

# **Financial Results for the 3<sup>rd</sup> Quarter of Fiscal Year Ending December 31, 2021**

January 2022

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

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## Our Group's Social Responsibility and Significance



# Our Group's Social Responsibility and Significance

Due to large, worldwide changes caused by rapid globalization, significant changes have been starting to occur in what the society demands from HR service companies and their roles in society. By redefining our corporate principles in August 2020, we as the Outsourcing Group create a framework that will allow us to contribute widely to society through our business activities.

## Group Mission

### Corporate Principles

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

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

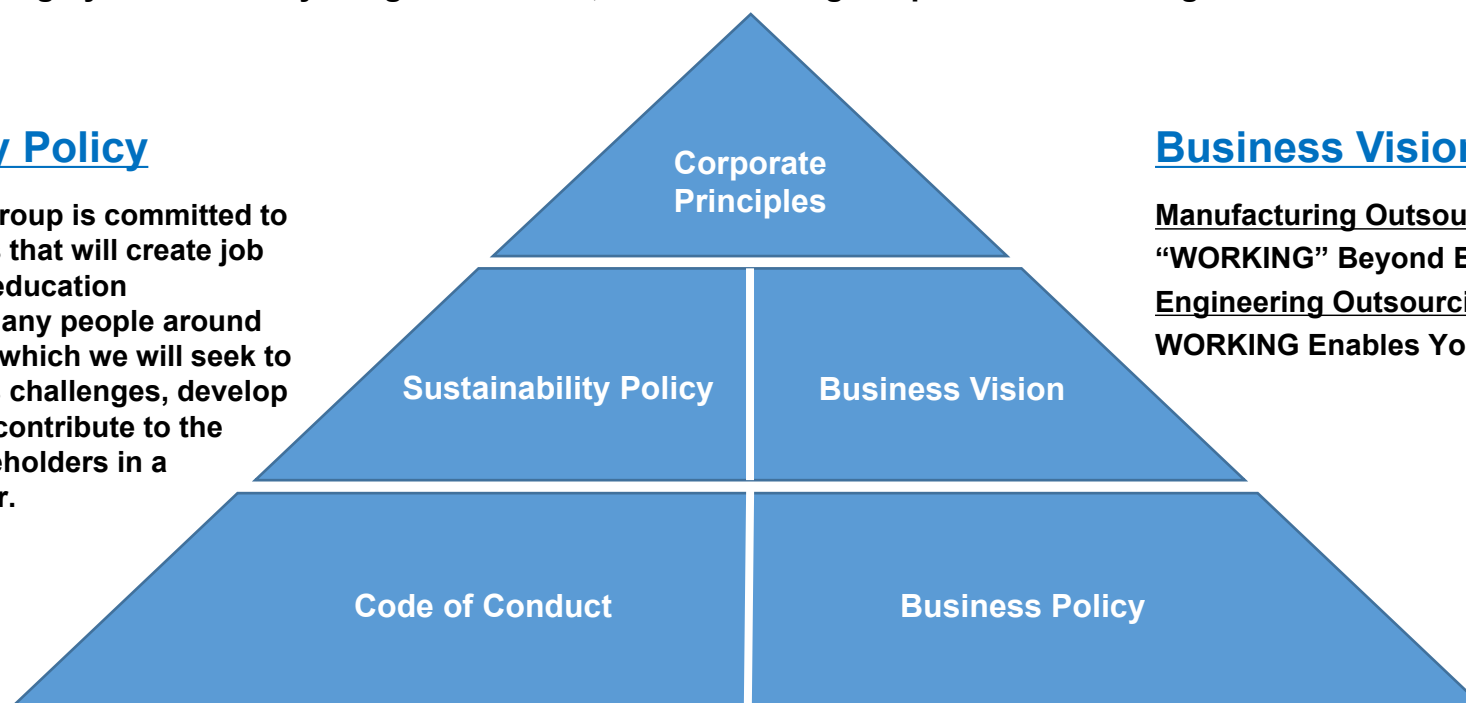
We believe that every person in the world has the right to choose an occupation according to their life plan. We strive to enhance the quality of life of everyone around the world by establishing effective educational systems, developing talents who are highly demanded by the global market, and eliminating inequalities in working conditions.

### Sustainability Policy

The Outsourcing Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which we will seek to tackle the society's challenges, develop our business, and contribute to the benefit of our stakeholders in a sustainable manner.

### Business Vision

Manufacturing Outsourcing Business  
"WORKING" Beyond Borders  
Engineering Outsourcing Business  
WORKING Enables You to Craft "Your Future"



# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

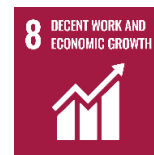
**In line with the Sustainability Policy of the OUTSOURCING Group, we pledge to contribute to the realization of a sustainable society, as we set forth in the OUTSOURCING SDGs Declaration made on February 15, 2021.**

### The OUTSOURCING Group SDGs Declaration

**Our group supports the Sustainable Development Goals (SDGs) proposed by the United Nations and the SDGs Action Plan 2020 set by the Japanese government. We will contribute to the realization of a sustainable society by actively engaging in SDGs through our businesses, emphasizing ESG in business management, and conducting corporate social responsibility (CSR) activities that are rooted in the local community and country.**

Our group's corporate principles is **to enhance the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces**. This philosophy reflects 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 this philosophy. We will strive to enrich people's lives by creating employment opportunities and education opportunities for many people around the world, as well as enhancing each person's productivity through the power of technology and education. As part of this aim, we have adopted the following goals proposed by the United Nations as our priority issues and will work on contributing to the achievement of the following goals.








# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

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

### ■ Materiality and KPIs

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



# Our Group's Social Responsibility and Significance

## Contribution to the SDGs

### ■ Sustainability Committee

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

Chairman: Representative Director

Committee member: Executive Director and External Director

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

### ■ Towards materiality and KPI promotion

#### 1. Participating in initiatives

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

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

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

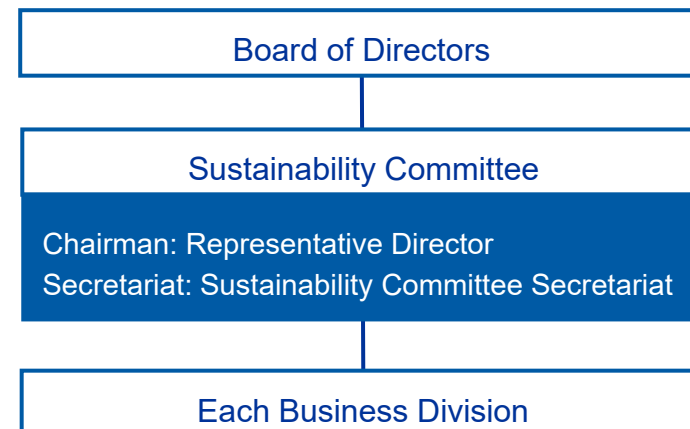
## TOPICS

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

- **Signed a statement to act in accordance with the principles of "Women's Empowerment Principles (WEPs)"**

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

### ■ Sustainability promotion structure



# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)





# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Statement of Profit and Loss

(¥ billion)	FY12/20		FY12/21		YoY	
	3Q YTD Actual Amount	Composition Ratio	3Q YTD Actual Amount	Composition Ratio	Changes Amount	Ratio
<b>Revenue</b>	<b>262.4</b>	<b>100.0%</b>	<b>412.1</b>	<b>100.0%</b>	<b>149.7</b>	<b>57.0%</b>
<b>Cost of sales</b>	212.3	80.9%	335.4	81.4%	123.1	58.0%
<b>Gross profit</b>	<b>50.1</b>	<b>19.1%</b>	<b>76.7</b>	<b>18.6%</b>	<b>26.5</b>	<b>52.9%</b>
<b>SG&amp;A expenses</b>	43.9	16.7%	62.9	15.3%	19.0	43.3%
<b>Operating profit</b>	<b>9.3</b>	<b>3.6%</b>	<b>17.9</b>	<b>4.3%</b>	<b>8.6</b>	<b>91.6%</b>
<b>Profit before tax</b>	6.7	2.6%	12.2	3.0%	5.5	82.2%
<b>Profit</b>	3.6	1.4%	5.7	1.4%	2.1	58.3%
<b>Profit attributable to owners of the Company</b>	<b>3.3</b>	<b>1.3%</b>	<b>4.5</b>	<b>1.1%</b>	<b>1.2</b>	<b>37.7%</b>

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

## General Comment

**During the 3Q, both the domestic engineering and manufacturing businesses were negatively impacted by clock-in adjustments and production adjustments due to the re-spread of COVID-19 and shortage of components including semiconductors. On the other hand, human resources demand for engineers and workers was quite high, so a large upfront investment in recruiting was made in order to meet the demand.**

**(No. of domestic workers recruited in 3Q: 4,858)**

**In the overseas businesses, despite acquiring contracts from various needs arising from the COVID-19 environment, we were unable to conduct business activities as expected, due to the re-spread of COVID-19 which exceeded our estimate. In addition, there were many cases in which the operating profit was negative for both the domestic and overseas businesses. As a result, the 3Q operating profit increased by 12.1% YoY, while decreasing by 19.8% QoQ.**

