

Disclaimer: This document is a translation of the Japanese original and does not constitute any guarantee. The Company will not compensate for any loss or damage resulting from actions taken based on this document. If there is any discrepancy between the Japanese original and this document, the Japanese original prevails.



Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under IFRS)

February 19, 2024

Company name: OUTSOURCING Inc.	Listing: Tokyo Stock Exchange
Securities code: 2427	URL: https://www.outsourcing.co.jp/en/
Representative: Haruhiko Doi, Representative Executive Officer, Chairman and CEO	
Contact: Masashi Umehara, Executive Officer in charge of Corporate Management Division	
TEL: +81-3-3286-4888	
Scheduled date of annual general meeting of shareholders: March 29, 2024	
Scheduled date to file annual securities report: March 29, 2024	
Scheduled date for dividend payment: —	
Preparation of supplementary material on the financial results: Yes	
Holding of financial results briefing: None	

(Yen amounts are rounded off to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating Profit		Profit before Tax		Profit		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	749,608	8.6	16,476	(27.6)	13,607	(23.5)	4,997	(52.9)	5,162	(51.6)	17,336	(0.9)
December 31, 2022	690,430	21.3	22,750	9.3	17,793	106.1	10,607	—	10,654	—	17,496	—

Fiscal year ended	Basic Earnings per Share		Diluted Earnings per Share		Return on Equity		Ratio of Profit before Tax to Total Assets		Ratio of Operating Profit to Revenue	
	Yen	%	Yen	%	%	%	%	%		
December 31, 2023	40.97		40.97		6.3		3.3		2.2	
December 31, 2022	84.61		84.61		15.7		4.7		3.3	

(Reference Share of profit or loss of investments accounted for using equity method) As of December 31, 2023: 224 million yen
As of December 31, 2022: 102 million yen

- (Note) 1. Since the provisional accounting treatments related to business combinations were finalized in the first and second quarters of the fiscal year ended December 31, 2023, the consolidated financial statements for the fiscal year ended December 31, 2022, were retrospectively adjusted.
2. Due to retroactive adjustments made with the adoption of IAS 12 "Income Taxes" (amended May 2021), year-on-year comparison in ratio of profit, profit attributable to owners of parent, and total comprehensive income for the fiscal year ended December 31, 2022, is not available.

(2) Consolidated Financial Position

As of	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent to Total Assets	Equity Attributable to Owners of Parent per Share
	Million yen	Million yen	Million yen	%	Yen
December 31, 2023	423,794	92,751	89,775	21.2	712.48
December 31, 2022	401,898	79,161	75,394	18.8	598.70

(Note) Since the provisional accounting treatments related to business combinations were finalized in the first and second quarters of the fiscal year ended December 31, 2023, the consolidated financial statements for the fiscal year ended December 31, 2022, were retrospectively adjusted.

(3) Consolidated Cash Flows

As of	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	Million yen	Million yen	Million yen	Million yen
December 31, 2023	31,166	(6,864)	(26,359)	54,469
December 31, 2022	26,758	(17,540)	(5,971)	53,324

2. Cash Dividends

	Annual Dividends per Share					Total Cash Dividends (Total)	Payout Ratio (Consolidated)	Ratio of Dividends to Equity Attributable to Owners of Parent (Consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2022	—	0.00	—	25.00	25.00	3,148	28.7	4.6
Fiscal year ended December 31, 2023	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2024 (Forecast)	—	—	—	—	—		—	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (From January 1, 2024 to December 31, 2024)

In accordance with the announcement released on December 8, 2023, titled “Notice Regarding Opinion in Favor of Planned Management Buyout and Recommendation to Tender Shares,” which also includes the announcement “Notice Regarding Progress Towards Execution of Tender Offer by K.K. BCJ-78 for the Stock of OUTSOURCING Inc. (Securities Code 2427)” released on January 31, 2024, the common shares of the Company (the “Company’s Shares”) will be delisted once a tender offer (the “Tender Offer”) is conducted by K.K. BCJ-78 (the “Tender Offeror”) and certain subsequent procedures are successfully completed. Therefore, the Company has not disclosed an outlook for the fiscal year ending December 31, 2024.

