

Results Briefing Materials

2Q FY2023

July 5, 2023

S-Pool, Inc.

Prime Section, Tokyo Stock Exchange
(2471)



1. 2Q FY2023 Performance Results
2. 2Q FY2023 Overview by Business Segment
3. FY2023 Performance Forecasts
4. Dividends and Stock Information

1. 2Q FY2023 Performance Results

2Q FY2023
overview of
accounts
settlement

- **2Q operating profit exceeded 1 billion yen for the first time, setting a new quarterly record.**

Net sales **13,132** million yen (YoY change -3.9%)

Operating profit **1,493** million yen (YoY change -4.6%)

Net income* **1,030** million yen (YoY change +0.0%)

* Net income attributable to owners of the parent

2Q FY2023
overview by
business
segment

[Business Solutions Segment]

Net sales **5,969** million yen (YoY change +27.5%)

Special Needs Employment Services saw significant growth, with record equipment sales.

[Human Resource Solutions Segment]

Net sales **7,206** million yen (YoY change -20.3%)

While there were transient signs of demand recovery, results were lackluster.

FY2023
performance
forecasts

- **A turnaround in YoY revenue and profit growth is expected from the 3Q cumulative results. We will aim for sustained growth.**

Net sales **28,288** million yen (YoY change +6.1%)

Operating profit **3,620** million yen (YoY change +17.1%)

Projected dividend **10** yen (previous term: 8.0 yen)

Performance recovered to the level of the previous year due to significant growth in 2Q.

(Unit: million yen)	FY2023 2Q results	FY2022 2Q results	YoY change	YoY change (%)
Net sales	13,132	13,665	-532	-3.9%
Gross profit	4,497	4,400	+97	+2.2%
Gross profit margin (%)	34.2%	32.2%		+2.0pt
Selling and administrative expenses	3,004	2,835	+169	+6.0%
Selling and administrative expenses/net sales (%)	22.9%	20.7%		+2.2pt
Operating profit	1,493	1,565	-71	-4.6%
Operating profit margin (%)	11.4%	11.5%		-0.1pt
Ordinary profit	1,551	1,568	-16	-1.1%
Quarterly net income attributable to owners of the parent	1,030	1,030	+0	+0.0%

2Q FY2023 Financial Results (vs. targets)



Due to delayed recovery in Human Resource Solutions Services, net sales fell slightly short of targets. Driven by the Business Solutions Segment, profits exceeded the target set in the plan.

(Unit: million yen)	FY2023 2Q results	FY2023 2Q targets	Change vs. targets	Change vs. targets (%)
Net sales	13,132	13,227	-94	-0.7%
Gross profit	4,497	4,387	+110	+2.5%
Gross profit margin (%)	34.2%	33.2%		+1.0pt
Selling and administrative expenses	3,004	2,980	+24	+0.8%
Selling and administrative expenses/net sales (%)	22.9%	22.5%		+0.4pt
Operating profit	1,493	1,407	+86	+6.1%
Operating profit margin (%)	11.4%	10.6%		+0.8pt
Ordinary profit	1,551	1,395	+156	+11.2%
Quarterly net income attributable to owners of the parent	1,030	963	+67	+7.0%

The Business Solutions Segment offset the decline in the Human Resource Solutions Segment.

(Unit: million yen)		FY2023 2Q results	FY2022 2Q results	YoY change	YoY change (%)
Net sales	Business Solutions Segment	5,969	4,681	+1,287	+27.5%
	Human Resource Solutions Segment	7,206	9,042	-1,835	-20.3%
	Adjustments	(43)	(58)	-	-
	Total	13,132	13,665	-532	-3.9%
Operating profit	Business Solutions Segment	1,621	1,328	+292	+22.0%
	Human Resource Solutions Segment	697	997	-300	-30.1%
	Adjustments	(825)	(761)	-	-
	Total	1,493	1,565	-71	-4.6%
Operating profit margin	Business Solutions Segment	27.2%	28.4%		-1.2pt
	Human Resource Solutions Segment	9.7%	11.0%		-1.3pt
	Total	11.4%	11.5%		-0.1pt

Business Solutions Segment:

Special Needs Employment Services, Logistics Outsourcing Services, Wide-area Administrative BPO Services, Environmental Management Support Services, Employment Support Services, etc.

Human Resource Solutions Segment:

Temporary Staffing Services (call centers, sales support, long-term care businesses, etc.)

Adjustments (Operating profit):

Mainly management expenses, group-wide system costs, etc.

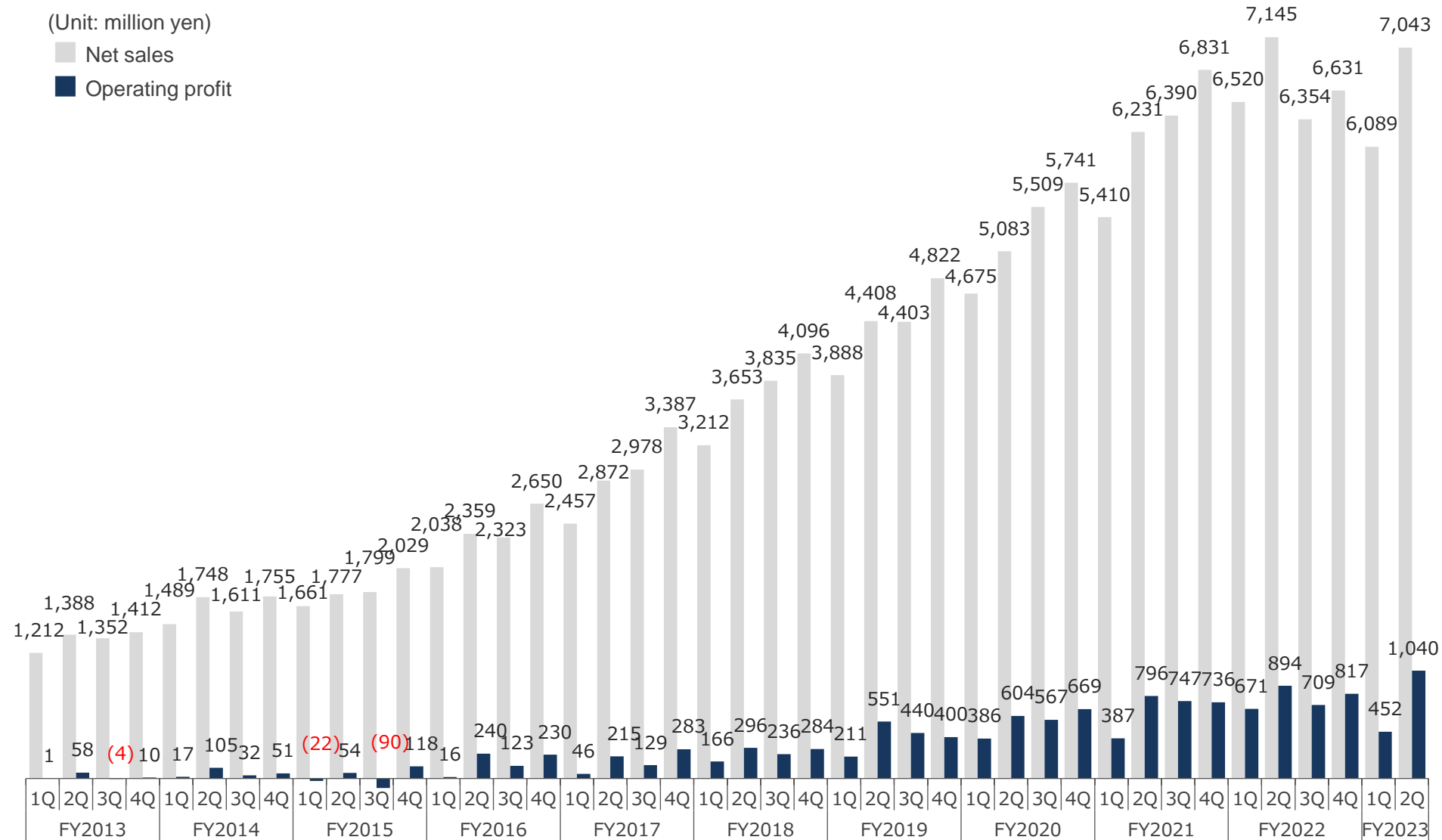
Trends in Quarterly Business Performance



