Financial Results for the Fiscal Year Ended December 31, 2022

Feb 2023

OUTSOURCING Inc.
Securities Code: 2427/TSE Prime Section

*The numbers in this document are rounded off to the nearest unit. The total numbers, increases and decreases, and ratios may not match due to rounding.

Progress in Measures to Prevent Recurrence

Separation of Supervision and Execution by Transition to a Company with a Nominating Committee, etc.

Transferred some of the authority of the Board of Directors to the Executive Officers to make the Board of Directors a monitoring board

Board of Directors

12 in total: 1 executive officer/ 10 independent outside directors (including 4 female and 1 foreign)

Delegation of authority for some of the matters to be supervised

Decision-making Function (Management)

Monitoring

Supervisory Function (Monitoring)

- Checks and balances on management operations
- Audit on management operations

Nominating, Compensation, and Audit Committee*

*The chairman of the three committees is an independent outside director

Delegation of part of the decision making

- Determination of business matters
- Decision on governance matters

Management and Executive Side

6 in total (including 1 female and 2 foreign)

Executive Authority (Operation)

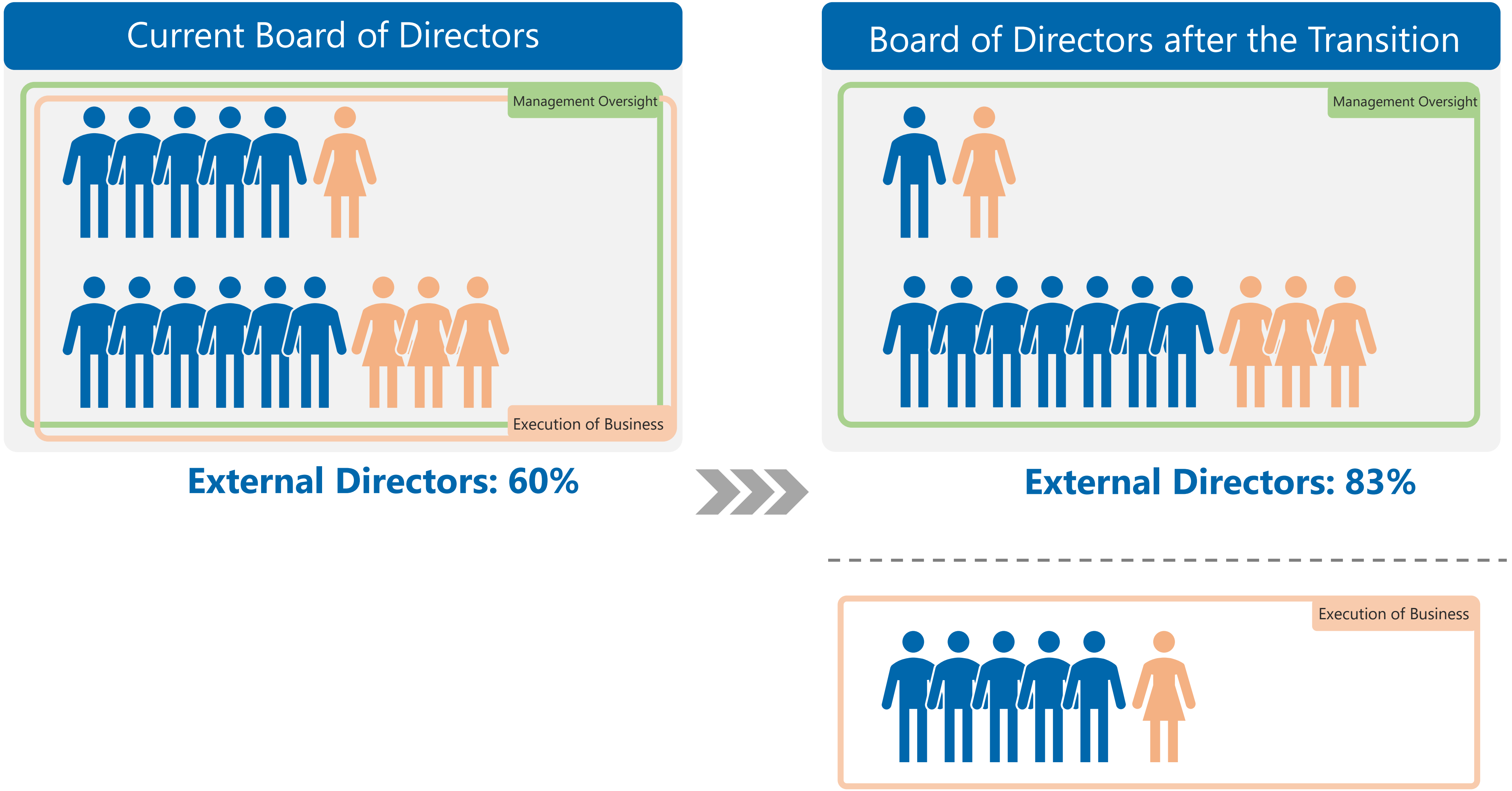
Monitoring

Image of the Company with a Nominating Committee System in Our Group

Internal Directors

External Directors

Executive Officer



Further strengthen corporate governance by separating management oversight (Board of Directors) and business execution

Our Group's Social Responsibility and Significance

Group Mission

Corporate Principles

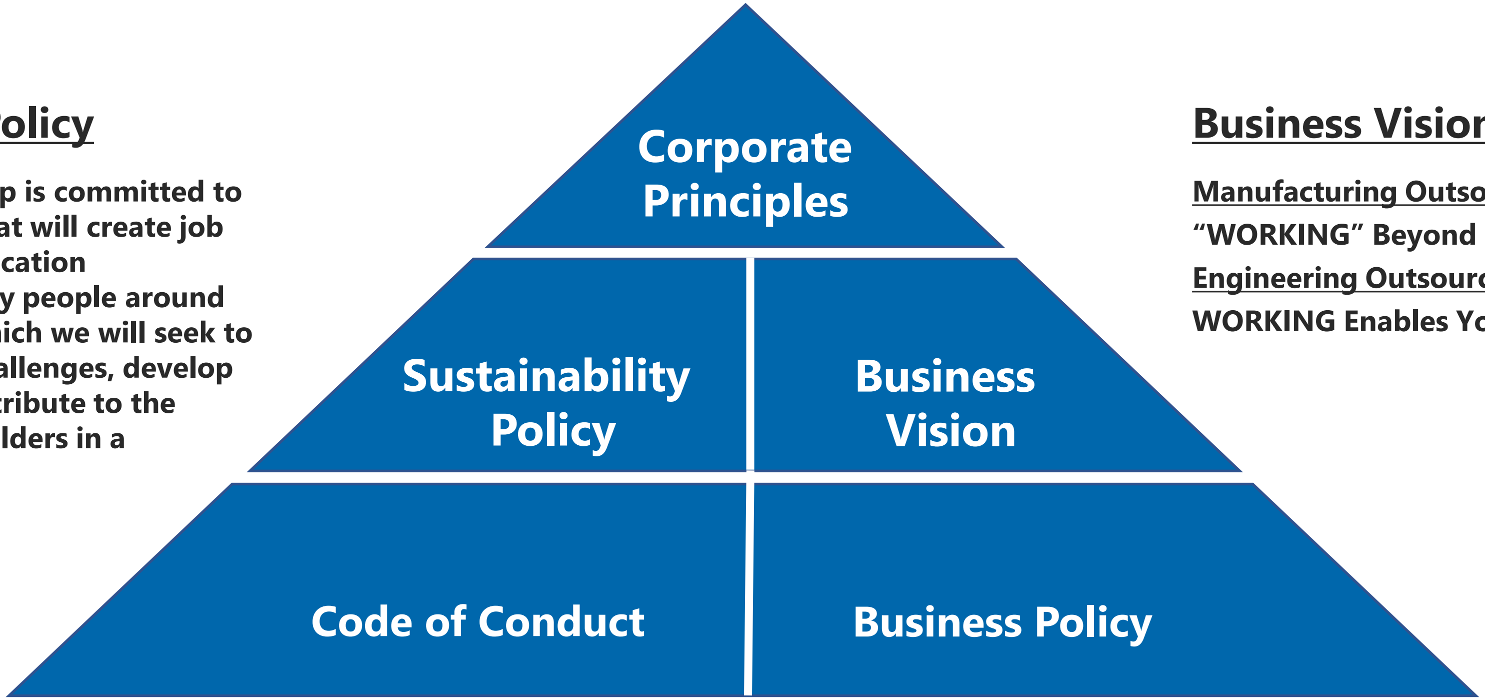
: Vision of a society to be achieved through our businesses
= Universal principles that underpin our Group's business activities for realizing our Group mission

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"

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.

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

1. Providing job opportunities

- Non-Japanese residents contribute to solving Japan's growing labor shortage. We will provide employment support to 300,000 non-Japanese residents by 2024 and 500,000 non-Japanese residents by 2030.
- Through the power of education and technology, we will successfully support the career change from labor-intensive industry worker to the specialized talent of 30,000 people by 2030.

2. Providing high-quality education

- 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

- 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

- 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

- 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.

Consolidated Financial Results Summary for FY12/22 (IFRS)

Consolidated Financial Results Summary for FY12/22 (IFRS)

Consolidated Statement of Profit and Loss

(Unit: ¥ billion)

	Quarterly Results (Oct. 1, 2022 – Dec. 31, 2022)					Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)				
	FY12/21 4Q	FY12/22 4Q	YoY	Initial Fcst. 4Q	Differences (vs. forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue	157.3	**187.5**	+ 19.2%	183.7	**+ 3.8**	569.3	**689.8**	+ 21.2%	686.0	**+ 3.8**
Gross profit	30.4	**33.3**	+ 9.4%	-	**-**	107.1	**124.5**	+ 16.3%	-	**-**
(Gross profit margin)	19.3%	**17.7%**	- 1.6pt	-	**-**	18.8%	**18.1%**	- 0.8pt	-	**-**
SG&A expenses	23.9	**28.8**	+ 20.6%	-	**-**	88.1	**107.1**	+ 21.5%	-	**-**
Operating profit	7.4	**5.7**	- 22.5%	5.7	**+ 0.0**	23.9	**22.0**	- 8.1%	22.0	**- 0.0**
(Operating profit margin)	4.7%	**3.0%**	- 1.6pt	3.1%	**- 0.1pt**	4.2%	**3.2%**	- 1.0pt	3.2%	**- 0.0pt**
Profit before tax	0.9	**4.8**	+ 445.7%	-	**-**	11.7	**17.0**	+ 45.0%	17.0	**+ 0.0**
Profit	- 2.6	**3.8**	-	-	**-**	2.0	**10.0**	+ 393.9%	9.0	**+ 1.0**
Profit attributable to owners of parent	- 2.8	**4.0**	-	-	**-**	0.7	**10.2**	-	9.0	**+ 1.2**

General Comment

In the fiscal year under review, the Group's business was heavily impacted by supply chain disruptions and inflation, particularly by the prolonged shortage of semiconductors. However, the engineering industry has been relatively steady, and there are many industries that are performing well in various industries, and we regret not being able to adopt a thorough recovery strategy.

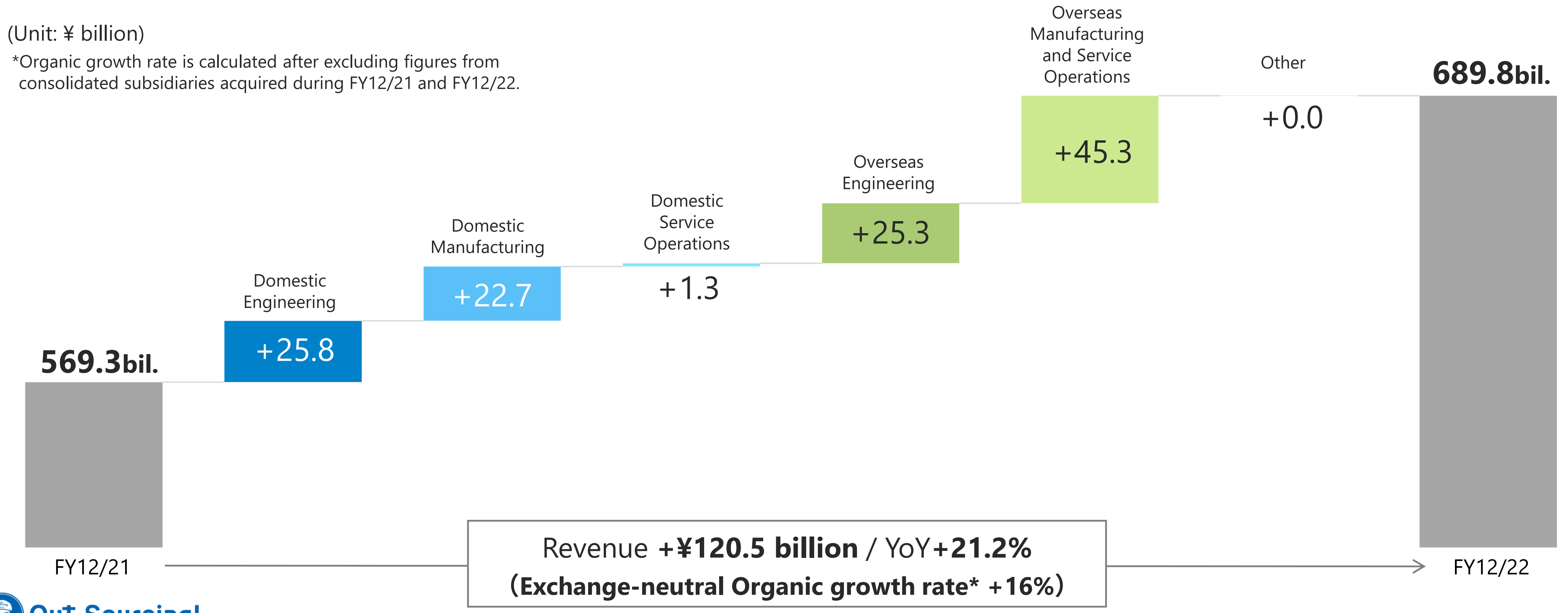
In the fiscal year under review, measures to prevent recurrence were announced, and if compliance were maintained, the figures would have a warm second-order atmosphere. However, by making clear of the difference between the pressures on the figures and the stringency of the power harassment as well as each person's sense of responsibility and pressure regarding figures, in addition to building a system in which the person in charge of each business executes a flexible strategy according to the business environment on their own responsibility, we intend to achieve medium-to long-term growth in the future.