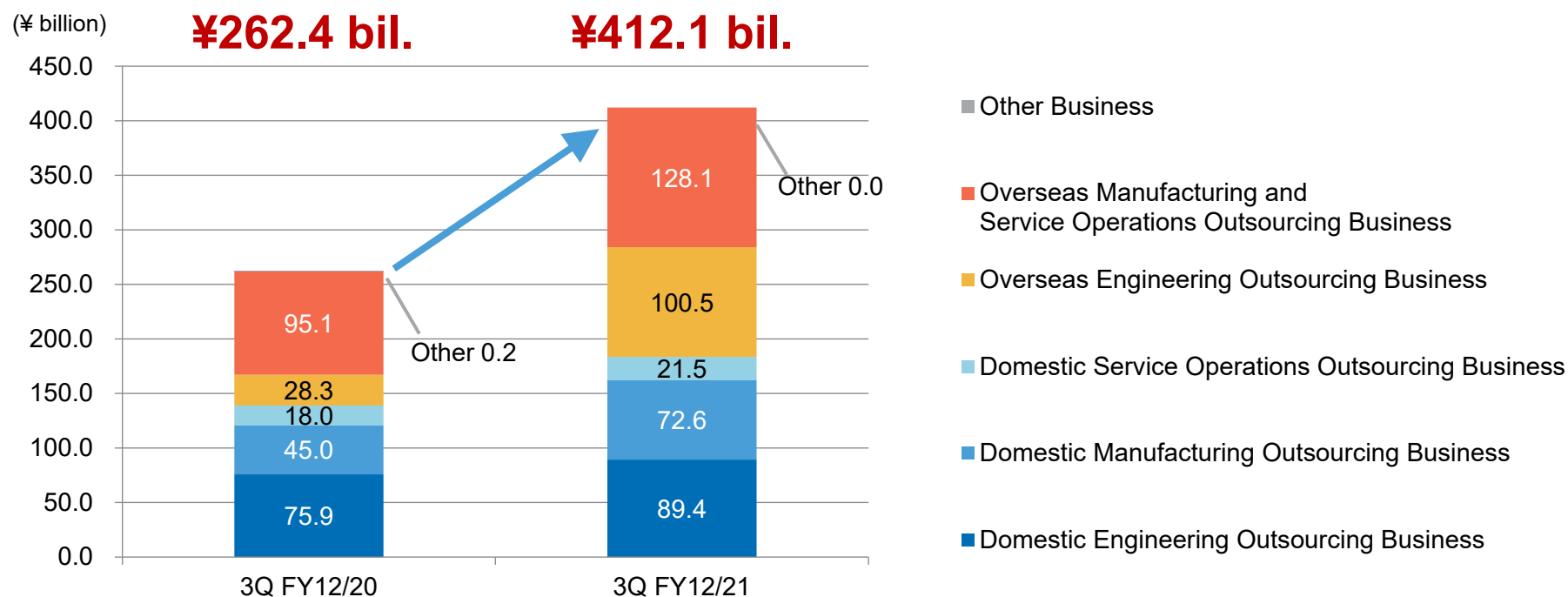
**However, production adjustments in the domestic market and recruitment of human resources will lead to the businesses from 4Q and onwards, and we acquired many contracts for new needs resulting from the COVID-19 environment. If the pandemic is to settle down to some extent, we are confident in our V-shaped recovery, and we consider that the 3Q could be a charging period for a large growth from 4Q and onwards.**

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Revenue

**¥ 412.1 billion (+57.0% YoY)**

- The Domestic Manufacturing Outsourcing and Administrative Outsourcing Businesses were negatively affected by supply chain disruption due to the semiconductor shortage and resurgence of the pandemic, as well as immigration restrictions. However, dispatch for e-commerce logistics in the Netherlands, BPO business for the U.K. government, and facilities-related business, etc. in South America, exceeded the initial forecast and renewed record highs for 3Q(Jul.-Sep.) as well as 3Q YTD.

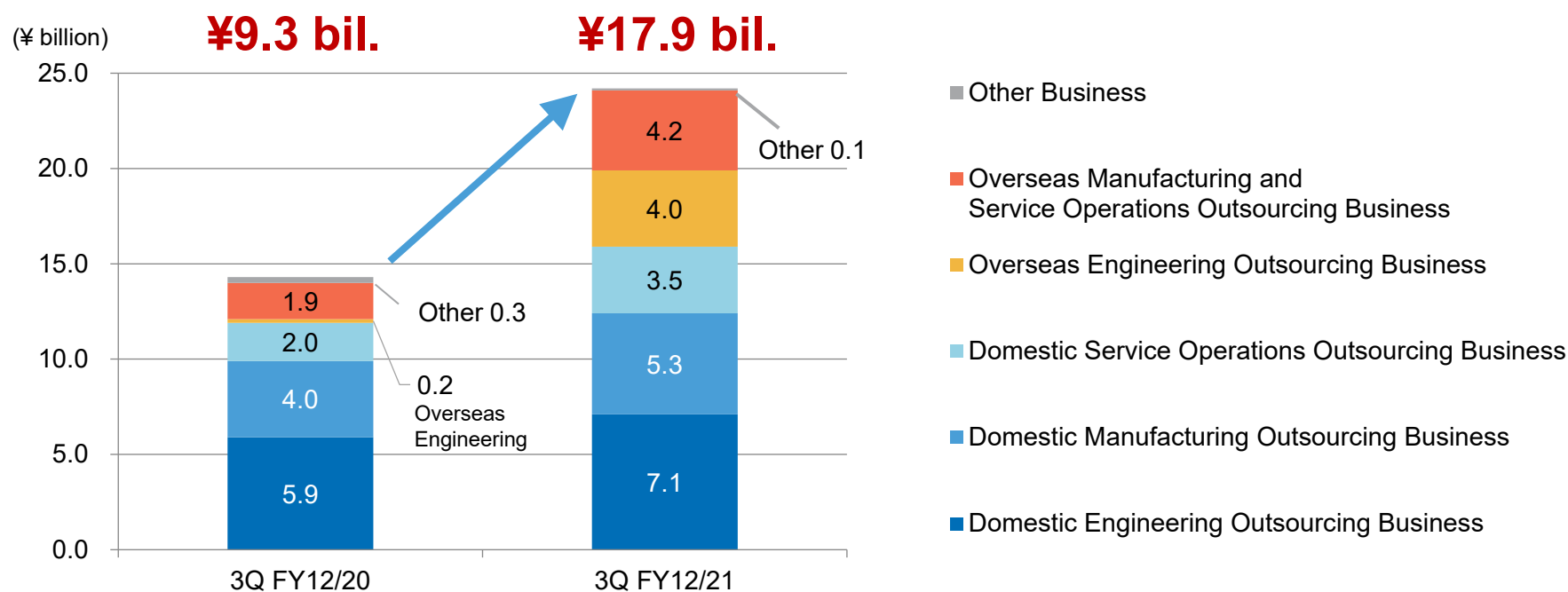


# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Operating Profit

**¥ 17.9 billion (+91.6% YoY)**

- The Domestic Engineering Outsourcing and Domestic Manufacturing Outsourcing Businesses, which have high margins, were significantly affected by shift schedule adjustments, and at the same time, HR demand is extremely high. Large frontloading of recruiting expenses was deployed in order to respond to demand, which resulted in 3Q(Jul.-Sep.) posting a shortfall to the initial forecast; however, 3Q YTD achieved initial forecasts, renewing a record high.



\* The operating profit amount is the sum of operating profit from each business segment minus the adjustment for head office expenses (¥4.9 billion in 3Q FY12/20, ¥6.3 billion in 3Q FY12/21)

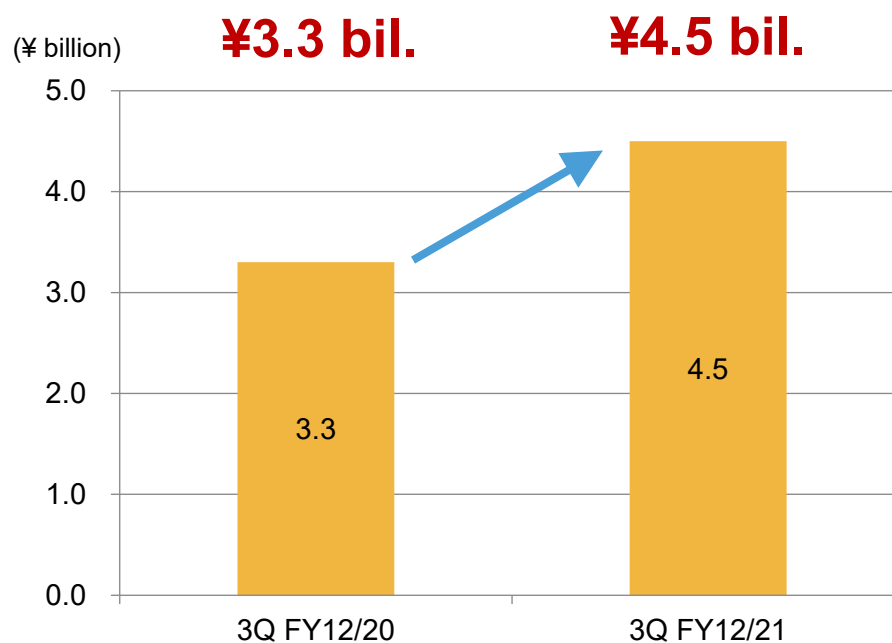
# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Quarterly Profit Attributable to Owners of the Company

**¥ 4.5 billion (+37.7% YoY)**

- Due to the strong performance of OTTO of the Netherlands from dispatch for e-commerce logistics, OTTO's put options (future stock purchase price) recorded financial expense of ¥3.2 billion for 3Q(Jul.-Sep.) and ¥4.8 billion for 3Q YTD, which resulted in 3Q posting a loss; however, 3Q YTD renewed a record high.

\*Put option ⇒ please refer to Reference Materials p.32



## [Reference materials] Put Option Liability increase Related to Acquisition of Remaining Shares of OTTO

OTTO, which is headquartered in the Netherlands and provides HR services for the distribution industry including e-commerce companies, joined our group in May 2018, and has achieved significant growth, as it aims to achieve overwhelming differentiation via its HR mobilization scheme, which dispatches personnel from CEE countries to the Netherlands and other countries.

On the other hand, we entered into a multi-year partnership agreement with OTTO's founder, who still owns a portion of its shares, to enhance its corporate value by maximizing out synergies. Hence, we have agreed to acquire its remaining shares over a five-year period.

The acquisition price of the residual shares is calculated based on OTTO's EBITDA and the amount of cash and cash equivalents at the end of the period. The amount of put option liabilities may increase in line with OTTO's growth and is recorded as a financial expense.

