

# **Financial Results for the Fiscal Year Ended December 31, 2021**

February 2022

**OUTSOURCING Inc.**  
Securities Code: 2427/TSE 1<sup>st</sup> Section

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# Our Group's Social Responsibility and Significance



# Our Group's Social Responsibility and Significance

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 corporate principles in August 2020, we as the Outsourcing Group create a framework that will allow us to contribute widely to society through our business activities.

## Group Mission

### Corporate Principles

: Vision of a society to be achieved through our businesses

= Universal principles that underpin our Group's business activities for realizing our Group mission

**Enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions 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 conditions.

### 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.

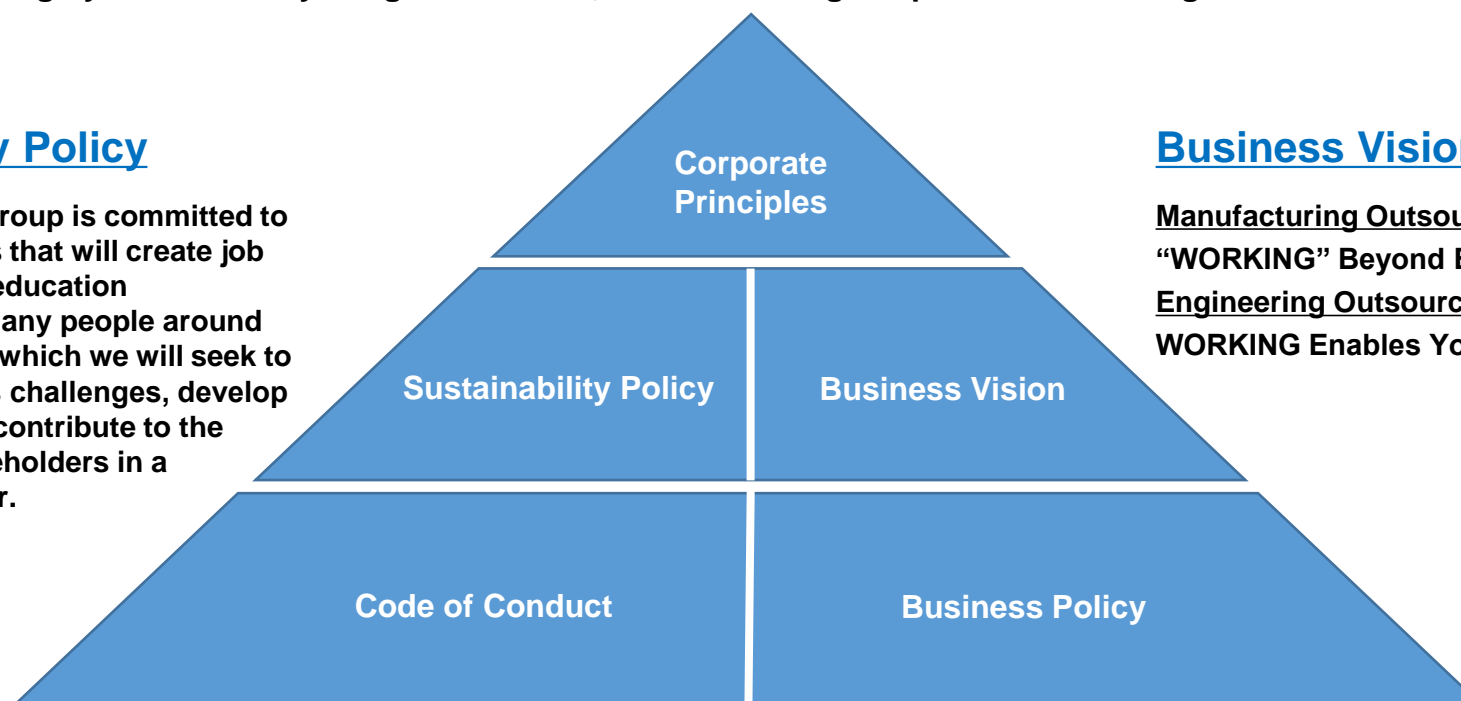
### Business Vision

Manufacturing Outsourcing Business

**"WORKING" Beyond Borders**

Engineering Outsourcing Business

**WORKING Enables You to Craft "Your Future"**



# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

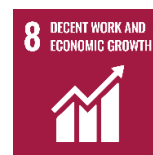
**In line with the Sustainability Policy of the OUTSOURCING Group, we pledge to contribute to the realization of a sustainable society, as we set forth in the OUTSOURCING SDGs Declaration made on February 15, 2021.**

### 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.**

Our Group's corporate principles are **to enhance the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces**. These principles reflect our wish to develop globally competitive talents and eliminate inequalities in working conditions 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 these principles. We will strive to enrich people's lives by creating job 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.










# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

**We have identified materiality (priority issues) that we should prioritize through our business to address the issues of the SDGs, established KPIs, and are promoting efforts toward their achievement.**

### ■ Materiality and KPIs

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

# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

### ■ Sustainability Committee

Established the Sustainability Committee to make these initiatives more effective, such as promoting the achievement of KPIs for materiality in order to resolve SDGs issues.

Chairman: Representative Director

Committee member: Executive Director and External Director

Deliberates on medium-to long-term topics and directions, including our Group's Sustainability Policy and strategies, as well as key issues, and monitors KPIs to propose and report to Board of Directors to further strengthen SDGs and ESG activities, thereby realizing our Corporate Principles of "enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces."

### ■ Towards materiality and KPI promotion

#### 1. Participating in initiatives

As an initiative for SDGs management, we will carefully 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.

#### 2. Sharing awareness of SDGs within the OUTSOURCING Group

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.

## TOPICS

- **As an initiative for SDGs management, the Company participated in GCNJ (Global Compact Network Japan) in April 2021**  
OUTSOURCING Inc. become a signatory to the United Nations Global Compact (UNGC) and promote adherence to the Ten Principles in 4 areas of UNGC "Human Rights, Labour, Environment, and Anti-Corruption."
- **Signed a statement to act in accordance with the principles of "Women's Empowerment Principles (WEPs)"**

WEPs is a set of principles of action jointly prepared by the United Nations Global Compact (UNGC) and United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) to promote women's active participation in the workplace, marketplace and community.

### ■ Sustainability promotion structure



## **Progress in Strengthening Internal Control and Governance System**





# Progress in Strengthening Internal Control and Governance System

- The following resolutions were made at the Board of Directors held on February 18, 2022, for the election of candidates for Directors to strengthen the internal control and governance system

## External Directors

Appointed to act as a brake on the sales division in particular

- Newly-appointed: Makiko Ujiie (Current family name: Ninagawa)  
As an attorney, she has rich knowledge and experience in corporate legal affairs, M&A, financial legal affairs, etc.
- Newly-appointed: Yasuharu Toyoda  
Experienced key position in each management department at the largest automaker and worked as a checker in the sales department for a long time.
- Newly-appointed: Hirotomo Abe  
Served as a professor at universities in Japan after leaving a major trading company, and has rich knowledge and practical training experience in both domestic and overseas legal affairs, internal control, etc.

## Internal Directors (Directors in charge) Responsible for strengthening and building global internal control and global governance systems

- Re-appointed: Anne Heraty: Scheduled to be appointed as Director in charge of Overseas Engineering Outsourcing Business  
Current Chairman of CPL of Ireland
- Newly-appointed: Franciscus van Gool: Scheduled to be appointed as Director in charge of Overseas Manufacturing and Service Outsourcing Business  
Current CEO of OTTO of the Netherlands

## Internal Directors (Directors in charge) Responsible for strengthening the functions of accounting, finance, and corporate management at Headquarters

- Newly-appointed: Masahi Umehara: Scheduled to be appointed as Director in charge of Corporate Management Division of the Headquarters  
Current Managing Executive Officer and Head of Corporate Management Division of OUTSOURCING

# Progress in Strengthening Internal Control and Governance System

## ■ Task List and Schedule for Measures to Prevent Recurrence announced on January 14, 2022

再発防止策	期限等	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月
<b>1. トップ主導の社内風土改革</b>													
① 再発防止推進委員会による推進	2/18～												
<b>2. コンプライアンス意識の改革、再発防止策の徹底</b>													
① コンプライアンス意識の浸透及び意識改革													
・ 拠点訪問により、トップが直接社員と対話する場を設けることによる意識改革	2月より順次												
・ グループ報の経営者コメント発信	4/1～												
・ グループ報へのコンプライアンス記事掲載	4/1～												
・ コンプライアンスガイドブック、コンプライアンス違反の事例集の作成・配布	6/30												
② コンプライアンス教育の強化													
・ 管理職向け研修、グループ会社役員向け研修による意識及び知識の向上	6/30												
・ 内部統制研修	6/30												
・ 反腐敗行為規程に定めるトレーニング実施と誓約書提出	6/30												
③ コンプライアンスの推進体制の強化等													
・ コンプライアンス専門部署の設置	検討中												
・ 財務・経理部門によるモニタリング強化	9/30												
・ 従業員への定期アンケート	9/30												
<b>3. 関係者の責任明確化と経営体制の強化</b>													
① 関係者の処分と組織変更及び人事異動による権限の見直し	2/1 一部3/31												
② 紹介会社を通じた外部及び社内公募制による管理職及び専門性の高い人材の登用	6/30												
③ 本件に関連した不正の温床となる取引との契約を原則終了	3/31 一部4月以降												
<b>4. コーポレート・ガバナンス体制・組織体制の再構築</b>													
<b>(1) 管理体制強化による適切な権限配分</b>													
OSTと締結していたガバナンス合意書の廃止に伴う国内技術系グループ会社の権限見直しによる管理機能強化	1/13												
② 規程見直しによる強化	6/30												
・ 職務権限規程の見直し	6/30												
・ 関係会社管理規程、グループ会社管理書類の見直しによる当社による管理機能の強化	6/30												
・ 社内規程基礎オンラインセミナー	9/30												
③ グループ管理部門連絡会の定期開催による連携強化	2月～												
<b>(2) 取締役会による監督機能の強化</b>													
① 新たな独立社外取締役の招聘	3/31												
② 取締役会の議題の見直し													
・ 取締役会の権限の一部を経営会議に委譲	6/30												
・ 経営課題の議論を重点的に行い、その対応と進捗のモニタリング	6/30												
・ 投資戦略や事業環境の変化に応じた戦略・戦術の議論を導入	6/30												
・ グループ各社の事業状況の定期報告及びモニタリング	6/30												
③ 取締役への事前説明の充実等	3/31												
④ 監督に必要な情報を共有する体制の整備	3/31												
<b>(3) 経理部門の人員拡充・良質な人材の確保</b>													
経理部門のグループ一体運営	3/31												
① 上場企業経験者や専門知識を有する人材の採用による質・量の両面での体制強化	9/30												
② 外部専門家による会計を中心としたコンプライアンス教育	6/30												
<b>5. 内部統制部門の強化</b>													
<b>(1) 管理部門の人員拡充・良質な人材の確保</b>													
① 紹介会社を通じた外部からの紹介及び社内公募制による管理職及び専門性の高い人材の登用	6/30												
・ 管理部門従業員の育成計画策定	6/30												
・ 育成計画に沿った研修	6/30												
② MCRを用いた各社トップによる自己リスクマネジメントの継続推進	6/30												
③ コンプライアンス専門部署の設置	検討中												
・ 重要プロセス（売上計上、仕掛等）の基本方針、運用方針の策定と周知	6/30												
・ 各部門管掌の関係法令に関する教育の実施	12/31												
・ 社労士による労働関係の教育の実施	9/30												
<b>(2) 内部監査体制の充実</b>													
① 財務・会計に関する十分な知見を有する内部監査人の増員2名	6/30												
② 内部監査室管理職1名の出向等によるOSTとの一体的な監査体制への移行	2/1												
③ 内部監査部門コンプライアンス研修	3/31												
④ 財務・会計研修	3/31												
⑤ リスクアプローチの見直しによる会計財務領域を重視した監査計画の立案	2/28												
⑥ 監査等委員会、会計監査人との三者連携の更なる充実	6/30												

We will report the progress at our semi-annual financial results briefings.