Analysis of Changes in Revenue

- Consolidated revenue **grew significantly by more than 20% YoY** as a result of business expansion in all segments.
- **Organic growth rate**, excluding the impact of foreign exchange rate fluctuations, **was +16%**, representing steady growth in existing businesses despite increasing uncertainty in the business environment.
- Through global strategies and efforts to standardize business performance, we have **created a system that enables sustainable organic growth**.

(Unit: ¥ billion)

*Organic growth rate is calculated after excluding figures from consolidated subsidiaries acquired during FY12/21 and FY12/22.

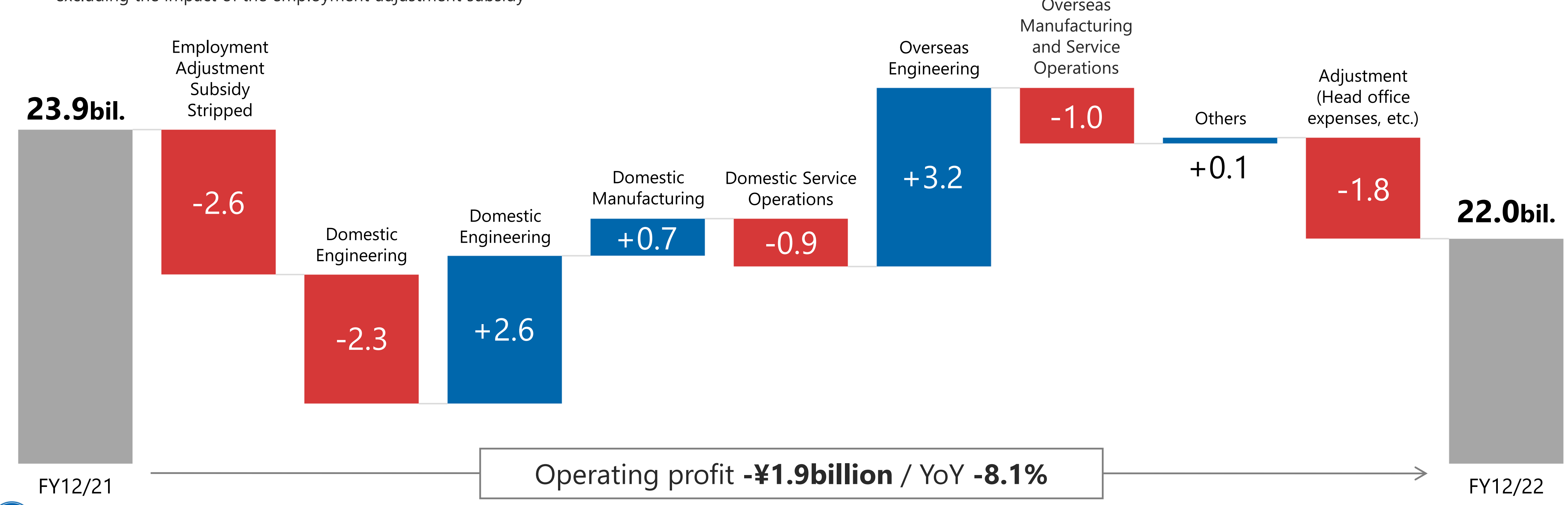


Analysis of Changes in Operating Profit

- Taking advantage of the strong demand for utilizing engineers, the domestic and overseas engineering segment **achieved double-digit growth YoY** in operating profit.
- On the other hand, the domestic and overseas manufacturing and service operations segments saw a **decrease in profits due to the prolonged shortage of semiconductors and supply chain disruptions**.
- In addition to the above, consolidated operating profit **fell -8.1% YoY** due to the absence of employment adjustment subsidies and impairment losses.

(Unit: ¥ billion)

*Each segment profit is compared with FY12/21 after excluding the impact of the employment adjustment subsidy



Analysis of Changes in Profit Attributable to Owners of Parent

- As the OTTO Group became a wholly-owned subsidiary, one-time financing expenses related to put options were reduced, and **profit for the year increased significantly**.
- The above will contribute to an increase in profits and the **creation of further group synergies** in line with the elimination of conflicts.
- Financing expenses related to put options and impairment losses on goodwill, etc. are not included in the tax calculation and are factors that push up income tax expense.

(Unit: ¥ billion)

	FY12/21 Full-year	FY12/22 Full-year	YoY Changes (Amount)	Main reasons
Operating profit	23.9	22.0	- 1.9	
Finance income	1.4	0.6	- 0.7	
Finance costs	13.7	5.7	- 8.0	
Financial costs related to put options	11.1	2.5	- 8.6	Finance costs through early purchase of remaining shares of the OTTO Group in the Netherlands, etc.
Profit before tax	11.7	17.0	+ 5.3	
Income tax expense	9.7	7.0	- 2.7	
Profit	2.0	10.0	+ 8.0	
Profit attributable to owners of parent	0.7	10.3	+ 9.6	

Consolidated Statement of Financial Position

(Unit: ¥ billion)

	FY12/21 (Dec. 31, 2021)	FY12/22 (Dec. 31, 2022)	YoY Changes (Amount)	Main reasons
Total assets	351.9	399.4	+ 47.5	
Current assets	167.2	193.8	+ 26.6	
Cash and cash equivalents	48.3	53.2	+ 4.9	
Trade and other receivables	88.1	104.7	+ 16.6	Increased due to the growing numbers of group companies and expansion of business scale
Non-current assets	184.7	205.6	+ 20.9	
Goodwill	83.7	95.4	+ 11.7	Increased due to purchase of shares through M&A and currency translation differences due to current exchange rate (yen depreciation) (+¥4.4 bil.)
Current liabilities	212.5	178.5	- 34.0	Reclassification of a portion of borrowings from current to non-current
Non-current liabilities	67.0	137.1	+ 70.1	Same as above and increased due to borrowing of business funds
Equity	72.5	83.8	+ 11.4	
Equity ratio	18.7%	19.9%	+ 1.2pt	
Interest-bearing liabilities	151.6	188.8	+ 37.2	Increased due to borrowing of business funds

Consolidated Financial Results Summary for FY12/22 (IFRS)

Consolidated Statement of Cash Flows

(Unit: ¥ billion)

	FY12/21 (Dec. 1, 2021 - Dec. 31, 2021)	FY12/22 (Dec. 1, 2022 - Dec. 31, 2022)	YoY Changes (Amount)	Main reasons
Profit before tax	11.7	17.0	+ 5.3	
Depreciation and amortization	15.4	17.2	+ 1.8	
Decrease (increase) in trade and other receivables	(10.8)	(5.9)	+ 4.9	
Increase (decrease) in trade and other payables	10.1	5.7	- 4.4	
Cash flows from operating activities	28.9	26.7	- 2.2	Reflected changes in quarterly profit before tax and operating receivables and payables
Payments for purchase of business	(36.5)	(13.0)	+ 23.4	Reflected purchase of shares through M&A
Cash flows from investing activities	**(38.4)**	(17.5)	+ 20.8	
Increase (decrease) in borrowings	(10.2)	26.3	+ 36.5	Increased due to borrowing of business funds
Dividends paid	(1.3)	(3.9)	- 2.6	
Cash flows from financing activities	**(26.0)**	(6.0)	+ 20.0	
Cash and cash equivalents at end of period	**48.3**	53.2	+ 4.9	

Overview for Each Operating Segment

Overview for Each Operating Segment

KPI and Financial Results

(¥ billion)		FY12/21 Actual							FY12/22 Actual							Differences
		1Q	2Q	3Q	4Q	1H	2H	Full-Year	1Q	2Q	3Q	4Q	1H	2H	Full-Year	
Domestic Engineering Outsourcing Business	Revenue	27.6	30.0	31.8	34.4	57.6	66.2	123.8	34.2	36.7	37.5	41.1	71.0	78.6	149.6	25.8
	Operating profit	2.2	2.3	2.6	2.8	4.5	5.4	9.9	2.9	2.5	2.7	2.2	5.4	5.0	10.4	0.5
	Recruiting expenses	-	-	-	-	-	-	-	1.1	1.2	1.3	1.2	2.3	2.5	4.8	-
	No. of worksite employees at term-end	18,249	20,829	21,163	21,622	20,829	21,622	21,622	22,085	24,571	24,662	24,713	24,571	24,713	24,713	3,091
	Utilization Rate	95.7%	90.8%	95.7%	97.3%	93.1%	96.5%	94.9%	96.6%	93.0%	95.7%	96.5%	94.7%	96.1%	95.4%	0.5%
Domestic Manufacturing Outsourcing Business	Revenue	23.0	24.5	25.1	27.1	47.5	52.2	99.7	27.0	30.7	31.6	33.1	57.7	64.7	122.4	22.7
	Operating profit	1.7	1.8	1.5	2.2	3.5	3.7	7.2	1.5	1.5	1.4	2.8	3.0	4.2	7.2	(0.0)
	Recruiting expenses	-	-	-	-	-	-	-	0.9	1.0	0.8	0.7	1.9	1.5	3.2	-
	No. of worksite employees at term-end	18,614	20,126	21,341	21,443	20,126	21,443	21,443	21,506	27,000	26,831	26,529	27,000	26,529	26,529	5,086
	No. of workers under outsourced administration at term-end	21,942	21,607	21,076	20,004	21,607	20,004	20,004	18,510	18,660	19,300	19,045	18,660	19,045	19,045	(959)
Domestic Service Operations Outsourcing Business	Revenue	7.0	7.2	7.3	7.7	14.2	15.0	29.2	8.4	7.0	7.5	7.7	15.4	15.1	30.5	1.3
	Operating profit	1.3	1.0	1.1	0.6	2.4	1.7	4.0	1.1	0.8	0.5	0.8	1.9	1.3	3.2	(0.9)
	No. of worksite employees at term-end	2,444	2,567	3,074	3,349	2,567	3,349	3,349	3,868	3,344	3,517	4,098	3,344	4,098	4,098	749
	Order backlog at term-end (¥ billion)	25.8	27.3	29.9	29.8	27.3	29.8	29.8	27.5	30.5	35.6	44.3	30.5	44.3	44.3	14.5
Overseas Engineering Outsourcing Business	Revenue	26.4	36.2	38.0	39.3	62.5	77.3	139.8	36.7	40.7	43.2	44.6	77.4	87.7	165.1	25.3
	Operating profit	1.0	1.5	0.5	1.4	2.6	2.0	4.6	1.7	2.1	2.2	2.0	3.8	4.2	8.0	3.4
	No. of worksite employees at term-end	13,393	14,726	14,642	14,881	14,726	14,881	14,881	13,976	13,970	13,045	13,224	13,970	13,224	13,224	(1,657)
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	39.9	42.9	45.3	48.7	82.8	93.9	176.8	48.9	54.7	57.4	60.9	103.6	118.4	222.0	45.3
	Operating profit	1.4	1.5	1.3	2.5	2.9	3.8	6.7	0.7	0.9	1.2	0.6	1.6	1.8	3.4	(3.3)
	No. of worksite employees at term-end	48,383	49,441	50,669	51,229	49,441	51,229	51,229	51,455	50,080	53,776	51,138	50,080	51,138	51,138	(91)
Other Business	Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
	Operating profit	(0.0)	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.0	0.1	0.2	0.1	0.3	0.1
	No. of worksite employees at term-end	0	0	0	0	0	0	0	14	21	28	32	21	32	32	32
Adjustments	Operating profit	(2.5)	(1.9)	(2.0)	(2.2)	(4.3)	(4.3)	(8.6)	(2.1)	(2.9)	(2.6)	(2.8)	(5.0)	(5.4)	(10.4)	(1.8)
Total	Revenue	123.8	140.8	147.4	157.3	264.6	304.7	569.3	155.3	169.8	177.2	187.5	325.1	364.6	689.8	120.5
	Operating profit	5.2	6.4	5.0	7.4	11.5	12.4	23.9	6.0	5.0	5.4	5.7	10.9	11.1	22.0	(1.9)

*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion) *2: Inter-segment transactions in revenue are eliminated.

