

Financial Results for the 3rd Quarter of Fiscal Year Ending December 31, 2022

Nov 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. Submission of the improvement status report

- On September 22, 2022, we submitted and published an improvement status report to the Tokyo Stock Exchange that describes the implementation details and results of the measures to prevent recurrence stipulated in the improvement report.

2. Expansion of personnel in the accounting division and securing of high-quality human resources

- Accepted 4 seconded employees from OUTSOURCING TECHNOLOGY Inc. with the purpose of effective unified management and personnel expansion by providing OS accounting department shared business of OUTSOURCING TECHNOLOGY Inc.
- Strengthened the accounting system by recruiting 5 managers with expertise in accounting, including those experienced in accounting and finance practices at listed companies and those experienced in accounting auditing.

3. Implementation of basic online seminars for internal rules

- The basic online seminars for internal rules were held 3 times from July to September 2022. The seminars explain specific internal rules, such as the basic structure of regulations and the flow of the system and procedures for revision of regulations, and promote understanding of internal rules.

4. Implementation of monitoring by the accounting division

- In accordance with the results of the financial analysis and verification of the journal analysis tool to detect allegations of inappropriate accounting introduced as measures to prevent recurrence, the OS accounting division interviews the persons in charge and monitors them through documented evidence checks with enable Inc. and RPM Co., Ltd.

Our Group's Social Responsibility and Significance



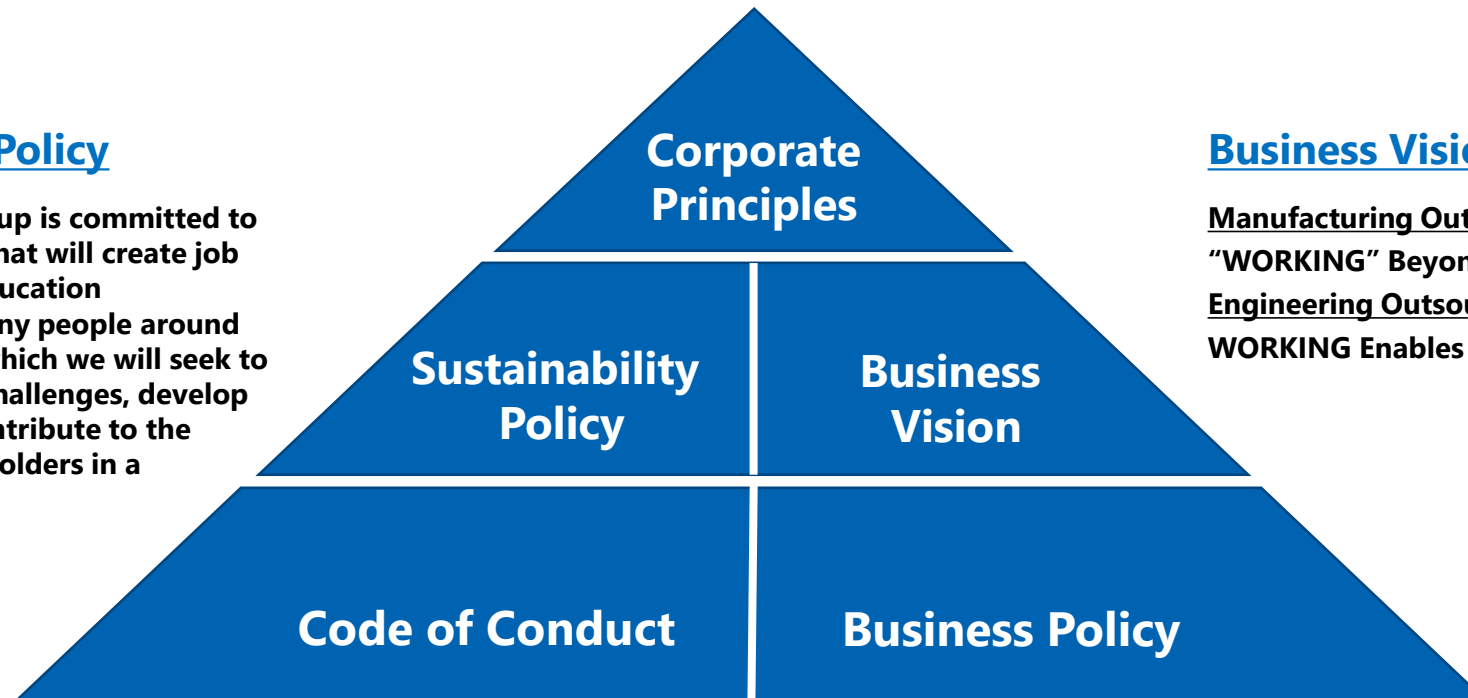
Corporate Principles : Vision of a society to be achieved through our businesses
= Universal principles that underpin our Group's business activities for realizing our Group mission

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"

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.



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

■ Materiality and KPIs

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

■ 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 the Technical Intern Training Program (age 23) ⇒ In training for Japanese and basic business knowledge

"Working in Japan is my dream, and my family supports me, so I want to gain 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) ⇒ In training for 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 the Specified Skilled Worker System (age 20) ⇒ In training for Japanese and business knowledge

"My father just passed away and I have 8 young brothers, so 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 working outside of Ukraine. 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, it launched a free telephone interpreter for Ukrainian refugees and opened a call center, which provides interpretation services and daily life consultations, free of charge for ordinary local governments and corporations.

The Group is engaged in humanitarian assistance for Ukrainians who are searching for housing and jobs while feeling anxious 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.

■ 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 3Q FY12/22 (IFRS)



	Quarterly Results (Jul. 1, 2022 – Sep. 30, 2022)					Cumulative Results (Jan. 1, 2022 – Sep. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. 3Q YTD	Differences (vs. forecasts)
Revenue	147.4	177.2	+ 20.2%	182.0	- 4.8	412.1	502.3	+ 21.9%	505.0	- 2.7
Gross profit	26.7	32.2	+ 20.6%	-	-	76.7	91.2	+ 19.0%	-	-
(Gross profit margin)	18.1%	18.2%	+ 0.1pt	-	-	18.6%	18.2%	- 0.4pt	-	-
SG&A expenses	22.5	27.4	+ 21.6%	-	-	64.2	78.2	+ 21.8%	-	-
Operating profit	5.0	5.4	+ 7.4%	9.0	- 3.6	16.6	16.3	- 1.5%	19.5	- 3.2
(Operating profit margin)	3.4%	3.0%	- 0.4pt	4.9%	- 1.9pt	4.0%	3.2%	- 0.8pt	3.9%	- 0.6pt
Profit before tax	0.0	4.6	-	-	-	10.9	12.3	+ 13.1%	17.7	- 5.4
Profit	-1.8	2.3	-	-	-	4.6	6.2	+ 34.1%	11.1	- 4.9
Profit attributable to owners of parent	-2.1	2.4	-	-	-	3.5	6.3	+78.0%	10.5	- 4.2

The full-year forecasts have been revised downward due to the results of the third quarter consolidated cumulative period. This was negatively impacted by changes in the macro environment, including prolonged production adjustments due to supply chain disruptions, led by the shortage of semiconductors, and soaring material prices due to global inflation.

However, in essence, the real factors behind this are the expectations for a recovery in production in the automobile industry delaying the shift to a booming industry, due to expectations of recovery in production, as well as the delay in predicting changes in the macro environment in advance to quickly grasp changes in needs and transform the business.

Even in the brisk needs for engineers in the engineering field, we will carefully examine whether there are any events that may have an impact on our business results in the next fiscal year due to measures to lose engineer recruitment strategies, and if it is necessary to take countermeasures, we will consider implementing even more bold reforms in some cases.

- The essence of the factor was that we were unable to respond appropriately to major changes in the environment and **delayed the necessary business transformation**.
- In addition to the above, one-time factors such as an **impairment loss on goodwill and other assets of approximately 3.3 billion yen**, and 1Q **financial expense of 2.4 billion yen**, pushed down earnings at all stages.
- In accordance with the revision of the financial forecast, the year-end dividend forecast was lowered from **45 yen per share to 22 yen per share** (Calculated based on a payout ratio of 30%).

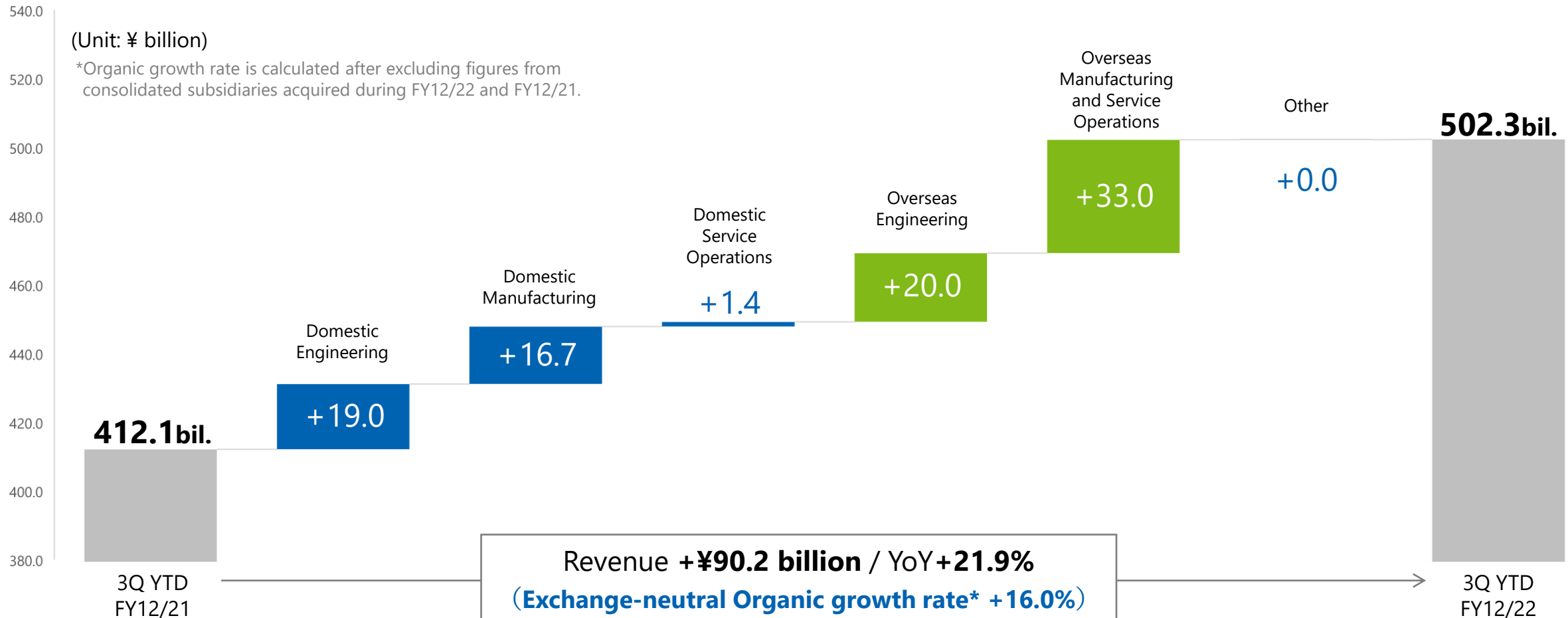
Revision of Consolidated Financial Forecast and Dividend Forecast

