



Financial Results for the 2nd Quarter of Fiscal Year Ending December 31, 2022

Aug 2022

OUTSOURCING Inc.
Securities Code: 2427/TSE Prime Section

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*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 of Inappropriate Accounting



- In order to reliably and effectively promote measures to prevent recurrence, we established a [recurrence prevention committee](#) led by the top management on February 18, 2022.
- The recurrence prevention committee holds meetings [twice a month](#) to manage the implementation of measures to prevent recurrence.
- The measures to prevent recurrence is proceeding according to the timetable stipulated in the improvement report.

1. Promotion of compliance training

- Promoting compliance training under the leadership of the newly established “Compliance Management Division.”
- Various training programs, including director training and corporate governance code related training for executives, and internal control training for employees are provided.
- In this way, we will work to raise awareness and establish awareness of compliance among executives and employees.

2. Strengthening cooperation among Group Business Management Divisions

- Holding regular liaison meetings with the Business Management Divisions of Group companies to strengthen cooperation among group companies, thereby strengthening management functions.

3. Review of accounting rules and accounting systems

- In response to the case that occurred this time, we clarified the ideal accounting treatment, and prepared guidelines that summarize the points to be noted by each business division and accounting division in order to prevent recurrence. These guidelines will be disseminated to the Group companies in Japan from July to August.
- Proceeded with developing a consistency checking tool at the time of preparing financial data, and started operation in April 2022, and established a system to prevent arbitrary adjustments for by accounting personnel. In parallel, the core system was developed and a program was created to conduct cost accounting and work in process evaluations on the system.
- Started operation in the actual environment in July 2022.
- Introduced financial analysis and journal analysis tools to detect suspicious inappropriate accounting treatment at subsidiaries where inappropriate accounting occurred. Established a system to prevent inappropriate treatment by checking any abnormal value detected by the Company’s accounting division.

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.

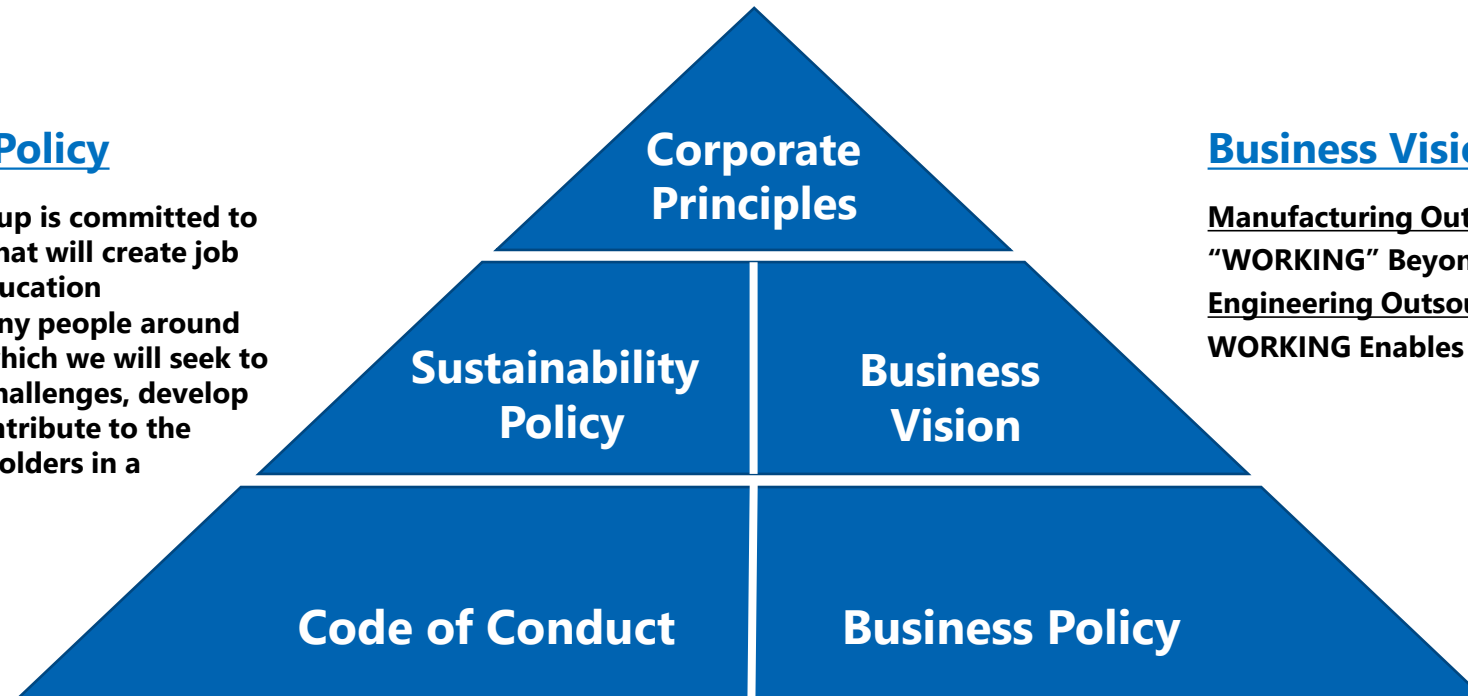
Business Vision

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

Contribution to the SDGs

■ Examples of initiatives for materiality (priority issues) and KPIs

1. At PT. OS SELNAJAYA INDONESIA, an Indonesian group company, Indonesian people are trained to work in various countries worldwide (in FY12/21, more than 700 people received training, and it is expected to increase in the future.)

- A man who wishes to work in automobile manufacturing in Japan through Technical Intern Training Program (age 23) ⇒ Training Japanese and basic business knowledge "Working in Japan is my dream, and my family supports me, so I want to learn advanced skills by working and work for a local Japanese company even after returning home."
- A woman who wishes to work as an ICU (intensive care room) nurse in the Netherlands using her nursing qualifications (age 26) ⇒ Training Dutch "I want to acquire advanced medical experience and skills, and contribute to the improvement of local medical technology after returning home."
- A woman who wishes to work for building cleaning work in Japan through Specified Skilled Worker System (age 20) ⇒ Training Japanese and business knowledge "I have eight young brothers whose father has just passed away, and I want to provide a better life to my family by working in Japan."

The Group is implementing similar initiatives in Asian countries other than Indonesia, and is required for the future designs of Asian people (this initiative contributes to the realization of materiality 1 of the Group.)

2. ■ OTTO Group of the Netherlands, has 6 recruitment bases in Ukraine and about 3,000 people were working. We assigned people who evacuated from Ukraine to our base in Poland, and are actively working on new recruitment to support them, including their families. We are also working with our business partners to operate evacuation facilities.

- As an initiative for humanitarian assistance, the Group has been accepting Ukrainian refugees to Japan. In April, we launched a free telephone interpreter for Ukrainian refugees and opened a call center, which provides interpretation services and daily life consultations, free of charge to ordinary local governments and corporations.

The Group is engaged in humanitarian assistance to Ukrainians who are searching for housing and jobs while having anxiety at evacuation sites. (This initiative contributes to the realization of materiality 1 of the Group.)

Innovation arising from diversity is essential to realizing our Group's corporate principles, and we will continue to promote necessary initiatives globally as a group.

Contribution to the SDGs

■ Sustainability Committee

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

Chairman: Representative Director

Committee member: Executive Director and External Director

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

■ Towards materiality and KPI promotion

1. Participating in initiatives

As an initiative for SDGs management, we will carefully evaluate the various organizations that support the achievement of SDGs, determine early on which organization's founding philosophy and activities match our Group's views, and work toward joining the organization. After joining, we will proactively disclose and provide information pertaining to the SDGs to the organization.

2. Sharing awareness of SDGs within the OUTSOURCING Group

We will distribute the "SDGs Handbook" created by the OUTSOURCING Group to all management team members and employees of the Group as an opportunity for each member to think about how they can contribute to the SDGs as members of the society. We will also provide training to new members joining the Group so that they are provided the time to thoroughly understand the Handbook.

■ Sustainability promotion structure



TOPICS

- **As an initiative for SDGs management, the Company participated in GCNJ (Global Compact Network Japan) in April 2021**
OUTSOURCING Inc. became a signatory to the United Nations Global Compact (UNGC) and promotes adherence to the Ten Principles in 4 areas of UNGC "Human Rights, Labour, Environment, and Anti-Corruption."
- **Signed a statement to act in accordance with the principles of "Women's Empowerment Principles (WEPs)"**
WEPs is a set of principles of action jointly prepared by the United Nations Global Compact (UNGC) and United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) to promote women's active participation in the workplace, marketplace and community.



Consolidated Financial Results Summary for 2Q FY12/22 (IFRS)



Consolidated Statement of Profit and Loss

Unit: ¥ billion

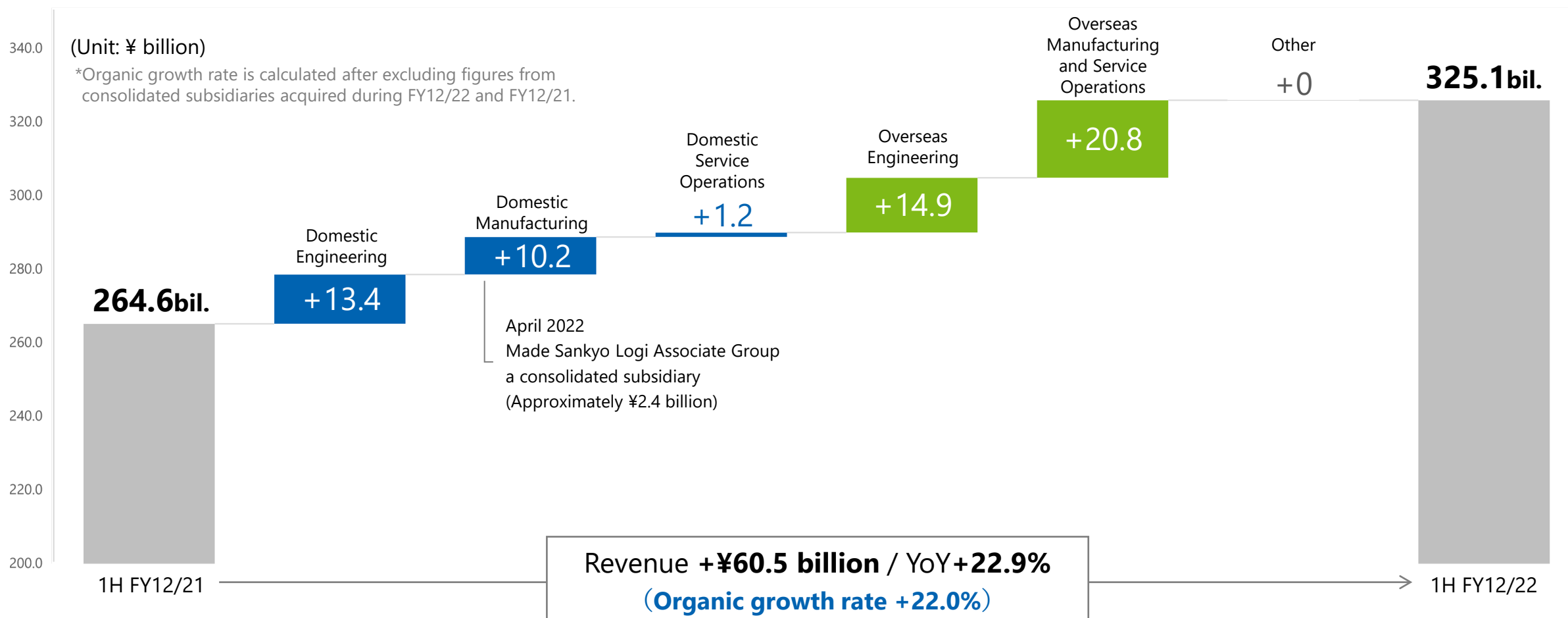
	Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
	FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. 1H	Differences (vs. forecasts)
Revenue	140.8	169.8	+ 20.6%	170.0	- 0.2	264.6	325.1	+ 22.9%	323.0	+ 2.1
Gross profit	26.2	30.5	+ 16.2%	-	-	50.0	59.0	+ 18.1%	-	-
(Gross profit margin)	18.6%	18.0%	- 0.6pt	-	-	18.9%	18.1%	- 0.8pt	-	-
SG&A expenses	21.4	26.8	+ 25.1%	-	-	41.7	50.9	+ 21.9%	-	-
Operating profit	6.4	5.0	- 22.3%	5.5	- 0.5	11.5	10.9	- 5.4%	10.5	+ 0.4
(Operating profit margin)	4.5%	2.9%	- 1.6pt	3.2%	- 0.3pt	4.4%	3.4%	- 1.0pt	3.3%	+ 0.1pt
Profit before tax	5.1	3.7	- 27.4%	-	-	10.8	7.6	- 29.5%	9.3	- 1.7
Profit	3.0	2.1	- 29.9%	-	-	6.4	3.9	- 39.4%	5.6	- 1.7
Profit attributable to owners of parent	2.6	2.3	- 9.0%	-	-	5.6	3.9	- 30.6%	5.2	- 1.3

In the 1H, the lockdown in Shanghai and the prolonged semiconductor shortages, as well as the soaring prices of materials due to inflation, had a very negative impact on the Domestic and Overseas Manufacturing and Service Operations segments. However, in response to the robust demand for the use of engineers, the Domestic and Overseas Engineering segments continued to grow even during the COVID-19 pandemic, catching up on the negative portion mentioned above. Hence, both revenue and operating profit exceeded the initial plan.