Overview for Each Operating Segment

Domestic Engineering Outsourcing Business

- Engineer needs remained high in all business fields, and the utilization rate for the full year increased, resulting in **increased revenue and profits** YoY.
- **Operating profit fell short of the plan** as a result of booking an allowance for loss on orders due to delays in deliveries of consigned development materials caused by supply chain disruptions.
- Due to intensifying competition for recruitment of engineers, the **number of recruits fell short of the plan**, but exceeded the previous year (See P.48).

		Quarterly Results (Oct. 1, 2022 - Dec. 31, 2022)						Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)					
		FY12/21 4Q	FY12/22 4Q	YoY	Initial Forecasts 4Q	Revised Forecasts 4Q	Differences (vs. Revised Forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Forecasts Full-year	Revised Forecasts Full-year	Differences (vs. Revised Forecasts)
Revenue	(¥ billion)	34.4	**41.1**	+ 19.7%	42.8	39.0	**+ 2.1**	123.8	**149.6**	+ 20.8%	154.0	147.5	**+ 2.1**
Operating profit	(¥ billion)	2.8	**2.2**	- 19.9%	5.0	2.9	**- 0.6**	9.9	**10.4**	+ 5.1%	11.0	11.0	**- 0.6**
Operating profit margin	(%)	8.1%	**5.4%**	- 2.7pt	11.7%	7.3%	**- 1.9pt**	8.0%	**6.9%**	- 1.0pt	7.1%	7.5%	**- 0.5pt**
No. of worksite employees at term-end	(persons)	21,622	**24,713**	+ 14.3%	26,700	24,800	**- 87**	21,622	**24,713**	+ 14.3%	26,700	24,800	**- 87**
Utilization rate	(%)	97.3%	**96.5%**	- 0.8pt	97.4%	96.5%	**+ 0.0pt**	94.9%	**95.4%**	+ 0.5pt	95.2%	95.4%	**+ 0.0pt**

Domestic Engineering Outsourcing Business – Financial Results by Industry

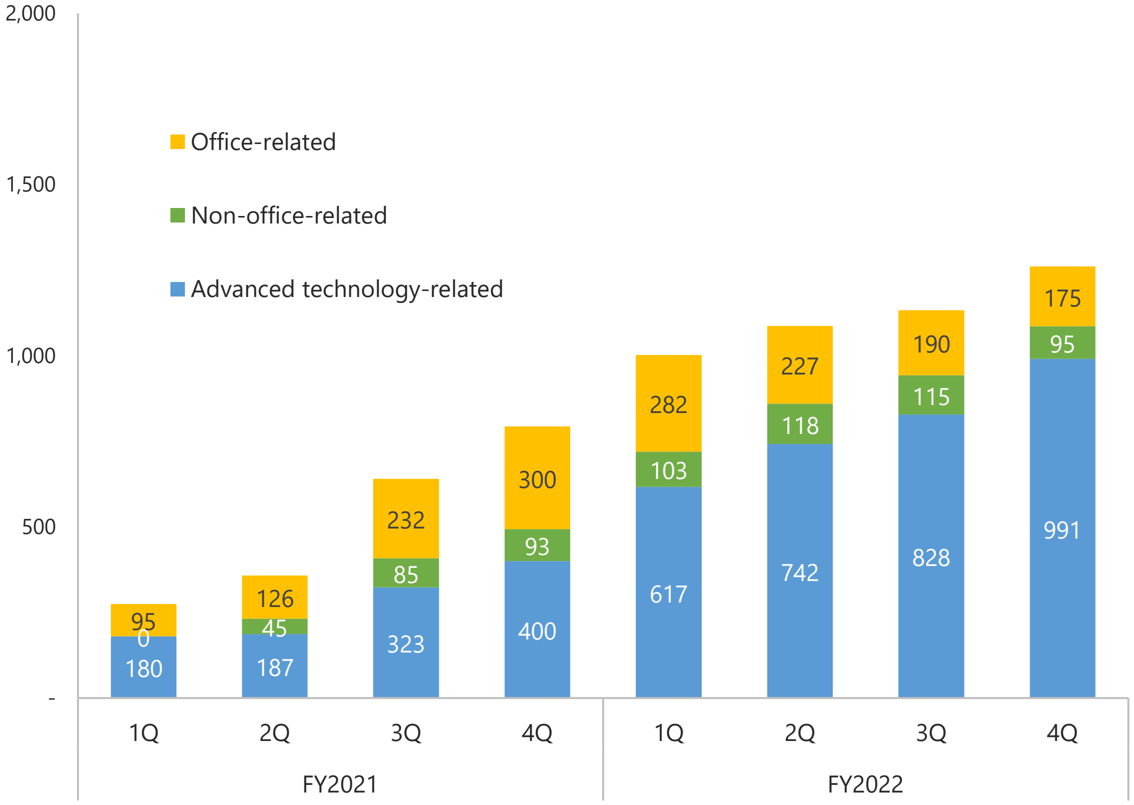
Industry	Revenue for FY12/22	Overview for FY12/22	Future Outlook
IT-related	**¥49.8bil.** (YoY + 24.3%)	• Demand remained strong due to a shortage of IT human resources in various layers and rising DX needs.	• Demand for advanced technology is expanding along with market expansion.
Transport Equipment	**¥27.0bil.** (YoY + 10.8%)	• The R&D area is less susceptible to production adjustments, and the order environment continues to be strong.	• The order environment is expected to remain firm.
Electrical & Electronics	**¥24.2bil.** (YoY + 21.2%)	• Although demand for PC and home appliances seems to be slowing down, the order environment continues to be favorable.	• As the semiconductor industry enters a phase of inventory adjustments, demand may soften from the next fiscal year onward.
Construction & Plant-related	**¥21.7bil.** (YoY + 21.9%)	• The order environment remained favorable as a result of a growing sense of labor shortage accompanying the decline in the construction labor population.	• The order environment is expected to remain favorable. • There are concerns about securing personnel, due to a labor shortage.
Pharm. & Chemicals	**¥13.0bil.** (YoY + 23.0%)	• Orders of R&D projects, which had been suspended or postponed due to the spread of COVID-19, remained firm.	• Demand for human resources is expected to remain firm going forward.
Total **Segment Overall**	**¥149.6bil.** (YoY + 20.8%)	• Engineer needs are generally firm in all industries and demand is firm.	• The business environment is expected to remain favorable, and the utilization rate is also expected to remain at a high level. • The recruitment environment is expected to continue to be difficult for the time being.

Overview for Each Operating Segment

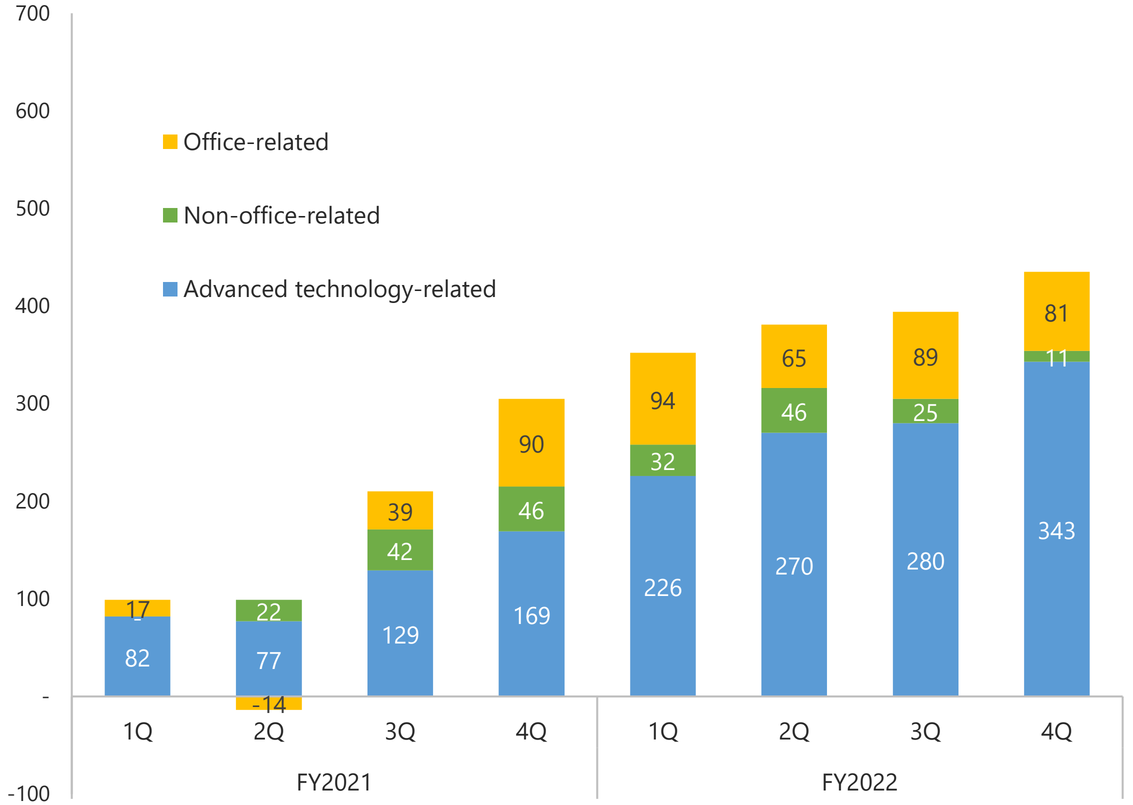
Domestic Engineering Outsourcing Business – Overview of Dispatch 2.0

- Unlike originally anticipated in the office-related field, the demand for RPA peaked in 4Q FY12/21 and was on a downward trend.
- At the end of FY12/22, the number of dispatch 2.0 operations was 808 (-252 from the plan).
- Going forward, the Company will **deepen its efforts to cultivate and produce leading-edge engineers** through alliances, in response to increasing demand not only in RPA but also in the field of advanced technology.

Net sales (¥ million)



Gross profit (¥ million)



Domestic Manufacturing Outsourcing Business

- Despite achieving the revised forecasts, **both revenue and operating profit fell short of the full year initial forecasts**, due to the significant impact of automobile production adjustments.
- **Operating income in 4Q exceeded the revised forecast** due to **higher-than-expected automobile and electric equipment manufacturing** and increased operations.
- Going forward, the Company plans to capture demand associated with the recovery in production of its mainstay automobile-related products, while at the same time **focusing on strong industries such as the semiconductor-related field**.

		Quarterly Results (Oct. 1, 2022 - Dec. 31, 2022)						Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)					
		FY12/21 4Q	FY12/22 4Q	YoY	Initial Forecasts 4Q	Revised Forecasts 4Q	Differences (vs. Revised Forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Forecasts Full-year	Revised Forecasts Full-year	Differences (vs. Revised Forecasts)
Revenue	(¥ billion)	27.1	**33.1**	+ 22.0%	36.7	31.7	**1.4**	99.7	**122.4**	+ 22.8%	130.5	121.0	**+ 1.4**
Operating profit	(¥ billion)	2.2	**2.8**	+ 28.2%	3.1	1.6	**1.3**	7.2	**7.2**	- 0.1%	8.8	5.9	**+ 1.3**
Operating profit margin	(%)	8.1%	**8.5%**	+ 0.4pt	8.4%	4.9%	**+ 3.6pt**	7.2%	**5.8%**	- 1.3pt	6.7%	4.9%	**+ 1.0pt**
No. of worksite employees at term-end	(persons)	21,443	**26,529**	+ 23.7%	26,500	27,000	**- 471**	21,443	**26,529**	+ 23.7%	26,500	27,000	**- 471**
No. of workers under outsourced administration at term-end	(persons)	20,004	**19,045**	- 4.8%	20,000	19,000	**+ 45**	20,004	**19,045**	- 4.8%	20,000	19,000	**+ 45**