(Notes)

- (1) Changes in significant subsidiaries during the fiscal year (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and accounting estimates
- | | |
|--|------|
| (a) Changes in accounting policies as required by IFRS: | Yes |
| (b) Changes in accounting policies due to other reasons: | None |
| (c) Changes in accounting estimates: | None |
- (3) Number of issued shares (ordinary shares)

(a) Number of issued shares at the end of the year (including treasury shares)	As of December 31, 2023	126,026,200	As of December 31, 2022	125,951,200
(b) Number of treasury shares at the end of the year	As of December 31, 2023	23,592	As of December 31, 2022	23,490
(c) Average number of shares outstanding during the year	Fiscal year ended December 31, 2023	125,977,813	Fiscal year ended December 31, 2022	125,920,146

[Reference] Overview of Non-consolidated Financial Results
Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023
(From January 1, 2023 to December 31, 2023)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Revenue		Operating Profit		Ordinary Profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	82,923	33.5	(1,774)	—	5,312	33.7	4,799	19.9
December 31, 2022	62,100	28.1	(1,560)	—	3,972	14.4	4,002	41.8

Fiscal year ended	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
December 31, 2023	38.09	—
December 31, 2022	31.78	—

(2) Non-consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
December 31, 2023	204,988	60,063	29.3	476.68
December 31, 2022	204,008	58,066	28.5	461.10

(Reference) Equity As of December 31, 2023: 60,063 million yen
As of December 31, 2022: 58,066 million yen

(Reasons for differences in non-consolidated results from the results of the previous fiscal year)

In the fiscal year ended December 2023, there was a continued recovery trend in production among large manufacturers, which are the Company's major customers, leading to an increase in revenue year-on-year. On the other hand, due to expenses related to group restructuring and investigation costs for the employment adjustment subsidy case, operating profit decreased; however, ordinary profit increased year-on-year.

(Notes)

* Financial results reports are exempt from audits conducted by certified public accountants or an auditing firm.

* Statement regarding the proper use of financial forecasts and other special remarks:

(Cautions concerning forward-looking statements)

In accordance with the announcement released on December 8, 2023, titled "Notice Regarding Opinion in Favor of Planned Management Buyout and Recommendation to Tender Shares," which also includes the announcement "Notice Regarding Progress Towards Execution of Tender Offer by K.K. BCJ-78 for the Stock of OUTSOURCING Inc. (Securities Code 2427)" released on January 31, 2024, the common shares of the Company (the "Company's Shares") will be delisted once a tender offer (the "Tender Offer") is conducted by K.K. BCJ-78 (the "Tender Offeror") and certain subsequent procedures are successfully completed. Therefore, the Company has not disclosed an outlook for the fiscal year ending December 31, 2024.

Table of Contents for the Attached Documents

1. OVERVIEW OF FINANCIAL RESULTS	2
(1) Overview of Consolidated Operating Results	2
(2) Overview of Consolidated Financial Position	4
(3) Overview of Consolidated Cash Flows	4
(4) Outlook for the Fiscal Year Ending December 31, 2024	5
(5) Basic Policy Regarding Distribution of Profits and Dividends Applicable to the Fiscal Year Ended December 31, 2023 and the Fiscal Year Ending December 31, 2024	5
2. BASIC VIEWS ON THE SELECTION OF ACCOUNTING STANDARDS	5
3. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES	6
(1) Consolidated Statement of Financial Position	6
(2) Consolidated Statement of Profit or Loss	8
(3) Consolidated Statement of Comprehensive Income	9
(4) Consolidated Statement of Changes in Equity	10
(5) Consolidated Statement of Cash Flows	12
(6) Notes to Consolidated Financial Statements	14
[Going Concern Assumption].....	14
[Changes in Accounting Policies].....	14
[Additional Information].....	14
[Segment Information].....	14
[Per Share Information].....	18
[Subsequent Events].....	18
4. SUPPLEMENTARY INFORMATION	20

1. OVERVIEW OF FINANCIAL RESULTS

(1) Overview of Consolidated Operating Results

The business environment continued to be slow for the fiscal year ended December 31, 2023 (the “current fiscal year”), under the following circumstances: inflation remained higher than the pre-COVID levels despite a slow-down after peaking out in the latter half of 2022; and myriad events with significant repercussions on international affairs continued as geopolitical risks increased due to the lingering Ukraine crisis and escalation in the Middle East conflict, and also raw material and fuel prices rose globally.