This is proof that the group's efforts to diversify its businesses and operations across regions aiming to level the business performance have been successful. The Company is confident in achieving its full-year forecasts, and these efforts will lead to significant business growth in the medium- and long-term.

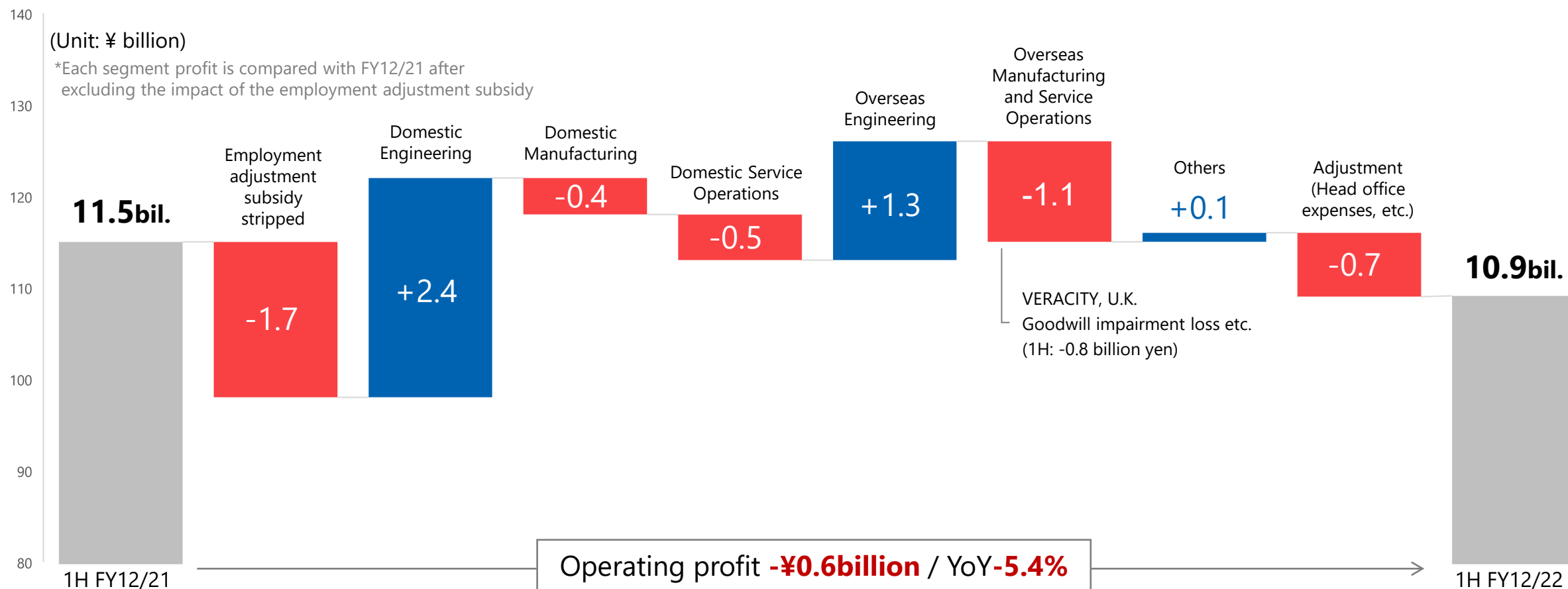
Increase/Decrease Analysis of Revenue

- 1H **revenue increased significantly by +22.9% YoY** due to business expansion in all segments.
- Built a solid business foundation and **achieved sustainable revenue growth** by diversifying the business portfolio and **progressing the differentiation strategy in each segment.**



Increase/Decrease Analysis of Operating Profit

- Operating profit **exceeded the initial forecast**, as the Domestic/Overseas Engineering segments offset the impact of production adjustments and goodwill impairment loss in the Domestic/Overseas Manufacturing segment.
- Compared to the previous year, the 1H operating profit decreased YoY despite the strong performance in the Domestic and Overseas Engineering segments amid the **disappearance of the employment adjustment subsidy**.
- The **strengthening of the foundations for growth through the leveling of business performance** that has been promoted since 2010 is being evaluated for increasing resilience to changes in the external environment.



Increase/Decrease Analysis of Profit Attributable to Owners of Parent

- Profit attributable to owners of parent fell YoY due to the impact of **temporary finance costs** recorded in 1Q.
- The finance costs were recorded when the Company entered into a contract for the early purchase of OTTO Group's remaining shares that made it a wholly-owned subsidiary in January 2022.
- Although it will push down profits in the short term, in the medium to long term, it will contribute to the **capture of profits from the transition to a wholly-owned subsidiary** and the **creation of group synergies**.

Unit: ¥ billion

	FY12/21 1H	FY12/22 1H	YoY Changes (Amount)	Main reasons
Operating profit	11.5	10.9	- 0.6	
Finance income	2.1	0.8	- 1.3	
Finance costs	2.8	4.1	+ 1.3	
Financial costs related to put options	1.6	2.5	+ 0.9	Finance costs through early purchase of remaining shares of the OTTO Group in the Netherlands, etc.
Profit before tax	10.8	7.6	- 3.2	
Income tax expense	4.4	3.8	- 0.7	
Profit	6.4	3.9	- 2.5	
Non-controlling interests	0.8	- 0.0	- 0.8	
Profit attributable to owners of parent	5.6	3.9	- 1.7	

Consolidated Statement of Financial Position

Unit: ¥ billion

	FY12/21 1H	FY12/22 1H	YoY Changes (Amount)	Main reasons
Total assets	351.9	401.0	+ 49.1	
Current assets	167.2	192.8	+ 25.6	
Cash and cash equivalents	48.3	53.4	+ 5.1	
Trade and other receivables	88.1	106.0	+ 18.0	Increased due to the growing numbers of group companies and expansion of business scale
Non-current assets	184.7	208.2	+ 23.5	
Goodwill	83.7	97.7	+ 14.0	Increased due to purchase of shares through M&A and currency translation differences due to current exchange rate (yen depreciation) (¥6.0 bil.)
Current liabilities	212.5	187.1	- 25.4	Reclassification of a portion of borrowings from current to non-current
Non-current liabilities	67.0	132.9	+ 65.9	Same as above and increased due to borrowing of business funds
Equity	72.5	81.1	+ 8.6	
Equity ratio	18.7%	19.0%	+ 0.3pt	
Interest-bearing liabilities	151.6	198.2	+ 46.6	Increased due to borrowing of business funds

Consolidated Statement of Cash Flows

Unit: ¥ billion

	FY12/21 1H	FY12/22 1H	YoY Changes (Amount)	Main reasons
Profit before tax	10.8	7.6	- 3.2	
Depreciation and amortization	7.5	8.1	+ 0.7	
Decrease (increase) in trade and other receivables	-10.9	-8.1	+ 2.8	
Increase (decrease) in trade and other payables	6.3	4.6	- 1.6	
Cash flows from operating activities	5.2	5.0	- 0.1	Reflected profit before tax and changes in trade receivables and payables
Payments for purchase of business	-33.9	-10.1	+ 23.8	Reflected purchase of shares through M&A
Cash flows from investing activities	-33.9	-12.0	+ 21.9	
Increase (decrease) in borrowings	5.9	36.3	+ 30.5	Increased due to borrowing of business funds
Dividends paid	-1.3	-3.9	- 2.6	
Cash flows from financing activities	-6.2	9.6	+ 15.8	
Cash and cash equivalents at end of period	48.7	53.4	+ 4.7	

Topics and Forecasts for FY12/22 by Operating Segment (IFRS)



KPI and Financial Results for Consolidated Business Plan

- The order backlog at term-end in the above table indicates the number of orders received at term-end for temporary engineers in the Domestic Engineering segment and for manufacturing dispatch workers in the Domestic Manufacturing segment, and the amount of orders received at term-end for the U.S. military facilities business in the Domestic Service Operations segment.
- The order backlog at term-end for the Domestic Manufacturing Outsourcing segment includes the number of people simultaneously ordered by each manufacturer to multiple dispatch companies and orders with the assignment date in next month or later.
- In the 2Q, the number of worksite employees for the Domestic Manufacturing Outsourcing segment at the end of the 2Q increased by approximately 5,500 compared to the 1Q. Of this increase, about 4,000 were related to M&A, most of which were short-time employees who work 4 hours or less.

