


Results Briefing Materials FY2020

January 13, 2021

S-Pool, Inc.

First Section, Tokyo Stock Exchange (2471)

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- A large, faint, light blue watermark of the S-POOL logo is centered in the background of the slide.
1. FY2020 Performance Results
 2. FY2020 Overview by Business Segment
 3. FY2021 Business Policies
 4. FY2021 Performance Forecasts
 5. Dividend Policy/Dividend Plan

FY2020 overview of accounts settlement

■ Improving dramatically on past record performance by mitigating COVID-19 impacts through portfolio management

Net sales	21,009 million yen (YoY change +19.9%)
Operating profit	2,228 million yen (YoY change +38.9%)
Net income*	1,580 million yen (YoY change +46.0%)

* Net income attributable to owners of the parent

Overview of FY2020 by business segment

[Human Resource Outsourcing Services]

Net sales	15,250 million yen (YoY change +21.8%)
Dispatch of personnel to call centers has continued to grow despite COVID-19, resulting in strong growth.	

[Special Needs Employment Service]

Net sales	3,335 million yen (YoY change +20.6%)
Both sales and hiring educational activities recovered rapidly. Both 4Q sales and orders received set record highs.	

FY2021 forecasts

■ Continuing to set record highs and achieving steady growth under any circumstances

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 term: 3.3 yen)



1. FY2020 Performance Results

S-POOL

■ Exceeding previous records for net sales and profits despite COVID-19.

Operating profit margin reaches 10%.

(Unit: million yen)

	FY2020 result	FY2019 result	YoY change	YoY change (%)
Net sales	21,009	17,522	+3,487	+19.9%
Gross profit	6,377	5,214	+1,162	+22.3%
Gross profit margin (%)	30.4%	29.8%		+0.6 pt
Selling and administrative expenses	4,148	3,610	+538	+14.9%
Selling and administrative expenses/net sales (%)	19.7%	20.6%		-0.9 pt
Operating profit	2,228	1,604	+624	+38.9%
Operating profit margin (%)	10.6%	9.2%		+1.4 pt
Ordinary profit	2,229	1,626	+603	+37.1%
Quarterly net income attributable to owners of the parent	1,580	1,082	+497	+46.0%

* Special bonus [FY2020]: 92 million yen [FY2019]: 84 million yen

FY2020 Financial Results (Comparison to Plans)

■ Improving dramatically on initial plans, with a special focus on profits

(Unit: million yen)

	FY2020 result	FY2020 result	YoY change	YoY change (%)
Net sales	21,009	20,636	+373	+1.8%
Gross profit	6,377	6,122	+255	+4.2%
Gross profit margin (%)	30.4%	29.7%		+0.7 pt
Selling and administrative expenses	4,148	4,121	+27	+0.7%
Selling and administrative expenses/net sales (%)	19.7%	20.0%		-0.3 pt
Operating profit	2,228	2,000	+228	+11.4%
Operating profit margin (%)	10.6%	9.7%		+0.9 pt
Ordinary profit	2,229	1,988	+241	+12.1%
Quarterly net income attributable to owners of the parent	1,580	1,288	+292	+22.7%

FY2020 Results by Segment



(Unit: million yen)

		FY2020 results	FY2019 results	YoY change	YoY change (%)
Net sales	Business Solutions Segment	5,825	5,043	+782	+15.5%
	Human Resource Solutions Segment	15,250	12,516	+2,733	+21.8%
	Adjustments	(65)	(37)	-	-
	Total	21,009	17,522	+3,487	+19.9%
Operating profit	Business Solutions Segment	1,619	1,514	+104	+6.9%
	Human Resource Solutions Segment	1,757	1,183	+574	+48.5%
	Adjustments	(1,148)	(1,093)	-	-
	Total	2,228	1,604	+624	+38.9%
Operating profit margin	Business Solutions Segment	27.8%	30.0%	-	-2.2 pt
	Human Resource Solutions Segment	11.5%	9.5%	-	+2.0 pt
	Total	10.6%	9.2%	-	+1.4 pt

[Main businesses in each segment]

Business Solutions Segment:

Outsourcing Services (Special Needs Employment Service, Logistics, Employment Support Service, etc.)

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

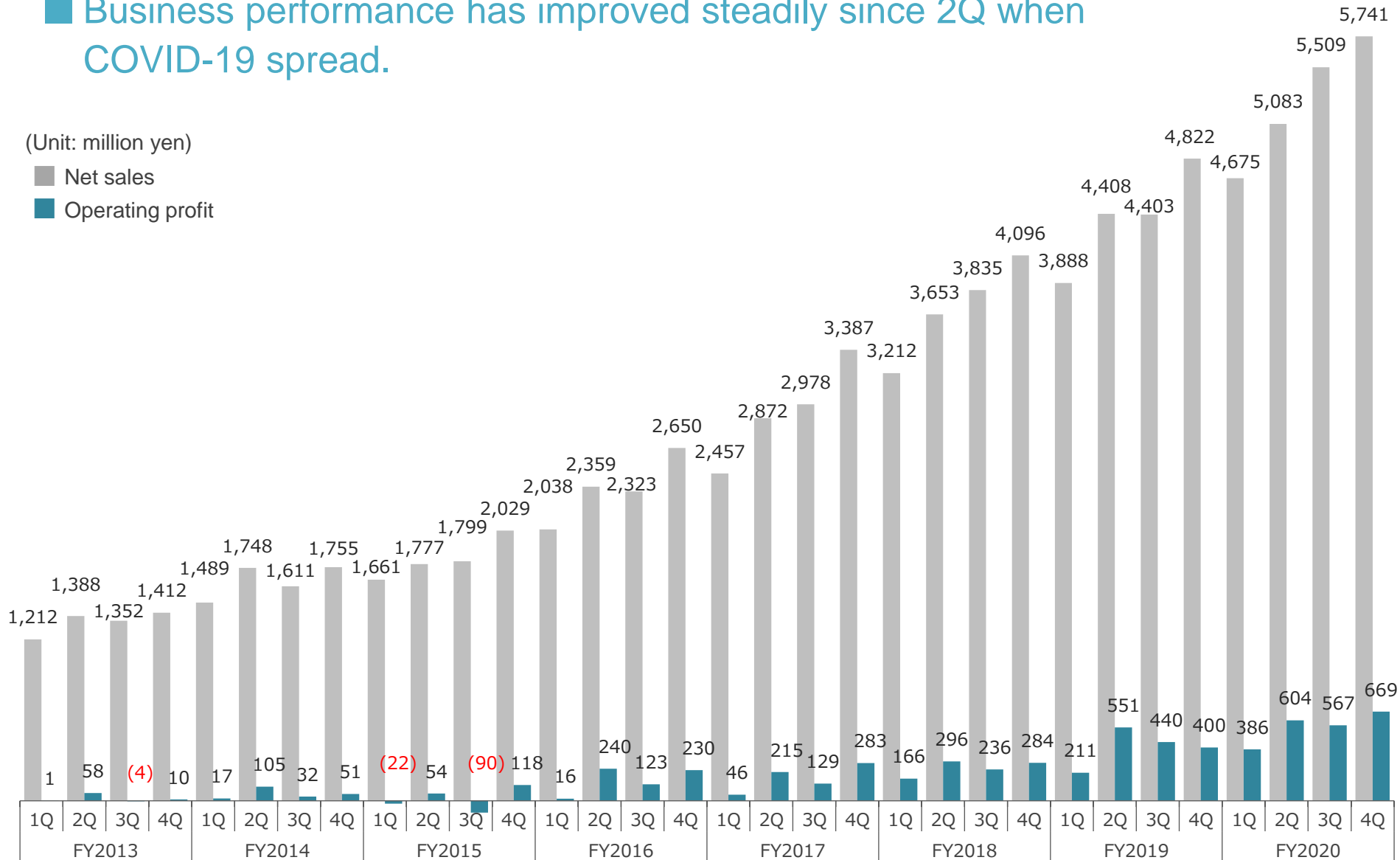
Trends in Quarterly Business Performance

■ Business performance has improved steadily since 2Q when COVID-19 spread.

