


Results Briefing Materials

1Q FY2021

April 2, 2021

S-Pool, Inc.

First Section, Tokyo Stock Exchange (2471)

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

1Q FY2021 overview of accounts settlement

■ **The year started largely according to plan, with steady progress on preparations to accelerate growth in 2Q and beyond.**

Net sales	5,410 million yen (YoY change +15.7%)
Operating profit	387 million yen (YoY change +0.1%)
Net income*	250 million yen (YoY change -17.1%)

* Net income attributable to owners of the parent

1Q FY2021 overview by business segment

[Human Resource Outsourcing Services]

Net sales	3,943 million yen (YoY change +13.9%)
-----------	--

This is typically a slow period characterized by limited sales growth.

Nevertheless, progress went according to plan.

[Special Needs Employment Service]

Net sales	772 million yen (YoY change +18.1%)
-----------	--

Sales are strong thanks to various legal amendments. Orders continue to be received at a record pace in preparation for full-fledged delivery in 2Q.

FY2021 performance 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. 1Q FY2021 Performance Results

S-POOL

1Q FY2021 Financial Results (YoY Comparison)



- The year began largely according to plan, despite the declaration of another state of emergency.

(Unit: million yen)

	1Q FY2021 result	1Q FY2020 result	YoY change	YoY change (%)
Net sales	5,410	4,675	+734	+15.7%
Gross profit	1,446	1,311	+134	+10.3%
Gross profit margin (%)	26.7%	28.1%		-1.4 pt
Selling and administrative expenses	1,058	924	+133	+14.5%
Selling and administrative expenses/net sales (%)	19.6%	19.8%		-0.2 pt
Operating profit	387	386	+0	+0.1%
Operating profit margin (%)	7.2%	8.3%		-1.1 pt
Ordinary profit	382	390	-7	-2.0%
Quarterly net income attributable to owners of the parent	250	302	-51	-17.1%

- Profits in the Business Solutions Segment fell due to forward-looking costs related to preparations to open four farms in the special needs employment services business. We expect major improvements from 2Q.

(Unit: million yen)

		1Q FY2021 result	1Q FY2020 result	YoY change	YoY change (%)
Net sales	Business Solutions Segment	1,477	1,222	+255	+20.9%
	Human Resource Solutions Segment	3,943	3,462	+481	+13.9%
	Adjustments	(9)	(8)	-	-
	Total	5,410	4,675	+734	+15.7%
Operating profit	Business Solutions Segment	274	307	-33	-10.8%
	Human Resource Solutions Segment	414	352	+62	+17.8%
	Adjustments	(302)	(272)	-	-
	Total	387	386	+0	+0.1%
Operating profit margin	Business Solutions Segment	18.6%	25.2%	-	-6.6 pt
	Human Resource Solutions Segment	10.5%	10.2%	-	+0.3 pt
	Total	7.2%	8.3%	-	-1.1 pt

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.)