		Initial Fcst.	Revised Fcst.	Differences	% change
Revenue	(¥ bn)	695.0	686.0	- 9.0	- 1.3%
Operating profit	(¥ bn)	32.0	22.0	- 10.0	- 31.3%
Profit before tax	(¥ bn)	29.6	17.0	- 12.6	- 42.6%
Profit	(¥ bn)	19.3	9.0	- 10.3	- 53.4%
Profit attributable to owners of the Company	(¥ bn)	18.5	9.0	- 9.5	- 51.4%
Basic earnings per share for the period	(¥)	146.93	71.46	---	---
Year-end dividend forecast	(¥)	45.00	22.00	---	---

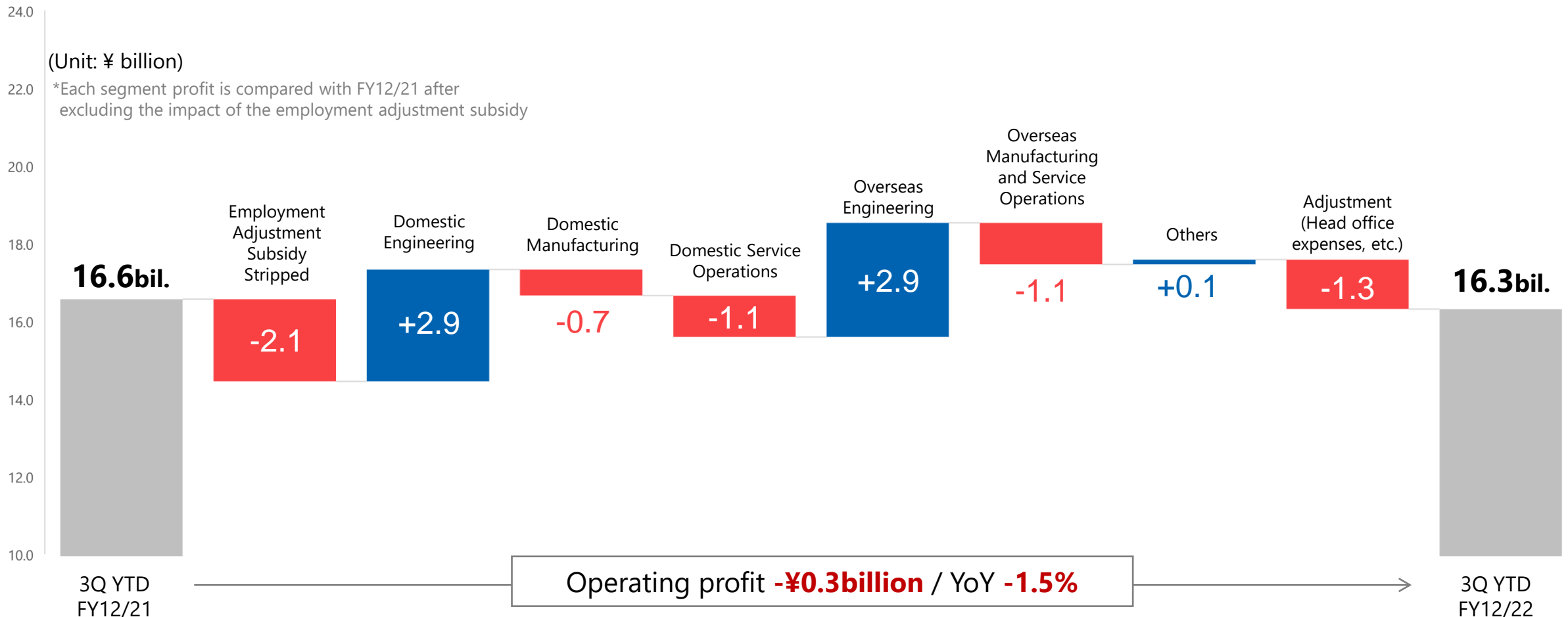
Revision of Operating Profit Forecast by Segment

		Initial Fcst.	Revised Fcst.	Differences	% change
Consolidated Operating profit	(¥ bn)	32.0	22.0	- 10.0	- 31.3%
- Domestic Engineering	(¥ bn)	11.0	11.0	± 0.0	0.0 %
- Domestic Manufacturing	(¥ bn)	8.8	5.9	- 2.9	- 33.0%
- Domestic Service Operations	(¥ bn)	4.7	3.0	- 1.7	- 36.2%
- Overseas Engineering	(¥ bn)	6.8	7.8	+ 1.0	+ 14.0%
- Overseas Manufacturing and Service Operations	(¥ bn)	10.0	4.7	- 5.4	- 53.5%
- Adjustment (Head office expenses, etc.)	(¥ bn)	- 9.4	- 10.6	- 1.2	- 12.2%

- Consolidated revenue **grew significantly by more than 20% YoY** as a result of business expansion in all segments.
- **Organic growth rate**, excluding the impact of foreign exchange rate fluctuations, **was +16%**, representing steady growth in existing businesses despite increasing uncertainty in the business environment.
- The Company has built a strong business foundation through diversification of its business and geographical portfolio, which has enabled it to **achieve sustainable sales growth**.



- Taking advantage of the strong demand for utilizing engineers, the domestic and overseas engineering segment **achieved double-digit profit growth** in operating profit compared to the same period of the previous year.
- On the other hand, the manufacturing and service operations segments in both domestic and overseas markets saw a decrease in profit YoY due to the prolonged shortage of semiconductors and supply chain disruptions.
- In addition to the above, consolidated operating income **fell -1.5% YoY** due to the absence of employment adjustment subsidies and impairment losses.



- Quarterly profits **increased significantly YoY** due to the decrease in one-time financial costs related to put options.
- As the OTTO Group became a wholly owned subsidiary in January 2022, no such major financial costs will be recorded after 2Q, **eliminating uncertainty on profit before tax and below**.
- Making OTTO Group a wholly-owned subsidiary will contribute to increased future intake profits and **further creation of group synergies**.

Unit: ¥ billion

	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY Changes (Amount)	Main reasons
Operating profit	16.6	16.3	- 0.3	
Finance income	1.1	0.7	- 0.4	
Finance costs	6.9	4.8	- 2.1	
Financial costs related to put options	4.8	2.5	- 2.3	Finance costs through early purchase of remaining shares of the OTTO Group in the Netherlands, etc.
Profit before tax	10.9	12.3	+ 1.4	
Income tax expense	6.3	6.1	- 0.2	
Profit	4.6	6.2	+ 1.6	
Profit attributable to owners of parent	3.5	6.3	+ 2.7	

Unit: ¥ billion

	FY12/21 4Q YTD	FY12/22 3Q YTD	YoY Changes (Amount)	Main reasons
Total assets	351.9	406.8	+ 54.9	
Current assets	167.2	198.5	+ 31.3	
Cash and cash equivalents	48.3	54.0	+ 5.7	
Trade and other receivables	88.1	109.1	+ 21.1	Increased due to the growing numbers of group companies and expansion of business scale
Non-current assets	184.7	208.3	+ 23.5	
Goodwill	83.7	98.6	+ 15.0	Increased due to purchase of shares through M&A and currency translation differences due to current exchange rate (yen depreciation) (¥5.7 bil.)
Current liabilities	212.5	195.4	- 17.1	Reclassification of a portion of borrowings from current to non-current
Non-current liabilities	67.0	127.7	+ 60.8	Same as above and increased due to borrowing of business funds
Equity	72.5	83.7	+ 11.2	
Equity ratio	18.7%	19.4%	+ 0.7pt	
Interest-bearing liabilities	151.6	200.2	+ 48.6	Increased due to borrowing of business funds

Overview and Future Outlook for Each Operating Segment



- 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.

