



March 15, 2023

To Whom It May Concern

Company Name: OUTSOURCING Inc.
Representative: Haruhiko Doi
Chairman and CEO
(Prime Market of TSE, Securities Code: 2427)
Contact: Masashi Umehara
Director and Executive
General Manager in charge
of Corporate Management
Division
Phone: +81-3-3286-4888 (main)

Notice Regarding Merger of a Consolidated Subsidiary (Simplified Merger/ Short-Form Merger)

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that at the Board of Directors Meeting held on March 15, the Board of Directors agreed to merge wholly-owned subsidiary, PEO Co., Ltd. (unlisted, hereinafter “PEO”), which is part of the Domestic Manufacturing Segment, with effective date of July 1, 2023, and the details are as follows.

Since this merger is a simplified absorption-type merger of a wholly-owned subsidiary, certain disclosure items and details are omitted.

Particulars

1. Purpose of the Merger

In order to streamline and raise efficiency of management of the OUTSOURCING Group, the Company has decided to merge PEO.

2. Summary of the Merger

(1) Schedule of the merger

Merger resolution by the Board of Directors:

PEO Co., Ltd.	April 3, 2023 (Mon.)
OUTSOURCING Inc.	April 3, 2023 (Mon.)

Conclusion of a merger agreement:

Merger party companies	April 3, 2023 (Mon.) (Scheduled)
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Scheduled date of the merger:

Effective date	July 1, 2023 (Sat.) (Scheduled)
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Since this merger falls under simplified merger as prescribed in Article 796, Paragraph 2 of the Companies Act in the case of the Company, and falls under short-form merger as prescribed in Article 784, Paragraph 1 of the Companies Act in the case of PEO, neither company will hold a General Meeting of Shareholders to obtain approval for the Merger Agreement.

(2) Method of the Merger

Through an absorption-type merger, the Company will be the surviving entity and PEO, the absorbed entity, will be dissolved effective of the merger date.

(3) Details of allocation related to the merger

Since this is a merger of a wholly-owned subsidiary, there is no allocation of shares or other properties.

[Translation]

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares associated with the merger

The dissolved entity has no subscription rights to shares or bonds with subscriptions rights to shares.

3. Outline of the Merger Party Companies (as of December 31, 2022)

(1) Company Name	OUTSOURCING Inc. (surviving entity)	PEO Co., Ltd. (dissolved entity)
(2) Head Office	1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan	1-24-30 Meieki Minami, Nakamura- Ku, Nagoya-Shi, Aichi, Japan
(3) Representative	Haruhiko Doi, Chairman & CEO	Rie Zeikou, President & CEO
(4) Major Business	Domestic Manufacturing Outsourcing Business	Domestic Manufacturing Outsourcing Business
(5) Capital Stock	JPY 25,245 million	JPY 50 million
(6) Established	January 6, 1997	September 1, 2014
(7) Number of Shares Issued	125,951,200 shares	2,000 shares
(8) Fiscal-year End	December 31	December 31
(9) Major Shareholders, % owned (as of December 31, 2022) *1	Haruhiko Doi 12.53% The Master Trust Bank of Japan, Ltd. (Trust account) 11.43% Custody Bank of Japan, Ltd. (Trust account) 5.57%	OUTSOURCING Inc. 100%
(10) Financial Results and Positions for the Latest Fiscal Year		
Fiscal Year	FY12/22 (Consolidated, IFRS)	FY12/22 (Non-consolidated, J-GAAP)
Equity/ Net Assets	JPY 83,823 million	JPY 4,480 million
Assets/ Total Assets	JPY 399,403 million	JPY 9,210 million
Book-value per Share	JPY 631.78	JPY 2,240,193.95
Revenue /Net Sales	JPY 689,777 million	JPY 29,322 million
Operating Profit	JPY 21,987 million	JPY 1,699 million
Profit before Tax/ Ordinary Income	JPY 17,030 million	JPY 1,776 million
Profit Attributable to Owners of the Company	JPY 10,207 million	JPY 1,165 million
Basic Earnings per Share	JPY 81.05	JPY 582,625.21

*1 Shareholder ratios are calculated after deducting treasury stock. The Company holds 23,490 shares of treasury stock.

4. Post-merger Conditions

There will be no changes to company name, head office location, representative director, business description, capital stock or fiscal year.

5. Future Outlook

Since this is a merger of a wholly-owned subsidiary, the impact on consolidated results is negligible.

[Translation]

(Reference) Consolidated Financial Forecasts for FY12/23 (announced February 14, 2023) and Consolidated
Financial Results for FY12/22

(Unit: JPY million)

	Revenue	Operating Profit	Profit before Tax	Profit	Profit Attributable to Owners of the Company
Financial Forecasts for FY12/23	770,000	30,500	27,500	18,500	18,000
Financial Results for FY12/22	689,777	21,987	17,030	9,965	10,207