

Financial Results for the Fiscal Year Ended December 31, 2020

February 2021

OUTSOURCING Inc.
Securities Code: 2427/TSE 1st Section

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Our Group's Social Responsibility and Significance



Our Group's Social Responsibility and Significance

New Initiatives in Social Responsibility

Due to large, worldwide changes caused by rapid globalization, significant changes have been starting to occur in what the society demands from HR service companies and their roles in society.

By redefining our management philosophy, we as the Outsourcing Group will create a framework that will allow us to contribute widely to society through our business activities.



Group Mission

Management Philosophy

Enhancing the quality of life of everyone around the world by eliminating inequalities in working condition and creating truly motivating workplaces.

We believe that every person in the world has the right to choose an occupation according to their life plan. We strive to enhance the quality of life of everyone around the world by establishing effective educational systems, developing talents who are highly demanded by the global market, and eliminating inequalities in working condition.

Sustainability Policy

The Outsourcing Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which we will seek to tackle the society's challenges, develop our business, and contribute to the benefit of our stakeholders in a sustainable manner.

The OUTSOURCING Group SDGs Declaration

Our group supports the Sustainable Development Goals (SDGs) proposed by the United Nations and the SDGs Action Plan 2020 set by the Japanese government. We will contribute to the realization of a sustainable society by actively engaging in SDGs through our businesses, emphasizing ESG in business management, and conducting corporate social responsibility (CSR) activities that are rooted in the local community and country.

The OUTSOURCING Group supports the Sustainable Development Goals (SDGs) proposed by the United Nations. In line with the Sustainability Policy of the OUTSOURCING Group, we pledge to contribute to the realization of a sustainable society, as we set forth in the SDGs Declaration made on February 15, 2021.

“Declaration of SDGs” on February 15, 2021



“Declaration of SDGs” on February 15, 2021

Our group's contribution to the SDGs

Our group's management philosophy is to **enhance the quality of life of everyone around the world by eliminating inequalities in working condition and creating truly motivating workplaces.** This philosophy reflects our wish to develop globally competitive talents and eliminate inequalities in working condition through enhanced education programs, so that every person in the world can aspire toward his or her own life plan and live a rich and fulfilling life.










We are keenly aware that the essence of our business lies in solving the social issues that stand as obstacles against this philosophy. We will strive to enrich people's lives by creating **employment opportunities** and **education opportunities** for many people around the world, as well as enhancing each person's productivity through the power of technology and education. As part of this aim, we have adopted the following goals proposed by the United Nations as our priority issues and will work on contributing to the achievement of the following goals.



“Declaration of SDGs” on February 15, 2021

Materiality and KPIs

Please refer to reference materials on P.48-50 for specific examples of the Group's initiatives toward SDGs

1. Providing employment opportunities <ul style="list-style-type: none"> Foreign residents contribute to solving Japan's growing labor shortage. We will provide employment support to 300,000 foreign residents by 2024 and 500,000 foreign residents by 2030. Through the power of education and technology, we will successfully support the career change from labor-intensive industry worker to specialized talent of 30,000 people by 2030. 	   
2. Providing high-quality education <ul style="list-style-type: none"> To provide high-quality education opportunities for achieving career advancement, we will provide our global training program to a total of 300,000 users by FY2030. Through this effort, we will support employment in productive positions and contribute to increasing people's motivation at work. 	 
3. Respecting diversity and implementing diversity management <ul style="list-style-type: none"> As the OUTSOURCING Group, we will promote and strive toward achieving a society in which women can actively participate. We will increase the percentage of women directors (management team members) in the Group to 30% by FY2030. 	
4. Making greater efforts toward the realization of a carbon-free society <ul style="list-style-type: none"> By FY2025, we will replace all vehicles used in sales activities by domestic group companies with next-generation vehicles (electric, hybrid, etc.). By 2030, 70% of the vehicles used by the entire group, including our overseas companies, will be next-generation vehicles. 	
5. Raising the productivity of all industries <p>By using leading-edge digital technologies and our expertise in production that we have developed through experience in various industries worldwide, we will train 100,000 people by FY2030 across the world to become specialized talents who can improve the productivity of industries. Under this scheme, we will contribute to raising the productivity of the entire world.</p>	

We will work on the following to address Materiality

1. Participating in initiatives <p>As an initiative for SDGs management, we will evaluate the various organizations that support the achievement of SDGs, determine early on which organization's founding philosophy and activities match our group's views, and work toward joining the organization. After joining, we will proactively disclose and provide information pertaining to the SDGs to the organization.</p>
2. Sharing awareness of SDGs within the OUTSOURCING Group <p>We will distribute the “SDGs Handbook” created by the OUTSOURCING Group to all management team members and employees of the Group as an opportunity for each member to think about how they can contribute to the SDGs as members of the society. We will also provide training to new members joining the Group so that they are provided the time to thoroughly understand the Handbook.</p>

Consolidated Financial Results Summary for FY12/20 (IFRS)



Consolidated Financial Results Summary for FY12/20 (IFRS)

● Summary of FY12/20 Consolidated Financial Results

(¥billion)	FY12/19 Actual				FY12/20 Actual				YoY Changes	
	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	Amount	Ratio
Revenue	177.6	183.7	361.2	100.0%	172.6	194.1	366.7	100.0%	5.5	1.5%
Cost of sales	144.7	145.7	290.5	80.4%	141.5	154.1	295.6	80.6%	5.1	1.8%
Gross profit	32.9	37.9	70.8	19.6%	31.1	40.0	71.1	19.4%	0.3	0.5%
SG&A expenses	29.2	29.6	58.9	16.3%	29.5	31.3	60.9	16.6%	2.0	3.4%
Operating profit	5.5	9.8	15.3	4.2%	3.3	11.1	14.3	3.9%	(1.0)	-6.5%
Profit before tax	3.4	10.0	13.3	3.7%	2.0	7.1	9.1	2.5%	(4.2)	-31.4%
Profit for the period	1.8	7.2	9.0	2.5%	0.8	3.3	4.1	1.1%	(4.9)	-54.5%
Profit attributable to owners of the Company	1.4	6.9	8.2	2.3%	0.6	2.7	3.3	0.9%	(4.9)	-59.6%

*Displayed in ¥billion (rounded off to the nearest ¥billion)

- ❑ Revenue increased slightly, and profits below operating profit were generally down YoY, but it has been judged that this is a temporary impact due to COVID-19 in the 1Q and the 2Q.

FY12/20 General Review

In the 1H, due to significant impact from experiencing a declaration of a state of emergency in Japan for the first time and lockdown overseas, the actual full-year operating profit of ¥14.3 billion was a significant blow compared to the initial forecast of ¥21.0 billion (Medium-Term Management Plan (MTP)). However, as we steadily discovered new business opportunities that have arisen in response to the pandemic, earnings recovered sharply in the 2H, catching up to the initial forecasts on a monthly basis in November.

Prospects are in view for progressing ahead of the MTP from FY12/21 onward, and accordingly we perceive FY12/20 as a positive year.

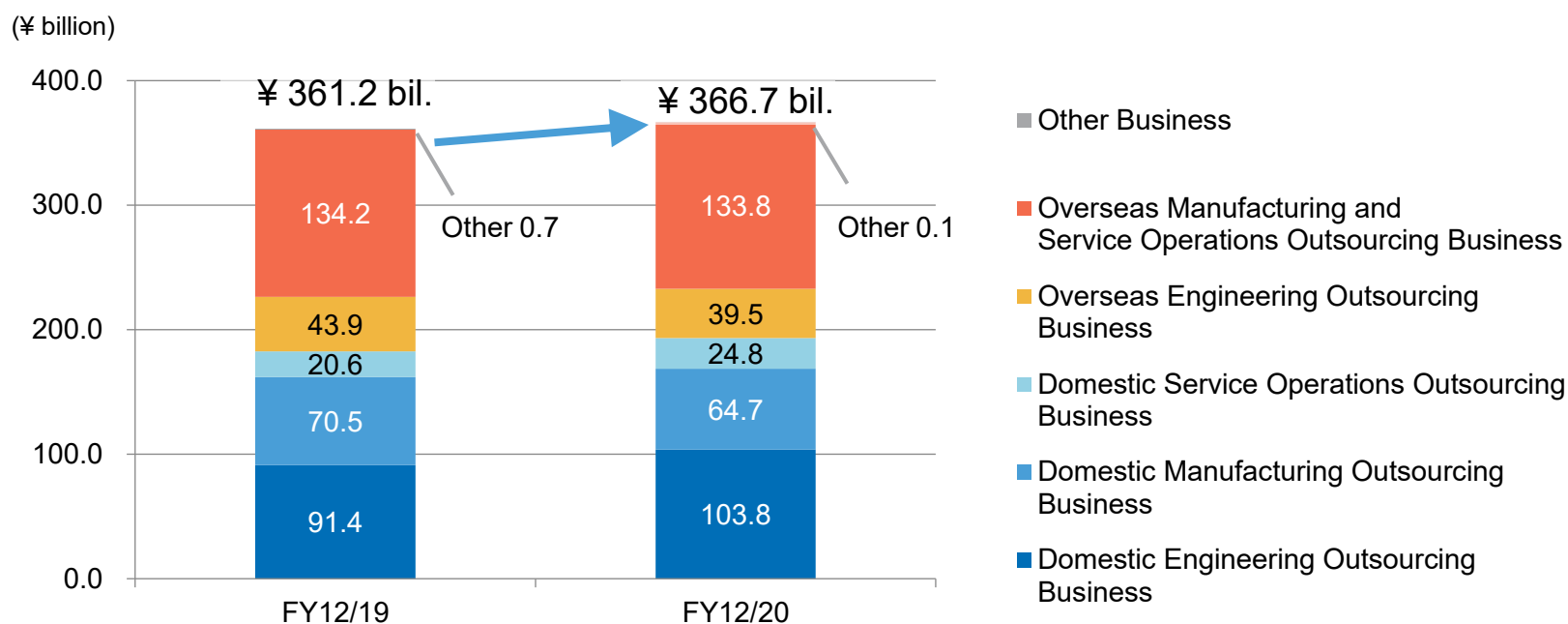
Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Consolidated Financial Results

Revenue ¥ 366.7 billion (+1.5% YoY)

- Despite suffering severe damage in the 1Q and the 2Q from lockdowns in countries around the world, in addition to the rapid response of Group companies in Japan and overseas for normalizing remote work, by discovering new demands that arose in response to the pandemic, revenue increased YoY from the 3Q (Jul.-Sep.), renewing record highs for the 4Q (Oct.-Dec.) and the full-year.

4Q FY12/19 (Oct.-Dec.) ¥93.8 bil. ⇒ 4Q FY12/20 (Oct.-Dec.) ¥104.1 bil. +11.1%



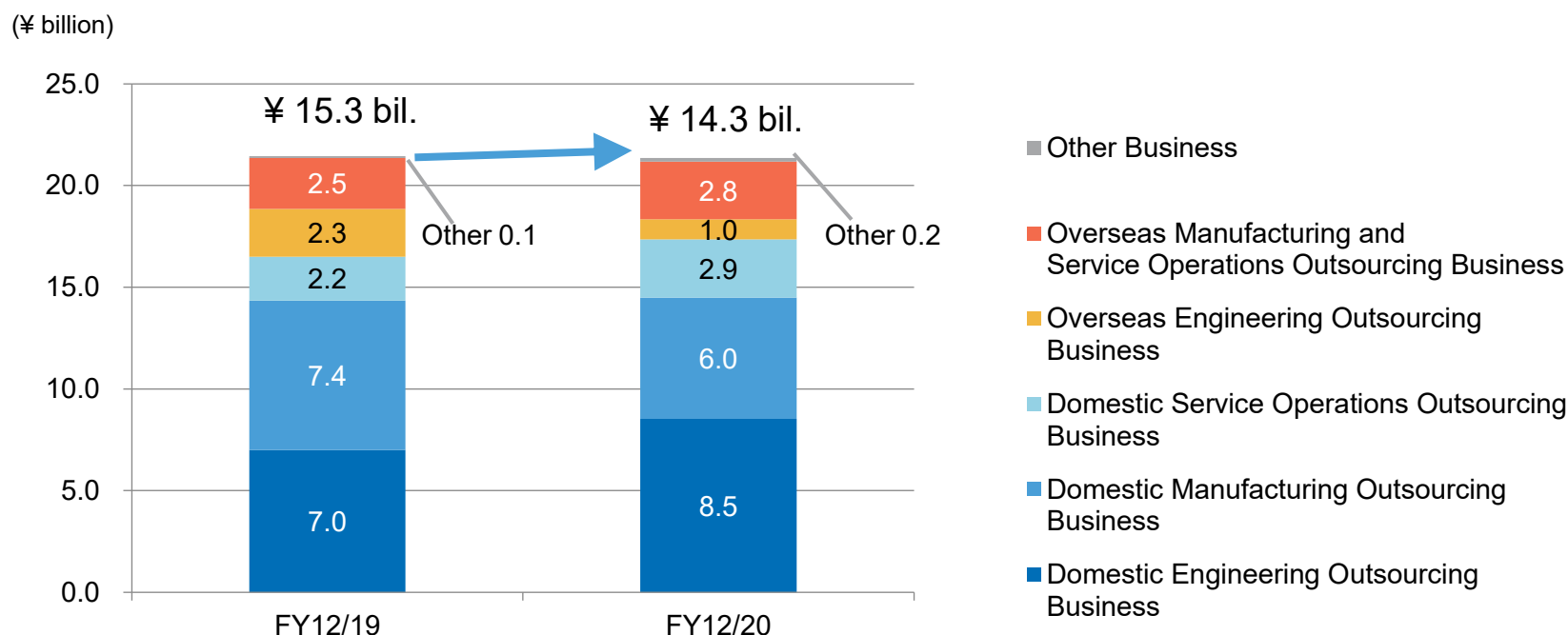
Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Consolidated Financial Results

Operating Profit ¥ 14.3 billion (-6.5% YoY)

- Profit increased YoY from the 3Q (Jul.-Sep.), and the 4Q (Oct.-Dec.) posted a record high for the quarter; however, there was a significant YoY gap in the 1Q and the 2Q due to damage from COVID-19, impacting the full-year profit.

4Q FY12/19 (Oct.-Dec.) ¥5.3 bil. ⇒ 4Q FY12/20 (Oct.-Dec.) ¥6.1 bil. +13.3%



* The operating profit amount is the sum of operating profit from each business segment minus an adjustment for head office expenses (¥6.1 billion in FY12/19, ¥7.0 billion in FY12/20)

Consolidated Financial Results Summary for FY12/20 (IFRS)

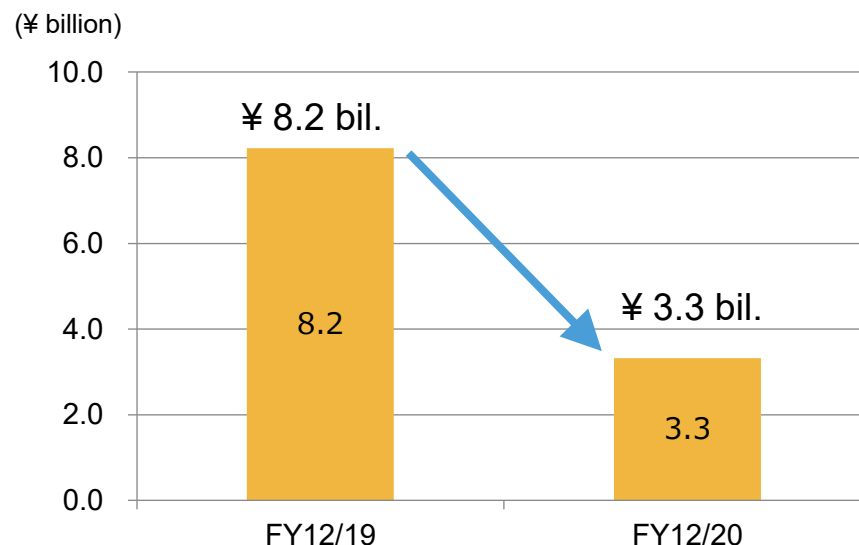
● FY12/20 Consolidated Financial Results

Profit Attributable to Owners of the Company **¥ 3.3 billion (-59.6% YoY)**

- There was impact from a one-off financial expense of roughly ¥3.8 billion (¥1.0 billion in the 1H) associated with fair value revaluation of put options caused by better-than-expected performance compared with initial forecast for OTTO of the Netherlands, foreign exchange loss of ¥0.5 billion (foreign exchange gain of ¥0.14 billion in the 2H), and several consolidated subsidiaries posting operating losses.

*Put options ⇒ Please refer to P.74.