FY12/21	FY12/21 Actual					FY12/22															
	1Q	2Q	3Q	4Q	Full-Year	Forecast 1Q	Actual 1Q	Forecast 2Q	Actual 2Q	Forecast 3Q	Actual 3Q	Forecast 4Q	Revised Fcts. 4Q*	Forecast 1H	Actual 1H	Forecast 2H	Revised Fcts. 2H*	Forecast Full-Year	Revised Fcts. Full-Year*	Differences 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	37.5	42.8	39.0	71.2	71.0	82.8	76.5	154.0	147.5	-6.5
	Operating profit	2.2	2.3	2.6	2.8	9.9	1.9	2.9	1.3	2.5	2.8	2.7	5.0	2.9	3.2	5.4	7.8	5.6	11.0	11.0	0.0
	Recruiting expenses	-	-	-	-	-	1.2	1.1	1.4	1.2	1.7	1.3	1.5	1.5	2.6	2.3	3.2	2.8	5.7	5.1	-0.6
	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	24,662	26,700	24,800	25,500	24,571	26,700	24,800	26,700	24,800	-1,900
	Utilization Rate	95.7%	90.8%	95.7%	97.3%	94.9%	96.2%	96.6%	91.0%	93.0%	96.3%	95.7%	97.4%	96.5%	93.4%	94.7%	96.9%	96.1%	95.2%	95.4%	0.2%
	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	6,306	7,000	7,300	5,300	5,323	7,000	7,300	7,000	7,300	300
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	31.6	36.7	31.7	59.8	57.7	70.7	63.3	130.5	121.0	-9.5
	Operating profit	1.7	1.8	1.5	2.2	7.2	1.4	1.5	2.0	1.5	2.3	1.4	3.1	1.6	3.4	3.0	5.4	2.9	8.8	5.9	-2.9
	Recruiting expenses	-	-	-	-	-	0.8	0.9	0.8	1.0	0.9	0.8	0.9	0.8	1.6	1.9	1.8	1.6	3.4	3.5	0.1
	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	26,831	26,500	27,000	24,000	27,000	26,500	27,000	26,500	27,000	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	19,300	20,000	19,000	18,200	18,660	20,000	19,000	20,000	19,000	-1,000
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	6,023	6,700	6,000	6,600	6,552	6,700	6,000	6,700	6,000	-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	7.5	9.8	8.6	16.6	15.4	19.4	16.1	36.0	31.5	-4.5
	Operating profit	1.3	1.0	1.1	0.6	4.0	1.0	1.1	1.0	0.8	1.4	0.5	1.3	0.6	2.0	1.9	2.7	1.1	4.7	3.0	-1.7
	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	3,517	4,000	3,600	3,300	3,344	4,000	3,600	4,000	3,600	-400
	Order backlog at term-end (¥ billion)	25.8	27.3	29.9	29.8	29.8	-	27.5	-	30.5	-	35.6	-	0.0	-	30.5	-	0.0	-	0.0	-
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	43.2	38.9	41.6	72.8	77.4	78.2	84.8	151.0	162.2	11.2
	Operating profit	1.0	1.5	0.5	1.4	4.6	1.4	1.7	1.5	2.1	1.9	2.2	2.0	1.7	2.9	3.8	3.9	3.9	6.8	7.8	1.0
	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	13,045	12,650	12,800	13,040	13,970	12,650	12,800	12,650	12,800	150
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	57.4	61.8	62.7	102.6	103.6	120.9	120.2	223.5	223.8	0.3
	Operating profit	1.4	1.5	1.3	2.5	6.7	1.3	0.7	2.0	0.9	3.2	1.2	3.5	1.9	3.3	1.6	6.7	3.0	10.0	4.7	-5.4
	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	53,776	62,550	62,550	56,110	50,080	62,550	62,550	62,550	62,550	0
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	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	0.0	-0.0	0.1	0.2	0.0	0.0	0.1	0.3	0.2
	No. of worksite employees at term-end	0	0	0	0	0	0	14	0	21	0	28	0	0	0	21	0	0	0	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	-2.6	-2.4	-2.9	-4.4	-5.0	-5.0	-5.6	-9.4	-10.6	-1.2
	Revenue	123.8	140.8	147.4	157.3	569.3	153.0	155.3	170.0	169.8	182.0	177.2	190.0	183.7	323.0	325.1	372.0	360.9	695.0	686.0	-9.0
Total	Revenue	123.8	140.8	147.4	157.3	569.3	153.0	155.3	170.0	169.8	182.0	177.2	190.0	183.7	323.0	325.1	372.0	360.9	695.0	686.0	-9.0
	Operating profit	5.2	6.4	5.0	7.4	23.9	5.0	6.0	5.5	5.0	9.0	5.4	12.5	5.7	10.5	10.9	21.5	11.1	32.0	22.0	-10.0





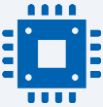






*1: Displayed in ¥billion (rounded off to the nearest ¥0.1 billion) *2: Inter-segment transactions in revenue are eliminated.

*3 A retroactive adjustment to the provisional accounting for business combinations that occurred at the end of the fiscal year ended December 2022 was recorded in the fourth quarter of the fiscal year ended December 2022.

- Engineer needs remained high in all industries, resulting in **increased revenue and profit YoY**.
- Compared to the initial plan, the recruitment strategy did not match with the intensified competition for hiring engineers, and the number of employees fell short of the plan. As a result, **both revenue and operating profit fell short of the plan**.
- Although operating profit for the quarter was below the budget due to the impact of impairment losses, the cumulative operating profit **exceeded the plan by more than 30%**.

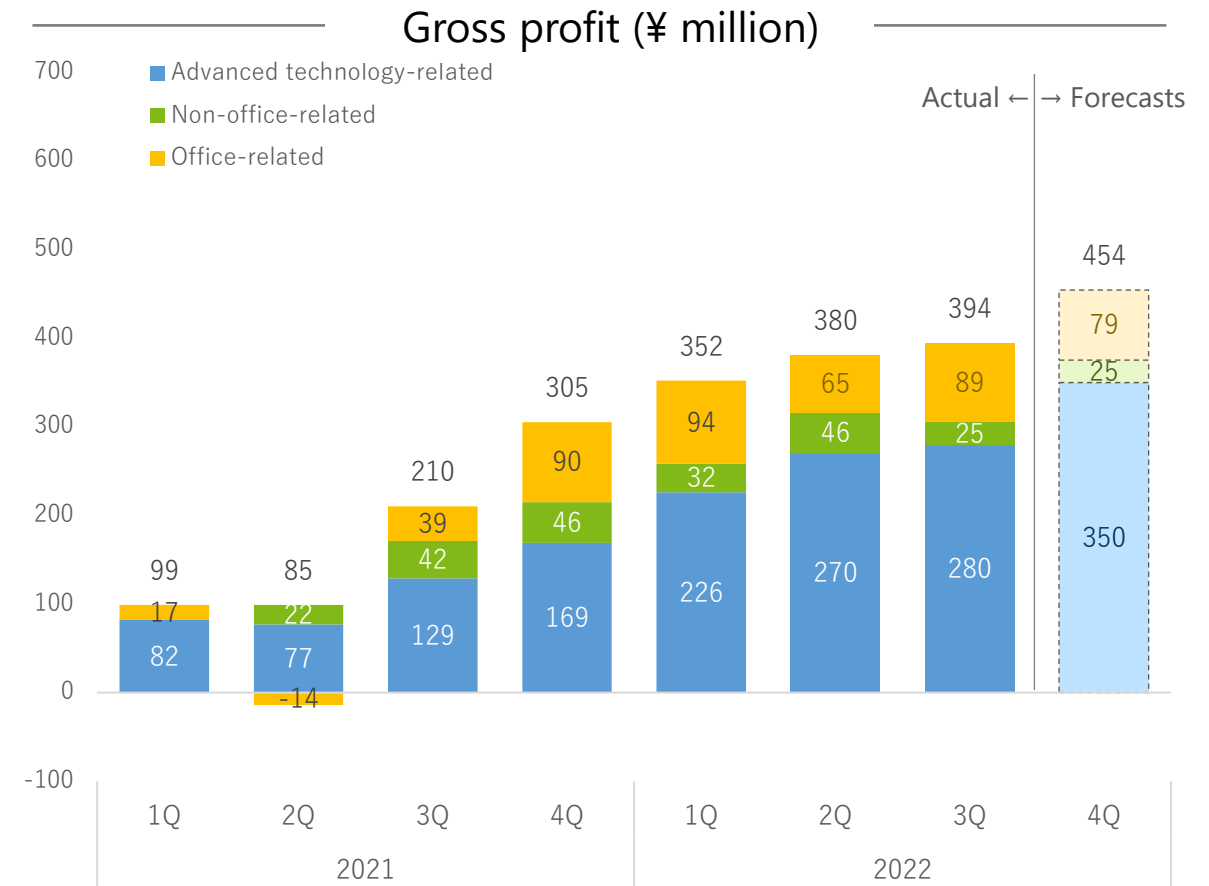
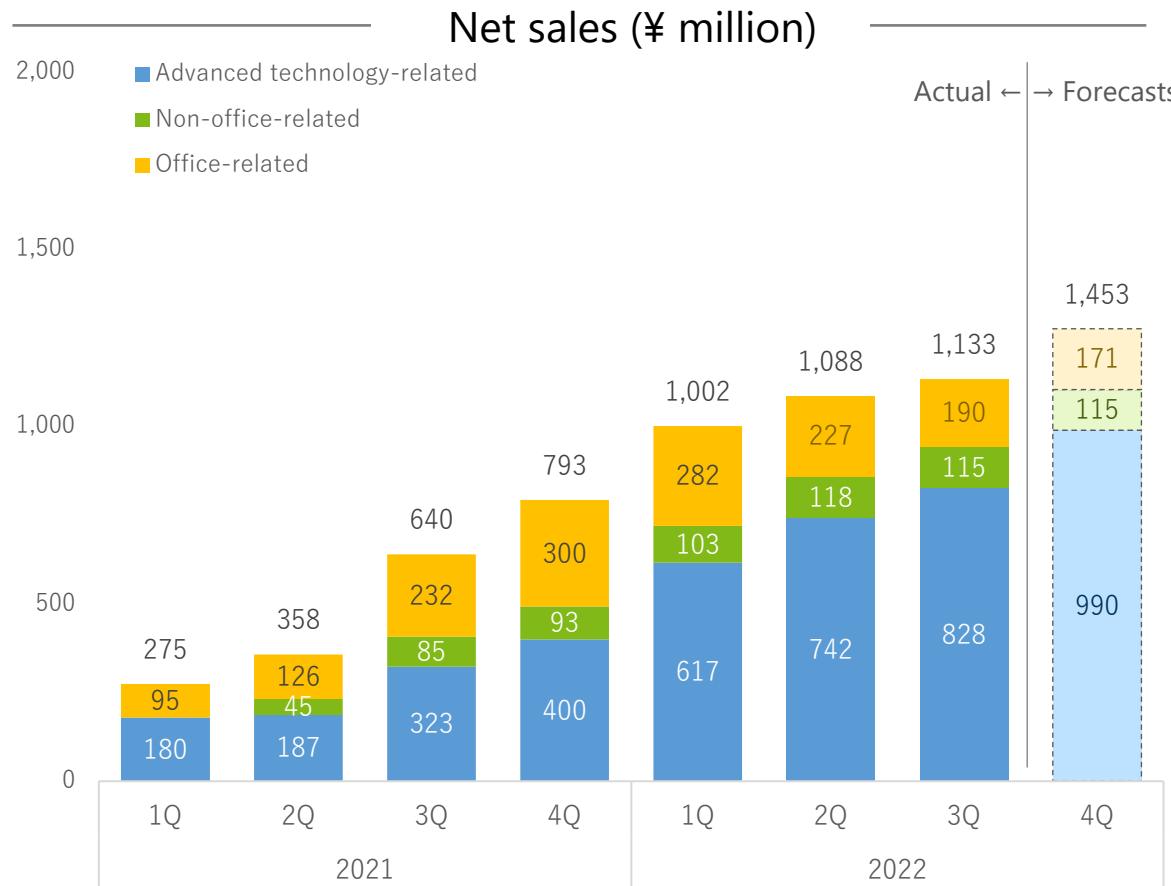
	Quarterly Results (Jul. 1, 2022 - Sept. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Sept. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue (¥ billion)	31.8	37.5	+ 17.8%	40.0	- 2.5	89.4	108.5	+ 21.3%	111.2	- 2.7
Operating profit (¥ billion)	2.6	2.7	+ 5.2%	2.8	- 0.1	7.1	8.1	+ 14.9%	6.0	+ 2.1
Operating profit margin (%)	8.2%	7.3%	- 0.9pt	7.0%	+ 0.3pt	7.9%	7.5%	- 0.4pt	5.4%	+ 2.1pt
No. of worksite employees at term-end (persons)	21,163	24,662	+ 16.5 %	26,100	- 1,438	21,163	24,662	+ 16.5%	26,100	- 1,438
Utilization rate (%)	95.7%	95.7%	-	96.3%	- 0.6pt	94.0%	95.0%	+ 1.0pt	-	-
Order backlog at term-end (persons)	5,055	6,306	+ 24.7%	7,200	- 894	5,055	6,306	+ 24.7%	7,200	- 894

