



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

May 2023

OUTSOURCING Inc.
Securities Code: 2427/TSE Prime Section

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Our Group's Social Responsibility and Significance

Group Mission

Corporate Principles

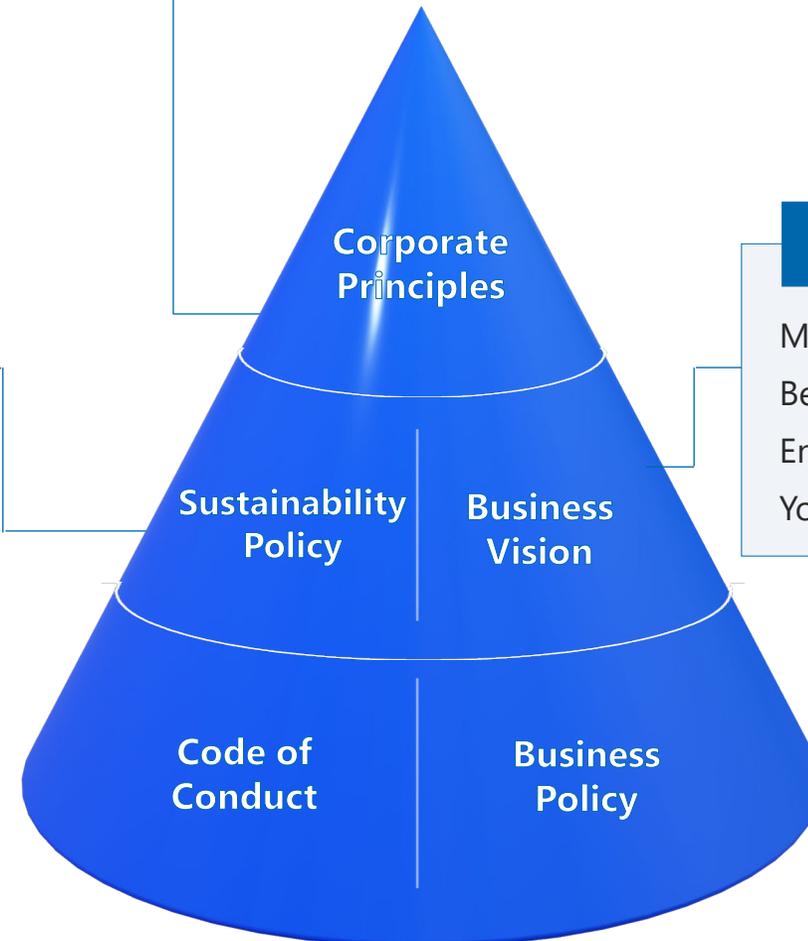
Enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces.

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

<p>1. Providing job opportunities</p> <ul style="list-style-type: none"> • 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. 	
<p>2. Providing high-quality education</p> <ul style="list-style-type: none"> • To provide high-quality education opportunities for achieving career advancement, we will provide our global training program to a total of 300,000 users by FY2030. Through this effort, we will support employment in productive positions and contribute to increasing people's motivation at work. 	
<p>3. Respecting diversity and implementing diversity management</p> <ul style="list-style-type: none"> • As the OUTSOURCING Group, we will promote and strive toward achieving a society in which women can actively participate. We will increase the percentage of women directors (management team members) in the Group to 30% by FY2030. 	
<p>4. Making greater efforts toward the realization of a carbon-free society</p> <ul style="list-style-type: none"> • By FY2025, we will replace all vehicles used in sales activities by domestic group companies with next-generation vehicles (electric, hybrid, etc.). By 2030, 70% of the vehicles used by the entire group, including our overseas companies, will be next-generation vehicles. 	
<p>5. Raising the productivity of all industries</p> <ul style="list-style-type: none"> • 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 1Q FY12/23 (IFRS)

Consolidated Statement of Profit and Loss

(¥ billion)

	Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
	FY12/22 1Q	FY12/23 1Q	YoY	Forecast	Difference (vs. forecast)	FY12/22 1Q YTD	FY12/23 1Q YTD	YoY	Forecast	Difference (vs. forecast)
Revenue	155.3	175.9	+ 13.2%	176.0	- 0.1	-	-	-	-	-
Gross profit	28.5	31.8	+ 11.5%	-	-	-	-	-	-	-
(Gross profit margin)	18.4%	18.1%	- 0.3pt	-	-	-	-	-	-	-
SG&A expenses	24.0	28.5	+ 18.4%	-	-	-	-	-	-	-
Operating profit	6.0	5.3	- 11.4%	5.0	+ 0.3	-	-	-	-	-
(Operating profit margin)	3.8%	3.0%	- 0.8pt	2.8%	+ 0.2pt	-	-	-	-	-
Profit before tax	3.9	4.7	+ 19.6%	-	-	-	-	-	-	-
Profit	1.8	3.2	+ 79.7%	-	-	-	-	-	-	-
Profit attributable to owners of parent	1.6	3.1	+ 98.0%	-	-	-	-	-	-	-

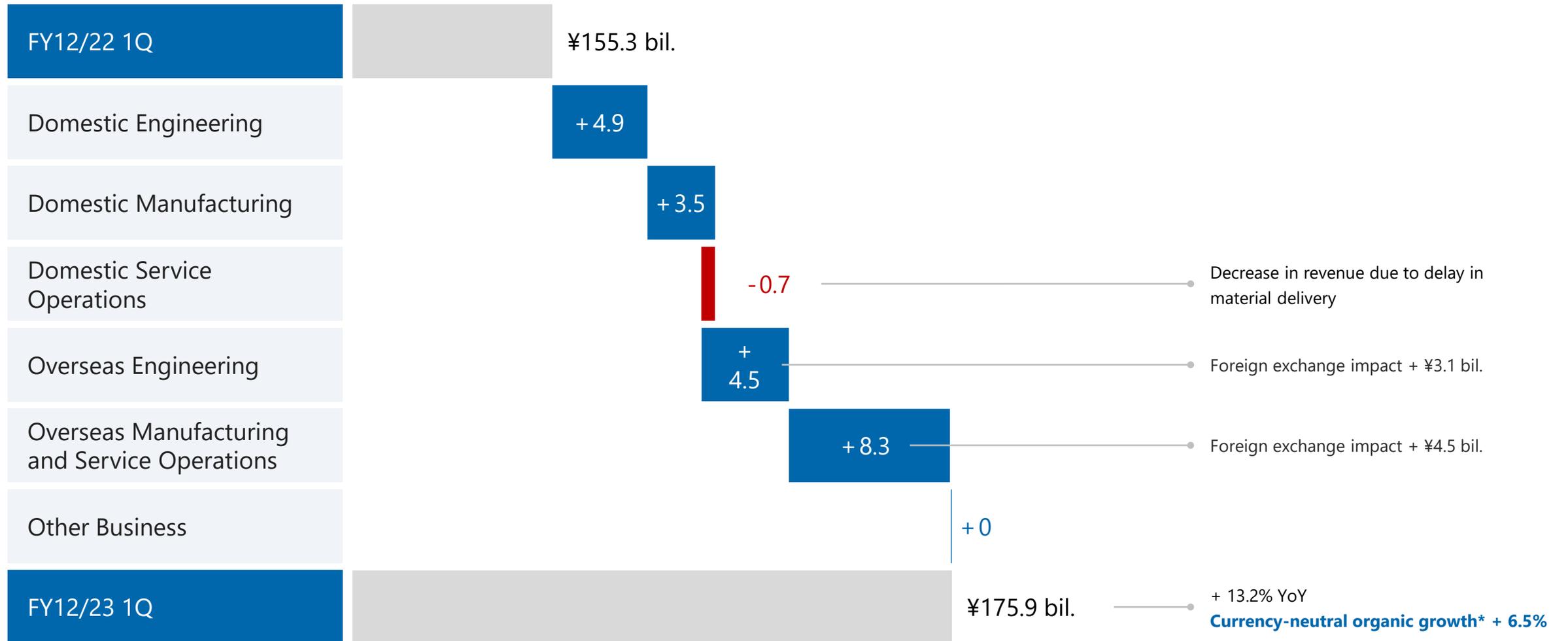
General Comment

The business activities of the Group were impacted significantly by the increased uncertainty in Europe, sluggish Chinese economy, and prolonged supply chain disruptions. Despite such situation, the revenue increased by over 10% YoY, as we kept up with the ever-changing needs in the market. The operating profit fell short YoY as a result of accumulating retirement benefits, etc., due to provision changes for group restructuring stated in the Medium-Term Management Plan. However, it achieved the initial forecast.

Despite the decrease in profits YoY, we believe that we are making steady progress in improving efficiency and profitability through the group restructuring. This is the framework of the Medium-Term Management Plan ending in 2025, and in creating a structure to strengthen governance.

Analysis of Changes in Revenue

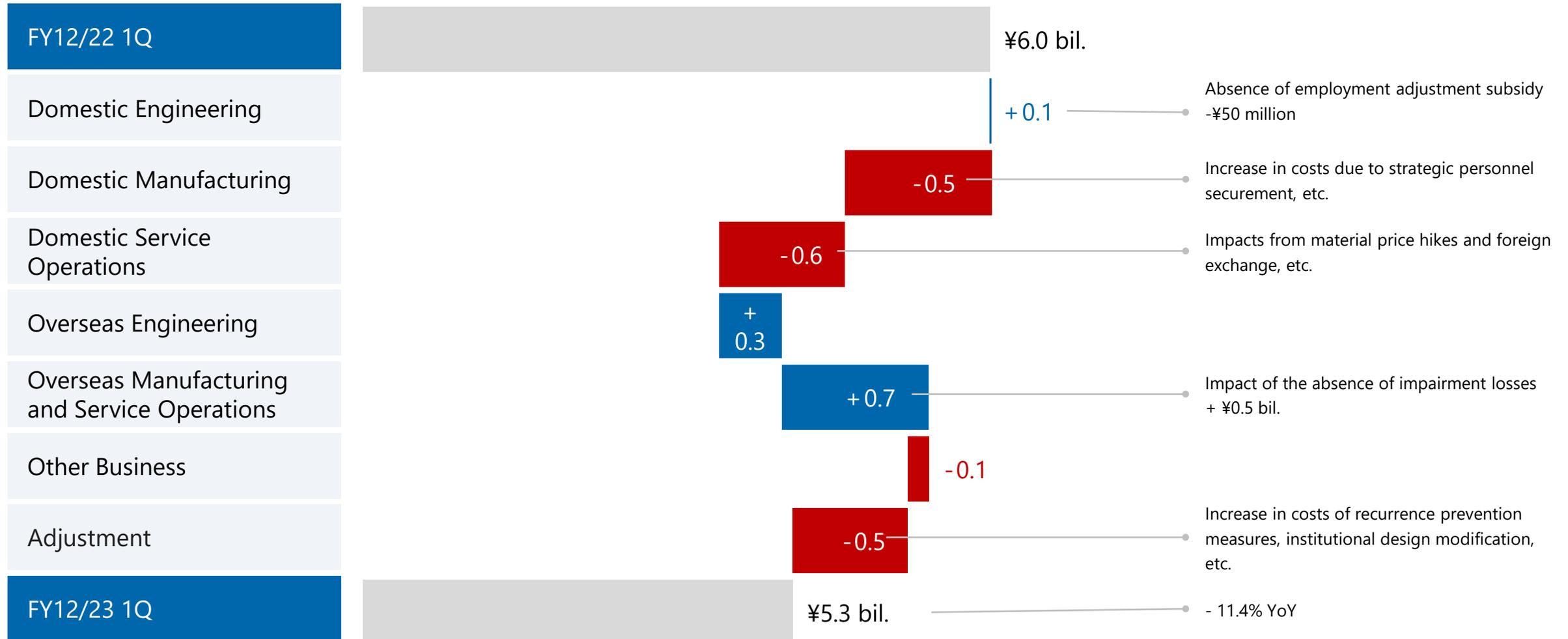
Achieved growth of more than 13% YoY due to leveling of business portfolio