(¥ billion)		FY12/21					FY12/22									
		1Q	2Q	Actual		Full-Year	Forecast 1Q	Actual 1Q	Forecast 1Q	Actual 2Q	Forecast			Actual 1H	Forecasts	
				3Q	4Q						3Q	4Q	1H		2H	Full-Year
Domestic Engineering Outsourcing Business	Revenue	27.6	30.0	31.8	34.4	123.8	33.8	34.2	37.4	36.7	40.0	42.8	71.2	71.0	82.8	154.0
	Operating profit	2.2	2.3	2.6	2.8	9.9	1.9	2.9	1.3	2.5	2.8	5.0	3.2	5.4	7.8	11.0
	Recruiting expenses	-	-	-	-	-	1.2	1.1	1.4	1.2	1.7	1.5	2.6	2.3	3.2	5.7
	No. of worksite employees at term-end	18,249	20,829	21,163	21,622	21,622	22,300	22,085	25,500	24,571	26,100	26,700	25,500	24,571	26,700	26,700
	Utilization Rate	95.7%	90.8%	95.7%	97.3%	94.9%	96.2%	96.6%	91.0%	93.0%	96.3%	97.4%	93.4%	94.7%	96.9%	95.2%
	Order backlog at term-end (persons)	4,618	6,026	5,055	6,965	6,965	6,500	5,926	5,300	5,323	7,200	7,000	5,300	5,323	7,000	7,000
Domestic Manufacturing Outsourcing Business	Revenue	23.0	24.5	25.1	27.1	99.7	27.3	27.0	32.5	30.7	34.0	36.7	59.8	57.7	70.7	130.5
	Operating profit	1.7	1.8	1.5	2.2	7.2	1.4	1.5	2.0	1.5	2.3	3.1	3.4	3.0	5.4	8.8
	Recruiting expenses	-	-	-	-	-	0.8	0.9	0.8	1.0	0.9	0.9	1.6	1.9	1.8	3.4
	No. of worksite employees at term-end	18,614	20,126	21,341	21,443	21,443	21,800	21,506	24,000	27,000	25,000	26,500	24,000	27,000	26,500	26,500
	No. of workers under outsourced administration at term-end	21,942	21,607	21,076	20,004	20,004	19,000	18,510	18,200	18,660	19,200	20,000	18,200	18,660	20,000	20,000
	Order backlog at term-end (persons)	4,373	6,613	5,923	6,176	6,176	6,600	6,480	6,600	6,552	6,400	6,700	6,600	6,552	6,700	6,700
Domestic Service Operations Outsourcing Business	Revenue	7.0	7.2	7.3	7.7	29.2	8.1	8.4	8.5	7.0	9.6	9.8	16.6	15.4	19.4	36.0
	Operating profit	1.3	1.0	1.1	0.6	4.0	1.0	1.1	1.0	0.8	1.4	1.3	2.0	1.9	2.7	4.7
	No. of worksite employees at term-end	2,444	2,567	3,074	3,349	3,349	3,100	3,868	3,300	3,344	3,800	4,000	3,300	3,344	4,000	4,000
	Order backlog at term-end (¥ billion)	25.8	27.3	29.9	29.8	29.8	-	27.5	-	30.5	-	-	-	30.5	-	-
Overseas Engineering Outsourcing Business	Revenue	26.4	36.2	38.0	39.3	139.8	35.8	36.7	37.0	40.7	39.3	38.9	72.8	77.4	78.2	151.0
	Operating profit	1.0	1.5	0.5	1.4	4.6	1.4	1.7	1.5	2.1	1.9	2.0	2.9	3.8	3.9	6.8
	No. of worksite employees at term-end	13,393	14,726	14,642	14,881	14,881	15,010	13,976	13,040	13,970	12,020	12,650	13,040	13,970	12,650	12,650
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	39.9	42.9	45.3	48.7	176.8	48.0	48.9	54.6	54.7	59.1	61.8	102.6	103.6	120.9	223.5
	Operating profit	1.4	1.5	1.3	2.5	6.7	1.3	0.7	2.0	0.9	3.2	3.5	3.3	1.6	6.7	10.0
	No. of worksite employees at term-end	48,383	49,441	50,669	51,229	51,229	53,250	51,455	56,110	50,080	59,930	62,550	56,110	50,080	62,550	62,550
Other Business	Revenue	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Operating profit	(0.0)	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.2	0.0	0.1
	No. of worksite employees at term-end	0	0	0	0	0	0	14	0	21	0	0	0	21	0	0
Adjustments	Operating profit	-2.5	-1.9	-2.0	-2.2	-8.6	-2.1	-2.1	-2.3	-2.9	-2.6	-2.4	-4.4	-5.0	-5.0	-9.4
Total	Revenue	123.8	140.8	147.4	157.3	569.3	153.0	155.3	170.0	169.8	182.0	190.0	323.0	325.1	372.0	695.0
	Operating profit	5.2	6.4	5.0	7.4	23.9	5.0	6.0	5.5	5.0	9.0	12.5	10.5	10.9	21.5	32.0

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





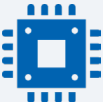






Domestic Engineering Outsourcing Business

– Financial Results Summary

- Revenue did not reach the plan due to **a lower-than-planned number of work-site employees at the term-end**, as the Company curbed the recruitment of engineers in the 1H in consideration of improving recruitment efficiency.
- As demand for engineers remained high in all industries, operating profit exceeded the forecast due to **a higher utilization rate than the forecast** and reduced recruitment costs.
- The Company plans to invest in recruiting expenses in the second half of the year, which were curbed in the first half of the year. For the full-year, **both revenue and operating profit will remain in line with the forecasts**.

		Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
		FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue	(¥ billion)	30.0	36.7	+ 22.5%	37.4	- 0.7	57.6	71.0	+ 23.2%	71.2	- 0.2
Operating profit	(¥ billion)	2.3	2.5	+ 7.5%	1.3	+ 1.2	4.5	5.4	+ 20.5%	3.2	+ 2.2
Operating profit margin	(%)	7.7%	6.8%	- 0.9pt	3.5%	+ 3.3pt	7.8%	7.6%	- 0.2pt	4.5%	+ 3.1pt
No. of worksite employees at term-end	(persons)	20,829	24,571	+ 18.0%	25,500	- 929	20,829	24,571	+ 18.0%	25,500	- 929
Utilization rate	(%)	90.8%	93.0%	+ 2.2pt	91.0%	+ 2.0pt	93.1%	94.7%	+ 1.6pt	93.4%	+ 1.3pt
Order backlog at term-end	(persons)	6,026	5,323	- 11.7%	5,300	+ 23	6,026	5,323	- 11.7%	5,300	+ 23

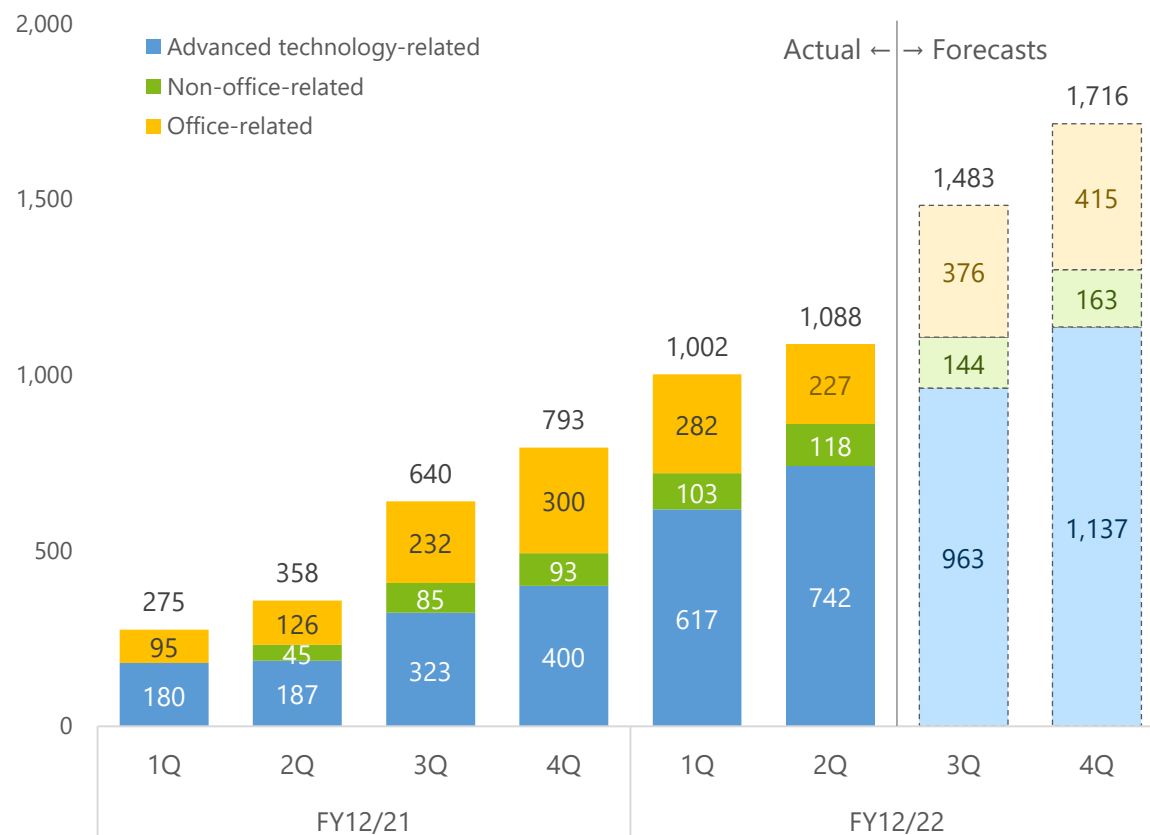
Domestic Engineering Outsourcing Business – Financial Results by Industry

Industry	Revenue	Overview for 1H	Future Outlook
 IT-related	 ¥23.2bil. (YoY + 25.8%)	<ul style="list-style-type: none"> Demand remained strong due to an absolute shortage of IT human resources and rising DX needs. 	<ul style="list-style-type: none"> Orders are expected to expand steadily, particularly for high-skilled human resources, despite a slight overheating in the recruitment market.
 Transport Equipment	 ¥13.2bil. (YoY + 14.1%)	<ul style="list-style-type: none"> Orders continue to be favorable and are expanding, mainly in materials, products, and equipment manufacturers. 	<ul style="list-style-type: none"> The order environment is expected to remain favorable in the 2H.
 Electrical & Electronics	 ¥11.6bil. (YoY + 26.0%)	<ul style="list-style-type: none"> Demand for remote work and staying at home has come to a halt, and there seems to be a slight pause in demand for PCs and home appliances. 	<ul style="list-style-type: none"> Demand seems to be pausing due to stripped special demands described at the left.
 Construction & Plant-related	 ¥10.0bil. (YoY + 17.7%)	<ul style="list-style-type: none"> The order environment remained favorable, but recruitment cost tended to remain high. 	<ul style="list-style-type: none"> The order environment is expected to remain favorable due to a labor shortage caused by a decline in construction labor force population.
 Pharm. & Chemicals	 ¥6.2bil. (YoY + 28.1%)	<ul style="list-style-type: none"> Although the COVID-19-related demand has peaked out, orders for new drug development have remained steady. 	<ul style="list-style-type: none"> In the 2H, orders are expected to secure the same level as in the 1H.
Total Segment Overall	 ¥71.0bil. (YoY + 23.2%)	<ul style="list-style-type: none"> Demand for engineers remains high in all industries, and demand is expanding. 	<ul style="list-style-type: none"> Measures under the pandemic by clients have progressed, and the business environment recovered. The utilization rate is expected to remain at a high level.

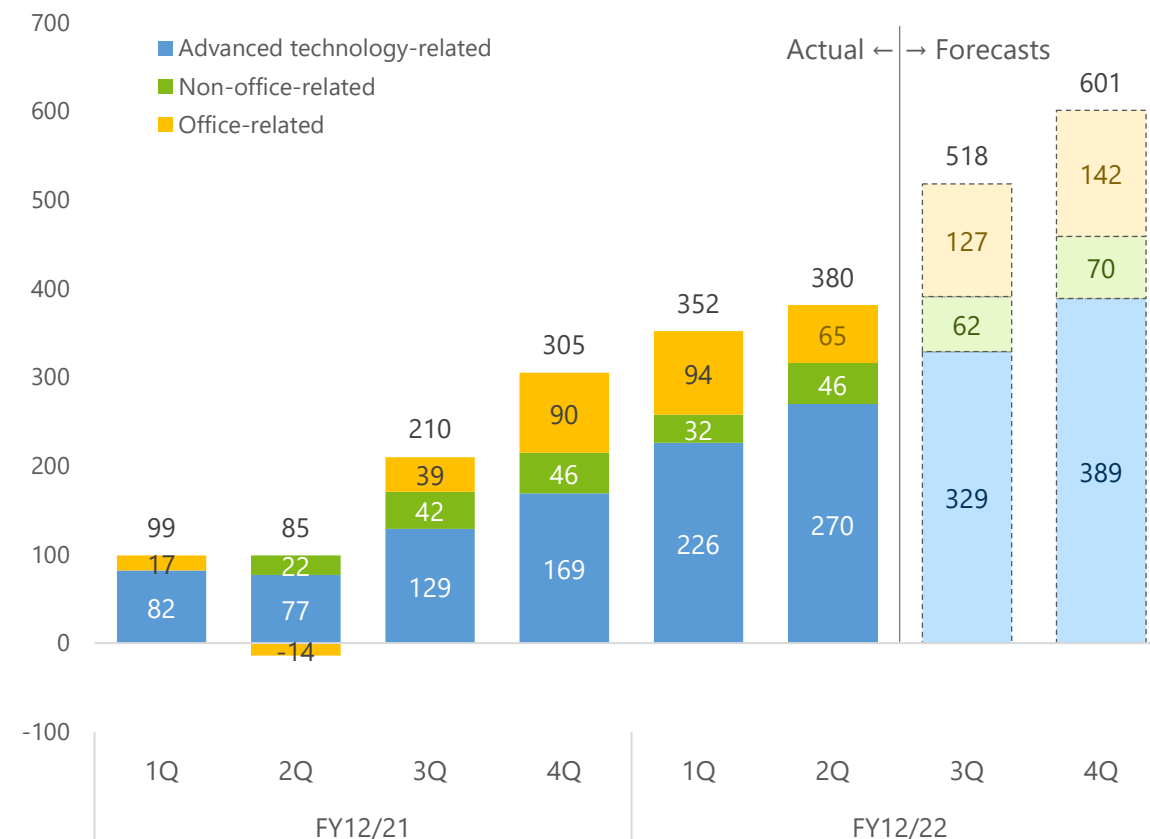
Domestic Engineering Outsourcing Business – Overview of Dispatch 2.0

- Revenue for the office-related field declined compared to 1Q FY12/22, but demand for highly skilled engineers was firm, and as a whole, both revenue and gross profit increased.
- By utilizing [human resource development alliance](#) with manufacturers, etc., the Company will work to produce highly skilled human resources required in the market.
- In the future, the Company will [focus on high-value-added areas](#) such as AI and data science to catch up with the forecast.