OTTO FY12/20 Results vs FY12/20 Initial Forecasts: Revenue +17.7%, Operating Profit +226.7%



Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Consolidated Financial Results (Quarterly Trends)

(¥ billion)	FY12/19 Actual					FY12/20 Actual				
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Revenue	86.4	91.2	89.9	93.8	361.2	89.5	83.1	90.0	104.1	366.7
Gross profit	16.1	16.8	18.0	19.9	70.8	17.1	14.0	18.7	21.4	71.1
Gross profit margin	18.6%	18.4%	20.0%	21.2%	19.6%	19.1%	16.8%	20.7%	20.5%	19.4%
SG&A expenses	14.4	14.8	14.7	15.0	58.9	15.5	14.0	14.8	16.6	60.9
SG&A expenses ratio	16.7%	16.2%	16.3%	16.0%	16.3%	17.3%	16.9%	16.4%	15.9%	16.6%
Other operating income ^{*1}	1.0	1.1	1.3	1.2	4.6	1.1	1.2	1.3	1.7	5.2
Other operating expense	0.1	0.0	0.2	0.8	1.2	0.2	0.4	0.2	0.4	1.2
Operating profit	2.5	3.1	4.5	5.3	15.3	2.5	0.8	5.0	6.1	14.3
Operating profit margin	2.9%	3.4%	5.0%	5.7%	4.2%	2.8%	0.9%	5.6%	5.8%	3.9%
Profit before tax	1.3	2.0	3.5	6.4	13.3	1.4	0.5	3.7	3.5	9.1
Profit before tax margin	1.5%	2.2%	3.9%	6.8%	3.7%	1.6%	0.7%	4.1%	3.3%	2.5%
Profit attributable to owners of the Company	0.5	0.9	1.9	4.9	8.2	0.8	(0.2)	2.1	0.6	3.3
Profit attributable to owners of the Company margin	0.5%	1.0%	2.2%	5.2%	2.3%	0.9%	-0.3%	2.4%	0.5%	0.9%

QoQ/YoY Changes	FY12/19 Actual					FY12/20 Actual				
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Revenue	-4.3%	5.5%	-1.4%	4.3%	16.0%	-4.5%	-7.2%	8.3%	15.8%	1.5%
Gross profit	-17.9%	4.5%	7.3%	10.6%	13.4%	-14.1%	-18.2%	33.4%	14.5%	0.5%
SG&A expenses	4.0%	2.6%	-0.9%	2.0%	23.3%	3.7%	-9.8%	5.6%	12.0%	3.4%
Operating profit	-55.6%	23.5%	45.9%	19.8%	5.1%	-53.8%	-68.1%	539.2%	20.4%	-6.5%
Profit before tax	-71.8%	51.5%	74.4%	81.5%	6.1%	-77.4%	-62.2%	573.5%	-6.2%	-31.4%
Profit attributable to owners of the Company	-86.8%	101.9%	112.0%	151.4%	10.0%	-82.9%	-125.8%	-	-73.3%	-59.6%

*1 Dormitory fees received from employees at company-rented employee dormitories, which should be included in real profit, are included in other operating income.

*2 Displayed in ¥billion (rounded off to the nearest ¥billion)

Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Financial Results by Operating Segment and Revenue by Region (Quarterly Trends)

(¥ billion)		FY12/19 Actual					FY12/20 Actual					YoY change ratio vs FY12/19
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year	
Domestic Engineering Outsourcing Business	Revenue	20.5	22.3	23.9	24.7	91.4	25.1	25.3	25.6	27.8	103.8	13.7% Up 22.0% Up
	Operating profit	1.3	1.0	2.1	2.6	7.0	1.4	1.3	2.9	2.9	8.5	
	No. of worksite employees at term-end	13,214	15,036	15,461	15,888	15,888	16,048	17,827	18,006	18,150	18,150	
Domestic Manufacturing Outsourcing Business	Revenue	17.5	18.0	17.6	17.4	70.5	16.3	14.1	14.6	19.7	64.7	8.3% Down 18.9% Down
	Operating profit	1.4	1.6	1.7	2.7	7.4	1.5	1.1	1.2	2.2	6.0	
	No. of worksite employees at term-end	13,531	14,018	13,661	13,457	13,457	12,909	12,426	12,264	16,539	16,539	
	No. of workers under outsourced administration at term-end	12,418	13,528	16,318	18,670	18,670	20,007	20,102	21,124	22,296	22,296	
	No. of placed workers	924	1,034	967	800	3,725	511	191	185	321	1,208	
Domestic Service Operations Outsourcing Business	Revenue	4.8	5.4	4.5	5.9	20.6	5.9	5.9	6.1	6.8	24.8	20.5% Up 32.6% Up
	Operating profit	0.4	0.6	0.5	0.7	2.2	0.6	0.6	0.7	0.9	2.9	
	No. of worksite employees at term-end	2,670	2,657	2,424	2,560	2,560	2,301	1,975	1,856	2,606	2,606	
Overseas Engineering Outsourcing Business	Revenue	10.4	11.6	11.1	10.8	43.9	9.6	8.7	10.2	11.0	39.5	10.0% Down 57.8% Down
	Operating profit	0.6	0.6	1.1	0.2	2.3	0.3	(0.2)	0.3	0.6	1.0	
	No. of worksite employees at term-end	3,280	3,718	3,600	3,468	3,468	3,307	3,176	3,040	2,729	2,729	
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	33.0	33.8	32.7	34.6	134.2	32.6	29.0	33.4	38.7	133.8	0.3% Down 12.8% Up
	Operating profit	0.3	1.0	0.5	0.7	2.5	0.1	(0.4)	1.5	1.6	2.8	
	No. of worksite employees at term-end	42,280	44,707	44,968	44,580	44,580	41,683	38,136	43,719	46,331	46,331	
Other Business	Revenue	0.2	0.2	0.1	0.3	0.7	0.0	0.0	0.0	0.0	0.1	
	Operating profit	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.2	
	No. of worksite employees at term-end	3	4	4	5	5	-	-	-	-	-	
Adjustments	Operating profit	(1.5)	(1.9)	(1.3)	(1.4)	(6.1)	(1.6)	(1.6)	(1.7)	(2.1)	(7.0)	
Total	Revenue	86.4	91.2	89.9	93.8	361.2	89.5	83.1	90.0	104.1	366.7	1.5% Up 6.5% Down
	Operating profit	2.5	3.1	4.5	5.3	15.3	2.5	0.8	5.0	6.1	14.3	

Revenue by Region		FY12/19 Actual					FY12/20 Actual				
(¥ billion)		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Japan		43.0	45.8	46.1	48.3	183.2	47.4	45.4	46.4	54.4	193.4
Asia (excl. Japan)		3.4	3.4	3.2	3.4	13.4	2.9	2.0	2.2	2.8	9.8
Oceania		11.8	13.3	12.0	12.2	49.2	10.5	10.7	12.0	11.7	45.0
Europe		26.2	26.6	26.3	27.5	106.7	26.7	23.5	27.4	32.9	110.4
South America		2.0	2.1	2.3	2.4	8.8	2.1	1.6	2.0	2.4	8.1
Total		86.4	91.2	89.9	93.8	361.2	89.5	83.1	90.0	104.1	366.7

*1: Displayed in ¥billion (rounded off to the nearest ¥billion)

*2: Inter-segment transactions in revenue are eliminated

*3: Actual forex rates used in FY12/20 results (average rates for Jan.-Dec. 2020)

- EUR 121.88
- GBP 137.01
- AUD 73.69
- USD 106.76

Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Consolidated Statement of Financial Position

(¥ billion)	FY12/19-End		FY12/20-End		YoY Change
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
Current assets	112.4	46.9%	160.8	53.1%	48.3
Cash and cash equivalents	40.2	16.8%	81.7	27.0%	41.5
Trade and other receivables	51.7	21.6%	56.2	18.6%	4.5
Inventories	1.6	0.7%	1.8	0.6%	0.1
Non-current assets	127.5	53.1%	142.1	46.9%	14.6
Property, plant and equipment	9.4	3.9%	10.8	3.6%	1.4
Right-of-use assets	18.2	7.6%	17.5	5.8%	(0.8)
Goodwill	56.0	23.3%	63.4	20.9%	7.4
Intangible assets	20.8	8.7%	20.7	6.8%	(0.1)
Other non-current financial assets	15.9	6.6%	18.8	6.2%	2.9
Total assets	239.9	100.0%	302.9	100.0%	63.0
Current liabilities	90.2	37.6%	151.9	50.2%	61.8
Trade and other payables	35.0	14.6%	41.3	13.6%	6.3
Bonds and borrowings	20.1	8.4%	68.1	22.5%	47.9
Lease Liabilities	15.6	6.5%	16.8	5.5%	1.2
Income tax payables	3.9	1.6%	4.4	1.4%	0.4
Non-current liabilities	84.7	35.3%	82.7	27.3%	(2.0)
Bonds and borrowings	47.7	19.9%	43.2	14.3%	(4.5)
Lease Liabilities	20.1	8.4%	20.6	6.8%	0.4
Other non-current financial liabilities	6.8	2.8%	5.5	1.8%	(1.3)
Total liabilities	174.9	72.9%	234.7	77.5%	59.8
Share capital	25.2	10.5%	25.2	8.3%	0.0
Share premium	26.6	11.1%	26.6	8.8%	0.0
Treasury shares	(0.0)	-0.0%	(0.0)	-0.0%	0.0
Other share premium	(14.1)	-5.9%	(13.5)	-4.4%	0.6
Retained earnings	25.6	10.7%	25.8	8.5%	0.2
Equity attributable to owners of the Company	60.7	25.3%	63.0	20.8%	2.3
Non-controlling interests	4.4	1.8%	5.2	1.7%	0.9
Equity	65.0	27.1%	68.2	22.5%	3.2
Total liabilities and equity	239.9	100.0%	302.9	100.0%	63.0

*Displayed in ¥billion (rounded off to the nearest ¥billion)

Cash and cash equivalents:

Increased for funds to acquire the shares of Ireland's Cpl

Bonds and borrowings:

Increased due to borrowing for M&A funds, etc.

Equity attributable to owners of the Company:

Reflects profit attributable to owners of the Company, financial year end dividend payment, and the effect of foreign exchange rate changes

Consolidated Financial Results Summary for FY12/20 (IFRS)

● FY12/20 Consolidated Statement of Cash Flows

(¥ billion)	FY12/19 Actual Amount	FY12/20 Actual Amount	YoY Change Amount
Profit before tax	13.3	9.1	(4.2)
Depreciation and amortization	10.9	12.2	1.3
Decrease (increase) in trade and other receivables	(1.4)	(1.7)	(0.3)
Increase (decrease) in trade and other payables	2.6	2.2	(0.4)
Cash flows from operating activities	22.6	22.5	(0.1)
Payments for purchase of business	(6.3)	(6.0)	0.4
Cash flows from investing activities	(8.6)	(8.7)	(0.1)
Increase (decrease) of borrowings	12.7	41.4	28.6
Dividends paid	(2.6)	(3.0)	(0.4)
Cash flows from financing activities	(3.2)	26.9	30.1
Cash and cash equivalents at end of period	40.2	81.7	41.5

*Displayed in ¥billion (rounded off to the nearest ¥billion)

Cash flows from investing activities:
Reflects profit before tax and changes in trade receivables and trade payables

Cash flows from financing activities:
Reflects the increase in borrowings

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)



Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● FY12/21 Full Year Consolidated Financial Forecasts

Calculated using extremely conservative assumptions in view of the various uncertainties due to COVID-19

(¥ billion)	FY12/20 Actual				FY12/21 Forecast				YoY Change	
	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	Amount	Ratio
Revenue	172.6	194.1	366.7	100.0%	240.0	288.0	528.0	100.0%	161.3	44.0%
Cost of sales	141.5	154.1	295.6	80.6%	-	-	-	-	-	-
Gross profit	31.1	40.0	71.1	19.4%	-	-	-	-	-	-
SG&A expenses	29.5	31.3	60.9	16.6%	-	-	-	-	-	-
Operating profit	3.3	11.1	14.3	3.9%	7.9	17.2	25.1	4.8%	10.8	75.1%
Finance income	0.6	0.3	0.9	0.2%	-	-	-	-	-	-
Finance costs	1.9	4.3	6.1	1.7%	-	-	-	-	-	-
Profit before tax	2.0	7.1	9.1	2.5%	7.0	14.5	21.4	4.1%	12.3	134.1%
Profit for the period	0.8	3.3	4.1	1.1%	4.2	10.0	14.2	2.7%	10.1	247.4%
Profit attributable to owners of the Company	0.6	2.7	3.3	0.9%	3.5	9.3	12.8	2.4%	9.5	285.0%

*1: Displayed in ¥billion (rounded off to the nearest ¥billion)

*2: Forex rate for full-year consolidated financial forecast
 • EUR 117.38
 • GBP 133.98
 • AUD 67.83
 • USD 107.96

■ Management indicators targeted as of the end of FY12/21

- ROE : 18.6%
- Equity ratio : 22.8%

■ Assumptions behind the management indicators

- Increase in total assets, increase in goodwill and booking of acquisition funds due to the acquisition of Cpl
- Implementation of FY12/20 year-end dividends as planned
- Achievement of FY12/21 budget

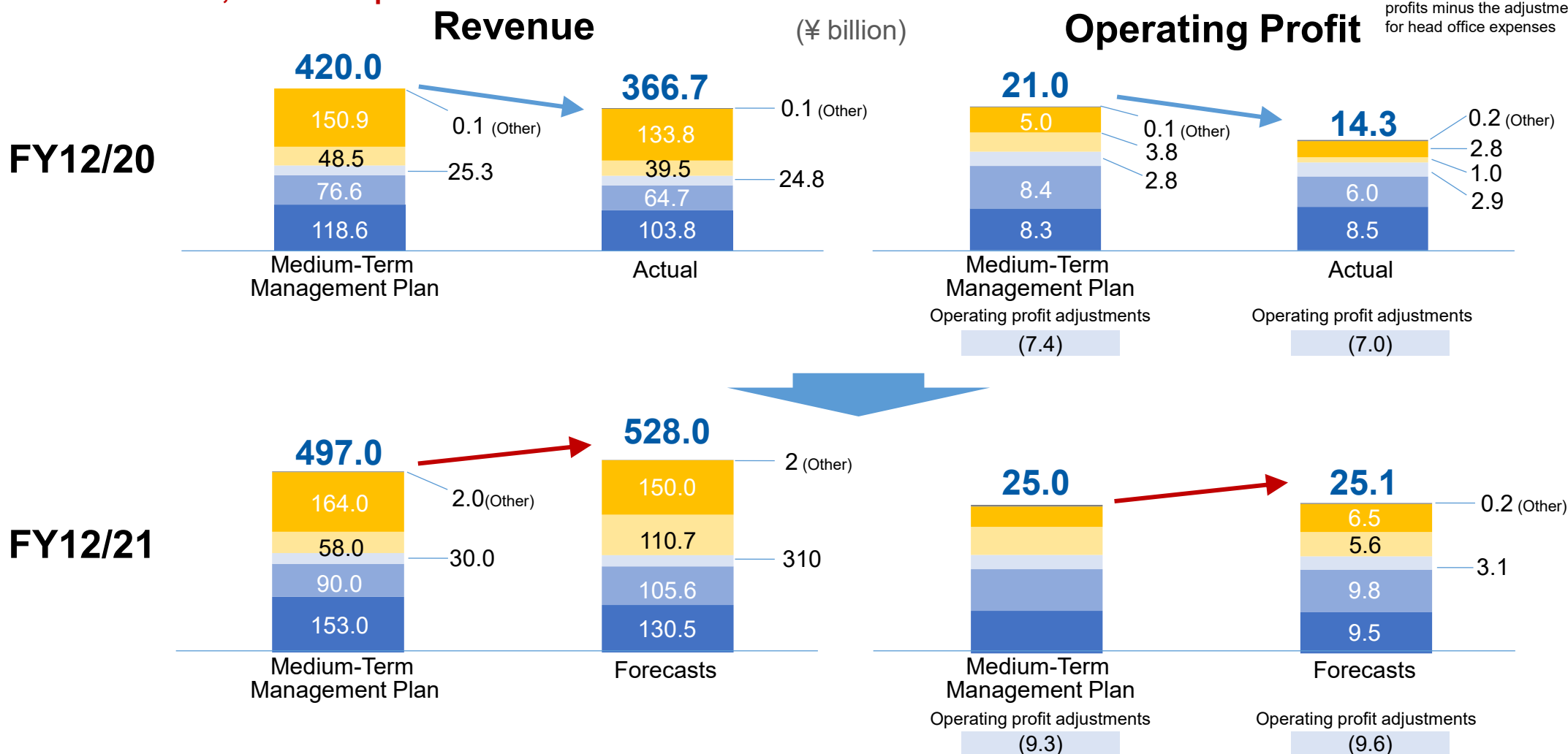
Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Comparison with the Medium-Term Management Plan (FY12/20 results, FY12/21 forecasts)

- Due to the impact of COVID-19, both FY12/20 revenue and operating profit fell behind targets in the Medium-Term Management Plan; however, we will surpass those in FY12/21.