Date	Percentage acquired	OTTO's performance (M€)			Acquisition value of OTTO (M€)		
		Revenue (Forecast in FY2021)	Estimated EBITDA for the following year	Growth rate from the time of acquisition	Estimated corporate value	Improvement ratio	Difference in put option liabilities
May 2018	56%		16		102		
FY 2018		340	18	112%	120	117%	18
FY 2019	8%	375	14	87%	127	125%	8
FY 2020	8%	473	17	106%	156	154%	29
End of Jun. 2021	8%	584	27	169%	171	168%	15
End of Sep. 2021		618	38	234%	194	190%	23
End of Jun. 2022 (scheduled)	10%						
End of Jun. 2023 (scheduled)	10%						
Total	100%						92

\* The above figures are approximate

We allocated approximately 1 billion yen of financial expenses into the initial budget for FY12/21 Q4, and the actual result is expected to be largely within the scope of the budget.



# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Highlights of Consolidated Financial Results Overview by Operating Segment Domestic Engineering Outsourcing Business

⇒ Please refer to Reference Materials pp.8-13

Revenue	¥89.4 billion	+17.8% YoY
Operating profit	¥7.1 billion	+20.2% YoY

- Although revenue for the 3Q YTD continued to improve due to adoption of workstyles such as remote work etc. becoming established, it posted a shortfall to initial forecasts due to overtime hours remaining below the pre-pandemic level despite being in a recovery trend and increase in the acquisition of paid leave in order to be vaccinated; however, operating profit came in 14.5% ahead of initial forecast, due to improved efficiency from remote work, etc.

### ■ No. of worksite employees at the end of each quarter for FY12/21

Number of workers recruited during the 3Q: FY12/20 3Q: 1,150 persons, FY12/21 3Q: 1,494 persons Up 344 persons YoY

	1Q			2Q			3Q			4Q
	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast
No. of worksite employees	18,200	18,249	+2,201	20,700	20,829	+3,002	21,000	21,163	+3,157	21,300
Utilization rate	-	95.7%	+0.4	-	90.8%	+2.8	-	95.7%	+5.0	-

\*In order to meet strong demand for engineers in each field, the 3Q recruiting expenses exceeding initial forecast by ¥30 million was deployed

\*The utilization rate in the 2Q temporarily declined due to 2,360 new graduates joining in April

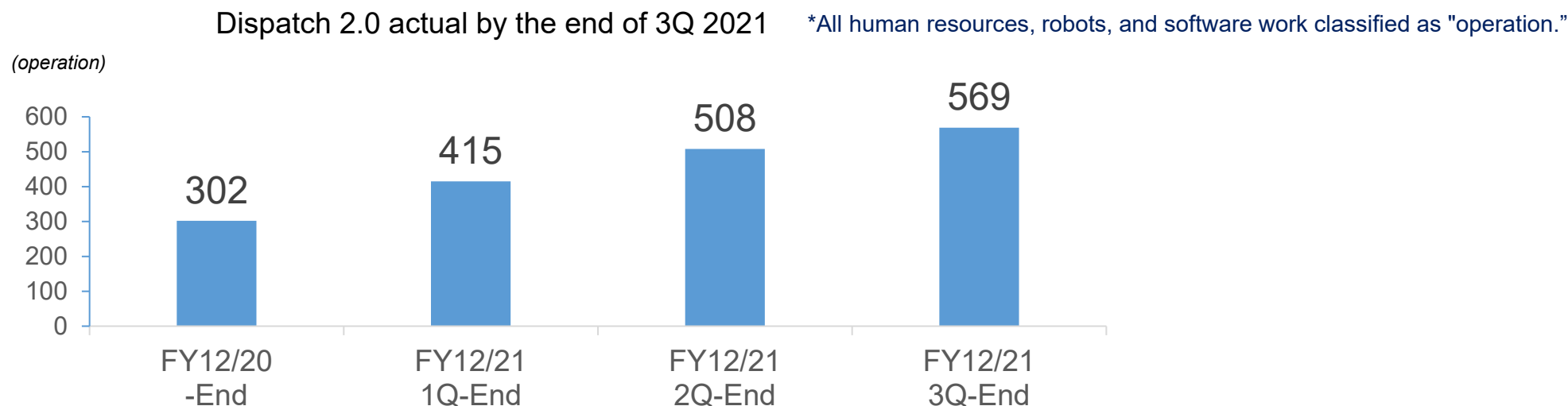
### Overview by field / area and future outlook

IT-related field	Demand for ICT support staff and engineers mainly for 5G in the information and telecommunication fields expanded, and it is expected to remain favorable going forward
R&D-related field such as electric, electronic and transport equipment, etc.	Orders mainly for semiconductor-related industries expanded due to growing demand for EVs and 5G construction, and the favorable environment is expected to continue going forward
Pharmaceuticals / healthcare-related field	Orders for pharmacovigilance business for various drugs centered on COVID-19 vaccines expanded, and the order environment is expected to remain favorable going forward
Construction-related field	Private investment in the construction of logistics facilities is accelerating due to the expansion of e-commerce, and demand for construction supervisor engineers is strong, and it is expected to remain steady going forward

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

- **Highlights of Consolidated Financial Results**  
**Overview by Operating Segment**  
**Domestic Engineering Outsourcing Business**

- **Status of "Dispatch 2.0"**



## Business environment trends in the engineer dispatch industry

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



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

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Highlights of Consolidated Financial Results Overview by Operating Segment Domestic Manufacturing Outsourcing Business

⇒ Please refer to Reference Materials pp.14-16

Revenue	¥72.6 billion	+61.4% YoY
Operating profit	¥5.3 billion	+31.5% YoY

### ■ Revenue and operating profit fell short of forecasts

Revenue fell short of forecasts, and production cuts by each automaker expanded day by day in September 2021 due to parts shortages, etc. As a result, overtime hours per employee declined by roughly 4 hours from the forecast in early September, and billable hours decreased significantly due to non-operation work days (paid leave) increasing by roughly 3,000 days in total. In addition, administrative outsourcing also fell short of initial forecast due to the impact of immigration restrictions that have continued with the pandemic.

Operating profit decreased due to re-budgeting of 3Q recruiting expenses, **increasing roughly ¥0.3 billion** relative to initial forecast, prioritizing hiring human resources for a record level of make-up production by automakers from December 2021 onward, as well as other manufacturing industries with favorable production. Administrative outsourcing also posted a shortfall to initial forecast due to the impact of immigration restrictions.

### ● No. of worksite employees and No. of workers under outsourced administration at the end of each quarter, and No. of placed workers at each quarter in FY12/21

	1Q			2Q			3Q			4Q
	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast
No. of worksite employees	18,500	18,614	+5,705	19,600	20,126	+7,700	20,500	21,341	+9,077	21,500
No. of workers under outsourced administration	22,000	21,942	+1,935	24,000	21,607	+1,505	26,000	21,076	(48)	28,000
No. of placed workers	397	360	(151)	506	391	+200	659	371	+186	645

\* The number of workers under outsourced administration is the number consigned for administrative management work for foreign workers in the Technical Intern Training Program and those with residence status "Specified Skilled Worker."

**Number of workers recruited for manufacturing dispatch / outsourced contracting during the 3Q: FY12/20 3Q: 1,358 persons, FY12/21 3Q: 3,364 persons  
Up 2,006 persons YoY**

### Overview by field / area and future outlook

<b>Manufacturing dispatch / outsourced contracting</b>	<ul style="list-style-type: none"> <li>Orders for transport equipment, semiconductors, electronic component, building materials, etc. are expected to grow steadily going forward; however, transport equipment is once again beginning to see an impact from parts shortages etc. Therefore, we are promoting measures such as expanding dispatch in fields which have relatively low impact with an increase in dispatch unit prices.</li> </ul>
<b>Administrative outsourcing</b>	<ul style="list-style-type: none"> <li>Although demand for technical intern trainees is strong, business performance is sluggish due to ongoing immigration restrictions, and full-scale business recovery is expected from the next fiscal year onward.</li> </ul>

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Highlights of Consolidated Financial Results

### Overview by Operating Segment

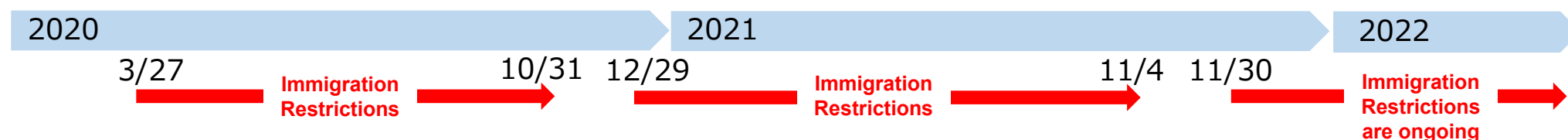
#### Domestic Manufacturing Outsourcing Business

- Business environment of foreign-related businesses in Japan, including the administrative outsourcing business prioritized by this segment

**Applicable business:** business segments included

- **Administrative outsourcing business:** Domestic Manufacturing Outsourcing Business (this segment)
- **Asian staff sending business:** Overseas Manufacturing and Service Operations Outsourcing Business
- **WBB Business:** other business

## ● Japanese immigration restrictions due to the impact of COVID-19 \*Example in Vietnam



The administrative outsourcing business supports technical intern trainees who have entered Japan, and the Asian staff sending business is heavily influenced by immigration restrictions because it provides training for sending technical intern trainees.

In the WBB business as well, given the environment in which cross-border employment is unavailable, the business plan had to be pushed back. In particular, the administrative outsourcing business is a stacking business, and the impact of the suspension of stacking from 2020 is significant. In FY12/22, it is expected that the operating profit of the Medium-Term Management Plan will be negatively affected by around ¥4.4 billion in the 3 businesses.