Domestic Engineering Outsourcing Business – Financial Results by Industry

Industry	Revenue for 3Q YTD	Overview for 3Q YTD	Future Outlook
 IT-related	 ¥36.4bil. (YoY + 26.2%)	<ul style="list-style-type: none"> Demand remained strong due to a shortage of IT human resources and rising DX needs. 	<ul style="list-style-type: none"> Demand is expected to expand, particularly for high-skilled human resources, despite a slight overheating in the recruitment market.
 Transport Equipment	 ¥19.8bil. (YoY + 12.2%)	<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"> Future demand may be affected somewhat by production adjustments in the auto industry due to the semiconductor shortage.
 Electrical & Electronics	 ¥17.5bil. (YoY + 21.3%)	<ul style="list-style-type: none"> Demand for PC and home appliances under the COVID-19 pandemic has come to a halt, and orders themselves have grown. 	<ul style="list-style-type: none"> Semiconductors are in a phase of inventory adjustments, and demand from the FY12/23 onward may soften slightly.
 Construction & Plant-related	 ¥15.3bil. (YoY + 17.3%)	<ul style="list-style-type: none"> The acquisition of orders was steady, reflecting the growing sense of labor shortage caused by a decline in construction labor force population. 	<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	 ¥9.4bil. (YoY + 24.8%)	<ul style="list-style-type: none"> Orders of R&D projects, which had been suspended or postponed due to the spread of COVID-19, remained firm. 	<ul style="list-style-type: none"> Demand for human resources is expected to remain firm going forward.
Total Segment Overall	 ¥108.5bil. (YoY + 21.3%)	<ul style="list-style-type: none"> Demand for engineers remained high in all industries, and demand has expanded. 	<ul style="list-style-type: none"> Measures under the pandemic by clients have progressed, and the business environment recovered.

Domestic Engineering Outsourcing Business – Overview of Dispatch 2.0



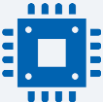








- Revenue for the office-related field declined compared to 2Q FY12/21, due to the fact that RPA demand did not spread as much as initially expected.
- **The demand for high skilled engineers**, including those in the advanced technology-related field, **continues to be high**, so the Company will work to produce highly skilled human resources required in the market.
- At of the end of 3Q, the number of dispatch 2.0 operations was 776 (-206 from the plan).



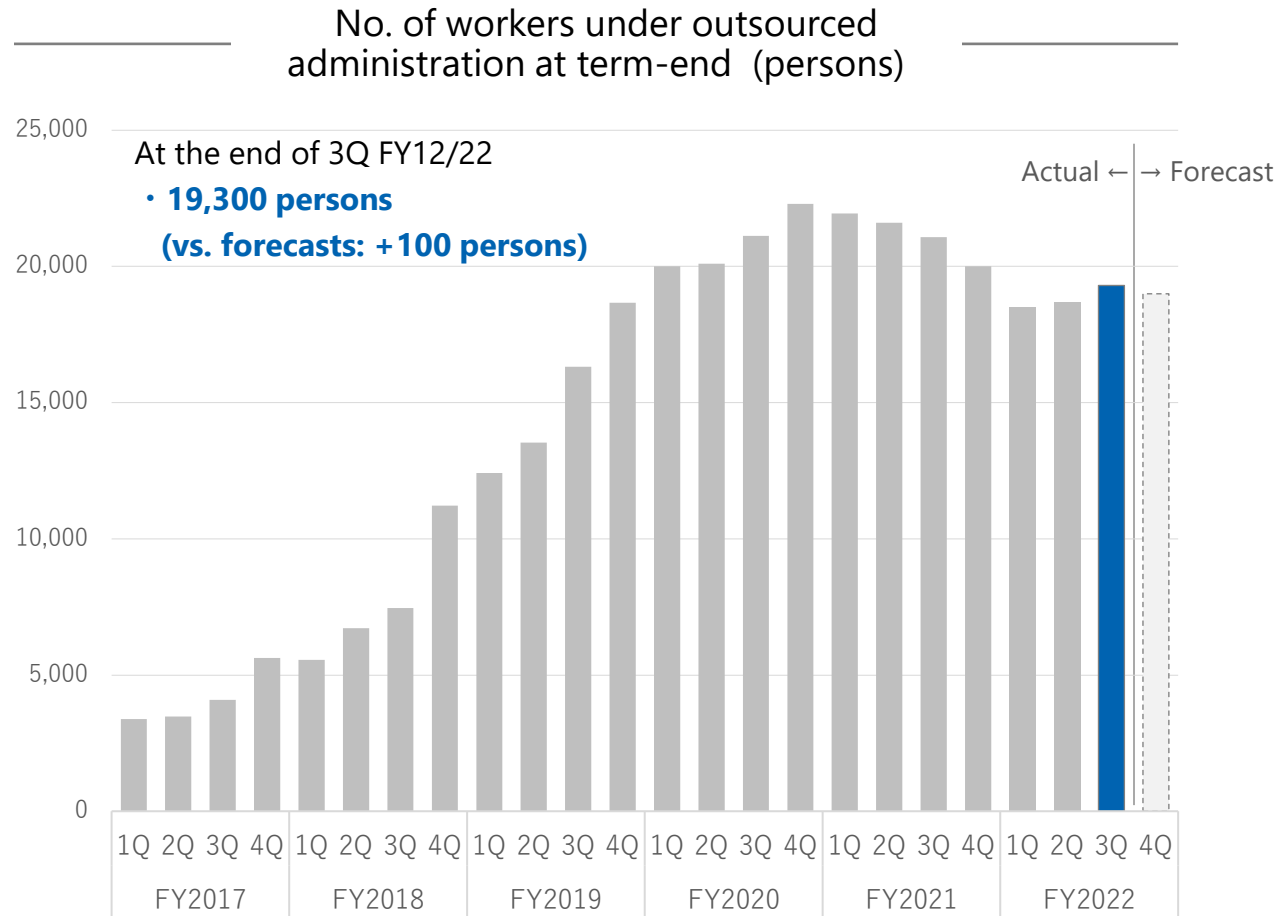
- Both revenue and operating profit fell short of the initial plan due to **continued automobile production adjustments** caused by prolonged semiconductor shortages and other supply constraints.
- In addition to production adjustments at automakers, the profit margin also fell short of the plan due to impairment losses on goodwill.
- Will **shift the focus** from a strategy of focusing on full-scale recovery production of automobiles to **industries that are performing well**.

