

Reference Materials

for the 1st Quarter of Fiscal Year Ending December 31, 2023

May 2023

OUTSOURCING Inc. Securities Code: 2427/TSE Prime Section

1Q FY12/23 Reference Materials

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OUTSOURCING Group Expansion Corporate History

OUTSOURCING Group Expansion Corporate History

Founding - 2015

Domestic Business	Overseas Business		
Jan. 1997 🗧 -		Manufacturing	OUTSOURCING Inc. was founded in Shizuoka City, Shizuoka Pref. as a provider of contract services for production processes
Dec. 2004 🧧-			Listed on the JASDAQ Standard Market of the Tokyo Stock Exchange (formerly JASDAQ Securities Exchange)
Mar. 2005 🧧-		Engineering	Launched enable Inc., an outsourcing service provider specializing in transport equipment industry
Aug. 2009		Engineering	Acquired RPM Co., Ltd. and TryAngle Co., Ltd. as consolidated subsidiaries specializing in pharmaceuticals, medical equipment, and chemical products (absorbed by RPM Co., Ltd. in April 2021)
Nov. 2009		Engineering	Acquired Seishow Co., Ltd., a service provider specializing in R&D outsourcing and engineer dispatching services, as a consolidated subsidiary (commercially registered name changed to OUTSOURCING TECHNOLOGY Inc. in April 2011)
Aug. 2010	China	Engineering	Launched Out-Sourcing China, Inc. in Shanghai; a consolidated subsidiary specializing in providing a broad range of engineering and production outsourcing services, including R&D and product testing and evaluation, while also offering consultancy services to train and recruit local talent for Japanese companies
Oct. 2010		Engineering	Launched OS.SEMITEC Inc. as a contract service provider specializing in product design & development, prototype testing and volume production processes for the semiconductor field (absorbed by OUTSOURCING TECHNOLOGY Inc. in August 2018)
Apr. 2011	- Thailand	- Manufacturing	Launched OS (THAILAND) CO., LTD. to consolidate local production outsourcing businesses
Jul. 2011	- Indonesia	Service	Launched PT.OS ENGINEERING & CONSULTANT INDONESIA, a manufacturing and management consulting firm, and expanded into Indonesian market (absorbed by PT. OS SELNAJAYA INDONESIA in June 2015)
Nov. 2011	Vietnam - Australia Singapore Hong Kong	Service	Acquired OS International Co., Ltd. as a consolidated subsidiary with overseas 10 consolidated subsidiaries and affiliated companies in 7 countries and tasked with cross-border HR services and support services for Japanese companies seeking to enter foreign markets
Dec. 2011	- Vietnam	Manufacturing	Launched OS VIETNAM CO., LTD. in Vietnam to provide outsourcing services primarily for the transport equipment, electric and electronics fields
Mar. 2012 🧧 -			Listed on the second section of the Tokyo Stock Exchange
Jul. 2012 🧧 -		_	Relocated the head office to Chiyoda-ku, Tokyo
Mar. 2013 🧧-			Listed on the first section of the Tokyo Stock Exchange
Oct. 2013	- Malaysia	Manufacturing	Acquired SANSHIN (MALAYSIA) SDN. BHD. as a consolidated subsidiary and expanded into the Malaysian market
Jan. 2014	- India	Service	Acquired ALP Group companies as consolidated subsidiaries and expanded into the Indian market
Apr. 2014 🔵 -		Engineering	Acquired Thinketh Bank Co., Ltd., which operates IT schools, as a consolidated subsidiary
Sep. 2014 🥊		Manufacturing	Launched PEO Co., Ltd.
Jan. 2015 🥊		Engineering	Acquired KDE Holding Corporation (absorbed by Kyodo Engineering Corporation in January 2019) as a consolidated subsidiary, thereby also acquiring Kyodo Engineering
Apr. 2015	Cambodia	Manufacturing	Corporation as a consolidated subsidiary Launched OUTSOURCING (CAMBODIA) Inc. and expanded into the Cambodian market
Aug. 2015 🗧 -		Service	Launched HR services for U.S. military facilities
	- Australia U.K. Belgium	Engineering	Acquired BLUEFIN Group companies as consolidated subsidiaries Acquired NTRINSIC Group companies as consolidated subsidiaries and expanded into the U.K. and Belgian markets
Sep. 2015 🗧-		_	Launched Outsourcing Business Service Inc. as a special subsidiary company for hiring handicapped employees
Oct. 2015 📮		Service	Launched outsourcing business for convenience stores
Dec. 2015	Chile	Service	Acquired Grupo Expro Group companies as consolidated subsidiaries and expanded into the Chilean market
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OUTSOURCING Group Expansion Corporate History