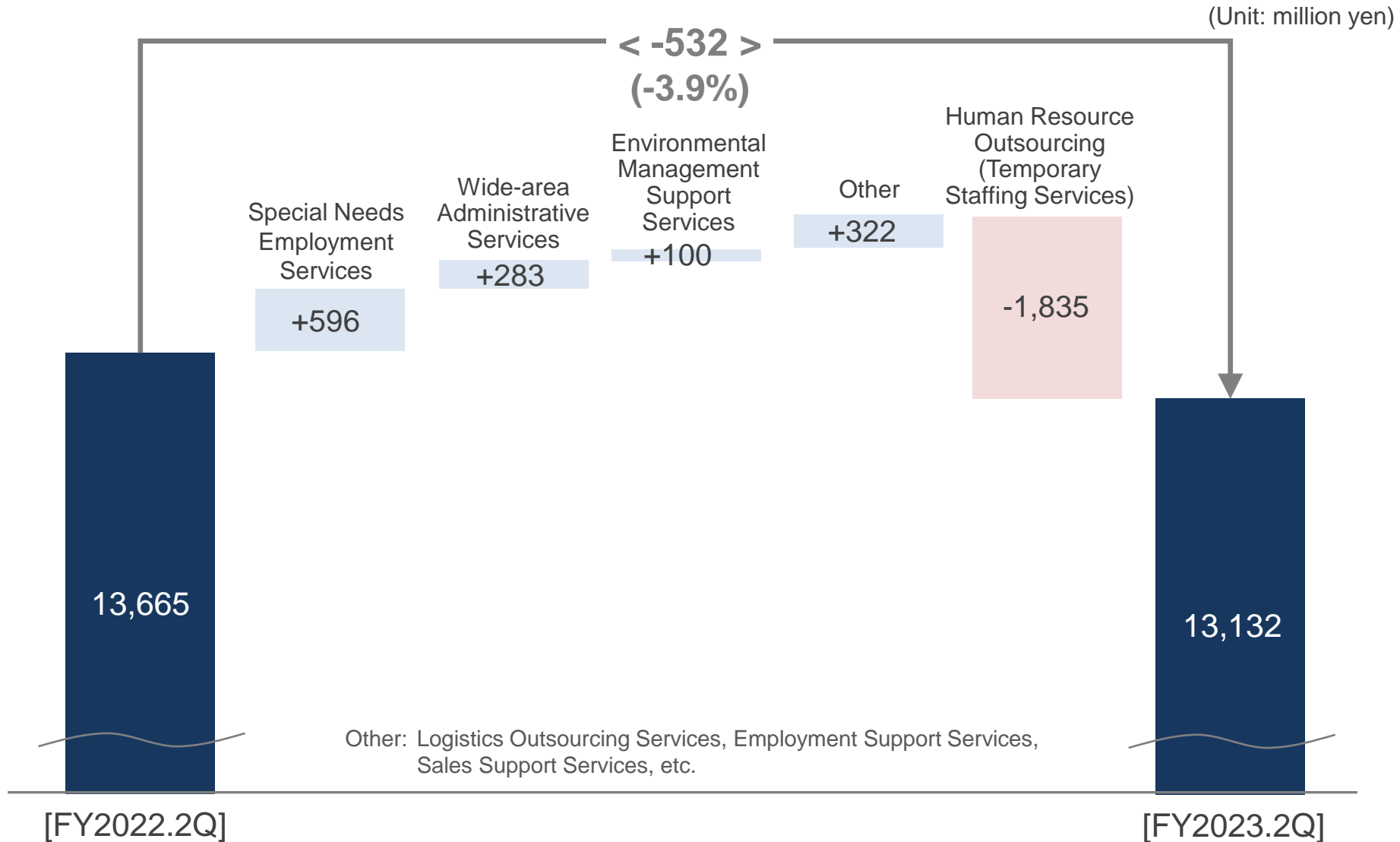
Despite a sharp decline in Human Resource Solutions Services, 2Q performance reached record levels.

(Unit: million yen)

- Net sales
- Operating profit



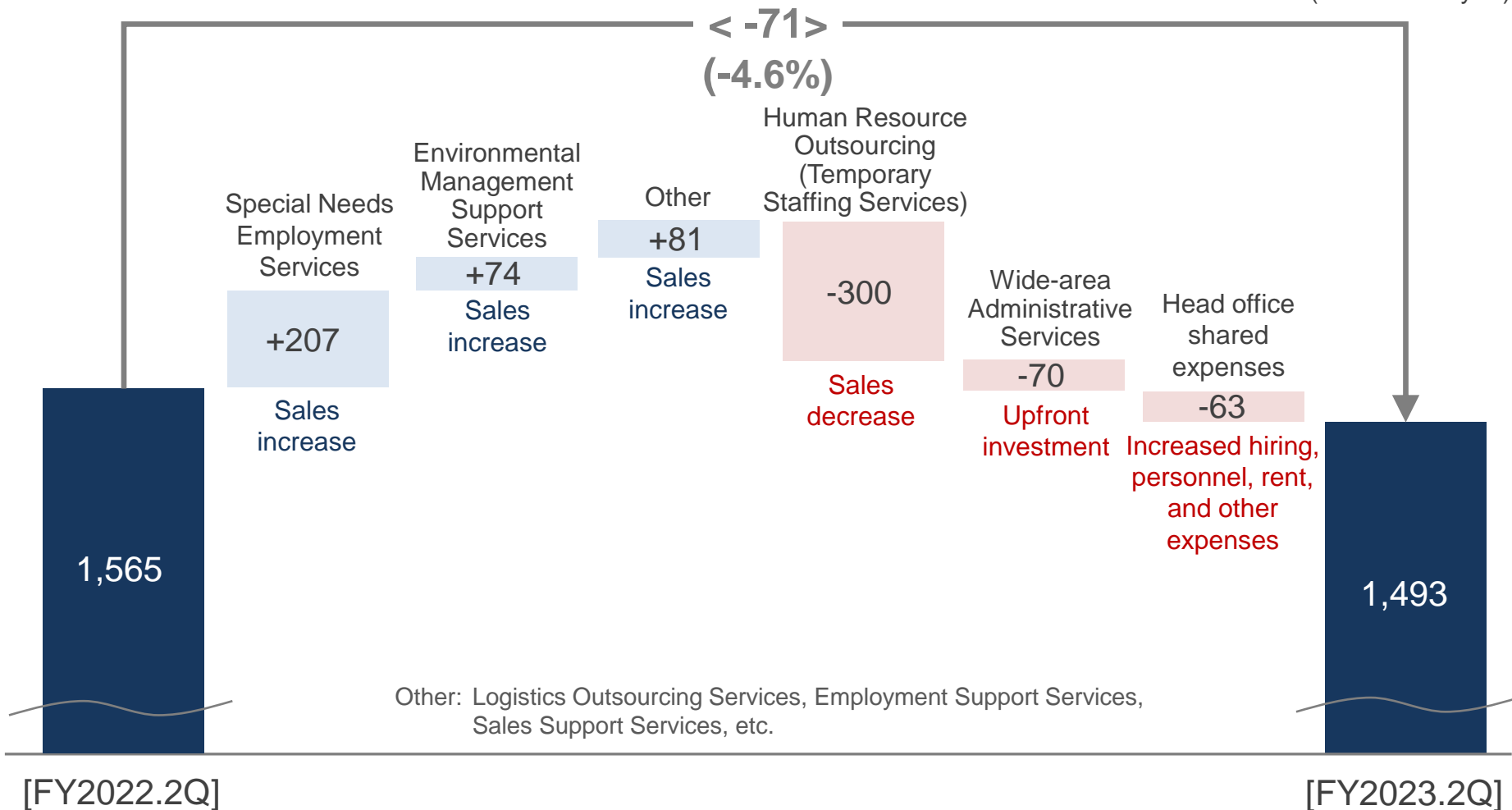
In addition to the mainstay Special Needs Employment Services, new businesses contributed to sales growth. Logistics Outsourcing Services and other services are all trending favorably.



Special Needs Employment Services and Environmental Management Support Services drove operating profit. Other services are also trending favorably.

Wide-area Administrative BPO Services saw lower profits due to the impact of upfront investment.

(Unit: million yen)



2. 2Q FY2023 Overview by Business Segment

Human Resource Outsourcing Services [1H Results]