*The operating profit amount is the sum of each segment profits minus the adjustment for head office expenses



Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● FY12/21 Financial Forecasts by Operating Segment (Annual, Semi-Annual and Quarterly Trends)

¥ billion)		FY12/20 Actual					FY12/21 Forecast						
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	1H	2H	Full-Year
Domestic Engineering Outsourcing Business	Revenue	25.1	25.3	25.6	27.8	103.8	27.8	31.8	33.9	37.0	59.6	70.9	130.5
	Operating profit	1.4	1.3	2.9	2.9	8.5	1.6	1.5	3.1	3.4	3.0	6.5	9.5
	No. of worksite employees at term-end	16,048	17,827	18,006	18,150	18,150	18,200	20,700	21,000	21,300	20,700	21,300	21,300
Domestic Manufacturing Outsourcing Business	Revenue	16.3	14.1	14.6	19.7	64.7	23.2	25.1	27.3	30.0	48.3	57.3	105.6
	Operating profit	1.5	1.1	1.2	2.2	6.0	2.1	2.4	2.4	3.0	4.4	5.4	9.8
	No. of worksite employees at term-end	12,909	12,426	12,264	16,539	16,539	18,500	19,600	20,500	21,500	19,600	21,500	21,500
	No. of workers under outsourced administration at term-end	20,007	20,102	21,124	22,296	22,296	22,000	24,000	26,000	28,000	24,000	28,000	28,000
Domestic Service Operations Outsourcing Business	No. of placed workers	511	191	185	321	1,208	397	506	659	645	903	1,304	2,207
	Revenue	5.9	5.9	6.1	6.8	24.8	7.1	7.8	8.0	8.2	14.9	16.2	31.0
	Operating profit	0.6	0.6	0.7	0.9	2.9	0.7	0.7	0.9	0.9	1.4	1.8	3.1
Overseas Engineering Outsourcing Business	No. of worksite employees at term-end	2,301	1,975	1,856	2,606	2,606	2,623	3,268	3,635	3,970	3,268	3,970	3,970
	Revenue	9.6	8.7	10.2	11.0	39.5	21.0	27.7	31.1	30.9	48.7	62.0	110.7
	Operating profit	0.3	(0.2)	0.3	0.6	1.0	1.0	1.4	1.7	1.6	2.4	3.3	5.6
Overseas Manufacturing and Service Operations Outsourcing Business	No. of worksite employees at term-end	3,307	3,176	3,040	2,729	2,729	10,709	10,899	12,135	12,088	10,899	12,088	12,088
	Revenue	32.6	29.0	33.4	38.7	133.8	32.9	35.6	39.8	41.8	68.5	81.6	150.0
	Operating profit	0.1	(0.4)	1.5	1.6	2.8	0.6	1.3	2.4	2.3	1.9	4.6	6.5
Other Business	No. of worksite employees at term-end	41,683	38,136	43,719	46,331	46,331	47,415	48,864	55,364	57,024	48,864	57,024	57,024
	Revenue	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
	Operating profit	0.1	0.0	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Adjustments	No. of worksite employees at term-end	-	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	(1.6)	(1.6)	(1.7)	(2.1)	(7.0)	(2.8)	(2.4)	(2.2)	(2.2)	(5.2)	(4.4)	(9.6)
	Revenue	89.5	83.1	90.0	104.1	366.7	112.0	128.0	140.1	148.0	240.0	288.0	528.0
Total	Operating profit	2.5	0.8	5.0	6.1	14.3	3.1	4.9	8.2	9.0	7.9	17.2	25.1

*1: Displayed in ¥billion (rounded off to the nearest ¥billion)

*2: Inter-segment transactions in revenue are eliminated.

***We considered implementing a change in segment classifications from FY12/21, but decided against it from the standpoint of data continuity**

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Domestic Engineering Outsourcing Business

FY12/20 Results

Revenue	¥ 103.8 billion	+13.7% YoY
Operating Profit	¥ 8.5 billion	+22.0% YoY

The reason the YoY growth rate versus FY12/19 is higher for Operating Profit than that for Revenue is due to booking subsidy income for FY12/20

Ratio : FY12/19 Results ⇒ FY12/20 Results

■ Demand for engineers (order environment)

- The annual utilization rate dropped from the usual 95% to 92% due to restrictions on activities under the pandemic.
- Demand declined in industries such as cameras and multi-function copiers, but was favorable for IT, DX, 5G, pharmaceuticals and transport equipment-related industries.
- Raising productivity and manpower savings became even more important under the pandemic, with demand for “Dispatch 2.0” growing, increasing to 302 operations as of the end of FY12/20.

■ Recruitment environment

- Established an advantage in recruitment through the scheme for career advancement and career change using KEN School.

“Dispatch 2.0” ⇒ Please refer to P.24, PP.53-57.

*2,000 new graduates + 4,200 mid-career hires = 6,400 recruitments

15,888 enrolled at the end of FY12/19 ⇒ 18,150 enrolled at the end of FY12/20 = a net increase of 2,262



FY12/21 Forecasts

Revenue	¥ 130.5 billion	+25.7% YoY
Operating Profit	¥ 9.5 billion	+11.4% YoY

The reason the YoY growth rate versus FY12/20 is lower for Operating Profit than that for Revenue is due to booking subsidy income for FY12/20, and not including that in the FY12/21 forecasts

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

■ Demand for engineers (order environment)

- The utilization rate returned to that of a normal year at the end of FY12/20, and it is expected to remain at that of a normal year in FY12/21, due to progress in measures by business partners as well as the rollout of vaccinations
- It may seem that all industries are in the same situation as described above in FY12/20, however demand for favorable sectors is expected to expand even further
- Regarding “Dispatch 2.0”, it is expected that brisk inquiries will continue, aiming for 668 operations as of the end of FY12/21

■ Recruitment environment

- Expand recruitment utilizing our advantage of schemes established through KEN School

*2,300 new graduates + 4,700 mid-career hires = 7,000 recruitments

18,150 enrolled at the end of FY12/20 ⇒ 21,300 enrolled at the end of FY12/21 = a targeted net increase of 3,150

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Domestic Engineering Outsourcing Business

• Progress status of “Dispatch 2.0”

**All HR, robots, and software work classified as “operation”

		FY12/20 Actual	FY12/21 Forecast	FY12/22 Plan	FY12/23 Plan	FY12/24 Plan
Dispatch 2.0	Operation	302	668	1,500	2,700	4,500

Social background for accelerating HR demand for digital transformation(DX)

- Development of a system to promote DX
- Securing DX human resources, and developing an environment for retooling staff skills and mobilization



DX Report 2

Published by the Ministry of Economy, Trade and Industry (METI) in December 2020

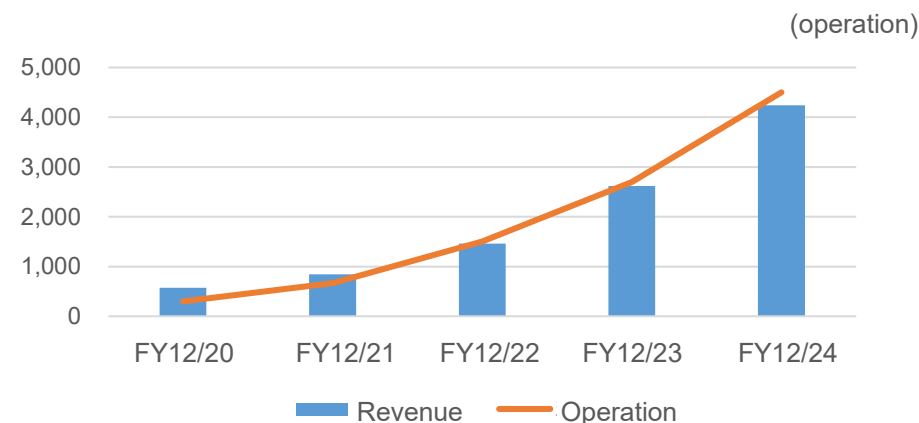
- The right science and technology innovation human resources who can play an active role in the right place
- Establish an environment including ongoing education for working adults (recurrent education)



Integrated Innovation Strategy 2020
Cabinet decision July 2020

Need for DX and innovation human resources

Establish an environment for the training and skill retooling of human resources



We aim to achieve
Dispatch 2.0: 668 operations
by the end of FY12/21

“Dispatch 2.0” = Providing advanced technologies and human resources as a package and supporting clients’ DX to operation ⇒ please refer to PP. 53-57.

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Domestic Manufacturing Outsourcing Business

FY12/20 Results

Revenue	¥ 64.7 billion	-8.3% YoY
Operating Profit	¥ 6.0 billion	-18.9% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

No. of worksite employees at term-end 16,539 (up 4,275)

No. of workers under outsourced administration at term-end 22,296 (up 1,172)

No. of placed workers 1,208 (down 2,517)

Numbers of worksite employees and workers under outsourced administration are being compared with the end of 3Q, while that of placed workers is with the previous year

- Demand for Manufacturing dispatching / recruiting and placing, outsourced contracting (order environment)
 - There were production cuts due to COVID-19 from March going into August mainly for the auto-related industry, and contracts for 1,300 persons were cancelled during that period, **but the auto-related industry began to turn around from September, and we secured a bulk order at the time of restart mainly for automaker Group T with a “CSM” proposal, winning 3,501 persons (including M&A for industry attrition)**
- Recruitment environment
 - Due to the impact of COVID-19, labor supply and demand of workers required for Manufacturing Outsourcing became a buyer's market, and **the number of worksite employees at the term-end exceeded initial forecast to over 16,500 due to the auto-related bulk order (a net increase of over 3,000 versus the end of FY12/19)**

“CSM” (Cloud Staffing Management) ⇒ Please refer to P26, PP.58-60.

FY12/21 Forecasts

Revenue	¥ 105.6 billion	+63.2% YoY
Operating Profit	¥ 9.8 billion	+64.3% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

FY12/21 Forecasts

No. of worksite employees at term-end 21,500 (up 4,961)

No. of workers under outsourced administration at term-end 28,000 (up 5,700)

No. of placed workers 2,207 (up 999)

Numbers of worksite employees and workers under outsourced administration are being compared with the end of FY12/20, while that of placed workers is with FY12/20 year

- Demand for Manufacturing dispatching / recruiting and placing, outsourced contracting (order environment)
 - Further auto-related industry production hikes are expected, and the outlook is extremely bright for electronic components-related industries also with growth in demand for 5G and remote working.
 - **Demand to introduce CSM is brisk, and with this as a competitive advantage in order taking, in FY12/21 we have already received a bulk order from automaker Company H for 300 persons, and together with deployment to Company H group companies as well as other automakers, we are targeting 3,600 for full-year FY12/21 (not including M&A for industry attrition)**
- Recruitment environment
 - Labor supply and demand for workers is expected to tighten at once due to rapid production hike structures by manufacturers, but **through expanded recruitment channels including through industry attrition (M&A), we plan to recruit 11,900 persons in FY12/21, targeting a net increase of 4,961 enrolled versus the end of FY12/20 to 21,500 as of the end of FY12/21**

*Regarding technical intern trainees related business, we expect flat earnings assuming immigration will be difficult until about October due to a state of emergency being declared again

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Domestic Manufacturing Outsourcing Business

- Progress status of Dispatched Employee Arrangement/Management System “CSM”

CSM (Cloud Staffing Management) is a system that resolves complicated work for clients ⇒
Please refer to PP.58-60.

CSM is a commercially available cloud system customized by OS Group collaboration

- This kind of system is not widely in use among manufacturers, and since it is linked to the client's system, it is unlikely that a client would introduce multiple systems due to secrecy and confidentiality
- The number of manufacturers who have either introduced it or have decided to introduce it since October 2020 are 23 companies with 1,777 users (as of January 18, 2021)

	September	October	November	December	January	February	March
Total number of users	0	192	299	958	1,141	1,560	1,777
Total number of users per month (net change per month)	0	192	107	659	183	419	217
Major car manufacturer		178			18		30
IT department of a major electronics manufacturer			62	175			
Major glass manufacturer			1				25
Manufacturers of major electronic devices, etc.					135		
Major battery manufacturers							50
Major battery manufacturers							50
Logistics company affiliated with an automobile manufacturer				95			
Major chemical product manufacturer						171	
Major confectionery maker						62	
Major textile manufacturer							
Major battery manufacturer							60
Manufacturers of major electronic devices, etc.						35	
Major car manufacturer				191			
Environment test equipment manufacturers					30		
Plastic product manufacturers						14	
Major plastic product manufacturers						32	
Textile manufacturing logistics manufactures		14				105	
Other firms such as major optical device manufacturers			44	198			2

*By CSM eliminating various complex operations for manufacturers including giving dispatch orders to multiple providers, we are able to expand the share and capture needs

*Running slightly behind the schedule in 3Q FY12/20 financial results material due to impact from the third wave of COVID-19, but expected to catch up from February 2021 onward

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Domestic Service Operations Outsourcing Business

FY12/20 Results

Revenue	¥ 24.8 billion	+20.5% YoY
Operating Profit	¥ 2.9 billion	+32.6% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

- Demand for outsourced contracting (order environment)
 - Construction work and maintenance operations for U.S. military facilities is high priority within the U.S. military, progressing with no impact from COVID-19 and coming in ahead of plan
 - Continuing in FY12/19 and FY12/20, we have won projects worth over ¥20 billion with delivery dates of 3-5 years, and accordingly booked ¥10 billion based on percentage of completion method
- Recruitment environment
 - Business for U.S. military facilities is not HR stock business, but rather construction business spanning long periods, and it is relatively easy to secure engineers and craftsmen because of its stability



FY12/21 Forecasts

Revenue	¥ 31.0 billion	+25.0% YoY
Operating Profit	¥ 3.1 billion	+8.5% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

- Demand for outsourced contracting (order environment)
 - We have been able to secure stable revenue from the order backlogs for projects over ¥20 billion in FY12/19 and FY12/20, and from FY12/21, we are further expanding the amount of contract surety bond (performance bond) and will collaborate with companies acquired overseas, aiming to create an even more robust structure to win even larger orders
 - Not only FY12/21, but the MTP through about FY12/23 is visible
- Recruitment environment
 - Environment similar to FY12/20 in Japan
 - Guam, where we have already expanded and in which the U.S. military has a larger budget for than for Japan, has a small population and tight recruitment. However, the U.S. military has given permission to procure labor from the neighboring Philippines, so the future hiring environment is expected to improve (Guam corresponds to the Overseas Service Operations Outsourcing Business segment)

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Overseas Engineering Outsourcing Business

Segment overall

(Selected explanations for the U.K. / Ireland on P.29 and Australia on P.30)

FY12/20 Results

Revenue	¥ 39.5 billion	-10.0% YoY
Operating Profit	¥ 1.0 billion	-57.8% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - Suffering significant impact from COVID-19, revenue and profits declined YoY, however [the recovery was earlier than expected in financial forecasts, increasing YoY in the 4Q \(Oct.-Dec.\)](#)
- Recruitment environment
 - It has been more difficult than normal to secure new staff in the U.K. due to COVID-19, but trending relatively favorably in Australia



Includes Ireland's Cpl which joined the Group, from February 2021

FY12/21 Forecasts

Revenue	¥ 110.7 billion	+180.5% YoY
Operating Profit	¥ 5.6 billion	+466.2% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

(for reference) if Ireland's Cpl which joined the Group is not included

Revenue	¥ 48.0 billion	+21.6% YoY
Operating Profit	¥ 3.2 billion	+218.5% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - **Bright outlook**, with a system in place **in each country and business** to continue growing even during the COVID-19 pandemic
 - **As a result of Ireland's CPL RESOURCES PLC joining the Group at the end of January, we anticipate strengthening the business base centered on Cpl's strength in healthcare and IT, enhancing the client base and realizing synergies with existing businesses in Europe and the U.K.**
- Recruitment environment
 - In the U.K., it is expected that it will become easy to secure staff after lockdowns are rescinded following vaccinations, and in Australia, economic recovery following successful control of the spread of COVID-19 is expected to support steady staff recruitment

[Cpl ⇒ Please refer to P.66.](#)

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Overseas Engineering Outsourcing Business U.K / Ireland

FY12/20 Results

Revenue	¥7.4 billion	-9.2% YoY
Operating Profit	¥0.4 billion	-73.8% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - The U.K. debt collection business suffered significant impact from the suspension of activities due to COVID-19 from March through the end of August, however **business activities resumed from September onward**
 - There was some impact from the suspension and delays in issue procedures for some debts
- Recruitment environment
 - There were delays in license renewal procedures for agents in the U.K. debt collection business due to COVID-19, making it more difficult than usual to secure new staff

Includes Ireland's Cpl which joined the Group, from February 2021

FY12/21 Forecasts

Revenue	¥75.7 billion	+923.8% YoY
Operating Profit	¥4.6 billion	+1078.8% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