2016 - Present

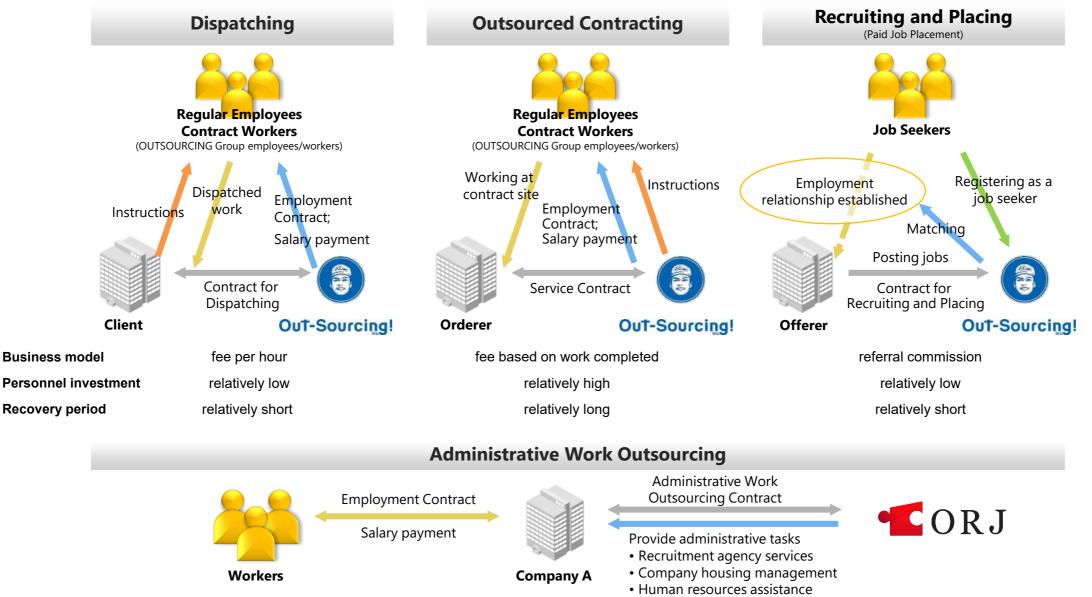
	overseas Business		
Apr. 2016	- Australia U.K.	Engineering	Acquired OUTSOURCING OCEANIA Group companies in Australia as consolidated subsidiaries Acquired J.B.W. Group companies in the U.K. as consolidated subsidiaries (commercially registered name changed to CDER Group companies in August 2020)
	Malaysia	Service	Acquired SYMPHONY HRS SDN. BHD. in Malaysia as a consolidated subsidiary (commercially registered name changed to OS HRS SDN. BHD. in June 2016)
May 2016		Service	Consolidated subsidiary BROTHERS CO., LTD. changed its commercially registered name to OTS Inc.
Aug. 2016		Manufacturing	Acquired Recruit Factory Partners Co., Ltd. as a consolidated subsidiary and changed its commercially registered name to OS Partners CO., LTD. (absorbed by OUTSOURCING Inc. in July 2019)
	- U.K.	Service	Acquired LIBERATA UK LIMITED as a consolidated subsidiary
Jan. 2017	Germany	Manufacturing	Acquired Orizon Group companies as consolidated subsidiaries and expanded into the German market
Apr. 2017 🔵 –		Service	Acquired AMERICAN ENGINEERING CORPORATION (OKINAWA) as a consolidated subsidiary
Apr. 2018	- Peru - Colomi	bia Service	Acquired SL Group companies, which have business locations across South America mainly in Chile, as consolidated subsidiaries
	Ecuador Chile	2	
May 2018	Netherlands Polan	nd Service	Acquired OTTO Group companies, which have a recruitment network in Europe mainly in the Netherlands and Poland as consolidated subsidiaries
	Moldova Czecl	h	
	Slovakia Hunga	ary	
	Bulgaria Ukrair	ne	
	Romania Croat	ia	