再発防止策	期限等	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月
<b>(3) 監査等委員会による監査機能の強化</b>													
a) 監査等委員会													
① 国内・海外事業のグループ監査体制の見直し	3～6月末												
② 監査等委員会の構成変更（常勤1名、非常勤3名→常勤2名）、国内・海外・事業部門別の監査体制へ移行	3～6月末												
監査等委員会の職務を補助すべき使用人を配置、グループ監査体制を十分に行える体制を整備する。	3～6月末												
③ グループ監査に於ける監査役体制の見直し	3～6月末												
b) 内部監査													
① 内部監査室と連携した監査体制の継続	3～6月末												
② 国内・海外事業に対応でき、経理知識を有する監査人員の補強	3～6月末												
③ 既往監査業務の網羅性及び財務会計に関する対応力を高めるための体制強化	3～6月末												
④ 内部監査室とのコミュニケーション継続	3～6月末												
c) 会計監査人													
① 会計監査人との月例コミュニケーション継続	3～6月末												
② グループ会社の監査が十分に確保できるような契約内容を検討	3～6月末												
<b>6. 内部通報制度の見直し</b>													
① 内部通報制度の見直し	3/31												
② 経営陣から独立した窓口の設置	4/30												
③ 内部通報制度及び取扱ルールの広報・啓蒙活動	4/30												
④ 報奨制度・社内リエンシエ制度の検討	5/31												
<b>7. 会計処理に係る社内ルールや経理会計システムの見直し</b>													
① 外部専門家と連携した会計ルールの見直し及び明確化	9/30												
② 異常値チェックツールの開発、導入によるオペレーション面での不正防止	4/30												
③ 財務データ分析ツールの導入による不正検知	9/30												
④ 現行基幹システムの改修の要件定義	7/31												
<b>8. 実現可能な事業計画・予算の策定</b>													
① KPIを用いた分析による予算精度の向上	FY23策定時												
・ 事業部の評価軸の追加	FY23策定時												
・ KPI（プロセス）や平均成長率など、持続的成長、将来に繋がる成長指標	FY23策定時												
② 根拠の精査による実現可能性の高い予算の策定	FY23策定時												
③ 予算策定時の前提条件の妥当性の精査	FY23策定時												

\*The table is in Japanese only

# **Consolidated Financial Results Summary for FY12/21 (IFRS)**



# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Consolidated Statement of Profit and Loss

(¥ billion)	FY12/20 Actual				FY12/21 Actual				YoY Changes	
	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	1H Amount	2H Amount	Full-Year Amount	Composition Ratio	Amount	Ratio
Revenue	172.5	192.6	365.1	100.0%	264.6	304.7	569.3	100.0%	204.2	55.9%
Cost of sales	141.0	153.8	294.8	80.7%	214.7	247.6	462.2	81.2%	167.5	56.8%
Gross profit	31.6	38.8	70.4	19.3%	50.0	57.1	107.1	18.8%	36.7	52.2%
SG&A expenses	29.1	31.3	60.4	16.6%	41.6	46.2	87.9	15.4%	27.4	45.4%
Operating profit	4.4	8.8	13.3	3.6%	11.6	12.6	24.2	4.2%	10.9	82.1%
Profit before tax	3.1	4.6	7.7	2.1%	10.9	1.1	12.0	2.1%	4.3	55.1%
Profit	1.4	1.2	2.7	0.7%	6.5	(4.3)	2.2	0.4%	(0.5)	-17.4%
Profit attributable to owners of the Company	1.3	0.6	1.9	0.5%	5.7	(4.8)	0.8	0.1%	(1.1)	-56.4%

\*Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

### **General Comment for FY12/21**

**In FY12/21, there were many negative factors regarding operating profit, such as shift schedule adjustments due to semiconductor shortages and supply chain disruptions, regulations on economic activities associated with the epidemic of Delta and Omicron variants, and the front-loading investment of recruiting expenses due to HR shortage. However, it was complemented by businesses with strong performance such as the e-commerce logistics dispatch, U.S. military facilities business, facilities-related business, etc., and operating profit was almost within the initial forecast (operating profit ¥ 24.2 billion, up 82.1% YoY).**

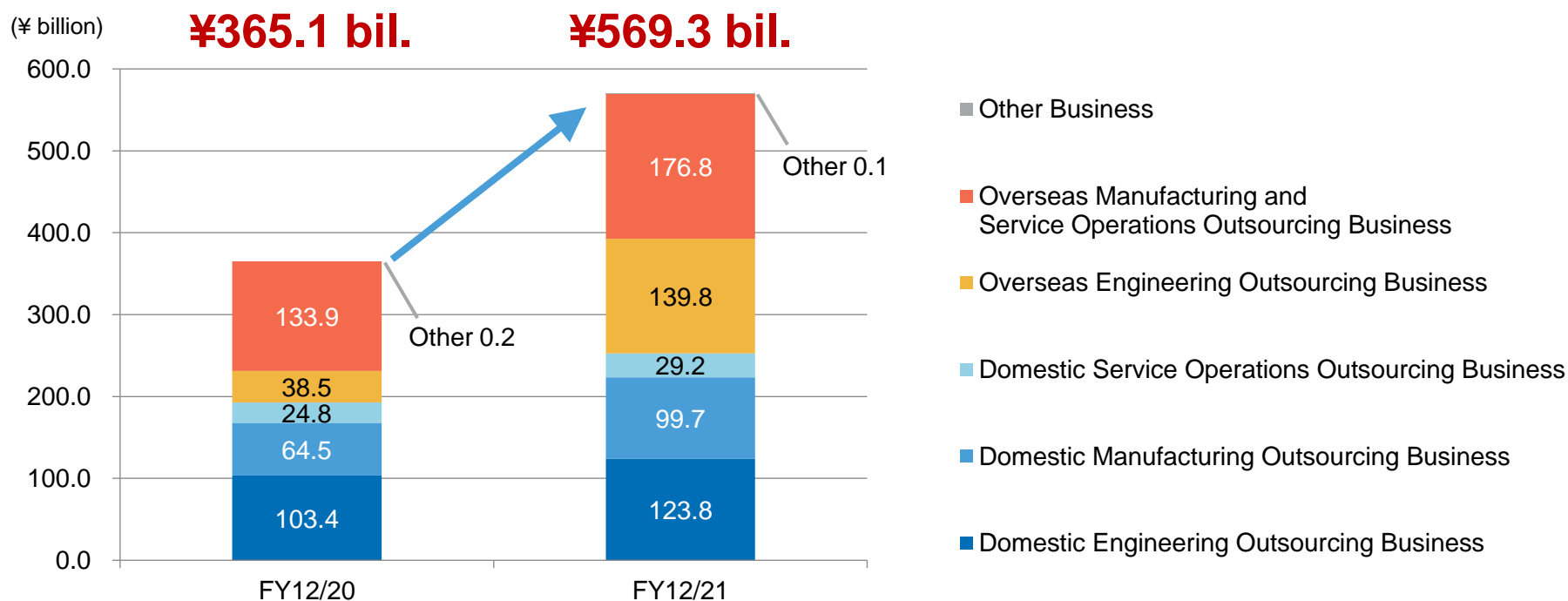
**The reasons mentioned above are why we are convinced that leveling business performance by segment is in progress. We are confident that we are in the process of establishing a corporate structure that will enable us to grow significantly over the medium to long term.**

# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Revenue

**¥ 569.3 billion (+55.9% YoY)**

- The HR demand in the global market is very strong, and business has expanded in all segments by absorbing various negative factors, including COVID-19, exceeding the Medium-Term Management Plan and the initial forecast to achieve record highs for 4Q(Oct.-Dec.) as well as full-year.





# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Revenue

### Performance of CPL ¥86.3 billion

- The performance of CPL, which entered the group in January 2021, greatly exceeded estimations at the time of M&A and contributed significantly to consolidated revenue.

(¥ billion)	1Q	2Q	3Q	4Q	Full-year
Estimations at the time of M&A	<b>10.7</b>	<b>16.0</b>	<b>18.0</b>	<b>18.0</b>	<b>62.7</b>
Results	<b>15.3</b>	<b>22.7</b>	<b>23.8</b>	<b>24.5</b>	<b>86.3</b>

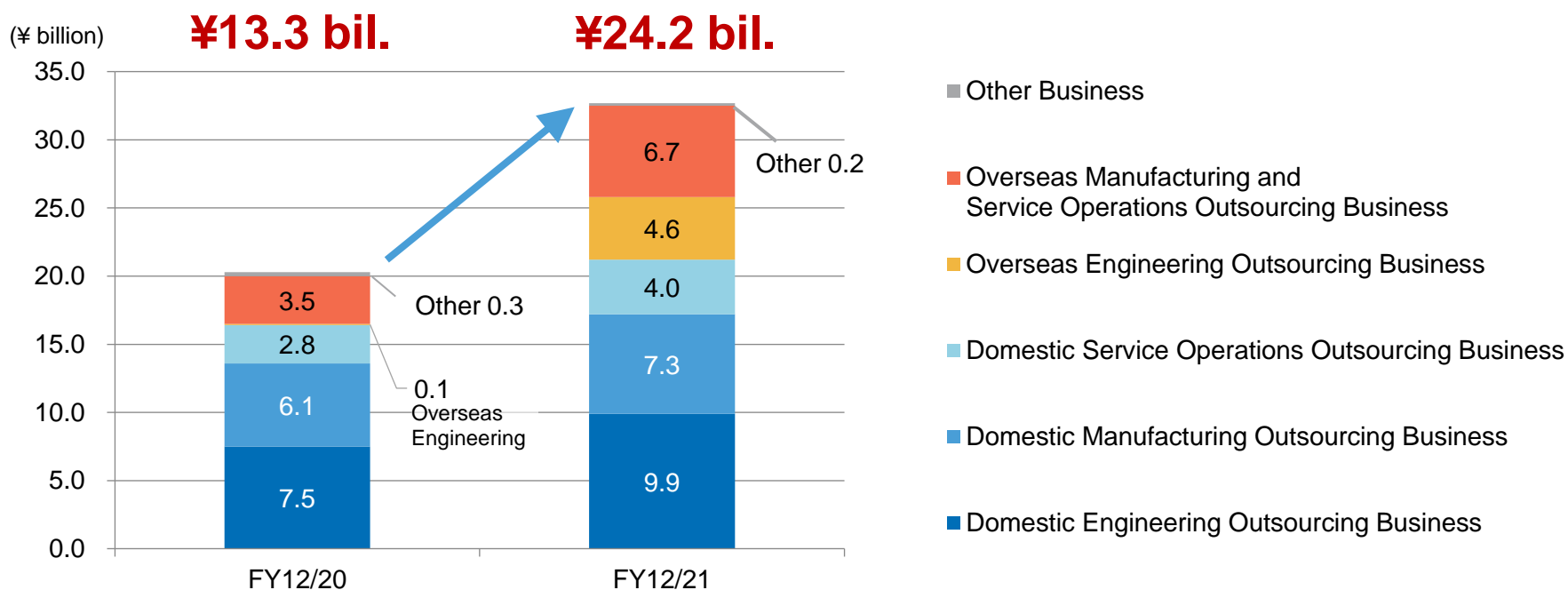
\*Rounded off to the nearest ¥0.1 billion

# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Operating Profit

**¥ 24.2 billion (+82.1% YoY)**

- Orders for good deals have been abundantly gained by differentiated strategies such as CSM. The good start in 1H has significantly exceeded the initial forecast, however, the high-margin Domestic Manufacturing Outsourcing Business and debt collection businesses in the U.K. have been adversely affected by factors such as shift schedule adjustments and restrictions on activities. Front-load investment of recruiting expenses for HR demand, impairment loss of approximately ¥1.4 billion for ten domestic and overseas companies, and amortization of ¥4.0 billion in intangible assets associated with PPA also lowered operating profit to remain within the range of the initial forecast.