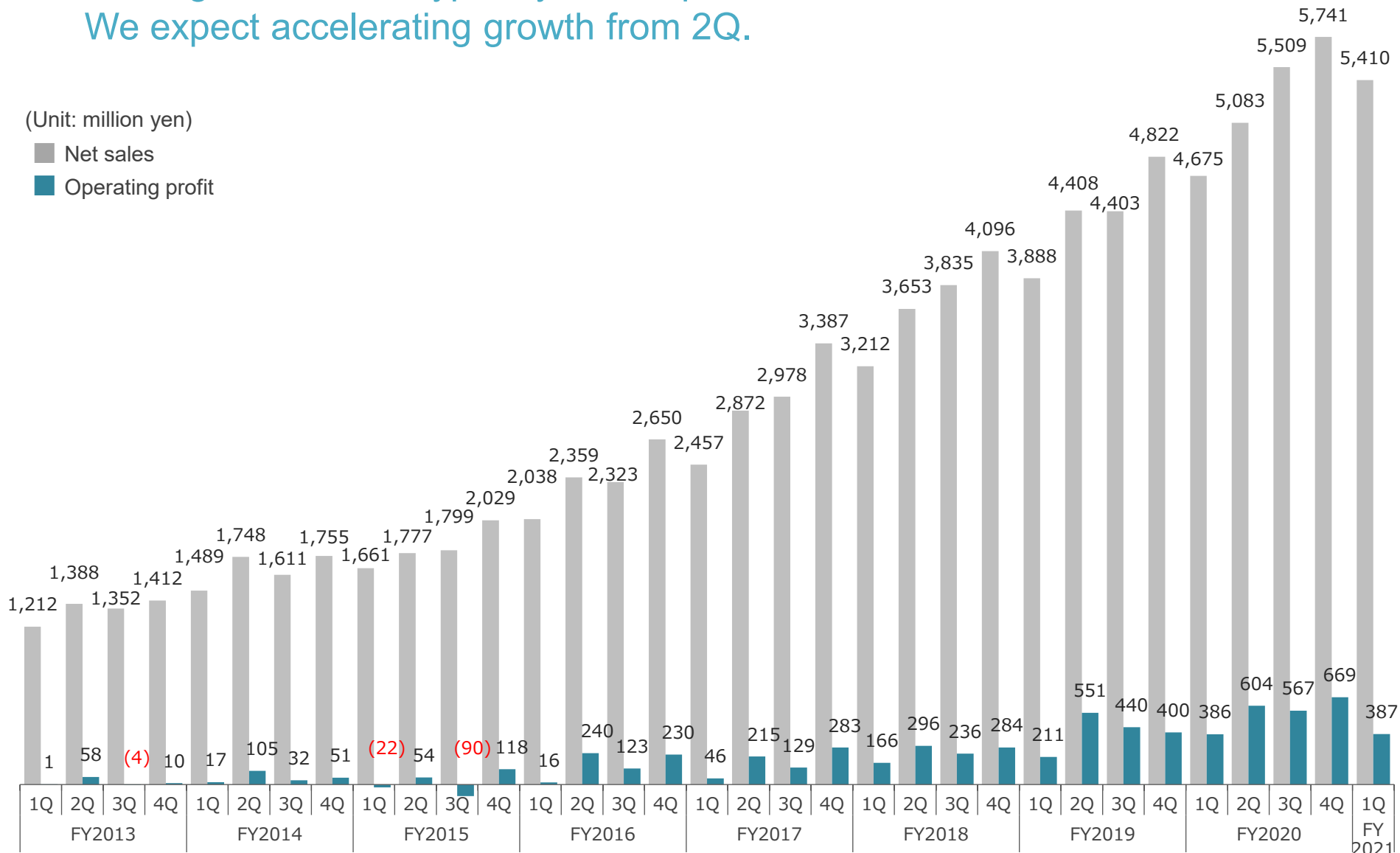
Trends in Quarterly Business Performance

■ Sales growth in 1Q, typically a slow period, was limited.
We expect accelerating growth from 2Q.

(Unit: million yen)

■ Net sales

■ Operating profit



2. 1Q FY2021 Overview by Business Segment



Net sales: 3,943 million yen (YoY change +13.9%)

Sales growth in 1Q, typically a slow period, was limited.

Additionally, the quarter had fewer business days than usual.

[Call centers] 3,188 million yen (+18%):