Domestic Manufacturing Outsourcing Business – Financial Results by Industry

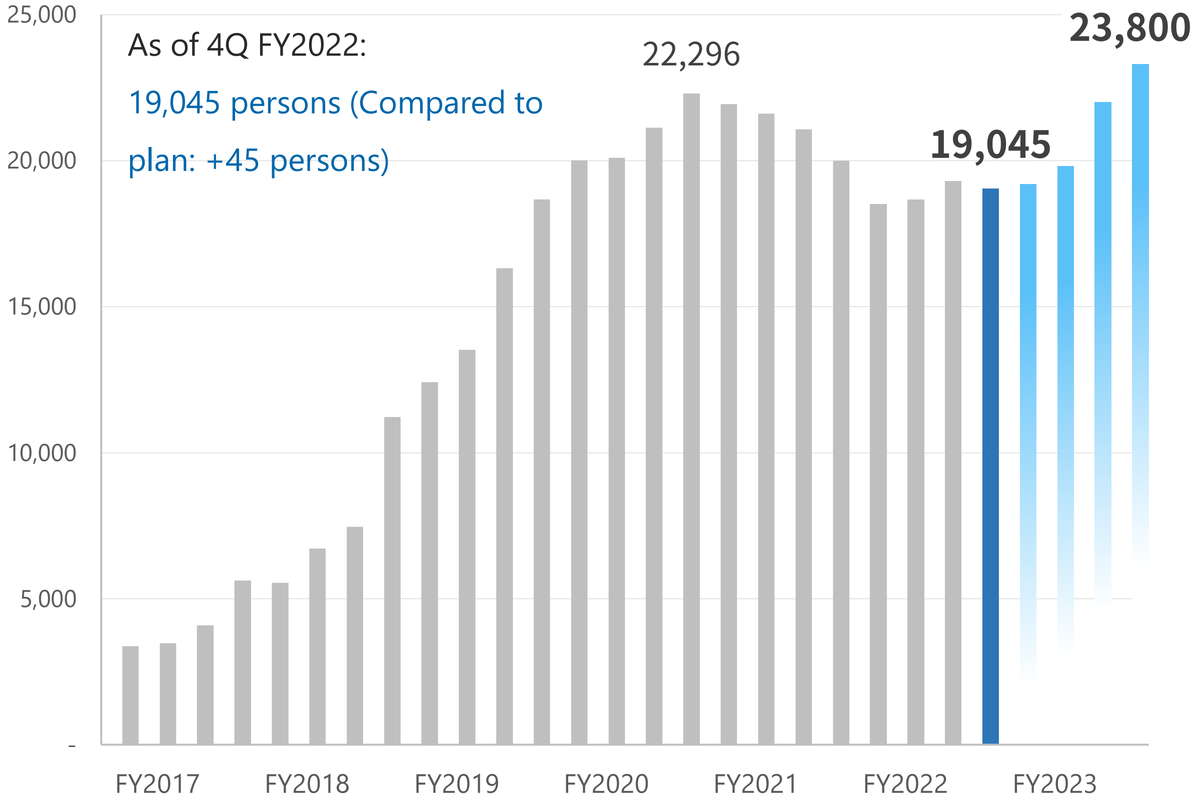
Industry	Revenue for FY12/22	Overview for FY12/22	Future Outlook
Transport Equipment	**¥47.8bil.** (YoY + 12.2%)	• Prolonged automobile production adjustments due to semiconductor shortages and supply chain disruptions hit the blow.	• Automobile production is expected to recover from the second half of 2023 due to the domestic shift of semiconductor suppliers.
Electrical & Electronics	**¥32.2bil.** (YoY + 3.6%)	• With the demand for remote work at its full cycle, demand for PC-related equipment seems to be slowing down. • Order environment is favorable due to strong demand for semiconductors manufacturing equipment.	• Demand is expected to expand due to active moves to establish new domestic factories for semiconductor production equipment. • Increase in orders received as inventory adjustment of electronic components is completed.
Pharm. & Chemicals	**¥6.2bil.** (YoY + 2.9%)	• Demand for medical equipment has been growing at a moderate pace, recovering from the impacts of COVID-19.	• Demand for human resources is expected to remain firm going forward.
Metals & Construction Materials	**¥6.5bil.** (YoY + 37.3%)	• In response to the easing of immigration restrictions, the Company steadily obtained orders as the use of Technical Intern Trainees progressed.	• Demand for human resources is expected to remain firm going forward.
Foods	**¥3.9bil.** (YoY + 10.1%)	• Demand for human resources from food manufacturers, including frozen food manufacturers, is strong, and orders have remained steady.	• As the restaurant industry is expected to recover, demand for human resources from the food industry is expected to remain firm going forward.
Total **Segment Overall**	**¥122.4bil.** (YoY + 22.8%)	• The impact of the prolonged automobile production adjustment was significant, and both revenue and operating profit fell short of the initial forecasts.	• Operating margin is expected to improve from the second half of 2023 in line with the recovery in production in the mainstay transportation equipment-related business.

Overview for Each Operating Segment

Domestic Manufacturing Outsourcing Business – Management Business of Foreign Technical Intern Trainees

- In response to the gradual relaxation of immigration restrictions, the number of workers under outsourced administration bottomed out in FY12/22 and **is expected to enter an upward trend from 2023 onward.**
- Due to the completion of the special exemption (June 2022) for the extension of stay for those who have had difficulty returning to their country due to COVID-19, the impact of the increase in the number of people returning home is expected to remain for the time being.
- The Company will **work to improve the soundness of the market as a market leader**, such as by eliminating the debt labor problem of foreign workers and improving the working/ living environment.

No. of workers under outsourced administration at term-end (persons)



Initiatives to improve the working and living environment of migrant workers

- ORJ, which provides support for the acceptance of Technical Intern Trainees, participated in "Japan Platform for Migrant Workers towards a Responsible and Inclusive Society" in November 2020.
- In order to grow sustainably, the Company believes that the soundness of the market is indispensable, and is participating in this platform and advancing initiatives.

Overview for Each Operating Segment

Domestic Service Operations Outsourcing Business

- In the mainstay business for U.S. military facilities, profit margins declined due to **delays in construction**, as a result of delays in material procurement, **soaring material prices, and the impact of the depreciation of the yen.**
- **Demand** for the U.S. military facilities business **is strong, the order backlog is at a record high**, and the potential for medium-to long-term business growth is assessed as unwavering.
- In addition, the **tourism-related business (hotel, airlines, etc.) will recover** on the back of an increase in inbound demand due to the convergence of COVID-19 and travel support.

		Quarterly Results (Oct. 1, 2022 - Dec. 31, 2022)					Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)					
		FY12/21 4Q	FY12/22 4Q	YoY	Initial Forecasts 4Q	Revised Forecasts 4Q	Differences (vs. Revised Forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Forecasts Full-year	Revised Forecasts Full-year	Differences (vs. Revised Forecasts)
Revenue	(¥ billion)	7.7	**7.7**	- 0.9%	9.8	8.6	**- 1.0**	29.2	**30.5**	+ 4.6%	36.0	31.5	**- 1.0**
Operating profit	(¥ billion)	0.6	**0.8**	+ 32.1%	1.3	0.6	**+ 0.2**	4.0	**3.2**	- 22.0%	4.7	3.0	**+ 0.2**
Operating profit margin	(%)	7.5%	**10.0%**	+ 2.5pt	13.3%	7.0%	**+ 2.9pt**	13.8%	**10.3%**	- 3.5pt	13.1%	9.5%	**+ 0.8pt**
No. of worksite employees at term-end	(persons)	3,349	**4,098**	+ 22.4%	4,000	3,600	**+ 498**	3,349	**4,098**	+ 22.4%	4,000	3,600	**+ 498**
Order backlog at term-end	(¥ billion)	29.8	**44.3**	+ 48.7%	-	-	**-**	29.8	**44.3**	+ 48.7%	-	-	**-**

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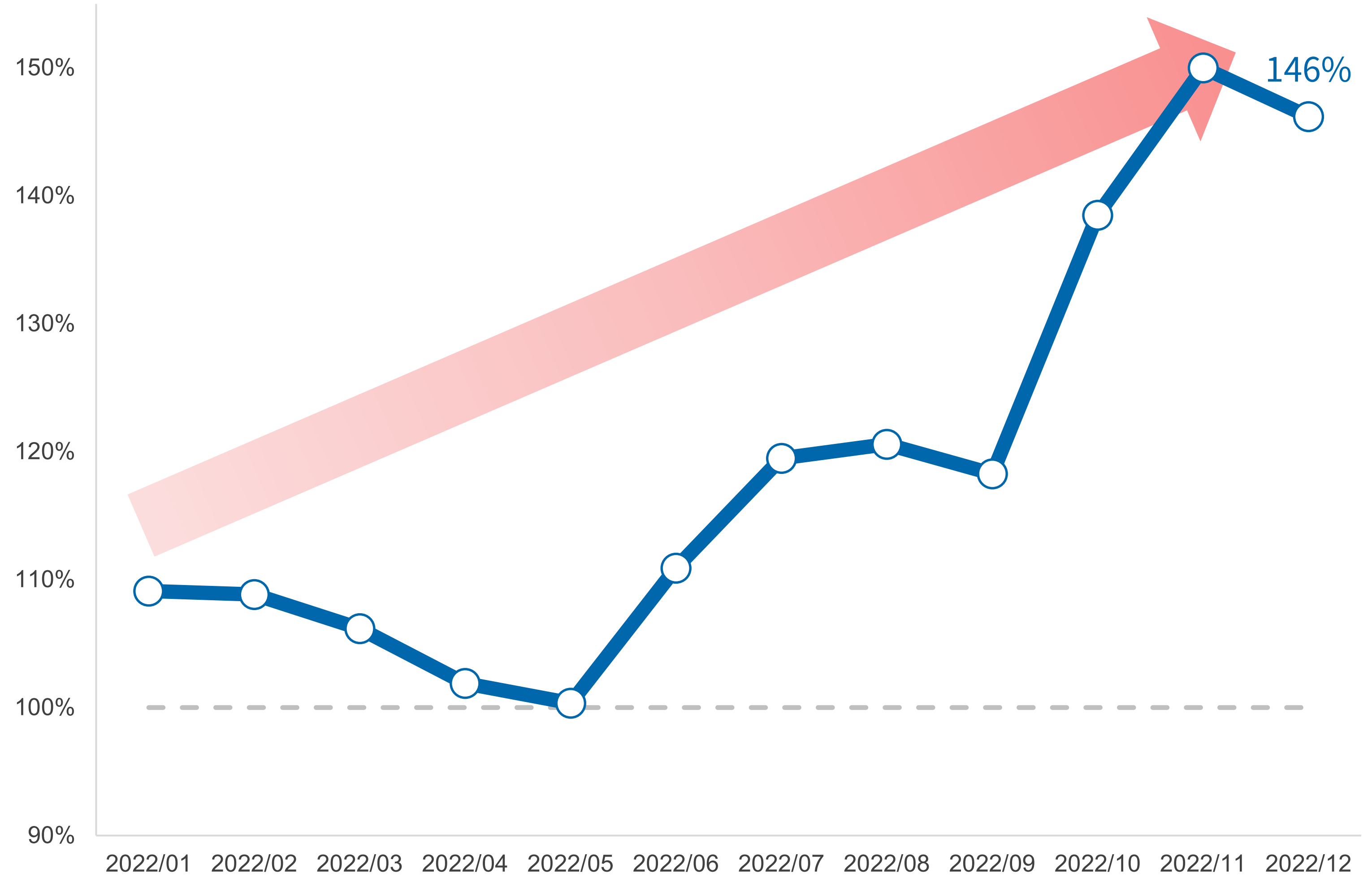
Domestic Service Operations Outsourcing Business - Outlook for the U.S. Military Facilities Business

U.S. Military Facilities Business - YoY Change in Order Backlog (%)



Order backlog increased year-on-year for 12 consecutive months

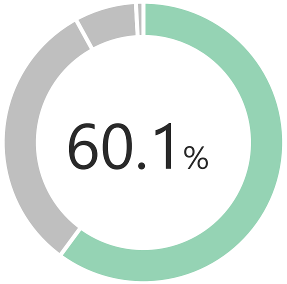
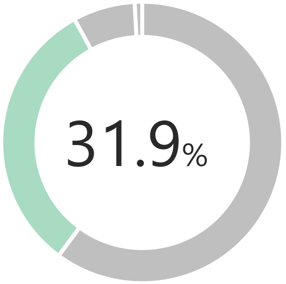
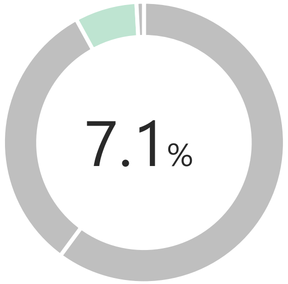
Overview for Each Operating Segment

Overseas Engineering Outsourcing Business

- Revenue and operating profit both exceeded the revised forecasts, driven by **strong performance in Ireland and Oceania** throughout the year.
- The operating profit margin grew significantly due to the **strong performance of the highly profitable placement and recruiting business**, in line with the resumption of economic activities in each country.
- In the U.K. debt collection business, the business environment is on a recovery trend compared to the previous fiscal year, which was affected by the COVID-19, and **both revenue and profits increased significantly**.