\* The operating profit amount is the sum of operating profit from each business segment minus the adjustment for head office expenses (¥7.0 billion in FY12/20, ¥8.6 billion in FY12/21)

# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Operating Profit

### Performance of CPL ¥4.0 billion

- The performance of CPL, which entered the group in January 2021, greatly exceeded estimations at the time of M&A and contributed significantly to consolidated operating profit.

(¥ billion)	1Q	2Q	3Q	4Q	Full-year
Estimations at the time of M&A	<b>0.6</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>2.5</b>
Results	<b>0.8</b>	<b>1.2</b>	<b>0.9</b>	<b>1.0</b>	<b>4.0</b>

\*Rounded off to the nearest ¥0.1 billion

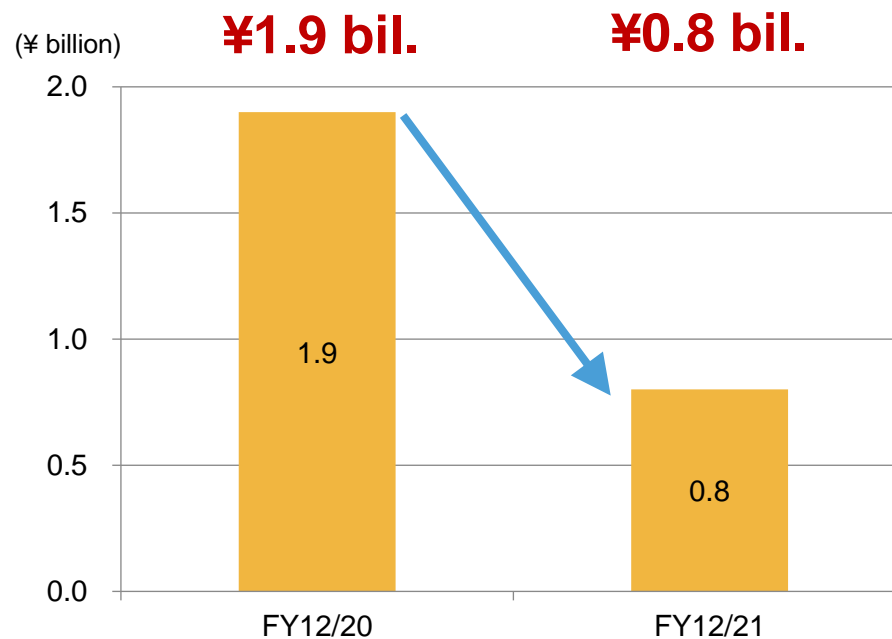
# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Profit Attributable to Owners of the Company

**¥ 0.8 billion (-56.5% YoY)**

- We recorded a financial expense of ¥11.1 billion in full-year for the put option (the future stock purchase price) for OTTO in the Netherlands (temporary staffing business for e-commerce logistics) because of its strong performance, which led to a YoY decline in profit attributable to owners of parent, but this is a very positive factor for the future.

\*Put option ⇒ please refer to Reference Materials p.29



## [Supplementary material] Put Option Liability increase Related to Acquisition of Remaining Shares of OTTO

### ■ Trends in OTTO's performance and financial expenses associated with put options

The purchase price of the remaining shares of OTTO is calculated based on their EBITDA and cash and deposits at the end of the fiscal year. The increase in the put option liability, which is linked to business performance, is recorded as financial expenses.

(¥ billion)

Year acquired	Percentage acquired	OTTO's performance *Local Accounting Standard			Acquisition value of OTTO		
		Revenue (Forecast in FY2022)	EBITDA (Forecast in FY2022)	Growth rate from the time of acquisition	Estimated corporate value	Improvement ratio	Financial expenses associated with put option
Estimation as of May 2018		42.8	2.1		13.1		
FY 2018	56%	43.9	1.1		15.4	117%	0.2
FY 2019	8%	46.0	2.0	97%	15.6	119%	1.0
FY 2020	8%	60.1	3.7	179%	19.8	151%	3.5
FY 2021	8%	79.9	4.7	227%	31.7	241%	11.1
FY 2022	20%	95.4	6.2	300%			
Total	100%						15.8

\* The above figures are approximate

In the 4Q FY12/21, approximately ¥1 billion was initially included in the budget as financial expenses, however, since the results for FY12/21 were favorable and **EBITDA is expected to grow by 300% from the time of acquisition to ¥6.2 billion**. Therefore, the additional amount of approximately ¥6 billion has been recorded after consultation with our independent auditors. \*¥11.1 billion for full-year

In addition, in order to utilize OTTO's success model throughout the Group, we purchased all remaining shares in January 2022 after consultation. Therefore, financial expenses related to put option liabilities for OTTO will not be incurred after FY12/22.

# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Consolidated Financial Results (Quarterly Trends)

(¥ billion)	FY12/20 Actual					FY12/21 Actual				
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Revenue	89.6	82.9	89.9	102.7	365.1	123.8	140.8	147.4	157.3	569.3
Gross profit	17.7	13.9	18.6	20.2	70.4	23.7	26.2	26.7	30.4	107.1
Gross profit margin	19.7%	16.7%	20.7%	19.7%	19.3%	19.2%	18.6%	18.1%	19.3%	18.8%
SG&A expenses	15.2	13.9	14.8	16.5	60.4	20.2	21.4	22.4	23.8	87.9
SG&A expenses ratio	16.9%	16.8%	16.5%	16.1%	16.6%	16.4%	15.2%	15.2%	15.1%	15.4%
Other operating income <sup>*1</sup>	1.1	1.2	1.3	1.7	5.2	1.9	1.8	1.9	2.3	7.8
Other operating expense	0.1	0.1	0.2	1.4	1.9	0.1	0.2	1.1	1.4	2.9
Operating profit	3.4	1.0	4.9	3.9	13.3	5.2	6.4	5.1	7.5	24.2
Operating profit margin	3.8%	1.2%	5.4%	3.8%	3.6%	4.2%	4.6%	3.5%	4.7%	4.2%
Profit before tax	2.4	0.8	3.6	1.0	7.7	5.8	5.2	0.1	1.0	12.0
Profit before tax margin	2.6%	1.0%	3.9%	1.0%	2.1%	4.6%	3.7%	0.1%	0.6%	2.1%
Profit attributable to owners of the Company	1.3	0.0	2.0	(1.4)	1.9	3.1	2.6	(2.0)	(2.8)	0.8
Profit attributable to owners of the Company margin	1.5%	0.0%	2.2%	-1.3%	0.5%	2.5%	1.8%	-1.4%	-1.8%	0.1%
QoQ/YoY Changes	FY12/20 Actual					FY12/21 Actual				
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Revenue	-4.0%	-7.4%	8.4%	14.3%	1.2%	20.5%	13.8%	4.7%	6.7%	55.9%
Gross profit	-8.9%	-21.4%	33.9%	8.8%	0.2%	17.2%	10.7%	1.8%	13.8%	52.2%
SG&A expenses	1.4%	-8.3%	6.4%	11.7%	2.7%	22.4%	5.6%	4.9%	6.3%	45.4%
Operating profit	-10.0%	-70.1%	377.5%	-19.3%	-3.7%	31.7%	23.7%	-20.5%	45.9%	82.1%
Profit before tax	-53.5%	-66.4%	349.4%	-70.5%	-35.3%	448.8%	-10.2%	-97.8%	753.9%	55.1%
Profit attributable to owners of the Company	-67.3%	-99.8%	63288.0%	-169.9%	-73.9%	-	-16.3%	-179.3%	-	-56.5%

\*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 ¥0.1 billion)



# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Financial Results by Operating Segment and Revenue by Region (Quarterly Trends)

(¥ billion)		FY12/20 Actual					FY12/21 Actual				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Domestic Engineering Outsourcing Business	Revenue	25.0	25.4	25.5	27.4	103.4	27.6	30.0	31.8	34.4	123.8
	Operating profit	1.8	1.3	2.8	1.5	7.5	2.2	2.3	2.6	2.8	9.9
	No. of worksite employees at term-end	16,048	17,827	18,006	18,150	18,150	18,249	20,829	21,163	21,622	21,622
Domestic Manufacturing Outsourcing Business	Revenue	16.3	14.1	14.6	19.5	64.5	23.0	24.5	25.1	27.1	99.7
	Operating profit	1.7	1.2	1.2	2.1	6.1	1.7	1.8	1.5	2.3	7.3
	No. of worksite employees at term-end	12,909	12,426	12,264	16,539	16,539	18,614	20,126	21,341	21,443	21,443
	No. of workers under outsourced administration at term-end	20,007	20,102	21,124	22,296	22,296	21,942	21,607	21,076	20,004	20,004
Domestic Service Operations Outsourcing Business	Revenue	5.9	5.9	6.1	6.8	24.8	7.0	7.2	7.3	7.7	29.2
	Operating profit	0.6	0.6	0.7	0.9	2.8	1.3	1.0	1.1	0.6	4.0
	No. of worksite employees at term-end	2,301	1,975	1,856	2,606	2,606	2,444	2,567	3,074	3,349	3,349
Overseas Engineering Outsourcing Business	Revenue	9.6	8.5	10.2	10.2	38.5	26.4	36.2	38.0	39.3	139.8
	Operating profit	0.3	(0.4)	0.3	(0.1)	0.1	1.1	1.5	0.5	1.4	4.6
	No. of worksite employees at term-end	3,307	3,176	3,040	2,729	2,729	13,393	14,726	14,642	14,881	14,881
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	32.7	29.0	33.4	38.7	133.9	39.9	42.9	45.3	48.7	176.8
	Operating profit	0.5	(0.1)	1.5	1.6	3.5	1.4	1.5	1.3	2.5	6.7
	No. of worksite employees at term-end	41,683	38,136	43,719	46,331	46,331	48,383	49,441	50,669	51,229	51,229
Other Business	Revenue	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1
	Operating profit	0.1	0.0	0.1	0.0	0.3	(0.0)	0.1	0.1	0.1	0.2
Adjustments	Operating profit	(1.6)	(1.6)	(1.7)	(2.1)	(7.0)	(2.5)	(1.9)	(2.0)	(2.2)	(8.6)
Total	Revenue	89.6	82.9	89.9	102.7	365.1	123.8	140.8	147.4	157.3	569.3
	Operating profit	3.4	1.0	4.9	3.9	13.3	5.2	6.4	5.1	7.5	24.2