In Japan, the electric equipment industry saw a downturn in production activities due to high raw material and fuel prices, export controls on semiconductor manufacturing equipment and others, and inventory adjustment. On the other hand, the Company saw some political tailwinds, such as ease on COVID-19 countermeasures. Further, major transportation equipment manufacturers, representing the Company’s main customers, were getting their production back on track thanks to the ease of semiconductor shortage. Meanwhile, companies in a wide range of industries, including the information technology (IT) sector, continued to show a strong need for hiring engineers on the back of the tight labor market.

In response to such business environment in Japan, the OUTSOURCING Group (the “Group”) pursued to reinforce the growth domain by smoothing out earnings. In the manufacturing field, production activities started to improve as the long-dragging issue of semiconductor shortage eased. In the administrative work outsourcing business for technical intern trainees, thanks to positive feedback from customers for the Group’s efficient and appropriate management service, the number of foreign workers under management marked 22,215 as of December 31, 2023, continuing to represent the top share in Japan. The Group also tackled on the issue of debt bondage to make the overall foreign workforce market much healthier. Debt bondage exists when laborers (sometimes with their families) are forced to work outside of their home countries in order to pay off their own debts or those they have inherited.

In the engineering field, in response to the heightened demand for engineers, the Group developed a business scheme utilizing KEN School, one of the Group companies specialized in offering training services. KEN School provides training to people with little experience to enable them to work not only in the engineering field but also in various industries, including IT, construction, and pharmaceuticals. By keeping recruitment costs at a low level while increasing the number of hires through this scheme, the Group has successfully grown the business. Furthermore, in April 2023, approximately 1,800 new graduates joined the Company (or some 2,300 on a consolidated basis), making it one of the leading companies in Japan in hiring new graduates. This clearly demonstrates not only the high recruiting capability but also the Group’s excellence in marketing to find a new workplace suitable for people with little experience, on-boarding training for people, and the ability to build a trusted relationship with client companies. Besides the manufacturing field, which is more susceptible to macroeconomic dynamics, the Group aimed to expand businesses less affected by economic fluctuation. In particular, the U.S. military facilities business continued to see steady growth in demand for renovation and maintenance services for buildings and facilities. However, a longer procurement lead time and escalating material prices weighed on the business growth during the current fiscal year.

Looking at the market overseas, uncertainty enlarged as the economic growth was sluggish and financial risks heightened amid persistent high inflation after peaking out in the latter half of 2022.

Under such business environment, the Group continued to make an all-out effort to reinforce the growth domain by smoothing out earnings for its overseas businesses. Specifically, in addition to expanding outsourcing businesses in the public sector, including government projects, less susceptible to economic fluctuations, the Group offered engineering outsourcing services where persistent demands were seen. Also, the Group rolled out a scheme to mobilize human resources at a global level from countries that have plenty of workforce to those that face labor shortages. Owing to the Group’s diversified business and geographic portfolios, revenue increased in the current fiscal year, not just in the engineering business but also in the manufacturing and service businesses.

As a result, the Group recorded revenue of 749,608 million yen on a consolidated basis for the fiscal year ended December 31, 2023, up 8.6% year-on-year, exceeding its record high. Operating profit marked 16,476 million yen, down 27.6% year-on-year, profit before tax of 13,607 million yen, down 23.5% year-on-year, and profit attributable to owners of parent of 5,162 million yen, down 51.6% year-on-year.

The Group places a high value on sustainable growth. As for the sustainability policy of the Group to promote Sustainable Development Goals (“SDGs”) management, the Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which the Group will seek to tackle society’s challenges, develop businesses, and contribute to the benefit of stakeholders in a sustainable manner. The Group continues to pursue the goal of creating a system under which its business activities

will widely benefit society.

Segment results are provided below. The Group has five reportable segments, namely “Domestic Engineering Outsourcing Business,” “Domestic Manufacturing Outsourcing Business,” “Domestic Service Operations Outsourcing Business,” “Overseas Engineering Outsourcing Business,” and “Overseas Manufacturing and Service Operations Outsourcing Business.” Revenue for all five reportable segments successfully rose to a record high in the current fiscal year.