(Unit: million yen)

■ Net sales

■ Operating profit

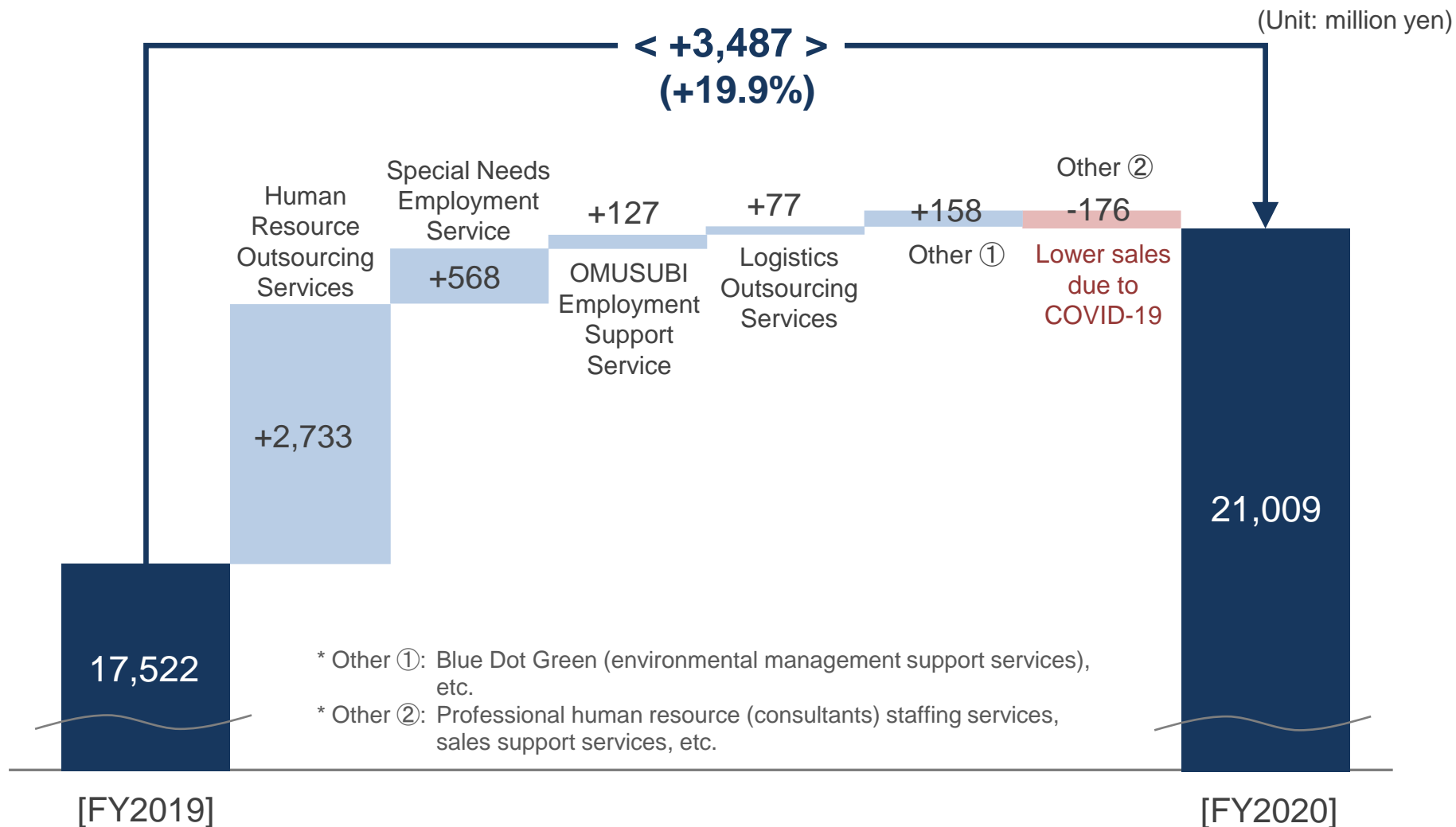


- Cash flow from operating activities and cash flow used in investment activities are stable.

(Unit: million yen)

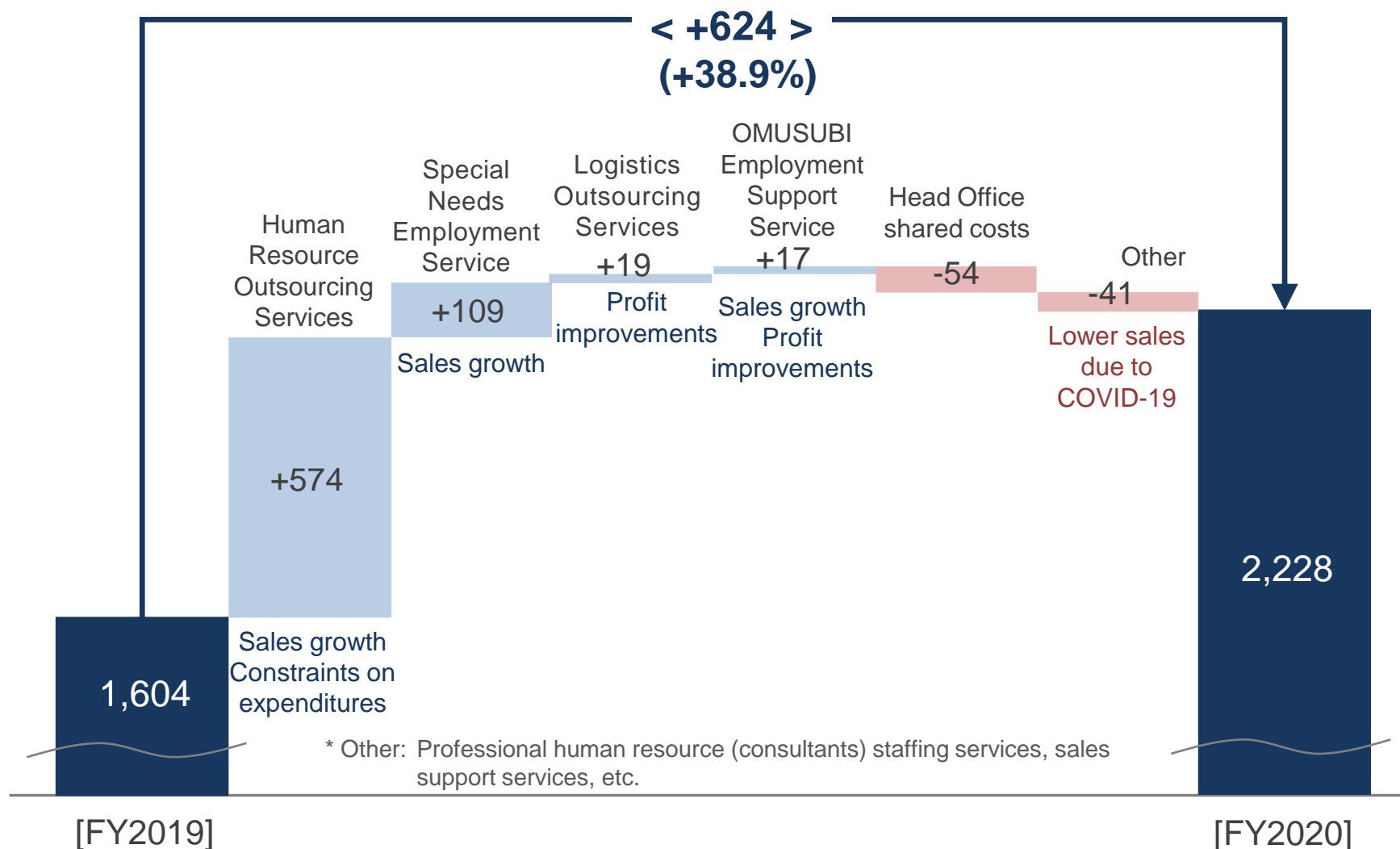
	FY2020 results	FY2019 results	YoY change	Main reasons for change
Cash flow from operating activities	2234	1696	538	Increased net income
Cash flow used in investment activities	-2,054	-1,474	-580	Expanded acquisition of property, plant, and equipment by opening new farms
Cash flow from financing activities	215	809	-593	
Balance of cash and cash equivalents	2514	2119	395	

■ Human Resource Outsourcing Services drove net sales growth.