Net sales (¥ million)



Gross profit (¥ million)





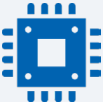








Domestic Manufacturing Outsourcing Business

– Financial Results Summary

- Revenue/operating profit fell short of the forecasts due to the impact of **the prolonged automobile production adjustment** and aggressive recruiting activities in anticipation of recovery production.
- Number of worksite employees at term-end exceeded the forecast thanks to the **promotion of recruitment aimed at increasing demand in the future** and contributions from increased M&A.
- In the 2H, the Company expects to achieve initial forecast on an operating profit basis due to the **full-scale recovery of automobile production** and an order of a large-scale additional staff project.

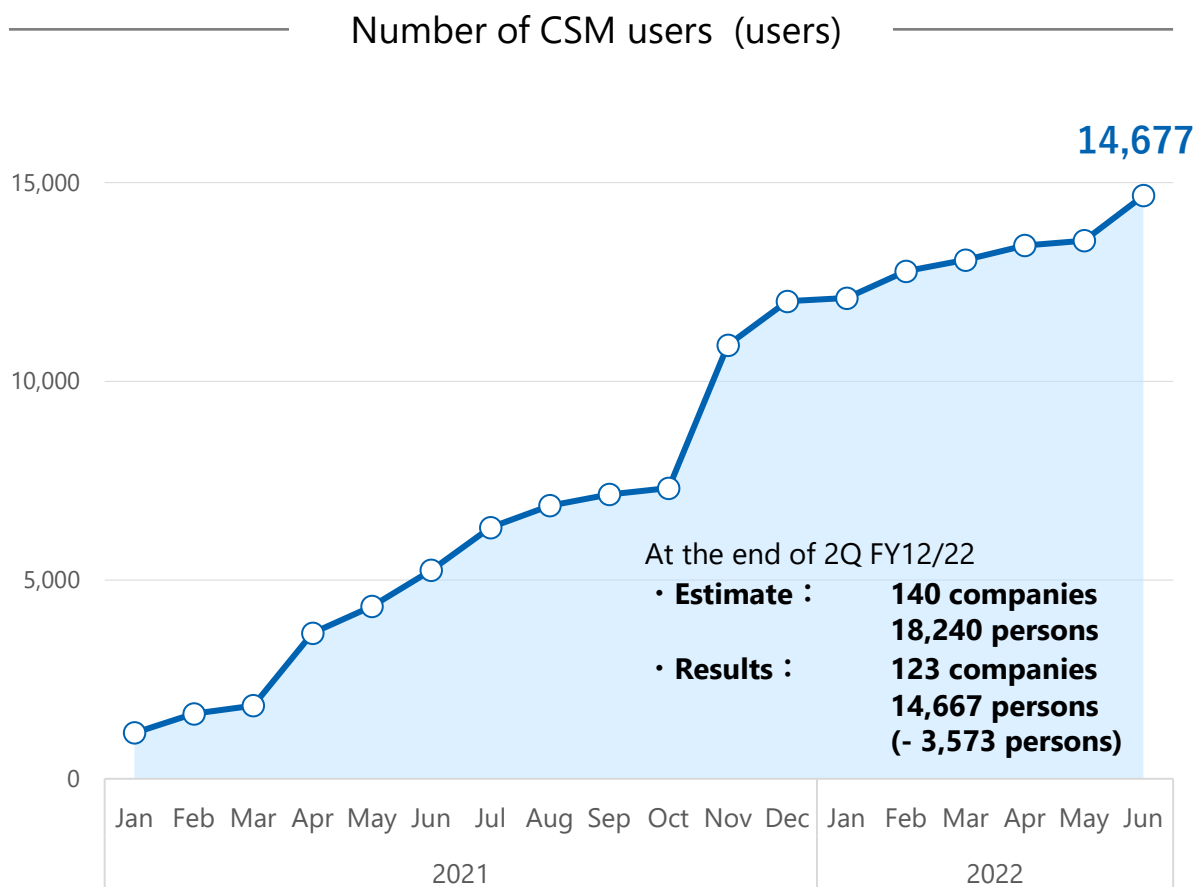
		Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
		FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue	(¥ billion)	24.5	30.7	+ 25.1%	32.5	-1.8	47.5	57.7	+ 21.5%	59.8	- 2.1
Operating profit	(¥ billion)	1.8	1.5	- 18.6%	2.0	-0.5	3.5	3.0	- 15.5%	3.4	- 0.4
Operating profit margin	(%)	7.4%	4.8%	- 2.6pt	6.2%	- 1.4pt	7.4%	5.1%	- 2.2pt	5.7%	- 0.6pt
No. of worksite employees at term-end	(persons)	20,126	27,000	+ 34.2%	24,000	+ 3,000	20,126	27,000	+ 34.2%	24,000	+ 3,000
No. of workers under outsourced administration at term-end	(persons)	21,607	18,660	- 13.6%	18,200	+ 460	21,607	18,660	- 13.6%	18,200	+ 460
Order backlog at term-end	(persons)	6,613	6,552	- 0.9%	6,600	- 48	6,613	6,552	- 0.9%	6,600	- 48

Domestic Manufacturing Outsourcing Business – Financial Results by Industry

Industry	Revenue	Overview for 1H	Future Outlook
 Transport Equipment	 ¥22.9bil. (YoY + 9.7%)	<ul style="list-style-type: none"> Prolonged automobile production adjustments due to semiconductor shortages and supply chain disruptions hit the blow. 	<ul style="list-style-type: none"> Full-scale recovery production is expected in the 2H.
 Electrical & Electronics	 ¥15.9bil. (YoY + 6.3%)	<ul style="list-style-type: none"> Although home appliances are affected by semiconductor shortages, demand for PCs and smartphones is firm, and orders are picking up. 	<ul style="list-style-type: none"> Production demand at semiconductor equipment manufacturers is strong, and orders are expected to expand further in the 2H.
 Pharm. & Chemicals	 ¥3.3bil. (YoY + 9.4%)	<ul style="list-style-type: none"> The COVID-19 related demand stabilized, but orders generally remained in line with the forecast. 	<ul style="list-style-type: none"> The 2H is expected to proceed generally as planned.
 Metals & Construction Materials	 ¥3.2bil. (YoY + 48.6%)	<ul style="list-style-type: none"> Steady progress in the utilization of dispatching, including the acquisition of orders for a large-scale project. 	<ul style="list-style-type: none"> The 2H is expected to proceed generally as planned.
 Foods	 ¥1.9bil. (YoY + 11.4%)	<ul style="list-style-type: none"> Demand for human resources from food manufacturers, including frozen food manufacturers, is strong, and orders have remained steady. 	<ul style="list-style-type: none"> In the future, the restaurant industry is expected to recover, and orders from the food industry is expected to continue expanding.
Total Segment Overall	 ¥57.7bil. (YoY + 21.5%)	<ul style="list-style-type: none"> The impact of the prolonged automobile production adjustment was significant, and both revenue and operating profit fell short of the forecasts. 	<ul style="list-style-type: none"> Operating profit target is expected to be achieved in 2H due to full-scale recovery production of automobiles, etc.

Domestic Manufacturing Outsourcing Business – Dispatched Employee Management System “CSM”

- In response to the [growing demand for remote management](#) during the COVID-19 pandemic, the number of users did not reach the estimate due to [delays in introduction](#) and other factors, despite the acquisition of orders exceeding expectations.
- In August 2022, the Company formed alliances with 10 major companies in the industry to [establish de facto standards](#) for Dispatched Employee Management System and began discussions.
- For details on developing Dispatched Employee Management System “CSM” and the joint platform, please refer to page 14-15 of the Reference Materials.

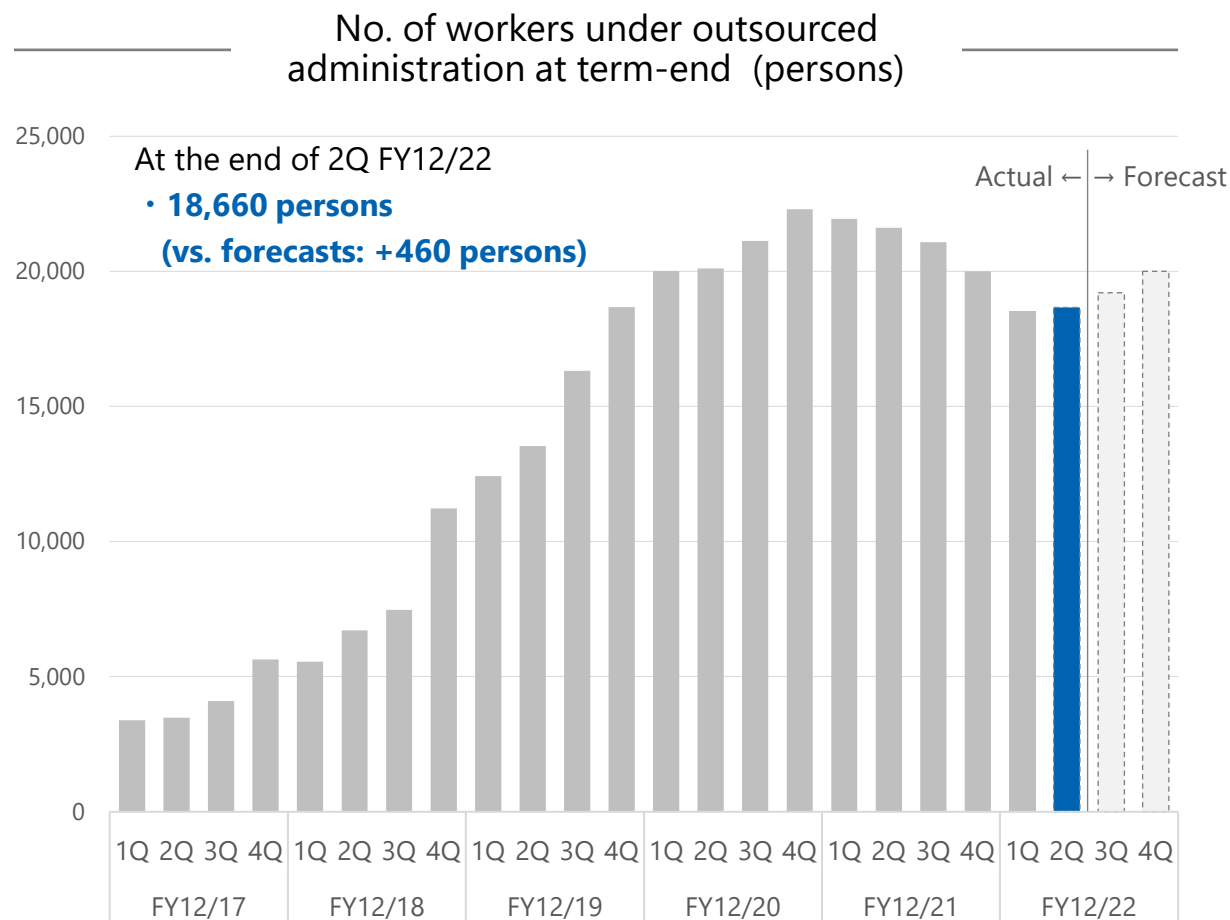


Initiatives to standardize Dispatched Employee Management System

- **10 major companies** in the manufacturing dispatching industry collaborated to establish a new company through equal investment for the joint development of Dispatched Employee Management System.
- Aiming to [standardize industry platforms](#) by building "industry-standard platforms" for dispatched employee management.
- Until now, the inefficiency of **duplicate management of multiple systems** tailored to client companies has been an issue for the entire dispatch industry.
- The Company judged that this case would lead to an [improvement in the productivity of the dispatching industry](#) and an [improvement in the position of the industry as a whole](#) by improving the treatment of dispatched workers.