[Domestic Engineering Outsourcing Business]

In the Domestic Engineering Outsourcing Business, despite an increase in recruitment costs due to intensified competition for personnel and goodwill impairment loss of 354 million yen, the revenue and profit increased, against the backdrop of strong demand for engineers. The Group continued to constrain recruitment costs by leveraging KEN School, which provides training to people with little experience for dispatching purposes. Although companies across various industries restarted recruiting activities and hiring became more competitive, the number of worksite employees totaled 25,861, up 1,148 from a year earlier, as of December 31, 2023, marking one of the highest in the industry despite the Group being a latecomer. Mainstay fields also continued to grow, such as IT, construction, and pharmaceutical industries, positioned to make the business less vulnerable to economic fluctuations in the manufacturing industry.

Based on the above, segment revenue and operating profit for the Domestic Engineering Outsourcing Business during the current fiscal year were 162,459 million yen, up 8.6% year-on-year, and 11,018 million yen, up 8.7% year-on-year, respectively.

[Domestic Manufacturing Outsourcing Business]

In the Domestic Manufacturing Outsourcing Business, while there was a recovery in auto industry production, the production activities among electric equipment manufacturers including semiconductor manufacturing equipment manufacturers was sluggish. As a result, there was a 0.8% increase in revenue year-on-year. However, segment profit declined due to additional costs relating to the Group reorganization and goodwill impairment loss of 4,080 million yen and other costs incurred because of stagnated demand, etc. arising from the inventory adjustment process of semiconductors. The number of worksite employees at the fiscal year-end was 24,694, down 1,835 year-on-year. In the administrative work outsourcing business, the demand for recruiting technical intern trainees continued to be robust among manufacturers. Thanks to positive feedback from customers for the Group’s efficient and appropriate management service, the number of foreign workers under management marked 22,215 as of December 31, 2023, leading the Japanese market.

Based on the above, segment revenue and operating profit for the Domestic Manufacturing Outsourcing Business during the current fiscal year were 123,389 million yen, up 0.8% year-on-year, and 4,485 million yen, down 35.3% year-on-year, respectively.

[Domestic Service Operations Outsourcing Business]

The Domestic Service Operations Outsourcing Business mainly provides services to U.S. military facilities, which are less susceptible to macroeconomic dynamics, unlike businesses in the manufacturing field. Although the demand for renovation and maintenance services for U.S. military buildings and facilities remained high, a procurement lead time for construction materials, particularly those imported by sea freight, continued to become longer. Also, costs increased due to a surge in construction material prices and marine transport costs. As a result, the business saw an increase in revenue but a decrease in profit. However, the U.S. military facilities business’s order backlog is increasing, and the Group believes the business profitability over the medium- to long-term is not impaired.

Based on the above, segment revenue and operating profit for the Domestic Service Operations Outsourcing Business during the current fiscal year were 33,553 million yen, up 9.8% year-on-year, and 2,762 million yen, down 13.4% year-on-year, respectively.

[Overseas Engineering Outsourcing Business]

The Overseas Engineering Outsourcing Business recorded an increase in revenue and decrease in profit year-on-year. In the UK, the profitable public debt collection business continued to show a recovery and improved its collection efficiency. Whereas in Ireland, an economic uncertainty, including the layoff at a major global IT company, partly affected the recruiting and placing business. Despite increased costs due to inflation-related factors

such as labor expenses, the dispatching business steadily progressed in a stable manner.

Based on the above, revenue and operating profit for the Overseas Engineering Outsourcing Business during the current fiscal year were 174,873 million yen, up 5.7% year-on-year, and 7,900 million yen, down 1.1% year-on-year, respectively.

[Overseas Manufacturing and Service Operations Outsourcing Business]

The Overseas Manufacturing and Service Operations Outsourcing Business marked a double-digit growth in revenue year-on-year thanks to the reinforcement of the strong e-commerce related business centered around major supermarkets in Netherlands as well as the logistics-related business, an increase in dispatch unit prices, and a strong demand in the aviation industry in Germany.

On the other hand, on the profit side, uncertainties about the future of the economy in Europe and the United States led to a goodwill impairment loss of 4,617 million yen. Additionally, increased expenses due to inflation-related factors such as labor costs and dispute-related expenses in the Company's subsidiary in South America contributed to a decline in profit, similar to the Overseas Engineering Outsourcing Business.