- The two main businesses of Human Resource Outsourcing and Special Needs Employment contributed to profit growth.

(Unit: million yen)



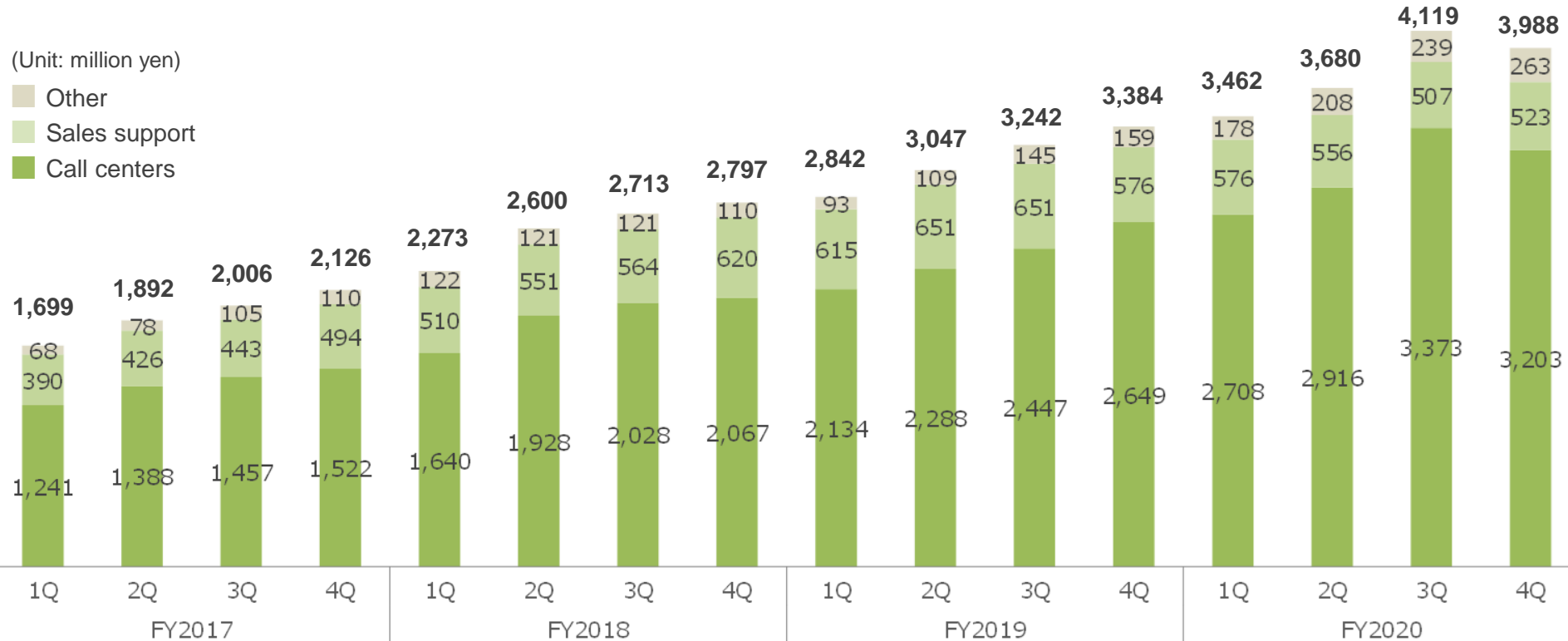
2. FY2020 Overview by Business Segment



Net sales: 15,250 million yen (YoY change +21.8%)

Dispatch of personnel to call centers grew steadily despite COVID-19, resulting in strong growth.
The sales support business is rebounding after bottoming out in 3Q.

[Call centers]	Net sales: 12,200 million yen (+28%):	Up YoY despite the negative rebound from spot transactions in 4Q
[Sales support]	Net sales: 2,162 million yen (-14%):	Finally recovering after bottoming out in 3Q
[Number of staff deployed]	5,690 staff/month (YoY change: +15%)	[Newly registered staff] 4,686 staff/month (YoY change: +19%)



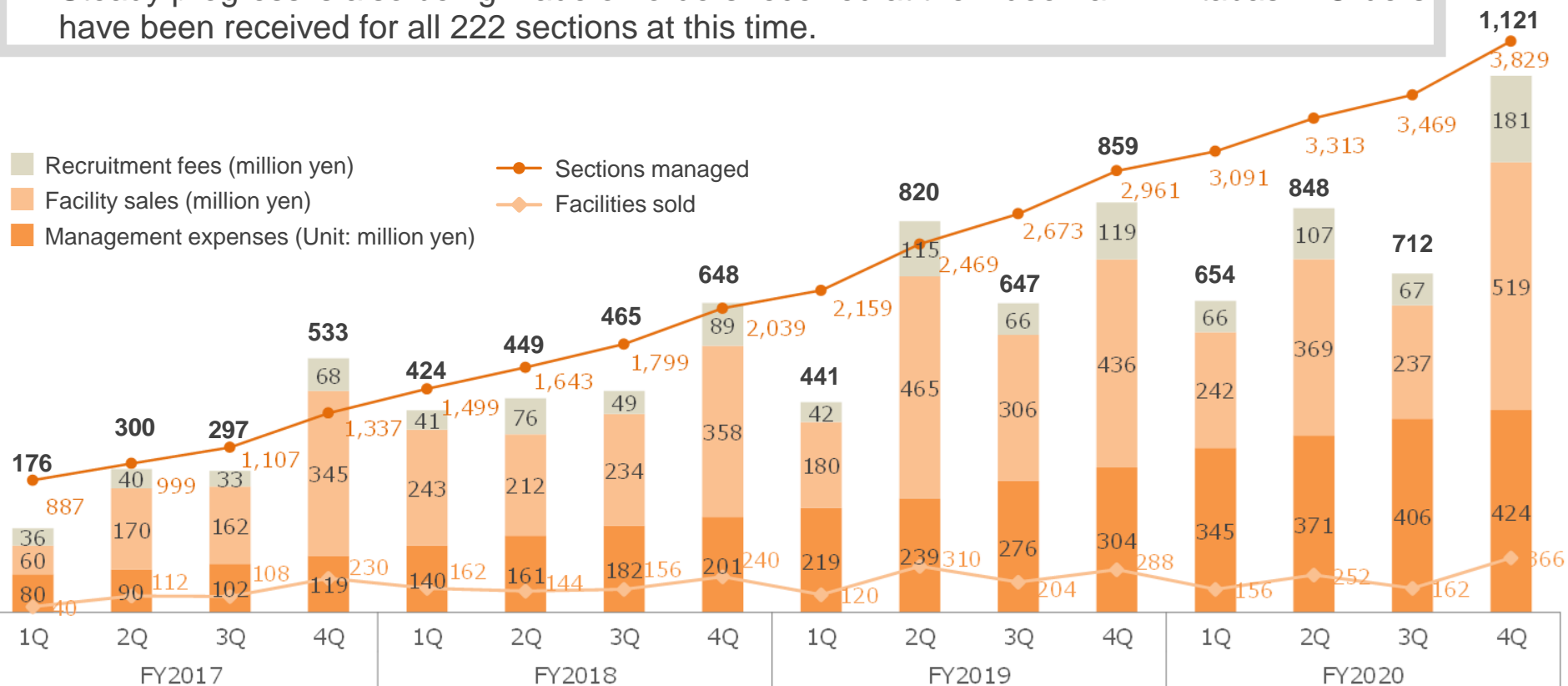
Net sales: 3,335 million yen (YoY change: +20.6%)

Orders received and sales set record highs in 4Q after rebounding from the impact of COVID-19. Quarterly profit surpassed the previous high by significant margins.