* The organic growth rate is calculated excluding values of consolidated subsidiaries acquired during FY2022 & 2023.

Analysis of Changes in Operating Profit

-11.4% decrease in profit due to the impact of strategic staffing and material price hikes



Analysis of Changes in Profit Attributable to Owners of Parent

Significant improvement in quarterly profit due to OTTO Group becoming a wholly owned subsidiary

		FY12/22 1Q YTD	FY12/23 1Q YTD	YoY Changes (Amount)	Main reasons
Operating profit	(¥ billion)	6.0	5.3	- 0.7	
Finance income	(¥ billion)	0.9	0.2	- 0.7	Approx. - ¥0.5 bil. in forex gains
Finance costs	(¥ billion)	3.0	0.9	- 2.1	Approx. - ¥2.4 bil. of put option expenses
Interest costs	(¥ billion)	0.5	0.8	+ 0.3	
Profit before tax	(¥ billion)	3.9	4.7	+ 0.8	
Income tax expense	(¥ billion)	2.2	1.5	- 0.7	Improved due to elimination of put option expenses
Profit	(¥ billion)	1.8	3.2	+ 1.4	
Profit attributable to owners of parent (¥ billion)		1.6	3.1	+ 1.6	
Basic earnings per share	(¥)	12.57	24.89	+ 12.32	

Consolidated Statement of Financial Position

No significant change from the end of the previous period

		FY12/22 4Q YTD	FY12/23 1Q YTD	YoY Changes	Main reasons
Total assets	(¥ billion)	400.0	416.3	+ 16.3	
Current assets	(¥ billion)	193.8	205.6	+ 11.8	Increased due to trade receivables and other receivables
Cash and cash equivalents	(¥ billion)	53.2	56.6	+ 3.4	
Non-current assets	(¥ billion)	206.3	210.7	+ 4.5	
Goodwill	(¥ billion)	93.2	95.1	+ 1.8	Foreign exchange impact + ¥1.8 bil.
Liabilities	(¥ billion)	316.5	329.8	+ 13.3	
Bonds and loans	(¥ billion)	130.6	145.2	+ 14.6	Increased due to dividend payment and borrowing for business fund, etc.
Equity	(¥ billion)	83.6	86.5	+ 2.9	
Equity ratio	(%)	19.8%	19.8%	- 0.1pt	
Goodwill/equity ratio	(times)	1.5	1.4	- 0.1pt	

Overview for Each Operating Segment

Overview for Each Operating Segment

KPI and Financial Results

KPI and Financial Results		FY12/22							FY12/23								
		Actual							Forecasts	Actual	Forecasts						
		1Q	2Q	3Q	4Q	1H	2H	Full-Year			1Q	1Q	2Q	3Q	4Q	1H	2H
Domestic Engineering Outsourcing Business		Revenue	34.2	36.7	37.5	41.1	71.0	78.6	149.6	39.0	39.2	42.5	43.0	45.0	81.5	88.0	169.5
		Operating profit	2.9	2.5	2.7	2.2	5.4	5.0	10.4	2.9	3.0	2.1	2.8	5.2	5.0	8.0	13.0
		Recruiting expenses	1.1	1.2	1.3	1.2	2.3	2.5	4.8	1.2	1.2	1.5	1.5	0.9	2.7	2.5	5.2
		No. of worksite employees at term-end	22,085	24,571	24,662	24,713	24,571	24,713	24,713	24,900	24,779	26,900	27,100	26,800	26,900	26,800	26,800
		Utilization Rate	96.6%	93.0%	95.7%	96.5%	94.7%	96.1%	95.4%	96.2%	96.2%	92.8%	95.9%	96.8%	94.4%	96.4%	95.4%
Domestic Manufacturing Outsourcing Business		Revenue	27.0	30.7	31.6	33.1	57.7	64.7	122.4	29.5	30.6	33.5	36.0	38.5	63.0	74.5	137.5
		Operating profit	1.5	1.4	1.3	2.8	2.9	4.1	7.1	0.7	0.9	1.7	2.6	3.5	2.4	6.1	8.5
		Recruiting expenses	0.9	1.0	0.8	0.7	1.9	1.5	3.2	1.0	0.8	1.0	0.9	1.0	2.0	1.9	3.9
		No. of worksite employees at term-end	21,506	27,000	26,831	26,529	27,000	26,529	26,529	26,200	25,903	27,500	28,300	29,100	27,500	29,100	29,100
		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	19,226	19,800	22,000	23,800	19,800	23,800	23,800
Domestic Service Operations Outsourcing Business		Revenue	8.4	7.0	7.5	7.7	15.4	15.1	30.5	8.5	7.7	9.0	9.5	10.0	17.5	19.5	37.0
		Operating profit	1.1	0.8	0.5	0.8	1.9	1.3	3.2	0.9	0.5	1.1	0.8	0.7	2.0	1.5	3.5
		No. of worksite employees at term-end	3,868	3,344	3,517	4,098	3,344	4,098	4,098	3,600	3,616	3,900	4,200	5,700	3,900	5,700	5,700
		Order backlog at term-end	27.5	30.5	35.6	44.3	30.5	44.3	44.3	-	46.4	-	-	-	-	-	-
Overseas Engineering Outsourcing Business		Revenue	36.7	40.7	43.2	44.6	77.4	87.7	165.1	41.0	41.3	43.5	44.5	44.0	84.5	88.5	173.0
		Operating profit	1.7	2.1	2.2	2.0	3.8	4.2	8.0	1.8	2.0	2.0	2.3	2.4	3.8	4.7	8.5
		No. of worksite employees at term-end	13,976	13,970	13,045	13,224	13,970	13,224	13,224	-	12,297	-	-	-	-	-	-
Overseas Manufacturing and Service Operations Outsourcing Business		Revenue	48.9	54.7	57.4	60.9	103.6	118.4	222.0	58.0	57.2	61.5	65.0	68.5	119.5	133.5	253.0
		Operating profit	0.7	0.9	1.2	0.6	1.6	1.8	3.4	1.5	1.4	1.5	2.9	2.6	3.0	5.5	8.5
		No. of worksite employees at term-end	51,455	50,080	53,776	51,138	50,080	51,138	51,138	-	47,942	-	-	-	-	-	-
Adjustments		Operating profit	(2.1)	(2.9)	(2.6)	(2.8)	(5.0)	(5.4)	(10.4)	(2.8)	(2.6)	(2.9)	(2.9)	(2.9)	(5.7)	(5.8)	(11.5)
Total		Revenue	155.3	169.8	177.2	187.5	325.1	364.6	689.8	176.0	175.9	190.0	198.0	206.0	366.0	404.0	770.0
		Operating profit	6.0	4.9	5.3	5.7	10.9	11.0	21.9	5.0	5.3	5.5	8.5	11.5	10.5	20.0	30.5

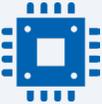
*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion) *2: Inter-segment transactions in revenue are eliminated. *3: For other businesses, please refer to the Factsheet.

Domestic Engineering Outsourcing Business

- With engineer needs remaining high in all industries, the revenue and profit reached the initial forecast.
- The planned number of engineers were secured by investing recruitment expenses as planned despite the ongoing competition for employment. (See P.39)
- Operating profit margin decreased YoY, due to increase in costs of surging recruitment expenses and in HR measures, etc.

	Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
	FY12/22 1Q	FY12/23 1Q	YoY	Initial forecast 1Q	Difference (vs. forecast)	FY12/22 1Q YTD	FY12/22 1Q YTD	YoY	Initial forecast Full-year	Difference (vs. forecast)
Revenue (¥ billion)	34.2	39.2	+ 14.4%	39.0	+ 0.2	-	-	-	-	-
Operating profit (¥ billion)	2.9	3.0	+ 2.9%	2.9	+ 0.1	-	-	-	-	-
Operating profit margin (%)	8.5%	7.7%	- 0.9pt	7.4%	+ 0.2pt	-	-	-	-	-
No. of worksite employees at term-end (persons)	22,085	24,779	+ 12.2%	24,900	- 121	-	-	-	-	-
Utilization rate (%)	96.6%	96.2%	- 0.4pt	96.2%	- 0.0pt	-	-	-	-	-

Domestic Engineering Outsourcing Business – by Industry

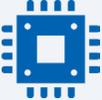
Industry	Revenue for 1Q	Overview for 1Q	Future Outlook
 IT-related	 ¥ 14.0 bil. (YoY + 22.2%)	<ul style="list-style-type: none"> Demand remained favorable due to a shortage of IT human resources and rising DX needs. 	<ul style="list-style-type: none"> Market is expected to expand centered on advanced technologies.
 Transport Equipment	 ¥ 6.8 bil. (YoY + 4.0%)	<ul style="list-style-type: none"> Demand for R&D remained strong, with little impact from the production adjustment. 	<ul style="list-style-type: none"> Demand is expected to remain firm going forward.
 Electrical & Electronics	 ¥ 6.3 bil. (YoY + 14.9%)	<ul style="list-style-type: none"> Although demand for PCs and home appliances has come to a halt, orders remained favorable. 	<ul style="list-style-type: none"> Memory market is expected to soften due to inventory adjustment. Other demands are expected to remain steady.
 Construction & Plant-related	 ¥ 5.4 bil. (YoY + 14.3%)	<ul style="list-style-type: none"> Demand remained favorable due to labor shortage in the construction industry. 	<ul style="list-style-type: none"> Demand is expected to remain favorable going forward. There are concerns over the securement of personnel due to labor shortage.
 Pharm. & Chemicals	 ¥ 3.3 bil. (YoY + 14.5%)	<ul style="list-style-type: none"> R&D orders that had been suspended due to COVID-19 recovered. 	<ul style="list-style-type: none"> Demand is expected to remain firm going forward.
Total Segment Overall	 ¥ 39.2 bil. (YoY + 14.4%)	<ul style="list-style-type: none"> Demand for engineers was high in general and has expanded. 	<ul style="list-style-type: none"> Demand is high, and the utilization rate is expected to remain at a high level. The recruitment environment is expected to continue to be difficult for the time being.