Revenue by Region (¥ billion)		FY12/20 Actual					FY12/21 Actual				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Japan		47.4	45.4	46.2	53.8	192.8	57.6	61.7	64.2	69.3	252.8
Europe		26.7	23.2	27.4	32.0	109.4	48.6	58.1	60.0	63.6	230.4
Oceania		10.5	10.7	12.0	11.7	45.0	12.2	15.0	15.9	16.6	59.8
North America		-	-	-	-	-	-	0.4	1.4	1.2	2.9
South America		2.1	1.6	2.0	2.4	8.1	2.6	3.0	3.2	3.5	12.3
Asia (excl. Japan)		2.9	2.0	2.2	2.8	9.9	2.8	2.6	2.7	3.1	11.2
Total		89.6	82.9	89.9	102.7	365.1	123.8	140.8	147.4	157.3	569.3

\*1: Displayed in ¥billion  
(rounded off to the nearest ¥0.1 billion)

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

\*3: Actual forex rates used in 4Q FY12/21 results  
(average rates for Jan.-Dec. 2021)

- EUR 129.91
- GBP 151.17
- AUD 82.50
- USD 109.90

- Manufacturers demand in Recruiting and placing of Domestic Manufacturing Outsourcing Business has significantly shifted to dispatching and its impact on business performance is minimal. Therefore, the number of placed worker will be kept private from FY12/22.

# Consolidated Financial Results Summary for FY12/21 (IFRS)

## ● Consolidated Statement of Financial Position

(¥ billion)	FY12/20-End		FY12/21-End		YoY Change
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
<b>Current assets</b>	<b>160.3</b>	<b>52.9%</b>	<b>167.2</b>	<b>47.6%</b>	<b>6.9</b>
Cash and cash equivalents	81.7	27.0%	48.3	13.8%	(33.4)
Trade and other receivables	55.9	18.5%	88.1	25.1%	32.2
Inventories	1.7	0.6%	2.7	0.8%	0.9
<b>Non-current assets</b>	<b>142.6</b>	<b>47.1%</b>	<b>183.7</b>	<b>52.4%</b>	<b>41.1</b>
Property, plant and equipment	9.7	3.2%	11.6	3.3%	1.9
Right-of-use assets	17.5	5.8%	21.4	6.1%	3.9
Goodwill	60.9	20.1%	86.3	24.6%	25.4
Intangible assets	24.6	8.1%	35.5	10.1%	10.8
Other financial assets	18.8	6.2%	21.5	6.1%	2.7
<b>Total assets</b>	<b>302.9</b>	<b>100.0%</b>	<b>350.9</b>	<b>100.0%</b>	<b>48.0</b>
<b>Current liabilities</b>	<b>152.0</b>	<b>50.2%</b>	<b>212.5</b>	<b>60.6%</b>	<b>60.5</b>
Trade and other payables	41.4	13.7%	62.4	17.8%	21.0
Bonds and borrowings	68.1	22.5%	88.4	25.2%	20.3
Lease Liabilities	16.8	5.5%	20.4	5.8%	3.6
Income taxes payable	4.3	1.4%	4.7	1.3%	0.4
<b>Non-current liabilities</b>	<b>84.5</b>	<b>27.9%</b>	<b>66.0</b>	<b>18.8%</b>	<b>(18.5)</b>
Bonds and borrowings	43.2	14.3%	15.6	4.5%	(27.6)
Lease Liabilities	20.6	6.8%	27.2	7.7%	6.6
Other financial liabilities	5.8	1.9%	8.3	2.4%	2.5
<b>Total liabilities</b>	<b>236.5</b>	<b>78.1%</b>	<b>278.5</b>	<b>79.4%</b>	<b>42.0</b>
Share capital	25.2	8.3%	25.2	7.2%	0.0
Capital surplus	26.6	8.8%	26.7	7.6%	0.0
Treasury shares	(0.0)	-0.0%	(0.0)	-0.0%	0.0
Other share premium	(13.5)	-4.4%	(12.9)	-3.7%	0.6
Retained earnings	23.2	7.7%	22.9	6.5%	(0.3)
<b>Equity attributable to owners of the Company</b>	<b>60.4</b>	<b>20.0%</b>	<b>66.0</b>	<b>18.8%</b>	<b>5.5</b>
<b>Non-controlling interests</b>	<b>6.0</b>	<b>2.0%</b>	<b>6.5</b>	<b>1.9%</b>	<b>0.5</b>
<b>Equity</b>	<b>66.4</b>	<b>21.9%</b>	<b>72.5</b>	<b>20.6%</b>	<b>6.0</b>
<b>Total liabilities and equity</b>	<b>302.9</b>	<b>100.0%</b>	<b>350.9</b>	<b>100.0%</b>	<b>48.0</b>

\*Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

**\* At the end of the current consolidated fiscal year, there were no violations of the financial covenants.**

Cash and cash equivalents:

Decreased for funds to acquire the shares of Ireland's CPL

Trade and other receivables:

Increased due to the growing numbers of group companies and expansion of business scale

Goodwill:

Increased for funds to acquire the shares of Ireland's CPL, etc.

Trade and other payables:

Increased due to the growing numbers of group companies and expansion of business scale

Bonds and borrowings:

A portion of borrowings has been reclassified from non-current to current

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 FY12/21 (IFRS)

## ● Consolidated Statement of Cash Flows

(¥ billion)	FY12/20 Actual Amount	FY12/21 Actual Amount	YoY Change Amount
Profit before tax	7.7	12.0	4.3
Depreciation and amortization	12.3	15.2	2.9
Decrease (increase) in trade and other receivables	(0.1)	(10.8)	(10.6)
Increase (decrease) in trade and other payables	2.0	10.1	8.1
<b>Cash flows from operating activities</b>	<b>22.5</b>	<b>28.9</b>	<b>6.4</b>
Payments for purchase of business	(6.0)	(36.5)	(30.5)
<b>Cash flows from investing activities</b>	<b>(8.7)</b>	<b>(38.4)</b>	<b>(29.7)</b>
Increase (decrease) in borrowings	41.4	(10.2)	(51.5)
Dividends paid	(3.0)	(1.3)	1.8
<b>Cash flows from financing activities</b>	<b>26.9</b>	<b>(26.0)</b>	<b>(52.9)</b>
<b>Cash and cash equivalents at end of period</b>	<b>81.7</b>	<b>48.3</b>	<b>(33.4)</b>

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

Cash flows from investing activities:  
Reflects the payments for purchase of business

Cash flows from financing activities:  
Reflects the increase in borrowings

\*Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

# **Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment**



# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Business Plan for FY12/22 Overview by Operating Segment **Domestic Engineering Outsourcing Business**

⇒ Please refer to Reference Materials pp.8-13

(¥ billion)	FY12/21										FY12/22				
	Initial Forecasts					Results					Initial Forecasts				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Revenue	27.8	31.8	33.9	37.0	130.5	27.6	30.0	31.8	34.4	123.8	33.8	37.4	40.0	42.8	154.0
Operating Profit	1.6	1.5	3.1	3.4	9.5	2.2	2.3	2.6	2.8	9.9	1.9	1.3	2.8	5.0	11.0
No. of worksite employees at term-end (persons)	18,200	20,700	21,000	21,300	21,300	18,249	20,829	21,163	21,622	21,622	22,300	25,500	26,100	26,700	26,700

### ■ Trends in FY12/21

Demand for engineers continues to be high in all industries, and the recruiting business to meet this demand is also steady, including new graduates and mid-career recruiting. However, revenue remained at a shortfall in the initial forecast as a result of a decrease in overtime hours due to remote work associated with COVID-19, while operating profit continued to exceed the full-year initial forecast by improving efficiency through remote work and public subsidies income. However, in the 3Q, there was a shortfall in initial forecasts due to the increase in holidays accompanying the Tokyo Olympics in July, and in the 4Q, it regained the lack of 3Q by alternative work from July in December.

### Overview by field / area and business environment in FY12/22

<b>IT-related field</b>	The order environment continues to be favorable due to aggressive IT investment under the pandemic, and with the increasing of remote work-related tools, we have started an introduction support service, and is expected to remain favorable from FY12/22 onwards.
<b>R&amp;D-related fields such as transport equipment, electric and electronic, etc.</b>	With the expansion of global demand for semiconductors, orders particularly in the semiconductor and electronic component-related industries are expected to be favorable from FY12/22 onwards.
<b>Pharmaceuticals and healthcare-related field</b>	Orders for COVID-19 vaccines, COVID-19 medicine development, and clinical trial operations continue to expand, and the order environment is expected to remain favorable going forward.
<b>Construction-related field</b>	Construction-related orders remained strong as large-scale development of over ¥10 billion, logistics facility project expanded due to stay-at-home market, and demand increased continuously mainly in urban areas.
<b>Segment overall</b>	<ul style="list-style-type: none"> <li>Although economic activities continue to be partially restricted due to the implementation of anti-epidemic measures, the business environment is generally recovering due to the progress of measures under the pandemic by each client, and the utilization rate is expected to remain at a high level, the same as before the pandemic.</li> <li>In the future, a virtuous cycle of the economic environment is expected due to the progress of additional vaccinations, and demand for engineers is expected to expand in each field. Thus, we will further strengthen hiring, training, and assigning of human resources.</li> </ul>

\* 2,700 new graduates will join our company from April 2022. With the technological progress acceleration today and in the future, it is necessary to constantly upgrade individual skills. We will update the curriculum at KEN school and prepare training environment including remote, thereby strengthen new graduate recruiting and mid-career recruiting, and consistently achieving upward-sloping growth.