(for reference) if Ireland's Cpl which joined the Group is not included

Revenue	¥13.0 billion	+75.8% YoY
Operating Profit	¥2.1 billion	+444.0% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - Although The U.K. debt collection business was certified by the government as being one comprised of essential workers, continuing operations even after lockdowns were reimposed, expected to recover and expand even with only existing agents, it is expected to achieve further growth as securing new staff becomes possible
 - As a result of Cpl joining the Group, business for dispatching, recruiting and placing, and outsourced contracting for specialized talents in the fields of IT, pharmaceuticals, life sciences and healthcare is expected to grow in the U.K./Ireland and European countries through building a complementary system with Group companies
- Recruitment environment
 - The U.K. debt collection business is expected to resume license renewal procedures as soon as lockdowns are rescinded following successful control of the spread of the infection through vaccinations, and securing new agents is expected to become easier

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Overseas Engineering Outsourcing Business Australia

FY12/20 Results

Revenue	¥30.7 billion	-9.0% YoY
Operating Profit	¥0.7 billion	-20.5% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - In the wake of the pandemic, **orders increased by narrowing the focus to targeting essential workers from the IT-related, logistics and building facilities maintenance industries**
 - Recruiting and placing of specialist staff experienced delays due to COVID-19, but **specialist dispatch trended steadily after creating a structure to handle remote working**
 - Training business suffered many cancellations due to COVID-19, but it recovered from the 3Q by switching to online training
- Recruitment environment
 - Since mobility of the labor market was maintained in Australia through control of the spread of COVID-19 to a certain extent, securing specialized talents trended relatively smoothly



FY12/21 Forecasts

Revenue	¥32.4 billion	+5.4% YoY
Operating Profit	¥1.0 billion	+40.3% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - **Put in place a structure to handle working remotely and online, etc. so that each business can continue growing even during the pandemic, and the outlook is bright for order expansion through focusing on essential workers in various fields**
- Recruitment environment
 - Securing staff is expected to be stable with Australia's economic recovery and further improvement of staff mobility

Consolidated Financial Forecasts for FY12/21 and its Details (IFRS)

● Key Points of Growth from FY12/20 Results to the FY12/21 Forecasts

Overseas Manufacturing and Service Operations Outsourcing Business

FY12/20 Results

Revenue	¥ 133.8 billion	-0.3% YoY
Operating Profit	¥ 2.8 billion	+12.8% YoY

Ratio : FY12/19 Results ⇒ FY12/20 Results

- Demand for Dispatching / recruiting and placing, outsourced contracting (order environment)
 - The German manufacturing business, which suffered significant impact from COVID-19, will post an operating loss due to the significant decline in operation and from restructuring costs
 - E-commerce business mainly in the Netherlands grew significantly due to increased demand under COVID-19 stay-at-home orders
 - Logistics and facilities-related businesses in South America, including building security and building cleaning that we have been focusing on in the wake of COVID-19 are beginning to grow
 - Secured special demand for UK local government BPO work, such as distribution of benefits payments during the pandemic, and reemployment support business is also active due to COVID-19
- Recruitment environment
 - Trending steadily due to labor supply and demand becoming a buyer's market due to the impact of COVID-19



FY12/21 Forecasts

Revenue	¥150.0 billion	+12.1% YoY
Operating Profit	¥6.5 billion	+129.4% YoY

Ratio : FY12/20 Results ⇒ FY12/21 Forecasts

- Demand for dispatching / recruiting and placing, outsourced contracting (order environment)
 - As recovery for German manufacturing is expected to be delayed, streamlining the organization and structure, as well as new focus initiatives from the 2H of FY12/20 such as Engineering business and BPO business for call centers are expected to post firm growth
 - E-commerce related businesses in the Netherlands are expected to expand steadily even after COVID-19 comes under control, while maintaining high demand from general users
 - Logistics and facilities-related businesses in South America are recognized as essential workers, and are expected to expand steadily
 - A structure to handle remote working has been created for BPO work for U.K. local governments, and we will aim to expand outsourced contracting for COVID-19 related demand and various regular operations, and aim for private sector entry
- Recruitment environment
 - Resume and promote hiring leveraging cross-border global HR mobility after COVID-19 is under control

Return to Shareholders



Return to Shareholders

Dividend forecast

	FY12/20 Dividend	FY12/21 Dividend Forecast (February 15, 2021)
Record Date	December 31, 2020	December 31, 2021
Dividend per Share	¥10.00	¥31.00
Total Amount of Dividends	¥1.26 billion	—
Dividend Payment Starting Date	March 26, 2021	—
Source of Dividends	Retained earnings	—

While reinvesting a portion of profits toward expansion of the scope of business, in order to enhance the rebate of profits to shareholders as well as to expand the shareholder base, the Company maintains a consolidated dividend payout ratio of 30% in principle.

Regarding the year-end dividend for FY12/20, while basic earnings per share for the period came in below initial forecast, the main reason for this was the worldwide impact of COVID-19 and a one-off financial expense associated with a subsidiary booking better-than-expected performance, and while the appropriate dividend based on payout ratio might be ¥8, both are deemed to be one-off factors. Going forward, recognizing that growth can be maintained for the medium- to long-term, the year-end dividend per share forecast announced on November 5, 2020 is unchanged, and ¥10 is planned.

Also, regarding the year-end dividend for FY12/21, the usual 30% dividend payout ratio is maintained, and DPS is indicated at ¥31.

Please refer to P.14 and P.74.

Status of Group Companies Whose Goodwill is Recorded on OS Account



- **Virtually almost all of the goodwill was generated by M&A to acquire the management resources necessary for global expansion**

Importance of global expansion in the HR service business

Our Group operates human resources service businesses.

We are engaged in what we call a “stock business” which accompanies hiring and achieves growth by dispatching more workers. Since the Japanese population is rapidly decreasing, **the prospect for long-term growth in the Japanese market alone is gloomy.**

In contrast, the global population **now at 7.7 billion is projected to increase to 10 billion. Our Group views this population increase as a growth opportunity. We have proactively pushed into markets overseas through M&A, recording a significant amount of goodwill in the process. However, in exchange, we will achieve overwhelming growth compared to our competitors.**

Our Group's global strategy and policy

1. Since we see the increasing global population as a growth opportunity, our Group aims to **provide human resources services** to industries capable of sustainable growth in countries that are open to immigrants, or in other words, **industries with high demand for human resources**.
2. **In order to level business performance, which is a prerequisite of achieving truly sustainable growth, our Group is striving to create a global platform. This will enable us to expand our HR service business globally by entering fields with different business cycles or fields relatively insusceptible to economic fluctuations.**
3. **We will not jump into a business that falls outside the realm of the management expertise our Group has built up over the years.**



Our Group's global business is an HR service business developed and refined in Japan and, as such, our Group portfolio is not comprised of industries to which we provide services.

Status of Group Companies Whose Goodwill is Recorded on OS Account

Goodwill by Country

Of the total goodwill of ¥63.4 billion, overseas consolidated group companies amounts to ¥43.2 billion.

(Unit: ¥ hundred million)

Country name	Goodwill amount (as of the end of 4Q FY12/20)					Total Amount by Country
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business	
Japan	60	107	35	—	—	202
Japan Total	60	107	35	—	—	202
UK	—	—	—	75	127	202
UK Total	—	—	—	75	127	202
Germany	—	—	—	—	72	72
Netherlands	—	—	—	—	50	50
EU Total	—	—	—	—	122	122
Australia	—	—	—	79	5	84
New Zealand	—	—	—	—	2	2
Oceania Total	—	—	—	79	7	86
Thailand	—	—	—	—	1	1
Vietnam	—	—	—	—	0	0
India	—	—	—	—	1	1
Malaysia	—	—	—	—	9	9
Asia (excluding Japan) Total	—	—	—	—	11	11
Chile	—	—	—	—	5	5
Brazil	—	—	—	—	0	0
South America Total	—	—	—	—	5	5
Others	—	—	—	—	6	6
Total	60	107	35	154	278	634

*Although Hoban in Australia falls under Overseas Manufacturing and Service Operation Business, since it is recognized as part of the goodwill group of Outsourcing Oceania (Clicks, Index, Hoban, Outsourcing Oceania) and cannot be separated independently, Hoban has been tentatively included in Overseas Engineering Outsourcing Business.

Status of Group Companies Whose Goodwill is Recorded on OS Account: Japan

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

**Total goodwill
in Japan**

¥20.2 billion

*Total of 32 companies including
the following 3 companies

Goodwill impairment risk evaluation from looking at
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Manufacturing	AVANCE Group	36	HR business for Japanese descent for the manufacturing sector
	<div><div>No. of workers enrolled</div><div>Utilization rate</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div><div>No impairment loss</div><div>4Q FY12/191Q FY12/202Q FY12/203Q FY12/204Q FY12/201Q FY12/212Q FY12/213Q FY12/214Q FY12/21</div></div>		
	Status	While there was some impact from immigration restrictions on newly hired persons of Japanese descent being unable to enter the country, steady growth is expected since most transactions are with stable clients even during the pandemic	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Service Operations	EcoCity Group	16	Outsourced contracting business from local governments
	<div><div>No. of workers enrolled</div><div>Utilization rate</div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div><div>No impairment loss</div><div>4Q FY12/191Q FY12/202Q FY12/203Q FY12/204Q FY12/201Q FY12/212Q FY12/213Q FY12/214Q FY12/21</div></div>		
	Status	A stable business trend is expected for water meter reading work and call center outsourced contracting business from local governments	

The amount of goodwill for AVANCE Group and EcoCity Group is a provisionally calculated amount because it takes time to calculate client-related assets, etc. and the allocation of acquisition costs has not been completed.

Status of Group Companies Whose Goodwill is Recorded on OS Account: Japan

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

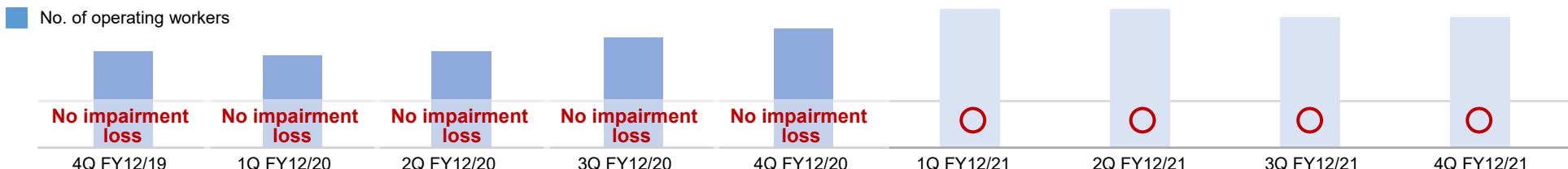
(Individual company explanations are for those with more than ¥1 billion in goodwill)

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary																														
Domestic Service Operations	American Engineering Corporation	30	Service operation business for the U.S. military facilities																														
	<div><div>No. of operating workers</div><table border="1"><thead><tr><th>Period</th><th>No. of operating workers</th><th>Impairment Status</th></tr></thead><tbody><tr><td>4Q FY12/19</td><td>Low</td><td>No impairment loss</td></tr><tr><td>1Q FY12/20</td><td>Low</td><td>No impairment loss</td></tr><tr><td>2Q FY12/20</td><td>Low</td><td>No impairment loss</td></tr><tr><td>3Q FY12/20</td><td>Medium</td><td>No impairment loss</td></tr><tr><td>4Q FY12/20</td><td>Medium</td><td>No impairment loss</td></tr><tr><td>1Q FY12/21</td><td>High</td><td>Extremely low risk</td></tr><tr><td>2Q FY12/21</td><td>High</td><td>Extremely low risk</td></tr><tr><td>3Q FY12/21</td><td>High</td><td>Extremely low risk</td></tr><tr><td>4Q FY12/21</td><td>High</td><td>Extremely low risk</td></tr></tbody></table></div>			Period	No. of operating workers	Impairment Status	4Q FY12/19	Low	No impairment loss	1Q FY12/20	Low	No impairment loss	2Q FY12/20	Low	No impairment loss	3Q FY12/20	Medium	No impairment loss	4Q FY12/20	Medium	No impairment loss	1Q FY12/21	High	Extremely low risk	2Q FY12/21	High	Extremely low risk	3Q FY12/21	High	Extremely low risk	4Q FY12/21	High	Extremely low risk
	Period	No. of operating workers	Impairment Status																														
	4Q FY12/19	Low	No impairment loss																														
1Q FY12/20	Low	No impairment loss																															
2Q FY12/20	Low	No impairment loss																															
3Q FY12/20	Medium	No impairment loss																															
4Q FY12/20	Medium	No impairment loss																															
1Q FY12/21	High	Extremely low risk																															
2Q FY12/21	High	Extremely low risk																															
3Q FY12/21	High	Extremely low risk																															
4Q FY12/21	High	Extremely low risk																															
Status	Serving as a contractor for the preservation and maintenance of buildings and other equipment on the U.S. military facilities in Japan, the company is insusceptible to economic fluctuations and is showing an upward growth curve.																																

Status of Group Companies Whose Goodwill is Recorded on OS Account: UK

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

Total goodwill
in UK

¥20.2 billion

*Total of 11 companies including
the following 4 companies

Goodwill impairment risk evaluation from looking at
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	CDER (former J.B.W.)	68	Public debt collection business
	<p>No. of claims</p> <p>No impairment loss</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Due to the spread of COVID-19, the U.K. entered a second lockdown on a countrywide level from early November 2020, but unlike the first lockdown, the debt collection business continued operations. There is a risk that procedures for issuing new bonds will be suspended or delayed due to a prolonged lockdown.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	ALLEN LANE	24	Human resources services for public sector
	<p>No. of operating workers</p> <p>No impairment loss</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Since the first lockdown, dispatch mainly to the government has been the driver, achieving a steady recovery. While there is a possibility that recruiting and placing may be delayed due to a prolonged lockdown, it can be offset by the growing dispatch business.	

Status of Group Companies Whose Goodwill is Recorded on OS Account: UK

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	LIBERATA	47	Various contracting business for central government
	<p>Order backlog</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p> <p>No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss</p>		
	Status	The structure for working remotely for government BPO business has been established. Special demand for COVID-19 due to the current lockdown is continuing and is expected to exhibit a stable trend going forward, and at the same time, there are brisk inquiries for the newly acquired reemployment support firm, which continues to perform well.	

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	VERACITY	53	Financial and business consultancy services
	<p>No. of operating workers</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p> <p>Impairment Loss ¥150 mil. No impairment loss No impairment loss No impairment loss No impairment loss</p>		
	Status	All existing projects for the government will continue to be handled remotely, new orders and renewals will remain steady, and projects related to COVID-19 and Brexit are expected to be secured.	

Status of Group Companies Whose Goodwill is Recorded on OS Account: EU

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

**Total Goodwill
in EU**

¥12.2 billion

(Individual company explanations are for those with more than ¥1 billion in goodwill)

*Total of 2 companies listed below

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	Orizon	72	Human resources services for manufacturing sector (for machinery, transport equipment, medical-related and other fields)
	<p>No. of external workers Utilization rate</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Although COVID-19 significantly affected mainly transportation equipment-related transactions, the company is on a recovery trend with new initiatives including Engineering business and BPO business.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	OTTO	50	E-commerce distribution-related services
	<p>No. of external workers Utilization rate</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Expected to continue to grow steadily due to the strong e-commerce business.	

Status of Group Companies Whose Goodwill is Recorded on OS Account: Oceania

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

**Total Goodwill
in Oceania**

¥8.6 billion

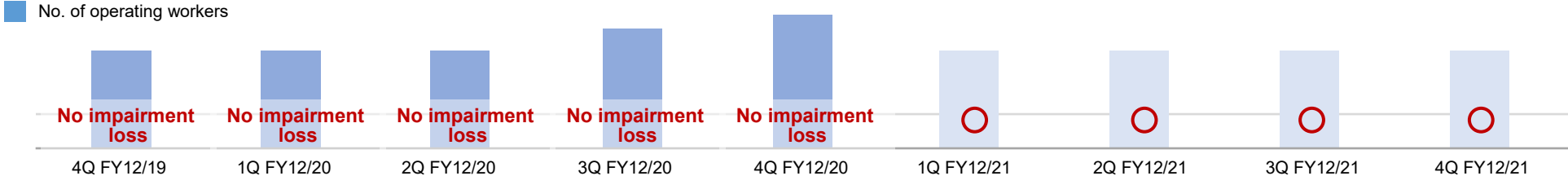
* Total of 7 companies including
the following 3 companies

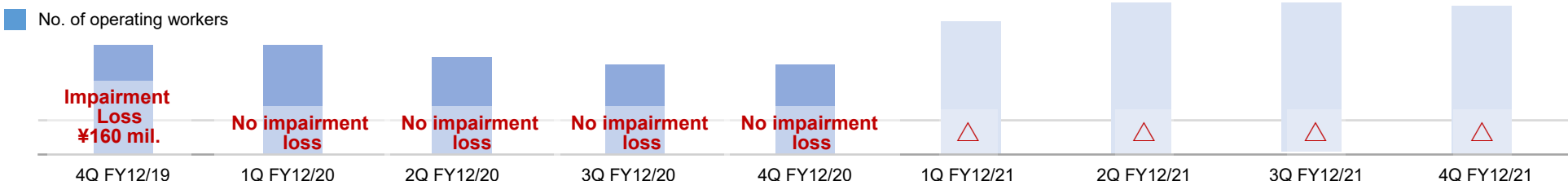
Goodwill impairment risk evaluation from looking at
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	BLUEFIN	13	Human resources services for IT and financial fields
	 <p>No. of operating workers</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Although there were some delays in the recruiting and placing business, the dispatch business progressed steadily due to remote work support. With relatively steady control over the spread of infections in Australia, further growth is expected as the economy recovers.	