Domestic Manufacturing Outsourcing Business

- **Implemented strategic securement of personnel** for a full-scale production increase in the future, with the automotive production being on a recovery trend.
- **The increase in one-time costs** associated with the group restructuring aiming to improvement of governance/profits resulted in a decrease in profit.
- With the measures designed for profit improvement in the medium term, the Company will grow business to be flexible to capture ever-changing needs.

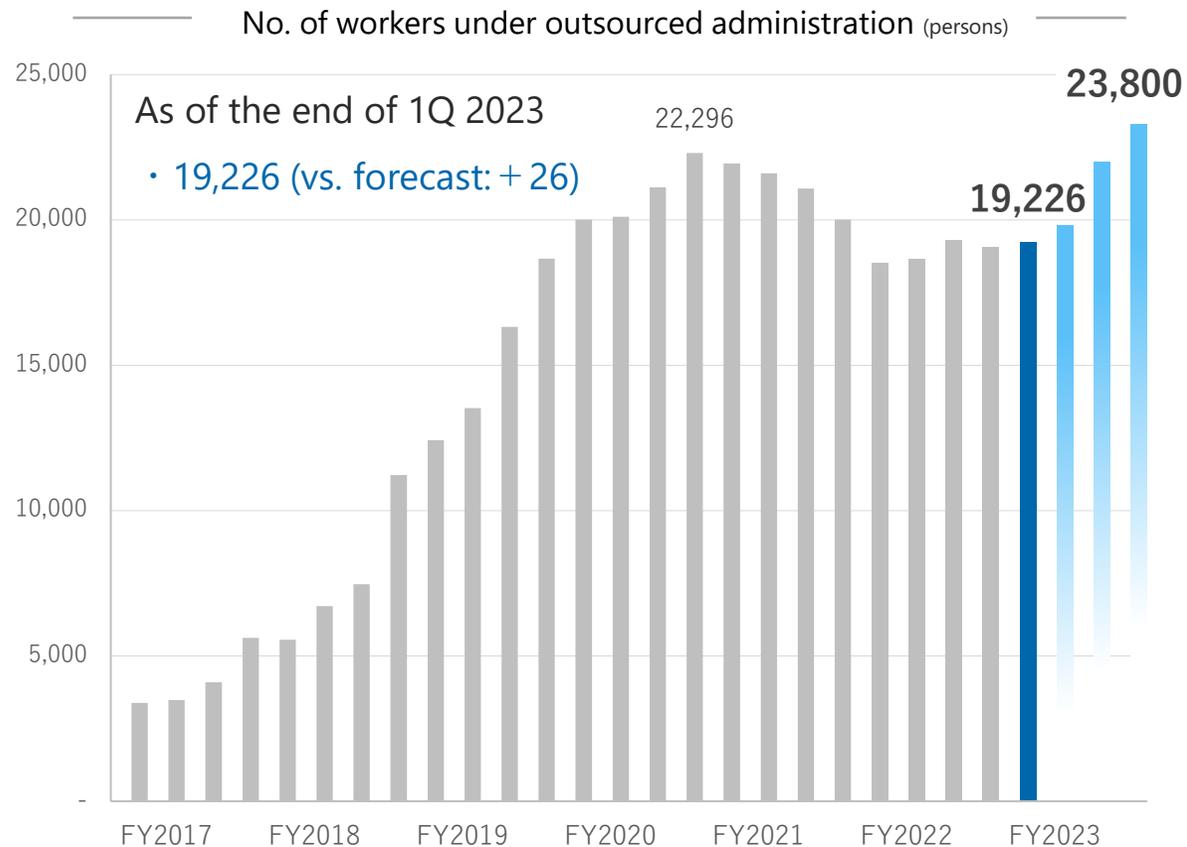
		Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
		FY12/22 1Q	FY12/23 1Q	YoY	Initial forecast 1Q	Difference (vs. forecast)	FY12/22 1Q YTD	FY12/23 1Q YTD	YoY	Initial forecast Full-year	Difference (vs. forecast)
Revenue	(¥ billion)	27.0	30.6	+ 13.1%	29.5	+ 1.1	-	-	-	-	-
Operating profit	(¥ billion)	1.5	0.9	- 36.9%	0.7	+0.2	-	-	-	-	-
Operating profit margin	(%)	5.5%	3.1%	- 2.4pt	2.4%	+ 0.7pt	-	-	-	-	-
No. of worksite employees at term-end	(persons)	21,506	25,903	+ 20.4%	26,200	- 297	-	-	-	-	-
No. of workers under outsourced administration at term-end	(persons)	18,510	19,226	+ 3.9%	19,200	+ 26	-	-	-	-	-

Domestic Manufacturing Outsourcing Business – by Industry

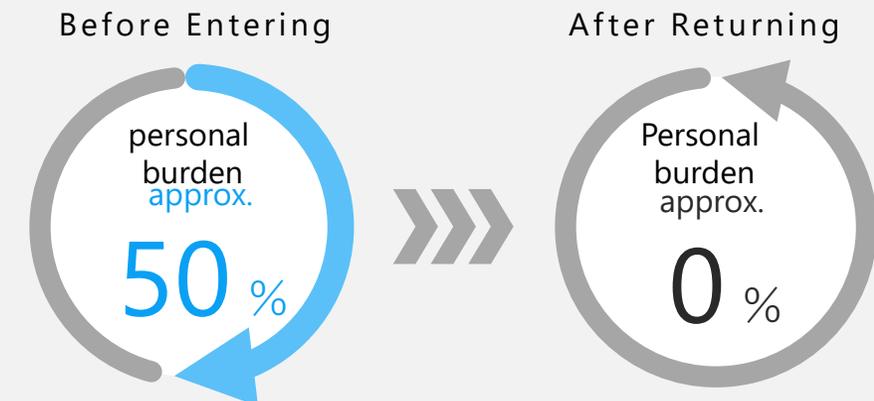
Industry	Revenue for 1Q 2023	Overview for 1Q 2023	Future Outlook
 Transport Equipment	 ¥11.9 bil. (YoY + 3.1%)	<ul style="list-style-type: none"> Auto-related production has bottomed out and is on the road to recovery. 	<ul style="list-style-type: none"> A full-scale recovery is expected in automobile production from the second half due to a shift of semiconductor suppliers to the domestic market.
 Electrical & Electronics	 ¥7.2 bil. (YoY - 7.3%)	<ul style="list-style-type: none"> Decrease in revenue due to lower demand for products exported to China. 	<ul style="list-style-type: none"> Conditions will remain challenging due to export restrictions and recession concerns in other countries.
 Pharm. & Chemicals	 ¥1.7 bil. (YoY + 5.5%)	<ul style="list-style-type: none"> Medical equipment-related demand gradually recovered from the sluggishness due to COVID-19. 	<ul style="list-style-type: none"> Demand is expected to remain firm going forward.
 Metals & Construction Materials	 ¥1.7 bil. (YoY + 9.6%)	<ul style="list-style-type: none"> Strong orders due to extended subsidies for building materials and other housing-related items. 	<ul style="list-style-type: none"> Demand is expected to remain firm going forward.
 Foods	 ¥1.0 bil. (YoY + 9.5%)	<ul style="list-style-type: none"> Increased orders from frozen foods and other food manufacturers. 	<ul style="list-style-type: none"> Demand will be firm, partly due to expectations of recovery in the restaurant industry.
Total Segment Overall	 ¥30.6 bil. (YoY + 13.1%)	<ul style="list-style-type: none"> Strong demand supported by the recovery in automobile production. 	<ul style="list-style-type: none"> With the recovery in production of major transportation equipment, there is an outlook for improvement in operating profit margin starting from the second half of 2023.

Management Business of Foreign Technical Intern Trainees

- The number of outsourced workers bottomed out in 1Q FY2022 and is showing **signs of an increasing trend starting in 2023**, and the full-year forecasts are mostly expected to be achieved.
- To respond flexibly, we are closely monitoring the discussion on system changes, etc. by experts toward this autumn.
- We are **working to improve the soundness of the market as a market leader** by resolving the bonded labor problem of foreign workers and improving the working/living environment, etc.



An example of an initiative to improve the issues of debt labor among foreign workers



- The host company and the sending organization will bear approximately 50% of the cost of pre-entry training and other expenses, thereby reducing the burden on the individual.
- By paying the remaining amount within two weeks of the expiration of practical training, the burden on foreign technical intern trainees will be eliminated and efforts will be made to improve the debt labor problem.

