) Sankyo Logi Factory Co., Ltd.

(1) Company name	Sankyo Logi Factory Co., Ltd.		
(2) Head office	2-15-1 Konan, Minato-ku, Tokyo		
(3) Name and title of representative	Hidekazu Okada, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	March 10, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Relationship between the Company and Sankyo Logi Factory Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY2/19	FY2/20	FY2/21
Net assets	114	112	177
Total assets	244	280	402
Net assets per share (JPY)	1,905,687.62	1,868,551.35	2,951,027.27
Net sales	2,083	2,058	2,152
Operating profit	41	(1)	102
Ordinary profit	40	(2)	102

[Translation]

Profit for the year	29	(2)	64
Profit per share (JPY)	498,552.02	△37,136.27	1,082,475.92
Dividends per share (JPY)	-	-	-

(2) SLA Co., Ltd.

(1) Company name	SLA Co., Ltd.		
(2) Head office	5-1-21 Toshima, Kita-ku, Tokyo		
(3) Name and title of representative	Ryo Ikeda, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	February 13, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Relationship between the Company and SLA Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY1/19	FY1/20	FY1/21
Net assets	81	72	145
Total assets	199	280	410
Net assets per share (JPY)	1,364,904.42	1,208,573.65	2,416,917.17
Net sales	1,466	1,653	2,309
Operating profit	54	78	98
Ordinary profit	55	79	101
Profit for the year	37	78	72
Profit per share (JPY)	625,304.75	1,315,498.60	1,208,343.52
Dividends per share (JPY)	-	-	-

(3) Sankyo Iworks Co., Ltd.

(1) Company name	Sankyo Iworks Co., Ltd.		
(2) Head office	1-7-21 Nishihonmachi, Nishi-ku, Osaka City, Osaka Prefecture		
(3) Name and title of representative	Yasunori Kitaura, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	March 10, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Relationship between the Company and Sankyo Iworks Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY2/19	FY2/20	FY2/21
Net assets	36	(40)	(9)
Total assets	133	169	165
Net assets per share (JPY)	616,495.22	(672,418.63)	(165,524.23)

[Translation]

Net sales	1,311	1,558	1,706
Operating profit	(20)	(71)	35
Ordinary profit	(15)	(77)	30
Profit for the year	(15)	(77)	30
Profit per share (JPY)	(263,505.88)	(1,288,863.85)	506,894.40
Dividends per share (JPY)	-	-	-

(4) S.S. Progress Co., Ltd.

(1) Company name	S.S. Progress Co., Ltd.		
(2) Head office	2-10-13 Takashima, Nishi-ku, Yokohama City, Kanagawa Prefecture		
(3) Name and title of representative	Hidehito Nishihara, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	March 10, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Company and S.S. Progress Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY2/19	FY2/20	FY2/21
Net assets	50	84	129
Total assets	164	232	267
Net assets per share (JPY)	837,867.68	1,400,716.57	2,163,184.75
Net sales	1,194	1,311	1,436
Operating profit	54	49	66
Ordinary profit	52	48	68
Profit for the year	33	33	45
Profit per share (JPY)	556,082.40	562,848.88	762,468.18
Dividends per share (JPY)	-	-	-

(5) SS Lien Co., Ltd.

(1) Company name	SS Lien Co., Ltd.		
(2) Head office	2-38-8 Umejima, Adachi-ku, Tokyo		
(3) Name and title of representative	Atsushi Shinata, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	February 13, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Company and SS Lien Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY1/19	FY1/20	FY1/21

[Translation]

Net assets	50	58	76
Total assets	154	173	253
Net assets per share (JPY)	836,675.25	974,281.45	1,275,685.43
Net sales	1,378	1,271	1,401
Operating profit	17	12	7
Ordinary profit	16	12	28
Profit for the year	14	8	18
Profit per share (JPY)	235,900.58	137,606.20	301,403.98
Dividends per share (JPY)	-	-	-

(6) S.L.A. Kitanihon Co., Ltd.

(1) Company name	S.L.A. Kitanihon Co., Ltd.		
(2) Head office	1-4-30 Itsutsubashi, Aoba-ku, Sendai City, Miyagi Prefecture		
(3) Name and title of representative	Tetsuyuki Iwai, Representative Director		
(4) Major businesses	Outsourced contracting business for product sorting, packing, shipping and administrative operations		
(5) Share capital	JPY 3 million		
(6) Established	March 10, 2014		
(7) Major shareholder, % owned	Sankyo Logi Associate Co., Ltd. 100%		
(8) Relationship between the Company and S.L.A. Kitanihon Co., Ltd.	Capital relationship	None	
	Personal relationship	None	
	Business relationship	None	
(9) Financial results and status for the past three fiscal years	(Unit: millions of JPY)		
Fiscal year	FY2/19	FY2/20	FY2/21
Net assets	(36)	6	40
Total assets	59	68	103
Net assets per share (JPY)	(603,686.17)	112,470.72	670,742.78
Net sales	541	544	570
Operating profit	1	47	49
Ordinary profit	(6)	43	49
Profit for the year	(6)	42	33
Profit per share (JPY)	(113,817.70)	716,156.88	558,272.07
Dividends per share (JPY)	-	-	-

4. Outline of a seller of the shares

(1) Name	Jun Ichikawa
(2) Address	Shibuya-ku, Tokyo
(3) Relationship between the Company and a concerned individual	There is no capital relationship, personal relationship, or business relationship.

[Translation]

5. Number of shares to be acquired, acquisition price and ownership before and after the acquisition

(1) Number of shares owned before acquisition	Number of shares	0
	Number of voting rights	0
	Ratio of voting right owned	0%
(2) Number of additional shares to be acquired	Number of shares	3,168
(3) Acquisition price	Common shares of Sankyo Logi Associate Co., Ltd.	JPY5,985 million
	Advisory fee and others (estimated amount)	JPY243 million
	Total (estimated amount)	JPY6,234 million
(4) Number of shares owned after acquisition	Number of shares	3,168
	Number of voting rights	3,168
	Ratio of voting right owned	100%

6. Schedule

(1) Date of board of directors resolution	April 1, 2022
(2) Date of agreement	April 1, 2022
(3) Date of share transfer	April 4, 2022 (scheduled)

7. Future outlook

As a result of the acquisition, the SLA Group companies are scheduled to become consolidated subsidiaries in 2Q FY12/22. The impact of this matter on consolidated financial results for FY12/22 is negligible.

(Disclaimer with respect to earnings and other forecasts)

The forward-looking statements including earnings forecast contained in this document are based on information currently available to the Company, and certain assumptions that the Company believes are reasonable. Accordingly, the Company can give no assurance that such statements will prove to be correct. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors.

(Reference) Consolidated financial forecasts for FY12/22 (announced on February 18, 2022) and consolidated financial results for FY12/21

(Unit: millions of JPY)

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the Company
FY12/22 forecasts	695,000	32,000	29,600	19,300	18,500
FY12/21 results	569,325	24,186	12,003	2,204	832