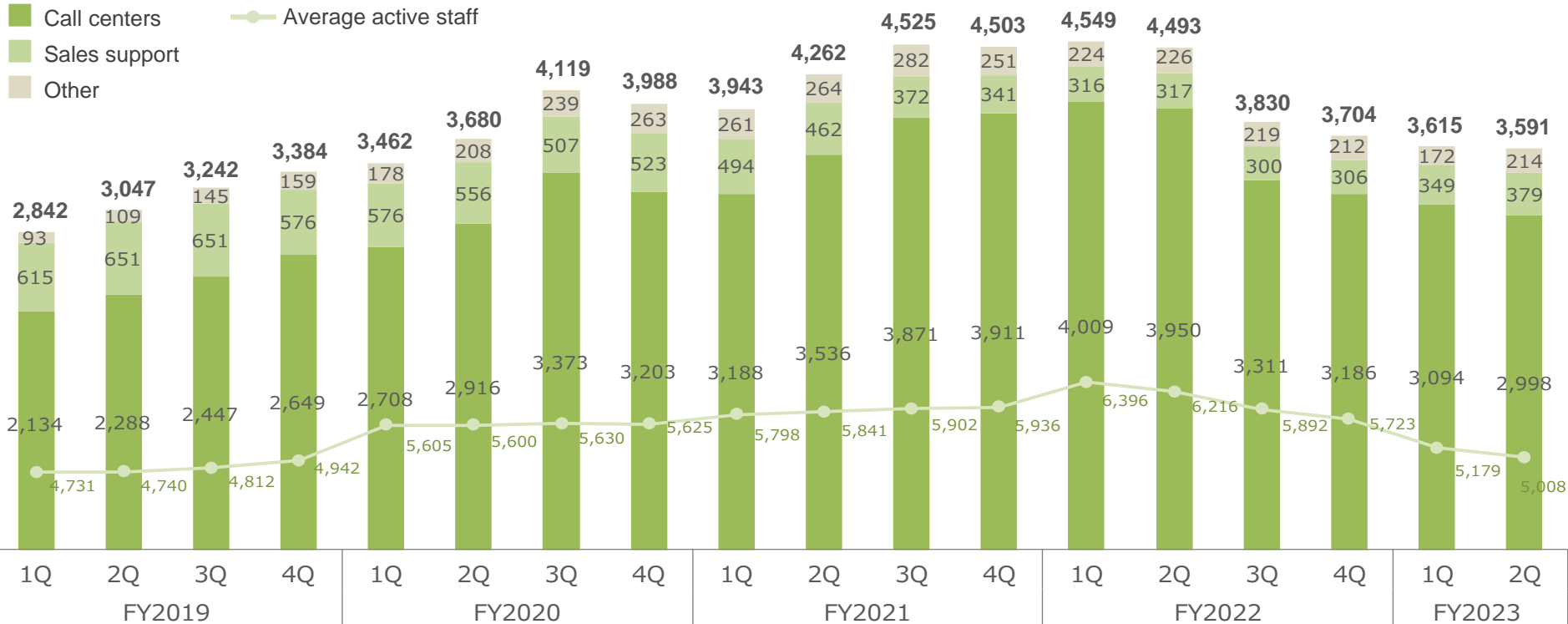
Net sales: 7,206 million yen (YoY change -20.3%)

Call center services showed transient signs of recovery, but results were lackluster.

[Call centers] 6,092 million yen (YoY change -23.5%) [Sales support] 729 million yen (YoY change +15.0%)

- Competition in call center services intensified due to a lack of new transactions. This in part delayed recovery.
- Sales support business continued to see moderate recovery due to a focus on hotel and aviation-related operations, sectors with severe labor shortages.

(Unit: million yen)



[Full-year] Net sales: 15,800 million yen (YoY change -4.7%)

For the time being, we will prioritize strengthening our defenses, focusing on building a more robust constitution.

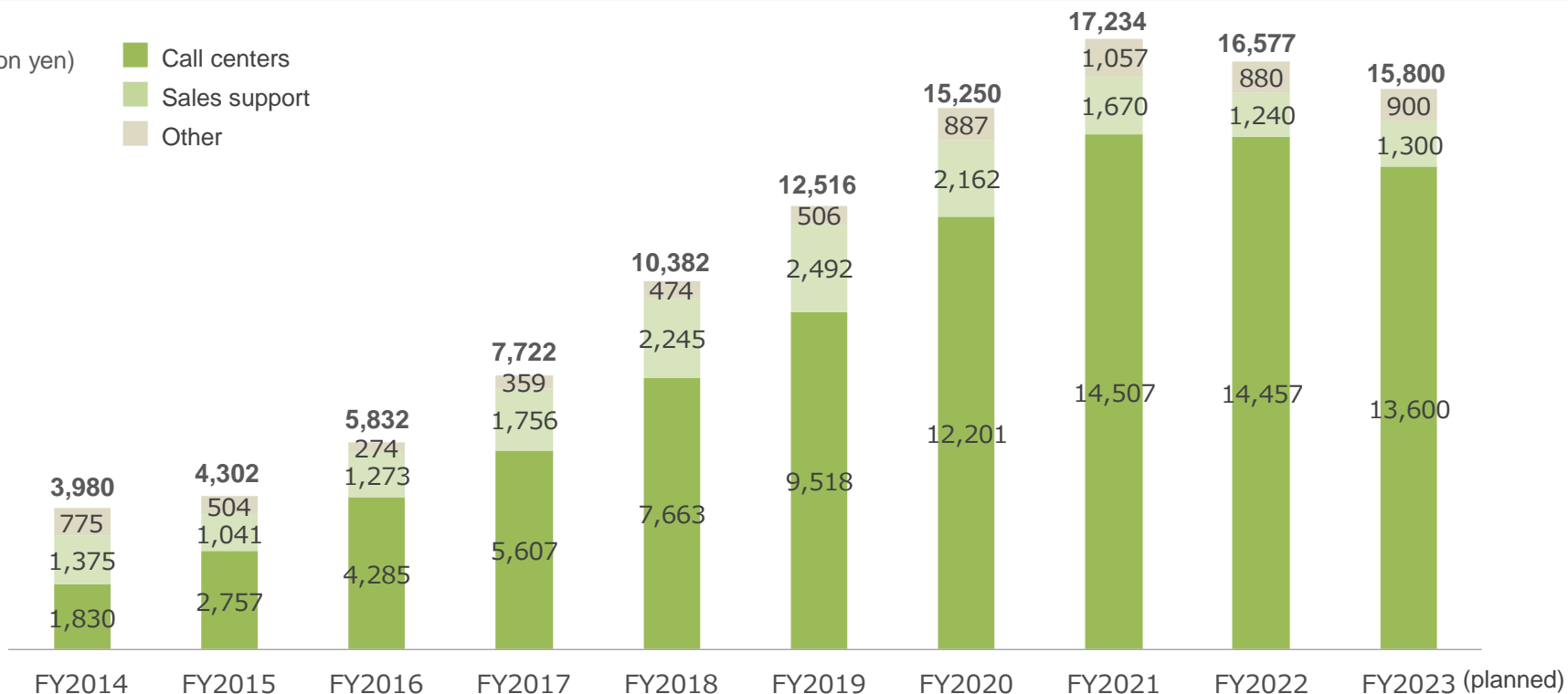
Net sales are currently expected to fall short of initial plans for the fiscal year. We will reexamine our cost structure.

[Call centers] We will focus on strengthening our relationships with current customers in preparation for a turnaround once demand recovers.

[Sales support] We will strengthen sales, primarily in industries with strong demand for human resources. We will work to expand our service area.

(Unit: million yen)

- Call centers
- Sales support
- Other



Special Needs Employment Services [1H Results]

Net sales: 3,274 million yen (YoY change +22.3%)

Demand grew due to the expansion of diverse work styles of people with disabilities. Equipment sales reached a record high.

[Equipment sales] 2Q: 582 sections (Plan: 510-560 sections)

Cumulative: 690 sections (Plan: 610-710 sections)

[Customers] 556 companies (New: 41 companies / Cancellations: 8 companies)

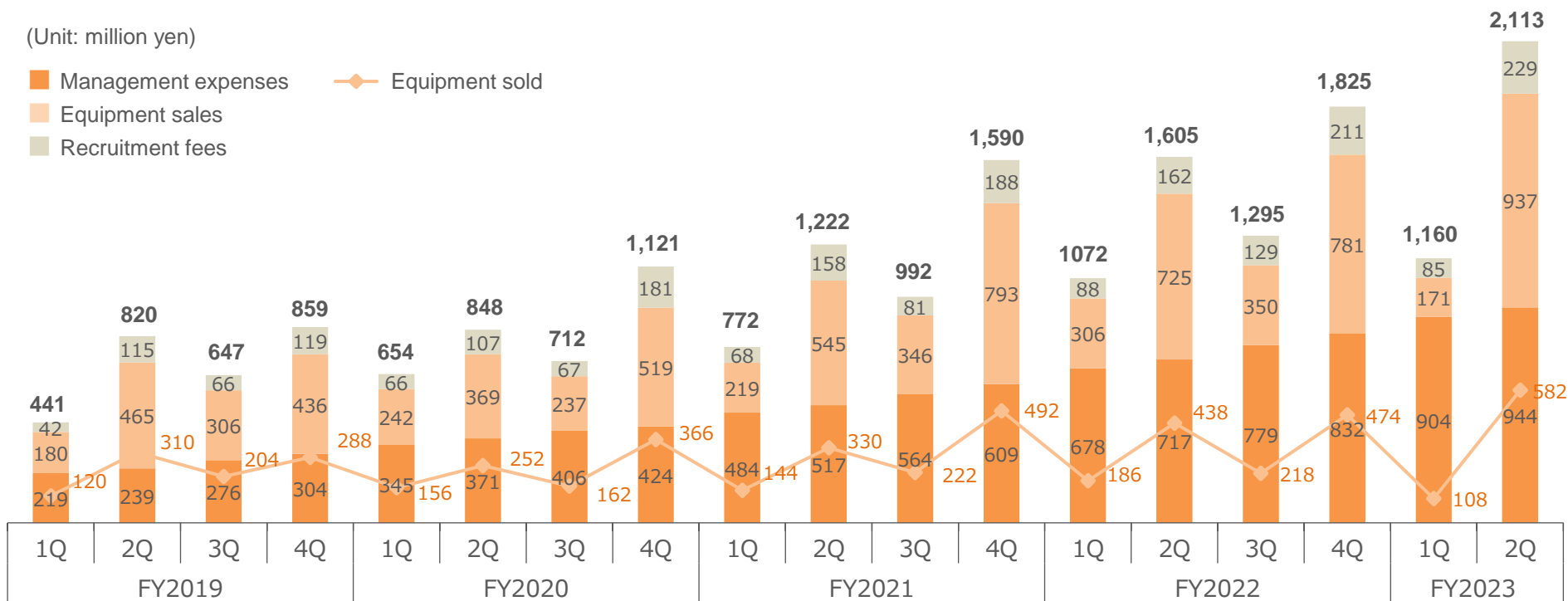
[Sections managed] 6,835 [Number of employees] 3,417 persons (Retention rate: 92%)

- Despite a modest cluster of cancellations in 2Q, most were due to varied unrelated reasons. We expect cancellations in 3Q to fall to one company.