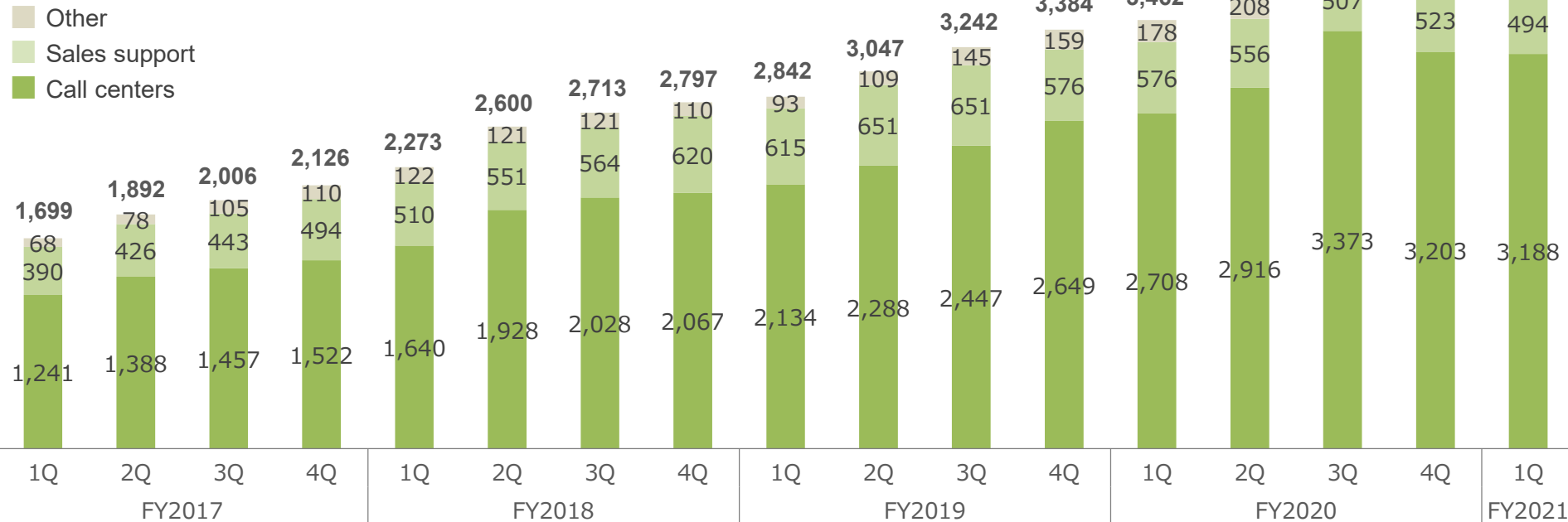
- Due to a dip resulting from the replacement of spot transactions, the call centers business remained largely unchanged from last quarter.
- Despite lower sales in the sales support business, growing corporate demand for mobile devices has led to expectations of a recovery in 2Q and later.

[Sales support] 494 million yen (-14%):

[Number of staff deployed]
5,798 staff/month (YoY change: +3%)

[Newly registered staff] 3,881 staff/month
(YoY change: +0.3%)

(Unit: million yen)



Net sales: 772 million yen (YoY change: +18.1%)

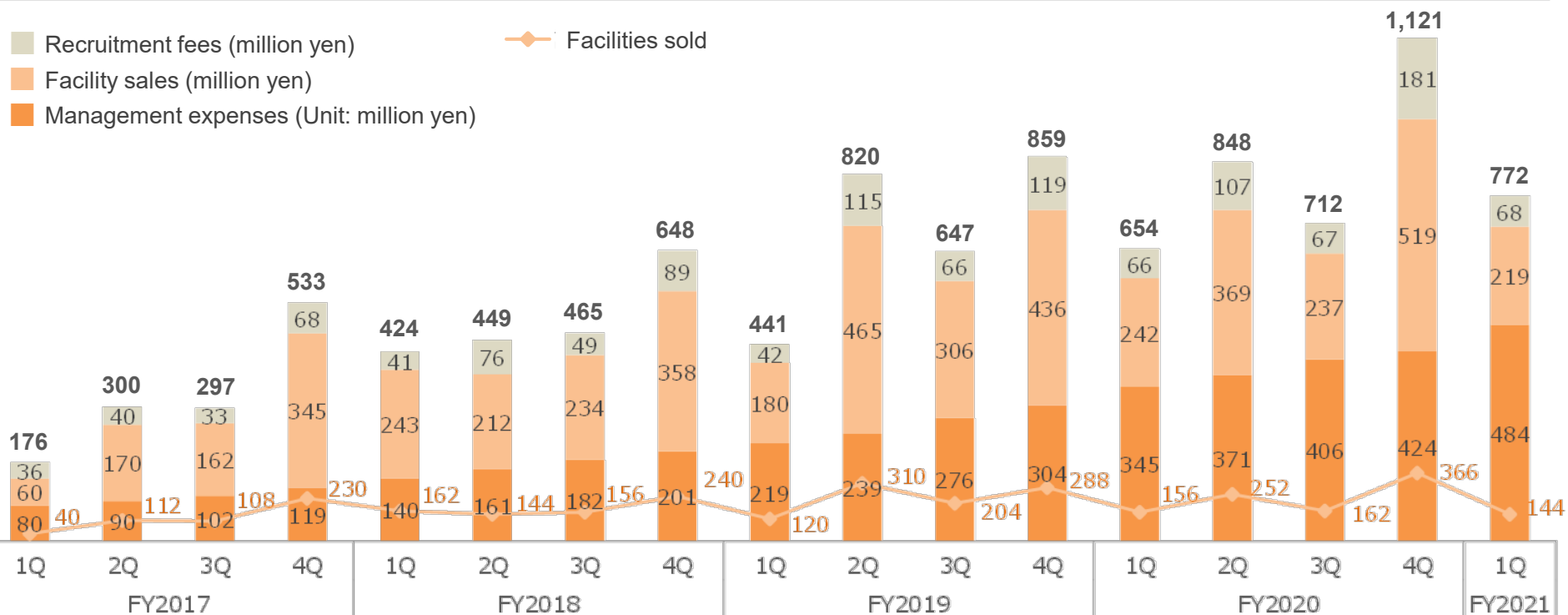
Orders received maintained their record pace.