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	PM-P	22	Consultancy for improving business processes, corporate training services
	 <p>No. of operating workers</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p>		
	Status	Recovery of training business is in sight due to the success of the early shift to online training, maintaining contracts with main clients, and approaching potential clients in sectors less affected by the pandemic. However, since the recovery is still underway from the many cancellations midway through the 3Q, the risk of impairment from 1Q to 4Q FY12/21 is “△”	

Status of Group Companies Whose Goodwill is Recorded on OS Account: Oceania

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	OUTSOURCING OCEANIA	33	Human resources services for IT-, Infrastructure- and public-related fields
	<p>■ No. of operating workers</p> <p>No impairment loss</p>		
	Status	Continued to increase orders targeting IT-related industries and essential workers. With relatively steady control over the spread of infections in Australia, further growth is expected as the economy recovers.	

Status of Group Companies Whose Goodwill is Recorded on OS Account: Asia

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

**Total Goodwill
in Asia**

¥1.1 billion

* Total of 6 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	Asia (six-company total)	11	Human resources services for manufacturing sector, payroll service
	<p>No. of external workers Utilization rate</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p> <p>No impairment loss No impairment loss Impairment Loss ¥140 mil. No impairment loss No impairment loss ○ ○ ○ ○</p>		
	Status	<ul style="list-style-type: none"> The market for payroll business is expected to grow at 8-10% CAGR (Asia region) going forward, and while utilizing the new system that has been under development to cultivate new clients, small and medium-sized enterprises will also be targeted to achieve significant growth. India's IT industry has recovered to pre-pandemic levels, and our policy is to continue to expand share in sectors less susceptible to the external environment including finance, pharmaceuticals, and food products. 	

Status of Group Companies Whose Goodwill is Recorded on OS Account: South America

(Status of impairment for 4Q FY12/20, risk of impairment for FY12/21)

(Individual company explanations are for those with more than ¥1 billion in goodwill)

**Total Goodwill
in South America**

¥0.5 billion

*Total of 4 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	South America (four-company total)	5	Airport and commercial facility cleaning services, human resources services for distribution/service industry
	<p>■ No. of external workers — Utilization rate</p> <p>4Q FY12/19 1Q FY12/20 2Q FY12/20 3Q FY12/20 4Q FY12/20 1Q FY12/21 2Q FY12/21 3Q FY12/21 4Q FY12/21</p> <p>Impairment Loss ¥100 mil. Impairment Loss ¥60 mil. Impairment Loss ¥80 mil. No impairment loss Impairment Loss ¥260 mil. △ △ △ △</p>		
	Status	<ul style="list-style-type: none"> Airport-related transactions suffered significant impact from COVID-19, both in terms of the number of external workers and utilization rates, but by raising the ratio in net sales of e-commerce-related (logistics) industries, retail stores such as major supermarkets, and medical care facilities, earnings turned positive from the 2H FY12/20, and business is expected to continue growing in FY12/21 by expanding services for facilities that remain firm. During 4Q FY12/20, Chile's INVERSIONES SL GROUP and Brazil's OS ELOFORT SERVICOS posted a total impairment loss of ¥260million, and while the earnings of the companies have recovered significantly, the current low growth in those two countries from weak economies due to the pandemic is a concern, resulting in "△" for the risk of 2021. 	

Reference Materials



Reference Materials

- Our Initiatives for SDGs

Based on the management philosophy of “enhancing the quality of life of everyone around the world by eliminating inequalities in working condition and creating truly motivating workplaces,” we will put in effort to disseminating sustainable management.

Significance of the Group's industry restructuring

We will create the significance of a new dispatch industry that does not put a burden on workers

With the new proposal capabilities of CSM and Dispatch 2.0 in the “new normal,” we aim to expand the share of dispatch and consolidate it, and through M&A in the sense of selection (weeding out), we strive to create a dispatch market that will break free from price competition with a healthy dispatch environment that does not put a burden on workers.



M&A in domestic business

2020	
10/1	Career Group
10/8	EcoCityGroup Corporation
11/6	AVANCE HOLDINGS Co., Ltd.
12/16	MARKS co.,ltd.
2021	
2/1	S.S.Sangyo Co.Ltd.
2/1	Select Staff Co., Ltd.
2/1	Itec Co., Ltd.
2/1	Shinsei Sangyo Co., Ltd.

Reference Materials

● The OS Group's "SDGs" Initiatives

■ Various initiatives in the OS Group

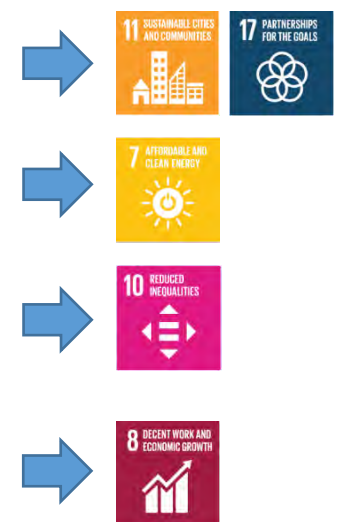
- **Support for foreign students:** cooperate with the International Human resource Network Organization Foundation (IHNO), which supports foreign students who will shape the future, such as providing scholarships.
- **Pro bono support:** mainly through the general incorporated association, WORK RULE (Shizuoka-shi), which carries out our social contribution business, we conduct activities to eliminate casual jobs with illegal working conditions and promote awareness of work rules to high school and university students nationwide.
- **Support in local regions:** Outsourcing Business Service Inc., the officially certified subsidiary, has been supporting deaf people for 5 years, donating communication boards to the cities of Tokyo, Osaka, Tottori, Kagoshima, and Sasebo.
This subsidiary opened a School of Japanese Sign Language, a language for deaf people, with more than 600 students attending annually, becoming the number one school in Japan in terms of the number of classes held and number of instructors, and through Japanese sign language, it established a dedicated website to provide various information and support including some activities as childcare support for hearing children of deaf adults (CODA).
- **Creating a healthy and comfortable working environment for employees:** ◎Enhancing communication through online training ◎Promoting mental health training ◎Supporting the acquisition of Mental Health Management Certification Class II and Class III ◎Promotion of Japanese language education for foreign employees working in Japan



● Initiatives of OTTO (the Netherlands)

- Regarding the establishment and provision of quality housing, the Netherlands has a shortage of comfortable quality housing. OTTO is cooperating with external partners to establish housing for foreign national workers that exceeds the minimum standard for quality housing in that country set by SNF(Stichting Normering Flexwonen) . When developing new housing, OTTO talks with the neighboring communities and builds positive relationships with residents of the local region. Many foreign national workers initially reside in the housing provided by OTTO.
- Employee housing is continuously being reviewed. Commuting distances within 15km are encouraged, while reducing commuting distance. The use of electric bicycles, and eco-friendly-driving methods when using car and bus shuttle services are implemented.
- Established "RESPECT" – seven core values expressing the importance of showing respect to all stakeholders including employees.
- OTTO believes in the importance of providing rewarding jobs and fair salaries in order to hire excellent human resources and keep them employed for the long term, so OTTO conducts a monthly satisfaction survey and a support hotline for employees that is operated 24/7.

RESULT	We are cost effective and target driven
EUROPEAN	We do not believe in borders, we believe in quality
SOCIALLY INVOLVED	We care for our colleagues and for the world around us
PERFORMANCE	We always take one step further
EMPOWERMENT	We enable our people to take responsibility
CUSTOMER EXCELLENCE	We are focused on offering the best service to our clients
TRANSPARENT	We believe in openness



Reference Materials

● The OS Group's "SDGs" Initiatives

■ Various initiatives in the OS Group

- Initiatives of AVANCE group (joined the OS Group in 4Q FY12/20: has great know-how in the employment of Brazilians of Japanese descent)

- **Shimane Multicultural Community Support Center:** Opened in Izumo City, Shimane Prefecture in September 2017

The Center was opened with the aim of helping foreigners deepen their understanding of local rules and customs, becoming a bridge with local government, schools and the community, one step in Izumo City's policy for settling foreign residents.

【Details of main activities】

- ◎ Supporting the lives of foreigners living in Shimane Prefecture
- ◎ Consultation counter in one's native language (document application, passport renewal, taxes, final tax return procedure assistance / consultation, etc.)
- ◎ Japanese language classes for foreigners
- ◎ Consultation counter for accepting foreigners by local residents and local businesses
- ◎ Multicultural and cross-cultural exchange with local communities and schools
- ◎ Holding and managing cultural education events for foreign children
- ◎ Disaster prevention / lifesaving emergency training for foreigners
- ◎ Operation and management of multicultural farms
- ◎ Child-rearing support:
 - * Creating a "safe place for children" after school and during summer holiday
 - * Interpretation of parent interviews and translation of school documents in cooperation with the Izumo City Board of Education
 - * Preschool management for Japanese learning by children before starting school
 - * Holding classes in Portuguese
 - * Holding workplace experience and visit tours for parents and children
 - * School guidance for parents
 - * Outdoor activities including local children
- **Other child-rearing support: opening and operating a nursery school**
 - ◎ October 2017 Established a small nursery school for children aged 0 to 2 in Ichinomiya City, Aichi Prefecture
 - ◎ October 2019 Established a nursery school in Izumo City, Shimane Prefecture for Brazilian children who do not speak Japanese



Reference Materials

● Industry Environment of Domestic Engineering Outsourcing Business

Environment

- Demand for IT engineers, etc. continue to expand as technology evolves swiftly and new technologies are to be widely applied in society
- Demands for the adoption of AI and RPA that originated from the office work at various companies facing the shortage of qualified labor have spread to other fields including engineering and logistics. Such demands continue to expand, as companies are taking control measures against COVID-19 and other infectious diseases.
- While demand for engineers took a momentary step back in the R&D field of car industry manufacturers aiming to save costs, demand for engineers and RPA has been steady among non-manufacturing companies
- HR service providers specializing in manufacturing R&D and smaller providers without the financial reserves are being shaken out of the industry

Our Response

- The KEN School scheme trains and places engineers in high-demand fields
- We accelerate and further hone our Dispatch 2.0 strategy to capture demand for digital transformation (DX) across all industries
- While advancing into various industries and segments, we work on creating a framework that maintains the level of utilization rate, by leveraging the KEN School's online training programs and promote taking in other HR service providers who failed to survive the industry shakeout

Reference Materials

- Business Scheme of Domestic Engineering Outsourcing Business

- The KEN School scheme is responding to the shortage of engineers arising from demographic factors

Technological innovation continues every day in various industrial fields, and amidst the chronic shortage of engineers due to the demographic factor of population decline, we maintain growth by securing engineers through the KEN School scheme.

KEN School has established a system where inexperienced workers are recruited, trained through education programs in various industrial fields, and assigned as engineers. Upon being assigned, they are given opportunities to realize career changes and career improvement according to the environment and the wishes of the individual.

Today's younger generation tends to be less willing to make various sacrifices to become employed at a well-known company. They are shifting towards a preference for companies where they can pursue their calling in life rather than aim for a high name value.

KEN School gives the Group an advantage in recruitment and contributes to the significantly high number of people hired, which is outstanding among competitors in the industry

- No. of workers recruited in FY12/20: 6,406

Reference Materials

● Business Scheme of Domestic Engineering Outsourcing Business

- Increase operating efficiency and save manpower through **“Dispatch 2.0,”** a business model which combines engineers and technology

Shift from the current engineer dispatching market to an extremely large market with a higher unit price

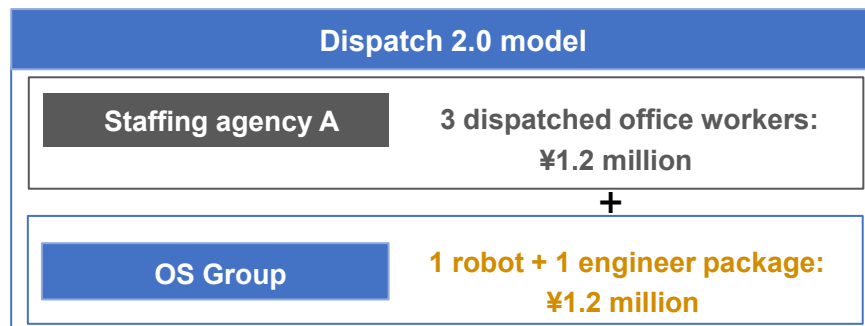
Trends in the operating environment related to engineer dispatch

- Decreasing population in many developed countries, as well as the competition over developing and introducing new technologies, is causing a chronic shortage of engineers
- Demand for productivity improvement and manpower savings by using robotics and AI technologies is growing in response to the trend towards reduced working hours

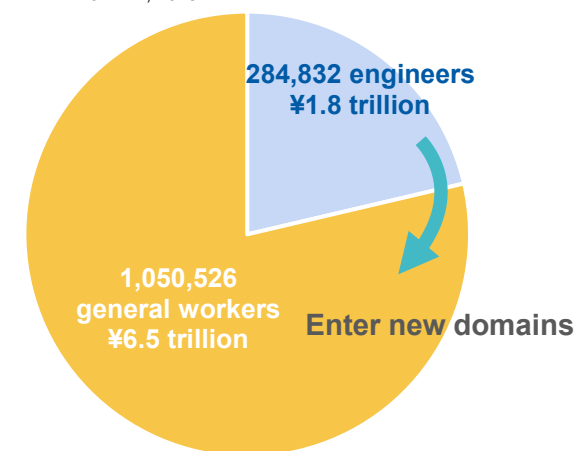
We provide the engineers and advanced technologies such as RPA and AI as a package to support the improvement of efficiency, including actual operations



Promote **“Dispatch 2.0”** model



Source : Ministry of Health, Labor and Welfare
Calculated from the “Status of Worker Dispatch Business as of June 1, 2018”



FY12/19 Result
Revenue ¥91.3 bil.



FY12/24 Plan
Revenue ¥260 bil.

Reference Materials

● Business Scheme of Domestic Engineering Outsourcing Business

- Increase operating efficiency and save manpower through “**Dispatch 2.0**,” a business model which combines engineers and technology

Acquire advanced technologies needed to boost efficiency while maintaining a low-burden management through strategic alliances

Strategy of alliance building to acquire advanced technologies in multiple industries

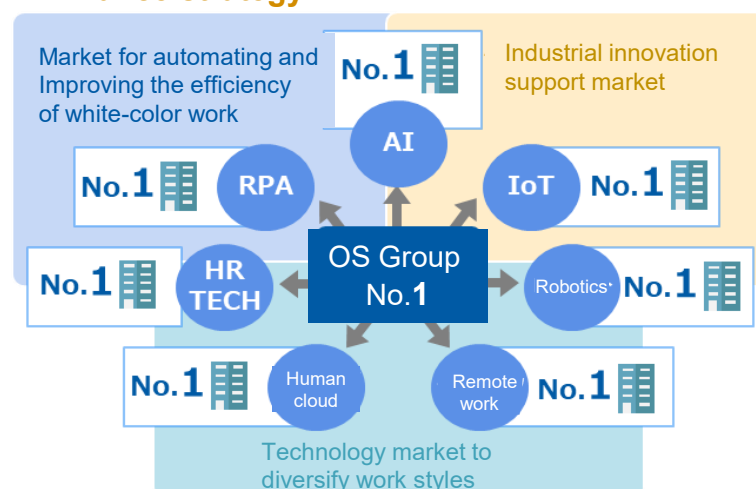
- The technology element of “Dispatch 2.0” calls for proficiency in advanced technologies in a variety of fields; such technology development is difficult for a single company to achieve
- By joining forces with companies that possess advanced technologies and solutions, the OS Group aims to provide them with the Group’s engineers that are necessary for the development and deployment of new technologies
- Advanced-level engineers have higher unit prices than standard engineers

The likelihood of the general dispatching domain to be automated is high

- Operations in non-technical domains are easier to automate
- Global market for general workers worth approximately ¥25 trillion

Boost earnings by transitioning from the engineer dispatch market to the “Dispatch 2.0” model and by increasing the number of alliances

● Alliance strategy



● Engineer dispatch targets for FY12/24

	No. of engineers	Revenue	Operating profit	Operating profit margin
Existing business	34,500	¥222.5 bil.	¥18.3 bil.	8%
Dispatch 2.0	4,000	¥37.5 bil.	¥7.7 bil.	20%
Total	38,500	¥260 bil.	¥26.0 bil.	10%