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

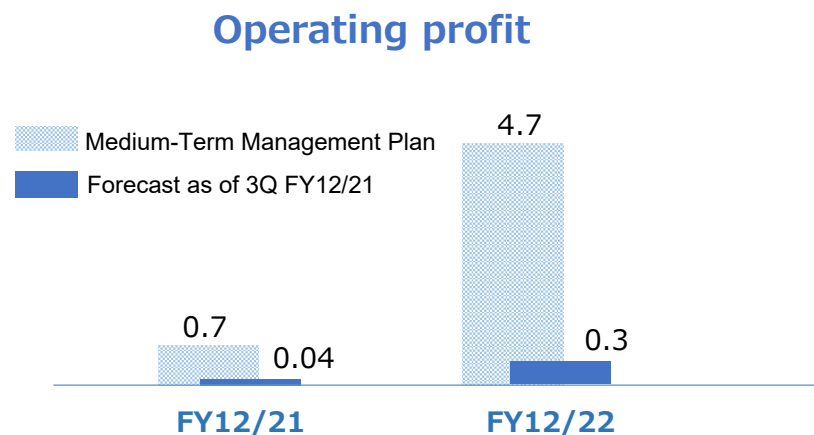
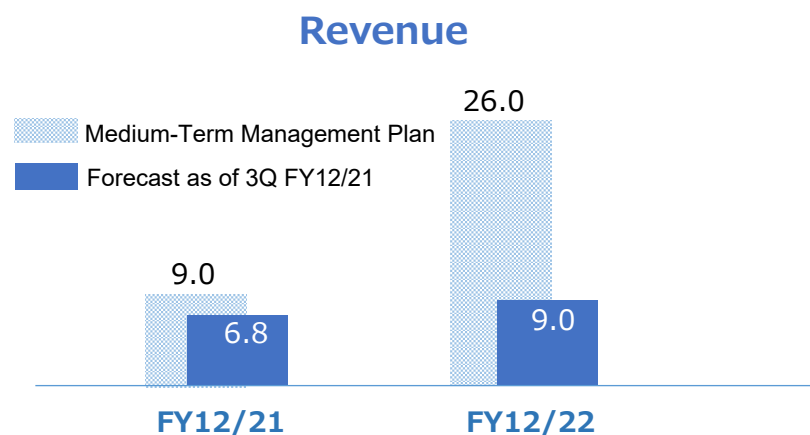
## ● Highlights of Consolidated Financial Results

### Overview by Operating Segment

#### Domestic Manufacturing Outsourcing Business

- Business environment of foreign-related businesses in Japan, including the administrative outsourcing business prioritized by this segment

### ● Forecasts of 3 foreign-related businesses as of 3Q FY12/21 Unit: ¥billion



The accumulation of the administrative outsourcing business has stopped from FY12/20 and is expected to be affected in the long term. However, it is expected to grow significantly from FY12/23 onward.

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Highlights of Consolidated Financial Results

### Overview by Operating Segment

#### Domestic Manufacturing Outsourcing Business

- The environment from FY12/23 onward for the administrative outsourcing business prioritized by this segment
  - Even now, inquiries from companies for technical intern trainees remain quite strong, and when the pandemic eventually comes under control, the administrative outsourcing business will expand significantly.
  - The trend of demand to further expand use of foreign workers in response to the decline in the domestic workforce population points toward substantial deregulation.
- The government is currently working to adjust the status of residence status for "Specified Skilled Worker" to add indefinite period of stay in 11 fields, and it is expected that a system that enables long-term employment in all 14 fields where labor shortages are critical, will be established.
- Specified Skilled Worker (No.2) will allow being accompanied by a family member

A huge market for outsourced administrative management work is thereby formed, including accompanying family members

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

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

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

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

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

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

3 existing fields with indefinite period of stay  
◎ Construction industry  
◎ Shipbuilding and shipping industry  
◎ Nursing care

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

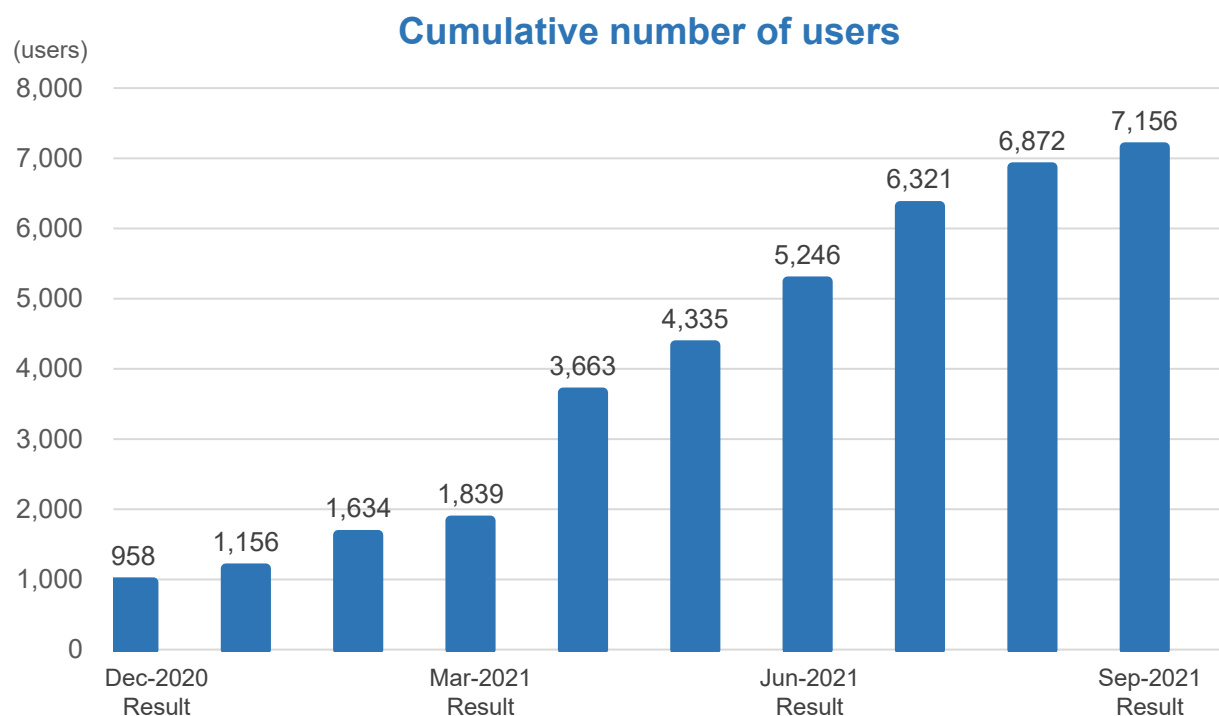


# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

- **Highlights of Consolidated Financial Results**  
**Overview by Operating Segment**  
**Domestic Manufacturing Outsourcing Business**

## Status of Dispatched Employee Management System “CSM”

	Total number of users per month (net change per month)	Cumulative number of users
Dec-2020 Result	659	958
Jan-2021 Result	198	1,156
Feb-2021 Result	478	1,634
Mar-2021 Result	205	1,839
Apr-2021 Result	1,824	3,663
May-2021 Result	672	4,335
Jun-2021 Result	911	5,246
Jul-2021 Actuals	1,075	6,321
Aug-2021 Result	551	6,872
Sep-2021 Result	284	7,156



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

**Estimated at the end of FY12/21**

**The number of manufacturers who have implemented it: 80 companies**

**The number of users: 15,000 persons**

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

- **Highlights of Consolidated Financial Results Overview by Operating Segment**

## Domestic Service Operations Outsourcing Business

⇒ Please refer to Reference Materials p.17

Revenue	¥21.5 billion	+19.4% YoY
Operating profit	¥3.5 billion	+77.7% YoY

- Revenue posted a slight shortfall to initial forecast due to the ongoing severe environment for the inbound-related business. However, operating profit for the 3Q YTD significantly exceeded initial forecast by 59.9% due to expansion of the capacity for contract surety bond (performance bond) for the U.S. military facilities business, allowing strategic selective winning of high efficiency projects, which resulted in profitability improving.

### Overview by field / area and future outlook

<b>Business for U.S. military facilities</b>	Since bids for multiple ultra-large projects are planned, we are improving the success rate of winning orders by strengthening the cooperation system that can make the best use of the areas of strength on both sides with major general contractors, and along with progress in construction of order backlogs, business is expected to continue to trend favorably going forward.
<b>Inbound-related Service Operations Outsourcing Business other than for U.S. military facilities</b>	The Inbound-related business remained sluggish due to the declarations of a state of emergency and immigration restrictions. However, call centers, the security-related business, and the public works-related business is expected to gradually expand, and the overall business is expected to grow steadily going forward.

- Quarter-end order backlogs for each quarter of FY12/21 for U.S. military facilities business at American Engineering Corporation

1Q	2Q	3Q
¥25.8 billion	¥27.3 billion	¥29.9 billion

\*Rounded off to the nearest ¥0.1 billion

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Highlights of Consolidated Financial Results Overview by Operating Segment Overseas Engineering Outsourcing Business

⇒ Please refer to Reference Materials p.18

Revenue	¥100.5 billion	+255.5% YoY
Operating profit	¥4.0 billion	+1746.5% YoY

- Revenue for the 3Q YTD exceeded initial forecast due to the strong performance of the dispatching business for IT and pharmaceutical in Ireland and the expansion of dispatch essential workers in Oceania, but operating profit was slightly below initial forecast due to delays in the debt issuance in the U.K.

### ・ No. of worksite employees at the end of each quarter for FY12/21

1Q			2Q			3Q			4Q
Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast
10,709	13,393	+10,086	10,899	14,726	+11,550	12,135	14,642	+11,602	12,088

### Overview by field / area and future outlook

<b>U.K.</b>	Due to the progress of vaccinations, restriction measures were completely lifted in the latter half of July 2021, and while the debt collection business for the government has not recovered to the level before the pandemic in some parts, debt issuance as a whole is expected to trend steadily.
<b>Ireland</b>	<ul style="list-style-type: none"> <li>• Vaccinations have progressed and economic activity has resumed, and the dispatch business for IT and pharmaceuticals and the recruitment support service for companies remains favorable going forward.</li> <li>• The market for special demand related to COVID-19 (vaccinations, contact tracing services, etc.) has been favorable and is expected to continue going forward.</li> </ul>
<b>Oceania</b>	The increase in the number of infected cases caused lockdowns in some areas, which had an impact on the construction-related field and training school. However, the recruiting and placing business and dispatching business in many industries such as IT, finance, infrastructure etc. were strong due to the recovery in general economic activities, and are expected to continue going forward.