		Quarterly Results (Oct. 1, 2022 - Dec. 31, 2022)					Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)				
		FY12/21 4Q	FY12/22 4Q	YoY	Initial Forecasts 4Q	Revised Forecasts 4Q	Differences (vs. Revised Forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Forecasts Full-year	Revised Forecasts Full-year	Differences (vs. Revised Forecasts)
Revenue	(¥ billion)	39.3	**44.6**	+ 13.5%	38.9	41.6	**+ 2.9**	139.8	**165.1**	+ 18.1%	151.0	162.2	**+ 2.9**
Operating profit	(¥ billion)	1.4	**2.0**	+ 37.4%	2.0	1.7	**+ 0.2**	4.6	**8.0**	+ 75.3%	6.8	7.8	**+ 0.2**
Operating profit margin	(%)	3.6%	**4.4%**	+ 0.8pt	5.1%	4.1%	**+ 0.3pt**	3.3%	**4.8%**	+ 1.6pt	4.5%	4.8%	**+ 0.1pt**
No. of worksite employees at term-end	(person)	14,881	**13,224**	- 11.1%	12,650	12,800	**+ 424**	14,881	**13,224**	- 11.1%	12,650	12,800	**+ 424**
No. of freelancers	(person)	1,377	**1,915**	+ 39.1%	2,491	1,900	**+ 15**	1,377	**1,915**	+ 39.1%	2,491	1,900	**+ 15**

Overseas Engineering Outsourcing Business – Overview by Country/Region

	Ireland	Oceania	U.K.
Sales composition ratio	 60.1%	 31.9%	 7.1%
Business summary	Providing HR services to major companies in the IT, healthcare, and pharmaceuticals industries, centered on CPL Group.	Providing a wide range of HR services centered on outsourced contracting and HR services in the ICT field for the governmental and financial industries.	Developing AI-based debt collection agency services for uncollected public debts.
Overview for FY12/22	• Demand remained favorable on the whole, particularly in the recruiting and placing business, which was favorable due to special demand, as economic activities resumed. • The dispatching business for financial, healthcare, and pharmaceutical remained strong.	• In the wake of the convergence of COVID-19 and the easing of immigration restrictions, the demand for referrals remained favorable due to a tendency toward a shortage of job seekers. • In the government and financial industries, orders for the dispatching industry expanded.	• Although some delays remain in the debt issuance, the volume of receivables (numbers) is on a recovery trend. • Compared with the previous fiscal year, which was affected by factors such as lockdowns, revenue and profits increased significantly.
Future outlook	• Demand for referrals following the resumption of economic activities is expected to run its course, but due to recession concerns, demand for dispatched employees is expected to increase. • The scheme established in Ireland and the U.K. will be expanded to neighboring countries to expand the business scope.	• Demand for referrals following the resumption of economic activities is expected to run its course, but due to recession concerns, demand for dispatched employees is expected to increase. • Part of the impact is expected due to the new administration's policy of reducing dispatched workers.	• Further cost increases are expected in response to the persistently high inflation rate and upward pressure on wages. • Depending on the economic conditions of the debtor due to the recession, there is also a risk that the collection of the debt itself may not be possible.

Overview for Each Operating Segment

Overseas Manufacturing and Service Operations Outsourcing Business

- The services-related business segment of OTTO Group in the Netherlands was driven by its **mainstay dispatching business for logistics, and demand was firm**.
- Both revenue and profit **fell short of forecasts due to the significant impact of supply constraints** in the manufacturing business **for semiconductors and other products**.
- **The operating profit margin fell far short of the forecast** as a result of the poor performance of the manufacturing-related business and the goodwill impairment loss.

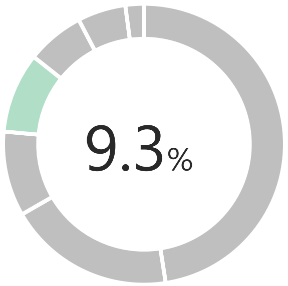
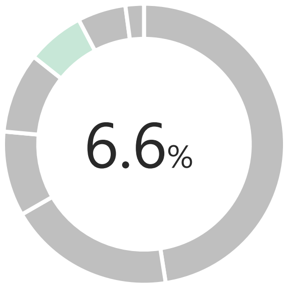
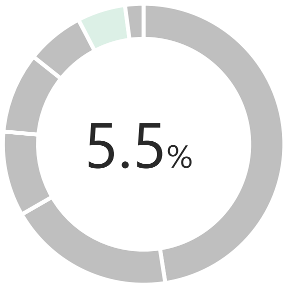
	Quarterly Results (Oct. 1, 2022 - Dec. 31, 2022)						Cumulative Results (Jan. 1, 2022 - Dec. 31, 2022)					
	FY12/21 4Q	FY12/22 4Q	YoY	Initial Forecasts 4Q	Revised Forecasts 4Q	Differences (vs. Revised Forecasts)	FY12/21 Full-year	FY12/22 Full-year	YoY	Initial Forecasts Full-year	Revised Forecasts Full-year	Differences (vs. Revised Forecasts)
Revenue (¥ billion)	48.7	**60.9**	+ 25.2%	61.8	62.7	**- 1.8**	176.8	**222.0**	+ 25.6%	223.5	223.8	**- 1.8**
Operating profit (¥ billion)	2.5	**0.6**	- 75.6%	3.5	1.9	**- 1.3**	6.7	**3.4**	- 49.2%	10.0	4.7	**- 1.3**
Operating profit margin (%)	5.2%	**1.0%**	- 4.2pt	5.7%	3.0%	**- 2.0pt**	3.8%	**1.5%**	- 2.2pt	4.5%	2.1%	**- 0.6pt**
No. of worksite employees at term-end (person)	51,229	**51,138**	- 0.2%	62,550	62,550	**- 11,412**	51,229	**51,138**	- 0.2%	62,550	62,550	**- 11,412**

Overview for Each Operating Segment

Overseas Manufacturing and Service Operations Outsourcing Business – Overview by Country/Region

	Netherlands	Germany	U.K.
Sales composition ratio	47.5%	19.1%	9.8%
Business summary	Development of dispatching business for e-commerce-related logistics operations at major supermarkets centered on the OTTO Group.	Deployment of manufacturing dispatch to the machinery, aviation, and pharmaceutical industries, etc. centered on Orizon Group.	Development of dispatching, recruiting and placing and BPO business, etc. mainly for the central and local governments in the U.K.
Overview for FY12/22	• The mainstay dispatching business for logistics was strong, and the size of the business expanded compared to the previous fiscal year. • This was largely due to the cost of measures to deal with COVID-19 in 1Q and the cost increase caused by the soaring housing prices for dispatched employees.	• Mainstay manufacturing dispatch was hit by automobile production adjustment due to parts shortage and the impact of high raw material and fuel prices. • Dispatching for the pharmaceutical industries remained strong.	• The government was forced to cope with soaring energy prices, and in the government-oriented business, impairment losses were recorded due to lower demand and higher costs due to inflation. • Increased wages due to accelerated inflation squeezed profits.
Future outlook	• The mainstay dispatching business for logistics is expected to perform strongly and promote HR mobilization from Asia for the domestic medical field in the Netherlands. • The worsening situation in Ukraine and concerns about recession due to inflation require close attention.	• Despite concerns about rising raw material and fuel prices, the Company expects a moderate recovery in its mainstay automotive manufacturing. • Going forward, the Company will continue to approach favorable business domains, led by dispatching personnel to the aviation and pharmaceutical industries	• Acquired large projects such as subsidies benefit operations in BPO business for local governments. • Going forward, the Company aims to expand horizontally to other local governments and catch up with business performance.

Overseas Manufacturing and Service Operations Outsourcing Business – Overview by Country/Region

	Oceania	South America	Asia
Sales composition ratio	 9.3%	 6.6%	 5.5%
Business summary	Development of the dispatching and recruiting and placing business mainly for white-collar human resources for Australian governments and the private sector.	Development of facilities businesses of dispatching, cleaning, security, etc. for the distribution and retail businesses in Chile and Brazil.	Development of HR services business, payroll business, and staff sending business in Southeast Asian countries.
Overview for FY12/22	• A decline in foreign workers in the COVID-19 pandemic has resulted in a tightening of the labor market and a tendency for a shortage of job seekers. • The recruiting and placing business and office dispatching were particularly strong.	• The overall facility business performed well, and it fell short of the plan due to the impact of some conservative cost treatment at a group company in Chile in 2Q.	• In the staff sending business, orders increased due to the resumption of entry of Technical Intern Trainees in Japan. • The payroll business recorded impairment losses in 4Q due to the impact of the postponement of development from a major client.
Future outlook	• The recruiting and placing business is expected to slow down due to recession concerns, but demand for the dispatching is expected to increase. • Although there are concerns about a temporary increase in costs against the backdrop of inflation and wage increases, the Company will gradually proceed to pass on the price.	• Demand is expected to remain firm going forward, centered on the mainstay facility business. • Some concerns over cost increases due to wage upward pressure by the leftist regime.	• The staff sending business expects to receive an increase in orders over the medium- to long-term as the resumption of entry of Technical Intern Trainees. • In the payroll business, the Company will try to regain momentum by acquiring new projects and making progress on existing projects.

FY12/23 Business Environment/ Business Plan

Consolidated Statement of Profit and Loss

Unit: ¥ billion

	FY12/22 Results				FY12/23 Forecasts				YoY Changes	
	1H	2H	Full-year	Composition Ratio	1H	2H	Full-year	Composition Ratio	Amount	Ratio
Revenue	**325.1**	**364.6**	**689.8**	**100.0%**	**366.0**	**404.0**	**770.0**	**100.0%**	**80.2**	**11.6%**
Gross profit	59.0	65.5	124.5	18.1%	-	-	-	-	-	-
(Gross profit margin)	18.1%	18.0%	18.1%	-	-	-	-	-	-	-
SG&A expenses	50.8	56.2	107.1	15.5%	-	-	-	-	-	-
Operating profit	**10.9**	**11.1**	**22.0**	**3.2%**	**10.5**	**20.0**	**30.5**	**4.0%**	**8.5**	**38.7%**
(Operating profit margin)	3.4%	3.0%	3.2%	-	2.9%	5.0%	4.0%	-	-	-
Finance income	0.8	0.1	0.6	0.1%	-	-	-	-	-	-
Finance costs	4.1	1.9	5.7	0.8%	-	-	-	-	-	-
Profit before tax	**7.6**	**9.4**	**17.0**	**2.5%**	**9.5**	**18.0**	**27.5**	**3.6%**	**10.5**	**61.5%**
Profit	**3.9**	**6.1**	**10.0**	**1.4%**	**6.5**	**12.0**	**18.5**	**2.4%**	**8.5**	**85.7%**
Profit attributable to owners of parent	**3.9**	**6.3**	**10.2**	**1.5%**	**6.0**	**12.0**	**18.0**	**2.3%**	**7.8**	**76.4%**

Consolidated Financial Forecasts and Business Plan

Consolidated Financial Results

Unit: ¥ billion	2022	2023	YoY
Revenue	689.8	770.0	+11.6%
Operating profit	22.0	30.5	+38.7%
Operating profit margin	3.2%	4.0%	+0.8pt

- Double-digit organic growth in sales
- Shift to improved profitability and profit growth Operating income margin 4.0%
- Impairment loss on goodwill, etc. (-¥3.67 billion) and other one-time expenses are expected to dissipate, resulting in a significant increase in profits

Domestic Services Operations

Unit: ¥ billion	2022	2023	YoY
Revenue	30.5	37.0	+21.2%
Operating profit	3.2	3.5	+10.9%
Operating profit margin	10.3%	9.5%	-0.9pt

- In the U.S. military facilities business, double-digit sales growth is planned, underpinned by a record-high order backlog of ¥44.3 billion
- Delay in the delivery of materials is continuing/ deteriorating, but the impact is expected to be reduced by early ordering
- Demand for the tourism-related field (hotels, airlines, etc.) is expected to increase
- Impairment loss on goodwill, etc. (-¥150 million)

Domestic Engineering

Unit: ¥ billion	2022	2023	YoY
Revenue	149.6	169.5	+13.3%
Operating profit	10.4	13.0	+25.3%
Operating profit margin	6.9%	7.7%	+0.7pt

- The company plans to hire 7,400 full-year employees, including 1,900 new graduates, and increase the number of non-full-year employees by 8.4% to 26,800
- Demand is strong and the occupancy rate remains at a high level (95.4%)
- Developing advanced technology human resources through alliances
- Loss on impairment of fixed assets (-¥420 million) and elimination of one-time expenses

Overseas Engineering

Unit: ¥ billion	2022	2023	YoY
Revenue	165.1	173.0	+4.8%
Operating profit	8.0	8.5	+6.6%
Operating profit margin	4.8%	4.9%	+0.1pt

- Demand in the recruiting and placing business, which had been strong following the resumption of economic activities, has run its course, and the dispatching business is expected to expand in the fiscal year under review
- In the Ireland business, the Company is targeting double-digit earnings growth. For example, it will expand its shares in the peripheral countries (the U.K. and DACH regions)
- In the U.K.'s debt collection business, a certain level of risk is involved in collection depending on the economic conditions of the borrower

Domestic Manufacturing

Unit: ¥ billion	2022	2023	YoY
Revenue	122.4	137.5	+12.3%
Operating profit	7.2	8.5	+18.7%
Operating profit margin	5.8%	6.2%	+0.3pt

- Automobile production has remained at a certain level since the end of 2022
- High growth is expected by capturing demand related to electronic components, where inventory adjustments are completed, and strong semiconductor-related demand
- Significant increase in profit due to share expansion and impairment loss on goodwill, etc. (-¥660 million)
- The number of entrusted managers increased by 25% due to the easing of restrictions on immigration.

Overseas Manufacturing/ Service Operations

Unit: ¥ billion	2022	2023	YoY
Revenue	222.0	253.0	+14.0%
Operating profit	3.4	8.5	+151.3%
Operating profit margin	1.5%	3.4%	+1.8pt

- The logistics business in the Netherlands remained solid, and the manufacturing business in Germany is expected to achieve double-digit sales growth due to a gradual recovery
- Significant profit increase is expected due to organic growth and impairment loss and removal of one-time expenses (total-¥3.07 billion)
- Promote mobility of human resources from Asia for the pharmaceutical industry

Out-Sourcing! Inc.