Aug. 2018	- U.K.	Service	Acquired ALLEN LANE Group companies in the U.K. as consolidated subsidiaries
Sep. 2018	Australia	Engineering	Acquired PM-P Group companies in Australia as consolidated subsidiaries
May 2019	Brazil	Service	Acquired OS ELOFORT SERVICOS S.A. as a consolidated subsidiary and full-scale entry into the Brazilian market
Nov. 2020 🔵 –		Manufacturing	Acquired AVANCE Group companies as consolidated subsidiaries
Dec. 2020		Manufacturing	Acquired MARKS co., ltd. as a consolidated subsidiary
Jan. 2021	- Ireland	Engineering	Acquired Ireland's largest HR business company, CPL Group companies as consolidated subsidiaries (commercially registered name changed to CPL RESOURCES LIMITED in March 2021)
Feb. 2021 🔵 –		Manufacturing	Acquired Select Staff Group companies as consolidated subsidiaries Acquired S.S.Sangyo Co.Ltd. as a consolidated subsidiary Acquired Shinsei Sangyo Co., Ltd. as a consolidated subsidiary
Sep. 2021 🔵 –		Manufacturing	Acquired ISC Inc. as a consolidated subsidiary
Oct. 2021		Service	Acquired ARK Group companies as consolidated subsidiaries
Apr. 2022 🦲			Shifted to Prime Market with the new market classification of the Tokyo Stock Exchange
		Manufacturing	Acquired Sankyo Logi Associate Group as a consolidated subsidiary Opened semiconductors Engineering Training Center OS Semicon Center Isahaya in Isahaya City, Nagasaki Acquired IHI Technical Training Institution Co., Ltd., which develops training business for construction machinery, etc. as a consolidated subsidiary a its commercially registered name to nextPCT Co., Ltd.
-Sourcing	d		Copyright (C) 2023 OUTSOURCING Inc. All Right