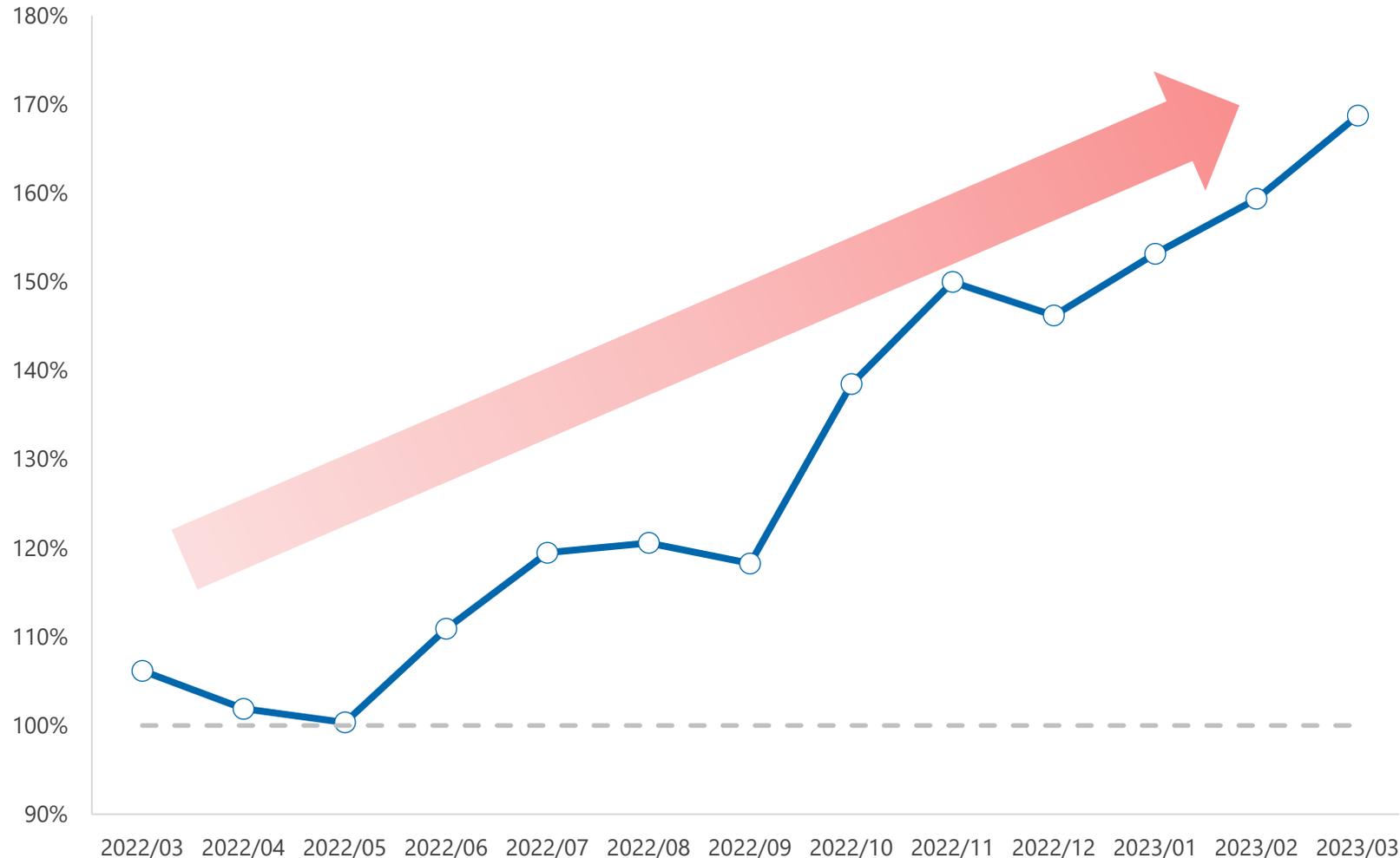
Domestic Service Operations Business

- The main business for US military facilities was affected by **prolonged delays** in material procurement, resulting in a decrease in revenue and profit below the initial plan.
- On the other hand, **the year-end order backlog has reached a record high**, indicating an unwavering assessment of the long-term potential for business growth.
- In other service-related businesses, **orders in tourism-related sectors (such as airports) have been progressing well** in conjunction with the normalization of social and economic activities.

	Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
	FY12/22 1Q	FY12/23	YoY	Initial forecast	Difference (vs. forecast)	FY12/22 1Q	FY12/23	YoY	Initial forecast	Difference (vs. forecast)
Revenue (¥ billion)	8.4	7.7	- 8.7%	8.5	- 0.8	-	-	-	-	-
Operating profit (¥ billion)	1.1	0.5	- 56.3%	0.9	- 0.4	-	-	-	-	-
Operating profit margin (%)	12.9%	6.2%	- 6.7pt	10.6%	- 4.4pt	-	-	-	-	-
No. of worksite employees at term-end (persons)	386.8	361.6	- 6.5%	360.0	+ 1.6	-	-	-	-	-
Order backlog at term-end (¥ billion)	27.5	46.4	+ 68.7%	-	-	-	-	-	-	-

Outlook for the U.S. military facilities business

U.S. military facilities business - Order backlog vs. FY12/22 (%)



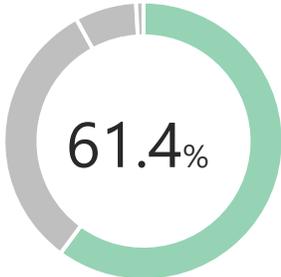
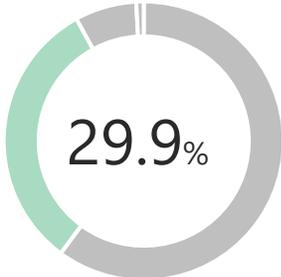
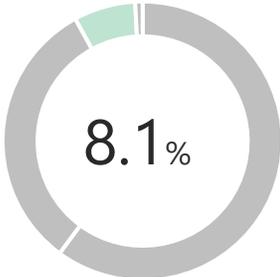
**Order backlogs
increased YoY for the
16th consecutive month**

Overseas Engineering Outsourcing Business

- In Ireland/Oceania, while the demand for recruitment and placement business, which performed well last year, has slightly weakened, the dispatching business has been progressing well.
- The debt collection business in the U.K. achieved its initial plan with a significant increase in revenue and profit as the number of new receivables issued exceeded expectations.
- In addition, the training business in Oceania performed well on the back of increased demand for corporate educational training, which had been restrained by the COVID-19.

	Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
	FY12/22	FY12/23	YoY	Initial forecast	Difference (vs. forecast)	FY12/22	FY12/23	YoY	Initial forecast	Difference (vs. forecast)
Revenue (¥ billion)	36.7	41.3	+ 12.4%	41.0	+0.3	-	-	-	-	-
Operating profit (¥ billion)	1.7	2.0	+ 20.0%	1.8	+0.2	-	-	-	-	-
Operating profit margin (%)	4.6%	4.9%	+ 0.3pt	4.4%	+ 0.5pt	-	-	-	-	-
No. of worksite employees at term-end (persons)	13,976	12,297	- 12.0%	-	-	-	-	-	-	-
No. of freelancers (persons)	1,377	1,951	+41.7	-	-	-	-	-	-	-

Overseas Engineering Outsourcing Business – by Region

	Ireland	Oceania	U.K.
Sales composition ratio	 <p>61.4%</p>	 <p>29.9%</p>	 <p>8.1%</p>
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 governmental and financial industries.	Developing AI-based debt collection agency services for uncollected public debts.
Overview for 1Q	<ul style="list-style-type: none"> Dispatching business was affected by layoffs at a major IT company but remained firm going forward to increased orders in healthcare and other fields. The recruiting and placing business slowed down due to the increasingly uncertain macro environment. 	<ul style="list-style-type: none"> Demand for placement services slowed due to recession fears, but the dispatching business was relatively strong, capturing demand. Cost reductions, including personnel reductions in indirect departments, achieved results. 	<ul style="list-style-type: none"> The issuance of certain delayed credits, which were affected by COVID-19, progressed, resulting in an increase in the volume of credit. Significant increase in sales and profit due to the realization of carry-over demand.
Future outlook	<ul style="list-style-type: none"> Recruiting and placing business demand is slowing, however demand for the dispatching business is expected to remain firm going forward. Expanding business in countries surrounding Ireland. 	<ul style="list-style-type: none"> Aiming to offset decline in demand for introductions with the dispatching business. The labor market is tightening, and securing human resources is one of the key points for the future. 	<ul style="list-style-type: none"> Further cost increases are expected due to high inflation and upward pressure on wages. On the other hand, the normalization of new debt issuance is progressing, and future performance is expected to remain firm going forward.

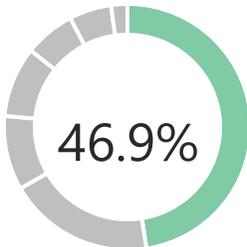
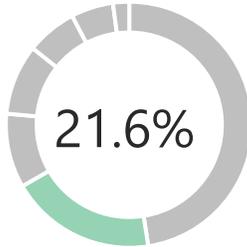
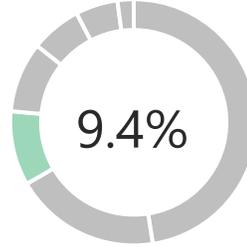
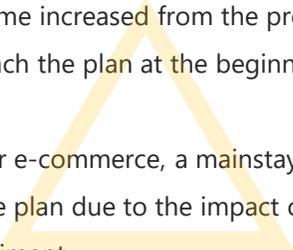
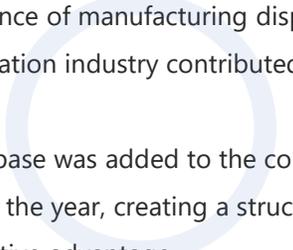
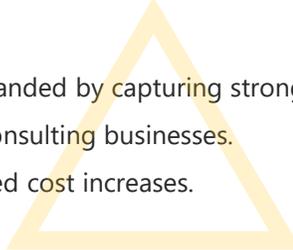
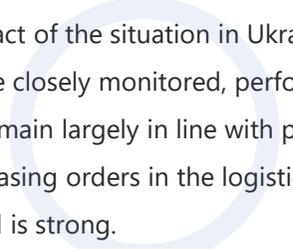
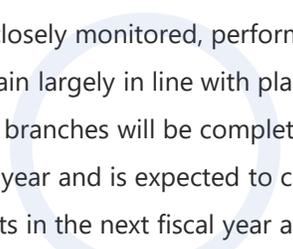
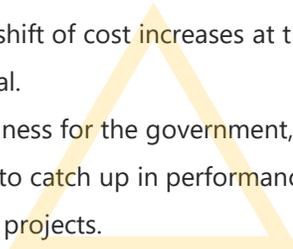
*The ○, ×, △ symbols indicate the achievement degree in cumulative operating profit.