[Equipment sales] 936 sections [Sections managed] 3,829 sections

[Employees] 1,915 persons [Retention rate] 92% [Customers] 321 companies

- This business has overcome the effects of COVID-19. Section sales in 4Q dramatically surpassed the past record (310 sections), at 366 sections]
- Steady progress is also being made on orders received at the indoor farm in Itabashi. Orders have been received for all 222 sections at this time.



Net sales: 1,172 million yen (YoY change: +7.0%)

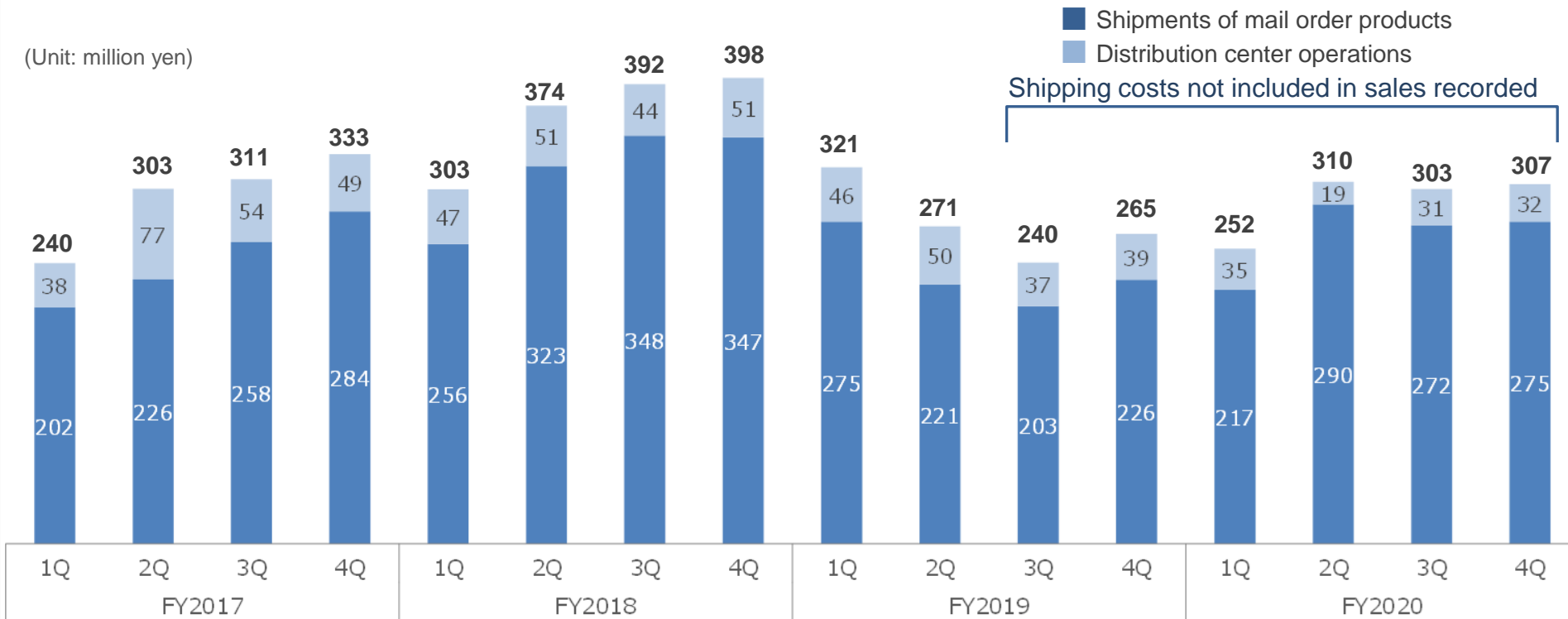
Services involving shipments of mail order products remain strong.

[Shipments of mail order products] 1,054 million yen (YoY change: +13.9%)

[Distribution center operations] 117 million yen (YoY change: -32.0%)

- The net increase in shipments of mail order products, excluding shipping costs from sales recorded, was 30%. Profits for the business as a whole were up approx. 25%.
- The home consumption trend remains strong. Both logistics centers continue to operate at near full capacity.

(Unit: million yen)



Net sales: 564 million yen (YoY change: +29.1%)

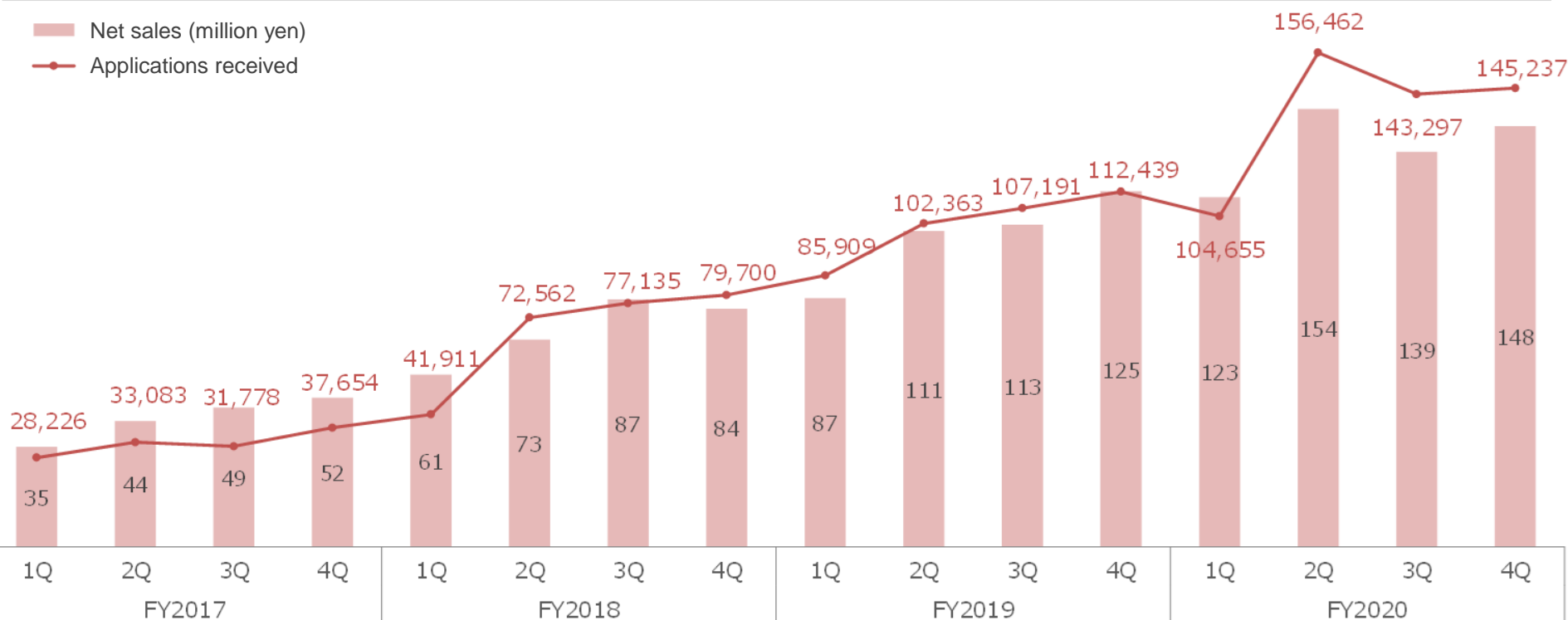
While hiring is down more than expected in the food service industry due to COVID-19, we achieved full-year growth of approx. 30%.