- We opened three farms in 2Q (two outdoor, one indoor), expanding the cumulative total to 41.

(Unit: million yen)

■ Management expenses —◆— Equipment sold
■ Equipment sales
■ Recruitment fees



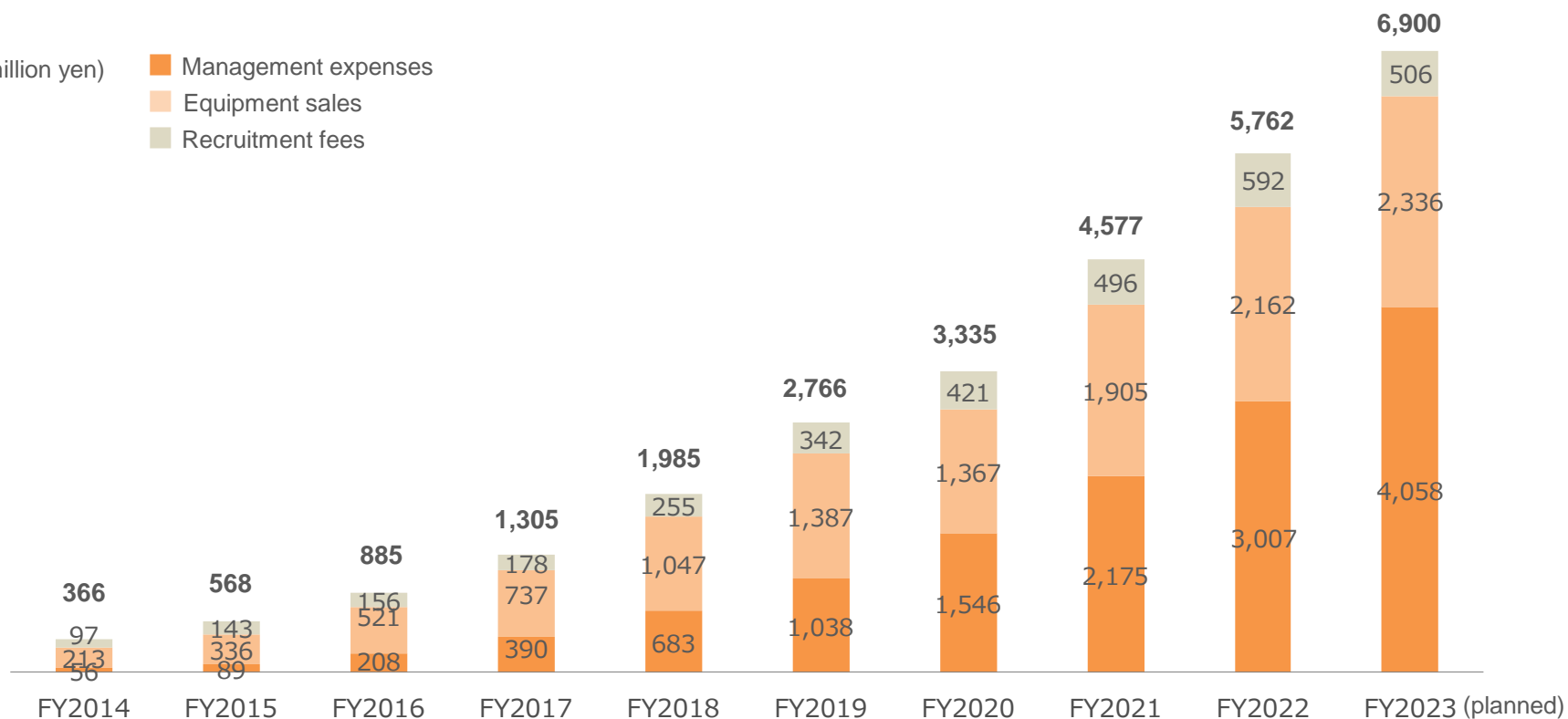
[Full-year] Net sales: 6,900 million yen (YoY change +19.7%)

Employment opportunities for people with disabilities remain woefully inadequate. We are currently seeking to create more jobs for people with disabilities by expanding the number of farms.

- The equipment sales plan for 2H is 750 sections: [3Q] 215 - 265 sections [4Q] 485-535 sections
- Demand is expected to continue to increase due to the government's decision to boost the statutory employment rate. We will strive to raise sales.
- We will open five farms in 2H. (3Q: three farms, 4Q: two farms). Preparations are proceeding as planned.

(Unit: million yen)

- Management expenses
- Equipment sales
- Recruitment fees



[MHLW Position on the Special Needs Employment Services]

“The provision of services for supporting the employment of people with disabilities by private companies itself is not something that should be disavowed. Rather, the government looks forward to supporting, publicizing, and raising awareness (of these services) so that employment (of people with disabilities) will increase in even better ways.”

This does not suggest a negative view or the consideration of regulations.

(Excerpt from minutes of Subcommittee on Employment of Persons with Disabilities)

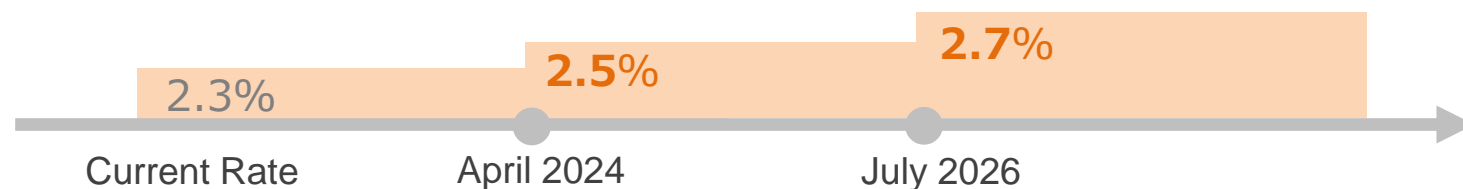
[Our Activities]

- We will continue to engage in dialogue with all concerned parties and provide farm tours in an effort to promote understanding of our business.
- We set up a study group to consider establishing an industry association, with an eye to establishing said association by the end of fiscal year.
- We surveyed farm workers to publish their views in an appropriate form in the future.
94% of workers are satisfied with their current workplaces and wish to continue working at their farms.

• *Excludes those who did not respond or responded “I don’t know.”

[Revision of the Act for Promotion of Employment of Persons with Disabilities]

- The government has decided to increase the statutory employment rate.



Net sales: **743** million yen (YoY change +15.8%)

Earnings at existing centers remained stable. Both sales and profits steadily increased.

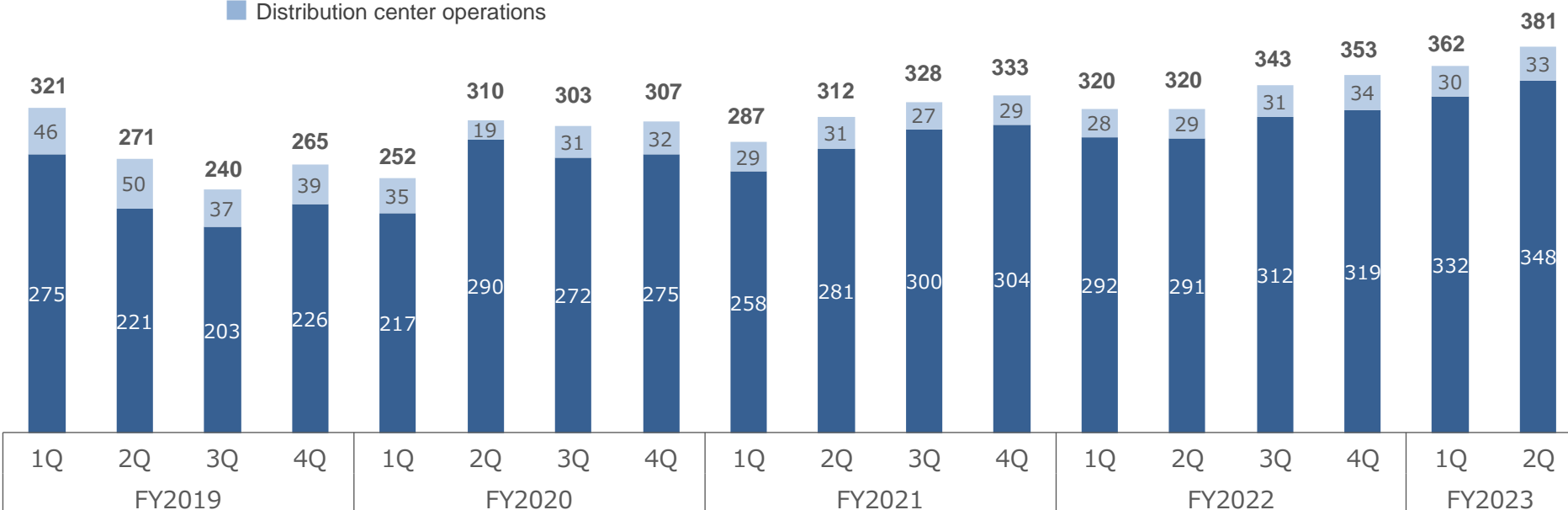
[e-Commerce shipping agent services] 679 million yen (YoY change +16.3%)

[Distribution center operations] 64 million yen (YoY change +11.0%)

- Profitability is stabilizing due to the liquidation of low-profit transactions and the effects of operational improvements.
- We established a Quality Management Office. We focused on improving quality in the field and standardizing the skills of part-time workers.