Preparations remained on track towards full-fledged delivery (351 sections) in 2Q.

[Equipment sales] 144 sections [Sections managed] 3,973 sections

[Employees] 1,987 persons [Retention rate] 92% [Customers] 331 companies

- Sales were strong in preparation for increased employment obligations. The balance of orders received rose to 330 sections.
- In preparation for large 2Q delivery volumes (351 sections), plans call for steady progress in preparations to open farms and to provide training and education for special needs employees.
- In response to strong sales, we decided to add an indoor farm facility in Tokyo ahead of schedule.



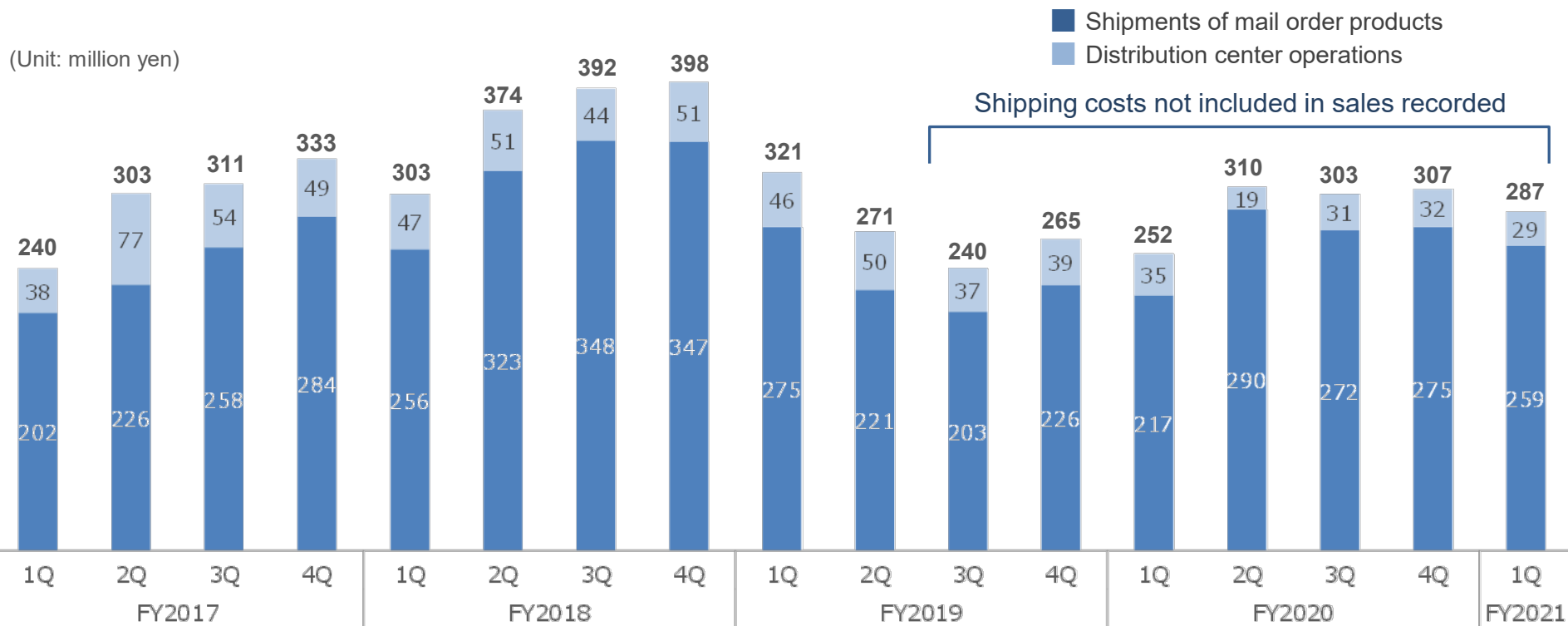
Net sales: 287 million yen (YoY change: +14.3%)