[Applications received] 549,651 applications/year (YoY change: +35%)

[Number of customers] 91 companies (YoY change: +10 companies)

- Growth was somewhat slow in 2H due to slow recovery within the food service industry.
- New large-scale orders continue to stream in in the runup to the next term, centered on industries/sectors performing well currently (e.g., drugstores).

Net sales (million yen)
Applications received





3. FY2021 Business Policies

S-POOL

Basic Policy

Promoting well-balanced portfolio management resistant to environmental change

High social
contributions

Resistant to business
cycle changes

High added value

Medium-term management plan

January 13, 2021

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

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

[Management strategies]

Business
Strategy (i)

Maintaining organic growth by building on existing businesses

Business
Strategy (ii)

Securing growth opportunities in new business domains

Organizational
Strategy

Enhancing management foundations based on ESG

[Financial strategies]

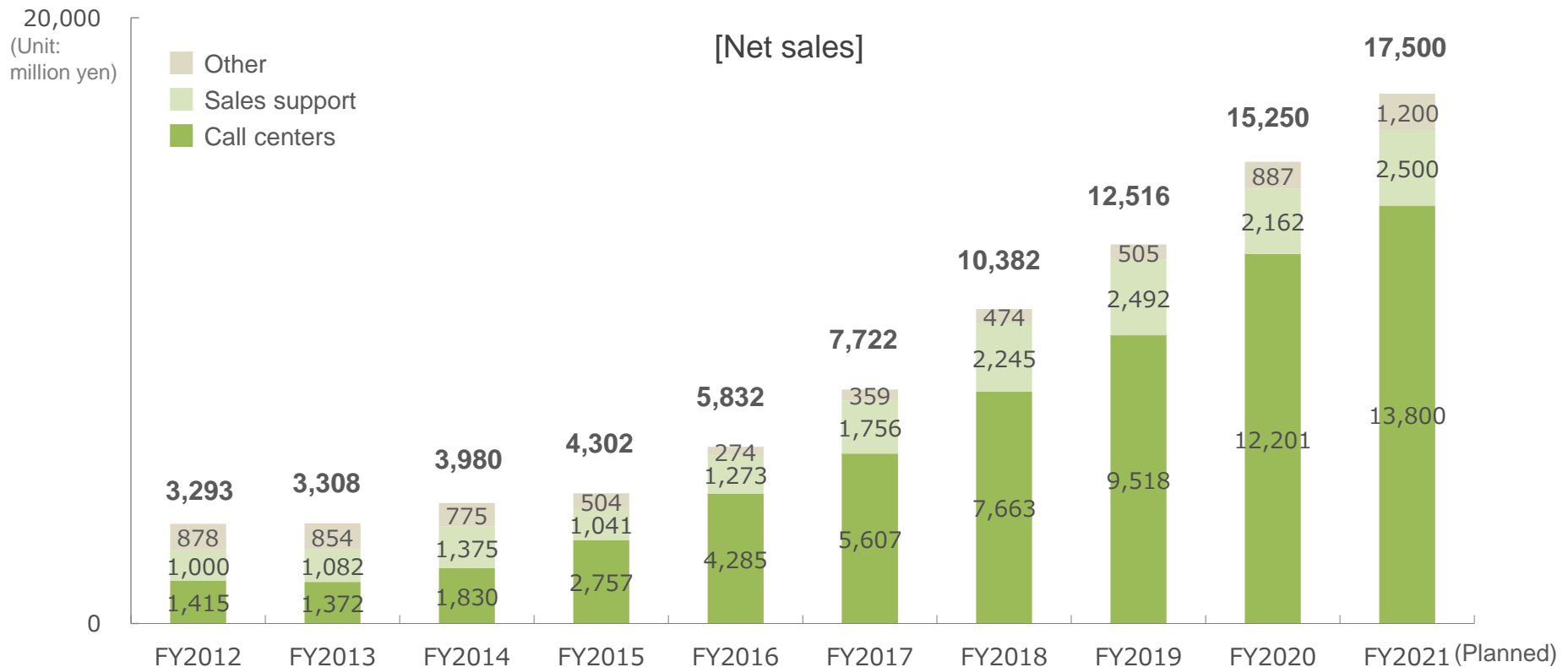
FY2025

Consolidated dividend payout ratio of **30%** or more
Maintaining high ROE

Net sales: 17,500 million yen (YoY change +14.8%)

Targeting steady growth centered on call centers, for which demand is steady

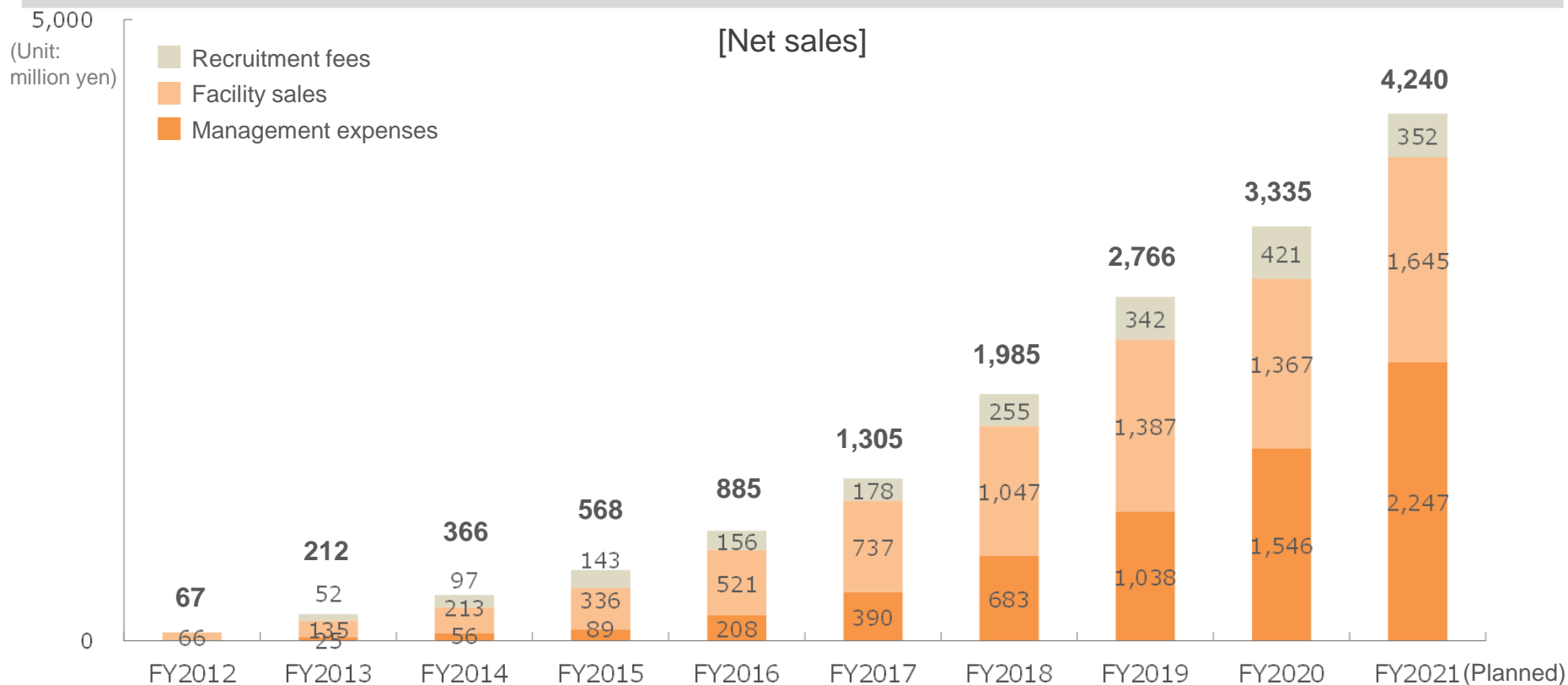
[Call centers]	Enhancing the No. 1 Strategy and targeting the top market share among the leading three firms. Realizing overall growth by securing new customers.
[Sales support]	Targeting resumed growth by expanding the product lineup and focusing on areas less affected by COVID-19
[Other]	Gaining a foothold for growth in medical care human resources through a focus on long-term care