(Unit: million yen)

■ e-Commerce shipping agent services
 ■ Distribution center operations



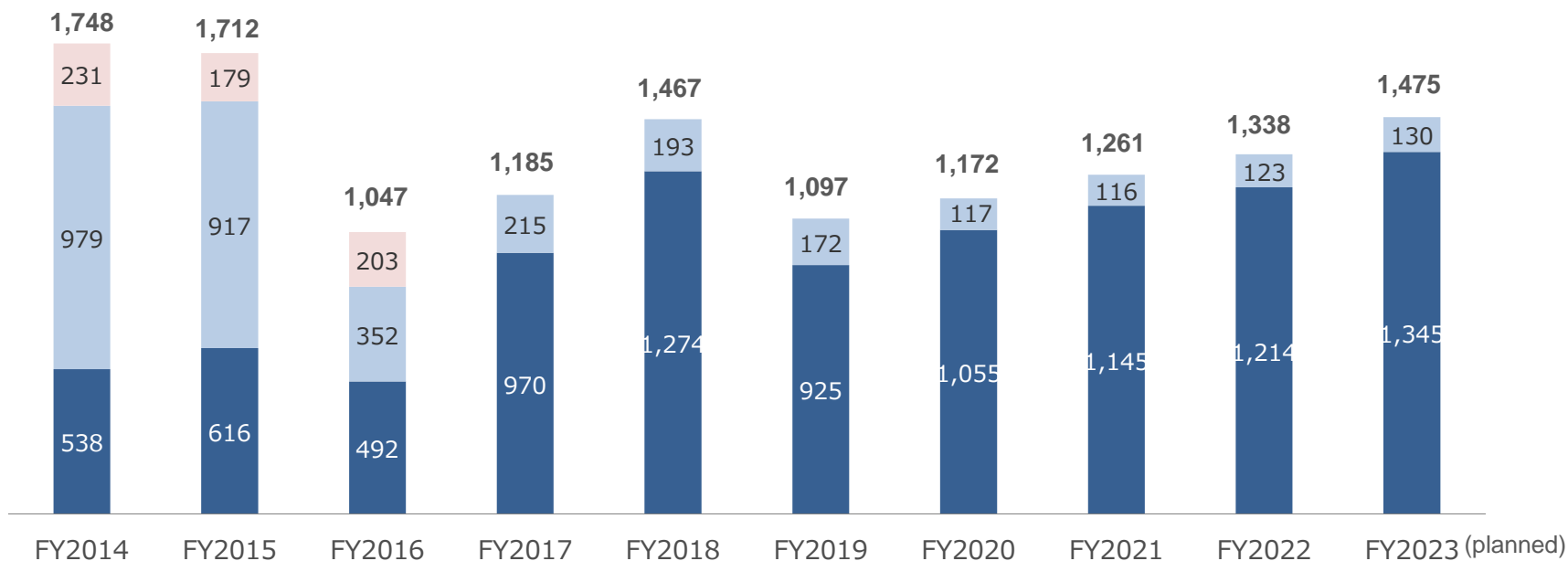
[Full-year] Net sales: 1,475 million yen (YoY change +10.2%)

We will capitalize on opening a major new center to shift from defense to offense.

- Scheduled to open in late July, the new center offers the potential for net sales of up to 100 million yen per month.
- By acquiring new transactions and consolidating existing centers, we will secure sales above the breakeven point for the new center.
- We will continue to strengthen sales efforts to achieve full operation of the new center at the earliest possible date.

(Unit: million yen)

■ e-Commerce shipping agent services
■ Distribution center operations
■ Other



Net sales: **652** million yen (YoY change +76.9%)

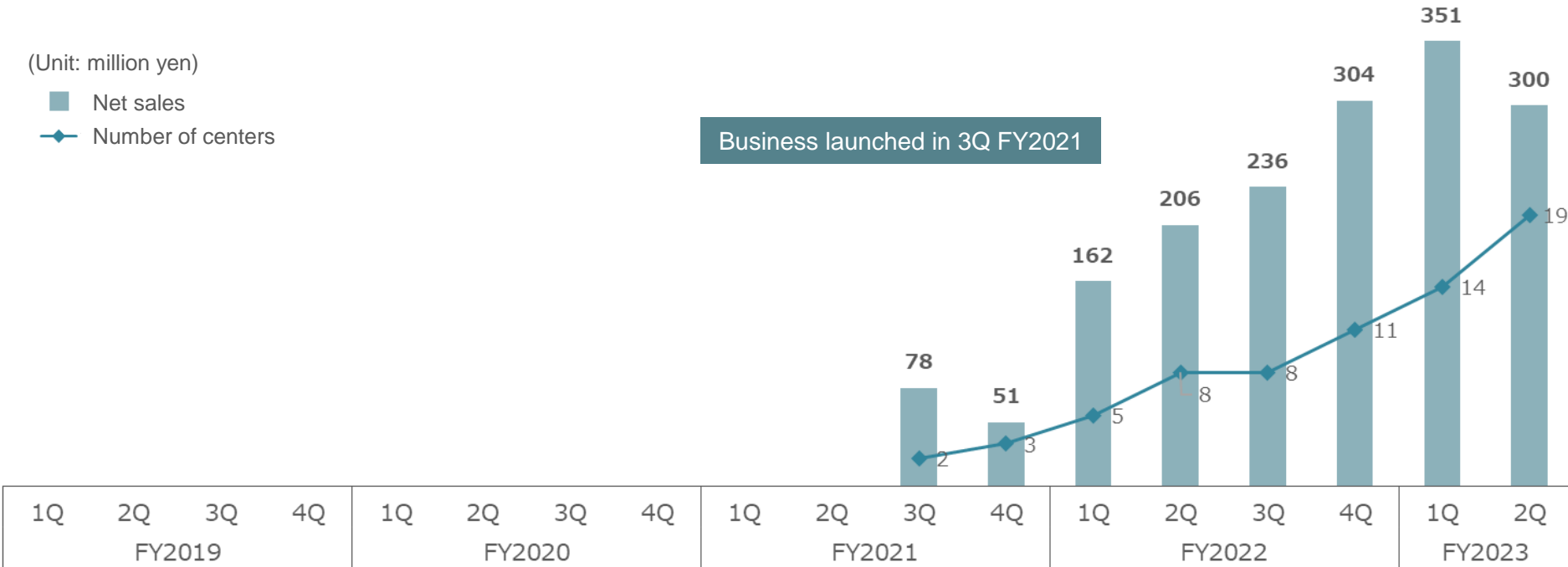
2Q net sales declined temporarily, but eventually achieved a significant YoY increase.

- 2Q net sales temporarily declined due to a post-peak decline in business related to Japan’s new “My Number” (personal ID number) system.
- The cumulative number of organizations with which we have had transactions increased to 198. This lays the foundation for increased net sales.
- Center openings in 2Q numbered just five, due to delays in certain openings to 3Q and other factors (Planned: 7 openings).

(Unit: million yen)

■ Net sales
◆ Number of centers

Business launched in 3Q FY2021



[Full-year] Net sales: 1,900 million yen (YoY change +108.9%)

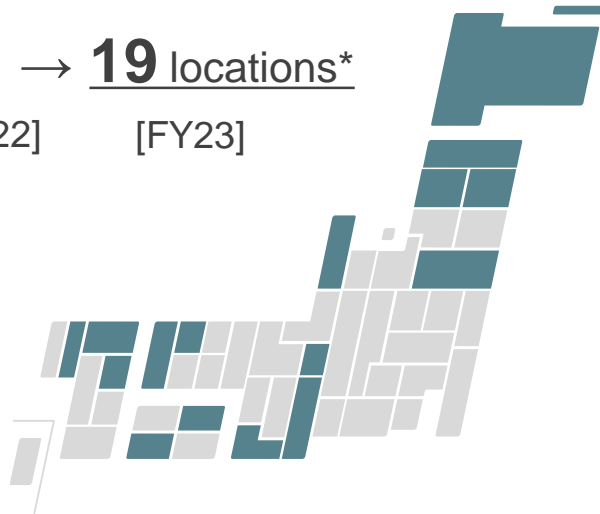
Municipal need to promote DX remains strong. We will maintain aggressive efforts to expand.