Services involving shipments of mail order products essentially remained strong, despite a slight decrease in sales.

[Shipments of mail order products] 259 million yen (YoY change: +19%)

[Distribution center operations] 29 million yen (YoY change: -17%)

- Sales of services involving shipments of mail order products declined slightly from last quarter due to decreased shipments by major customers.
- New sales were strong. Orders received from major firms grew, in addition to orders from our traditional base of midsize firms and startups.



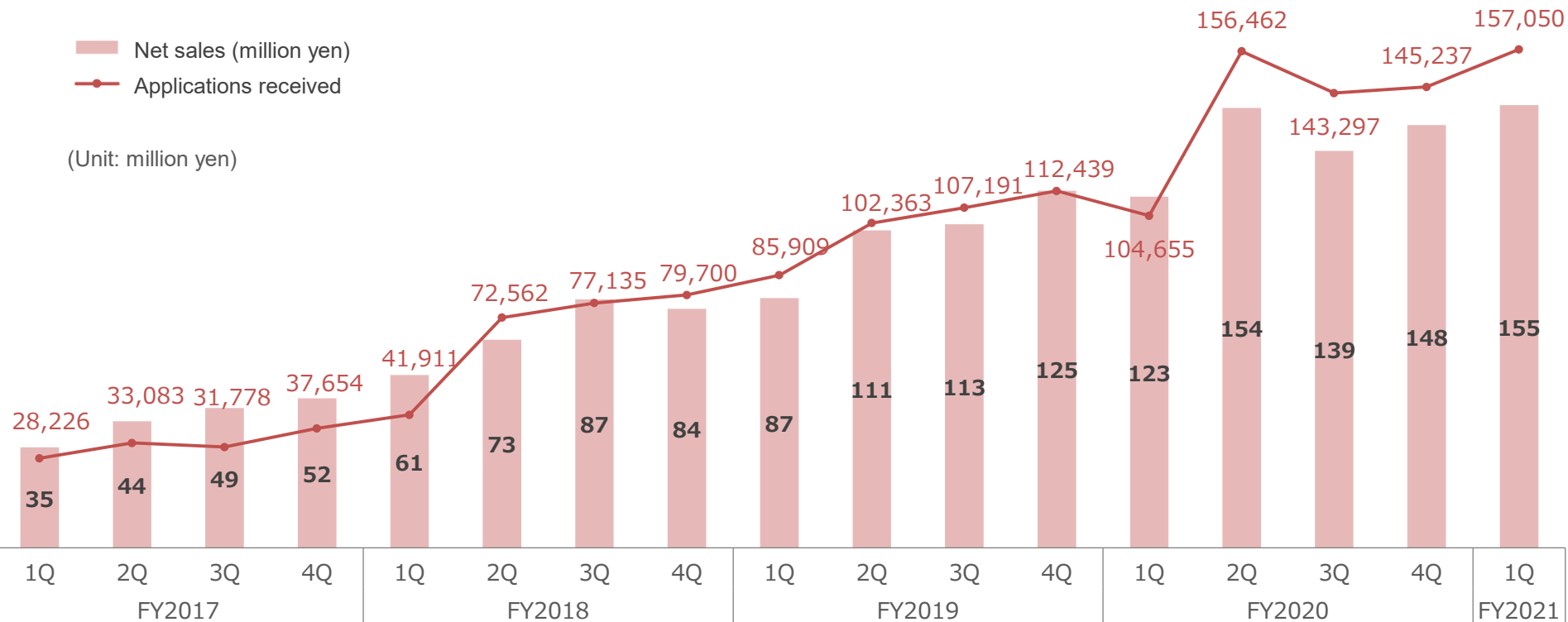
Net sales: 155 million yen (YoY change: +25.3%)

The peak hiring period began earlier than usual this year, and applications received grew steadily. There also are expectations for a future recovery in the food service industry.