FY12/19 Result

Operating profit margin **7.7%**

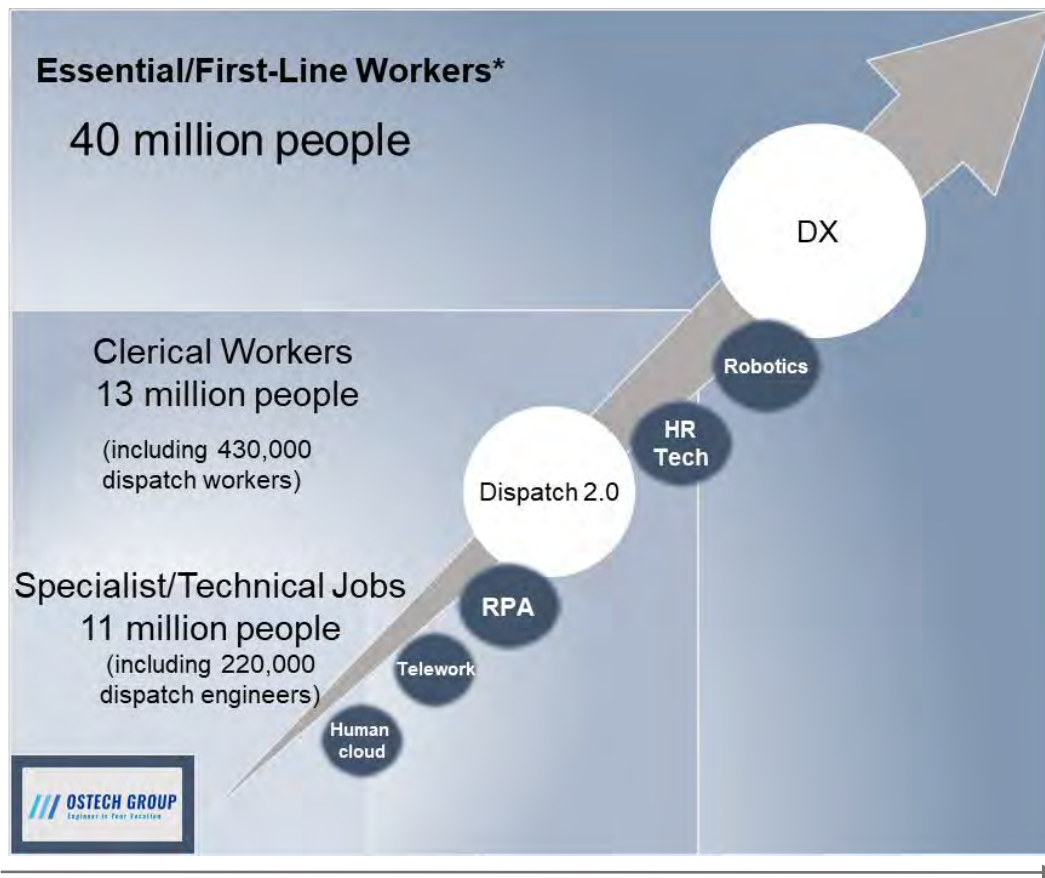
FY12/24 Target

Operating profit margin **over 10%**

Reference Materials

- Business Scheme of Domestic Engineering Outsourcing Business
 - Expand the high-value-added innovation support scheme provided by Dispatch 2.0 in a much broader market

Total domestic workforce: 64 million workers
(including 60 million corporate hires)



* First-line workers: Refers to people who work “onsite” in such fields as manufacturing, construction, healthcare, a term mainly used by Microsoft

Market size

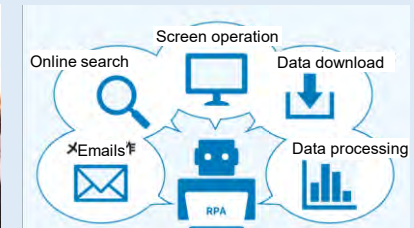
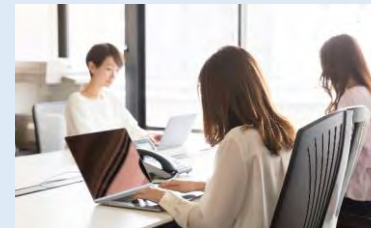
Examples of services for DX market



Readily secure HR needs by reducing the amount of human-involved work through the use of robot transporters and AR



Reduce store staff at convenience stores and other retailers by adopting unmanned cash registers, displaying image analysis, using sensors, and other tools

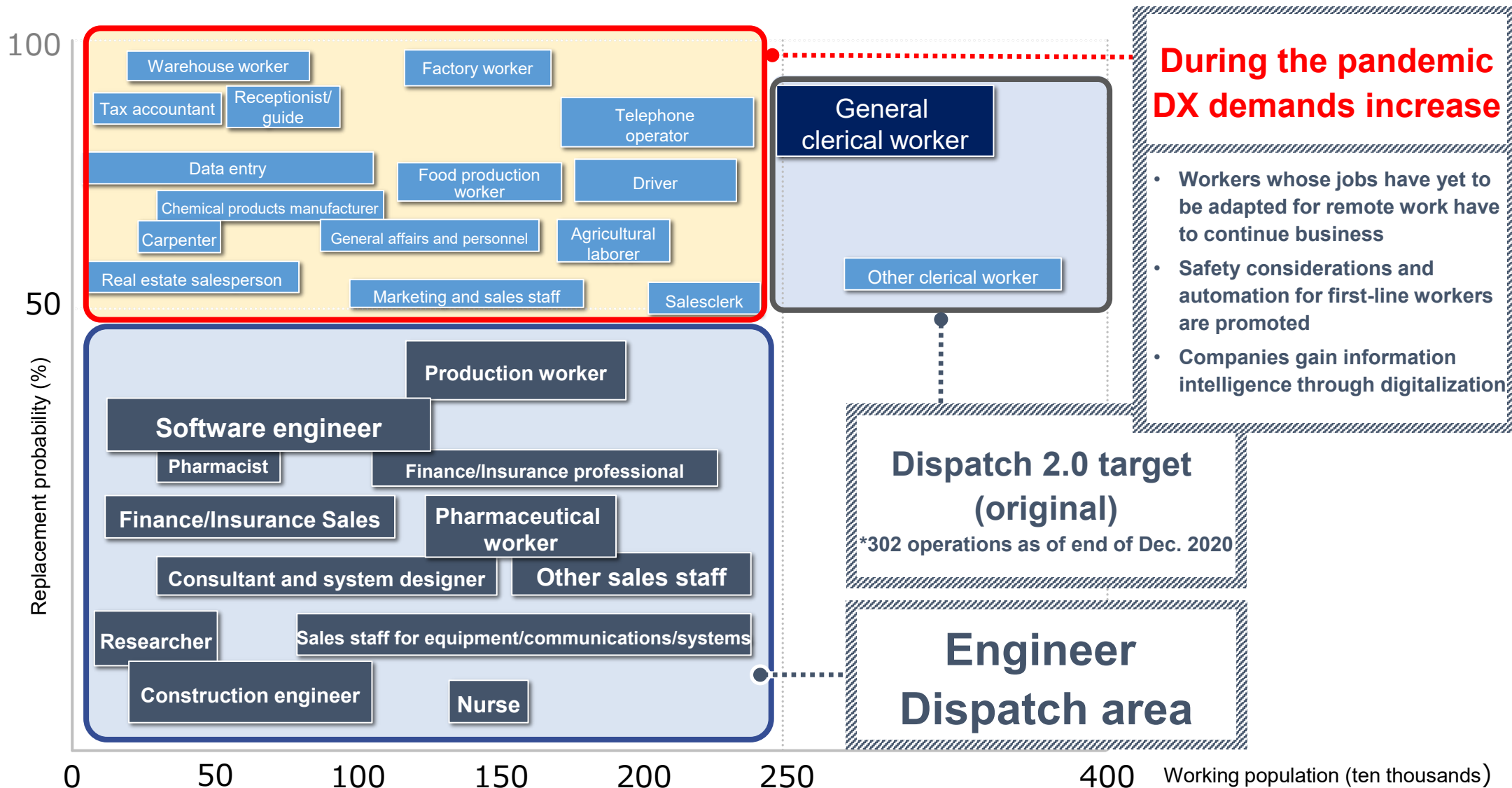


Solve an HR shortage mainly by using software robots to perform routine back-office tasks

Reference Materials

● Business Scheme of Domestic Engineering Outsourcing Business

- In addition to the original target of Dispatch 2.0, we are working to capture the growing DX demands for first-line workers



Reference Materials

● Business Scheme of Domestic Engineering Outsourcing Business

- **Example of DX with Dispatch 2.0:** logistics division of a leading domestic precision components maker

Total digital transformation proposal (staff + technology) using Frontline



- By partnering with TeamViewer (formerly Ubimax), we are able to provide a combined solution of hardware featuring that company's smart glasses and our AR technology, and we have achieved a 15% reduction in work time

Challenges at a logistics warehouse



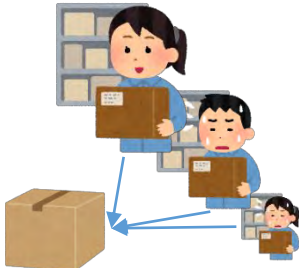
Operations interview by our consultant

Before

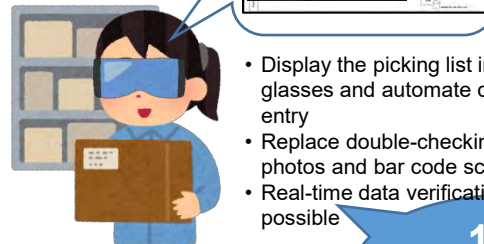
After



- (1) Paper-based picking
 - Frequent entry errors (typos)
 - Takes time to transport the paper



- (2) Double-checking
 - Carried out multiple times by multiple individuals
 - Gives rise to rework man-hours



- Display the picking list in smart glasses and automate data entry
- Replace double-checking with photos and bar code scanners
- Real-time data verification is possible

Work unification with our proprietary AR technology

15%
reduction in
work time

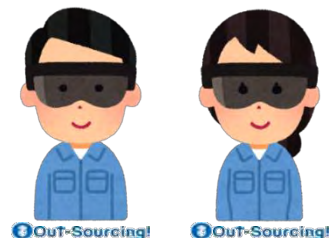
Phase 1 introduction (2021)

- Contracted workflow development using AR technology and delivered as a system
- Verification test of the reduction effect carried out simultaneously at 4 domestic plants

Phase 2 introduction (2022 onward)

- Live introduction at 4 domestic plants
- Along with live operation, proposal of a dispatch service of engineers equipped with AR technology, in addition to the system proposal

Human resources for AR system utilization



Manufacturing sector
digital transformation support
31 listed companies
Considering introduction

Reference Materials

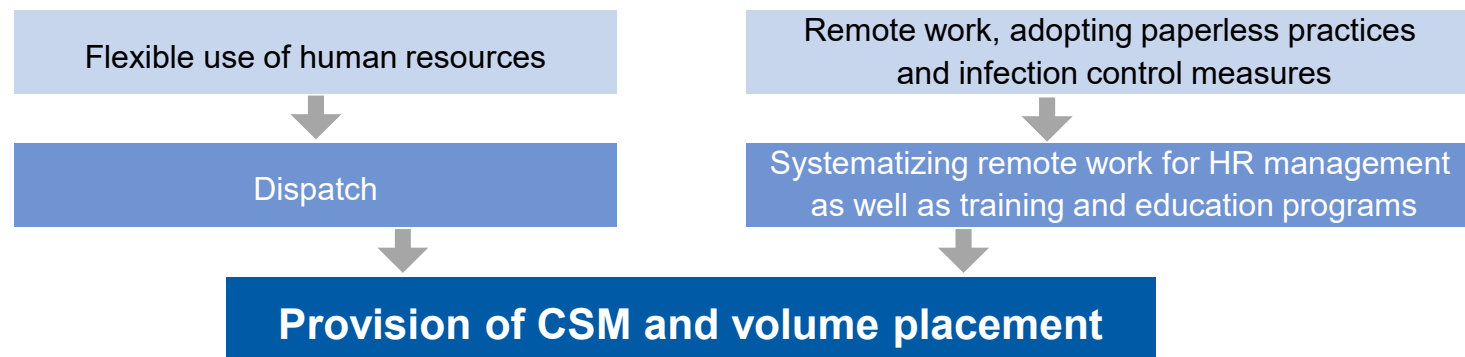
● Business Scheme of Domestic Manufacturing Outsourcing Business

• Provision of Dispatched Employee Arrangement/Management System “CSM”

■ Impact of the pandemic on the manufacturing sector

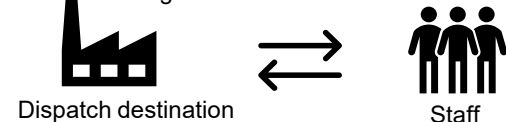
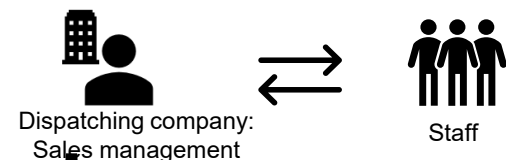
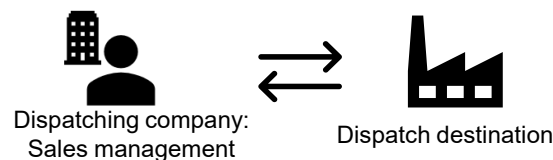
Despite signs of a production recovery primarily in the auto industry, personnel and manufacturing divisions in manufacturing companies have had to respond to challenges they had never experienced before, from remote work to setting up protocols for infection controls onsite. In addition, they had to work on establishing a flexible production system on the premise that the pandemic will continue

► Our proposal



CSM: Cloud Staffing Management

► Solving issues by CSM



Existing challenges	Support by CSM
<ul style="list-style-type: none"> • Status of staff is not visualized • Systems to respond to frequent inquiries and requests remain analog (not computerized) • Invisible management costs incurred 	<ul style="list-style-type: none"> • Sharing information on staff work attendance • Staff evaluation system • Digitization of contract documents/invoices • Dispatch inquiry notification
<ul style="list-style-type: none"> • Communication must be conveyed to each individual • Requests are not well organized and forgotten • Required information is not available when needed 	<ul style="list-style-type: none"> • Staff bulletin board • Digitization of staff information • Systematization of paid-leave management
<ul style="list-style-type: none"> • Procedures to evaluate dispatched employees are time-consuming • Difficulties in sharing analog information 	<ul style="list-style-type: none"> • Staff evaluation system (at dispatch destination) • Staff bulletin board (at dispatch destination)

Reference Materials

● Business Scheme of Domestic Manufacturing Outsourcing Business

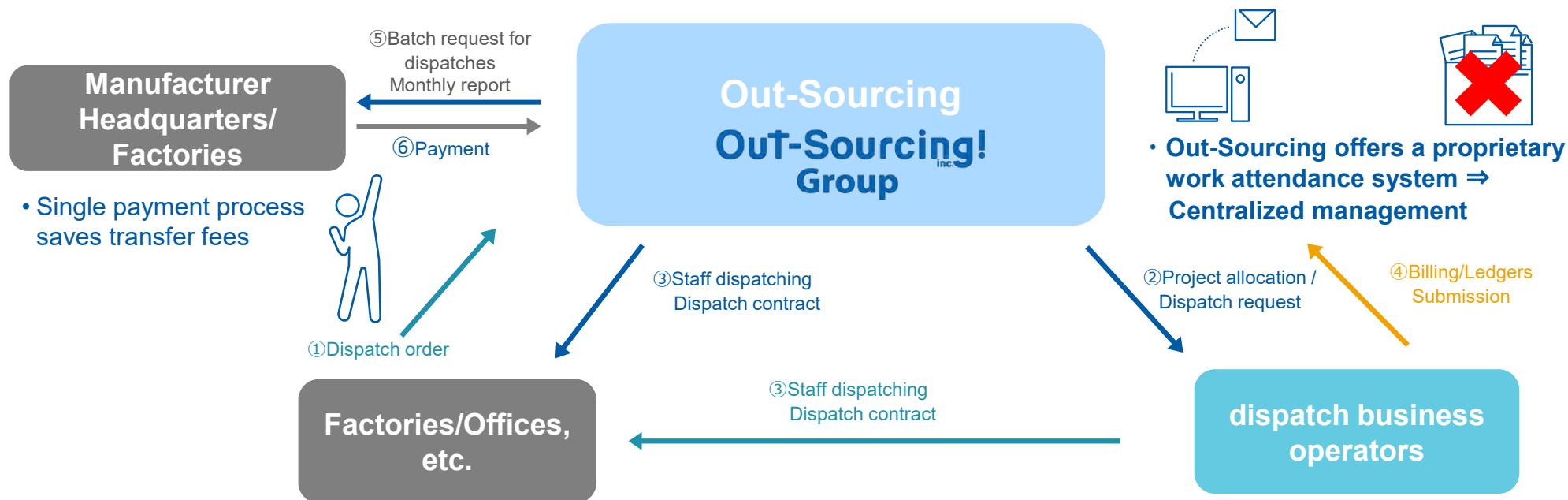
- Provision of Dispatched Employee Arrangement/Management System “CSM”

Benefits to manufacturers from the introduction of CSM

- | | | | |
|----------------------------|--|-------------------------------------|--|
| 1. Operational efficiency | • attendance management, billing management | 4. Reducing environmental footprint | • paperless practices, resource utilization |
| 2. Cost reduction | • simplified process for dispatch management | 5. BCP (Business Continuity Plan) | • digitization of information, business continuity |
| 3. Improved retention rate | • increased productivity | 6. Equal pay for equal work | • Centralized management of evaluation system |

In our centralized management with CSM, we establish an HR management center to facilitate communication and coordination between companies in need of personnel and dispatch business operators, including provision of staff training (off-JT, on-JT) etc.