- To focus on expanding sales at existing centers, new construction will be limited to one location in 2H. (Openings this year: nine)
- We expect net sales to begin rising once again from 3Q. We aim to make up for the 2Q decline in 2H.
- We are currently selecting candidate sites for the 10 locations to be opened next fiscal year.

Shared BPO Centers

This is a shared BPO service that consolidates the administrative operations of multiple municipalities.

11 → 19 locations*
[FY22] [FY23]



Municipal Smart Counters

These administrative service desk agency services handle the functions of multiple administrative service desks for a given region.



5 → 15 locations
[FY22] [FY23]

Municipal Online Counters



95 → 300 terminals
[FY22] [FY23]

* The number of centers will not change in 2H. (3Q: 1 opening, 1 closing)

Net sales: **396** million yen (YoY change +34.0%)

Due to the increased importance of environmental information disclosure, transactions have grown steadily, especially with listed companies.

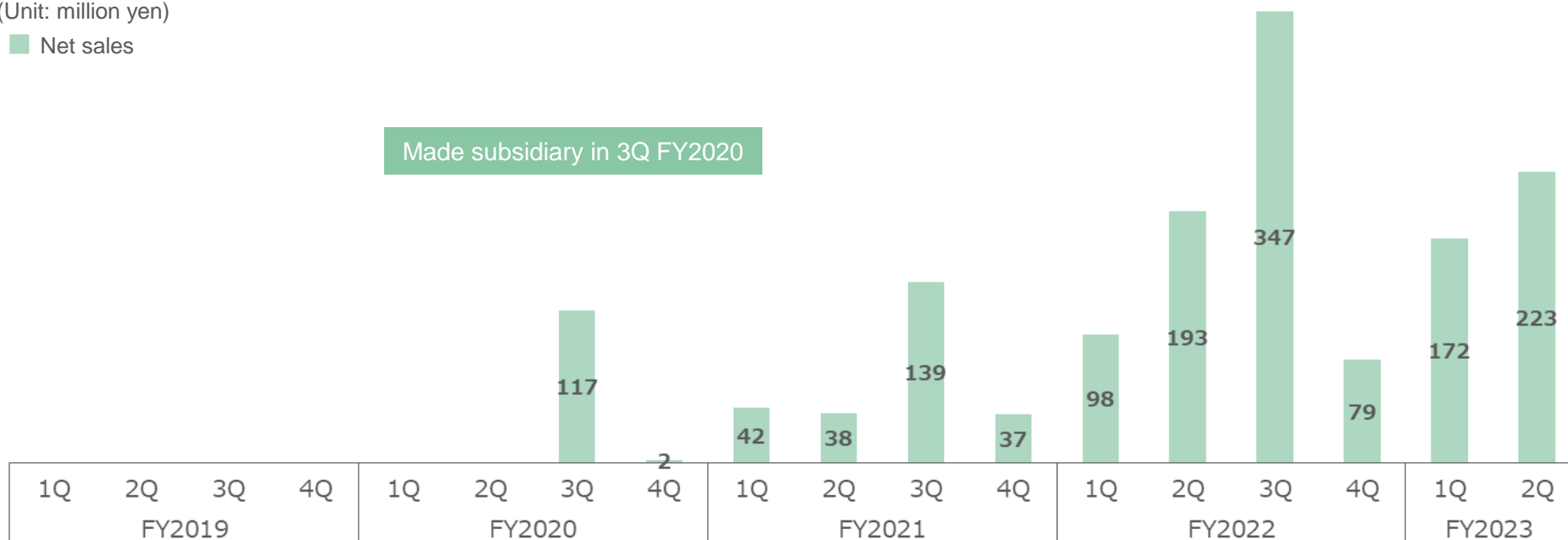
- Increased orders for consulting services, particularly for TCFD, has led to an upswing in profits.
- We have already reached the targets set for orders for CDP consulting services (to be recorded in 3Q).
- Our new services (LCA and SBT) are off to a strong start. We jointly won our first ever order from the Ministry of the Environment.

LCA: Life Cycle Assessment: method for assessing the environmental impact of a product or service

SBT: Science Based Targets: corporate greenhouse emission reduction targets in line with Paris Agreement goals

(Unit: million yen)

■ Net sales



[Full-year] Net sales: 900 million yen (YoY change +25.2%)

We will aim to further grow our business by expanding our service offerings.

- We will acquire new clients and strengthen cross-selling to existing clients by expanding our consulting service offerings.
- Starting with the MOE order, we will focus on acquiring transactions with government and municipal entities.
- We will continue to develop sharing programs to support CO₂ emissions reductions.

[Consulting Services]

CDP Response Support

TCFD Support

GHG Emissions Calculation

LCA/CFP Calculations

CC/REC Acquisition Support

SBT Certification Support

TNFD Support

Environmental Roadmap Development

The environmental field is seeing various new consulting themes in addition to the current climate change-related themes.

CFP: Carbon footprint: system for converting greenhouse gas emissions for a product or service over the course of its lifetime to more easily understood CO₂ equivalents

TNFD: Taskforce on Nature-related Financial Disclosures

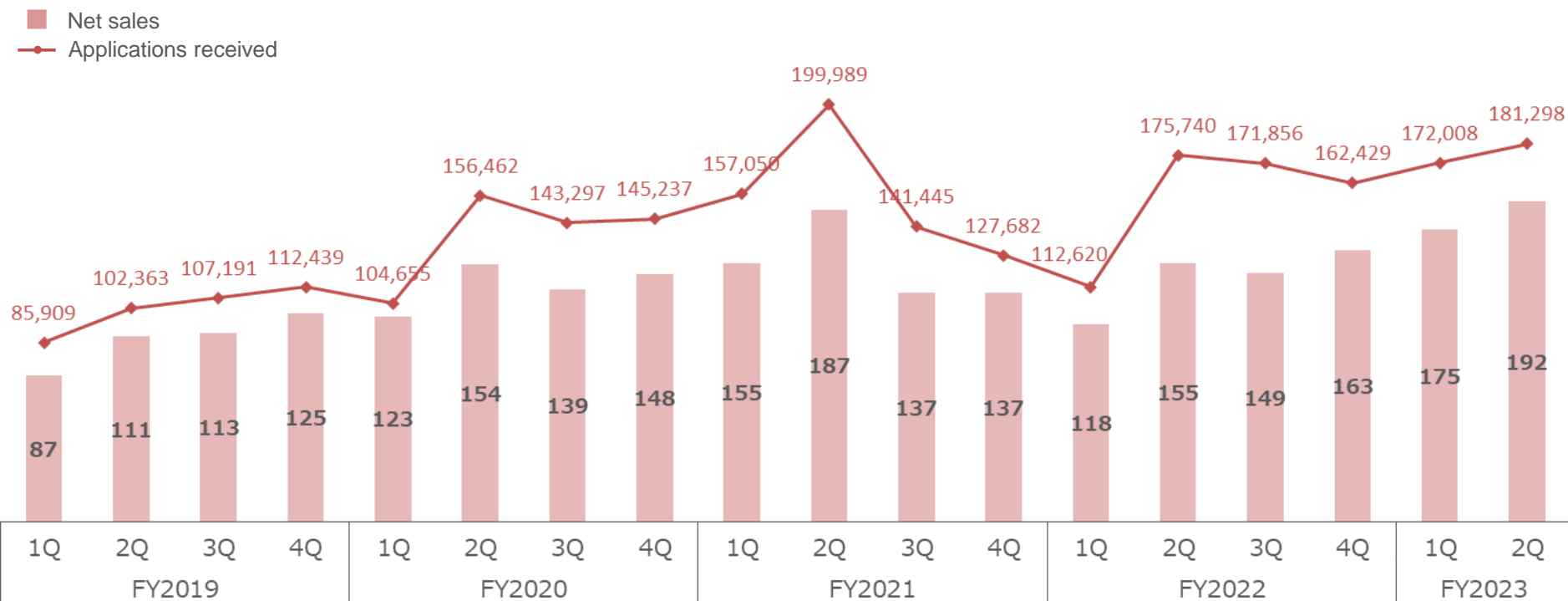
Net sales: **367** million yen (YoY change +31.3%)

Net sales demonstrated steady recovery, driven by normalizing economic activity and a growing labor shortage

[Applications received] 353,306 / 2Q cumulative (YoY change +22.5%)

- Part-time job openings exceeded pre-pandemic levels and remain at an all-time high, driving significant recovery in net sales.
- Profit margins continued to improve due to higher center utilization rates.