KPI and Financial Results for Consolidated Business Plan

(¥ billion)		FY12/22 Actual							FY12/23 Forecasts							Differences
		1Q	2Q	3Q	4Q	1H	2H	Full-Year	1Q	2Q	3Q	4Q	1H	2H	Full-Year	
Domestic Engineering Outsourcing Business	Revenue	34.2	36.7	37.5	41.1	71.0	78.6	149.6	39.0	42.5	43.0	45.0	81.5	88.0	169.5	19.9
	Operating profit	2.9	2.5	2.7	2.2	5.4	5.0	10.4	2.9	2.1	2.8	5.2	5.0	8.0	13.0	2.6
	Recruiting expenses	1.1	1.2	1.3	1.2	2.3	2.5	4.8	1.2	1.5	1.5	0.9	2.7	2.5	5.2	0.4
	No. of worksite employees at term-end	22,085	24,571	24,662	24,713	24,571	24,713	24,713	24,900	26,900	27,100	26,800	26,900	26,800	26,800	2,087
	Utilization Rate	96.6%	93.0%	95.7%	96.5%	94.7%	96.1%	95.4%	96.2%	92.8%	95.9%	96.8%	94.4%	96.4%	95.4%	0.0%
Domestic Manufacturing Outsourcing Business	Revenue	27.0	30.7	31.6	33.1	57.7	64.7	122.4	29.5	33.5	36.0	38.5	63.0	74.5	137.5	15.1
	Operating profit	1.5	1.5	1.4	2.8	3.0	4.2	7.2	0.7	1.7	2.6	3.5	2.4	6.1	8.5	1.3
	Recruiting expenses	0.9	1.0	0.8	0.7	1.9	1.5	3.2	1.0	1.0	0.9	1.0	2.0	1.9	3.9	0.7
	No. of worksite employees at term-end	21,506	27,000	26,831	26,529	27,000	26,529	26,529	26,200	27,500	28,300	29,100	27,500	29,100	29,100	2,571
	No. of workers under outsourced administration at term-end	18,510	18,660	19,300	19,045	18,660	19,045	19,045	19,200	19,800	22,000	23,800	19,800	23,800	23,800	4,755
Domestic Service Operations Outsourcing Business	Revenue	8.4	7.0	7.5	7.7	15.4	15.1	30.5	8.5	9.0	9.5	10.0	17.5	19.5	37.0	6.5
	Operating profit	1.1	0.8	0.5	0.8	1.9	1.3	3.2	0.9	1.1	0.8	0.7	2.0	1.5	3.5	0.3
	No. of worksite employees at term-end	3,868	3,344	3,517	4,098	3,344	4,098	4,098	3,600	3,900	4,200	5,700	3,900	5,700	5,700	1,602
	Order backlog at term-end (¥ billion)	27.5	30.5	35.6	44.3	30.5	44.3	44.3	-	-	-	-	-	-	-	-
Overseas Engineering Outsourcing Business	Revenue	36.7	40.7	43.2	44.6	77.4	87.7	165.1	41.0	43.5	44.5	44.0	84.5	88.5	173.0	7.9
	Operating profit	1.7	2.1	2.2	2.0	3.8	4.2	8.0	1.8	2.0	2.3	2.4	3.8	4.7	8.5	0.5
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	48.9	54.7	57.4	60.9	103.6	118.4	222.0	58.0	61.5	65.0	68.5	119.5	133.5	253.0	31.0
	Operating profit	0.7	0.9	1.2	0.6	1.6	1.8	3.4	1.5	1.5	2.9	2.6	3.0	5.5	8.5	5.1
Other Business	Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)
	Operating profit	0.1	0.1	0.0	0.1	0.2	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)
	No. of worksite employees at term-end	14	21	28	32	21	32	32	30	30	30	30	30	30	30	(2)
Adjustments	Operating profit	(2.1)	(2.9)	(2.6)	(2.8)	(5.0)	(5.4)	(10.4)	(2.8)	(2.9)	(2.9)	(2.9)	(5.7)	(5.8)	(11.5)	(1.1)
Total	Revenue	155.3	169.8	177.2	187.5	325.1	364.6	689.8	176.0	190.0	198.0	206.0	366.0	404.0	770.0	80.2
	Operating profit	6.0	5.0	5.4	5.7	10.9	11.1	22.0	5.0	5.5	8.5	11.5	10.5	20.0	30.5	8.5

*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion) *2: Inter-segment transactions in revenue are eliminated.

*3 The number of worksite employees at term-end in the overseas segment is widely deployed in Europe, Oceania, South America, Asia, and elsewhere.
In addition, we will refrain from disclosing the number of worksite employees (planned figures) from FY2023, as the unit price by business and country also differs and there is low correlation between performance and the number of employees.

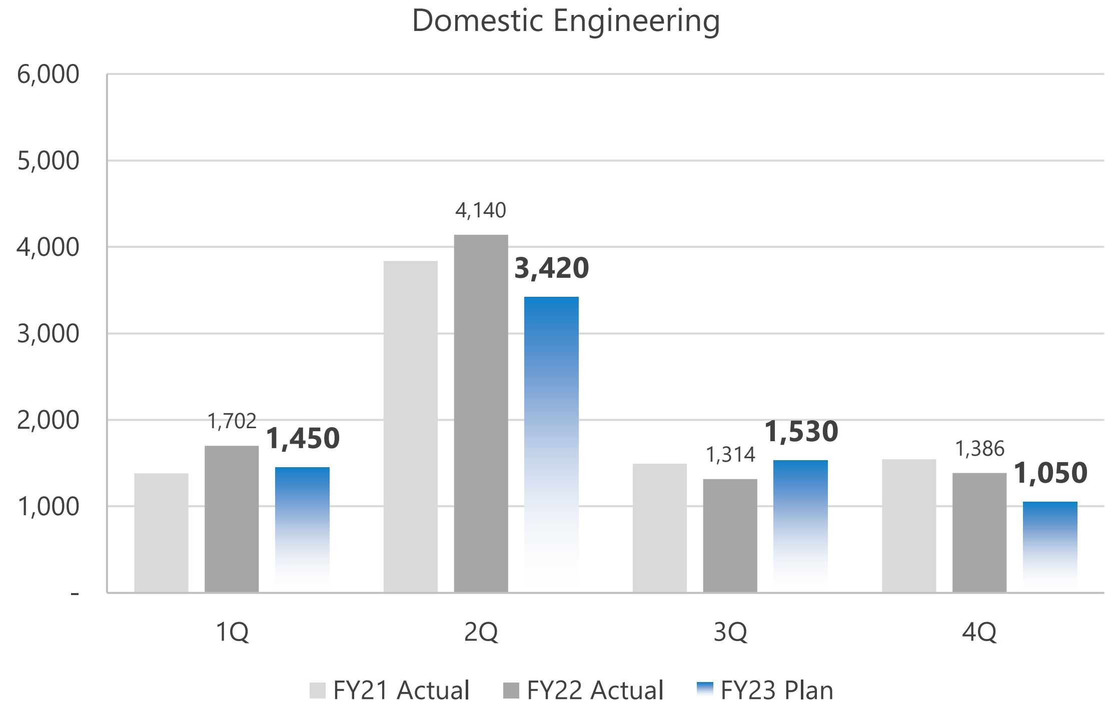
FY12/23 Business Environment/ Business Plan

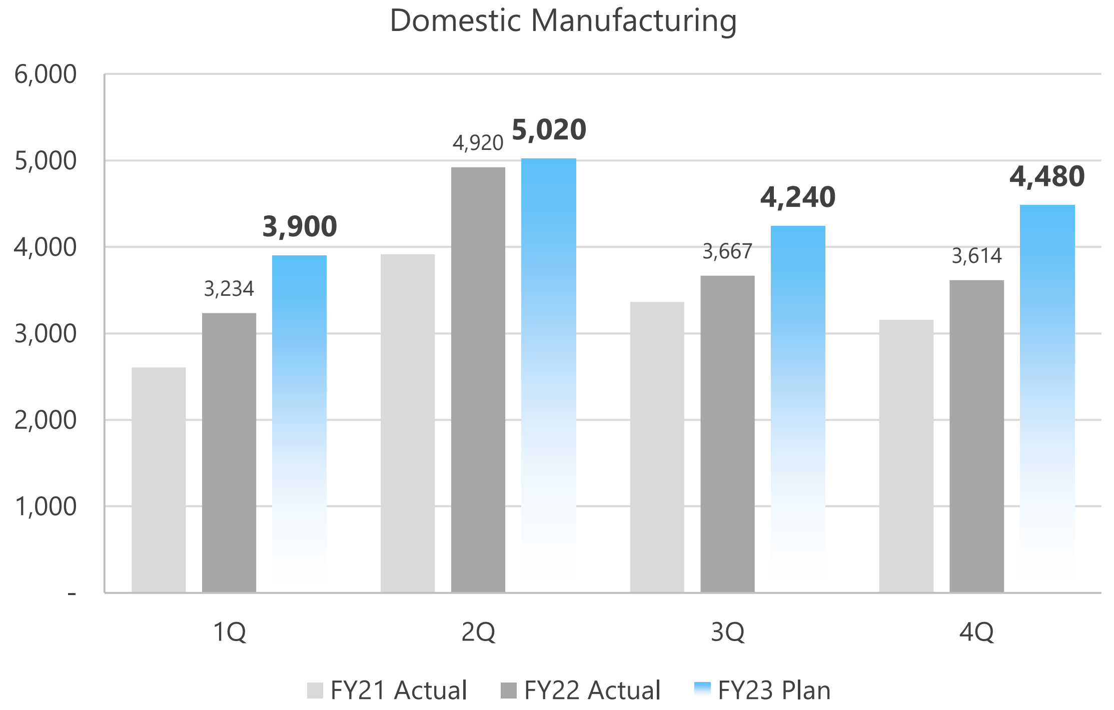
Domestic Recruitment Plan

Unit: persons

	FY12/23 Plan							YoY Changes	
	1Q	2Q	3Q	4Q	1H	2H	Full-year	Amount	Ratio
Domestic Engineering	1,450	3,420	1,530	1,050	4,870	2,580	7,450	- 1,092	-12.8%
Domestic Manufacturing	3,900	5,020	4,240	4,480	8,920	8,720	17,640	+ 2,205	+14.3%

*Number of new graduates recruited in Domestic Engineering: approx. 2,600 persons in 2022, approx. 1,900 persons in 2023





Out-Sourcing! Inc.

Return to Shareholders

Return to Shareholders

Dividend Forecast

	FY12/22 Dividend	FY12/23 Dividend Forecast (February 14, 2023)
Record Date	December 31, 2022	December 31, 2023
Dividend per Share	¥25.00	¥43.00
Total Amount of Dividends	¥3.1 billion	—
Dividend Payment Starting Date	March 29, 2023	—
Source of Dividends	Retained earnings	—

The Group recognizes that rewarding its shareholders is one of the important managerial issues. Since its listing on the JASDAQ market in 2004, the Group has introduced a dividend policy based on a consolidated dividend payout ratio to clarify it puts a high value on the shareholders and to ensure dividend amounts are linked to business performance.

The Group sets its consolidated dividend payout ratio at 30%, in principle, for the purpose of enhancing the return of profits to shareholders and expanding the shareholder base, while reinvesting part of its profits to expand businesses.

For the fiscal year ended December 31, 2022, in light of the dividend payout ratio policy, dividend payment of 25.00 yen per share, up 3.0 yen compared to the previous forecast, is planned because basic earnings per share exceeded the previous forecast released on November 14, 2022.