Net sales: 4,240 million yen (YoY change: +27.1%)

Demand growth continues, with rising statutory employment (from 2.2% to 2.3% in March 2021). We also plan to open our first facility in the Kansai region.

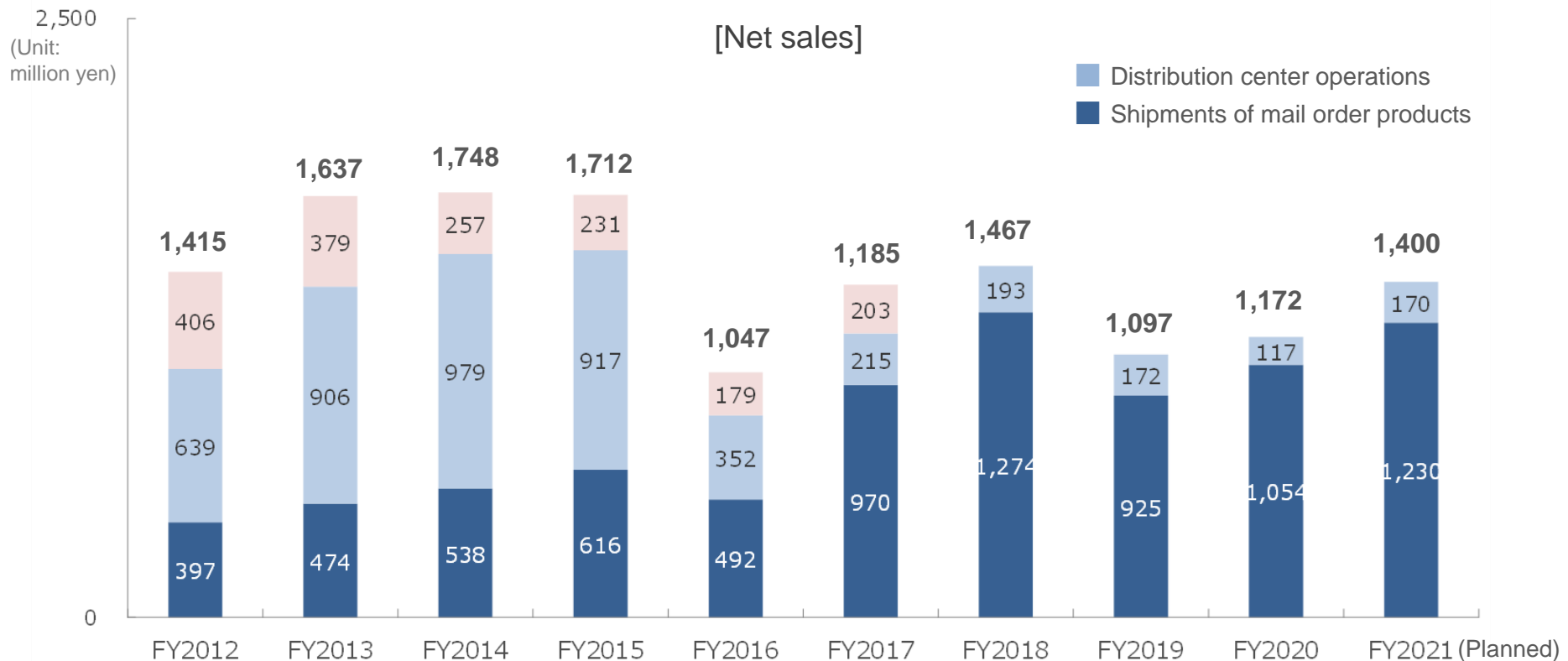
- Sales plan: 1,035 sections (1Q: 138 sections; 2Q: 351 sections; 3Q: 255 sections; 4Q: 291 sections)
- Opening six farms: Sites have already been secured (four outdoor and two indoor sites).
- A decision has been made to advance into the Kansai region (in the cities of Hirakata and Settsu) and to open both outdoor and indoor farms. These measures will target proactive initiatives by Kansai businesses.



Net sales: 1,400 million yen (YoY change: +19.0%)

Targeting continuing growth in shipments of mail order products based on the continuing trend toward home consumption

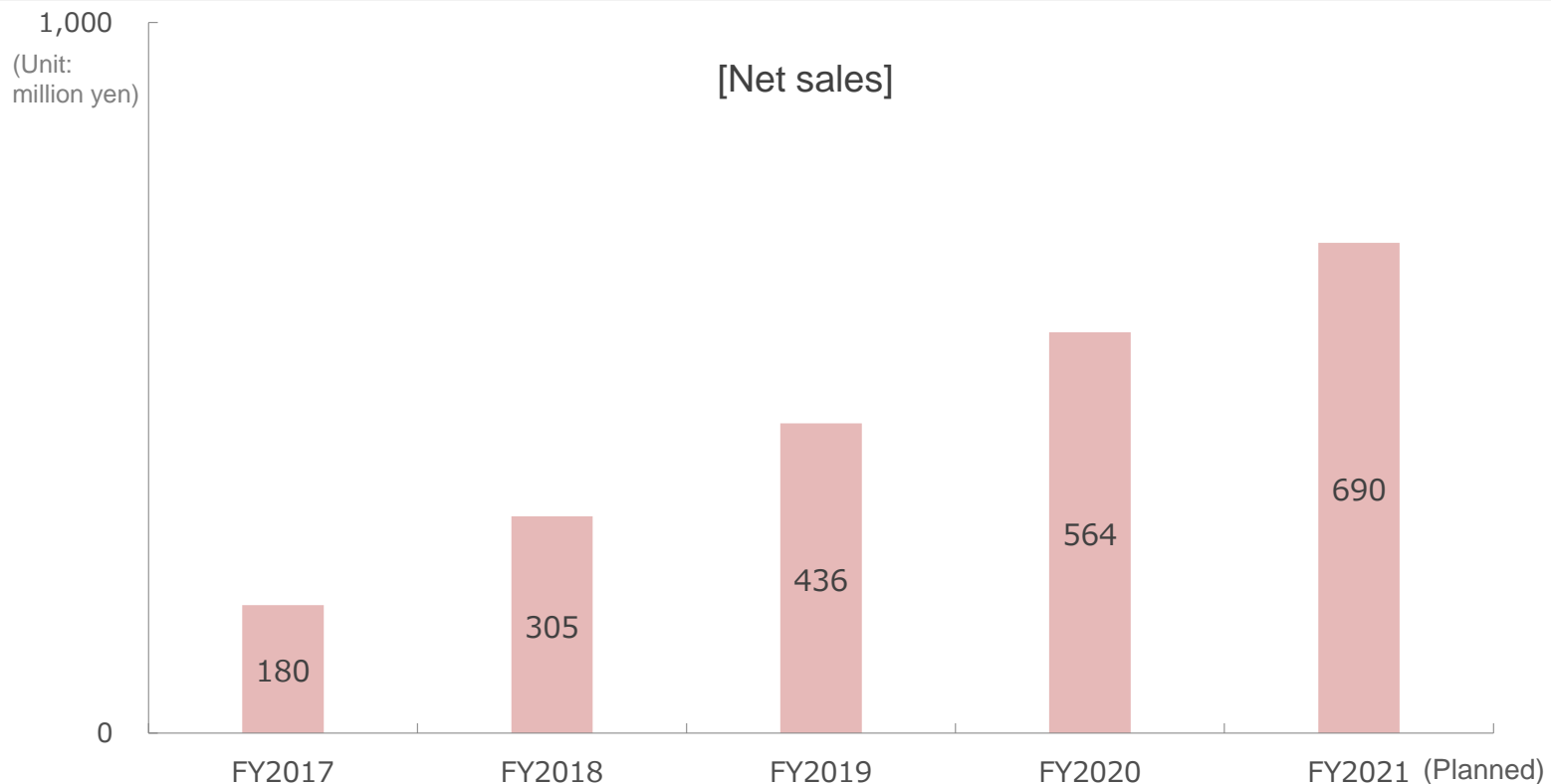
- The Tsukuba Center will aim to relocate to a larger facility in summer 2021.
- For now, we will focus on maximizing the earnings of existing centers (replacing low-revenue transactions, improving productivity).
- Preparations will begin toward opening our own logistics centers, realizing zero emissions.