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

- **Highlights of Consolidated Financial Results Overview by Operating Segment**  
**Overseas Manufacturing and Service Operations Outsourcing Business**

Revenue	¥128.1 billion	+34.6% YoY
Operating profit	¥4.2 billion	+124.8% YoY

⇒ Please refer to Reference Materials pp.19-20

- Revenue for 3Q YTD exceeded initial forecast due to master vendor business by Orizon of Germany, dispatch for e-commerce logistics by OTTO of the Netherlands, BPO business for local governments in the U.K., and various service businesses in South America performed well, but operating profit was slightly below initial forecast due to the rapid increase of COVID-19 infection cases in Asia and Europe, and the resumption of activity restriction measures.

Master vendor business ⇒ A service that improves client efficiency by collectively consigning logistics warehouses, call centers, etc., and managing the utilization of other dispatch agencies

- **No. of worksite employees at the end of each quarter for FY12/21**

1Q			2Q			3Q			4Q
Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast	Results	YoY	Initial Forecast
47,415	48,383	+6,700	48,864	49,441	+11,305	55,364	50,669	+6,950	57,024

## Overview by field / area and future outlook

<b>Germany</b>	Orizon's manufacturing business is expected to make steady progress going forward, with orders from aircraft-related companies expanding and healthcare dispatch, etc. recovering.
<b>The Netherlands</b>	Although the number of COVID-19 infection cases increased in each country, OTTO's logistics-based dispatching business centered in the Netherlands grew unaffected due to the expansion of e-commerce, and it is expected to continue to trend favorably going forward.
<b>U.K. (services for local governments, etc.)</b>	The recovery of recruiting and placing business has been somewhat delayed, and start times of the consulting business have been delayed for multiple projects. However, the BPO business and the dispatching business for local governments are favorable for both central and local governments in the wake of demand for improved efficiency such as through RPA and automation, etc., and they are expected to remain favorable going forward.
<b>Asia</b>	Production suspension at factories in each country due to COVID-19 and thinned out operations were implemented, resulting in sluggish business performance; however, an early recovery is expected once new infection cases have subsided.
<b>South America</b>	In South American countries, business for facilities, dispatch for logistics due to the expansion of e-commerce demand, and the dispatching business for essential workers have been steadily increasing, and they are expected to continue expanding going forward

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Consolidated Financial Results (Quarterly Trends)

(¥ billion)	FY12/20 Actual					FY12/21 Actual		
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q
Revenue	89.6	82.9	89.9	102.7	365.1	123.8	140.8	147.4
Gross profit	17.7	13.9	18.6	20.2	70.4	23.7	26.2	26.7
Gross profit margin	19.7%	16.7%	20.7%	19.7%	19.3%	19.2%	18.6%	18.1%
SG&A expenses	15.2	13.9	14.8	16.5	60.4	19.9	21.0	22.0
SG&A expenses ratio	16.9%	16.8%	16.5%	16.1%	16.5%	16.1%	14.9%	15.0%
Other operating income <sup>*1</sup>	1.1	1.2	1.3	1.7	5.2	1.9	1.8	1.9
Other operating expense	0.1	0.1	0.2	1.4	1.9	0.1	0.2	1.1
Operating profit	3.4	1.0	4.9	4.0	13.3	5.6	6.8	5.5
Operating profit margin	3.8%	1.2%	5.4%	3.9%	3.7%	4.5%	4.9%	3.7%
Profit before tax	2.4	0.8	3.6	1.1	7.8	6.1	5.6	0.5
Profit before tax margin	2.6%	1.0%	3.9%	1.1%	2.1%	5.0%	4.0%	0.3%
Profit attributable to owners of the Company	1.3	0.0	2.0	(1.4)	1.9	3.4	2.9	(1.7)
Profit attributable to owners of the Company margin	1.5%	0.0%	2.2%	-1.3%	0.5%	2.7%	2.1%	-1.2%

QoQ/YoY Changes	FY12/20 Actual					FY12/21 Actual		
	1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q
Revenue	-4.0%	-7.4%	8.4%	14.3%	1.2%	20.5%	13.8%	4.7%
Gross profit	-8.9%	-21.4%	33.9%	8.8%	0.2%	17.2%	10.7%	1.8%
SG&A expenses	1.4%	-8.3%	6.4%	11.4%	2.6%	20.5%	5.5%	5.1%
Operating profit	-10.0%	-70.1%	377.5%	-18.3%	-3.4%	39.4%	22.6%	-19.8%
Profit before tax	-53.5%	-66.4%	349.4%	-69.0%	-34.8%	457.8%	-9.2%	-91.3%
Profit attributable to owners of the Company	-67.3%	-99.8%	-	-168.5%	-73.6%	-	-14.2%	-160.3%

\*1 Dormitory fees received from employees at company-rented employee dormitories, which should be included in real profit, are included in other operating income.

\*2 Displayed in ¥billion (rounded off to the nearest ¥0.1 billion)

\*3: The following items of SG&A expenses and below on the Income Statement for 3Q FY12/21 differs by approximately ¥20 million from the figures on the Quarterly Securities Report for the period under review. The accounting period of 3Q FY12/21 includes ¥20 million to be revised retroactively from 1Q FY12/21 to 2Q FY12/21.

# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

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

(¥ billion)		FY12/20 Actual					FY12/21 Actual		
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q
Domestic Engineering Outsourcing Business	Revenue	25.0	25.4	25.5	27.4	103.4	27.6	30.0	31.8
	Operating profit	1.8	1.3	2.8	1.5	7.5	2.2	2.3	2.6
	No. of worksite employees at term-end	16,048	17,827	18,006	18,150	18,150	18,249	20,829	21,163
Domestic Manufacturing Outsourcing Business	Revenue	16.3	14.1	14.6	19.5	64.5	23.0	24.5	25.1
	Operating profit	1.7	1.2	1.2	2.1	6.1	1.8	1.9	1.6
	No. of worksite employees at term-end	12,909	12,426	12,264	16,539	16,539	18,614	20,126	21,341
	No. of workers under outsourced administration at term-end	20,007	20,102	21,124	22,296	22,296	21,942	21,607	21,076
Domestic Service Operations Outsourcing Business	Revenue	5.9	5.9	6.1	6.8	24.8	7.0	7.2	7.3
	Operating profit	0.6	0.6	0.7	0.9	2.9	1.4	1.0	1.1
	No. of worksite employees at term-end	2,301	1,975	1,856	2,606	2,606	2,444	2,567	3,074
Overseas Engineering Outsourcing Business	Revenue	9.6	8.5	10.2	10.2	38.5	26.4	36.2	38.0
	Operating profit	0.3	(0.4)	0.3	(0.1)	0.1	1.3	1.8	0.8
	No. of worksite employees at term-end	3,307	3,176	3,040	2,729	2,729	13,393	14,726	14,642
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	32.7	29.0	33.4	38.7	133.9	39.9	42.9	45.3
	Operating profit	0.5	(0.1)	1.5	1.6	3.5	1.4	1.5	1.3
	No. of worksite employees at term-end	41,683	38,136	43,719	46,331	46,331	48,383	49,441	50,669
Other Business	Revenue	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.0
	Operating profit	0.1	0.0	0.1	0.0	0.3	(0.0)	0.1	0.1
Adjustments	Operating profit	(1.6)	(1.6)	(1.7)	(2.1)	(7.0)	(2.5)	(1.9)	(2.0)
Total	Revenue	89.6	82.9	89.9	102.7	365.1	123.8	140.8	147.4
	Operating profit	3.4	1.0	4.9	4.0	13.3	5.6	6.8	5.5

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

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

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

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

- EUR 129.87
- GBP 150.46
- AUD 82.39
- USD 108.58

\*4: The following items of SG&A expenses and below on the Income Statement for 3Q FY12/21 differs by approximately ¥20 million from the figures on the Quarterly Securities Report for the period under review.

The accounting period of 3Q FY12/21 includes ¥20 million to be revised retroactively from 1Q FY12/21 to 2Q FY12/21.



# Consolidated Financial Results Summary for 3Q FY12/21 (IFRS)

## ● Consolidated Statement of Financial Position

(¥ billion)	FY12/20-End		3Q-End FY12/21		vs FY12/20-End
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
<b>Current assets</b>	<b>160.0</b>	<b>53.2%</b>	<b>169.3</b>	<b>48.3%</b>	<b>9.3</b>
Cash and cash equivalents	81.7	27.2%	52.0	14.8%	(29.7)
Trade and other receivables	55.6	18.5%	87.3	24.9%	31.6
Inventories	1.7	0.6%	2.6	0.7%	0.8
<b>Non-current assets</b>	<b>140.7</b>	<b>46.8%</b>	<b>181.4</b>	<b>51.7%</b>	<b>40.7</b>
Property, plant and equipment	9.7	3.2%	11.3	3.2%	1.6
Right-of-use assets	17.5	5.8%	21.4	6.1%	3.9
Goodwill	62.9	20.9%	98.4	28.0%	35.4
Intangible assets	20.6	6.8%	20.2	5.8%	(0.4)
Other financial assets	18.8	6.3%	21.0	6.0%	2.2
<b>Total assets</b>	<b>300.7</b>	<b>100.0%</b>	<b>350.8</b>	<b>100.0%</b>	<b>50.1</b>
<b>Current liabilities</b>	<b>152.0</b>	<b>50.5%</b>	<b>172.2</b>	<b>49.1%</b>	<b>20.3</b>
Trade and other payables	41.4	13.8%	60.7	17.3%	19.3
Bonds and borrowings	68.1	22.6%	55.9	15.9%	(12.2)
Lease Liabilities	16.8	5.6%	20.0	5.7%	3.3
Income taxes payable	4.3	1.4%	2.9	0.8%	(1.3)
<b>Non-current liabilities</b>	<b>83.1</b>	<b>27.6%</b>	<b>105.3</b>	<b>30.0%</b>	<b>22.2</b>
Bonds and borrowings	43.2	14.4%	61.8	17.6%	18.6
Lease Liabilities	20.6	6.8%	26.6	7.6%	6.0
Other financial liabilities	5.8	1.9%	4.5	1.3%	(1.4)
<b>Total liabilities</b>	<b>235.1</b>	<b>78.2%</b>	<b>277.6</b>	<b>79.1%</b>	<b>42.5</b>
Share capital	25.2	8.4%	25.2	7.2%	0.0
Capital surplus	26.6	8.9%	26.7	7.6%	0.0
Treasury shares	(0.0)	-0.0%	(0.0)	-0.0%	0.0
Other share premium	(13.5)	-4.5%	(12.9)	-3.7%	0.6
Retained earnings	23.3	7.7%	26.8	7.6%	3.5
<b>Equity attributable to owners of the Company</b>	<b>60.5</b>	<b>20.1%</b>	<b>67.8</b>	<b>19.3%</b>	<b>7.3</b>
<b>Non-controlling interests</b>	<b>5.1</b>	<b>1.7%</b>	<b>5.4</b>	<b>1.5%</b>	<b>0.3</b>
<b>Equity</b>	<b>65.6</b>	<b>21.8%</b>	<b>73.2</b>	<b>20.9%</b>	<b>7.6</b>
<b>Total liabilities and equity</b>	<b>300.7</b>	<b>100.0%</b>	<b>350.8</b>	<b>100.0%</b>	<b>50.1</b>