	Quarterly Results (Jul. 1, 2022 - Sept. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Sept. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue (¥ billion)	25.1	31.6	+ 26.1%	34.0	- 2.4	72.6	89.3	+ 23.1%	93.8	- 4.5
Operating profit (¥ billion)	1.5	1.4	- 5.8%	2.3	- 0.9	5.0	4.3	- 12.6%	5.7	- 1.4
Operating profit margin (%)	5.8%	4.4%	- 1.5pt	6.8%	- 2.4pt	6.8%	4.9%	- 2.0pt	6.1%	- 1.2pt
No. of worksite employees at term-end (persons)	21,341	26,831	+ 25.7%	25,000	+ 1,831	21,341	26,831	+ 25.7%	25,000	+ 1,831
No. of workers under outsourced administration at term-end (persons)	21,076	19,300	- 8.4%	19,200	+ 100	21,076	19,300	- 8.4%	19,200	+ 100
Order backlog at term-end (persons)	5,923	6,023	+ 1.7%	6,400	- 377	5,923	6,023	+ 1.7%	6,400	- 377

Domestic Manufacturing Outsourcing Business – Financial Results by Industry

Industry	Revenue for 3Q YTD	Overview for 3Q YTD	Future Outlook
 Transport Equipment	 ¥34.8bil. (YoY + 11.2%)	<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"> The impact of semiconductor shortages continues, and the timing of full-scale recovery of automotive manufacturing is uncertain.
 Electrical & Electronics	 ¥24.2bil. (YoY + 4.7%)	<ul style="list-style-type: none"> With the establishment of remote work, demand for PC-related equipment is high, and dispatch orders are upward. 	<ul style="list-style-type: none"> Demand is expected to expand due to brisk newly established activity at domestic plants for semiconductor manufacturing equipment.
 Pharm. & Chemicals	 ¥4.6bil. (YoY + 2.2%)	<ul style="list-style-type: none"> Demand for medical equipment has been growing at a moderate pace, recovering from the impacts of COVID-19. 	<ul style="list-style-type: none"> Demand for human resources is expected to remain firm going forward.
 Metals & Construction Materials	 ¥4.9bil. (YoY + 49.4%)	<ul style="list-style-type: none"> In response to the easing of immigration restrictions, the Company steadily obtained orders as the use of Technical Intern Trainees progressed. 	<ul style="list-style-type: none"> Demand for human resources is expected to remain firm going forward.
 Foods	 ¥2.9bil. (YoY + 12.1%)	<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"> As the restaurant industry is expected to recover, demand for human resources from the food industry is expected to remain firm going forward.
Total Segment Overall	 ¥89.3bil. (YoY + 23.1%)	<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"> In mainstay transport equipment, the impact of delays in recovery production is expected to continue.

- As immigration restrictions are gradually relaxed, the number of workers under outsourced administration bottomed out in the 1Q of FY2022 and **turned to an upward trend**.
- The number of foreign workers** who had previously been permitted to stay in Japan due to difficulties in returning to their home countries is expected **to temporarily increase**.
- As a result, although the number of workers under outsourced administration may fluctuate in the short term, it is expected to **expand in the medium and long term**.



Initiatives to improve the working and living environment of migrant workers

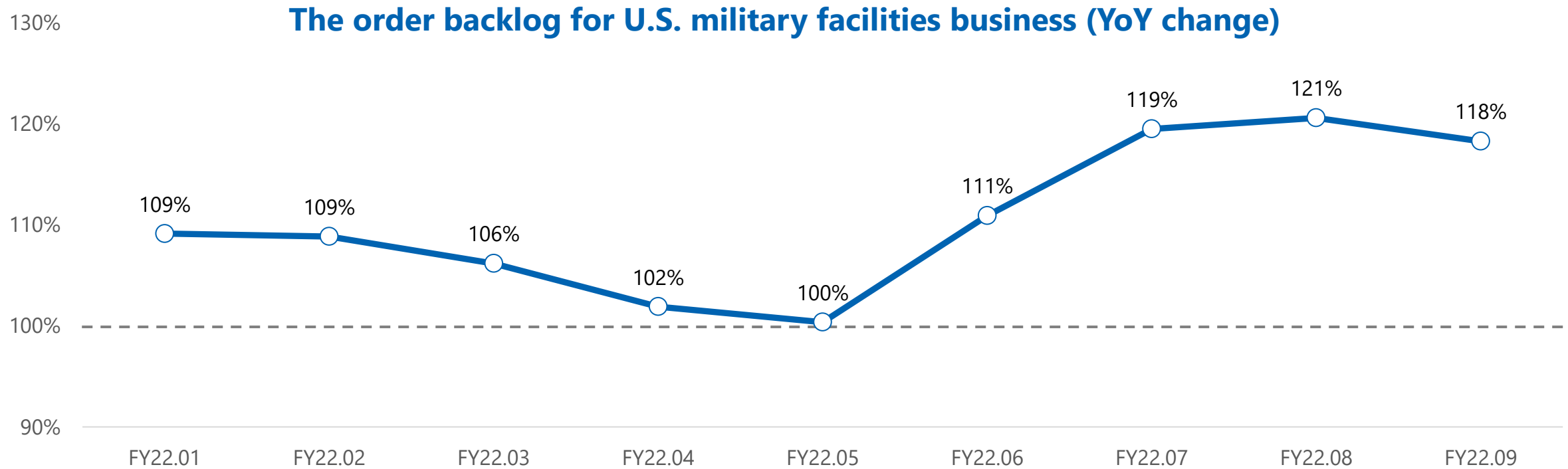


- ORJ, which provides support for the acceptance of Technical Intern Trainees, participated in “**Japan Platform for Migrant Workers towards a Responsible and Inclusive Society**” in November 2020.
- In order to grow sustainably, the Company believes that the **soundness of the market is indispensable**,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

- The U.S. military facilities business, which is the main business in this segment, continued to be affected by **delays in construction progress** due to supply chain disruptions and the **sharp depreciation of the yen**, as in 2Q.
- On the other hand, since **demand remains strong**, including the acquisition of new projects, the potential for business growth over the medium to long term is considered favorable.
- In the security outsourced contracting business, **orders remained firm** and demand did not decline, even in the COVID crisis.

	Quarterly Results (Jul. 1, 2022 - Sept. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Sept. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue (¥ billion)	7.3	7.5	+ 2.6%	9.6	- 2.1	21.5	22.9	+ 6.6%	26.2	- 3.3
Operating profit (¥ billion)	1.1	0.5	- 53.1%	1.4	- 0.9	3.5	2.4	- 31.0%	3.4	- 1.0
Operating profit margin (%)	15.2%	6.9%	- 8.2pt	14.6%	- 7.7pt	16.1%	10.5%	- 5.7pt	13.0%	- 2.5pt
No. of worksite employees at term-end (persons)	3,074	3,517	+ 14.4%	3,800	- 283	3,074	3,517	+ 14.4%	3,800	- 283
Order backlog at term-end (¥ billion)	299	356	+ 19.1%	-	-	299	356	+ 19.1%	-	-

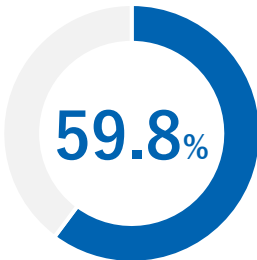
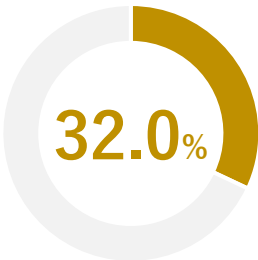
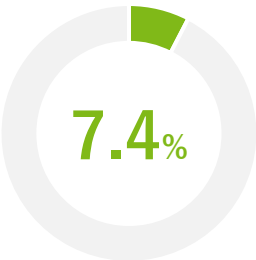
- With the recent instability in the global situation, U.S. defense spending is on the rise, which is expected to [further expand business opportunities](#) for infrastructure construction and other projects.



Orders have been strong with 9 consecutive months of YoY growth beginning in 2022

- Revenues exceeded the plan with Ireland and Oceania continuing to drive the segment in the 3Q.
- Operating profit also grew with improved profit margins due to the growth in revenue as well as the strong performance of the highly profitable placement and recruiting business.
- The debt collection business in the U.K. is also on a recovery track compared to the same period last year, when the business environment was affected by COVID-19, and both revenue and operating profit increased significantly.

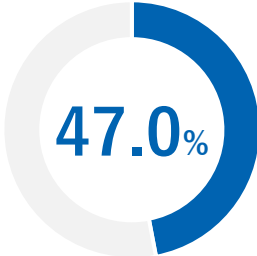
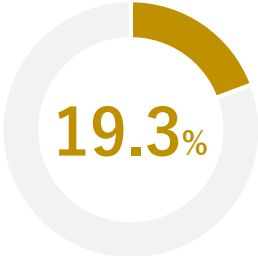

	Quarterly Results (Jul. 1, 2022 - Sept. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Sept. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. Full-year	Differences (vs. forecasts)
Revenue (¥ billion)	38.0	43.2	+ 13.6%	39.3	+ 3.9	100.5	120.6	+ 19.9%	112.1	+ 8.5
Operating profit (¥ billion)	0.5	2.2	+ 310.3%	1.9	+ 0.3	3.1	6.0	+ 92.9%	4.8	+ 1.2
Operating profit margin (%)	1.4%	5.1%	+ 3.7pt	4.8%	+ 0.3pt	3.1%	5.0%	+ 1.9pt	4.3%	+ 0.7pt
No. of worksite employees at term-end (person)	14,642	13,045	- 10.9%	12,020	+ 1,025	14,642	13,045	- 10.9%	12,020	+ 1,025
No. of freelancers (person)	1,381	1,876	+ 35.8%	3,133	- 1,257	1,381	1,876	+ 35.8%	3,133	- 1,257

	Ireland	Oceania	U.K.
Sales composition ratio	 <p>59.8%</p>	 <p>32.0%</p>	 <p>7.4%</p>
Business summary	Providing HR services to major companies in the IT, healthcare, and pharmaceuticals industries, centered on CPL Group.	Providing a wide range of HR services centered on outsourced contracting and HR services in the ICT field for the governmental and financial industries.	Developing AI-based debt collection agency services for uncollected public debts.
Overview for 3Q YTD	<ul style="list-style-type: none"> Continued strong performance, mainly in the recruiting and placing business. Demand for the use of engineers remains high, and dispatching business is particularly strong in IT and healthcare fields. 	<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. Compared to the same period of FY12/22, which was affected by lockdown orders and other factors, there was a significant gain in revenue and profits.
Future outlook	<ul style="list-style-type: none"> Strong performance in both dispatching and recruiting and placing business is expected to continue. Expanding business by developing the schemes established in Ireland and the U.K. to neighboring countries. 	<ul style="list-style-type: none"> Despite fears of rising costs due to inflation and rising wages, the business is expected to be strong, particularly in the recruiting and placing business. Despite fears of rising costs due to inflation and rising wages, the business is expected to be strong, particularly in the recruiting and placing business. 	<ul style="list-style-type: none"> Concerns about a decrease in the 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.