Overseas Manufacturing and Service Operations Business

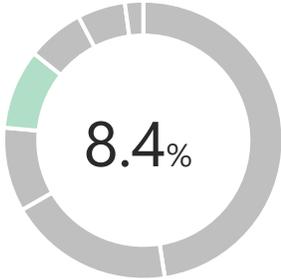
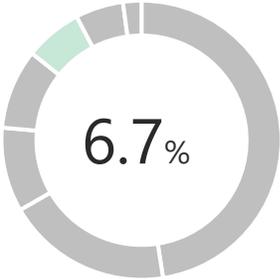
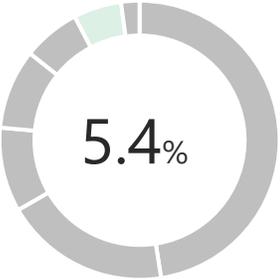
- The service-related business in the Netherlands increased sales and profit from the same period of the previous year. However, it fell short of the initial plan due to the impact of **stagnant consumer sentiment**.
- The Manufacturing Outsourcing Business in Germany performed generally well, mainly due to **an increase in orders related to aviation and automotive parts**.
- Operating margin in the overall segment improved from the previous year** due to the absence of impairment losses (¥0.5 bil.) and efforts to improve operational efficiency.

	Quarterly Results (Jan 1, 2023 - Mar 31, 2023)					Cumulative Results (Jan 1, 2023 - Mar 31, 2023)				
	FY12/22	FY12/23	YoY	Initial forecast	Difference (vs. forecast)	FY12/22	FY12/23	YoY	Initial forecast	Difference (vs. forecast)
Revenue (¥ billion)	48.9	57.2	+ 17.0%	58.0	-0.8	-	-	-	-	-
Operating profit (¥ billion)	0.7	1.4	+ 92.9%	1.5	-0.1	-	-	-	-	-
Operating profit margin (%)	1.5%	2.4%	+ 0.9pt	2.6%	- 0.2pt	-	-	-	-	-
No. of worksite employees at term-end (persons)	51,455	47,942	- 6.8%			-	-	-	-	-

Overseas Manufacturing and Service Operations Business – by Region

	Netherlands	Germany	U.K.
Sales composition ratio	 <p>46.9%</p>	 <p>21.6%</p>	 <p>9.4%</p>
Business summary	Developing dispatching business for e-commerce-related logistics operations, etc. at major supermarkets, centering on the OTTO Group.	Developing manufacturing dispatch to the machinery, aviation, and pharmaceutical industries, etc., centered on the Orizon Group.	Developing dispatching, recruiting and placing, and BPO businesses, etc. mainly for the central and local governments in the U.K.
Overview for 1Q	<ul style="list-style-type: none"> Sales and income increased from the previous year but did not reach the plan at the beginning of the period. Dispatching for e-commerce, a mainstay business, fell short of the plan due to the impact of stagnant consumer sentiment. 	<ul style="list-style-type: none"> Strong performance of manufacturing dispatching mainly to the aviation industry contributed to earnings. OTTO Germany base was added to the company at the beginning of the year, creating a structure to create a competitive advantage. 	<ul style="list-style-type: none"> Sales scale expanded by capturing strong demand in the BPO and consulting businesses. Inflation affected cost increases. 
Future outlook	<ul style="list-style-type: none"> While the impact of the situation in Ukraine and inflation will be closely monitored, performance is expected to remain largely in line with plans. Focus on increasing orders in the logistics area where demand is strong. 	<ul style="list-style-type: none"> While the impact of the situation in Ukraine and inflation will be closely monitored, performance is expected to remain largely in line with plans. Consolidation of branches will be completed by the end of this fiscal year and is expected to contribute to business results in the next fiscal year and beyond. 	<ul style="list-style-type: none"> Promote price shift of cost increases at the time of contract renewal. In the BPO business for the government, the company aims to catch up in performance by acquiring large projects. 

Overseas Manufacturing and Service Operations Business – by Region

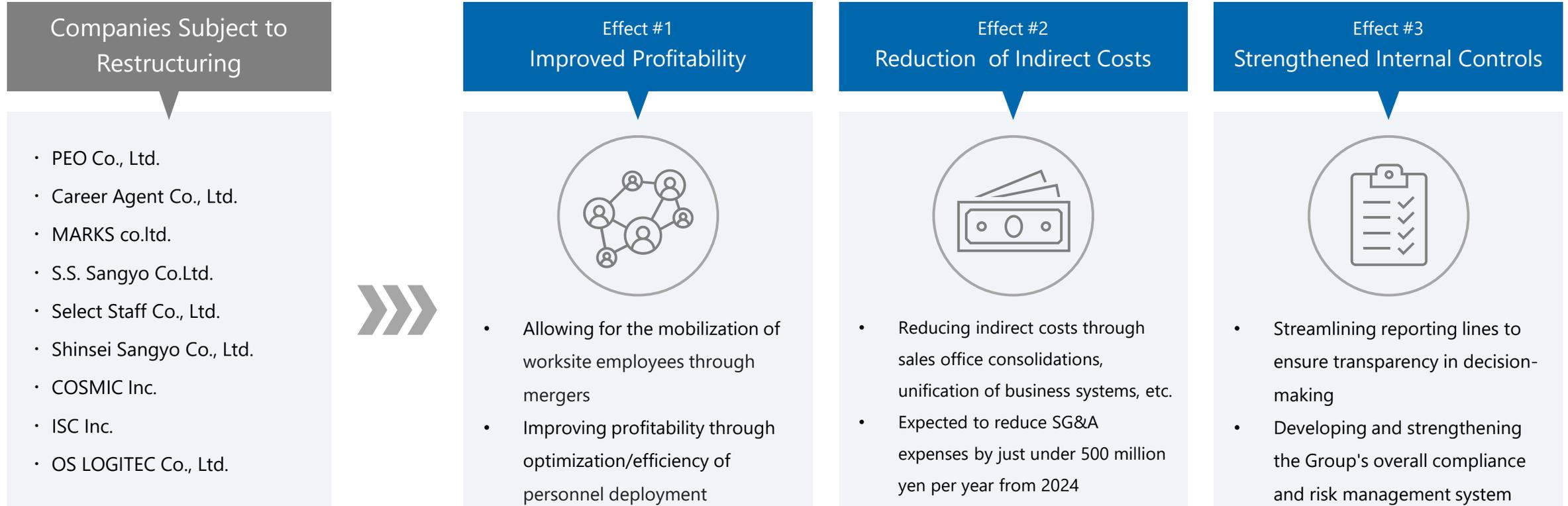
	Oceania	South America	Asia
Sales composition ratio	 <p>8.4%</p>	 <p>6.7%</p>	 <p>5.4%</p>
Business summary	Developing the dispatch and recruiting & placing businesses mainly for white-collar human resources for Australian governments and the private sector.	Developing facilities businesses, such as dispatching, cleaning, and security, for the distribution and retail businesses in Chile and Brazil.	Developing HR services, payroll, and staff sending businesses in Southeast Asian countries.
Overview for 1Q	<ul style="list-style-type: none"> Dispatching business grew from the previous year despite a lull in demand for referrals. Demand for dispatching business for the retail and logistics sectors, which have been significantly affected by interest rate hikes and other factors, is slowing down. 	<ul style="list-style-type: none"> Sales increase due to firm facility business, etc. Profit decreased due to one-time dispute costs related to accounting irregularities at a subsidiary in Chile that were discovered in the previous period. 	<ul style="list-style-type: none"> In the staff sending business, orders are on the upswing due to the resumption of entry of technical intern trainees to Japan. Payroll business fell short of the plan due to a decline in client companies' willingness to invest in IT.
Future outlook	<ul style="list-style-type: none"> Referral business is expected to slow due to recession concerns. In the dispatching business, will expand orders from favorable sectors such as infrastructure, mining, public works, and education. 	<ul style="list-style-type: none"> Dispute expenses expected to weigh on full-year results. Expand orders from industries that are less susceptible to economic fluctuations, such as healthcare/ mining. 	<ul style="list-style-type: none"> Orders for outbound business are expected to increase over the medium to long term against the backdrop of the removal of immigration restrictions. In the payroll business, Assumes that conditions will remain difficult due to restrained IT investments by multinational companies.

Progress of the Medium-Term Management Plan

Group Restructuring in the Domestic Manufacturing Outsourcing Business

Merge 10 domestic manufacturing companies subject to restructuring for streamlined/effective management

(Scheduled to be completed as of July 1, 2023)



Although there will be one-time costs due to the unification of the HR system, it is evaluated as a future investment for streamlining/efficiency

Development of Advanced Technology Engineers

Accelerating the development of advanced technology engineers through alliances with global companies

Joint project for security personnel development
(signed in October 2022)



Japan's first "all-in-one partner" agreement
(signed in March 2023)



Cybereason is a global company with HQ in U.S. with cybersecurity operations in more than 40 countries



Focusing on the development of security personnel, for which demand is increasing, by combining the "**human resources**" and "**cutting-edge technology**" of our Group