Net sales: 690 million yen (YoY change: +22.0%)

Enhancing business foundations to reach net sales of 1 billion yen

- Due to uncertainty regarding the recovery of the food service industry, the sales plans adopted are conservative.
- Launching full-fledged efforts to upsell additional services such as Web interview services and aptitude screening
- No new centers are planned. We will focus on enhancing earnings by improving utilization rates for existing centers.



Net sales: 235 million yen

Strong tailwinds from the global movement to achieve effectively zero greenhouse gas emissions



- Sales during this term will focus on brokering carbon credits.
- Focusing on gaining new customers to grow transactions in the future
- Advancing the development of proprietary CO2 reduction programs in light of growing pressure to reduce emissions

Environmental management support services, centered on measures to counter climate change
One-stop support addressing needs ranging from calculations of greenhouse gas emissions to offsets

Step 1. Learn



Accurately identifying a company's own CO2 emissions

Support for emissions calculations

Step 2. Reduce



Reducing CO2 emissions through business activities

Consulting on reducing emissions

Step 3. Offset



Offsetting CO2 emissions that cannot be reduced through investment in afforestation or similar activities

Carbon credit brokering

Establishing a new earnings pillar in the environmental business, where market growth is likely



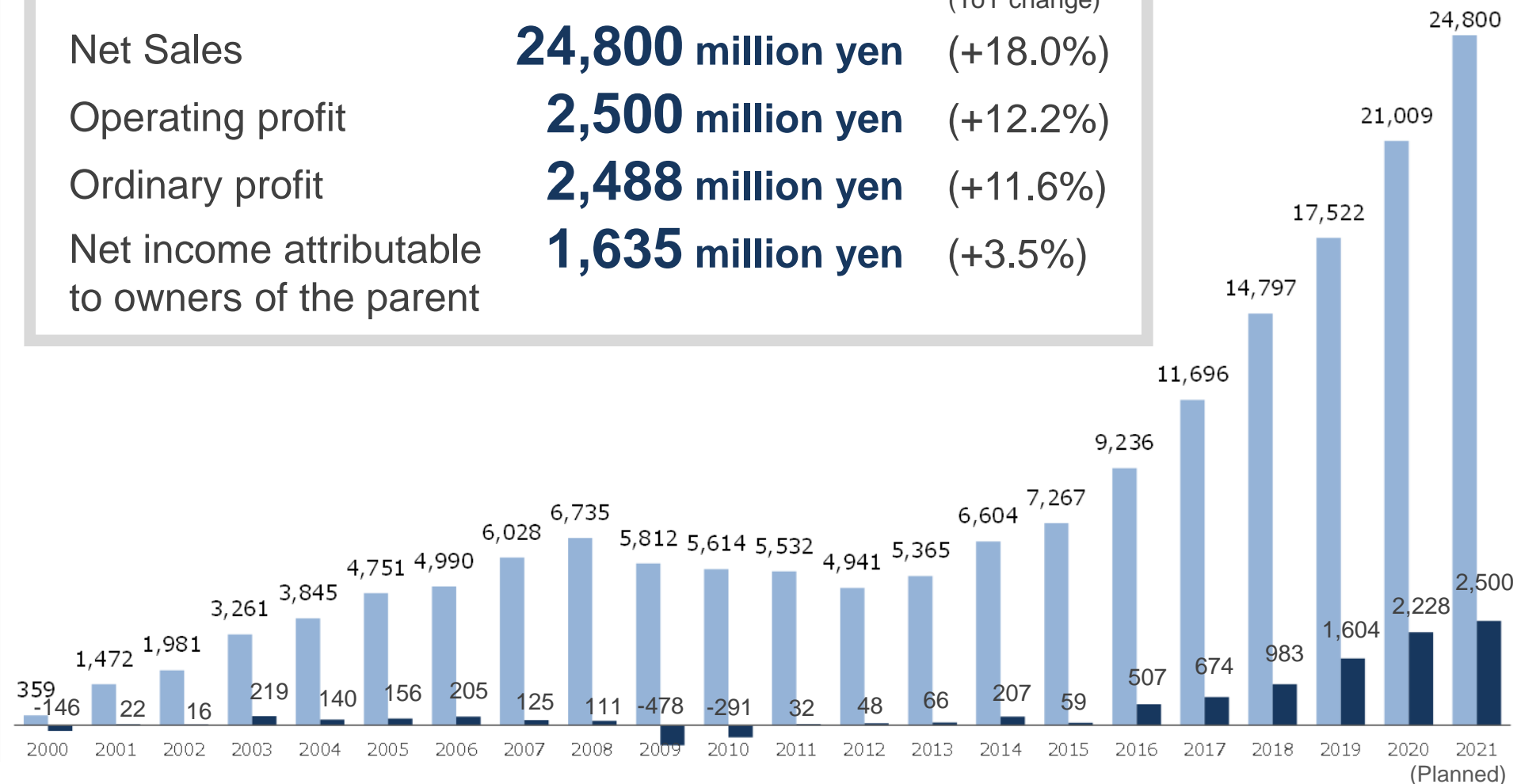
4. FY2021 Performance Forecasts

■ We project new records for net sales (for the ninth consecutive year) and for operating income (for the sixth consecutive year).

(Unit: million yen)

■ Net Sales
■ Operating profit

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



FY2021 Performance Forecasts (Details)

(Unit: million yen)

	FY2021 planned	FY2020 actual	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 Performance Forecasts by Segment

(Unit: million yen)

		FY2021 planned	FY2020 actual	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 Service, Logistics, Employment Support Service, etc.)