Environment Surrounding Domestic HR Services Industry and Our Business Opportunities

Major Employment Formats

Major Employment Formats for Our Domestic Outsourcing Business





Environment Surrounding Domestic HR Services Industry

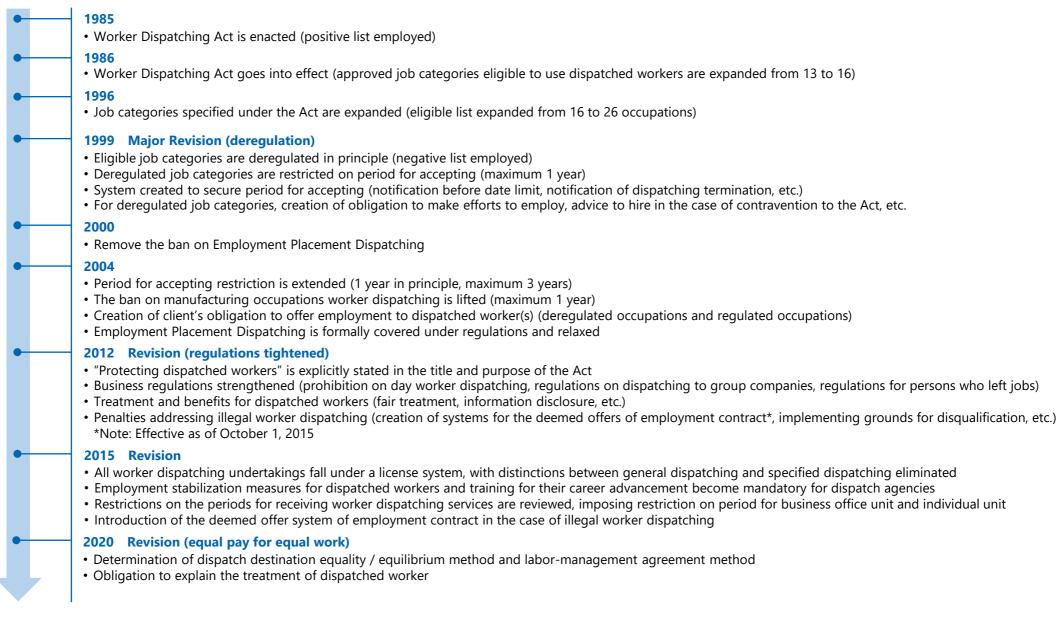
and Our Business Opportunities

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Environment Surrounding Domestic HR Services Industry and Our Business Opportunities

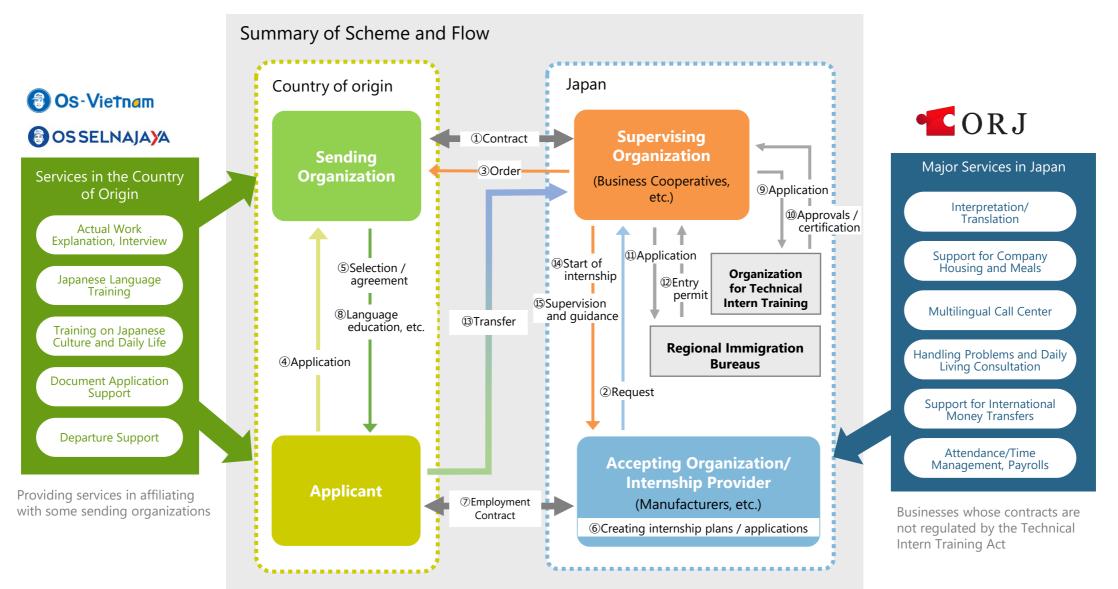
History of Legal and Regulatory Framework

• Revisions to the Worker Dispatching Act



Outline of Technical Intern Training Program (1)

Outline of Technical Intern Training Program (Current)



🗿 Out-Sourcing!

Outline of Technical Intern Training Program (2)