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Business Plan for FY12/22 Overview by Operating Segment **Domestic Engineering Outsourcing Business**

### ▪ Status of "Dispatch 2.0"

#### Business environment trends in the engineer dispatch industry

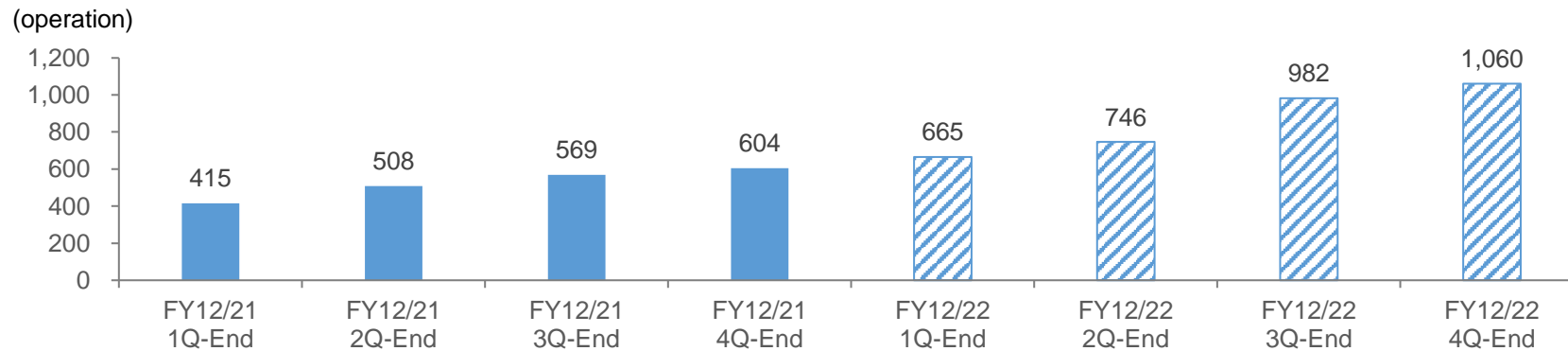
- Many developed countries have a chronic shortage of engineers due to the declining workforce population and competition for the development and introduction of new technologies.
- In order to respond to the trend toward shortened working hours, demand for raising operational efficiency and labor-saving through the use of robots and AI is growing.



**Dispatch 2.0 = Expanding a scheme that provides a bundle of engineers and cutting-edge technologies such as RPA and AI, to support clients' operational efficiency up to operation, in a broader market with higher unit prices than simple engineer dispatch.**

### "Dispatch 2.0" results for FY12/21 and forecast for FY12/22

\*All human resources, robots, and software work classified as "operation."



FY2021 saw steady progress despite a slight delay in some projects due to the COVID-19 pandemic.



# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Business Plan for FY12/22 Overview by Operating Segment **Domestic Manufacturing Outsourcing Business**

⇒ Please refer to Reference Materials pp.14-16

(¥ billion)	FY12/21										FY12/22				
	Initial Forecasts					Results					Initial Forecasts				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Revenue	23.2	25.1	27.3	30.0	105.6	23.0	24.5	25.1	27.1	99.7	27.3	32.5	34.0	36.7	130.5
Operating Profit	2.1	2.4	2.4	3.0	9.8	1.7	1.8	1.5	2.3	7.3	1.4	2.0	2.3	3.1	8.8
No. of worksite employees (persons)	18,500	19,600	20,500	21,500	21,500	18,614	20,126	21,341	21,443	21,443	21,800	24,000	25,000	26,500	26,500
No. of workers under outsourced administration (persons)	22,000	24,000	26,000	28,000	28,000	21,942	21,607	21,076	20,004	20,004	19,000	18,200	19,200	20,000	20,000

### ■ Trends in FY12/21

From the beginning of 1Q, production adjustments occurred due to a semiconductor shortage and delays to the initial forecast began to occur. In the 2Q, the semiconductor shortage became serious and the range of production adjustments expanded. The administrative Outsourcing Business which was expected to recover by the resumption of Technical Intern Trainees' entrance from April, entering the country remained difficult due to continued COVID-19 regulations, so the divergence from the initial forecast widened. In the 3Q, in addition to the semiconductor shortage, supply chain disruption due to the pandemic occurred, and production adjustment range increased further, which brought larger divergence from the initial forecast. In the 4Q, although a light recovery trend has begun to appear, the semiconductor shortage, supply chain disruption, and immigration restrictions for Technical Intern Trainees have not been resolved, full-fledged recovery is expected to begin around April 2022.

### Overview by field / area and business environment in FY12/22

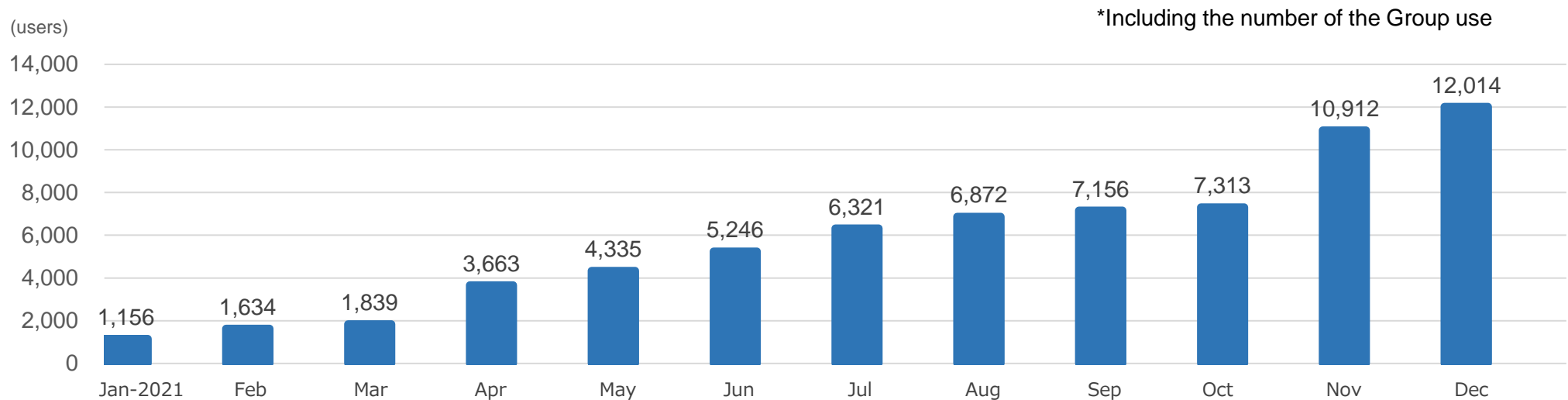
<b>Manufacturing dispatch / outsourced contracting</b>	Orders from manufacturers in all fields are expected to grow steadily and expected to expand going forward; however, transport equipment is once again beginning to see an impact from parts shortages, etc. It is expected to resolve in 2Q, but there is a risk that it will be unresolved. Therefore, we will promote measures such as expanding transactions in fields with relatively low impact.
<b>Administrative outsourcing</b>	Although demand for technical intern trainees is strong, business performance is sluggish due to continued immigration restrictions under the pandemic, and business recovery is expected from 2Q FY12/22 onwards, when the restriction is expected to be lifted.

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

- **Highlights of Consolidated Financial Results for FY12/21 and Forecasts for FY12/22 Overview by Operating Segment** **Domestic Manufacturing Outsourcing Business**

- **Status of Dispatched Employee Management System “CSM”**

## Trends in number of users



**\*CSM = a system that handles various complicated tasks such as management of multiple dispatch agencies and dispatch staff at manufacturers**

**Estimation at the end of FY12/21    The number of manufacturers who have implemented it: 80 companies**  
**as of 3Q FY12/21    The number of users: 15,000 persons**

**Results for FY12/21    The number of manufacturers who have implemented it: 89 companies**  
**The number of users: 12,014 persons**

**Supported by the demand for remote management by the pandemic, orders received from companies exceeded initial estimations. However, regarding the numbers of users, the order of 3,000 users per company was delayed into FY12/22, resulting in a slight shortfall.**

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Forecasts for FY12/22 Overview by Operating Segment Domestic Service Operations Outsourcing Business

⇒ Please refer to Reference Materials p.17

(¥ billion)	FY12/21										FY12/22				
	Initial Forecasts					Results					Initial Forecasts				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Revenue	7.1	7.8	8.0	8.2	31.0	7.0	7.2	7.3	7.7	29.2	8.1	8.5	9.6	9.8	36.0
Operating Profit	0.7	0.7	0.9	0.9	3.1	1.3	1.0	1.1	0.6	4.0	1.0	1.0	1.4	1.3	4.7
No. of worksite employees at term-end (persons)	2,623	3,268	3,635	3,970	3,970	2,444	2,567	3,074	3,349	3,349	3,100	3,300	3,800	4,000	4,000

### ■ Trends in FY12/21

The business for U.S. military facilities has been growing significantly with improved operating margins, following highly efficient large-scale project orders through bids due to the abundant framework of contract surety bond (performance bond). The operating profit in particular, continued to outperform the forecast, but 4Q was in line with the initial forecasts as there were several days when the U.S. military base could not be entered due to abnormal clusters of Omicron variant.

### Overview by field / area and business environment in FY12/22

<b>Business for U.S. military facilities</b>	In addition to securing stable revenue through order backlogs of projects exceeding ¥20 billion in 2019, 2020, and 2021, we will strengthen cooperation with overseas companies acquired through M&A, establish a structure that will enable receiving orders for larger projects by building a cooperative system with major general contractors, and increase the accuracy of orders for bids for several ultra-large projects scheduled for 2022. Thereby perform, it is well in line with the progress of construction work on the order backlogs.
<b>Inbound-related Service Operations Outsourcing Business other than for U.S. military facilities</b>	The inbound-related business remained sluggish due to the anti-epidemic measures and immigration restrictions, however, call centers, the security business, and essential worker-related business are expected to be steady due to busy year-end orders, and are expected to remain strong, assuming limited impact of the Omicron variant.

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Forecasts for FY12/22 Overview by Operating Segment Overseas Engineering Outsourcing Business

⇒ Please refer to Reference Materials p.18

(¥ billion)	FY12/21										FY12/22				
	Initial Forecasts					Results					Initial Forecasts				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Revenue	21.0	27.7	31.1	30.9	110.7	26.4	36.2	38.0	39.3	139.8	35.8	37.0	39.3	38.9	151.0
Operating Profit	1.0	1.4	1.7	1.6	5.6	1.1	1.5	0.5	1.4	4.6	1.4	1.5	1.9	2.0	6.8
No. of worksite employees at term-end (persons)	10,709	10,899	12,135	12,088	12,088	13,393	14,726	14,642	14,881	14,881	15,010	13,040	12,020	12,650	12,650

\* The decrease in the number of worksite employees at term-end for FY12/22 is due to the plan that dispatched employees will be replaced by freelancers.

### ■ Trends in FY12/21

The debt collection business in the U.K. accounts for a large weight in operating profit in this segment, and in the 1Q and 2Q, both revenue and operating profit exceeded the initial forecast due to the resumption of economic activity by the lifting of lockdowns since 2020. Although in the 3Q, regulations were tightened again due to the outbreak of Delta variant, and revenue and operating profit fell below the initial forecast, especially due to the suspension of debt collection, in the 4Q, the debt collection business resumed due to additional vaccination and the shift to the attenuated Omicron variant, revenue and operating profit was almost in line with the initial forecasts.