Planning to develop **approximately 100 security personnel** by the end of 2024



CyberArk is a NASDAQ-listed global leader in identity security



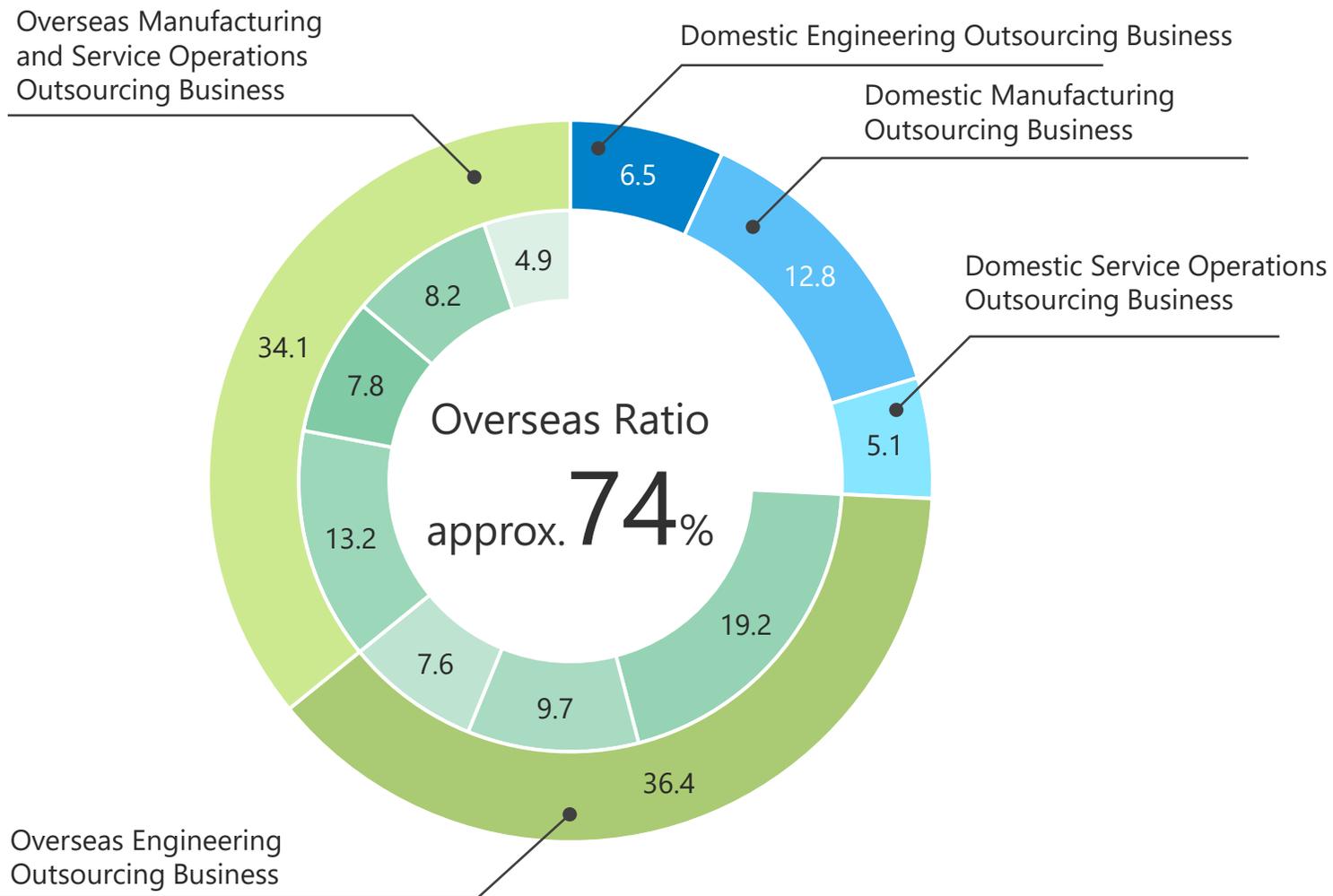
Developing a high demand security personnel through an "all-in-one partner" agreement, the **first of its kind for a Japanese company**



Planning to **develop approximately 200 security personnel** over 3 years

We will continue to promote alliances in advanced technology areas such as data science and cloud computing.

Reference Data

(Reference) List of Goodwill Balance By Segment (as of Q1 FY2023)

Unit: ¥ billion

Segments and countries/regions	Goodwill balance
Domestic Engineering	6.5
Domestic Manufacturing	12.8
Domestic Service Operations	5.1
Overseas Engineering	36.4
Ireland	19.2
Oceania	9.7
UK	7.6
Others	0.0
Overseas Manufacturing and Service Operations	34.1
UK	13.2
Netherlands	7.8
Germany	8.2
Others	4.9
Consolidated goodwill balance	95.1

*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.

(Reference) List of Impairment Losses by Segment

Unit: ¥ billion

Segment	2022.1Q	2022.2Q	2022.3Q	2022.4Q	2023.1Q	2023.2Q	2023.3Q	2023.4Q	FY2022	FY2023
Domestic Engineering Outsourcing Business	-	-	0.41	0.01	-	-	-	-	0.42	-
Domestic Manufacturing Outsourcing Business	-	-	0.66	0	-	-	-	-	0.66	-
Domestic Service Operations Outsourcing Business	-	-	0.15	-	-	-	-	-	0.15	-
Overseas Engineering Outsourcing Business	-	-	-	-	-	-	-	-	-	-
Overseas Manufacturing and Service Operations Outsourcing Business	0.52	0.33	0.74	0.85	-	-	-	-	2.44	-
Consolidated Total	0.52	0.33	1.96	0.86	-	-	-	-	3.67	-

No impairment loss this quarter

(Reference) Quarterly Consolidated Financial Results

FY12/23

Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Revenue	175.9	100.0	+ 13.2	-	-	-	-	-	-	-	-	-
Gross profit	31.8	18.1	+ 11.5	-	-	-	-	-	-	-	-	-
SG&A expenses	28.5	16.2	+ 18.4	-	-	-	-	-	-	-	-	-
Operating profit	5.3	3.0	- 11.4	-	-	-	-	-	-	-	-	-
Profit before tax	4.7	2.7	+ 19.6	-	-	-	-	-	-	-	-	-
Profit attributable to owners of parent	3.1	1.8	+ 98.0	-	-	-	-	-	-	-	-	-

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	+ 25.3	27.4	15.5	+ 21.9	28.9	15.4	+ 20.7
Operating profit	6.0	3.8	+ 15.4	4.9	2.9	- 22.9	5.3	3.0	+ 6.2	5.7	3.0	- 23.0
Profit before tax	3.9	2.5	- 31.3	3.7	2.2	- 28.1	4.6	2.6	-	4.7	2.5	+ 441.7
Profit attributable to owners of parent	1.6	1.0	- 48.3	2.3	1.4	- 8.6	2.3	1.3	- 210.7	3.7	2.0	- 230.2

(Reference) Revenue by Region

FY12/23

Unit: ¥ billion, %

	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	77.4	44.0	+ 11.1	-	-	-	-	-	-	-	-	-
Europe	73.2	41.7	+ 16.4	-	-	-	-	-	-	-	-	-
Oceania	17.1	9.7	+ 12.5	-	-	-	-	-	-	-	-	-
North America	0.9	0.5	- 20.0	-	-	-	-	-	-	-	-	-
South America	3.8	2.2	+ 7.2	-	-	-	-	-	-	-	-	-
Asia (excl. Japan)	3.4	1.9	+ 20.9	-	-	-	-	-	-	-	-	-
Total	175.9	100.0	+ 13.2	-	-	-	-	-	-	-	-	-