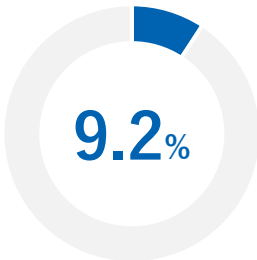
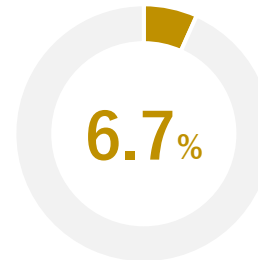
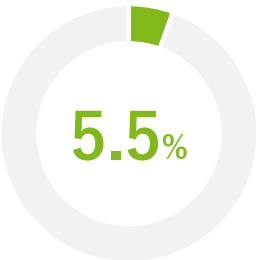
*The above sales composition ratio is a reference value aggregated based on the location of the head office of the Group companies.

- As in Japan, **semiconductor shortages and other supply constraints** affected the manufacturing-related business, mainly in Germany, and both revenue and operating profit fell short of the plan.
- The demand for service operations business (e-commerce-related temporary staffing) conducted by OTTO Group in the Netherlands **remained strong in 3Q**.
- **The operating profit margin fell far short of the plan** as a result of the poor performance of the manufacturing-related business and the goodwill impairment loss.

	Quarterly Results (Jul. 1, 2022 - Sept. 30, 2022)					Cumulative Results (Jan. 1, 2022 - Sept. 30, 2022)				
	FY12/21 3Q	FY12/22 3Q	YoY	Initial Fcst. 3Q	Differences (vs. forecasts)	FY12/21 3Q YTD	FY12/22 3Q YTD	YoY	Initial Fcst. 3Q YTD	Differences (vs. forecasts)
Revenue (¥ billion)	45.3	57.4	+ 26.9%	59.1	- 1.7	128.1	161.1	+ 25.8%	161.7	- 0.6
Operating profit (¥ billion)	1.3	1.2	- 9.1%	3.2	- 2.0	4.1	2.8	- 32.9%	6.5	- 3.7
Operating profit margin (%)	2.8%	2.0%	- 0.8pt	5.4%	- 3.4pt	3.2%	1.7%	- 1.5pt	4.0%	- 2.3pt
No. of worksite employees at term-end (person)	50,669	53,776	+ 6.1%	59,930	- 6,154	50,669	53,776	+ 6.1%	59,930	- 6,154

	Netherlands	Germany	U.K.
Sales composition ratio	 <p>47.0%</p>	 <p>19.3%</p>	 <p>10.0%</p>
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 3Q YTD	<ul style="list-style-type: none"> The mainstay dispatching business for logistics was strong, and the size of the business expanded compared to the same period of FY12/22. Although COVID-19-related expenses were incurred in 1Q, the impact has disappeared recently. 	<ul style="list-style-type: none"> Mainstay manufacturing dispatch was hit by automobile production adjustment due to parts shortage and the impact of the situation in Ukraine. Dispatching for the aviation and medical fields were strong, but this was not enough to cover the slump in manufacturing dispatching. 	<ul style="list-style-type: none"> Impairment losses were recorded as a result of the decline in demand for government businesses while the government was busy responding to inflation. Wage increases due to accelerate of inflation squeezed profits.
Future outlook	<ul style="list-style-type: none"> Restrictions of activities were lifted, and the mainstay dispatching business for logistics is expected to remain firm following resumption of economic activity. The prolonged situation in Ukraine and the weakening of consumer sentiment due to inflation require close attention. 	<ul style="list-style-type: none"> Local manufacturing industries are cautious about expanding production for the time being due to concerns about shortages of energy supplies. Going forward, the Company will continue approaching robust business areas, led by dispatching for the aviation and medical fields. 	<ul style="list-style-type: none"> Acquired large projects such as subsidies benefit operations in BPO business for local governments. Going forward, the Company aims to expand horizontally to other local governments and catch up with business performance.

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

	Oceania	South America	Asia
Sales composition ratio	 <p>9.2%</p>	 <p>6.7%</p>	 <p>5.5%</p>
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 3Q YTD	<ul style="list-style-type: none"> A decline in foreign workers in the COVID-19 pandemic has resulted in a tightening of the labor market and a tendency for a shortage of job seekers. The recruiting and placing business and office dispatching were particularly strong. 	<ul style="list-style-type: none"> The overall facility business performed well, and it fell short of the plan due to the impact of some conservative cost treatment at a group company in Chile in 2Q. 	<ul style="list-style-type: none"> In the staff sending business, orders increased due to the resumption of entry of Technical Intern Trainees in Japan. The payroll business recorded impairment losses in 3Q due to the impact of the postponement of development from a major client.
Future outlook	<ul style="list-style-type: none"> Steady performance is expected, mainly in the recruiting and placing business. Although there are concerns about a temporary increase in costs against the backdrop of inflation and wage increases, the Company will gradually proceed to pass on the price. 	<ul style="list-style-type: none"> Demand is expected to remain firm going forward, centered on the mainstay facility business. Will strengthen the accounting and compliance system. 	<ul style="list-style-type: none"> The staff sending business expects to receive an increase in orders over the medium- to long-term as the resumption of entry of Technical Intern Trainees. In the payroll business, the Company will try to regain momentum by acquiring new projects and making progress on existing projects.

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Policies of Top Management Regarding Growth Strategies for 2023 and Beyond



■ **Aim to curb impairment losses and improve SG&A efficiency by establishing and consolidating Group regional headquarters (global)**

■ **Expansion of temporary staffing in the domestic semiconductor field (Domestic Engineering and Domestic Manufacturing)**

Expansion of schemes for training engineers, maintenance personnel, manufacturing staff, etc. at the Semiconductor Engineer Training Center established in Nagasaki Prefecture

■ **Development and dispatch of high-end cyber security personnel (Domestic Engineering)**

Aim to expand market share in this field

■ **Domestic Foreign-Related Business (Domestic Manufacturing)**

Aiming to further expand market share to meet the estimated demand of approximately 4.2 million people by 2030, compared to approximately 1.7 million foreign workers in 2021

■ **Expansion of Cloud Staffing, a management system for the Temporary Staffing Business (Domestic Manufacturing)**

Improve gross profit margin in the Domestic Manufacturing segment

■ **Aim to expand into the field of engineer dispatch in North America (Overseas Engineering)**

Acquire market share at once by the final year of the medium-term management plan

■ **Expansion of foreign business at overseas bases (Overseas Manufacturing and Service Operations)**

New Medium-Term Management Plan



After the current Medium-Term Management Plan was announced in February 2020, the spread of the COVID-19 infection, **the impact of the situation in Ukraine and supply chain disruptions caused by the prolonged semiconductor shortages, as well as the rapid depreciation of the yen has caused the business environment surrounding our Group to undergo major change.**

In light of these changes in business environment, it is essential to formulate a new 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



- **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 unsusceptible 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 Balance List (as of the end of 3Q 2022)

Of the total goodwill of ¥98.6 billion, the goodwill of overseas Group companies amounts to ¥72.2 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	65	150	50			264
U.K. Total				73	129	202
Germany					81	81
Netherlands					83	83
Ireland				192		192
EU Total				192	163	356
Australia				102	6	108
New Zealand					2	2
Oceania Total				102	8	110
U.S.					21	21
North America Total					21	21
Chile					5	5
South America Total					5	5
Thailand					0	0
India				0	1	1
Malaysia					26	26
Asia (excluding Japan) Total				0	27	27
Total	65	150	50	368	354	986

*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.

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	¥26.5 bil. *Total of 38 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	
Domestic Engineering *1 OUTSOURCING TECHNOLOGY Inc.	¥2.4 bil.	Engineer dispatch business for IT and manufacturing industries	No	No	No	No	No	No	No	No	—
Domestic Engineering *1 Advantec Co.,Ltd.	¥1.4 bil.	Dispatch of researchers and other technical personnel for the pharmaceutical industry	No	No	No	No	No	No	No	No	—
Domestic Engineering *1 Kyodo Engineering Corporation	¥1.1 bil.	Dispatching of engineers for construction management, etc. for the construction industry	No	No	No	No	No	No	No	No	—
Domestic Manufacturing AVANCE Corporation	¥2.0 bil.	Human resources business for Japanese descent for the manufacturing sector	No	No	No	No	No	No	No	¥0.23bil. *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	No	No	—
Domestic Manufacturing Sankyo Logi Associate Group	¥5.5 bil. *3	Dispatching business for warehouse work	—	—	—	—	—	—	No	No	—
Domestic Service Operations EcoCity Group	¥1.1 bil.	Outsourced contracting business from local governments	No	No	No	¥0.12bil.	No	No	No	No	—
Domestic Service Operations AMERICAN ENGINEERING CORPORATION	¥3.0 bil.	Service operation business for the U.S. military facilities	No	No	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 An electronic component manufacturing maker that is the Company's major client, suspended operations due to a shortage of components in the automotive industry, as well as declines in sales volumes of mobile-phones, smart-phones, and PC/ tablets in Greater China, so production adjustments were made, which affected the current business performance.