Domestic Manufacturing Outsourcing Business – Management Business of Technical Intern Trainees

- With the gradual relaxation of immigration restrictions from March 2022, the resumption of entry of Technical Intern Trainees gradually became full-fledged.
- At the same time, the number of returnees of non-Japanese workers who have been unable to return to their home countries and have been granted special residency in Japan is expected to temporarily increase.
- Although the number of workers under outsourced administration may fluctuate in the short term, the forecast is expected to be achieved for the full year.



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.

Domestic Manufacturing Outsourcing Business – New initiatives

Building a new human resource flow network



The Company has launched the Asia Europe Talent Bridge Project to create a new talent flow route to supply human resources from Asia, where the population is growing, to the EU, where there are a shortage in workers.

The Company began sending out nurses from Asia to Europe in January 2022.

Establishment of Semiconductor Training Center



In Kyushu, where semiconductor plants are densely located, the Company has established a training center to provide in-house technical training and create added value to differentiate itself from other companies in the same industry.

In addition to the Nagasaki training center that opened in April 2022, another center is scheduled to be established in Kumamoto Prefecture in December 2022.

Establishment of technology-based safety training and education programs



The PEO Construction Equipment Training Center is one of the best in the industry for technology-based safety training and education systems, and is strong in the development of skilled personnel.

In April 2022, the Company acquired IHI Technical Training Institution Co., Ltd., which has one of the largest crane training facilities in Japan, through M&A.

As the economy is moving toward normalization after COVID-19, the Company has established a business scheme that meets customer needs ahead of other companies in the industry.

Domestic Service Operations Outsourcing Business

– Financial Results Summary

- The U.S. military facilities business remained strong overall, including the [acquisition of new projects](#), but was affected by [supply chain disruptions](#) and [rapid depreciation of the yen](#).
- Going forward, the Company aims to achieve its full-year forecast by [passing on the soaring prices of materials](#) and [expanding orders for large-scale projects](#).
- As for other businesses (security outsourced contracting, etc.), demand is not expected to decline even during the COVID-19 pandemic, and [orders are expected to remain firm](#).

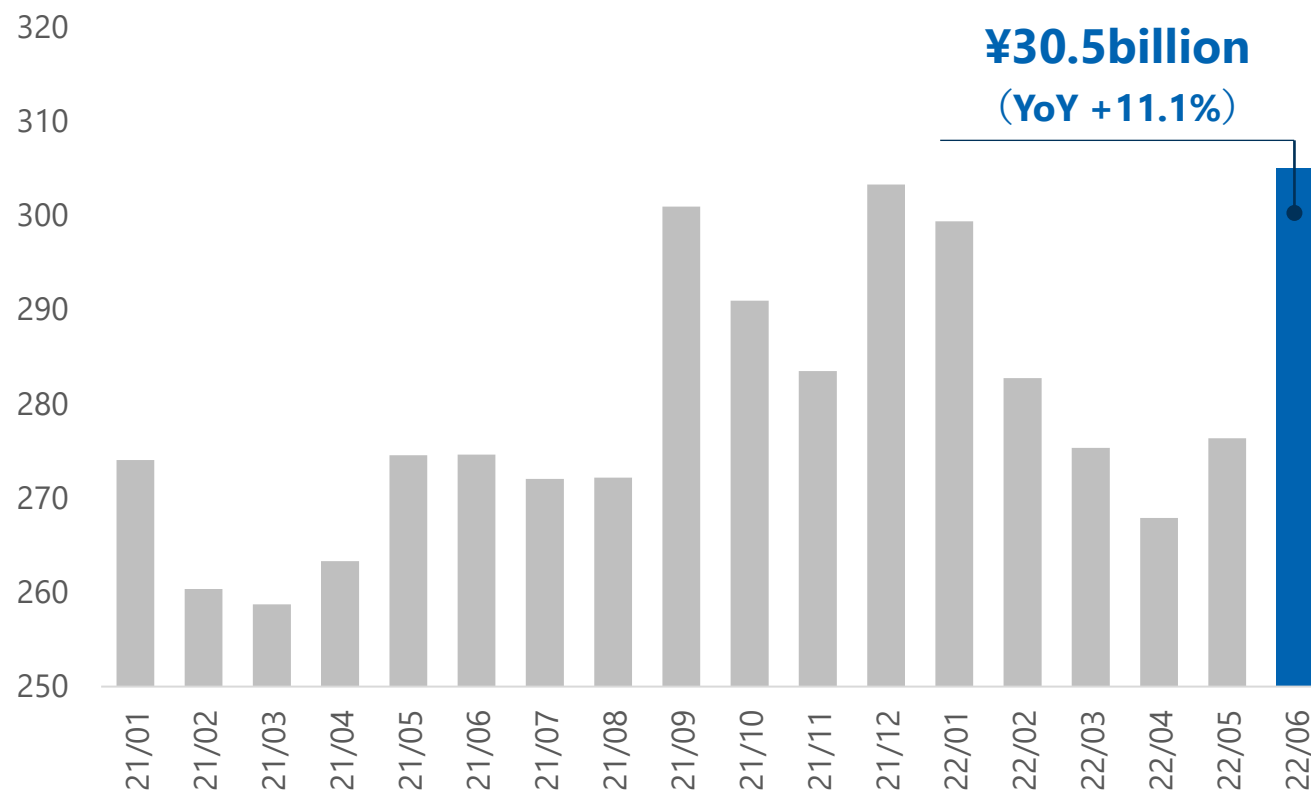
		Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
		FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue	(¥ billion)	7.2	7.0	- 3.1%	8.5	- 1.5	14.2	15.4	+ 8.6%	16.6	- 1.2
Operating profit	(¥ billion)	1.0	0.8	- 22.5%	1.0	- 0.2	2.4	1.9	- 20.6%	2.0	- 0.1
Operating profit margin	(%)	14.1%	11.3%	- 2.8pt	11.8%	- 0.5pt	16.6%	12.2%	- 4.5pt	12.0%	+ 0.1pt
No. of worksite employees at term-end	(persons)	2,567	3,344	+ 30.3%	3,300	+ 44	2,567	3,344	+ 30.3%	3,300	+ 44
Order backlog at term-end	(¥ billion)	27.3	30.5	+ 11.7%	-	-	27.3	30.5	+ 11.7%	-	-

Domestic Service Operations Outsourcing Business

– Future Outlook for the U.S. military facilities business

- In the 2Q, the Company was behind its budget due to **the delays in construction progress** caused by disruptions in the supply chain for overseas construction materials.
- On the other hand, **the order environment remains favorable**, and the order backlog has accumulated; therefore, **the Company expects the business to expand as the supply chain normalizes in the future**.
- With the recent instability in the global situation, U.S. defense spending is on the rise, which is expected to **further expand business opportunities** for infrastructure construction and other projects.

Order backlog for the U.S. military facilities business



	Order backlog (¥ billion)	YoY (%)
Jan. 2022	29.9	109.2%
Feb. 2022	28.3	108.6%
Mar. 2022	27.5	106.4%
Apr. 2022	26.8	101.7%
May. 2022	27.6	100.7%
Jun. 2022	30.5	111.1%

Order backlogs have increased YoY for six consecutive months in 2022.

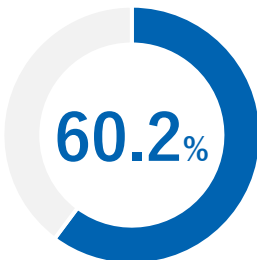
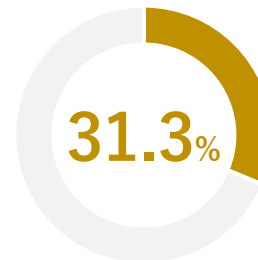
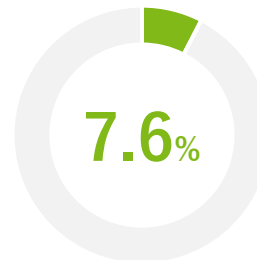
Overseas Engineering Outsourcing Business

– Financial Results Summary

- Both revenue and operating profit achieved the forecasts, driven by [continued strong performance in Ireland and Oceania](#).
- In the U.K. debt collection business, although the volume of receivables has not recovered to the budget level, it achieved its operating profit target by [improving collection efficiency](#).
- In the 2H, [Ireland and Oceania are expected to continue to perform well](#), and both revenue and operating income are expected to be in line with forecasts.

		Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
		FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue	(¥ billion)	36.2	40.7	+ 12.4%	37.0	+ 3.7	62.5	77.4	+ 23.8%	72.8	+ 4.6
Operating profit	(¥ billion)	1.5	2.1	+ 38.4%	1.5	+ 0.6	2.6	3.8	+ 47.9%	2.9	+ 0.9
Operating profit margin	(%)	4.2%	5.2%	+ 1.0pt	4.1%	+ 1.2pt	4.1%	4.9%	+ 0.8pt	4.0%	+ 1.0pt
No. of worksite employees at term-end	(person)	14,726	13,970	- 5.1%	13,040	+ 930	14,726	13,970	- 5.1%	13,040	+ 930
No. of freelancers	(person)	1,359	1,442	+ 6.1%	2,063	- 621	1,359	1,442	+ 6.1%	2,063	- 621

Overseas Engineering Outsourcing Business – Overview by Region

	Ireland	Oceania	U.K.
Sales composition ratio			
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 1H	<ul style="list-style-type: none"> In particular, the recruiting and placing business was doing well, and high demand for the financial sector and the pharmaceutical industry continued, resulting in increased revenue and profits. Special demand for COVID-19, such as vaccinations, was expected to end, but it was scaled back and continued. 	<ul style="list-style-type: none"> Labor market tightening and job seeker shortage trends resulting from foreign workers declines during the COVID-19 pandemic. On the other hand, demand for HR service was high due to the resumption of economic activities, and the recruiting and placing business was particularly strong. 	<ul style="list-style-type: none"> Despite some delays in debt issuance, the volume of receivables is on a recovery trend and revenue and profits increased. Review of collection strategies and further use of big data resulted in an improvement in the collection rate of receivables.
Future outlook	<ul style="list-style-type: none"> Continued strong performance is expected in the 2H. Expanding business by developing the schemes established in Ireland and the U.K. to neighboring countries. 	<ul style="list-style-type: none"> Continued strong performance is expected in the 2H. While there are concerns about the impact of the change in Australian administration on dispatching business for the government, demand for recruiting and placing is expected to increase. 	<ul style="list-style-type: none"> Concerns about a decrease in debtors' ability to pay due to increases in energy prices and prices are also raised. Going forward, in addition to increasing debt collection agency fees, the Company expects to develop its business by expanding into a broader debt collection market.

*The above sales composition ratio is a reference value aggregated based on the location of the head office of the Group companies.

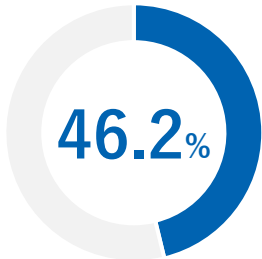
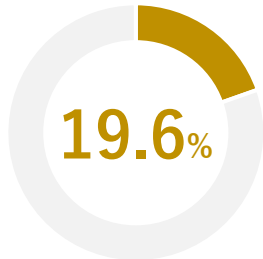

Overseas Manufacturing and Service Operations Outsourcing Business

– Financial Results Summary

- Amid the **impact of soaring prices** and COVID-19, revenue achieved the forecast, partly due to **the upward pressure effect of the depreciation of the yen**.
- Operating profit was shortfall compared to the forecast due to the significant **impact of goodwill impairment loss (¥-0.28 billion)** in the U.K., despite the impact of the exchange rate.
- In the 2H, although it is necessary to continue looking closely at changes in the external environment, both revenue and operating profit are expected to remain in line with the forecast.