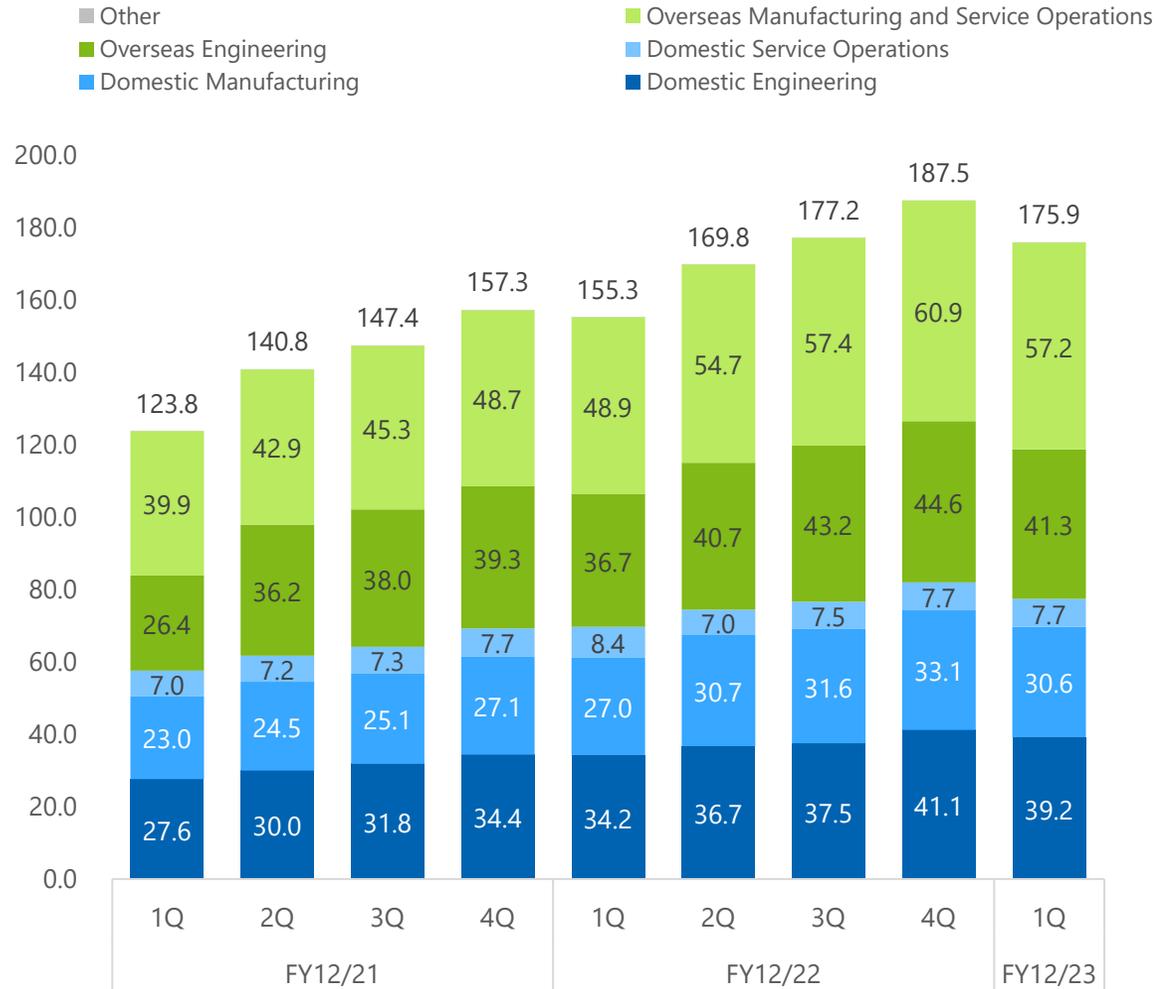
FY12/22

Unit: ¥ billion, %

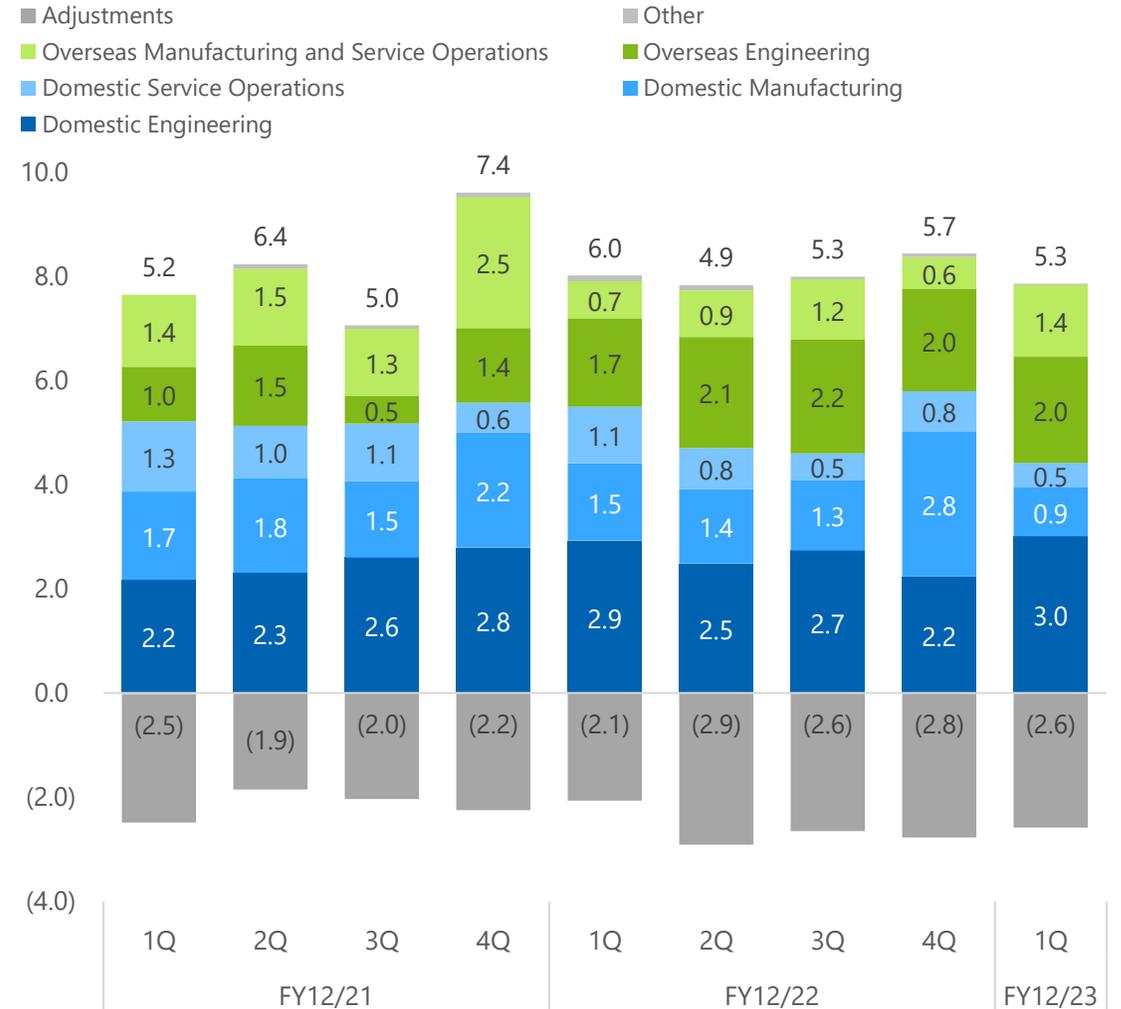
	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	69.7	44.9	+ 21.0	74.4	43.8	+ 20.5	76.6	43.2	+ 19.3	81.9	43.7	+ 18.3
Europe	62.9	40.5	+ 29.4	68.5	40.3	+ 17.9	72.6	41.0	+ 21.0	76.8	40.9	+ 20.7
Oceania	15.2	9.8	+ 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

(Reference) Financial Results by Operating Segment

Revenue (¥ billion)

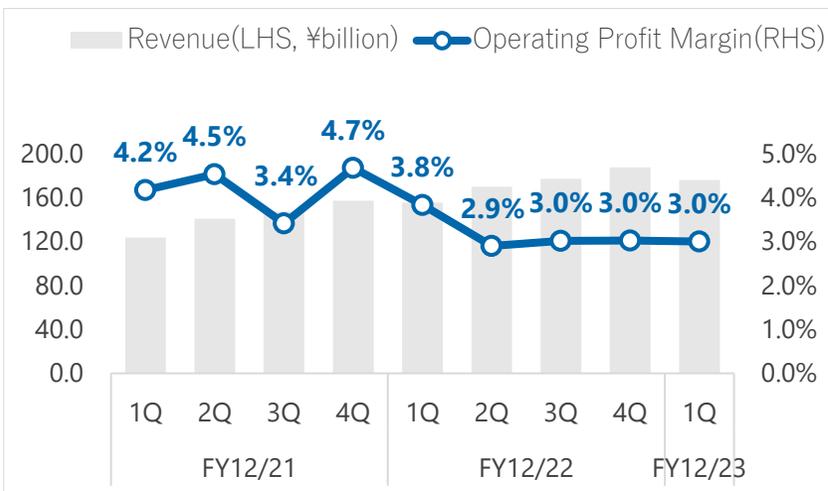


Operating Profit (¥ billion)

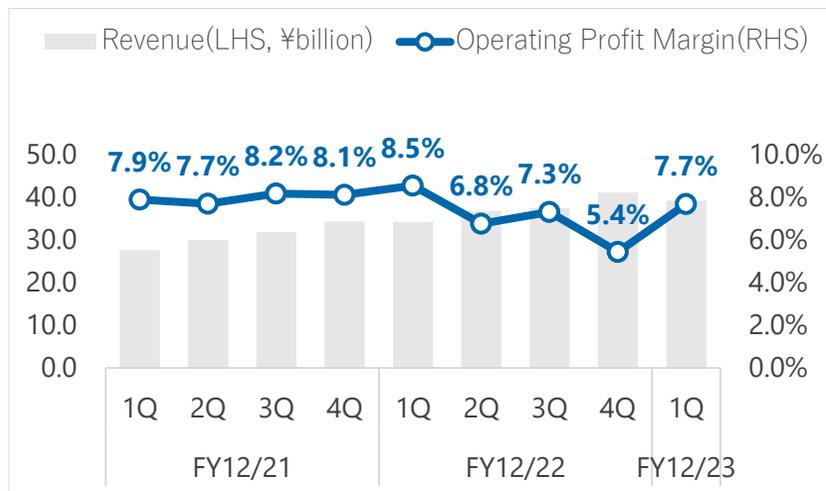


(Reference) Operating Profit Margin by Operating Segment

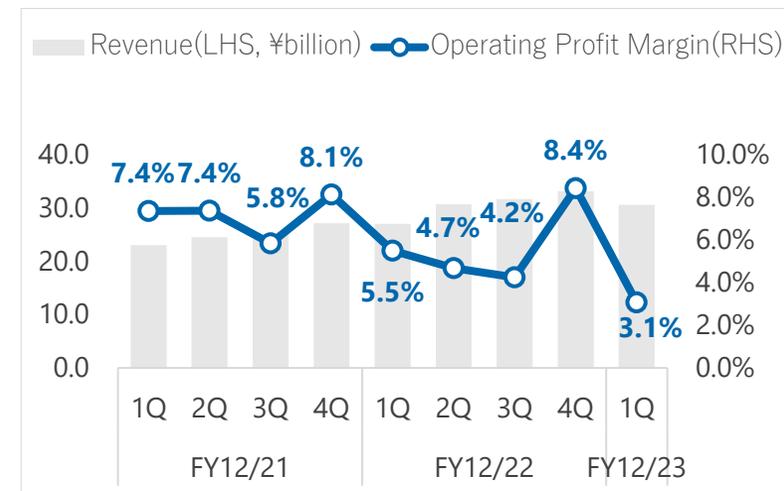
Consolidated Financial Results



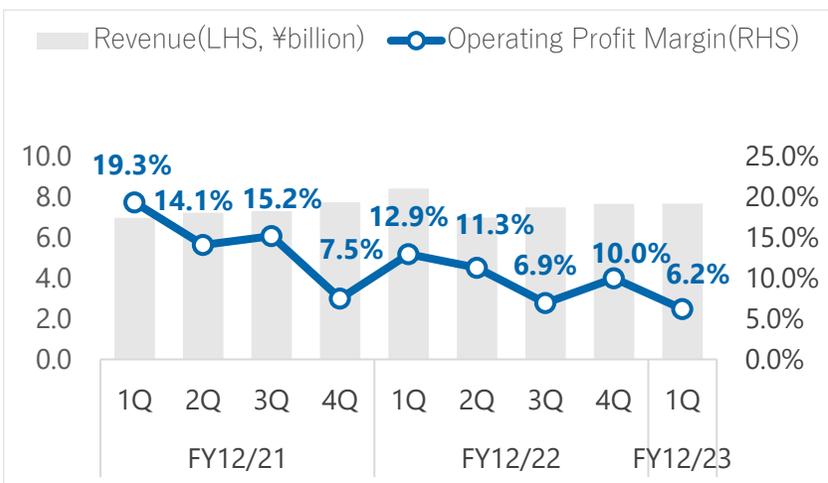
Domestic Engineering



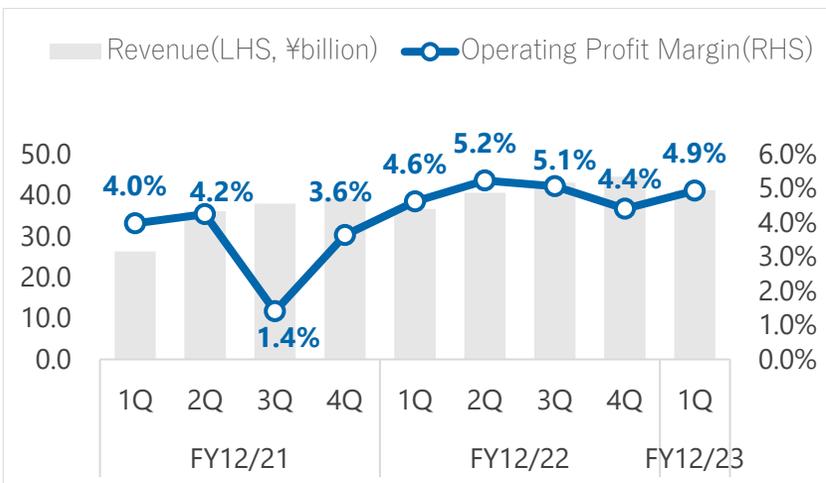
Domestic Manufacturing



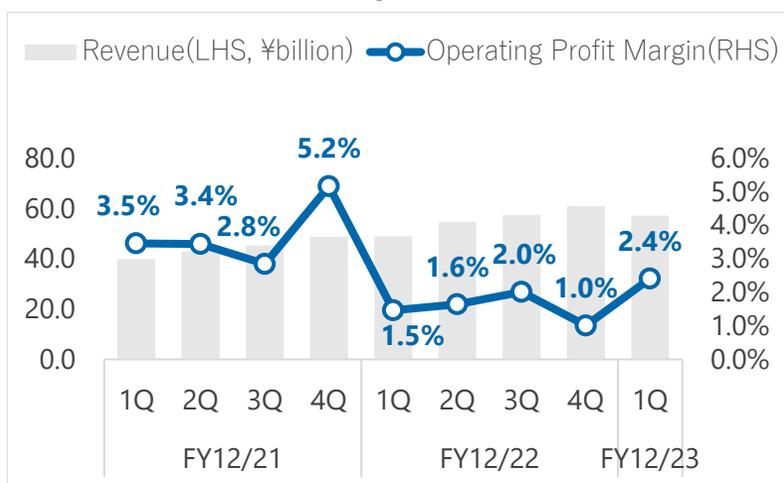
Domestic Service Operations



Overseas Engineering



Overseas Manufacturing / Service Operations



(Reference) Exchange Rate Assumptions

Currency Type		Foreign Currency Composition Ratio 1Q FY12/23 Revenue	Budget Rate	1Q FY12/23 Actual Rate*	Differences
EUR	EUR	65.6%	138.14	142.16	+ 4.02
AUD	AUD	17.1%	91.13	90.58	- 0.55
GBP	GBP	9.2%	162.00	160.96	- 1.04
USD	USD	0.9%	131.62	132.42	+ 0.80
Other currency	Other currency	7.2%	-	-	-