*3 The amount of goodwill is provisionally calculated because it takes time to calculate client-related assets, etc. and the allocation of the acquisition cost has not been completed.

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	¥2.7 bil. <small>*Total of 5 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 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	¥0.07 bil. <small>*4</small>	—

*4 Impairment loss recorded due to conservative estimates of the probability of concluding contracts for projects that are currently being tracked amid a decline in revenue compared to plans which were due to delays in capturing newly developed project for major client, as a result of the deterioration of the macro environment.

Total Goodwill in Oceania	¥11.0 bil. <small>*Total of 8 companies including the following</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 Engineering BLUEFIN	¥2.9 bil.	Human resources services for IT and financial fields	No	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	No	—
Overseas Engineering OUTSOURCING OCEANIA	¥4.0 bil.	Human resources services for IT, Infrastructure, and public-related fields	No	No	No	No	No	No	No	—

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.	¥20.2 bil. <small>*Total of 10 companies including the following</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 Engineering CDER	¥7.3 bil.	Public debt collection business	No	No	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	No	No	—
Overseas Manufacturing and Service Operations LIBERATA	¥5.7 bil.	Various contracting business for central government	No	No	No	No	No	No	No	No	—
Overseas Manufacturing and Service Operations VERACITY	¥4.4 bil.	Financial and business consultancy services	No	No	¥0.28 bil.	No	¥0.46 bil.	¥0.28 bil.	¥0.68 bil. *5	—	

*5 The change in the prime minister has hampered government decision-making, delaying the progress of new consulting projects.

Total goodwill in EU	¥35.6 bil. <small>*Total of following 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 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	No	No	—
Overseas Manufacturing and Service Operations OTTO	¥8.3 bil.	E-commerce distribution-related services	No	No	No	No	No	No	No	No	—
Overseas Engineering CPL RESOURCES	¥19.2 bil.	Engineer human resources business for the IT, pharmaceuticals, life sciences, and healthcare sectors	No	No	No	No	No	No	No	No	—

By Region – North America and South America

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	¥2.1 bil. <small>*Total of 3 companies including the following</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 INTEGRITY NETWORKS	¥1.0 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	No	—

Total Goodwill in South America	¥0.5 bil. <small>*Total of 3 companies including the following</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 the distribution and service industry	No	No	No	No	¥0.06 bil.	No	No	—

Reference Data



FY12/22 (unit: ¥ billion, %)

	1Q			2Q			3Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Revenue	155.3	100.0	+ 25.5	169.8	100.0	+ 20.6	177.2	100.0	+ 20.2
Gross profit	28.5	18.4	+ 20.2	30.5	18.0	+ 16.2	32.2	18.2	+ 20.6
SG&A expenses	24.0	15.5	+ 18.5	26.8	15.8	+ 25.1	27.4	15.4	+ 21.6
Operating profit	6.0	3.8	+ 15.4	5.0	2.9	- 22.3	5.4	3.0	+ 7.4
Profit before tax	3.9	2.5	- 31.3	3.7	2.2	- 27.4	4.6	2.6	-
Profit attributable to owners of parent	1.6	1.0	- 48.6	2.3	1.4	- 9.0	2.4	1.3	- 212.1

FY12/21 (unit: ¥ billion, %)

	1Q			3Q			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	-

FY12/22 (unit: ¥ billion, %)

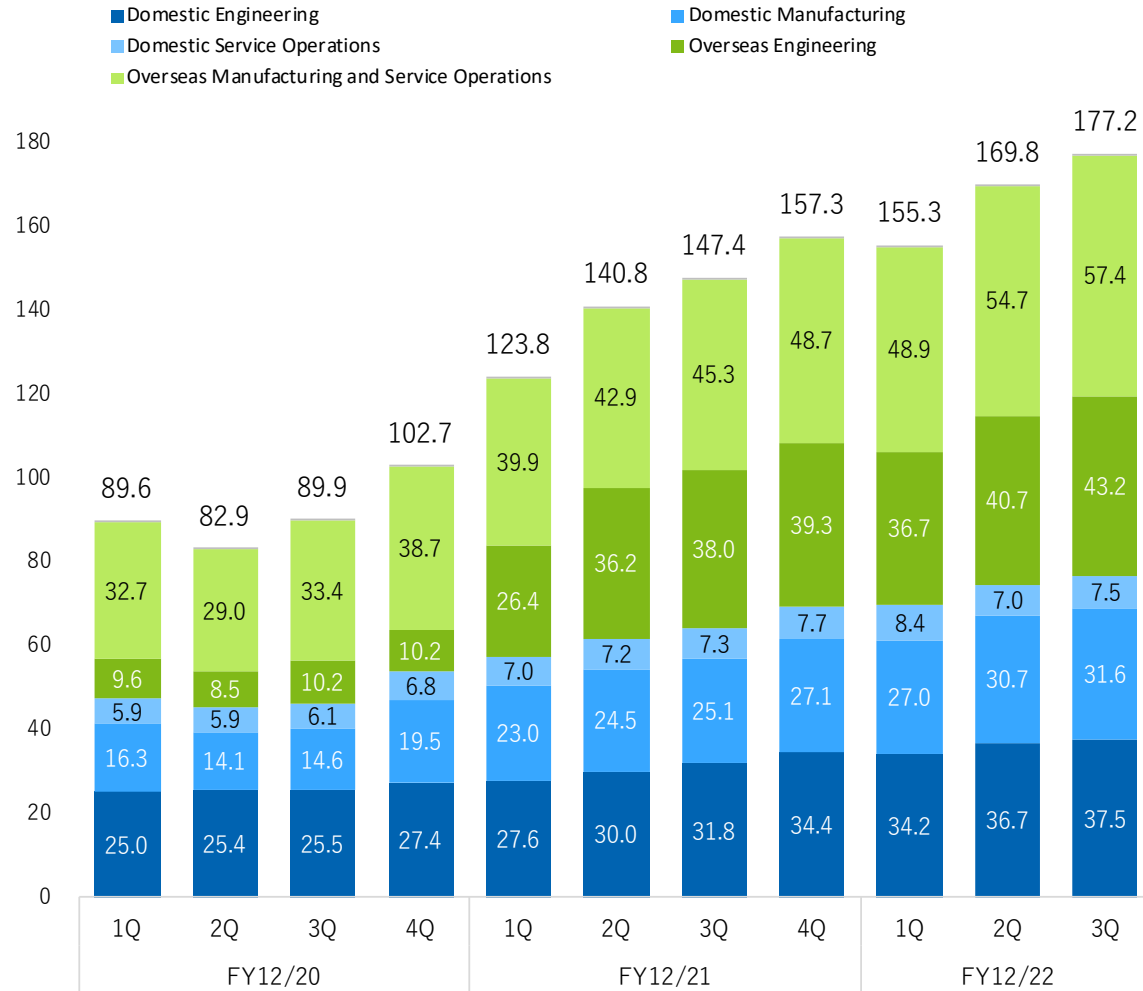
	1Q			2Q			3Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	69.7	44.9	+ 21.0	74.4	43.8	+ 20.5	76.6	43.2	+ 19.3
Europe	62.9	40.5	+ 29.4	68.5	40.3	+ 17.9	72.6	41.0	+ 21.0
Oceania	15.2	9.8	+ 24.4	18.6	11.0	+ 24.0	19.5	11.0	+ 22.3
North America	1.1	0.7	-	1.2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

FY12/21 (unit: ¥ billion, %)

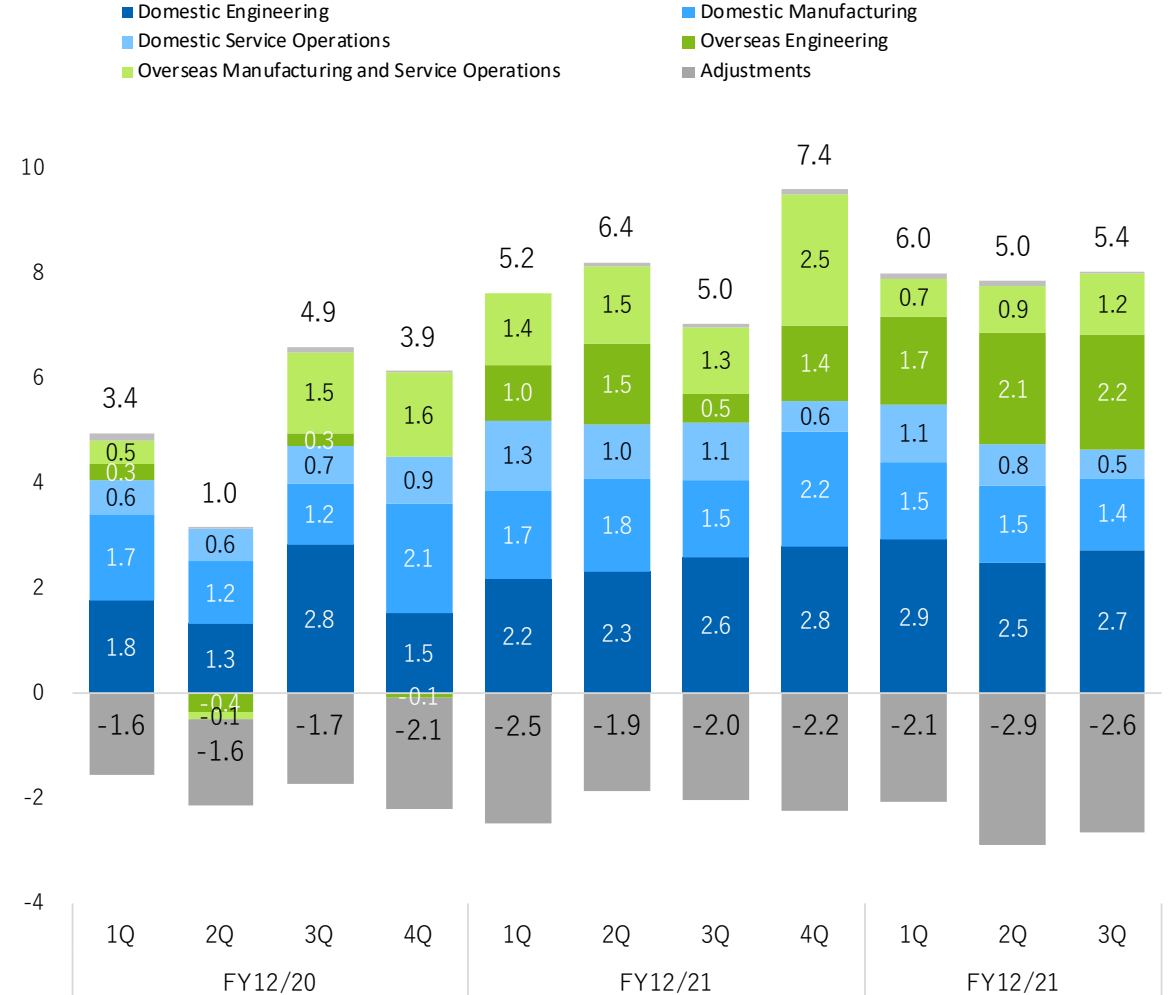
	1Q			3Q			3Q			4Q		
	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY	Actual	Composition Ratio	YoY
Japan	57.6	46.5	+ 21.4	61.7	43.8	+ 36.0	64.2	43.5	+ 38.9	69.3	44.1	+ 28.8
Europe	48.6	39.3	+ 82.4	58.1	41.3	+ 150.1	60.0	40.7	+ 118.7	63.6	40.4	+ 98.5
Oceania	12.2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