### Overview by field / area and business environment in FY12/22

<b>U.K.</b>	As restrictive measures by the Omicron variant were completely lifted in January 2022, the debt collection business is expected to further increase the receipt and collection of debts. Steady recovery is expected to be going into a broader debt collection market in addition to increasing debt collection substitutional fees.
<b>Ireland</b>	<ul style="list-style-type: none"> <li>Ireland does not anticipate any new restrictions and is expected to continue to perform well. We will also expand the business into neighboring countries such as dispatching, recruiting and placing, and outsourced contracting for IT, pharmaceuticals, life sciences, and healthcare, which have been established in Ireland and U.K.</li> <li>Special demand related to COVID-19 (vaccinations, contract tracing services, etc.) is expected to end early in 2022, but businesses that were affected by COVID-19 due to resumption of economic activity are expected to expand and remain strong.</li> </ul>
<b>Oceania</b>	The government continues the policy of measures under the pandemic, with no concern of the impact on the market and business environment, corporate recruiting activities have resumed, and the recruiting and placing business is particularly strong. Orders are expected to increase in various fields such as IT, construction, mining, finance, dispatching/recruiting and placing for the government, and training business. We will promote to enter the businesses for Ministry of Defense, etc. going forward.

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Highlights of Consolidated Financial Results for FY12/21 and Forecasts for FY12/22

### Overview by Operating Segment Overseas Manufacturing and Service Operations Outsourcing Business

⇒ Please refer to Reference Materials pp.19-20

(¥ billion)	FY12/21										FY12/22				
	Initial Forecasts					Results					Initial Forecasts				
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	Full-year
Revenue	32.9	35.6	39.8	41.8	150.0	39.9	42.9	45.3	48.7	176.8	48.0	54.6	59.1	61.8	223.5
Operating Profit	0.6	1.3	2.4	2.3	6.5	1.4	1.5	1.3	2.5	6.7	1.3	2.0	3.2	3.5	10.0
No. of worksite employees at term-end (persons)	47,415	48,864	55,364	57,024	57,024	48,383	49,441	50,669	51,229	51,229	53,250	56,110	59,930	62,550	62,550

#### ■ Trends in FY12/21

In the 1Q and 2Q, e-commerce logistics by OTTO in the Netherlands and facilities-related businesses in South America complemented the businesses of Asian countries, which were sluggish due to COVID-19, and revenue and operating profit exceeded the initial forecasts. In the 3Q, factories in Asian countries were closed due to the Delta variant epidemic and it was not possible to achieve the initial forecasts in strong performance fields, but Asian economies began to recover due to the transition to Omicron variant in the 4Q. and operating profit was in line with the initial forecast.

### Overview by field / area and business environment in FY12/22

<b>Germany</b>	Although Orizon's manufacturing field is affected by a shortage of raw materials procurement, dispatching as well as healthcare-related field are recovering significantly, and the engineering business, BPO business for call center, and master vendor business are expected to grow steadily. <i>*Master vendor business ⇒ A service that improves client efficiency by collectively consigning logistics warehouses, call centers, etc., and managing the utilization of other dispatch agencies</i>
<b>The Netherlands</b>	Although the number of newly infected people increased in European countries due to the Omicron variant epidemic, dispatching for the e-commerce logistics business, the main business of OTTO, is performing steadily, and even after the COVID-19 pandemic, the demand from general users is expected to remain strong and steady.
<b>U.K. (services for local governments, etc.)</b>	The dispatching business for the government remained robust, the recruiting and placing business remained strong, and the consulting business received orders for multi-year large-scale project for central government ministries and agencies. The BPO business for local governments is also steadily advancing in automation and RPA, and is expected to perform well going forward as we work on improving gross profit margin and acquiring new multi-year projects through bids for a number of large-scale projects.
<b>Asia</b>	The staff sending business continues to be sluggish due to COVID-19 regulations. However, corporate activities are expected to recover, the manufacturing outsourcing business is expected to expand, and the payroll business is expected to be steady in FY12/22 due to new orders for services for regions other than ASEAN are proceeded.
<b>South America</b>	In Chile, the outsourced contracting business for retailers and security businesses grew steadily. In Brazil, the deterioration in the COVID-19 environment put pressure on revenue in December, but it is expected that the facilities-related business and dispatch for logistics in South American countries will steadily expand.

# Topics for FY12/21 and Business Environment and Business Plan(IFRS) for FY12/22 by Operating Segment

## ● Segment summary

(¥ billion)		FY12/21 Results	FY12/22 Initial forecasts
Domestic Engineering Outsourcing Business	Revenue	123.8	154.0
	Operating profit	9.9	11.0
Domestic Manufacturing Outsourcing Business	Revenue	99.7	130.5
	Operating profit	7.3	8.8
Domestic Service Operations Outsourcing Business	Revenue	29.2	36.0
	Operating profit	4.0	4.7
Overseas Engineering Outsourcing Business	Revenue	139.8	151.0
	Operating profit	4.6	6.8
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	176.8	223.5
	Operating profit	6.7	10.0
TOTAL	Revenue	569.3	695.0
	Operating profit	32.8	41.4

\*The operating profit for the segment total does not reflect adjustments such as head office expenses.

\*The segment total is the amount including other business (revenue ¥0.1 billion, operating profit ¥0.2 billion both in FY12/21 and operating profit ¥0.1 billion for FY12/22).



# KPI for Consolidated Business Plan for FY12/22 (IFRS)



# KPI for Consolidated Business Plan for FY12/22 (IFRS)

## ● KPI (Annual, Semi-Annual and Quarterly Financial Forecasts by Operating Segment)

(¥ billion)		FY12/21					FY12/22						
		Actual					Forecast						
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	1H	2H	Full-Year
Domestic Engineering Outsourcing Business	Revenue	27.6	30.0	31.8	34.4	123.8	33.8	37.4	40.0	42.8	71.2	82.8	154.0
	Operating profit	2.2	2.3	2.6	2.8	9.9	1.9	1.3	2.8	5.0	3.2	7.8	11.0
	Recruiting expenses	-	-	-	-	-	1.3	1.4	1.7	1.5	2.7	3.2	5.9
	No. of worksite employees at term-end	18,249	20,829	21,163	21,622	21,622	22,300	25,500	26,100	26,700	25,500	26,700	26,700
	Order backlog at term-end (persons)	4,618	6,026	5,055	6,965	6,965	6,500	5,300	7,200	7,000	5,300	7,000	7,000
Domestic Manufacturing Outsourcing Business	Revenue	23.0	24.5	25.1	27.1	99.7	27.3	32.5	34.0	36.7	59.8	70.7	130.5
	Operating profit	1.7	1.8	1.5	2.3	7.3	1.4	2.0	2.3	3.1	3.4	5.4	8.8
	Recruiting expenses	-	-	-	-	-	0.7	0.6	0.7	0.7	1.3	1.4	2.7
	No. of worksite employees at term-end	18,614	20,126	21,341	21,443	21,443	21,800	24,000	25,000	26,500	24,000	26,500	26,500
	No. of workers under outsourced administration at term-end	21,942	21,607	21,076	20,004	20,004	19,000	18,200	19,200	20,000	18,200	20,000	20,000
	Order backlog at term-end (persons)	4,373	6,613	5,923	6,176	6,176	6,600	6,600	6,400	6,700	6,600	6,700	6,700
Domestic Service Operations Outsourcing Business	Revenue	7.0	7.2	7.3	7.7	29.2	8.1	8.5	9.6	9.8	16.6	19.4	36.0
	Operating profit	1.3	1.0	1.1	0.6	4.0	1.0	1.0	1.4	1.3	2.0	2.7	4.7
	No. of worksite employees at term-end	2,444	2,567	3,074	3,349	3,349	3,100	3,300	3,800	4,000	3,300	4,000	4,000
	Order backlog at term-end (¥ billion)	25.8	27.3	29.9	29.8	29.8	-	-	-	-	-	-	-
Overseas Engineering Outsourcing Business	Revenue	26.4	36.2	38.0	39.3	139.8	35.8	37.0	39.3	38.9	72.8	78.2	151.0
	Operating profit	1.1	1.5	0.5	1.4	4.6	1.4	1.5	1.9	2.0	2.9	3.9	6.8
	No. of worksite employees at term-end	13,393	14,726	14,642	14,881	14,881	15,010	13,040	12,020	12,650	13,040	12,650	12,650
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	39.9	42.9	45.3	48.7	176.8	48.0	54.6	59.1	61.8	102.6	120.9	223.5
	Operating profit	1.4	1.5	1.3	2.5	6.7	1.3	2.0	3.2	3.5	3.3	6.7	10.0
	No. of worksite employees at term-end	48,383	49,441	50,669	51,229	51,229	53,250	56,110	59,930	62,550	56,110	62,550	62,550
Other Business	Revenue	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Operating profit	(0.0)	0.1	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	No. of worksite employees at term-end	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	Operating profit	(2.5)	(1.9)	(2.0)	(2.2)	(8.6)	(2.1)	(2.3)	(2.6)	(2.4)	(4.4)	(5.0)	(9.4)
Total	Revenue	123.8	140.8	147.4	157.3	569.3	153.0	170.0	182.0	190.0	323.0	372.0	695.0
	Operating profit	5.2	6.4	5.1	7.5	24.2	5.0	5.5	9.0	12.5	10.5	21.5	32.0

\*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

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

- The Order backlog at term-end in the above table indicates;
  - Domestic Engineering Outsourcing Business : the number of orders received for temporary engineers
  - Domestic Manufacturing Outsourcing Business : the number of orders received for manufacturing dispatch workers
  - Domestic Service Operations Outsourcing Business : the number of orders received for the U.S. military facilities business at American Engineering Corporation.
- The order backlog at term-end for the Domestic Manufacturing Outsourcing Business include the number of people simultaneously ordered by each manufacturer to multiple dispatch companies and orders with the assignment date in next month or later.

# KPI for Consolidated Business Plan for FY12/22 (IFRS)

## ● KPI (Consolidated Financial Forecasts)

(¥ billion)	FY12/21 Actual				FY12/22 Forecast				YoY Change	
	1H	2H	Full-Year		1H	2H	Full-Year		Amount	Ratio
	Amount	Amount	Amount	Composition Ratio	Amount	Amount	Amount	Composition Ratio		
<b>Revenue</b>	<b>264.6</b>	<b>304.7</b>	<b>569.3</b>	<b>100.0%</b>	<b>323.0</b>	<b>372.0</b>	<b>695.0</b>	<b>100.0%</b>	<b>125.7</b>	<b>22.1%</b>
Cost of sales	214.7	247.6	462.2	81.2%	-	-	-	-	-	-
<b>Gross profit</b>	<b>50.0</b>	<b>57.1</b>	<b>107.1</b>	<b>18.8%</b>	-	-	-	-	-	-
SG&A expenses	41.6	46.2	87.9	15.4%	-	-	-	-	-	-
<b>Operating profit</b>	<b>11.6</b>	<b>12.6</b>	<b>24.2</b>	<b>4.2%</b>	<b>10.5</b>	<b>21.5</b>	<b>32.0</b>	<b>4.6%</b>	<b>7.8</b>	<b>32.3%</b>
Finance income	2.1	0.2	1.4	0.2%	-	-	-	-	-	-
Finance costs	2.8	11.7	13.7	2.4%	-	-	-	-	-	-
<b>Profit before tax</b>	<b>10.9</b>	<b>1.1</b>	<b>12.0</b>	<b>2.1%</b>	<b>9.3</b>	<b>20.3</b>	<b>29.6</b>	<b>4.3%</b>	<b>17.6</b>	<b>146.6%</b>
<b>Profit</b>	<b>6.5</b>	<b>(4.3)</b>	<b>2.2</b>	<b>0.4%</b>	<b>5.6</b>	<b>13.7</b>	<b>19.3</b>	<b>2.8%</b>	<b>17.1</b>	<b>775.5%</b>
<b>Profit attributable to owners of the Company</b>	<b>5.7</b>	<b>(4.8)</b>	<b>0.8</b>	<b>0.1%</b>	<b>5.2</b>	<b>13.3</b>	<b>18.5</b>	<b>2.7%</b>	<b>17.7</b>	<b>2124.3%</b>

\*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

\*2: Forex rate for full-year consolidated financial forecast

EUR 129.91

GBP 151.17

AUD 82.50

USD 109.90

# KPI for Consolidated Business Plan for FY12/22 (IFRS)

## ● Supplemental Information: Domestic Recruitment Plan for FY12/22 Annual and Semi-Annual Trends

		FY12/21 Actual			FY12/22 Forecasts		
		1H	2H	Full-Year	1H	2H	Full-Year
Engineering	No. of workers recruited (persons)	5,220	3,039	8,259	6,500	3,770	10,270
Manufacturing	No. of workers recruited (persons)	6,523	6,521	13,044	8,040	7,410	15,450

\*Based on the investigation results we received on December 28, 2021, the recruitment unit prices will be kept private including those from the past.