	Quarterly Results (Apr. 1, 2022 - Jun. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Jun. 30, 2022)				
	FY12/21 2Q	FY12/22 2Q	YoY	Initial Fcst. 2Q	Differences (vs. forecasts)	FY12/21 1H	FY12/22 1H	YoY	Initial Fcst. 1H	Differences (vs. forecasts)
Revenue (¥ billion)	42.9	54.7	+ 27.5%	54.6	+ 0.1	82.8	103.6	+ 25.2%	102.6	+ 1.0
Operating profit (¥ billion)	1.5	0.9	- 39.2%	2.0	- 1.1	2.9	1.6	- 43.6%	3.3	- 1.7
Operating profit margin (%)	3.4%	1.6%	- 1.8pt	3.7%	- 2.0pt	3.5%	1.6%	- 1.9pt	3.2%	- 1.7pt
No. of worksite employees at term-end (person)	49,441	50,080	+ 1.3%	56,110	- 6,030	49,441	50,080	+ 1.3%	56,110	- 6,030

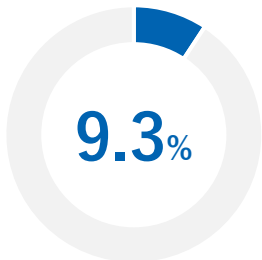
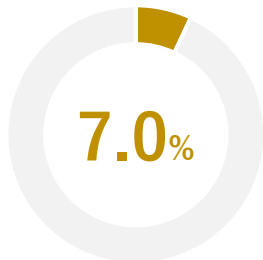
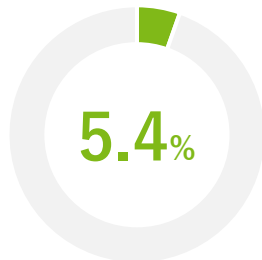
Overseas Manufacturing and Service Operations Outsourcing Business – Overview by Region

	Netherlands	Germany	U.K.
Sales composition ratio			
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 1H	<ul style="list-style-type: none"> With the cancellation of lockdowns, the growth rate of dispatching for the mainstay supermarket e-commerce division showed a slight stabilization. The impact of higher costs related to COVID-19 remains, but it is in an improvement trend. 	<ul style="list-style-type: none"> Dispatching for the aviation industry remained strong. In the medical fields, dispatching also showed steady progress with the stabilization of the impact of COVID-19. Manufacturing dispatch was hit by automobile production adjustment due to parts shortage and the impact of the situation in Ukraine. 	<ul style="list-style-type: none"> While the government was busy responding to soaring prices, demand for consulting services for the government declined, but dispatching was firm. Acquired several large projects in BPO business for local governments.
Future outlook	<ul style="list-style-type: none"> Demand of dispatching for the e-commerce division is expected to stabilize, but dispatching for logistics is expected to remain steady. The impact of COVID-19, the situation in Ukraine, and the cooling of consumer sentiment due to soaring prices should be looked at closely. 	<ul style="list-style-type: none"> Continue to focus on the aviation and medical fields. Expect progress in line with forecasts based on manufacturing industries recovery assumptions. Work to establish a collaborative system among Group companies and further create group synergies. 	<ul style="list-style-type: none"> Strengthen relationships with existing clients and maximize opportunities to capture by promoting switching between dispatching and consulting in accordance with client demands.

*The above sales composition ratio is a reference value aggregated based on the location of the head office of the Group companies.

Overseas Manufacturing and Service Operations Outsourcing Business

– Overview by Region

	Oceania	South America	Asia
Sales composition ratio	 9.3%	 7.0%	 5.4%
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 1H	<ul style="list-style-type: none"> Labor market tightening and job seeker shortage trends resulting from foreign workers decline in the COVID-19 pandemic. The recruiting and placing business and office dispatching were particularly strong. 	<ul style="list-style-type: none"> The dispatch and contracting business in the security and cleaning fields developed mainly for logistics and retailers in Chile expanded. 	<ul style="list-style-type: none"> In March 2022, the staff sending business resumed entry of Technical Intern Trainees in Japan and orders expanded. In the payroll business, projects for major clients are progressing steadily.
Future outlook	<ul style="list-style-type: none"> Continued strong performance is expected in the 2H. While there are concerns about the impact of the change in the Australian administration on the dispatching business for the government, demand for recruiting and placing is expected to rise. 	<ul style="list-style-type: none"> As the COVID-19 environment continues to improve throughout South America, including Brazil, orders are expected to continue to increase, mainly in the retail and facilities fields. 	<ul style="list-style-type: none"> The staff sending business expects steady order acquisitions in the 2H as the resumption of entry of Technical Intern Trainees. The payroll business is also expected to be steady.

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



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

Business Environment for Foreign-Related Businesses at the Company

● Business segment to which each business belongs

- Administrative outsourcing business: Domestic Manufacturing Outsourcing Business

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

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

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

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

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

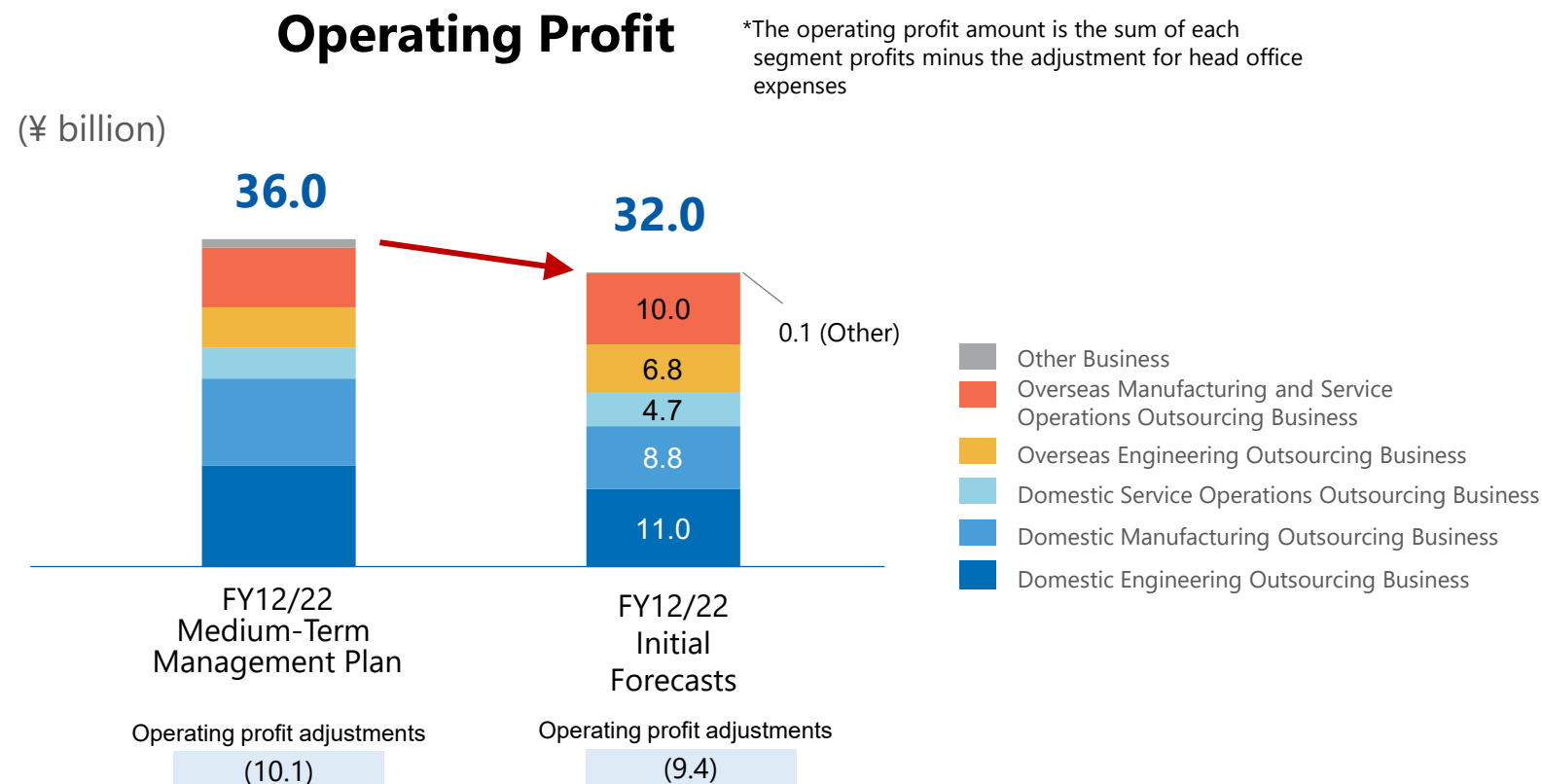
- WBB Business: Other business segments

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

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

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

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



- In FY12/22, revenue is expected to clear the Medium-Term Management Plan, but operating profit is expected to shortfall due to the impact of a downward pressure of ¥4.4 billion caused by the sluggish performance of non-Japanese-related businesses since 2020 due to regulatory restrictions on COVID-19.

As the current Medium-Term Management Plan was announced in February 2020, the group's business environment has changed dramatically since then, including the spread of COVID-19 infection. In addition to the impact of the situation in Ukraine and supply chain disruptions caused by the prolonged semiconductor shortages, uncertainty about the business environment is increasing, including the rapid depreciation of the yen.

While there is no wavering in the vector the Company aims for in the medium- to long-term, in light of these changes in business environment, it is essential rolling the Medium-Term Management Plan to become an even stronger corporate entity. Details of the plan are scheduled to be announced at the time of the announcement of financial results for the full-year of this fiscal year.

Status of Group Companies Whose Goodwill is Recorded on OS Account



Status of Group Companies Whose Goodwill is Recorded on OS Account

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

Importance of global expansion in the HR service business

Our Group business = HR service business

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

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

Our Group's global strategy and policy

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

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

Goodwill by Country (as of the end of 2Q FY12/22)

Of the total goodwill of ¥97.7 billion, overseas Group companies amounts to ¥70.7 billion.

(¥ hundred million)

Country name	Goodwill amount					Total Amount by Country
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business	
Japan Total	62	156	51			269
U.K. Total				75	139	214
Germany					81	81
Netherlands					71	71
Ireland				180		180
EU Total				180	151	331
Australia				102	6	108
New Zealand					2	2
Oceania Total				102	8	110
U.S.					20	20
North America Total					20	20
Chile					5	5
South America Total					5	5
Thailand					0	0
India				0	1	1
Malaysia					25	25
Asia (excluding Japan) Total				0	26	26
Total	62	156	51	357	350	977

*Although HOBAN in Australia falls under Overseas Manufacturing and Service Operations Business, since it is recognized as part of the goodwill group of OUTSOURCING OCEANIA (CLICKS, INDEX, HOBAN, OUTSOURCING OCEANIA) and cannot be separated independently, Hoban has been tentatively included in the Overseas Engineering Outsourcing Business.

Status of Group Companies Whose Goodwill is Recorded on OS Account

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

Goodwill impairment risk evaluation from looking at future forecasts

- Extremely low risk
- ▲ While not zero, risk remains stable and limited
- ✕ High risk

Total goodwill in Japan

¥26.9 bil.