Note: As the main supplier, our company provides a more efficient point-of-contact for parties involved in worker dispatching.



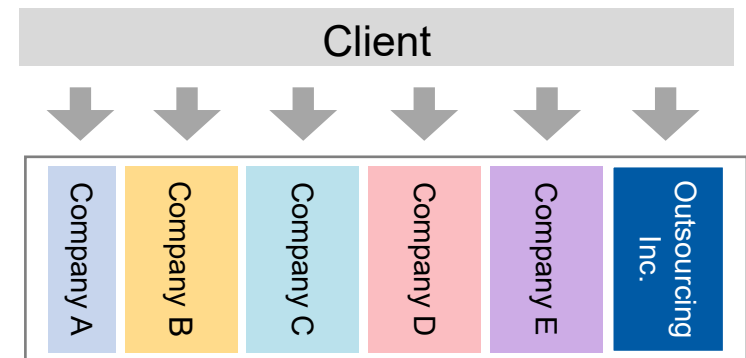
Note: Our centralized management service business integrates the operating know-how of each Group company.

Reference Materials

- Business Scheme of Domestic Manufacturing Outsourcing Business
 - Provision of Dispatched Employee Arrangement/Management System “CSM”

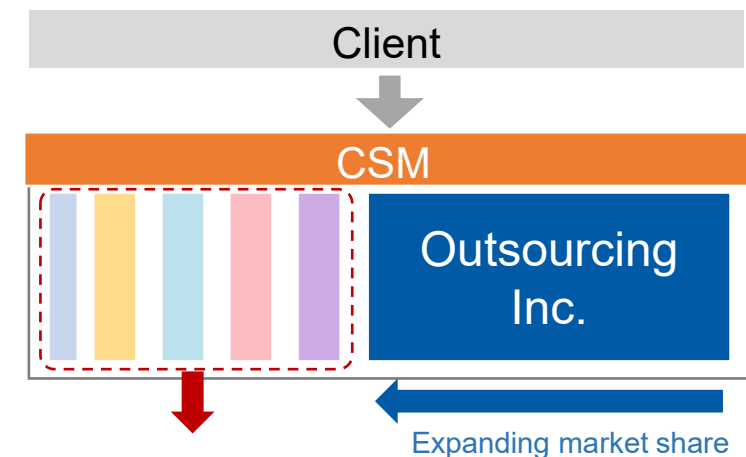
Current status

Traditionally, we have been one of the dispatch business operators that receives orders from clients



After introducing CSM

Obtain the largest share of the market by proposing and introducing CSM as well as by taking in dispatch business operators who do not survive the shakeout.



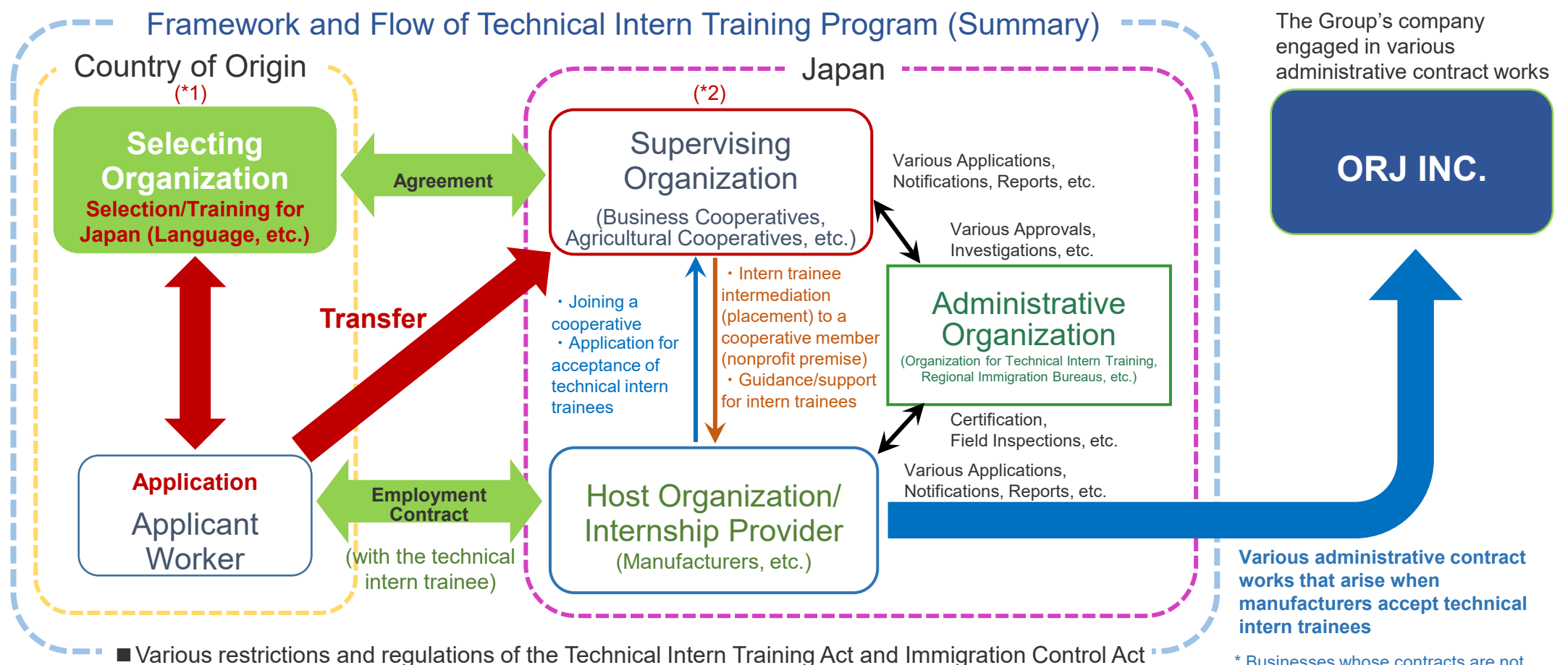
Taking in competitors who are weakened by the loss of market share.

Reference Materials

● Business Scheme of Domestic Manufacturing Outsourcing Business

- Business related to Technical Intern Training Program and Specified Skilled Worker System

Currently, the entry of foreign nationals to Japan remains difficult due to the impact of the pandemic, but the business will expand as domestic workforce declines in the medium-to-long term



There are organizations that cooperate closely with the Company among the selecting organizations (*1) and supervising organizations (*2) as in the figure above.

* Businesses whose contracts are not regulated by the Technical Intern Training Act

Reference Materials

- Business Scheme of Domestic Service Operations Outsourcing Business

- Outsourcing business for US military facilities that have high barriers of entry from the perspective of classified information protection

The OS Group's AMERICAN ENGINEERING CORPORATION (AEC) has a high level of credibility from the US military. By expanding the amount of contract surety bond (performance bond) required for bidding through synergies with the Group, AEC has been able to increase the number of successfully-won large-scale project orders which have high profit margins.

- Receives contract for maintenance and construction works for highly classified aircraft hangars and HVAC facilities at domestic US military facilities such as in Okinawa, etc., which are relatively less susceptible to receiving impact from the economic cycle.
- Orders for work on US military facilities are won through a bidding process, and one must obtain a high level of credibility from the US military in order to be selected as a contractor.

The Group is accelerating deployment of work for US military facilities to Hawaii and Alaska after already commencing business in Guam, aiming to secure revenue worth approx. ¥80 billion equivalent to the current contract surety bond (performance bond) at an early stage, targeting further expansion of the allotment and orders.

Reference Materials

- Business Scheme of Overseas Engineering Outsourcing Business

- Various consignment work from governments and local public institutions which is relatively insusceptible to economic fluctuations
- Addressing the shortage of engineers by introducing the KEN School scheme

Increasing contracts from the central and local governments in the countries such as the U.K. and Australia for a variety of tasks by utilizing our proprietary system.

- By offering one-stop solutions through the expansion of business areas by all U.K. Group companies, the Group showed further growth in the market for government debt collection through the use of IoT and big data.

Outsourcing of engineers in the ICT-related and financial fields, mainly for public institutions is growing in Europe and Australia.

In Australia, the Group expands a scheme similar to that of the KEN School in Japan for training workers with inexperience or low-level skills and assigning them as engineers. This secures and assigns a larger number of engineers.

Establish holding company structures for Group companies in the U.K. and Australia, optimize resources within the group, and accelerate revenue synergies and cost synergies from cross-selling, etc.

*Due to the global spread of COVID-19, deployment of engineers globally has been suspended since March 2020.

Reference Materials

- Business Scheme of Overseas Manufacturing and Service Operations Outsourcing Business

- Industry sector diversification over manufacturing-related business and government- and logistics-related services

Manufacturing related business

Manufacturing related outsourcing business using technically skilled workers throughout Europe, mainly in Germany

- Aiming to expand the range of workers from factory staff with high skill proficiency to more advanced staff such as for testing / evaluation and process control, etc.

Public work-related service operation business

From government institutions and administrations of each country, the Group takes on consignment of various outsourcing public work such as service operations at public facilities like prisons and airports.

- Outsourcing of public projects and public works to the private sector has been growing due to financial budget difficulties in developed countries

Logistics related service operation business

The Group is developing a logistics outsourcing business related to e-commerce throughout Europe, mainly in the Netherlands.

- Internet-based logistics are expanding globally, and given its low volatility, the Group will expand the e-commerce business.

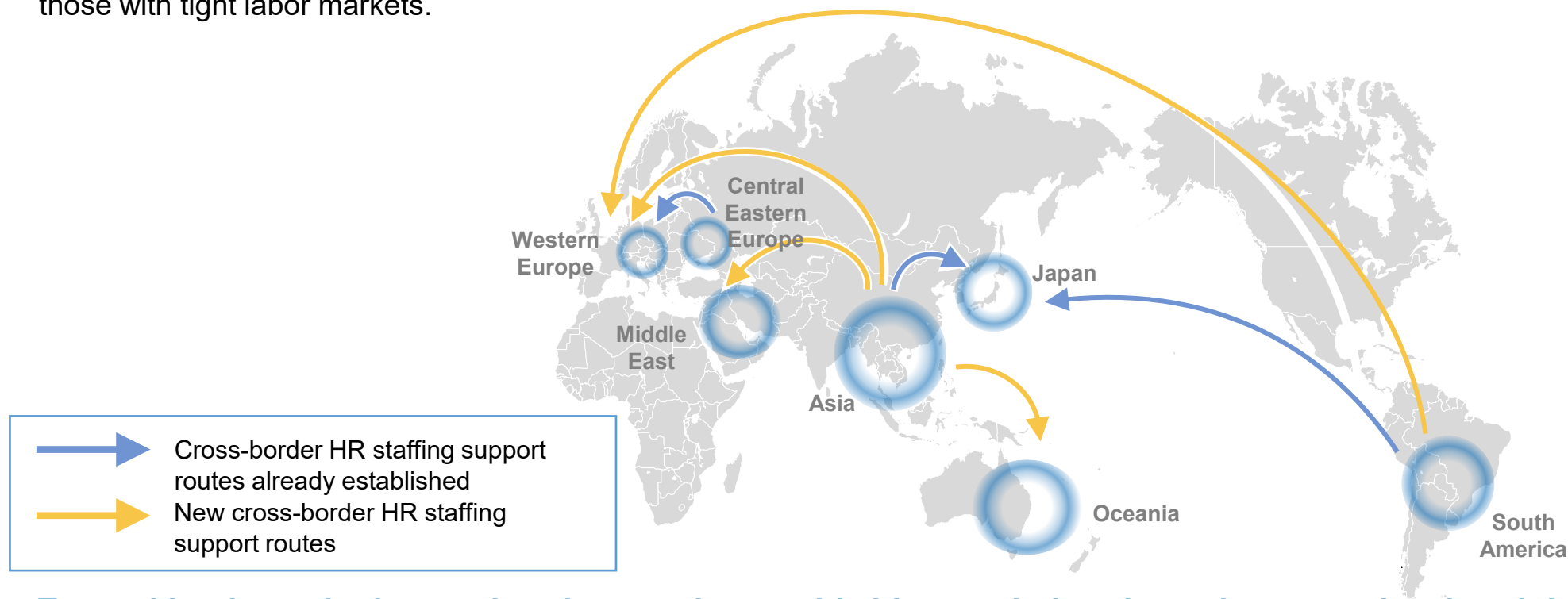
Reducing risk through sector diversification in fields with different business cycles, and rolling out mutual sharing of business know-how, infrastructure, engineers, etc., to Europe, Asia and Australia

*Due to the global spread of COVID-19, deployment of engineers globally has been suspended since March 2020.

Reference Materials

- Business Scheme of Overseas Manufacturing and Service Operations Outsourcing Business
 - Global utilization of the growing worldwide population

Because in Japan and other developed countries in Europe, the workforce population is in tight supply due to declining birthrates and aging population, we are recruiting mainly in Eastern Europe and Asia, where the Group has many recruitment offices. We are expanding the support structure to supply workforce from countries with abundant workforces to those with tight labor markets.



Expand business by leveraging the growing worldwide population through a cross-border global HR mobilization network

*Due to the global spread of COVID-19, development of a cross-border HR mobilization network has been suspended since March 2020.

Reference Materials

● Progress status of the acquisition of Cpl (Overseas Engineering Outsourcing Business segment)

Cpl Resources plc (hereinafter “Cpl”) Headquarter: Dublin, Ireland

■ Company Profile

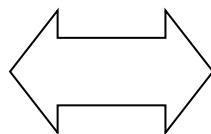
- FY6/20: Revenue (€000) 569,268, Operating Profit (€000) 24,978, Employees approx. 10,000
 - Maintains governance capabilities conforming to the audit and other standards of the Euronext Dublin Growth and London Stock Exchange AIM markets.
 - Has 45 offices in 9 countries mainly in Ireland and the UK (also Germany, the Czech Republic, Poland, Hungary, Slovakia, Tunisia and the US).
 - Has built solid customer relationships with global firms across various industries.
- *The company is engaged in HR services including temporary dispatch and referral management across various sectors including IT, pharmaceuticals, life sciences, medical and healthcare, finance and accounting, legal and HR.

<Strategic Background and Progress Status for Capturing New Demand>

For Overseas Engineering Outsourcing Business, we adopted a holding company structure in the UK based on the judgment that it is necessary to make timely management decisions by responding to growth opportunities and risks in each region where changes in the environment can be volatile. At the same time, in line with our M&A policy from the perspective of raising specialized expertise and technological innovation, we acquired Ireland’s Cpl Resources which services blue-chip clients globally, making it a new Group member.

Strengths of Cpl Resources

- Excellent management team
- Global blue-chip client network



Strengths of OUTSOURCING Inc.