Cash and cash equivalents:

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

Trade and other receivables:

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

Goodwill:

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

Trade and other payables:

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

Equity attributable to owners of the Company:

Reflects profit attributable to owners of the Company, financial year end dividend payment, and the effect of foreign exchange rate changes

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

# Consolidated Financial Forecasts for FY12/21 (IFRS)



# Consolidated Financial Forecasts for FY12/21 (IFRS)

## ● Consolidated Financial Forecasts

### ■ Management indicators targeted as of the end of FY12/21

**ROE : 18.6%      Equity ratio : 22.8%**

(¥ billion)	FY12/20				FY12/21				YoY Change	
	Actual				Actual 1H Amount	2H Amount	Initial Forecast			
	1H Amount	2H Amount	Full-Year Amount	Composition Ratio			Full-Year Amount	Composition Ratio	Amount	Ratio
Revenue	172.5	192.6	365.1	100.0%	264.6	288.0	528.0	100.0%	162.9	44.6%
Cost of sales	141.0	153.8	294.8	80.7%	214.7	-	-	-	-	-
Gross profit	31.6	38.8	70.4	19.3%	50.0	-	-	-	-	-
SG&A expenses	29.1	31.3	60.4	16.5%	40.8	-	-	-	-	-
Operating profit	4.4	8.9	13.3	3.7%	12.4	17.2	25.1	4.8%	11.8	88.3%
Finance income	0.6	0.3	0.9	0.2%	2.1	-	-	-	-	-
Finance costs	1.9	4.6	6.5	1.8%	2.8	-	-	-	-	-
Profit before tax	3.1	4.6	7.8	2.1%	11.7	14.5	21.4	4.1%	13.6	174.7%
Profit	1.4	1.3	2.7	0.7%	7.1	10.0	14.2	2.7%	11.5	425.7%
Profit attributable to owners of the Company	1.3	0.6	1.9	0.5%	6.3	9.3	12.8	2.4%	10.9	560.5%

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

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

EUR 117.38

GBP 133.98

AUD 67.83

USD 107.96

# Consolidated Financial Forecasts for FY12/21 (IFRS)

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

(¥ billion)		FY12/20					FY12/21							
		Actual					Initial Forecast	Actual	Initial Forecast	Actual	Initial Forecast	Actual	Initial Forecast	
		1Q	2Q	3Q	4Q	Full-Year	1Q	1Q	2Q	2Q	3Q	3Q	4Q	Full-Year
Domestic Engineering Outsourcing Business	Revenue	25.0	25.4	25.5	27.4	103.4	27.8	27.6	31.8	30.0	33.9	31.8	37.0	130.5
	Operating profit	1.8	1.3	2.8	1.5	7.5	1.6	2.2	1.5	2.3	3.1	2.6	3.4	9.5
	No. of worksite employees at term-end	16,048	17,827	18,006	18,150	18,150	18,200	18,249	20,700	20,829	21,000	21,163	21,300	21,300
Domestic Manufacturing Outsourcing Business	Revenue	16.3	14.1	14.6	19.5	64.5	23.2	23.0	25.1	24.5	27.3	25.1	30.0	105.6
	Operating profit	1.7	1.2	1.2	2.1	6.1	2.1	1.8	2.4	1.9	2.4	1.6	3.0	9.8
	No. of worksite employees at term-end	12,909	12,426	12,264	16,539	16,539	18,500	18,614	19,600	20,126	20,500	21,341	21,500	21,500
	No. of workers under outsourced administration at term-end	20,007	20,102	21,124	22,296	22,296	22,000	21,942	24,000	21,607	26,000	21,076	28,000	28,000
	No. of placed workers	511	191	185	321	1,208	397	360	506	391	659	371	645	2,207
Domestic Service Operations Outsourcing Business	Revenue	5.9	5.9	6.1	6.8	24.8	7.1	7.0	7.8	7.2	8.0	7.3	8.2	31.0
	Operating profit	0.6	0.6	0.7	0.9	2.9	0.7	1.4	0.7	1.0	0.9	1.1	0.9	3.1
	No. of worksite employees at term-end	2,301	1,975	1,856	2,606	2,606	2,623	2,444	3,268	2,567	3,635	3,074	3,970	3,970
Overseas Engineering Outsourcing Business	Revenue	9.6	8.5	10.2	10.2	38.5	21.0	26.4	27.7	36.2	31.1	38.0	30.9	110.7
	Operating profit	0.3	(0.4)	0.3	(0.1)	0.1	1.0	1.3	1.4	1.8	1.7	0.8	1.6	5.6
	No. of worksite employees at term-end	3,307	3,176	3,040	2,729	2,729	10,709	13,393	10,899	14,726	12,135	14,642	12,088	12,088
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	32.7	29.0	33.4	38.7	133.9	32.9	39.9	35.6	42.9	39.8	45.3	41.8	150.0
	Operating profit	0.5	(0.1)	1.5	1.6	3.5	0.6	1.4	1.3	1.5	2.4	1.3	2.3	6.5
	No. of worksite employees at term-end	41,683	38,136	43,719	46,331	46,331	47,415	48,383	48,864	49,441	55,364	50,669	57,024	57,024
Other Business	Revenue	0.1	0.0	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.2
	Operating profit	0.1	0.0	0.1	0.0	0.3	0.1	(0.0)	0.1	0.1	0.1	0.1	0.1	0.2
Adjustments	Operating profit	(1.6)	(1.6)	(1.7)	(2.1)	(7.0)	(2.8)	(2.5)	(2.4)	(1.9)	(2.2)	(2.0)	(2.2)	(9.6)
Total	Revenue	89.6	82.9	89.9	102.7	365.1	112.0	123.8	128.0	140.8	140.1	147.4	148.0	528.0
	Operating profit	3.4	1.0	4.9	4.0	13.3	3.1	5.6	4.9	6.8	8.2	5.5	9.0	25.1

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

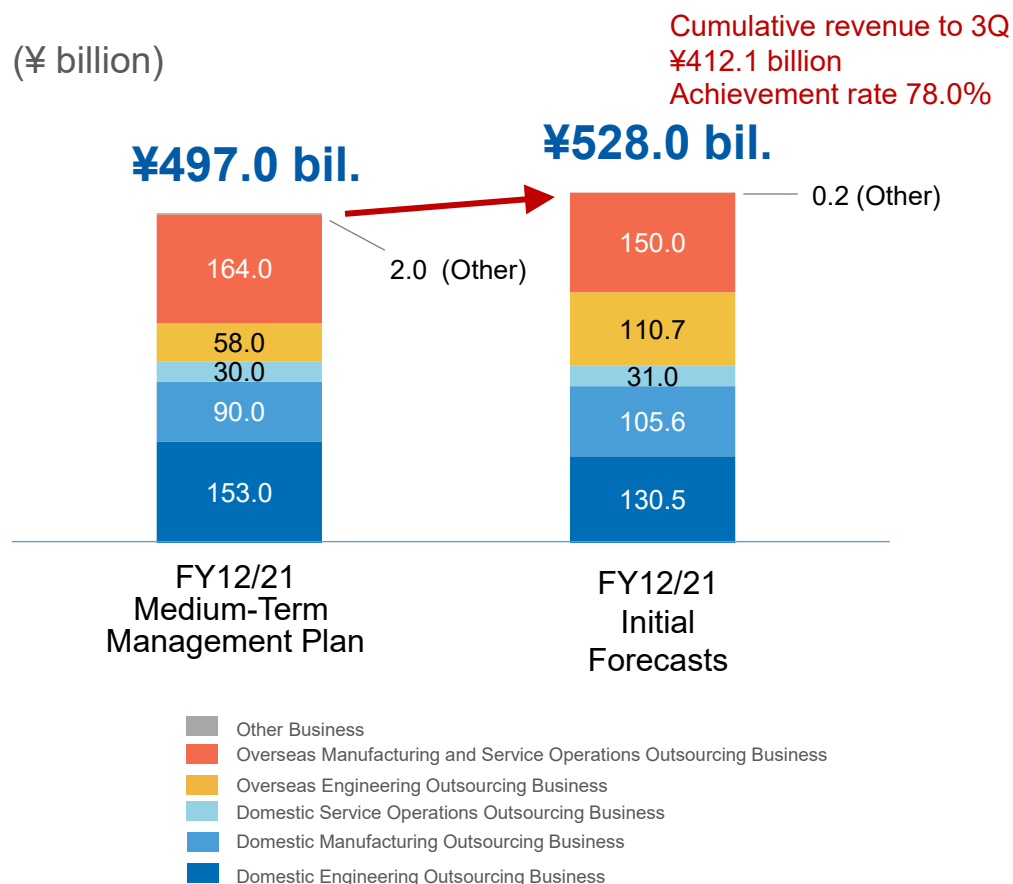
\*2: Inter-segment transactions in revenue are eliminated

\*3: The following items of SG&A expenses and below on the Income Statement for 3Q FY12/21 differs by approximately ¥20 million from the figures on the Quarterly Securities Report for the period under review. The accounting period of 3Q FY12/21 includes ¥20 million to be revised retroactively from 1Q FY12/21 to 2Q FY12/21.