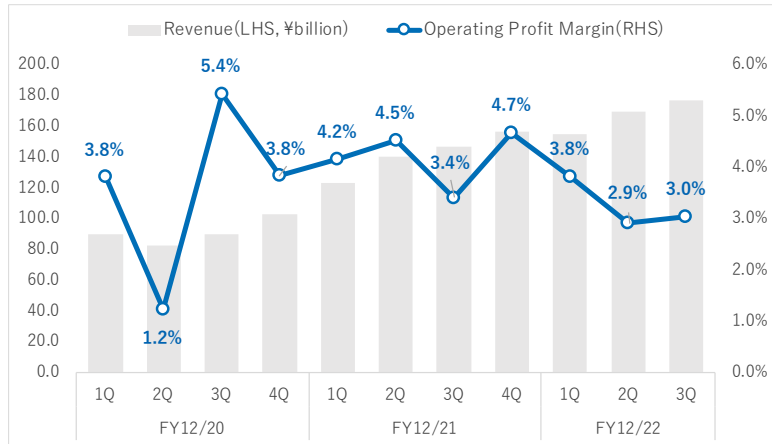
Revenue (¥ billion)



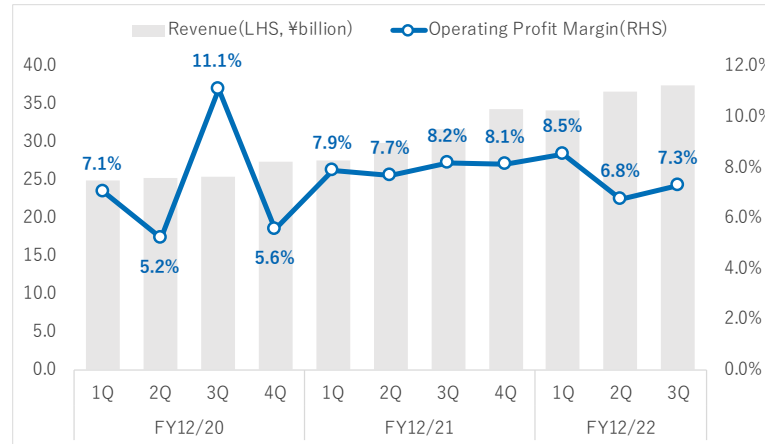
Operating Profit (¥ billion)



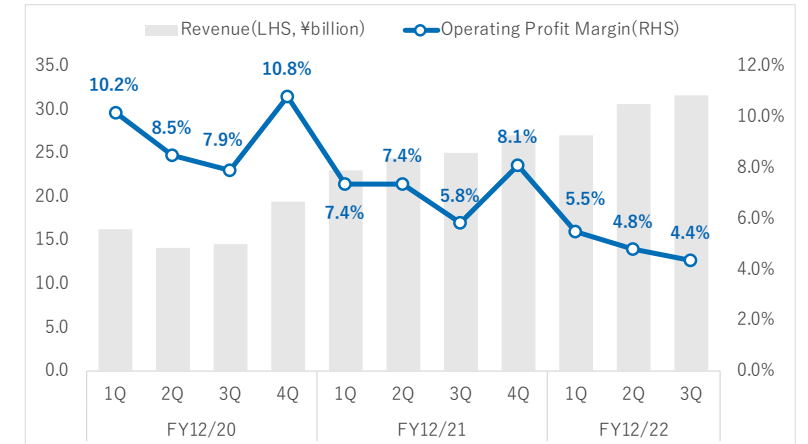
Consolidated Financial Results



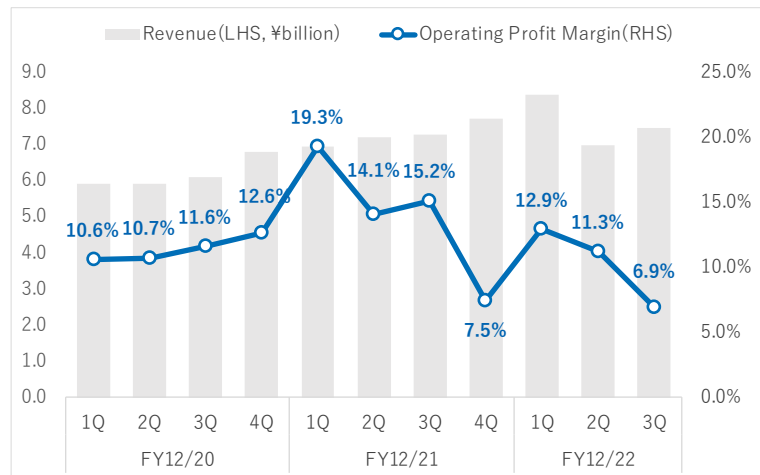
Domestic Engineering



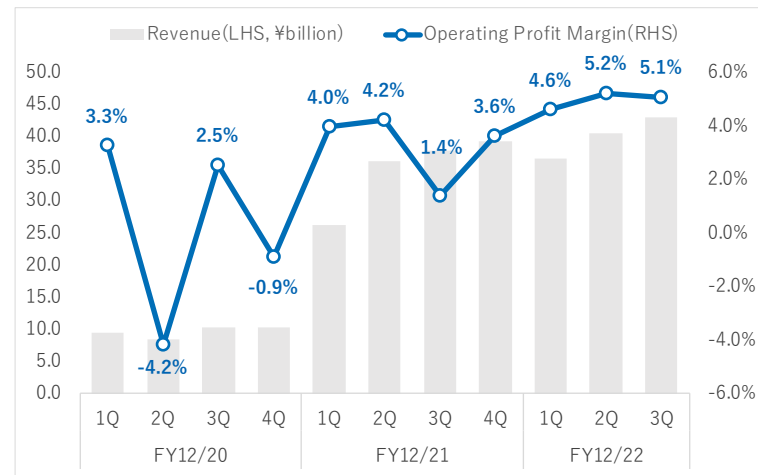
Domestic Manufacturing



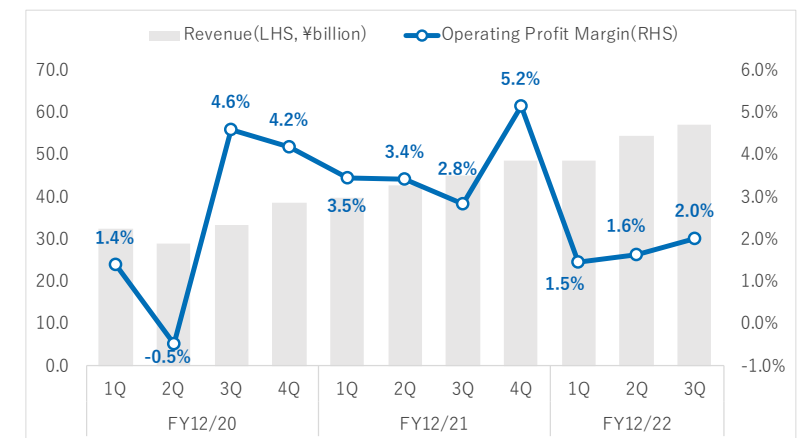
Domestic Service Operations



Overseas Engineering



Overseas Manufacturing / Service Operations



(Reference) Exchange Rate Assumptions

Currency Type	Foreign Currency Composition Ratio (Revenue for Cumulative 3Q YTD)	Budget Rate (Jan. – Sept.)	Actual Rate	Differences	Budget Rate (Oct. – Dec.)
EUR	63.1%	129.91	136.05	+ 6.86	142.35
AUD	18.5%	82.50	90.56	+ 8.06	91.63
GBP	9.1%	151.17	160.67	+ 9.50	161.73
USD	1.3%	109.90	128.30	+ 18.40	138.86
Other currency	8.0%	-	-	-	-

*Actual Rate is the average for January - September 2022

*Budget rates for October to December have been revised in accordance with the revision of the earnings forecast disclosed on November 14.

FY12/22 (unit: persons)

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

	3Q YTD			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
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

	3Q YTD			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.

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