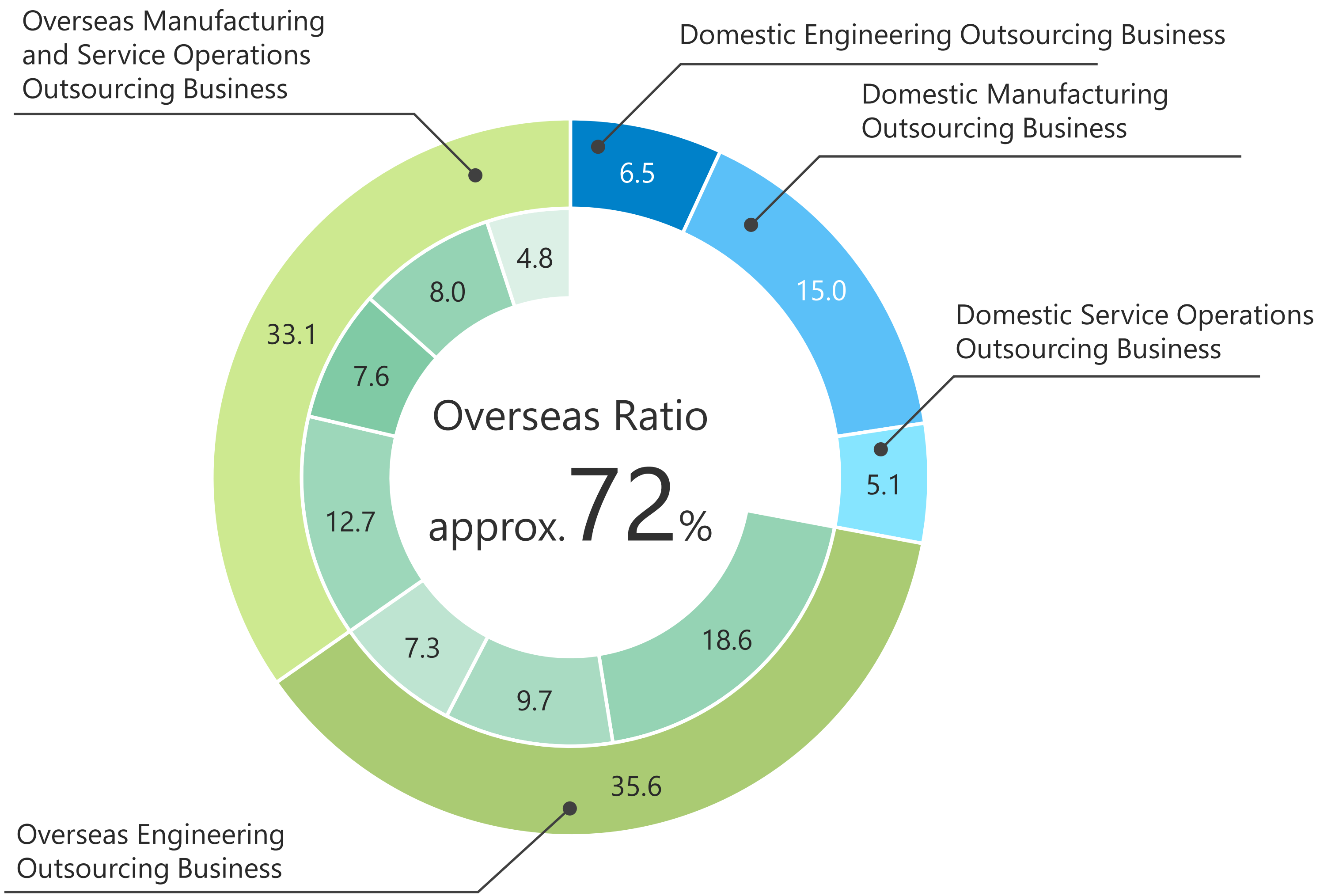
For the fiscal year ending December 31, 2023, the annual dividend per share is expected to be **43.00 per share, up 18.00 yen per share**, in accordance with the existing dividend payout ratio of 30%.

Out-Sourcing! Inc.

Reference Data

Reference Data

(Reference) List of Goodwill Balance By Segment (as of the end of 2022)



*HOBAN of Australia belongs to the Overseas Manufacturing and Service Operations Outsourcing Business, but since its goodwill group is recognized as OUTSOURCING OCEANIA (CLICKS, INDEX, HOBAN, OUTSOURCING OCEANIA), it cannot be placed independently, and is therefore temporarily included in Overseas Engineering Outsourcing Business.

Unit: ¥ billion

Segments and countries/regions	Goodwill balance
Domestic Engineering	6.5
Domestic Manufacturing	15.0
Domestic Service Operations	5.1
Overseas Engineering	35.6
Ireland	18.6
Oceania	9.7
UK	7.3
Others	0.0
Overseas Manufacturing and Service Operations	33.1
UK	12.7
Netherlands	7.6
Germany	8.0
Others	4.8
Consolidated goodwill balance	95.4

(Reference) List of Impairment Losses by Segment
(Including impairment losses on goodwill)

Unit: ¥ billion

Segment	2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q	FY2021	FY2022
Domestic Engineering Outsourcing Business	-	-	-	0.26	-	-	0.41	0.01	0.26	0.42
Domestic Manufacturing Outsourcing Business	-	-	-	0.09	-	-	0.66	0.00	0.09	0.66
Domestic Service Operations Outsourcing Business	-	-	-	0.12	-	-	0.15	-	0.12	0.15
Overseas Engineering Outsourcing Business	-	-	0.17	0.13	-	-	-	-	0.30	-
Overseas Manufacturing and Service Operations Outsourcing Business	-	-	0.29	0.32	0.52	0.33	0.74	0.85 *1	0.61	2.44
Consolidated Total	-	-	0.45	0.92	0.52	0.33	1.96	0.86	1.37	3.67

Factors that caused impairment losses in each segment in each quarter

*1 SL: ¥0.16 billion

Due to some assets being expensed in 2Q of FY2022 and the future plan being updated conservatively

OS HRS: ¥0.69 billion

Due to the cancellation of the development project for payroll engine software

Reference Data

(Reference) Quarterly Consolidated Financial Results

FY12/22

Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Revenue	155.3	100.0	+ 25.5	169.8	100.0	+ 20.6	177.2	100.0	+ 20.2	187.5	100.0	+ 19.2
Gross profit	28.5	18.4	+ 20.2	30.5	18.0	+ 16.2	32.2	18.2	+ 20.6	33.3	17.7	+ 9.4
SG&A expenses	24.0	15.5	+ 18.5	26.8	15.8	+ 25.1	27.4	15.5	+ 21.7	28.8	15.4	+ 20.6
Operating profit	6.0	3.8	+ 15.4	5.0	2.9	- 22.3	5.4	3.0	+ 6.9	5.7	3.0	- 22.5
Profit before tax	3.9	2.5	- 31.3	3.7	2.2	- 27.4	4.6	2.6	-	4.8	2.5	+ 445.7
Profit attributable to owners of parent	1.6	1.0	- 48.6	2.3	1.4	- 9.0	2.3	1.3	- 211.2	4.0	2.1	- 239.4

FY12/21

Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Revenue	123.8	100.0	+ 38.2	140.8	100.0	+ 69.8	147.4	100.0	+ 64.0	157.3	100.0	+ 53.1
Gross profit	23.7	19.2	+ 34.2	26.2	18.6	+ 88.9	26.7	18.1	+ 43.7	30.4	19.3	+ 50.3
SG&A expenses	20.3	16.4	+ 33.6	21.4	15.2	+ 54.0	22.5	15.3	+ 52.0	23.9	15.2	+ 44.6
Operating profit	5.2	4.2	+ 50.8	6.4	4.5	+ 522.7	5.0	3.4	+ 2.8	7.4	4.7	+ 86.5
Profit before tax	5.7	4.6	+ 143.2	5.1	3.6	+ 547.5	0.0	0.0	- 99.1	0.9	0.6	- 16.7
Profit attributable to owners of parent	3.1	2.5	+ 133.7	2.6	1.8	-	-2.1	-1.4	-	-2.8	-1.8	-

Reference Data

(Reference) Revenue by Region

FY12/22

Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	69.7	44.9	+ 21.0	74.4	43.8	+ 20.5	76.6	43.2	+ 19.3	81.9	43.7	+ 18.3
Europe	62.9	40.5	+ 29.4	68.5	40.3	+ 17.9	72.6	41.0	+ 21.0	76.8	40.9	+ 20.7
Oceania	15.2	9.8	+ 24.4	18.6	11.0	+ 24.0	19.5	11.0	+ 22.3	19.9	10.6	+ 20.1
North America	1.1	0.7	-	1.2	0.7	+ 225.2	1.4	0.8	- 5.0	1.1	0.6	- 4.6
South America	3.6	2.3	+ 37.2	3.7	2.2	+ 24.5	3.6	2.0	+ 11.8	3.9	2.1	+ 10.6
Asia (excl. Japan)	2.8	1.8	+ 1.9	3.4	2.0	+ 30.2	3.5	2.0	+ 32.3	3.8	2.1	+ 23.4
Total	155.3	100.0	+ 25.5	169.8	100.0	+ 20.6	177.2	100.0	+ 20.2	187.5	100.0	+ 19.2

FY12/21

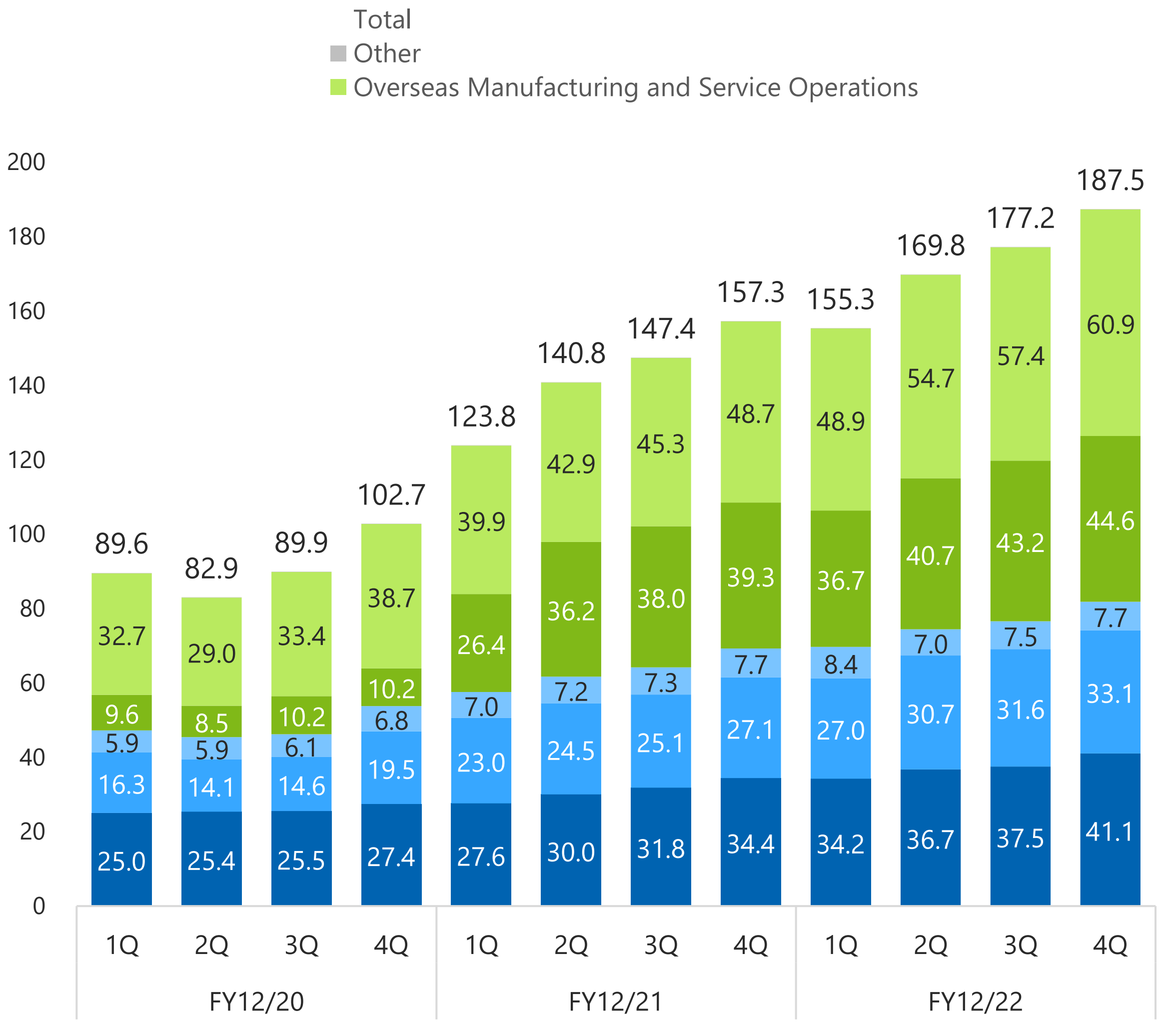
Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	57.6	46.5	+ 21.4	61.7	43.8	+ 36.0	64.2	43.5	+ 38.9	69.3	44.1	+ 28.8
Europe	48.6	39.3	+ 82.4	58.1	41.3	+ 150.1	60.0	40.7	+ 118.7	63.6	40.4	+ 98.5
Oceania	12.2	9.9	+ 16.0	15.0	10.7	+ 40.1	15.9	10.8	+ 32.2	16.6	10.5	+ 41.7
North America	-	-	-	0.4	0.2	-	1.4	1.0	-	1.2	0.7	-
South America	2.6	2.1	+ 23.6	3.0	2.1	+ 89.4	3.2	2.2	+ 61.4	3.5	2.2	+ 47.1
Asia (excl. Japan)	2.8	2.2	- 4.4	2.6	1.9	+ 32.0	2.7	1.8	+ 21.7	3.1	2.0	+ 11.3
Total	123.8	100.0	+ 38.2	140.8	100.0	+ 69.8	147.4	100.0	+ 64.0	157.3	100.0	+ 53.1