Based on the above, revenue and operating profit for the Overseas Manufacturing and Service Operations Outsourcing Business were 255,272 million yen, up 14.9% year-on-year, and 2,106 million yen, down 53.9% year-on-year, respectively.

[Other Business]

Included in Other Business are shared services of administrative work and sign language classes provided by disabled employees who work for the Company's special subsidiary company, which performed as planned during the current fiscal year. However, on the profit side, increased wages led to a decrease in profit.

Based on the above, segment revenue during the current fiscal year marked 62 million yen, up 1.3% year-on-year, and operating profit posted 226 million yen, down 29.0% year-on-year.

(2) Overview of Consolidated Financial Position

Total current assets as of December 31, 2023, were 206,576 million yen, an increase of 11,249 million yen from a year earlier. This was primarily attributed to an increase in cash and cash equivalents, trade and other receivables, and inventories. Total non-current assets were 217,218 million yen, an increase of 10,647 million yen year-on-year, mainly due to an increase in right-of-use assets and goodwill, offset by a decrease in intangible assets. As a result, total assets as of December 31, 2023, were 423,794 million yen, up 21,896 million yen year-on-year.

Total current liabilities as of December 31, 2023, were 204,516 million yen, an increase of 20,063 million yen from December 31, 2022. This was primarily attributed to an increase in trade and other payables as well as bonds and borrowings. Total non-current liabilities were 126,527 million yen, down 11,757 million yen from a year earlier. This was mainly due to a decrease in bonds and borrowings, offset by an increase in lease liabilities.

The Group violated covenants on the representations and warranties as well as the borrower's obligations of certain syndicated loan agreements with its main financial institutions due to the fact that inappropriate financial reporting was conducted in previous years, identified on October 31, 2023. In addition, some of the syndicated loan agreements the Company entered into with financial institutions contained covenants pertaining to the deadline for submission of quarterly financial results. The deadline extension for submission of the financial results for the six months ended June 30, 2023, violated such covenants. Therefore, the associated borrowings of 2,889 million yen were reclassified from non-current liabilities to current liabilities. There was no violation of any of the financial covenants as of December 31, 2023.

Equity as of December 31, 2023, was 92,751 million yen, an increase of 13,590 million yen from December 31, 2022. The increase is mainly due to recording profit and exchange differences.

(3) Overview of Consolidated Cash Flows

As of December 31, 2023, cash and cash equivalents (or "cash") were 54,469 million yen, up 1,145 million yen or 2.1% from December 31, 2022.

(Cash flows from operating activities)

Net cash provided by operating activities was 31,166 million yen. This is mainly attributable to cash inflows due to profit before tax of 13,607 million yen and depreciation and amortization of 20,162 million yen, offset by the payment of income taxes of 9,487 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 6,864 million yen, mainly due to the following: purchase of property,

plant and equipment of 4,068 million yen, purchase of intangible assets of 1,297 million yen, and payments of leasehold and guarantee deposits of 1,343 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 26,359 million yen during the current fiscal year. This is primarily due to repayments of long-term borrowings of 29,427 million yen and repayments of lease liabilities of 10,650 million yen, offset by proceeds from long-term borrowings of 14,281 million yen.

(4) Outlook for the Fiscal Year Ending December 31, 2024

In accordance with the announcement released on December 8, 2023, titled “Notice Regarding Opinion in Favor of Planned Management Buyout and Recommendation to Tender Shares,” which also includes the announcement “Notice Regarding Progress Towards Execution of Tender Offer by K.K. BCJ-78 for the Stock of OUTSOURCING Inc. (Securities Code 2427)” released on January 31, 2024, the Company’s Shares will be delisted once the Tender Offer is conducted by the Tender Offeror and certain subsequent procedures are successfully completed. Therefore, the Company has not disclosed an outlook for the fiscal year ending December 31, 2024.