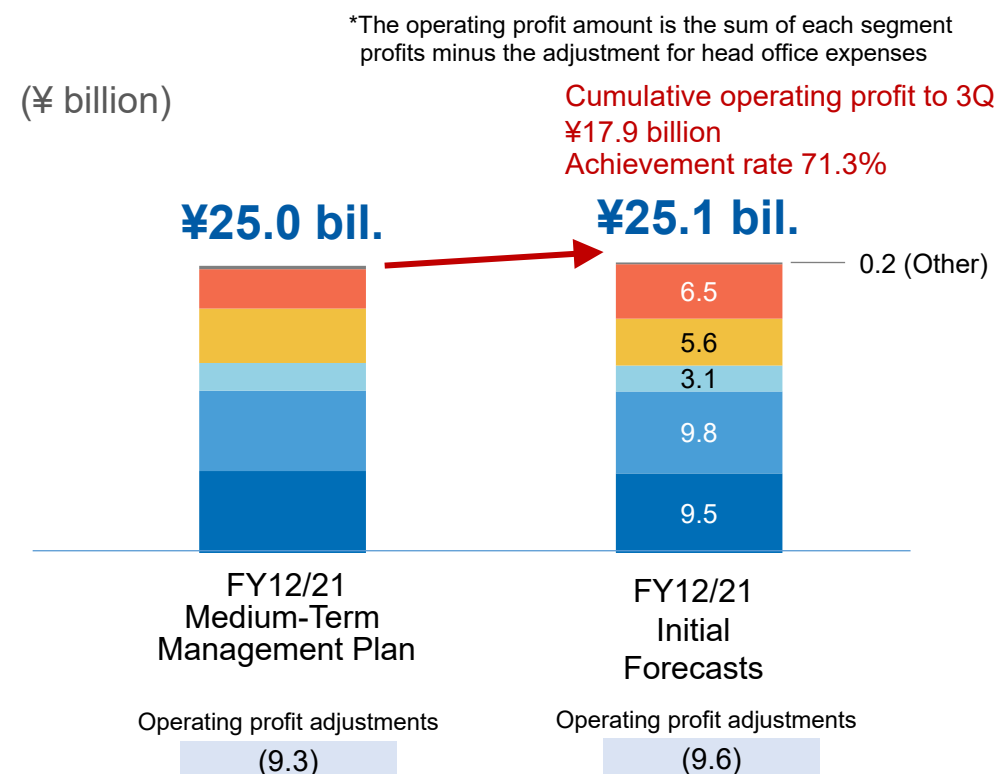
# Consolidated Financial Forecasts for FY12/21 (IFRS)

## ● Comparison between the FY12/21 Initial Forecasts and the Medium-Term Management Plan

### Revenue



### Operating Profit



■ Due to the impact of COVID-19, both FY12/20 revenue and operating profit fell behind the targets in the Medium-Term Management Plan. However, we will surpass them in FY12/21 and achieve the Medium-Term Management Plan by FY12/24.

# Consolidated Financial Forecasts for FY12/21 (IFRS)

## ● Supplemental Information: Domestic Recruitment Plan for FY12/21 Annual and Semi-Annual Trends

		FY12/20			FY12/21		
		Actual			Actual	Initial Forecast	
		1H	2H	Full-Year	1H	2H	Full-Year
Engineering	No. of workers recruited (persons)	4,080	2,326	6,406	5,220	2,500	7,000
Manufacturing	No. of workers recruited (persons)	2,746	4,001	6,747	6,523	6,208	11,912
Service Operations	No. of workers recruited (persons)	894	967	1,861	1,343	1,488	2,744
Recruiting and Placing	No. of workers recruited (persons)	702	506	1,208	751	1,304	2,207

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

## ● Supplemental Information: Domestic Recruitment Plan for FY12/21 Quarterly Trend

		FY12/20					FY12/21				
		Actual					Actual			Initial Forecast	
		1Q	2Q	3Q	4Q	Full-Year	1Q	2Q	3Q	4Q	Full-Year
Engineering	No. of workers recruited (persons)	1,155	2,925	1,150	1,176	6,406	1,384	3,836	1,494	1,300	7,000
Manufacturing	No. of workers recruited (persons)	1,411	1,335	1,358	2,643	6,747	2,606	3,917	3,364	2,949	11,912
Service Operations	No. of workers recruited (persons)	505	389	465	502	1,861	449	894	1,117	776	2,744
Recruiting and Placing	No. of workers recruited (persons)	511	191	185	321	1,208	360	391	371	645	2,207

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



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



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

### Importance of global expansion in the HR service business

Our Group operates HR service businesses.

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

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

### Our Group's global strategy and policy

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



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

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

## Goodwill by Country

Of the total goodwill of ¥98.4 billion, overseas consolidated Group companies amounts to ¥73.8 billion.

(Unit: ¥ hundred million)

Country name	Goodwill amount (as of the end of 3Q FY12/21)					Total Amount by Country
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business	
Japan Total	68	127	51	—	—	246
U.K. Total	—	—	—	73	133	206
Germany	—	—	—	—	73	73
Netherlands	—	—	—	—	51	51
Ireland	—	—	—	267	—	267
EU Total	—	—	—	267	124	391
Australia	—	—	—	89	5	94
New Zealand	—	—	—	—	2	2
Oceania Total	—	—	—	89	7	96
North America Total	—	—	—	—	25	25
Chile	—	—	—	—	5	5
Brazil	—	—	—	—	1	1
South America Total	—	—	—	—	5	5
Thailand	—	—	—	—	1	1
Vietnam	—	—	—	—	0	0
India	—	—	—	—	1	1
Malaysia	—	—	—	—	9	9
Asia (excluding Japan) Total	—	—	—	—	11	11
<b>Total</b>	<b>68</b>	<b>127</b>	<b>51</b>	<b>429</b>	<b>306</b>	<b>984</b>

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

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

(Risk of impairment for FY12/21)

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

**Total goodwill  
in Japan**

**¥24.6 billion**

\*Total of 39 companies including  
the following 5 companies

Goodwill impairment risk evaluation from looking at  
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Manufacturing	AVANCE Group	33	Human resources business for Japanese descent for the manufacturing sector
	<p>No. of workers enrolled      Utilization rate</p> <p>2020.1Q   2020.2Q   2020.3Q   2020.4Q   2021.1Q   2021.2Q   2021.3Q   2021.4Q</p> <p>No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss</p>		
	Status	Although immigration restrictions for Japanese Brazilians are continuing, the hiring of persons of Japanese descent residing in Japan is steadily increasing, and we anticipate a steady expansion to transportation equipment-related clients in addition to our major clients of electronic parts-related field, and the risk of impairment is extremely low.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Service Operations	EcoCity Group	16	Outsourced contracting business from local governments
	<p>No. of workers enrolled      Utilization rate</p> <p>2020.1Q   2020.2Q   2020.3Q   2020.4Q   2021.1Q   2021.2Q   2021.3Q   2021.4Q</p> <p>No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss</p>		
	Status	As water meter reading work and the call center outsourced contracting business from local governments is the major business, a steady trend is expected despite the pandemic, and the risk of impairment is extremely low.	

The amount of goodwill for AVANCE Group and EcoCity 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.

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

(Risk of impairment for FY12/21)

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

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Manufacturing	S.S.Sangyo Co.Ltd.	16	Human resources business for the manufacturing sector
	<p>■ No. of workers enrolled    — Utilization rate</p> <p>2020.1Q   2020.2Q   2020.3Q   2020.4Q   2021.1Q   2021.2Q   2021.3Q   2021.4Q</p> <p>No impairment loss   No impairment loss   No impairment loss</p>		
	Status	Transportation equipment components manufacturers, which are our major clients, are experiencing production adjustment, but this is temporary, and the risk of impairment is extremely low.	

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

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Service Operations	AMERICAN ENGINEERING CORPORATION	30	Service operation business for the U.S. military facilities
	<p>■ No. of operating workers</p> <p>2020.1Q   2020.2Q   2020.3Q   2020.4Q   2021.1Q   2021.2Q   2021.3Q   2021.4Q</p> <p>No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss   No impairment loss</p>		
	Status	Due to construction and maintenance work for building structures and equipment of US military facilities, it is posting stable growth unaffected by the economy, and the risk of impairment is extremely low.	

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

(Risk of impairment for FY12/21)


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

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Domestic Manufacturing	PEO Construction Machinery Operators Training Center Co., Ltd.	16	Technical training business for construction machinery, etc.
	 <p>No. of students</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p> <p>No impairment loss No impairment loss No impairment loss</p>		
	Status	<p>Although urban driving schools are partially affected by the pandemic, overall demand remains high, and the risk of impairment is extremely low.</p> <p>*The number of participants is expected to decline from 3Q to 4Q FY12/21, but it should be no concern, as it happens every year due to seasonal factors.</p>	

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

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

(Risk of impairment for FY12/21)

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

**Total goodwill  
in U.K.**

**¥20.6 billion**

\*Total of 11 companies including  
the following 4 companies

Goodwill impairment risk evaluation from looking at  
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	CDER (former J.B.W.)	68	Public debt collection business
	<p>■ No. of claims</p> <p>No impairment loss</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	Lockdowns in the U.K. where vaccinations are progressing are being steadily relaxed, and the debt collection business is steadily continuing, so the risk of impairment is extremely low.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	ALLEN LANE	26	Human resources services for public sector
	<p>■ No. of operating workers</p> <p>No impairment loss</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	The Dispatching business mainly for the central government is driving a strong recovery. While the recruiting and placing business will take time to recover, because the growing dispatching business can offset this, the risk of impairment is extremely low.	