*Total of 39 companies including the following

Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Domestic Engineering *1 OUTSOURCING TECHNOLOGY Inc.	¥2.4 bil.	Engineer dispatch business for IT and manufacturing industries	No	No	No	No	No	No	○	○
Domestic Engineering *1 Advantec Co.,Ltd.	¥1.4 bil.	Dispatch of researchers and other technical personnel to the pharmaceutical industry	No	No	No	No	No	No	○	○
Domestic Engineering *1 Kyodo Engineering Corporation	¥1.1 bil.	Dispatching of engineers for construction management, etc. to the construction industry	No	No	No	No	No	No	○	○
Domestic Manufacturing AVANCE Group	¥2.3 bil.	Human resources business for Japanese descent for the manufacturing sector	No	No	No	No	No	No	▲ *2	▲ *2
Domestic Manufacturing PEO Construction Machinery Operators Training Center Co., Ltd.	¥1.4 bil.	Technical training business for construction machinery, etc.	No	No	No	No	No	No	○	○
Domestic Manufacturing Sankyo Logi Associate Group	¥5.5 bil. *3	Dispatching business for warehouse work.	—	—	—	—	—	No	○	○
Domestic Service Operations EcoCity Group	¥1.1 bil.	Outsourced contracting business from local governments	No	No	No	¥0.12bil.	No	No	▲ *4	▲ *4
Domestic Service Operations AMERICAN ENGINEERING CORPORATION	¥3.0 bil.	Service operation business for the U.S. military facilities	No	No	No	No	No	No	○	○

*1 Goodwill in the Domestic Engineering Outsourcing Business had been suspended until FY12/21 due to the listing of subsidiaries.

*2 Currently, the recruitment of Japanese descent is progressing smoothly with the easing of immigration restrictions, but the suspension of recruitment due to travel restrictions in the 1H will affect the full-year.

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

*4 Water meter reading work from local governments and the outsourced contracting business of call centers, which are existing businesses are robust, but progress may be delayed due to the restriction on sales activities due to the pandemic in area expansion strategy.

Status of Group Companies Whose Goodwill is Recorded on OS Account

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

Goodwill impairment risk evaluation from looking at future forecasts

- Extremely low risk
- ▲ While not zero, risk remains stable and limited
- ✗ High risk

Total goodwill in Asia

¥2.6 bil.

*Total of 5 companies

Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Manufacturing and Service Operations OS HRS	¥2.5 bil.	Development and sales of payroll service and personnel management systems for companies	No	No	No	¥0.26 bil.	No	No	○	○

Total Goodwill in Oceania

¥11.0 bil.

*Total of 8 companies including the following

Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Engineering BLUEFIN	¥2.9 bil.	Human resources services for IT and financial fields	No	No	No	No	No	No	○	○
Overseas Engineering PM-P	¥2.6 bil.	Consultancy for improving business processes and corporate training services	No	No	No	No	No	No	○	○
Overseas Engineering OUTSOURCING OCEANIA	¥4.0 bil.	Human resources services for IT, Infrastructure, and public-related fields	No	No	No	No	No	No	○	○

Status of Group Companies Whose Goodwill is Recorded on OS Account

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

Goodwill impairment risk evaluation from looking at future forecasts

- Extremely low risk
- ▲ While not zero, risk remains stable and limited
- ✗ High risk

Total goodwill in U.K.	¥21.4 bil. *Total of 10 companies including the following
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Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Engineering CDER	¥7.5 bil.	Public debt collection business	No	No	No	No	No	No	○	○
Overseas Manufacturing and Service Operations ALLEN LANE	¥2.8 bil.	Human resources services for public sector	No	No	No	No	No	No	○	○
Overseas Manufacturing and Service Operations LIBERATA	¥5.8 bil.	Various contracting business for central government	No	No	No	No	No	No	○	○
Overseas Manufacturing and Service Operations VERACITY	¥5.2 bil.	Financial and business consultancy services	No	No	¥0.28 bil.	No	¥0.46 bil.	¥0.28 bil. *5	▲ *5	▲ *5

*5 Under the pandemic, the number of projects for the central government declined, which affected the acquisition of new projects, and the recovery from COVID-19 was slower than expected, so impairment loss was recorded.

Total goodwill in EU	¥33.1 bil. *Total of following 3 companies
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Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Manufacturing and Service Operations Orizon	¥8.1 bil.	Human resources services for the manufacturing sector (for machinery, transport equipment, medical-related field, and other fields)	No	No	No	No	No	No	○	○
Overseas Manufacturing and Service Operations OTTO	¥7.1 bil.	E-commerce distribution-related services	No	No	No	No	No	No	○	○
Overseas Engineering CPL RESOURCES	¥18.0 bil.	Engineer human resources business for the IT, pharmaceuticals, life sciences, and healthcare sectors	No	No	No	No	No	No	○	○

Status of Group Companies Whose Goodwill is Recorded on OS Account

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

Goodwill impairment risk evaluation from looking at future forecasts

- Extremely low risk
- ▲ While not zero, risk remains stable and limited
- ✕ High risk

Total Goodwill in North America	¥2.0 bil. <small>*Total of 3 companies</small>
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Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Manufacturing and Service Operations North America (3 companies in total)	¥2.0 bil.	System construction services for the IT-related field and low-voltage electrical equipment such as crime prevention security systems and network security for government agencies and military facilities in the U.S.	No	No	No	No	No	No	▲ *6	▲ *6

*6 In North America, there are concerns about a deterioration in profitability due to the sudden soar in prices of raw materials and personnel expenses.

Total Goodwill in South America	¥0.5 bil. <small>*Total of 3 companies</small>
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Company	Goodwill	Business summary	Risk of impairment							
			2021.1Q	2021.2Q	2021.3Q	2021.4Q	2022.1Q	2022.2Q	2022.3Q	2022.4Q
Overseas Manufacturing and Service Operations South America (3 companies in total)	¥0.5 bil.	Airport and commercial facility maintenance and cleaning services, human resources services for distribution and service industry	No	No	No	No	¥0.06 bil.	No	○	○

Reference Data



(Reference) Quarterly Consolidated Financial Results

FY12/22 (unit: ¥ billion, %)

	1Q			2Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Revenue	155.3	100.0	+ 25.5	169.8	100.0	+ 20.6
Gross profit	28.5	18.4	+ 20.2	30.5	18.0	+ 16.2
SG&A expenses	24.0	15.5	+ 18.5	26.8	15.8	+ 25.1
Operating profit	6.0	3.8	+ 15.4	5.0	2.9	- 22.3
Profit before tax	3.9	2.5	- 31.3	3.7	2.2	- 27.4
Profit attributable to owners of parent	1.6	1.0	- 48.6	2.3	1.4	- 9.0

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) Revenue by Region

FY12/22 (unit: ¥ billion, %)

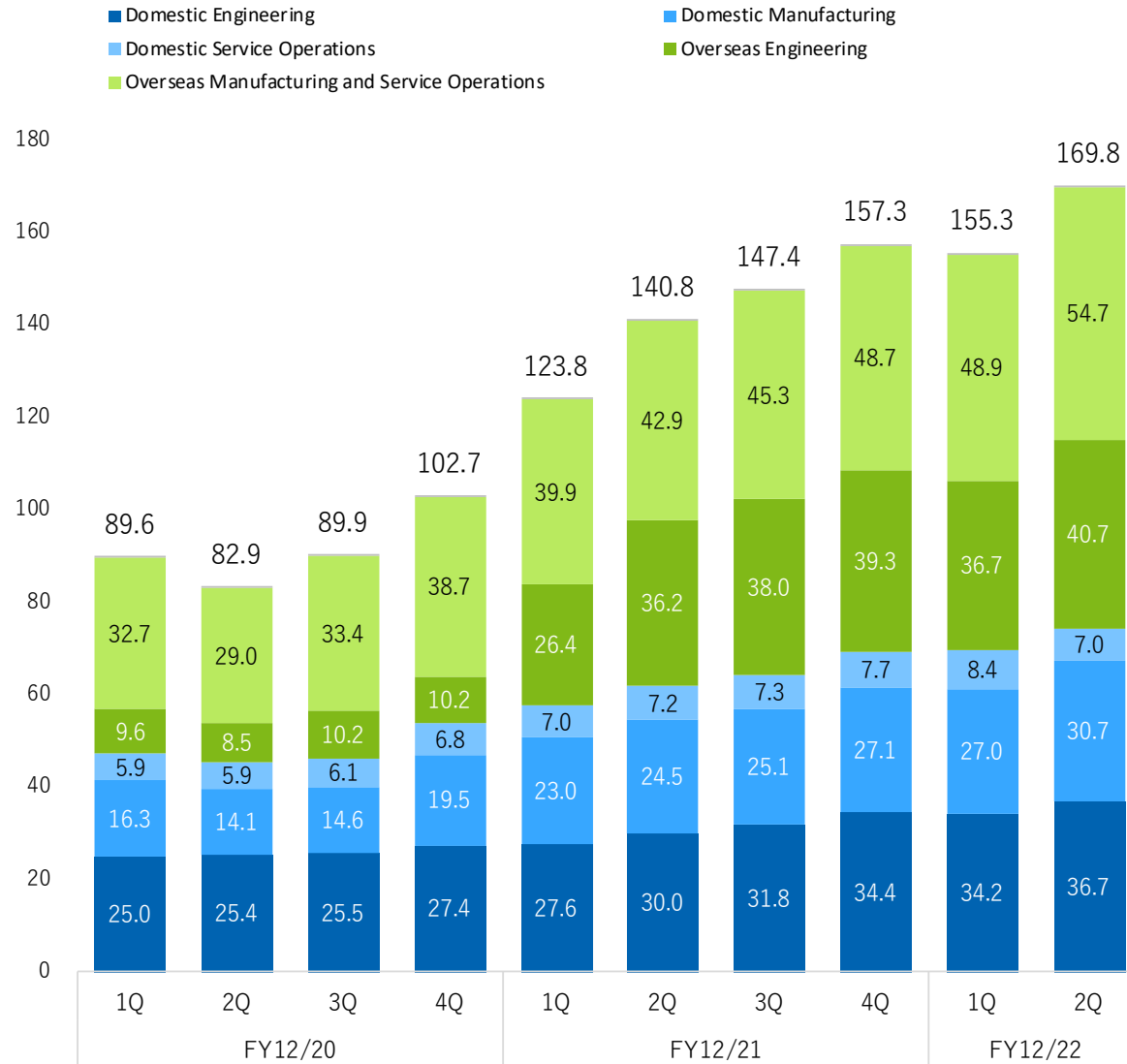
	1Q			2Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	69.7	44.9	+ 21.0	74.4	43.8	+ 20.5
Europe	62.9	40.5	+ 29.4	68.5	40.3	+ 17.9
Oceania	15.2	9.8	+ 24.4	18.6	11.0	+ 24.0
North America	1.1	0.7	-	1.2	0.7	+ 225.4
South America	3.6	2.3	+ 37.2	3.7	2.2	+ 24.5
Asia (excl. Japan)	2.8	1.8	+ 1.9	3.4	2.0	+ 30.2
Total	155.3	100.0	+ 25.5	169.8	100.0	+ 20.6

FY12/21 (unit: ¥ billion, %)

