



October 12, 2020

To Whom It May Concern

Company Name: OUTSOURCING Inc.
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Notice Regarding Acquisition of Additional Shares of AVANCE HOLDINGS Co., Ltd.

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that the Board of Directors, at its meeting held on October 12, 2020, resolved to acquire an additional 43% of the issued shares of AVANCE HOLDINGS Co., Ltd., which, together with the existing holding of 8%, amounts to a total of 51%, and make it a subsidiary, as per the details below.

1. Purpose of the acquisition of additional shares

OUTSOURCING Group (hereinafter “the Group”), in light of the fact that Japan faces a declining population and has strict regulations on the acceptance of immigrants, judges that the prospect for long-term growth with HR business, which is a human resources stock business, in Japanese market alone is gloomy. In contrast, the global population now at 7.7 billion is projected to rise to 10 billion. The Group views this population increase as a long-term growth opportunity and has strongly promoted cross-border HR mobilization businesses to capture demands arising from the labor force supply/demand gap among countries and regions and targeted to expand fields in which foreign workers are employed. In addition, as one of the Group’s medium-term growth strategies, it is focusing on the development and provision of the WBB (“WORKING” Beyond Borders) Platform that provides migrating workers using the HR mobilization scheme with safety and security in their daily lives, laying the foundation for a new pillar of business which does not involve employment.

AVANCE CORPORATION, the principal subsidiary of AVANCE HOLDINGS Co., Ltd., for over 30 years has established a network and connections to invite persons of Japanese descent, mainly from Brazil, to work in Japan, and is well trusted by related government agencies and the community of Japanese descendants.

While the AVANCE group was seeking to make a capital tie-up with a firm with which it could expect synergies in terms of sales activities, the Company was moving ahead with expanding its recruitment network for foreigners, and in August 2018, it acquired 8% of the issued shares of AVANCE HOLDINGS Co., Ltd..

In response to the wishes of this company’s founder to strengthen the tie-up relationship, the Company will make it a subsidiary through the acquisition of additional shares, aiming to maximize synergies. The AVANCE group can expect to strengthen its business and management base by aggressively and flexibly utilizing resources of the Group including its client base and sales capability. Currently, there is an impact from immigration restrictions due to COVID-19; however, over the medium- to long-term, the use of foreign human resources is increasing steadily due to the declining labor force population in Japan. The Group expects that in the future, through the synergies between its HR mobilization scheme and the network and knowledge established by the AVANCE group, it will not only invite workers to Japan but also establish an HR mobilization network to mobilize workers to Europe, the Middle East and North America. This will become an important infrastructure for the WBB

Platform. Going forward, the Group will continue to work on establishing a global HR mobilization network, taking the global population growth as an opportunity, and promote the resilience of its growth base.

2. Outline of the subsidiary to be transferred

(1)	Company name	AVANCE HOLDINGS Co., Ltd.		
(2)	Head office	1-8-26 Nakamachi, Ichinomiya City, Aichi Prefecture		
(3)	Name and title of representative	Eiji Shimada, President		
(4)	Major businesses	Business management and management guidance of group companies		
(5)	Shared capital	JPY50 million		
(6)	Established	September 28, 2016		
(7)	Major shareholders, % owned	Takaharu Hayashi 75.4%		
(8)	Relationship between the Company and AVANCE HOLDINGS Co., Ltd.	Capital relationship	The Company holds 8% of the issued shares of AVANCE HOLDINGS Co., Ltd.	
		Personal relationship	None	
		Business relationship	None	
(9)	Financial results and financial status for the past three fiscal years (Unit: millions of JPY)			
	Fiscal year	March 2018	March 2019	March 2020
	Net assets	2,259	2,540	2,652
	Total assets	2,464	2,667	2,825
	Net assets per share (JPY)	925.24	1,040.18	1,053.27
	Net sales	69	692	602
	Operating profit	64	311	122
	Ordinary profit	64	344	107
	Profit for the year	63	317	84
	Profit per share (JPY)	25.91	129.93	34.54
	Dividends per share (JPY)	15	15	20

3. Overview of sub-subsidiaries to be transferred

①AVANCE CORPORATION

(1)	Company name	AVANCE CORPORATION		
(2)	Head office	1-8-26 Nakamachi, Ichinomiya City, Aichi Prefecture		
(3)	Name and title of representative	Eiji Shimada, President		
(4)	Major businesses	HR dispatch and outsourced contracting business in Japan mainly for persons of Japanese descent		
(5)	Shared capital	JPY50 million		
(6)	Established	December 13, 1980		
(7)	Major shareholders, % owned	AVANCE HOLDINGS Co., Ltd. 100%		
(8)	Relationship between the Company and AVANCE CORPORATION	Capital relationship	None	
		Personal relationship	One employee of the Company is temporarily transferred to AVANCE CORPORATION	
		Business relationship	There is a business relationship between the	

	Company and AVANCE CORPORATION		
(9)	Financial results and financial status for the past three fiscal years		(Unit: millions of JPY)
	Fiscal year	March 2018	March 2019
			March 2020
	Net assets	2,924	2,696
	Total assets	9,297	9,688
	Net assets per share (JPY)	1,118.45	1,031.15
	Net sales	10,807	14,675
	Operating profit	653	981
	Ordinary profit	644	981
	Profit for the year	567	154
	Profit per share (JPY)	217.02	59.11
	Dividends per share (JPY)	110	35
			50

②ELEMENT CO. LTD.