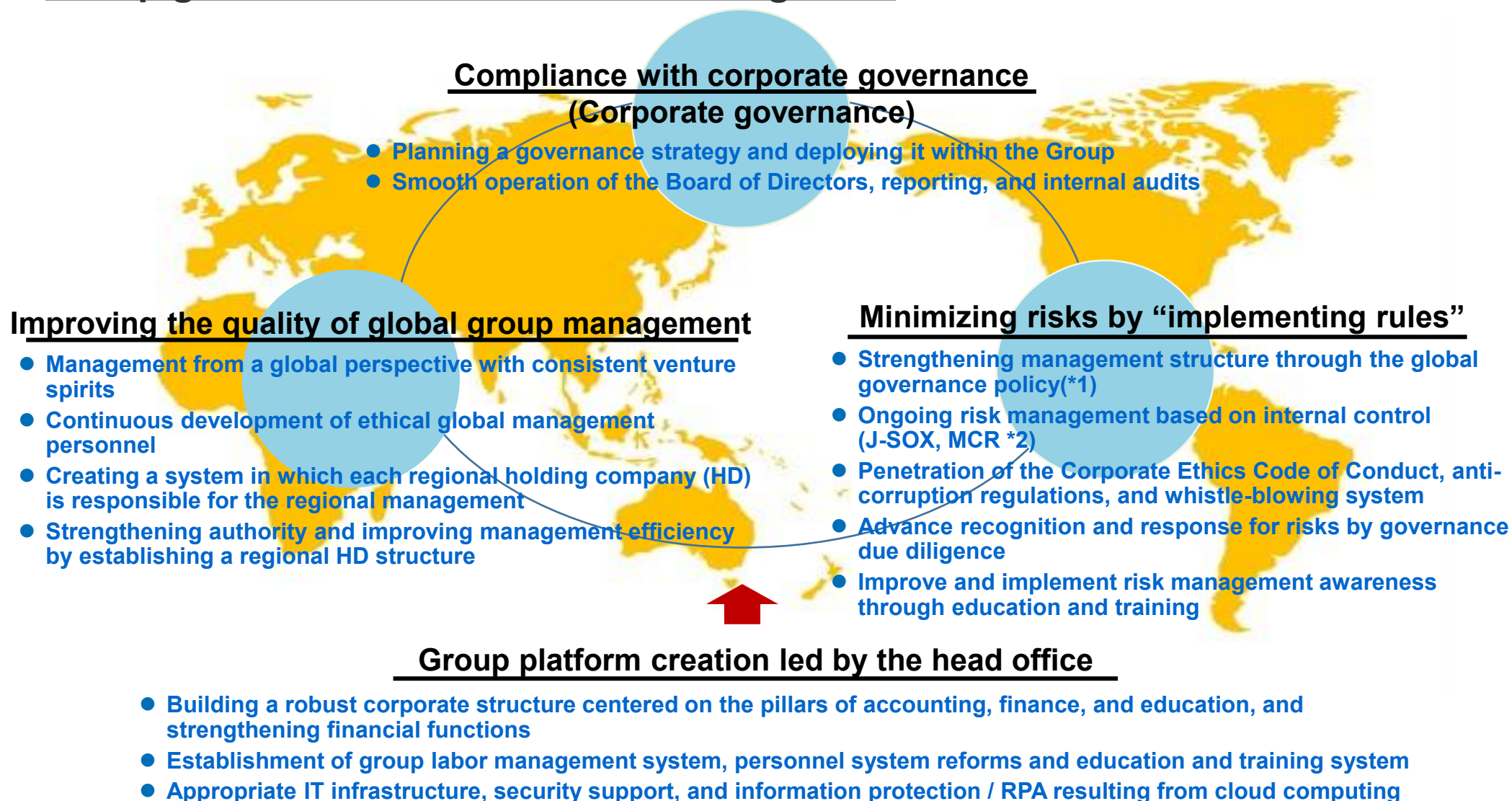
- Synergies with Group companies in the U.K.
- Business development of HR mobilization on a global scale

- ◎ Through Cpl and the Company’s networks (global including the U.K.), we are strengthening the global client base, and at the same time, we will aim to incorporate and share cutting-edge technology by mutually refining our expertise and technology through the flow of human resources, accelerating **construction of a platform for engineering specialized human resources**
- ◎ Also, from the perspective of SDGs (sustainable development goals), we will expand opportunities for global diversity recruitment in the post COVID-19 world through business expansion and contribute to the economy

Reference Materials

● Strengthening Group Governance (i)

Group governance to achieve dramatic growth



Reference Materials

● Strengthening Group Governance (ii)

2020 Priority Measures

From January 1, 2020, Interregional business operations started with the local HDs in the UK and Oceania

→ **Promote regional autonomy through the following activities in order to ensure business continuity in the event of a global crisis**

◆Improvement of global group management quality

Objective: accelerate management decision-making / improve efficiency through autonomous management

- Further disseminate the OS Group management philosophy to top managements of Group companies
- Clearly stating the area of discretion (approval authority / sphere of responsibility) and introducing compensation / evaluation scheme for regional HDs to take charge of management
- Perform regular status checks and verification by both the head office and local HDs to formulate and promote measures necessary for quality improvement

◆Minimizing risks by implementing rules

Objective: prevent problems from occurring in advance by thoroughly implementing the rules

- Continuous maintenance of internal control (J-SOX and MCR)
(*2) MCR (Minimum Control Requirement) is an internal control scheme unique to the OS group. It is an autonomous internal control that each group company selects and prepares risk management items from the template created by the Head Office Business Administration Headquarters, and each company's management conducts self-inspection by mutual inspection between divisions. It contributes to raise awareness of risks in management by coordinating with the Head Office.
- E-learning to further spread the rules such as the Corporate Ethics Code of Conduct
- Global expansion of the whistle-blowing system (the system has already been introduced in Asia and Oceania, and is currently being rolled out to South America)
- Applying the results of governance due diligence, introduce MCR internal control to launch risk management as soon as possible after M&A

◆Group platform creation led by the head office

Objective: Strengthen the Group management base

- Accounting: streamlining and speeding up consolidated settlement operations and introducing systems to overseas companies
- Finance: strengthening financial functions / global fund management initiatives
- IT: strengthening information security measures assuming cracking due to malware infection
- IT: digitization and automation of operations
- HR: create human resource development / education / training system that combines personnel strategies of all Group companies

Reference Materials

● Strengthening Group Governance (iii)

Successful results of 2020 priority measures (1) Maintenance of internal control (J-SOX and MCR)

◆ Introduction of J-SOX to regional HD

Purpose: Response to regional HD becoming an evaluation target company of J-SOX

- As a regional HD based on consolidated financial statements, OSUK has been engaged in adopting an internal control reporting system ever since it became a company subject to so-called J-SOX evaluation from FY 2020. The maintenance of each RCM (risk control matrix) at the holding company level and the subsidiary level (preparation of internal control documents and collection of credibility) based on the model of the head office was completed, and in January the creation and operation evaluation of local auditing organizations has been carried out.

◆ Continued sustainment of MCR (as of December 31, 2020)

Purpose: Self-risk oversight of J-SOX internal control non-target company management

Stage	Subjects	Current status	Schedule going forward		
			Briefing on implementation → document creation starts	Documentation produced, self-inspection	Self-evaluation results report
Stage 0	3 companies	Setting of briefing schedule work in progress	After spring 2021		
Stage 1	0 companies	Start of Production			
Stage 2	1 company	Creating MCR documents under the guidance of the Company's Business Management Division		By Dec. 2020	
Stage 3	6 companies	To be adopted by each Group company in accordance with their own operational needs, after confirming controls and division of work, and making improvements as required			By Mar. 2021
Stage 4	1 companies	Self-evaluation work in progress; report scheduled after completion			By Feb. 2021
Final Stage	8 companies	Second self-evaluation report completed			

- By December 2020, 8 companies have completed the FY12/20 self-inspection report and confirmation by the head office has been completed. 1 company is under inspection.
- The 3 companies in stage 0 are scheduled to begin after the situation allows individual onsite guidance.
- For each company in stages 2 to 4, we periodically confirm their progress and provide guidance remotely.

Reference Materials

● Strengthening Group Governance (iv)

Successful results of 2020 priority measures (2)

Group platform creation led by the head office

Objective: Strengthen the Group management base

- Accounting: streamlining and speeding up consolidated settlement operations and introducing systems to overseas companies
→ Completed the comparative review of systems. Promoting activities for introduction in 2022
- Finance: strengthening financial functions / global fund management initiatives
→ Conducting a comparative review of global funds management systems, preparation step for introduction in FY2022
- IT: strengthening information security measures assuming cracking due to malware infection
→ Introduced Microsoft 365 to all companies in Japan and overseas
 - Strengthening measures to prevent unknown malware infections from email attacks such as targeted attacks and phishing scams
 - Workstyle reforms in the 'new normal' era include remote working and online conferencing infrastructure introduction and acclimation/regular use, Microsoft Teams deployment and remote access VPN expansion
- IT: digitalization and automation of operations
→ Promote RPA (Robotic Process Automation) for business divisions and Group companies
 - Developed 58 robots and recorded time saved of roughly 4,541 hours / year
→ Compliance with 48 development requirements such as minimum wage alert system and period of stay management system
→ Promote the introduction of a system that supports remote work during the pandemic (electronic seal stamps, electronic contracts, expense settlement, logging work shifts)
→ Introduced operation management system for business divisions: Staff Express Neo (survival confirmation) / AI face recognition camera (identity verification)
- HR: create human resource development / education / training system that combines personnel strategies of all Group companies
→ Started CQ (intercultural adaptation ability) project in collaboration with Group companies (OTTO / PMP)
→ Started verification process of introduction of a common personnel system toward establishing a Group HR information database

Reference Materials

- Strengthening Group Governance (v)

(*1) Strengthening the management structure based on the global governance policy

Basic approach to corporate governance

Fully embracing its responsibility as an exemplar corporate citizen to contribute to society, OUTSOURCING Inc. established the "Management Philosophy." The Company thus recognizes that, in an effort to enhance corporate values over the medium- to long-term in a constantly changing business environment, management must assign the utmost priority to creating a fully autonomous, highly ethical corporate governance regime that is closely monitored and routinely reviewed in order to build sustainable relationships of trust with all the stakeholders.

Specific Activities

Formulate the global governance policy and strengthen the group management structure

Purpose of formulation: to maintain the soundness of the entire Group, as the basic policy of corporate governance of OUTSOURCING Inc. and its Group companies

- 7 Basic Policies:
- 1) Role and responsibilities of the Board of Directors
 - 2) Risk management
 - 3) Approval reporting rules
 - 4) Regular reports to the parent company
 - 5) Internal reporting system
 - 6) Internal audit by the parent company
 - 7) Education and training

Supplemental Information: Domestic Recruitment Plan for FY12/21

● Annual and Semi-Annual Trends

		FY12/20 Actual			FY12/21 Forecast		
		1H	2H	Full-Year	1H	2H	Full-Year
Engineering	No. of workers recruited (persons)	4,080	2,326	6,406	4,500	2,500	7,000
	Recruitment unit price (¥/worker)	442,400	683,059	529,783	441,444	807,409	572,146
Manufacturing	No. of workers recruited (persons)	2,746	4,001	6,747	5,704	6,208	11,912
	Recruitment unit price (¥/worker)	104,445	120,515	113,975	109,357	96,768	102,796
Service Operations	No. of workers recruited (persons)	894	967	1,861	1,256	1,488	2,744
	Recruitment unit price (¥/worker)	30,002	25,494	27,660	8,278	5,236	6,628
Recruiting and Placing	No. of workers recruited (persons)	702	506	1,208	903	1,304	2,207
	Recruitment unit price (¥/worker)	339,715	230,435	293,940	239,088	222,020	229,004

● Quarterly Trends

		FY12/20 Actual					FY12/21 Forecast				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Engineering	No. of workers recruited (persons)	1,155	2,925	1,150	1,176	6,406	1,100	3,400	1,200	1,300	7,000
	Recruitment unit price (¥/worker)	994,573	224,362	725,192	641,858	529,783	911,023	289,521	868,191	751,302	572,146
Manufacturing	No. of workers recruited (persons)	1,411	1,335	1,358	2,643	6,747	2,299	3,405	3,259	2,949	11,912
	Recruitment unit price (¥/worker)	136,396	70,676	85,170	138,675	113,975	122,956	100,175	98,549	94,799	102,796
Service Operations	No. of workers recruited (persons)	505	389	465	502	1,861	491	765	712	776	2,744
	Recruitment unit price (¥/worker)	51,347	2,293	26,572	24,496	27,660	7,291	8,911	5,556	4,942	6,628
Recruiting and Placing	No. of workers recruited (persons)	511	191	185	321	1,208	397	506	659	645	2,207
	Recruitment unit price (¥/worker)	395,779	189,723	164,914	268,196	293,940	272,400	212,952	228,962	214,928	229,004

Change in IFRS 16 (Lease accounting)

- ✓ According to the decision of the International Financial Reporting Council (IASB), companies complying with International Financial Reporting Standards (IFRS) are required to recognize lease (right of use) as an asset and record lease liabilities for all lease transactions except for short-term and low-value assets lease under IFRS 16 from fiscal year beginning January 1, 2019 onward. (Lease assets are subject to depreciation instead of being recorded as expense)



Impacts of Change in IFRS 16 (Lease accounting)

- ✓ Total assets increases by bringing lease on the balance sheet as an asset, which results in deterioration of financial indicators, including equity ratio
- ✓ Accounting process becomes more complicated

Supplemental Information: Treatment of put options over non-controlling interests (IAS 32)

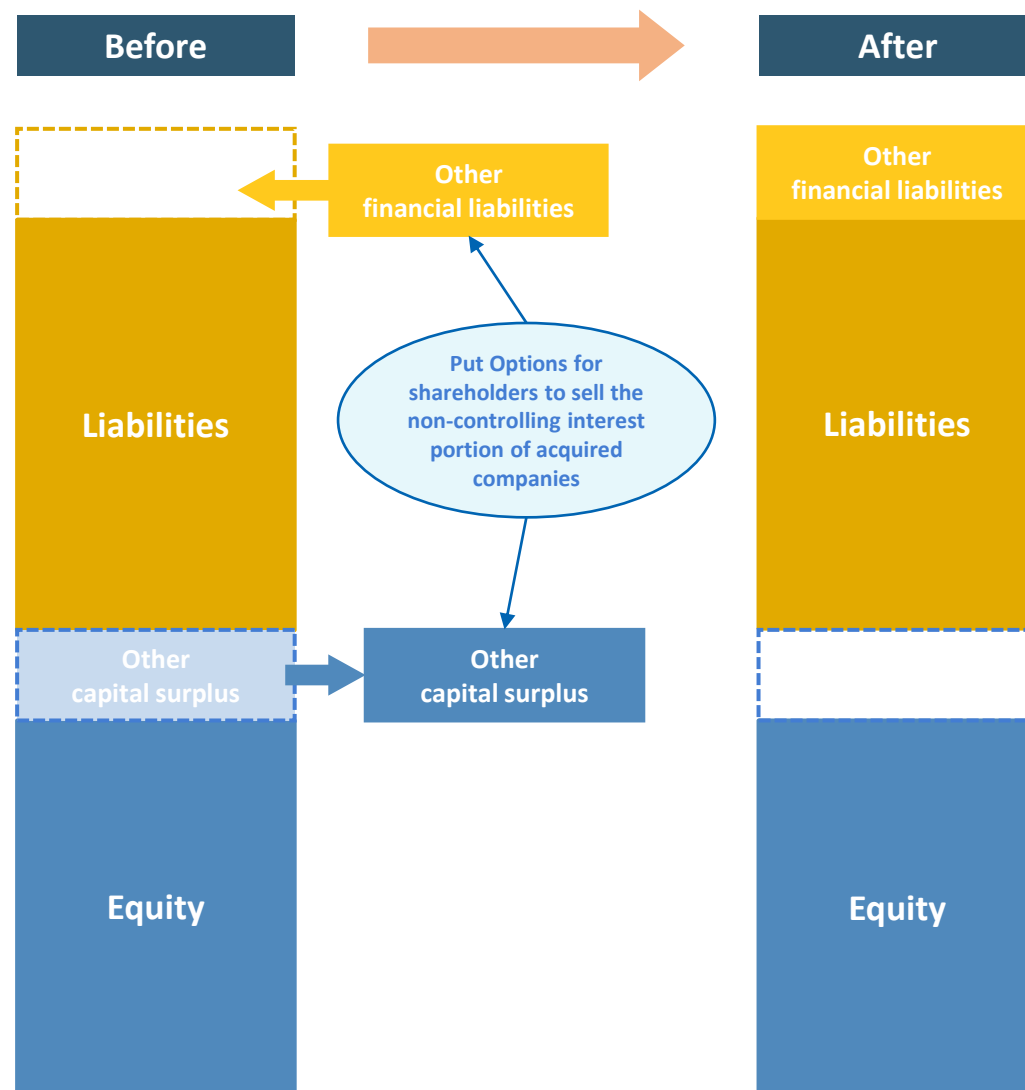
- In cases where put options for NCI are granted, related to M&A

Common Interpretation of IAS

- ✓ From paragraph 23 of IAS 32, parent must recognize a financial liability when it has an obligation to pay cash in the future to purchase the minority's shares, even if the payment of that cash is conditional on the option being exercised by the holder.

Our Application

- ✓ In the event that we acquired less than 100% of the shares of acquired companies and the right for shareholders to sell the non-controlling interest portion to the Company in the future is granted, we record the future prospective purchase price as a liability and subtract the equivalent amount from equity.



Note

As the provisional accounting of the business combinations in FY12/19 and FY12/20 were finalized, the consolidated financial statements from FY12/19 onward were retrospectively adjusted.

Legal Disclaimer

This material contains forward-looking statements such as earnings estimates and plans made by the Company, which are based upon the best available information as of the date of the presentation of this material. Therefore, the actual results may differ from the plan and the estimate values due to various factors in the future. Note that the contents of this material are relevant as of the date of this document (or a date specified separately therein) and are subject to change without advance notice. Also, the information described in this presentation other than corporate information of the Group has been compiled by the Company based on publicly available sources, and we have not verified and will not guarantee the accuracy or appropriateness of such information.

Contact Us

OUTSOURCING Inc.

CEO Office

E-Mail: os-ir@outsourcing.co.jp

URL: <https://www.outsourcing.co.jp/en/>

IR Inquiries : <https://www.outsourcing.co.jp/en/ir/contactus/>