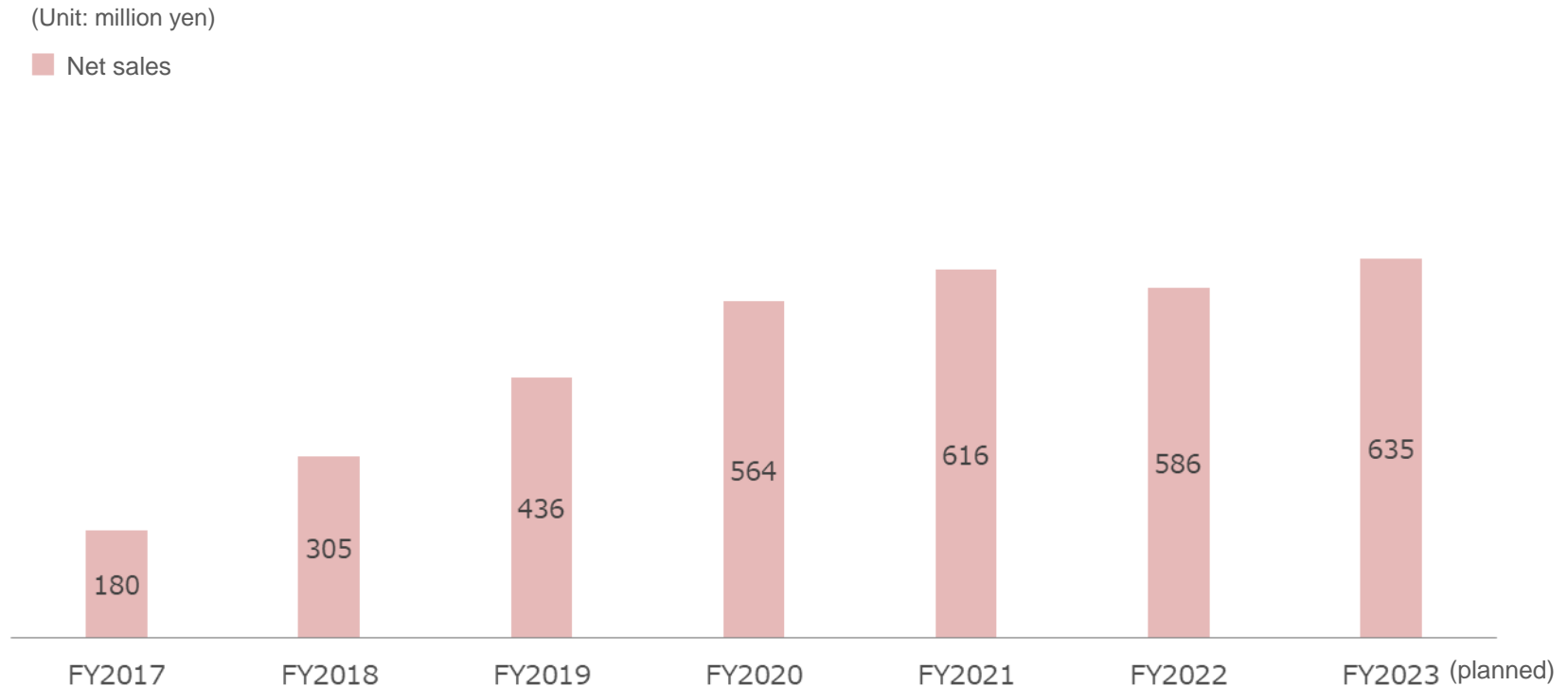
(Unit: million yen)



[Full-year] Net sales: **635** million yen (YoY change +8.4%)

We will aim for an upward swing, powered by a recovery in demand.

- There is high potential demand for Employment Support Services. We will strive to generate demand based on the strength of our high recruitment efficiency.
- We will strengthen cross-selling of our interviewing agency services.
- We will work to strengthen our operational structure ahead of future business expansion.



3. FY2023 Performance Forecasts

Theme	Creating both social and economic value						
Basic policy	Promoting well-balanced portfolio management resistant to environmental changes						
	High social contributions Resistant to business cycle changes High added value						
Numerical plans	Net sales 41 billion yen, operating profit 5 billion yen						
Management strategies	<table border="1"><tr><td>Business strategy ①</td><td>Maintaining organic growth by building on existing businesses</td></tr><tr><td>Business strategy ②</td><td>Securing growth opportunities in new business domains</td></tr><tr><td>Organizational strategy</td><td>Enhancing management foundations based on ESG</td></tr></table>	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
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Business strategy ②	Securing growth opportunities in new business domains						
Organizational strategy	Enhancing management foundations based on ESG						
Financial strategies	Consolidated dividend payout ratio of 30% or better Maintaining high ROE						

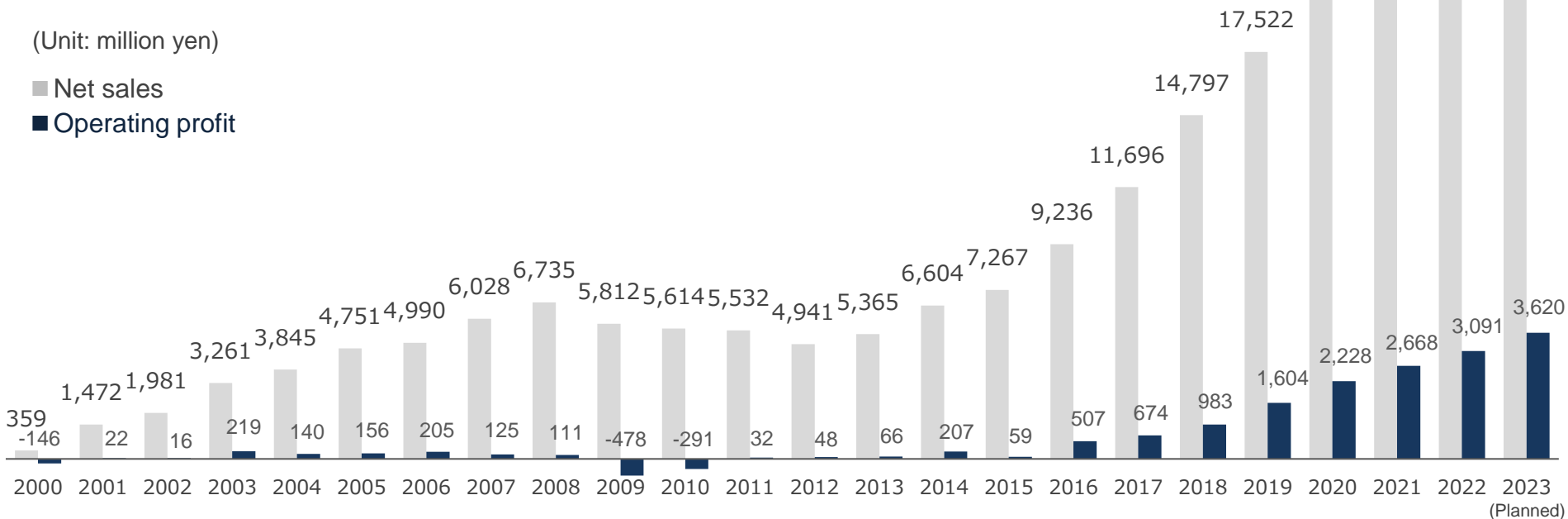
We are targeting new record highs in net sales (for the 11th consecutive year) and operating income (for the eighth consecutive year).

		(YoY change)
Net sales	28,288 million yen	(+6.1%)
Operating profit	3,620 million yen	(+17.1%)
Ordinary profit	3,596 million yen	(+15.3%)
Net income attributable to owners of the parent	2,427 million yen	(+34.2%)

(Unit: million yen)

■ Net sales

■ Operating profit



We expect 2H performance to be skewed towards 4Q, which is when Special Needs Employment Services equipment sales tend to concentrate.

(Unit: million yen)	FY2023 planned	FY2022 results	YoY change	YoY change (%)
Net sales	28,288	26,650	+ 1,637	+ 6.1%
Gross profit	9,651	8,741	+ 910	+ 10.4%
Gross profit margin (%)	34.1%	32.8%		+1.3pt
Selling and administrative expenses	6,031	5,649	+ 382	+ 6.8%
Selling and administrative expenses/net sales (%)	21.3%	21.2%		+0.1pt
Operating profit	3,620	3,091	+ 528	+ 17.1%
Operating profit margin (%)	12.8%	11.6%		+1.2pt
Ordinary profit	3,596	3,118	+ 477	+ 15.3%
Quarterly net income attributable to owners of the parent	2,427	1,809	+ 618	+ 34.2%

Driven by the Business Solutions Segment

(Unit: million yen)		FY2023 planned	FY2022 results	YoY change	YoY change
Net sales	Business Solutions Segment	12,908	10,202	+2,705	+26.5%
	Human Resource Solutions Segment	15,800	16,577	-777	-4.7%
	Adjustments	(420)	(128)	-	-
	Total	28,288	26,650	+1,637	+6.1%
Operating profit	Business Solutions Segment	3,635	2,921	+713	+24.4%
	Human Resource Solutions Segment	1,620	1,669	-48	-2.9%
	Adjustments	(1,635)	(1,498)	-	-
	Total	3,620	3,091	+528	+17.1%
Operating profit margin	Business Solutions Segment	28.2%	28.6%		-0.4pt
	Human Resource Solutions Segment	10.3%	10.1%		+0.2pt
	Total	12.8%	11.6%		+1.2pt

Business Solutions Segment: Special Needs Employment Services, Logistics, Wide-area Administrative BPO Services, Environmental Management Support Services, Employment Support Services, etc.
 Human Resource Solutions Segment: Temporary Staffing Services (Call Centers, Sales Support, Long-term Care Businesses, etc.)
 Adjustments (net sales): Mainly administrative section costs, Groupwide system costs, etc.