(1)	Company name	ELEMENT CO. LTD.	
(2)	Head office	1-4-3 Yanagibashi, Taito-ku, Tokyo	
(3)	Name and title of representative	Yusuke Kaneko, President	
(4)	Major businesses	Comprehensive HR services specialized in international HR, outsourcing business	
(5)	Shared capital	JPY40 million	
(6)	Established	September 1, 2009	
(7)	Major shareholders, % owned	AVANCE HOLDINGS Co., Ltd. 100%	
(8)	Relationship between the Company and ELEMENT CO. LTD.	Capital relationship	None
		Personal relationship	None
		Business relationship	None
(9)	Financial results and financial status for the past three fiscal years		(Unit: millions of JPY)
	Fiscal year	March 2018	March 2019
			March 2020
	Net assets	(1)	44
	Total assets	225	313
	Net assets per share (JPY)	(1,844.39)	55,967.65
	Net sales	876	1,382
	Operating profit	1	25
	Ordinary profit	2	24
	Profit for the year	(22)	46
	Profit per share (JPY)	(28,506.21)	57,812.04
	Dividends per share (JPY)	-	-
			-

③JUSTEC Co., Ltd.

(1)	Company name	JUSTEC Co., Ltd.	
(2)	Head office	2-9-5 Sakae, Naka-ku, Nagoya-City, Aichi Prefecture	
(3)	Name and title of representative	Michiharu Masui, President	
(4)	Major businesses	Overseas engineering HR service	

(5)	Shared capital	JPY20 million	
(6)	Established	October 1, 1991	
(7)	Major shareholders, % owned	AVANCE HOLDINGS Co., Ltd. 100%	
(8)	Relationship between the Company and JUSTEC Co., Ltd.	Capital relationship	None
		Personal relationship	None
		Business relationship	None
(9)	Financial results and financial status for the past three fiscal years (Unit: millions of JPY)		
	Fiscal year	March 2018	March 2019
			March 2020
	Net assets	59	68
	Total assets	272	265
	Net assets per share (JPY)	268,528.73	311,231.97
	Net sales	118	223
	Operating profit	(0)	(0)
	Ordinary profit	(0)	3
	Profit for the year	5	10
	Profit per share (JPY)	16,915.48	47,703.24
	Dividends per share (JPY)	5,000	5,000

4. Outline of a seller of the shares

(1)	Name	Takaharu Hayashi
(2)	Address	Ichinomiya City, Aichi Prefecture
(3)	Relationship between the Company and a concerned individual	There is no capital relationship, personal relationship or business relationship.

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	213,000
		Number of voting rights	2,130
		Ratio of voting right owned	8.5%
(2)	Number of additional shares to be acquired	Number of shares	1,145,000
(3)	Acquisition price	Acquisition price	JPY4,500 million
		Advisory fee and others (estimated amount)	JPY62 million
		TOTAL (estimated amount)	JPY4,562 million
(4)	Number of shares owned after acquisition	Number of shares	13,580,000
		Number of voting rights	13,580
		Ratio of voting right owned	53.9%

(Note) The voting rights ratio is calculated by dividing the number of shares held by the total number of issued shares minus treasury stock (143,900 shares).

6. Schedule

(1)	Date of board of directors resolution	October 12, 2020
(2)	Date of agreement	October 12, 2020
(3)	Date of share transfer	November 2, 2020 (scheduled)

7. Future outlook

Through this acquisition of shares, the 4 companies, AVANCE HOLDINGS Co., Ltd., AVANCE CORPORATION, ELEMENT CO. LTD. and JUSTEC Co., Ltd., will become consolidated subsidiaries from 4Q FY12/20. The impact of this matter on consolidated financial results for FY12/20 is negligible.

(Disclaimer with respect to outlook)

The forward-looking statements including financial outlook 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 due to a variety of factors.

(Reference) Consolidated financial forecasts for FY12/2020 (announced on May 14, 2020) and consolidated financial results for FY12/2019

(Unit: millions of JPY)

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the Company
FY12/2020 forecasts	365,000	10,000	6,800	3,600	3,000
FY12/2019 results	361,249	15,342	13,319	8,975	8,227

(Note) As the provisional accounting process related to business combinations was finalized, the consolidated financial statements for FY12/19 have been retroactively adjusted.