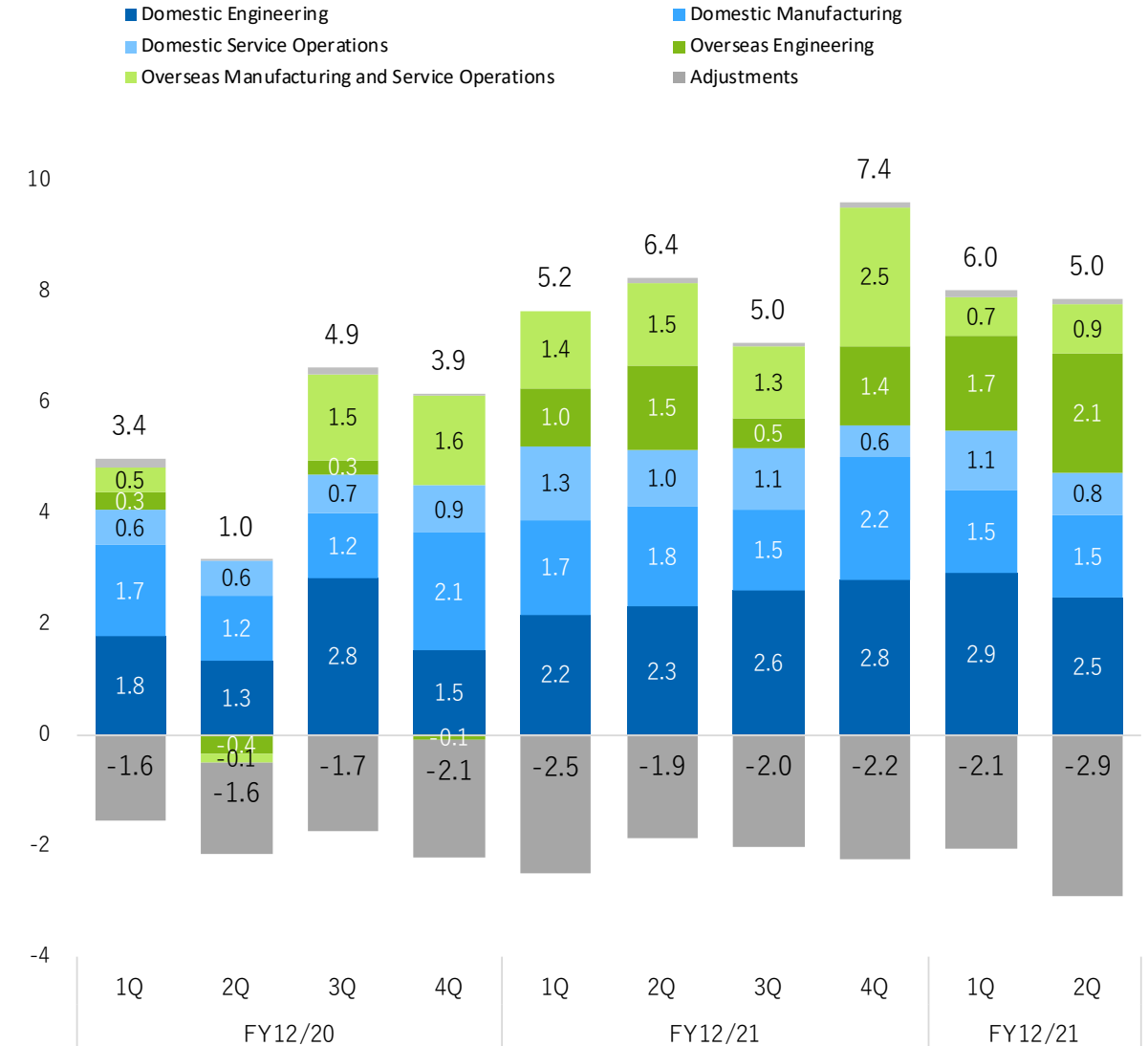
	1Q			2Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	57.6	46.5	+ 21.4	61.7	43.8	+ 36.0	64.2	43.5	+ 38.9	69.3	44.1	+ 28.8
Europe	48.6	39.3	+ 82.4	58.1	41.3	+ 150.1	60.0	40.7	+ 118.7	63.6	40.4	+ 98.5
Oceania	12.2	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) Financial Results by Operating Segment

Revenue (¥ billion)

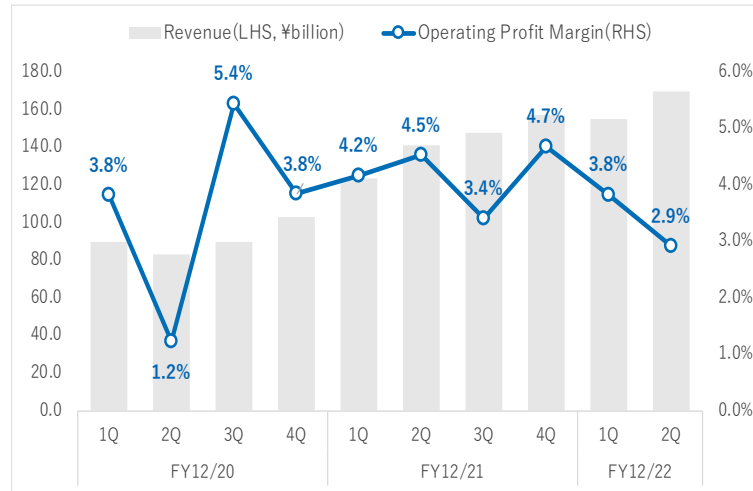


Operating Profit (¥ billion)

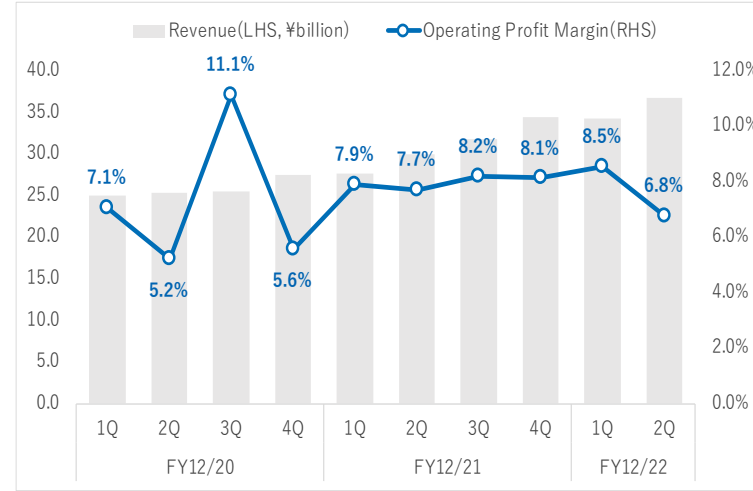


(Reference) Operating Profit Margin by Operating Segment

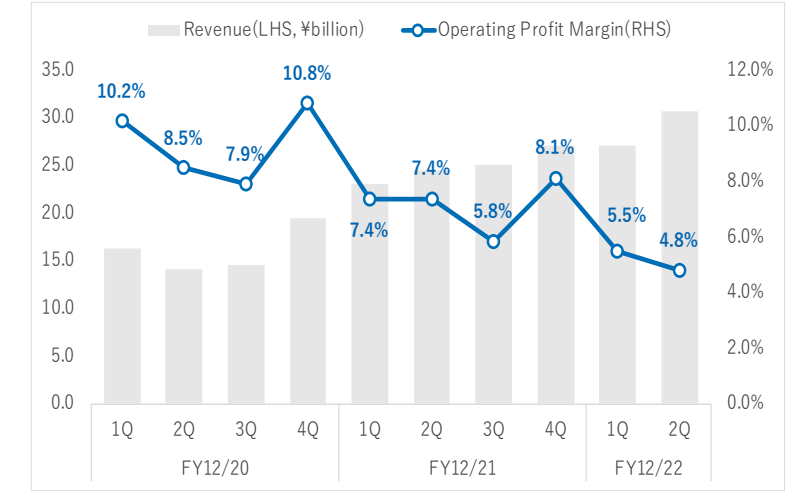
Consolidated financial results



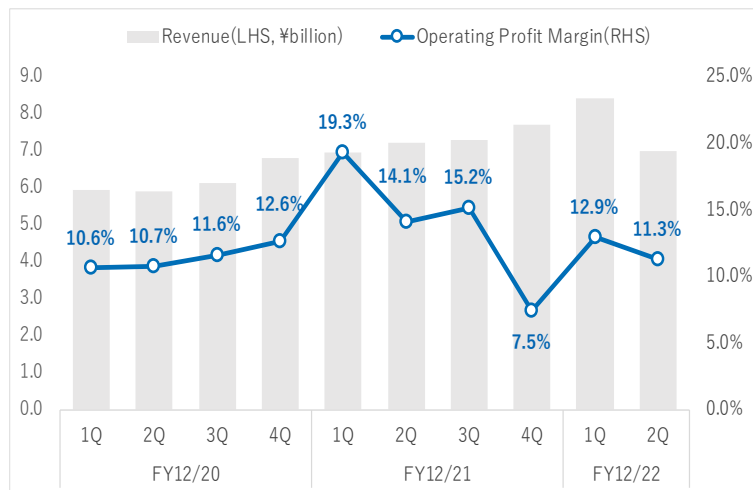
Domestic Engineering



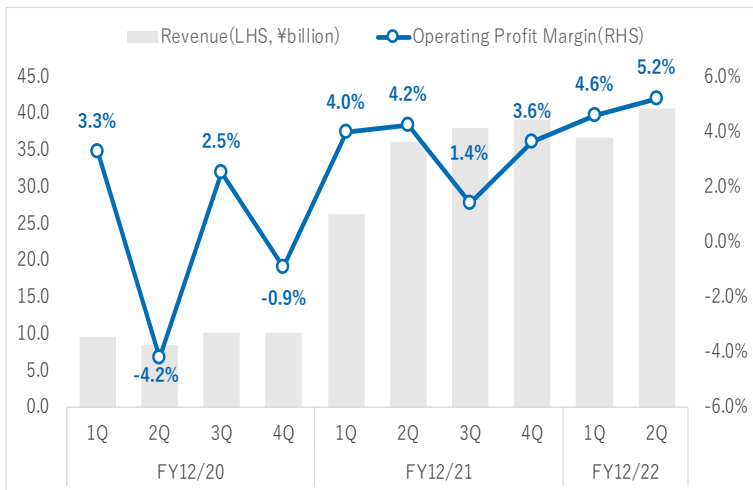
Domestic Manufacturing



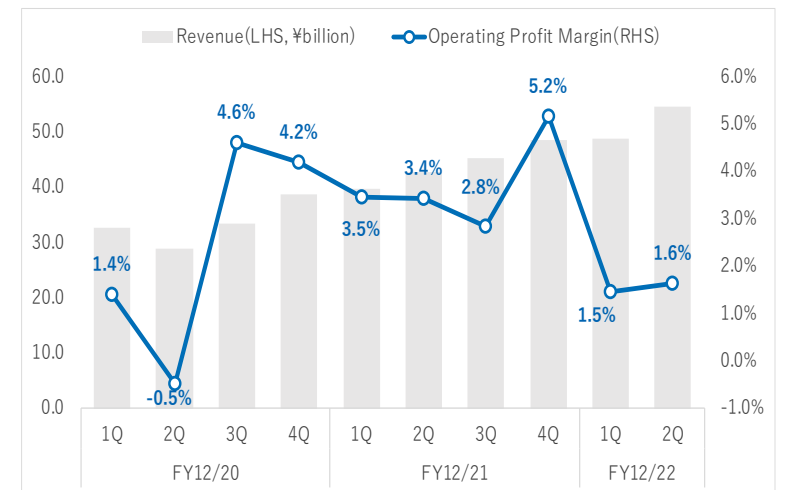
Domestic Service Operations



Overseas Engineering



Overseas Manufacturing / Service Operations



(Reference) Exchange Rate Assumptions

Currency type	Foreign currency composition ratio (Revenue for Cumulative 1H)	Budget rate	Actual rate	Differences
EUR	63.1%	129.91	134.39	+ 4.48
AUD	18.1%	82.50	88.53	+ 6.03
GBP	9.4%	151.17	159.57	+ 8.40
USD	1.4%	109.90	123.14	+ 13.24
Other currency	9.4%	-	-	-

*Actual rate is the average for January - June 2022

(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	—	1,920	—	—	1,850	—
Domestic Manufacturing	3,234	3,380	- 146	4,920	4,660	+ 260	—	3,500	—	—	3,910	—

	1H			2H			Full-year		
	Actual	Forecasts	Differences	Actual	Forecasts	Differences	Actual	Forecasts	Differences
Domestic Engineering	5,842	6,500	- 658	—	3,770	—	—	10,270	—
Domestic Manufacturing	8,154	8,040	+ 114	—	7,410	—	—	15,450	—

Domestic Engineering
the number of new graduates recruited:
2020: approx. 2,300 persons
2021: 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.

Also, the information described in this presentation other than corporate information of the Group has been compiled by the Company based on publicly available sources, and we have not verified and will not guarantee the accuracy or appropriateness of such information.

Contact Us

IR Team, CEO Office, OUTSOURCING Inc.

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

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

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