[Applications received] 52,350 applications/month (YoY change: +50%)

[Number of customers] 105 companies

- The pace of hiring accelerated, particularly in drugstores, delivery services, and other industries performing well currently.
- Staffing at the Hirosaki Center more or less doubled in response to business growth. We have begun considering opening a new center earlier than planned.





3. FY2021 Business Policies/ Performance Forecasts

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

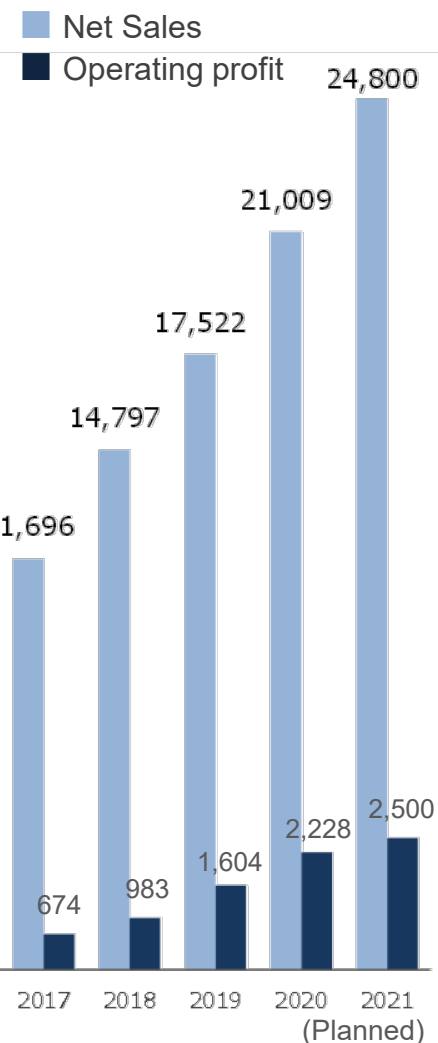
[Financial strategies]

FY2025

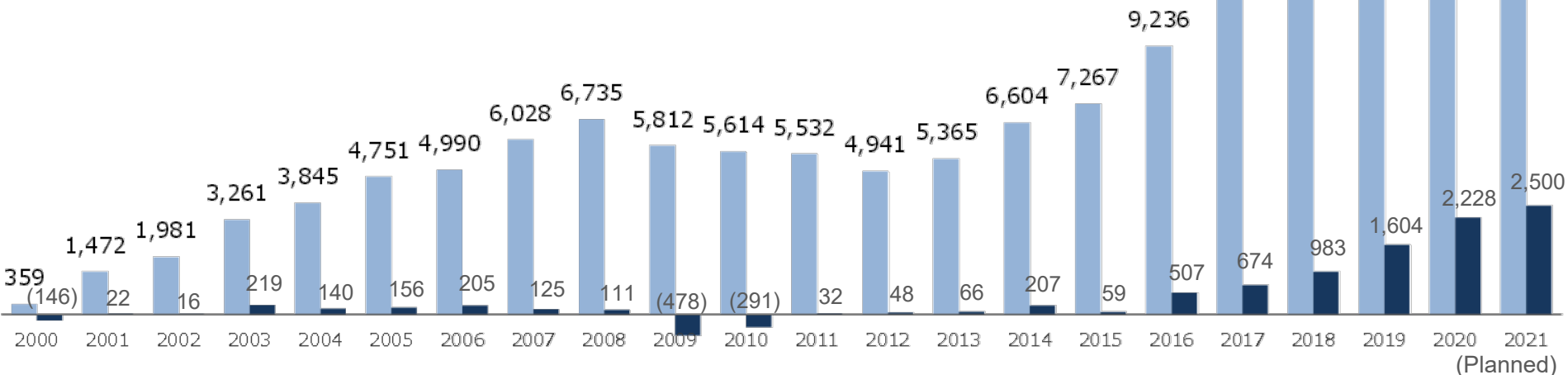
Consolidated dividend payout ratio of **30%** or more
Maintaining high ROE

■ We expect new record highs thanks to growth in net sales for the ninth consecutive term and growth in operating profit for the sixth consecutive term.