• Related Organizations

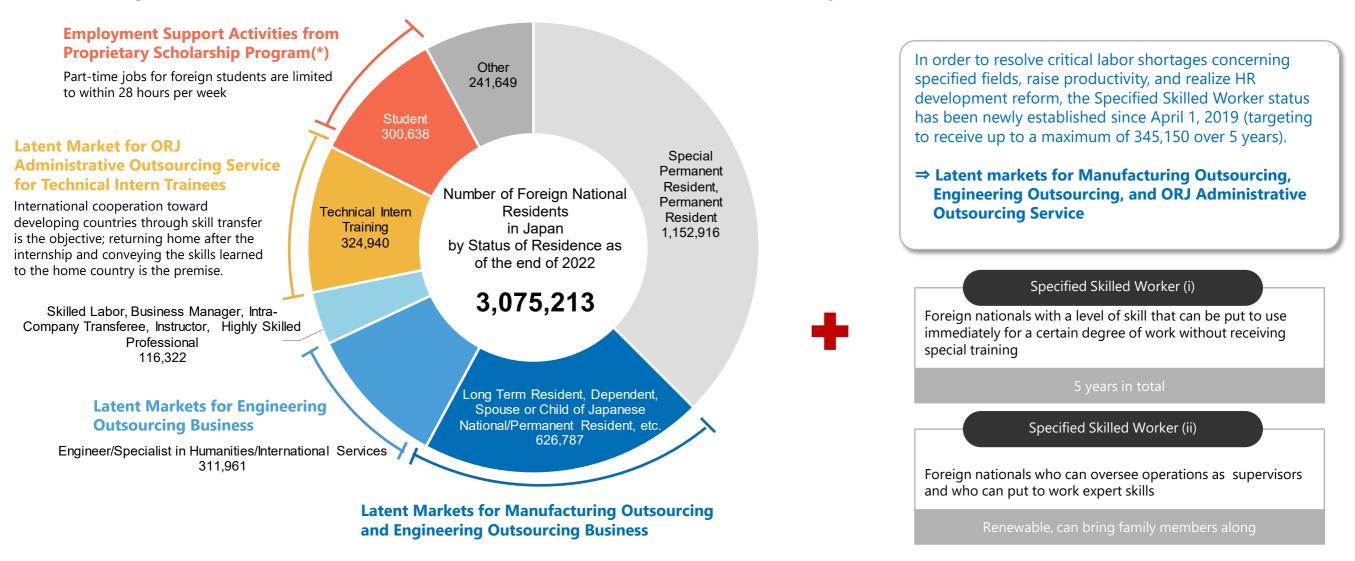
Sending Organization	 In order to properly convey those wishing to become intern trainees to the supervising organization, it is necessary to conform to related laws and ordinances in Japan. Revenue is comprised of commissions from intern trainees themselves and the supervising organizations (there are regulations for the calculation method and collection details, etc.).
Applicant	 After receiving training in advance including the Japanese language, etc. for at least 4 months in the home country, the candidate comes to Japan and is employed as an intern trainee after 1 month of training. The Technical Intern Training Program in principle is for completion of the internship period, and it is possible to secure stable income during the internship period. There were roughly 320,000 technical intern trainees in Japan at the end of 2022.
Administrative Organization	 Regional Immigration Bureaus grant permission to enter and stay, the Organization for Technical Intern Training approves supervising organizations and internship plans based on laws and regulations, and in coordination with other government agencies, provides supervision and guidance regarding human rights violations, unpaid wages, etc.
Supervising Organization	 In order for business cooperatives and agricultural cooperatives etc. to act as an employment mediator (for placement) between internship providers and interns, they are approved by conforming to various strict approval standards on the premise of being non-profit (subject to cancellation for violations, with preferential treatment for excellent supervising organizations). Internship providers are billed for intern trainee administrative work, guidance on various applications/report filings and creating internship plans.
Accepting Organization/ Internship Provider	 Private enterprises and organizations such as manufacturers are certified by creating technical intern training plans for each intern trainee, but they are required to conform to certification standards for suitability to accept interns, and there are measures for certification cancellation, etc. for violations after the internship period has started. Manufacturers are expanding the acceptance of intern trainees. ⇒ Since internships can be continued with the same person for 1 year, 3 years or 5 years, practical training is possible in a stable period.



Environment Surrounding Domestic HR Services Industry and Our Business Opportunities

Outline of Foreign National Residence Status (Visa Status) and Potential for OUTSOURCING Group

• Foreign National Residence Status (Visa Status) Related to OS Group, Newly Established Specified Skilled Worker Status



Source: Compiled by the Company from the Ministry of Justice's "Regarding the number of foreign nationals in residence as of the end of 2022"



Note* Through the International Human resource Network Organization Foundation (IHNO), scholarships are paid to foreign students who work while studying. They provide support for foreign students from overseas studying and living in Japan, and for job hunting after graduation.



International Financial Reporting Standards (IFRS)

Impacts of IFRS 16 "Leases" on OUTSOURCING Group

Change in IFRS 16 (Lease accounting)

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

Impacts of Change in IFRS 16 (Lease accounting)

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



Legal Disclaimer

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