



April 15, 2021

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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## **Notice Regarding Acquisition of Equity Interest of California Pacific Technical Services LLC**

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that the Board of Directors, at its meeting held on April 15, 2021, resolved that consolidated subsidiary American Engineering Corporation (Delaware, USA, President: Kenneth Mark Exsterstein, hereinafter "AEC"), which is part of the Domestic Service Operations Outsourcing Business segment, will make California Pacific Technical Services LLC (Guam, USA, President: In Hui Yu-Healy, hereinafter referred to as "CalPac") a subsidiary, as per the details below.

### **1. Purpose of the acquisition of equity interest**

For some time, the OUTSOURCING Group (hereinafter “the Group”) has sought to strengthen its foundation of growth by smoothing its business performance and expanding its business in fields that have a different cycle from the highly volatile Manufacturing Outsourcing Business, and in Public Work Outsourcing Business, such as government-related businesses, which are less susceptible to impact from economic fluctuations. Even amidst the unprecedented COVID-19 pandemic, efforts to diversify our business and geographic portfolio have been successful.

AEC provides a wide range of services such as repair and maintenance services for buildings and equipment, as well as air-conditioning and electrical work construction services, primarily on U.S. military facilities throughout Japan. AEC has been successful in expanding operations since joining the Group through synergies, which enabled it to increase the allocation for performance bonds (project completion compensation insurance), which is a key factor in bidding for U.S. military construction projects, as well as credit rating and track record enabling it to win orders for large-scale projects.

CalPac is a market leader in IT infrastructure business in Guam and surrounding areas, building IT and light electrical equipment systems for private companies centered on the U.S. military, U.S. local governments, and the telecommunications industry. There are only a few small companies that can provide IT infrastructure services in this region, and the average annual growth rate from 2015 to 2019 is 16% for net sales and 61% for EBITDA, and it has extremely high growth potential.

Through this acquisition, the Group can expect synergies that will contribute to the expansion of Public Works Outsourcing Business, which is a primary measure of the growth strategy in the Medium-Term Management Plan. With CalPac joining the Group, AEC will be able to smoothly enter the IT / light electrical equipment systems market and expand its business in Guam. Further, we will continue to both expand and stabilize Group business through expansion into the Pacific Rim, which by extension brings into view full-scale entry into the significantly larger market on the U.S. mainland, accelerating growth of business for U.S. military facilities.

[Translation]

2. Outline of the subsidiary acquiring the equity interest (AEC)

(1)	Company name	American Engineering Corporation
(2)	Head office	229 South State Street, Dover, Delaware, USA
(3)	Name and title of representative	Kenneth Mark Exsterstein, CEO
(4)	Major businesses	Domestic services/Outsourcing business
(5)	Capital stock	USD 200 thousand
(6)	Established	April 1964

3. Outline of the sub-subsidiary being transferred (CalPac)

(1)	Company name	California Pacific Technical Services LLC
(2)	Head office	150 E. Harmon Industrial Park Road. Tamuning, Guam 96913
(3)	Name and title of representative	In Hui Yu-Healy, President
(4)	Major businesses	Electrical and telecommunications construction work
(5)	Capital stock	USD 2,925 thousand*
(6)	Established	June 2000

\* Value of members' Equity (employee capital equivalent to shareholders' equity, as of the end of FY12/19)

4. Equity interest being acquired and equity stake before and after the acquisition

(1)	Equity interest before transfer	Equity 0% (Ratio of voting rights owned: 0%)
(2)	Equity interest being acquired	Equity 100%
(3)	Equity interest owned after transfer	Equity 100% (Ratio of voting rights owned: 100%)

5. Schedule

(1)	Date of board of directors resolution	April 15, 2021
(2)	Date of agreement	April 15, 2021 (Scheduled)
(3)	Date of equity interest acquisition	May 1, 2021 (Scheduled)

6. Future outlook

Through this acquisition of equity interest, CalPac is expected to become a consolidated subsidiary of the Company in 2Q FY12/21. The impact of this matter on consolidated financial results for FY12/21 is negligible.

(Disclaimer with respect to earnings and other forecasts)

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.

[Translation]

(Reference) Consolidated financial forecasts for FY12/21 (announced on February 15, 2021) and consolidated financial results for FY12/20

(Unit: millions of JPY)

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the company
FY12/21 forecasts	528,000	25,100	21,400	14,200	12,800
FY12/20 results	366,711	14,337	9,143	4,088	3,324