*Actual Rate is the average for January - March 2023

(Reference) Domestic Recruitment Plan

FY12/23

Unit: Persons

	1Q			2Q			3Q			4Q		
	Actual	Forecasts	Differences									
Domestic Engineering	1,498	1,450	+48	-	3,420	-	-	1,530	-	-	1,050	-
Domestic Manufacturing	4,136	3,900	+236	-	5,020	-	-	4,240	-	-	4,480	-

	1H			2H			Full-year		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	-	4,870	-	-	2,580	-	-	7,450	-
Domestic Manufacturing	-	8,920	-	-	8,720	-	-	17,640	-

Domestic Engineering
Number of new graduates recruited:
2022: approx. 2,600 persons
2023: approx. 1,800 persons

FY12/22

Unit: Persons

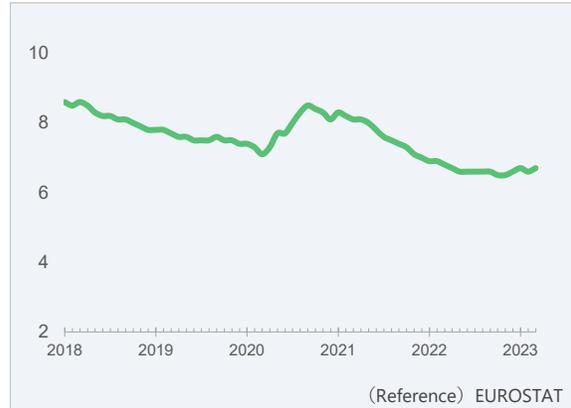
	1Q			2Q			3Q			4Q		
	Actual	Forecasts	Differences									
Domestic Engineering	1,702	2,000	- 298	4,140	4,500	-360	1,314	1,920	- 606	1,386	1,850	- 464
Domestic Manufacturing	3,234	3,380	- 146	4,920	4,660	+ 260	3,667	3,500	+ 167	3,614	3,910	- 296

	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

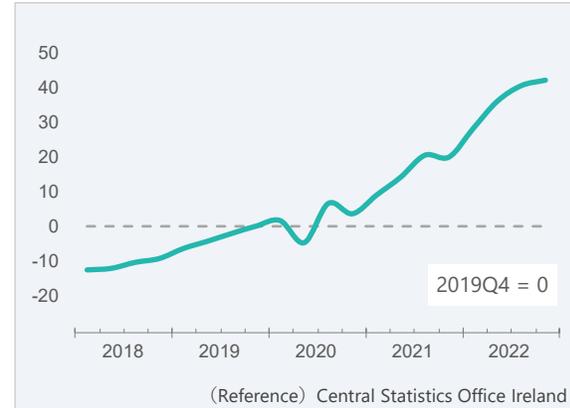
Economic Statistics of Each Country



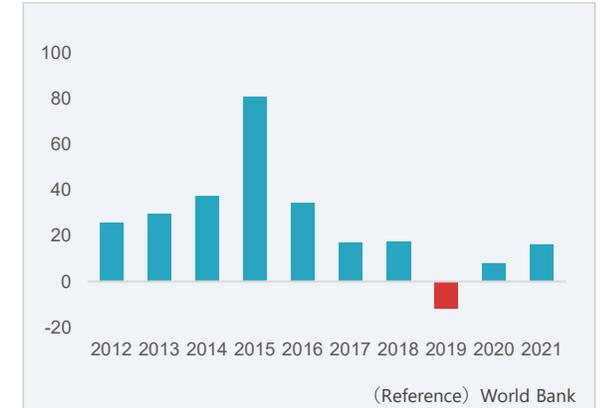
1 EU – Changes in Real GDP



2 EU – Change in Unemployment Rate



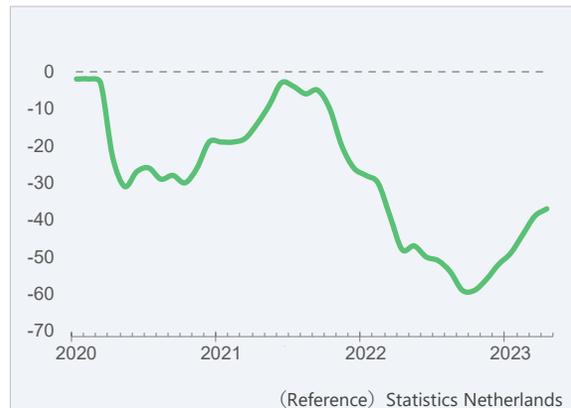
3 Ireland – Changes in Real GDP



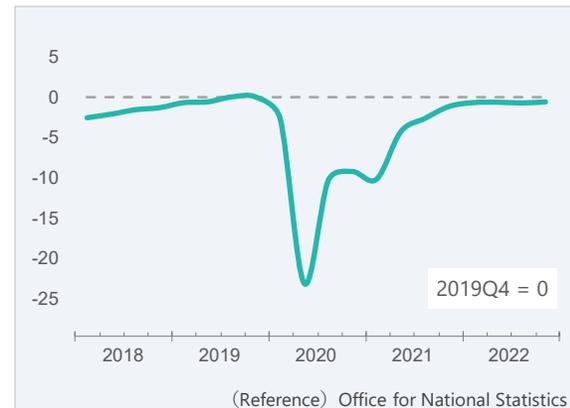
4 Ireland – Foreign Direct Investment (Ratio to GDP)



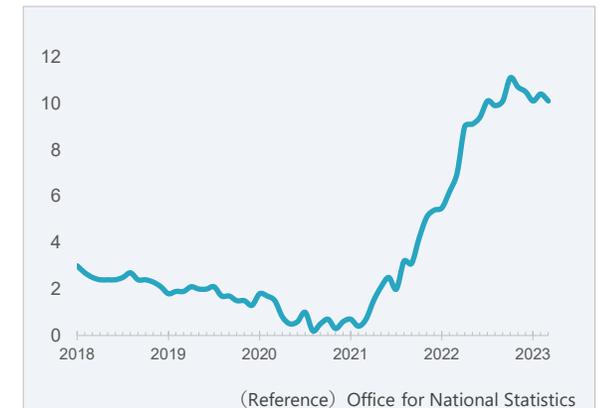
5 Netherlands – Changes in Real GDP



6 Netherlands – Consumer Confidence Index

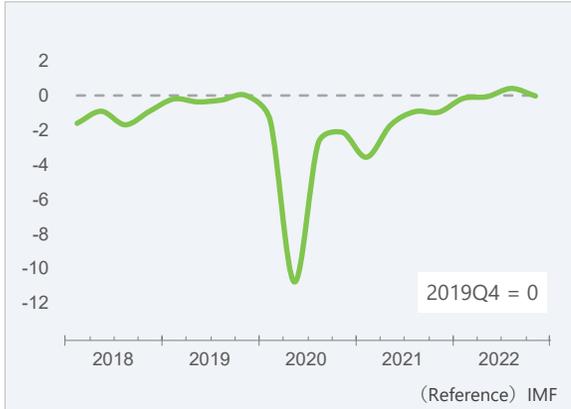


7 UK – Changes in Real GDP

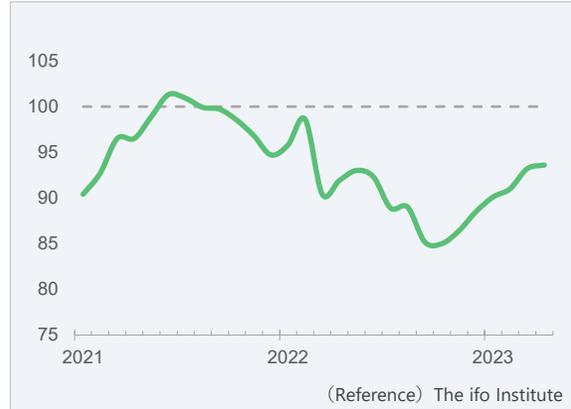


8 UK – Changes in Inflation Rate

Economic Statistics of Each Country



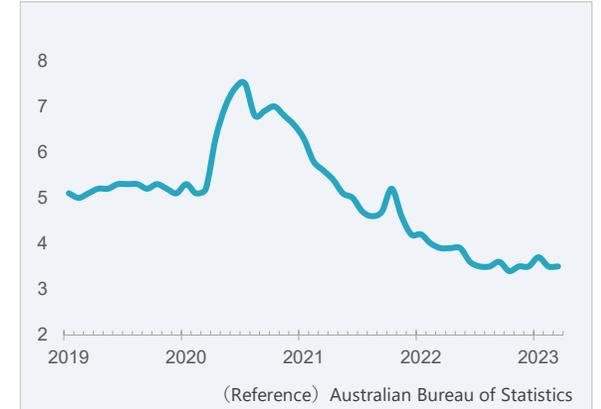
9 Germany – Changes in Real GDP



10 Germany – IFO Business Confidence Index



11 Australia – Changes in Real GDP



12 Australia – Change in Unemployment Rate

Note

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

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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