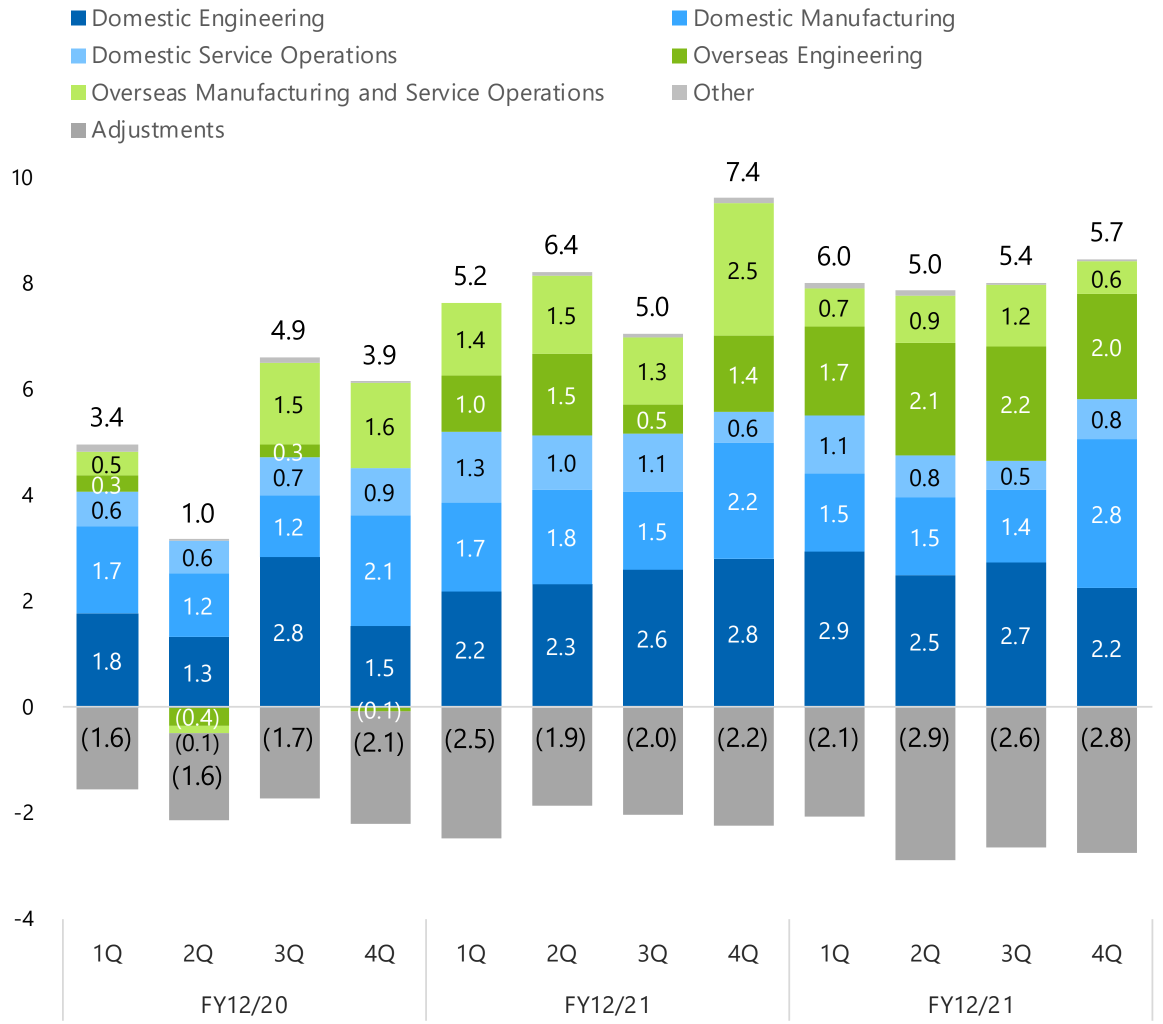
Reference Data

(Reference) Financial Results by Operating Segment

Revenue (¥ billion)



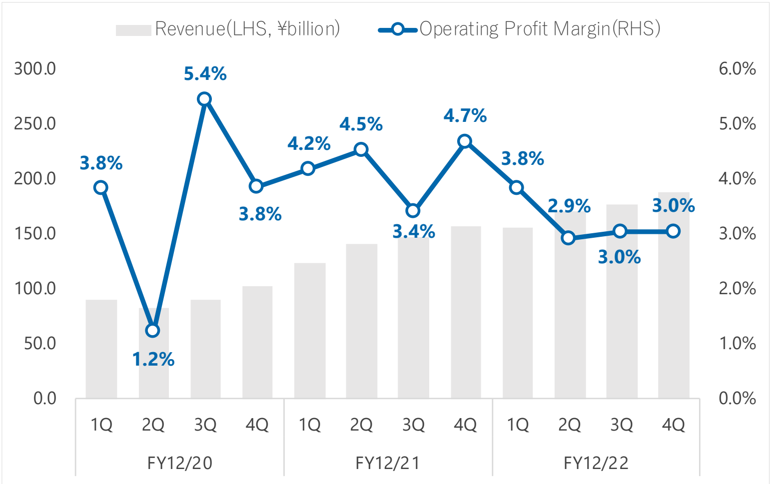
Operating Profit (¥ billion)



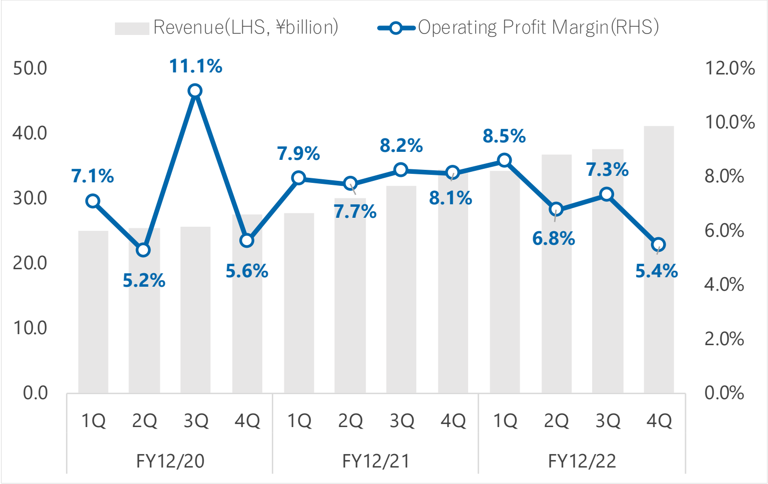
Reference Data

(Reference) Operating Profit Margin by Operating Segment

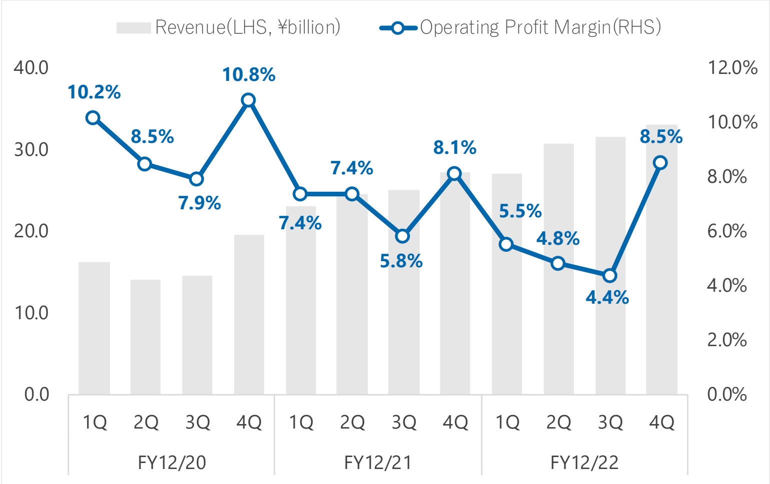
Consolidated Financial Results



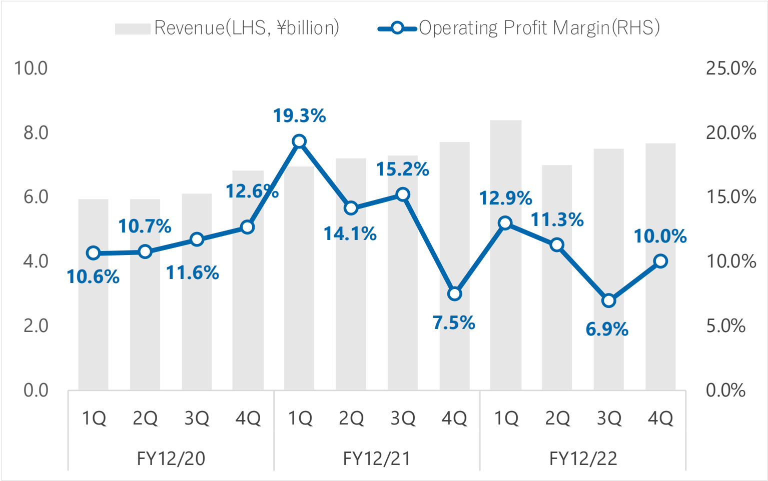
Domestic Engineering



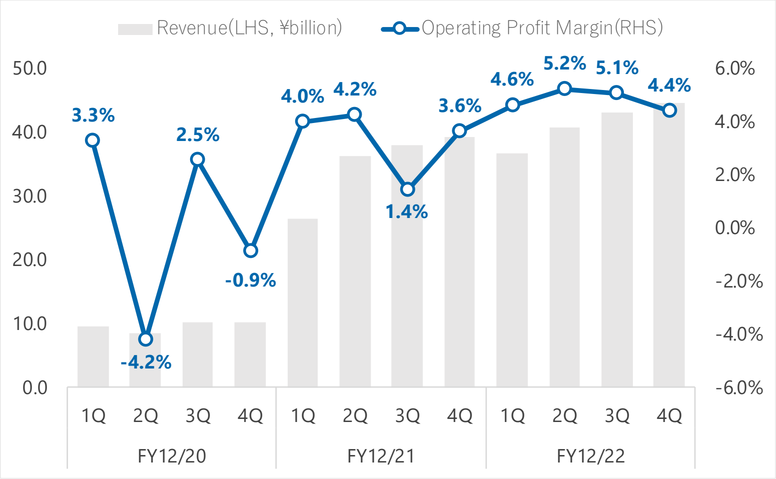
Domestic Manufacturing



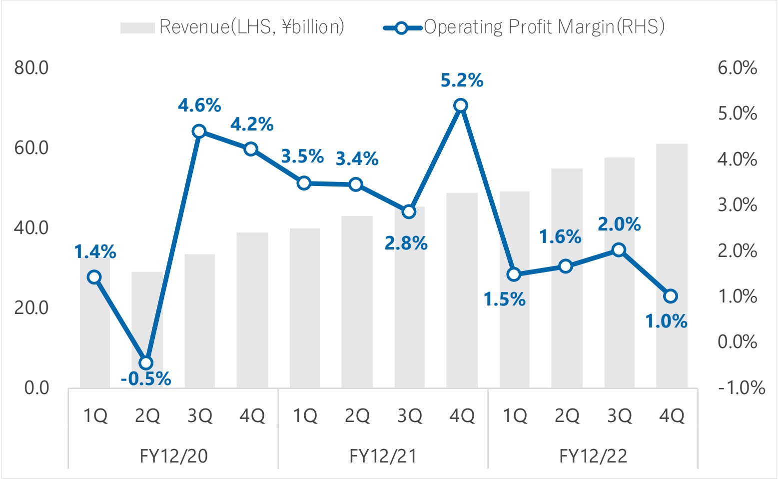
Domestic Service Operations



Overseas Engineering



Overseas Manufacturing / Service Operations



Reference Data

(Reference) Exchange Rate Assumptions

Currency Type	Foreign Currency Composition Ratio FY12/22 Revenue	Budget Rate (Jan. – Sept. 2022)	Revised Forecasts* (Oct. – Dec. 2022)	**FY12/22 Actual Rate***	**Differences**	FY12/23 Budget Rate
EUR	63.9%	129.91	142.35	138.14	- 4.21	138.14
AUD	18.7%	82.50	91.63	91.13	- 0.50	91.13
GBP	8.3%	151.17	161.73	162.00	+ 0.27	162.00
USD	1.0%	109.90	138.86	131.62	- 7.24	131.62
Other currency	8.1%	-	-	-	-	-

*Actual Rate is the average for January - December 2022
*Budget rates for October to December have been revised in accordance with the revision of the earnings forecast disclosed on November 14.

Reference Data

(Reference) Domestic Recruitment Plan

FY12/22

Unit: Persons

	1Q			2Q			3Q			4Q		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	1,702	2,000	- 298	4,140	4,500	-360	1,314	1,920	- 606	1,386	1,850	- 464
Domestic Manufacturing	3,234	3,380	- 146	4,920	4,660	+ 260	3,667	3,500	+ 167	3,614	3,910	- 296

	1H			2H			Full-year		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	5,842	6,500	- 658	2,700	3,770	- 1,070	8,542	10,270	- 1,728
Domestic Manufacturing	8,154	8,040	+ 114	7,281	7,410	- 129	15,435	15,450	- 15

Domestic Engineering
Number of new graduates recruited:
2021: approx. 2,300 persons
2022: approx. 2,600 persons

FY12/21

Unit: Persons

	1Q			2Q			3Q			4Q		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	1,384	1,100	+ 284	3,836	3,400	+ 436	1,494	1,200	+ 294	1,545	1,300	+ 245
Domestic Manufacturing	2,606	2,299	+ 307	3,917	3,405	+ 512	3,364	3,259	+ 105	3,157	2,949	+ 208

	1H			2H			Full-year		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	5,220	4,500	+ 720	3,039	2,500	+ 539	8,259	7,000	+ 1,259
Domestic Manufacturing	6,523	5,704	+ 819	6,521	6,208	+ 313	13,044	11,912	+ 1,132

Note

Due to the finalization of provisional accounting for business consolidation in FY12/21 and FY12/22, the consolidated financial statements from FY12/21 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 FY12/19.
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

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.
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