4. Dividends and Stock Information

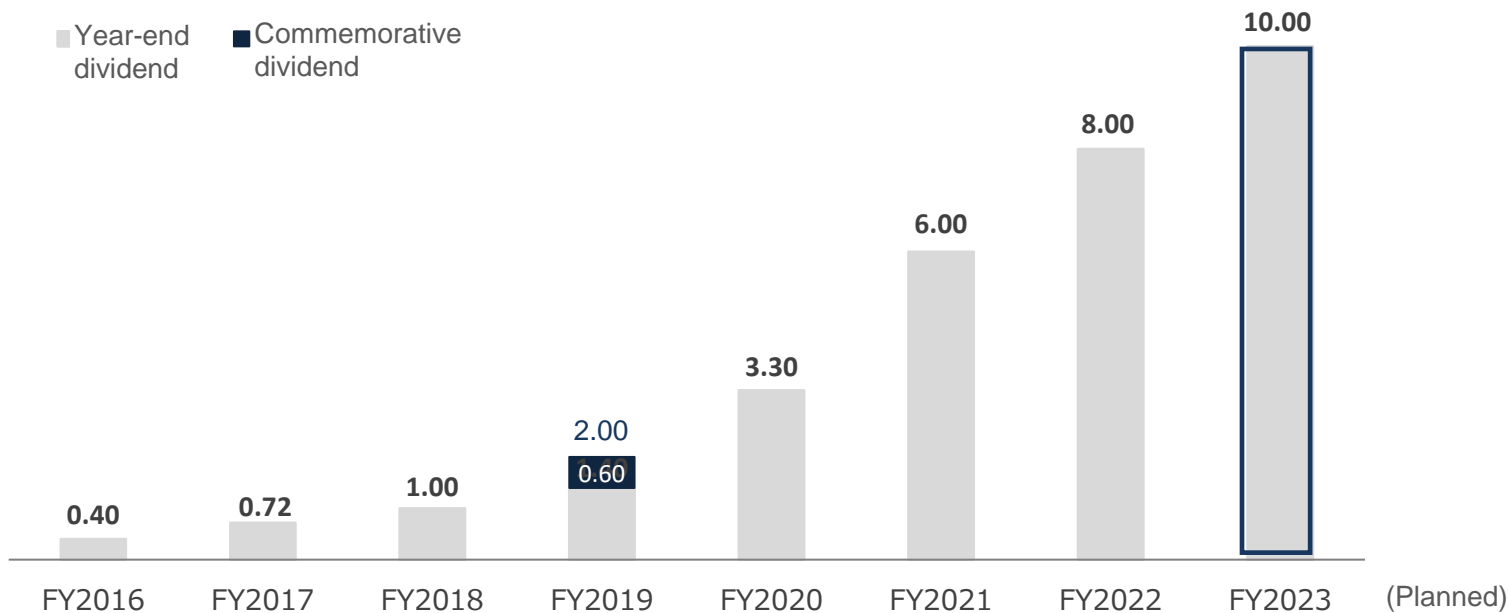
FY2023 dividend of 10 yen planned (Consolidated payout ratio of 32.5%)

Dividend plan

(Unit: yen)

■ Year-end dividend

■ Commemorative dividend



Dividend policy

Aiming to achieve consolidated payout ratio of 30% or higher by FY2025

(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.)

The selection of four of the six ESG investment indices used by the GPIF is planned.

FTSE Russell



ESG Rating: 3.8

(roughly corresponding to the top 20%)

[Included in the following indices]

FTSE Blossom Japan Index (229 companies)

FTSE Blossom Japan Sector Relative Index (493 companies)



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

M S C I



ESG Rating 「A」

C D P



Score 「B」

(Third from the top out of 8 levels)

SUSTAINALYTICS



ESG Risk Rating

「Low Risk」

Major Shareholders (as of May 31, 2023)



Number of shareholders: 11,591 (November 30, 2022: 10,389)

Ratio of institutional investors: 62.0% (November 30, 2022: 63.1%)

Rank	Name	Number of shares held	Percentage of Shares held
1	Custody Bank of Japan, Ltd. (Trust Account)	11,303,300	14.30%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	10,459,600	13.23%
3	Sohei Urakami	8,040,000	10.17%
4	Toru Akaura	2,742,100	3.47%
5	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT	2,102,100	2.66%
6	GOVERNMENT OF NORWAY	1,996,500	2.52%
7	Hideaki Sato	1,972,100	2.49%
8	S-Pool Employee Stock Ownership Program	1,736,000	2.19%
9	SUMITOMO LIFE INSURANCE COMPANY	1,635,000	2.06%
10	STATE STREET BANK AND TRUST COMPANY 505019	1,094,400	1.38%



[Contact] Investor Relations at the President's Office

E-mail: kouhou@spool.co.jp

Forecasts of business results and other forward-looking statements contained in this document are based on information available to the Company at the time of release. Actual results may vary due to various factors. No promise or guarantee is provided regarding future figures or measures.

Name		S-Pool, Inc.
Origin of name		'Pool' (combination) of Solutions / Systems / Staff / Sustainability
Head office		Akihabara Dai Building, 1-18-13 Sotokanda, Chiyoda-ku, Tokyo, Japan
Capital		372,200,000 yen
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		Prime Section, Tokyo Stock Exchange (Securities Code: 2471)
Number of employees		1,181 persons (consolidated, as of end of May 2023)
Number of facilities		84 locations (as of end of June 2023)

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.



[Wide-area Administrative BPO Services]

S-Pool Glocal, Inc.



[Environmental Management Support Services]

blue dot green Inc.



Business Solutions Segment (38%)

■ Special Needs Employment Services

[5.76 billion yen]

- Operating rental farms for use by companies employing exclusively people with disabilities
- Employment support services (referrals for persons with disabilities)

■ Logistics Outsourcing Services [1.34 billion yen]

- e-Commerce shipping agent services, cross border e-commerce services

■ Employment Support Services [590 million yen]

- OMUSUBI part-time worker employment support service

■ Sales Support Services [580 million yen]

- Sales promotion support (campaigns, promotions)

■ Wide-area Administrative BPO Services [910 million yen]

- Shared BPO services for local governments, online counter business

■ Environmental Management Support Services

- CO₂ emissions calculation support, carbon credit brokering support [720 million yen]

■ New businesses

- TAKUWIL professional human resources sharing service
- Pivotta Sustena video service for learning about sustainability.
- AI Development / Big Data Analysis / Dispatch of Engineers

Human Resource Solution Segment (62%)

■ Human Resource Outsourcing Services

[16.58 billion yen]

- Temporary staffing/referral services
 - Sales and marketing staff (e.g., smartphones, home electronics)
 - Office staff (call centers, offices)
 - Long-term care, nursing, childcare staff
- Outsourcing services
 - Call centers, officer centers

* Sales figures and segment sales percentages are based on FY2022 results.

S-POOL [Group head office]

Akihabara

S-POOL Human Solutions 16 branches

- 【Hokkaido】 Sapporo②
- 【Tohoku】 Sendai
- 【Kanto】 Shinjuku, Ikebukuro, Marunouchi, Yokohama②
- 【Chukyo】 Nagoya
- 【Kinki】 Osaka②
- 【Kyushu】 Fukuoka②, Kumamoto
- 【Okinawa】 Okinawa②

S-POOL Logistics [Distribution centers]

Shinagawa, Urayasu, Tsukuba

S-POOL Link 5 facilities

Kitami, Hirosaki, Komatsushima, Nichinan, Saito

S-POOL Sales Support 2 branches

Akihabara, Osaka

S-POOL Plus+ 41 farms

- 【Kanto】 Itabashi②, Katsushika, Yokohama, Saitama, Kawagoe②, Omiya, Urawa, Koshigaya②, Iruma, Misato, Chiba③, Ichikawa, Matsudo, Kashiwa③, Funabashi③, Yachiyo, Ichihara②, Mobara②
- 【Chubu】 Nagoya, Kasugai, Komaki②, Tokai, Nagakute, Toyoake, Miyoshi
- 【Kinki】 Osaka, Hirakata, Settsu, Daito

S-POOL Global [BPO centers] 19 facilities

- 【Hokkaido】 Kitami, Sapporo
- 【Tohoku】 Mutsu, Hirosaki, Daisen, Ofunato, Minamisoma
- 【Chubu】 Kahoku, Komatsu, Uozu
- 【Kinki】 Nagahama, Shima, Tanabe
- 【Chugoku】 Hamada, Iwakuni
- 【Shikoku】 Mitoyo
- 【Kyusyu】 Iizuka, Nakatsu, Takeo

