



July 1, 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 Subsidiary Acquisition of Shares of Integrity Networks, Inc.

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces 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, acquired all of the issued shares of Integrity Networks, Inc. (Washington, USA, CEO: Spencer Woods, hereinafter referred to as "Integrity Networks") making Integrity Networks a Subsidiary of AEC today on July 1, 2021, as per the details below.

1. Purpose of the acquisition of shares

For some time, OUTSOURCING Group (hereinafter “the Group”) has long sought to strengthen its foundation of growth by leveling its business performance and expanded its business in markets that have a different cycle from the highly volatile manufacturing outsourcing business, and in public outsourcing fields, such as government-related markets, that are less susceptible to economic fluctuations. Even amidst the unprecedented COVID-19 pandemic, efforts to diversify our business and regional 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 services, primarily on U.S. military facilities throughout Japan. AEC has been successful in expanding operations since joining the Group, which enabled them to increase their performance bonding (performance compensation insurance) capacity, which is a key factor in bidding for U.S. military construction projects, and their credit allowing them to win awards for large-scale projects.

Integrity Networks is involved in the construction of IT and low-voltage electrical systems and has a wealth of experience in providing services not only to private and public companies in the United States, but also to U.S. government agencies (U.S. Navy, U.S. Army, etc.). They possess extensive knowledge in security system services, including network security, access control systems, and surveillance systems.

Through this acquisition, the Group can expect synergies that will contribute to the expansion of the outsourcing business into the public sector, which is a primary measure of the growth strategy in the mid-term management plan. Integrity Networks will be able to expand their operations, bidding on larger, global projects including the Pacific Rim region and the mainland USA. At the same time, we believe that Integrity Networks, being highly trusted by the U.S. military in the continental USA, will further contribute to AEC’s continued growth and superiority in the low-voltage electrical business.

Furthermore, we will continue to expand and stabilize Group business through our continued objective of expansion into the Pacific Rim and into the U.S. mainland via continued investment in the U.S. military business.

[Translation]

1. Outline of the acquiring subsidiary (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 transferred sub-subsidiary (Integrity Networks)

(1)	Company name	Integrity Networks, Inc.
(2)	Head office	2220 Lind Avenue SW, Suite 106, Renton, Washington, USA
(3)	Name and title of representative	Spencer Woods, CEO
(4)	Major businesses	Telecommunications infrastructure
(5)	Capital stock	USD 287 thousand
(6)	Established	June 2005

4. Number of shares being acquired and ownership before and after the acquisition

(1)	Number of shares owned before acquisition	Number of shares	0
		Number of voting rights	0
		Ratio of voting rights owned	0%
(2)	Number of shares to being acquired	Number of shares	1,494
(3)	Number of shares owned after acquisition	Number of shares	1,494
		Number of voting rights	1,494
		Ratio of voting rights owned	100%

5. Future outlook

After the share acquisition, Integrity Networks is scheduled to become a consolidated subsidiary in Q3 2021. The impact of the acquisition on the Company's current fiscal year's consolidated financial results is negligible.

(Disclaimer with respect to earnings and other forecasts)

The forward-looking statements including earnings forecast 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 from the results anticipated in these forward-looking statements 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