## ● Supplemental Information: Domestic Recruitment Plan for FY12/22 Quarterly Trend

		FY12/21 Actual					FY12/22 Forecasts				
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Engineering	No. of workers recruited (persons)	1,384	3,836	1,494	1,545	8,259	2,000	4,500	1,920	1,850	10,270
Manufacturing	No. of workers recruited (persons)	2,606	3,917	3,364	3,157	13,044	3,380	4,660	3,500	3,910	15,450

\*Based on the investigation results we received on December 28, 2021, the recruitment unit prices will be kept private including those from the past.

- In the Service Operations Outsourcing Business, the bulk of revenue is for the U.S. military facilities Business, not a stock business of human resources. Therefore, the number of workers recruited will be kept private from FY12/22.
- Manufacturers' demand in recruiting and placing of the Domestic Manufacturing Outsourcing Business has significantly shifted to dispatching and its impact on business performance is minimal. Therefore, the number of placed workers will be kept private from FY12/22.

## Differences from the Medium-Term Management Plan for FY12/22



## Differences from the Medium-Term Management Plan for FY12/22

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- **Business Environment for Non-Japanese-Related Businesses at the Company**

- **Business segment to which each business belongs**

- Administrative outsourcing business: Domestic Manufacturing Outsourcing Business

Since it is a stock-type business that accumulates the number of workers under outsourced administration of consignment work support for non-Japanese workers entering Japan, it is particularly greatly affected by the immigration restrictions due to COVID-19 after 2020.

The amount of downturn on operating profit under the Medium-Term-Management Plan : ¥3.0 billion

- Asian staff sending business: Overseas Manufacturing and Service Operations Outsourcing Business

Group companies such as Indonesia, Vietnam, and Thailand belong to this business and are consigned with language education for foreign workers who are sent overseas, mainly to Japan, it is greatly affected by the long-term continuation of immigration restrictions in Japan.

The amount of downturn on operating profit under the Medium-Term-Management Plan : ¥0.6 billion

- WBB Business: Other business segments

Since it is a business of providing services related to cross-border employment, it is necessary to push back the business plan.

The amount of downturn on operating profit under the Medium-Term-Management Plan : ¥0.8 billion

**In FY12/22, businesses expect a downturn amount of ¥4.4 billion on operating profit from the Medium-Term Management Plan in 3 foreign-related businesses.**

# KPI for Consolidated Business Plan for FY12/22 (IFRS)

## ● Business Environment for Foreign-Related Businesses at the Company

### The environment from FY12/23 onward for the administrative outsourcing business prioritized by the Domestic Manufacturing segment

- As the shortage of workers becomes a social problem due to immigration restrictions, inquiries from companies for technical intern trainees remain quite strong even now, and when the pandemic eventually comes under control, the administrative outsourcing business is expected to expand significantly.
- As the domestic workforce population declines, the demand for further use of non-Japanese workers is expected to expand, so regulations such as job types and years that can work will be deregulated to large extent.
- The government is currently working to adjust the status of residence status for "Specified Skilled Worker" to add an indefinite period of stay in 11 fields, and it is expected that a system that enables long-term employment in all 14 fields where labor shortages are critical, will be established.
- Specified Skilled Worker (No.2) will be allowed to accompany family members, and a huge administrative outsourcing business market for families will be formed going forward.

#### Specified Skilled Worker (No.1) (14 fields in total)

- Period of stay: up to 5 years
- Accompaniment by family members: Not allowed

◎ Food and beverage manufacturing industries ◎ Agricultural industry  
◎ Industrial machinery manufacturing industries  
◎ Formed & fabricated material industry ◎ Restaurant business  
◎ Automobile maintenance industry  
◎ Electronics and electronic information-related industries  
◎ Building cleaning industry ◎ Fisheries ◎ Lodging industry ◎ Aviation industry

Currently working on adjusting the addition of the above 11 fields toward March 2022

#### Specified Skilled Worker (No.2)

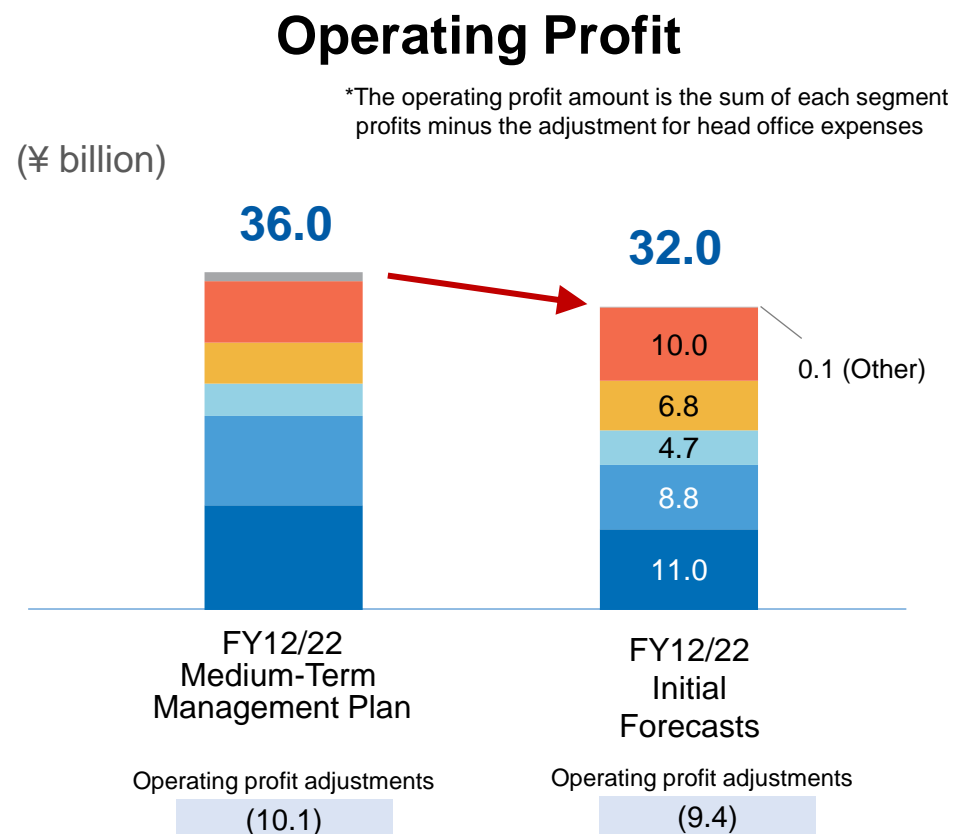
- Effectively, no period of stay
- Accompaniment by family members: Allowed

3 existing fields where long-term employment is possible  
◎ Construction industry  
◎ Shipbuilding and shipping industry  
◎ Nursing care

Upon the pandemic coming under control and accelerated deregulation, a major growth trajectory from FY12/23 onward is expected to return.

## Differences from the Medium-Term Management Plan for FY12/22

- **Comparison between the FY12/22 Initial Forecasts and the Medium-Term Management Plan in terms of operating profit**



- In FY12/22, revenue is expected to meet the original target of the medium-term management plan, but operating profit is expected to fall short of the target due to the negative impact of 4.4 billion yen from the continuing stagnation of foreign-related business from 2020 caused by the COVID-19 restrictions, and we will announce our decision on the necessity of making changes to the medium-term management plan at the financial results briefing for the 1H of FY12/22.



## Return to Shareholders



# Return to Shareholders

## Dividend forecast

	FY12/21 Dividend	FY12/22 Dividend Forecast (February 18, 2022)
Record Date	December 31, 2021	December 31, 2022
Dividend per Share	¥31.00	¥45.00
Total Amount of Dividends	¥3.9 billion	—
Dividend Payment Starting Date	March 29, 2022	—
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 FY12/21, while basic earnings per share for the period came in below the 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 ¥2, 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 February 15, 2021 is unchanged, and ¥31 is planned.

Also, regarding the year-end dividend for FY12/22, the usual 30% dividend payout ratio is maintained, and DPS is indicated at ¥45.

Please refer to pp.18-19 and Reference Materials p.29.

## **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 HR 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 HR services to** industries capable of sustainable growth in countries that are open to immigrants, or in other words, **industries with demand for human resources**.
2. **In order to level business performance, which is a prerequisite of achieving 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 ¥86.3 billion, overseas consolidated Group companies amounts to ¥63.6 billion.

(¥ hundred million)

Country name	Goodwill amount (as of the end of FY12/21)					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 Total	64	110	54	—	—	228
U.K. Total	—	—	—	74	138	212
Germany	—	—	—	—	74	74
Netherlands	—	—	—	—	51	51
Ireland	—	—	—	161	—	161
EU Total	—	—	—	161	125	286
Australia	—	—	—	92	6	98
New Zealand	—	—	—	—	2	2
Oceania Total	—	—	—	92	8	100
North America Total	—	—	—	—	23	23
Chile	—	—	—	—	5	5
Brazil	—	—	—	—	1	1
South America Total	—	—	—	—	6	6
Thailand	—	—	—	—	0	0
Vietnam	—	—	—	—	0	0
India	—	—	—	—	1	1
Malaysia	—	—	—	—	7	7
Asia (excluding Japan) Total	—	—	—	—	8	8
<b>Total</b>	<b>64</b>	<b>110</b>	<b>54</b>	<b>327</b>	<b>308</b>	<b>863</b>

\*Although Hoban in Australia falls under Overseas Manufacturing and Service Operations 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

(Risk of impairment for FY12/22)

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

**Total goodwill  
in Japan**

**¥22.8 billion**

\*Total of 39 companies including  
the following 5 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	23	Human resources business for Japanese descent for the manufacturing sector
	<p>No. of workers enrolled      Utilization rate</p> <p>No impairment loss      No impairment loss      No impairment loss      No impairment loss      ○      ○      ○      ○</p> <p>2021.1Q      2021.2Q      2021.3Q      2021.4Q      2022.1Q      2022.2Q      2022.3Q      2022.4Q</p>		
	Status	Although immigration restrictions for Japanese descent are continuing, many people are waiting to come to Japan in countries of origin, and we estimate an expansion in transport equipment-related clients in addition to our major clients of electronic parts-related clients, the risk of impairment for FY12/22 is extremely low.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Service Operations	EcoCity Group	12	Outsourced contracting business from local governments
	<p>No. of workers enrolled      Utilization rate</p> <p>No impairment loss      No impairment loss      No impairment loss      Impairment Loss ¥120 mil.      ○      ○      ○      ○</p> <p>2021.1Q      2021.2Q      2021.3Q      2021.4Q      2022.1Q      2022.2Q      2022.3Q      2022.4Q</p>		
	Status	This company mainly provides BPO services for water meter reading work and call center operations by local governments. Although the business environment is stable even in the COVID-19 pandemic, the company recorded an impairment loss of ¥120 million in 4Q FY12/21 due to the partial uncertainty over the medium-term order situation.	