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%)



(Unit: million yen)



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

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.)

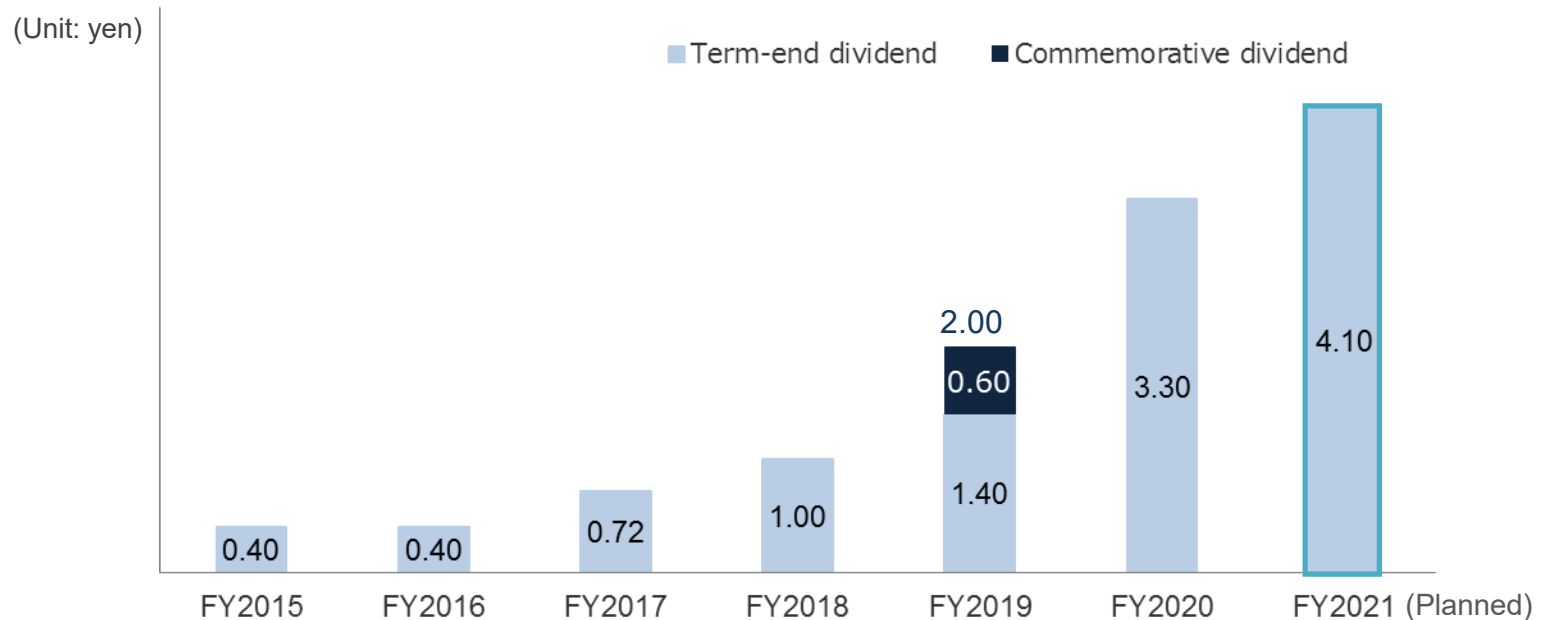
■ Preparations remained on track toward achievement of planned targets, centered on Special Needs Employment Services

(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

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.)

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 March 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
Listed exchange		First Section, Tokyo Stock Exchange (Securities Code: 2471)
Number of employees		Consolidated: 856 persons (end of February 2021)
Facilities		49 locations (end of March 2021)

■ 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>■ Environmental Management Support Services [120 million yen]</p> <ul style="list-style-type: none"> CO2 emissions calculation support, carbon credit brokering support <p>■ New businesses [230 million yen]</p> <ul style="list-style-type: none"> Professional human resource bank (consultants staffing services) 	

* 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





S-Pool, Inc.

[Contact] Investor Relations at the President's Office
TEL: +81-3-6853-9411
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 made regarding future figures or measures.