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

(Risk of impairment for FY12/21)

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

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	LIBERATA	50	Various contracting business for central government
	<p>■ Order backlog</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	<p>Since the BPO business for the government is mainly on medium-to long-term contracts, a stable trend is expected to continue going forward. In addition, with the extension and expansion of the U.K. subsidy program, the number of subsidy-related services consigned will increase from the initial plan, and the risk of impairment is extremely low.</p>	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	VERACITY	54	Financial and business consultancy services
	<p>■ No. of operating workers</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	<p>For the consulting business for the government, all existing contracts are continuing to be handled remotely, the budgets of each ministry and agency have been fixed by the announcement of the U.K. government's five-year expenditure plan, and the number of projects is expected to increase. However, delays in government decision-making resulted in order delays and fell short of the initial forecast, so the impairment loss, ¥ 280 million, was recorded in the 3Q.</p>	

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

(Risk of impairment for FY12/21)

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

**Total Goodwill  
in EU**

**¥39.1 billion**

\*Total of 3 companies listed below

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	Orizon	73	Human resources services for the manufacturing sector (for machinery, transport equipment, medical-related field, and other fields)
	<p>No. of workers enrolled Utilization rate</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p> <p>No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss</p>		
	Status	Although the number of those infected by COVID-19 is increasing again, the impact on the manufacturing industry, which is Orizon's major client base, is minor, so both revenue and profits have exceeded budget, and the risk of impairment is extremely low.	
	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	OTTO	51	E-commerce distribution-related services
	<p>No. of workers enrolled Utilization rate</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p> <p>No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss No impairment loss</p>		
	Status	In the Netherlands, although there was another lockdown order from December 19, 2021, strong performance from the supermarket and e-commerce-related services business is expected to continue, and the risk of impairment is extremely low.	

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

(Risk of impairment for FY12/21)


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

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	CPL RESOURCES	267	Engineer human resources business for the IT, pharmaceuticals, life sciences, and healthcare sectors
	 <p>No. of workers enrolled      Utilization rate</p> <p>2020.1Q      2020.2Q      2020.3Q      2020.4Q      2021.1Q      2021.2Q      2021.3Q      2021.4Q</p> <p>No impairment loss      No impairment loss      No impairment loss</p>		
	Status	Although the impact of COVID-19 remains for the recruiting and placing business, the dispatching business is favorable, and going forward, further growth in the dispatching business is expected from strengthening the healthcare sector, etc., so the risk of impairment is extremely low.	

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

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

(Risk of impairment for FY12/21)

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

**Total Goodwill  
in Oceania**

**¥9.6 billion**

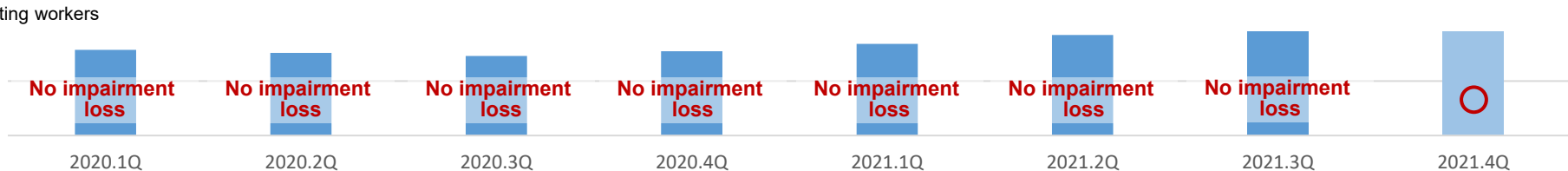
\*Total of 8 companies including  
the following 3 companies

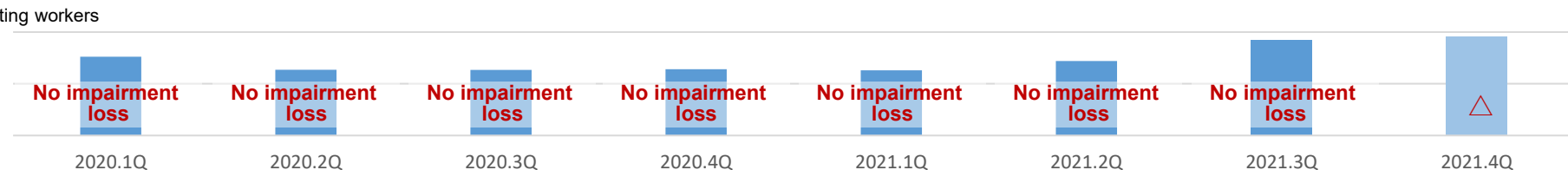
Goodwill impairment risk evaluation from looking at  
future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary																											
Overseas Engineering	BLUEFIN	14	Human resources services for IT and financial fields																											
	<div><div>No. of operating workers</div><table border="1"><thead><tr><th>Quarter</th><th>No. of operating workers (approx.)</th><th>Impairment Status</th></tr></thead><tbody><tr><td>2020.1Q</td><td>10</td><td>No impairment loss</td></tr><tr><td>2020.2Q</td><td>11</td><td>No impairment loss</td></tr><tr><td>2020.3Q</td><td>12</td><td>No impairment loss</td></tr><tr><td>2020.4Q</td><td>13</td><td>No impairment loss</td></tr><tr><td>2021.1Q</td><td>14</td><td>No impairment loss</td></tr><tr><td>2021.2Q</td><td>15</td><td>No impairment loss</td></tr><tr><td>2021.3Q</td><td>16</td><td>No impairment loss</td></tr><tr><td>2021.4Q</td><td>17</td><td>Extremely low risk (○)</td></tr></tbody></table></div>			Quarter	No. of operating workers (approx.)	Impairment Status	2020.1Q	10	No impairment loss	2020.2Q	11	No impairment loss	2020.3Q	12	No impairment loss	2020.4Q	13	No impairment loss	2021.1Q	14	No impairment loss	2021.2Q	15	No impairment loss	2021.3Q	16	No impairment loss	2021.4Q	17	Extremely low risk (○)
	Quarter	No. of operating workers (approx.)	Impairment Status																											
	2020.1Q	10	No impairment loss																											
2020.2Q	11	No impairment loss																												
2020.3Q	12	No impairment loss																												
2020.4Q	13	No impairment loss																												
2021.1Q	14	No impairment loss																												
2021.2Q	15	No impairment loss																												
2021.3Q	16	No impairment loss																												
2021.4Q	17	Extremely low risk (○)																												
Status	While actively expanding into the fields of government-related, IT, finance, and marketing, SG&A expenses are maintaining the appropriate level, and since it is expected to trend in line with the plan for the full-year, the risk of impairment is extremely low.																													

	Company	Goodwill by individual company (¥ hundred million)	Business summary																											
Overseas Engineering	PM-P	22	Consultancy for improving business processes and corporate training services																											
	<div><div>No. of operating workers</div><table border="1"><thead><tr><th>Quarter</th><th>No. of operating workers</th><th>Impairment Status</th></tr></thead><tbody><tr><td>2020.1Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2020.2Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2020.3Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2020.4Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2021.1Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2021.2Q</td><td>~10</td><td>No impairment loss</td></tr><tr><td>2021.3Q</td><td>~15</td><td>No impairment loss</td></tr><tr><td>2021.4Q</td><td>~20</td><td>△</td></tr></tbody></table></div>			Quarter	No. of operating workers	Impairment Status	2020.1Q	~10	No impairment loss	2020.2Q	~10	No impairment loss	2020.3Q	~10	No impairment loss	2020.4Q	~10	No impairment loss	2021.1Q	~10	No impairment loss	2021.2Q	~10	No impairment loss	2021.3Q	~15	No impairment loss	2021.4Q	~20	△
	Quarter	No. of operating workers	Impairment Status																											
	2020.1Q	~10	No impairment loss																											
2020.2Q	~10	No impairment loss																												
2020.3Q	~10	No impairment loss																												
2020.4Q	~10	No impairment loss																												
2021.1Q	~10	No impairment loss																												
2021.2Q	~10	No impairment loss																												
2021.3Q	~15	No impairment loss																												
2021.4Q	~20	△																												
Status	The training business is expected to see demand recover from continuing the switch to online in response to COVID-19 and offline training from Q2; however, it is still in the process of recovering from the decline through 3Q FY12/20. Since the risk of impairment has not been eliminated, 4Q is designated as △.																													

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

(Risk of impairment for FY12/21)

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

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Engineering	OUTSOURCING OCEANIA	34	Human resources services for IT, Infrastructure, and public-related fields
	<p>■ No. of operating workers</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	The company's business is expected to grow as we focus on the IT-related field and essential workers in line with the economic recovery due to various COVID-19 measures by the Australian government. As a result, the risk of goodwill impairment is extremely low.	

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

(Risk of impairment for FY12/21)

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

**Total Goodwill  
in North America**

**¥2.5 billion**

\*Total of 3 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

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

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

(Risk of impairment for FY12/21)

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

**Total Goodwill  
in South America**

**¥0.5 billion**

\*Total of 4 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	South America (4 companies in total)	5	Airport and commercial facility maintenance and cleaning services, human resources services for distribution and service industry
	Status	Our business in South America turned around and is expected to perform well because we have been focusing on expanding business for e-commerce related companies and medical facilities as well as security and cleaning services for major retail chains. As a result, the risk of goodwill impairment is extremely low.	

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

(Risk of impairment for FY12/21)

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

**Total Goodwill  
in Asia**

**¥1.1 billion**

\*Total of 6 companies

Goodwill impairment risk evaluation from looking at future forecasts

○ : Extremely low risk

△ : While not zero, risk remains stable and limited

× : High risk

	Company	Goodwill by individual company (¥ hundred million)	Business summary
Overseas Manufacturing and Service Operations	Asia (6 companies in total)	11	Human resources services for manufacturing sector, payroll service
	<p>■ No. of workers enrolled    — Utilization rate</p> <p>2020.1Q 2020.2Q 2020.3Q 2020.4Q 2021.1Q 2021.2Q 2021.3Q 2021.4Q</p>		
	Status	The domestic business in each country overall is trending steadily despite the human resources dispatch business being affected by immigration restrictions. The payroll business is expected to expand as its market in Asia is forecast to grow for SMEs. As a result, the risk of goodwill impairment is extremely low.	



## Note

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

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

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

# Legal Disclaimer

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This material contains forward-looking statements such as earnings estimates and plans made by the Company, which are based upon the best available information as of the date of the presentation of this material. Therefore, the actual results may differ from the plan and the estimate values due to various factors in the future. Note that the contents of this material are relevant as of the date of this document (or a date specified separately therein) and are subject to change without advance notice. Also, the information described in this presentation other than corporate information of the Group has been compiled by the Company based on publicly available sources, and we have not verified and will not guarantee the accuracy or appropriateness of such information.

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