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

(Risk of impairment for FY12/22)

(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 Manufacturing	S.S.Sangyo Co.Ltd.	16	Human resources business for the manufacturing sector
	Status	Transport equipment components manufacturers, which are our major clients, are experiencing production adjustments, but this is temporary, and the risk of impairment for FY12/22 is extremely low.	

The amount of goodwill for S.S.Sangyo is a provisionally calculated amount because it takes time to figure out client-related assets, etc. and the allocation of acquisition costs has not been completed.

	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
	Status	Due to construction and maintenance work for building structures and equipment of U.S. military facilities, it is posting growth unaffected by the economy, and the risk of impairment for FY12/22 is extremely low.	



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

(Risk of impairment for FY12/22)

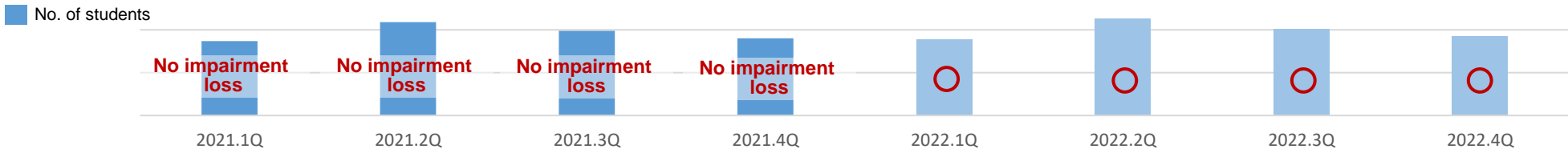
(Individual company explanations are for those with more than ¥1 billion in goodwill)

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 Manufacturing	PEO Construction Machinery Operators Training Center Co., Ltd.	16	Technical training business for construction machinery, etc.
	 <p>No. of students</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p> <p>No impairment loss</p>		
	Status	<p>Despite some impact of from the Omicron variant, such as postponement of attendance, overall demand remains high, and the risk of impairment for FY12/22 is extremely low.</p> <p>*The number of students is expected to decline from 3Q to 4Q FY12/22, but it should be no concern, as it happens every year due to seasonal factors.</p>	

The amount of goodwill for PEO Construction Machinery Operators Training Center is a provisionally calculated amount because it takes time to figure out 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: U.K.

(Risk of impairment for FY12/22)

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

**Total goodwill  
in U.K.**

**¥21.2 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.)	70	Public debt collection business
	<p>■ No. of claims</p> <p>No impairment loss</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	In the U.K., additional vaccinations are in progress with the aim of living with COVID-19, and no new regulatory measures are anticipated in the future. As the accumulated debts are being processed and the number of receivables is on the rise, the risk of impairment for FY12/22 is extremely low.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	ALLEN LANE	27	Human resources services for public sector
	<p>■ No. of operating workers</p> <p>No impairment loss</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	While the dispatching business for central and local governments is robust and those for the non-profit and education sectors are on a recovery trend, the recruiting and placing business is extremely strong. As both the dispatching and recruiting and placing business are expected to perform steadily, the risk of impairment for FY12/22 is extremely low.	

# Status of Group Companies Whose Goodwill is Recorded on OS Account: U.K.

(Risk of impairment for FY12/22)

(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	52	Various contracting business for central government
	<p>■ Order backlog</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	<p>Since the BPO business for the government is mainly on medium-to long-term contracts, a stable trend is expected to continue going forward. In addition, bids for multiple projects including large-scale projects are planned in FY12/22, and the risk of impairment is extremely low.</p>	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	VERACITY	56	Financial and business consultancy services
	<p>■ No. of operating workers</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	<p>For the consulting business for the government, although the service continued to be handled remotely, the acquisition of new projects was affected by the pandemic until 3Q FY12/21, and the impairment loss of ¥280 million was recorded in the 3Q. However, the renewal of existing contracts, large-scale projects for central government ministries and agencies were acquired in the 4Q, and recovery by expanding the number of future bidding projects is currently expected, and the risk of impairment for FY12/22 is relatively low.</p>	

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

(Risk of impairment for FY12/22)

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

**Total Goodwill  
in EU**

**¥28.6 billion**

\*Total of 3 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	74	Human resources services for the manufacturing sector (for machinery, transport equipment, medical-related field, and other fields)
	Status	For the Manufacturing Outsourcing Business, despite the impact of a shortage of some raw materials procurement, the engineering business, BPO business for call center, and master vendor business is expanding steadily, and the risk of impairment for FY12/22 is extremely low.	

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	OTTO	51	E-commerce distribution-related services
	Status	The supermarket and e-commerce business is expanding steadily under the pandemic, and the risk of impairment for FY12/22 is extremely low.	

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

(Risk of impairment for FY12/22)

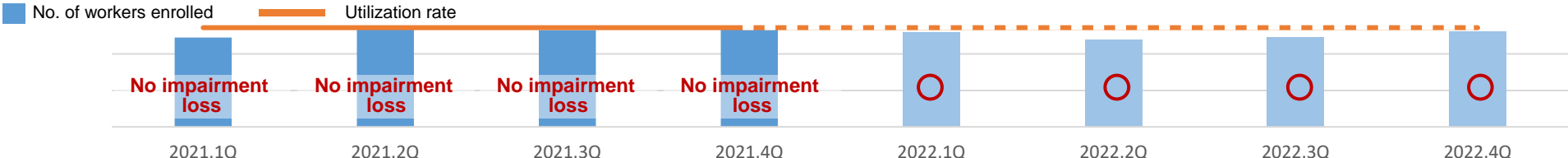
(Individual company explanations are for those with more than ¥1 billion in goodwill)

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	CPL RESOURCES	161	Engineer human resources business for the IT, pharmaceuticals, life sciences, and healthcare sectors
	 <p>■ No. of workers enrolled      — Utilization rate</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	Both the dispatching business and recruiting and placing business remain to exceed the initial forecasts significantly, due to the high demand in the healthcare sector, and strong performance in the IT, life science, and financial sectors. Special demands generated by the pandemic is expected to gradually settle down in the 1Q FY12/22 due to the progress of vaccinations and the peak out of the numbers of those infected, and the risk of impairment for FY12/22 is extremely low due to the steady performance of the main business.	

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

(Risk of impairment for FY12/22)

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

**Total Goodwill  
in Oceania**

**¥10.0 billion**

\*Total of 8 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	14	Human resources services for IT and financial fields
	<p>■ No. of operating workers</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	The recruiting and placing business will achieve more than 3 times the budget, and the dispatching business continues to be strong due to the high demand wave. Both the recruiting and placing business and dispatching business are expected to remain steady in the 1Q and the risk of impairment for FY12/22 is extremely low.	

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	PM-P	23	Consultancy for improving business processes and corporate training services
	<p>■ No. of operating workers</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	The training business, which was affected by lockdowns until 3Q FY12/21, has successfully recovered from switching to a hybrid-type with both on-line and face-to-face attendance, and the 1Q is expected to be in line with the initial forecast for the entire business, and the risk of impairment for FY12/22 is low.	

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

(Risk of impairment for FY12/22)

(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	35	Human resources services for IT, Infrastructure, and public-related fields
	<p>■ No. of operating workers</p> <p>2021.1Q 2021.2Q 2021.3Q 2021.4Q 2022.1Q 2022.2Q 2022.3Q 2022.4Q</p>		
	Status	<p>Although there are many inquiries from clients, the HR shortage continues due to the impact of the national border closures, and the deployment of the dispatching business will face challenges. However, with the resumption of recruiting activities by companies, the recruiting and placing business is particularly strong, and expected to be in line with the initial forecast going forward, and the risk of impairment for FY12/22 is extremely low.</p>	

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

(Risk of impairment for FY12/22)

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

\*Total of 3 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

**Total Goodwill  
in North America**

**¥2.3 billion**

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	Integrity Networks	14	System construction services for the IT-related field and low-voltage electrical equipment such as crime prevention security systems and network security for government agencies and military facilities in the U.S.
	<div> <div>No. of operating workers</div> </div>		
	Status	Due to the impact of the pandemic, staff procurement cost was greater than expected and put pressure on profits. However, now cost has returned to its pre-pandemic level, construction work is progressing smoothly, and the risk of impairment for FY12/22 is extremely low.	



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

(Risk of impairment for FY12/22)

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

**Total Goodwill  
in South America**

**¥0.6 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 (4 companies in total)	6	Airport and commercial facility maintenance and cleaning services, human resources services for distribution and service industry
	<p>No. of workers enrolled      Utilization rate</p> <p>2021.1Q   2021.2Q   2021.3Q   2021.4Q   2022.1Q   2022.2Q   2022.3Q   2022.4Q</p> <p>No impairment loss   No impairment loss   No impairment loss   No impairment loss</p>		
	Status	In Brazil, despite the impact of deteriorating COVID-19 conditions in some businesses, the e-commerce distribution-related business and facilities-related businesses are steadily expanding, and the risk of impairment for FY12/22 is extremely low.	

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

(Risk of impairment for FY12/22)

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

**Total Goodwill  
in Asia**

**¥0.8 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 (6 companies in total)	8	Human resources services for manufacturing sector, payroll service
	<p>No. of workers enrolled      Utilization rate</p> <p>No impairment loss      No impairment loss      No impairment loss      Impairment Loss ¥320 mil.      ○      ○      ○      ○</p> <p>2021.1Q      2021.2Q      2021.3Q      2021.4Q      2022.1Q      2022.2Q      2022.3Q      2022.4Q</p>		
	Status	We have recorded an impairment loss on the staff sending business and the human resources business in Q4 FY12/21 based on a conservative estimate of the impact of the prolonged COVID-19 pandemic. Also, we recorded an impairment loss on the payroll business in Q4 FY12/21 based on a conservative estimate of the med-term market environment. The total impairment loss in Asia was ¥320 million.	

## Note

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Due to the finalization of provisional accounting for business consolidation in FY12/20, the consolidated financial statements from FY12/20 onward have been retrospectively adjusted.

In addition, due to the occurrence of inappropriate accounting in the Group, the consolidated financial statements have been amended from the fiscal year ended December 31, 2019.

When making the amendments, those items that were not amended from the standpoint of materiality in the past fiscal years, are also amended.

# Legal Disclaimer

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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.

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