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

FY2021 Performance Forecasts by Half

(Unit: million yen)

	FY2021 planned		FY2020 actual	
	1H	2H	1H	2H
Net sales	11,876	12,923	9,759	11,250
Gross profit	3,353	3,752	2,874	3,502
Gross profit margin (%)	28.2%	29.0%	29.5%	31.1%
Selling and administrative expenses	2,253	2,353	1,883	2,265
Selling and administrative expenses/net sales (%)	19.0%	18.2%	19.3%	20.1%
Operating profit	1,100	1,399	991	1,237
Operating profit margin (%)	9.3%	10.8%	10.2%	11.0%
Ordinary profit	1,094	1,393	989	1,240
Net income attributable to owners of the parent	712	922	688	892

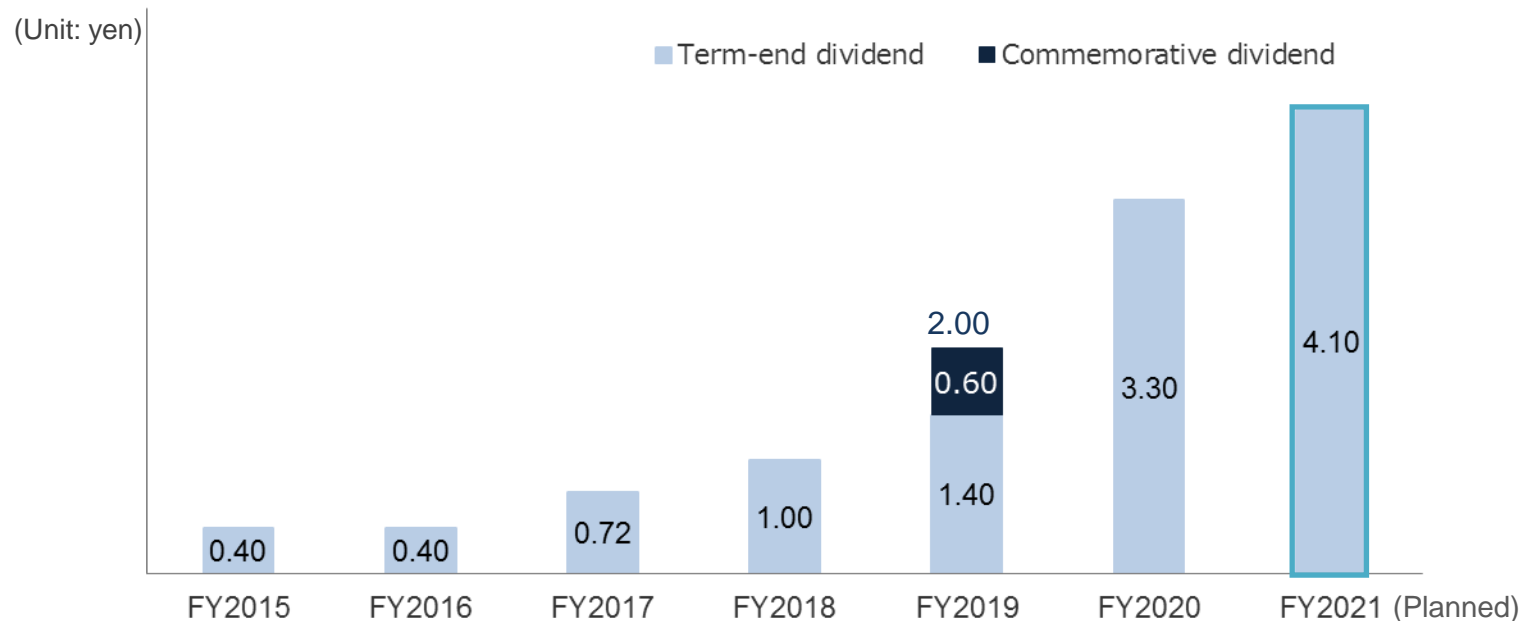


5. Dividend Policy/Dividend Plan

S-POOL

Dividend Plan

Plans call for a 4.1 yen dividend for FY2021.



Dividend policy

We will seek to achieve stable and continuous growth in dividends while accounting for 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.)



S-Pool, Inc.

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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 made regarding future figures or measures.

■ Number of shareholders: 9,041 (at May 31, 2020: 7,109)
 Share of institutional investors: 54.2% (at May 31, 2020: 56.1%)

Rank	Shareholder name	Shares owned	Percentage
1	Sohei Urakami	10,309,700	13.0%
2	Custody Bank of Japan, Ltd. (trust account)	9,278,700	11.7%
3	Master Trust Bank of Japan, Ltd. (trust account)	5,417,600	6.8%
4	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT	4,345,000	5.4%
5	Custody Bank of Japan, Ltd. (trust account 9)	2,828,400	3.5%
6	Toru Akaura	2,734,200	3.4%
7	Custody Bank of Japan, Ltd. (securities investment trust account)	2,644,200	3.3%
8	Hideaki Sato	1,967,200	2.4%
9	Somitsu Takehara	1,893,000	2.3%
10	S-Pool Employee Stock Ownership Program	1,526,500	1.9%

Name		S-Pool, Inc.
Origin of name		‘Pool’ (combination) of Solutions/Systems/Staff/Social/Share
Head office		6F, Akihabara Dai Building, 1-18-13 Sotokanda, Chiyoda-ku, Tokyo, Japan
Capital		372,200,000 yen (end of November 2020)
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
Listed exchange		First Section, Tokyo Stock Exchange (Securities Code: 2471)
Number of employees		Consolidated: 851 persons (end of November 2020)
Facilities		49 locations (end of November 2020)

■ Two main services account for 88% of consolidated net sales:

Business Solutions Business (29%)	Human Resource Solution Business (71%)
<p>■ Special Needs Employment Services [3.34 billion yen]</p> <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) 	<p>■ Human Resource Outsourcing Services [15.25 billion yen]</p> <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
<p>■ Logistics Outsourcing Services [1.17 billion yen]</p> <ul style="list-style-type: none"> • e-Commerce shipping agent services, cross border e-commerce services • Distribution center operations <p>■ Sales Support Services [410 million yen]</p> <ul style="list-style-type: none"> • Sales promotion support, merchandising operations • Operational support (promotional campaigns, promotions, trial operation) <p>■ Employment Support Services [560 million yen]</p> <ul style="list-style-type: none"> • OMUSUBI Employment Support Service <p>■ New businesses [230 million yen]</p> <ul style="list-style-type: none"> • Professional human resource bank (consultants staffing services) <p>■ Environmental Management Support Services [120 million yen]</p> <ul style="list-style-type: none"> • CO2 emissions calculation support, carbon credit brokering support 	

* 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]

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



Human Resource Outsourcing Services

Shinjuku Head Office, Sapporo Odori, Sapporo Kitaguchi, Sapporo Minamiguchi, Sendai, Shinjuku 3-chome, Shinjuku Minamiguchi, Ikebukuro, Yokohama, Yokohama Nishiguchi, Nagoya, Osaka Umeda, Osaka Ekimae, Hakata Ekimae, Tenjin, Naha, Chatan, Kitami
Applications Reception Center



Employment Support Services

[Main facilities] Akihabara, Osaka
[Entry centers] Kitami, Hirosaki, Komatsushima, Nichinan, Saito



Logistics Outsourcing Services

[Front office] Akihabara
[Distribution centers] Shinagawa, Tsukuba



Special Needs Employment Services

[Front office] Akihabara
[Work Happiness Farms] 23 farms
[Tokyo] Itabashi
[Saitama] Saitama (Iwatsuki), Kawagoe
[Chiba] (Wakaba (i) (ii), Hanamigawa), Matsudo, Yachiyo, Funabashi (i) (ii) (iii), Kashiwa (i) (ii) (iii), Ichihara (i) (ii), Mobara (i) (ii)
[Aichi] Kasugai, Komaki, Tokai, Toyoake, Miyoshi



Sales Support Services

Akihabara, Osaka