(5) Basic Policy Regarding Distribution of Profits and Dividends Applicable to the Fiscal Year Ended December 31, 2023 and the Fiscal Year Ending December 31, 2024

As an announcement is released on December 8, 2023, titled “Notice Regarding Dividends from Surplus (Cancellation of Dividend) and Abolition of the Shareholder Benefit Program,” the Tender Offer price in the Tender Offer is comprehensively determined and decided on an assumption that no year-end dividend for the record date of December 31, 2023, is to be distributed according to the Tender Offeror. Therefore, the Board of Directors of the Company resolved at its meeting held on December 8, 2023, not to distribute any dividend from surplus for the record date of December 31, 2023, and to abolish the Shareholder Benefit Program.

2. BASIC VIEWS ON THE SELECTION OF ACCOUNTING STANDARDS

The Group voluntarily adopts International Financial Reporting Standards (IFRS) to enhance the international comparability of financial statements in the capital markets and to improve business operations by unifying accounting standards within the Group.

3. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Consolidated Statement of Financial Position

(Million yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	53,324	54,469
Trade and other receivables	104,704	111,859
Inventories	2,205	3,259
Other financial assets	16,805	16,207
Other current assets	18,289	20,781
Total current assets	195,327	206,576
Non-current assets		
Property, plant and equipment	12,475	14,156
Right-of-use assets	27,753	40,922
Goodwill	92,238	92,983
Intangible assets	42,482	38,131
Investments accounted for using equity method	322	552
Other financial assets	23,687	24,101
Other non-current assets	650	576
Deferred tax assets	6,965	5,798
Total non-current assets	206,571	217,218
Total assets	401,898	423,794

(Million yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	75,365	84,305
Bonds and borrowings	43,343	54,529
Lease liabilities	24,088	27,057
Other financial liabilities	1,111	910
Income taxes payable	2,594	2,321
Other current liabilities	37,951	35,395
Total current liabilities	184,453	204,516
Non-current liabilities		
Bonds and borrowings	87,255	67,097
Lease liabilities	34,150	43,919
Other financial liabilities	877	182
Retirement benefit liability	2,269	3,010
Provisions	1,335	1,192
Other non-current liabilities	748	562
Deferred tax liabilities	11,651	10,565
Total non-current liabilities	138,284	126,527
Total liabilities	322,737	331,043
Equity		
Share capital	25,245	25,293
Capital surplus	26,678	26,727
Treasury shares	(0)	(0)
Other capital surplus	(11,611)	(11,563)
Other components of equity	9,833	22,080
Retained earnings	25,250	27,239
Total equity attributable to owners of parent	75,394	89,775
Non-controlling interests	3,767	2,976
Total equity	79,161	92,751
Total liabilities and equity	401,898	423,794

(2) Consolidated Statement of Profit or Loss

(Million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Revenue	690,430	749,608
Cost of sales	<u>(565,683)</u>	<u>(614,383)</u>
Gross profit	124,747	135,225
Selling, general and administrative expenses	(107,260)	(119,619)
Other operating income	10,018	12,044
Other operating expenses	<u>(4,754)</u>	<u>(11,174)</u>
Operating profit	22,750	16,476
Finance income	633	941
Finance costs	(5,692)	(4,035)
Share of profit (loss) of investments accounted for using equity method	102	224
Profit before tax	<u>17,793</u>	<u>13,607</u>
Income tax expense	<u>(7,186)</u>	<u>(8,609)</u>
Profit for the year	<u><u>10,607</u></u>	<u><u>4,997</u></u>
Profit attributable to:		
Owners of parent	10,654	5,162
Non-controlling interests	<u>(47)</u>	<u>(165)</u>
Profit for the year	<u><u>10,607</u></u>	<u><u>4,997</u></u>
Earnings per share		
Basic earnings per share (Yen)	84.61	40.97
Diluted earnings per share (Yen)	84.61	40.97

(3) Consolidated Statement of Comprehensive Income

(Million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit for the year	10,607	4,997
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit retirement plans	864	(84)
Change in fair value of equity financial assets measured at fair value through other comprehensive income	(564)	90
Total of items that will not be reclassified subsequently to profit or loss	300	6
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	6,589	12,332
Total of items that may be reclassified subsequently to profit or loss	6,589	12,332
Other comprehensive income, net of tax	6,889	12,339
Total comprehensive income	17,496	17,336
Comprehensive income attributable to:		
Owners of parent	17,455	17,543
Non-controlling interests	40	(207)
Total comprehensive income	17,496	17,336

(4) Consolidated Statement of Changes in Equity

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other capital surplus	Other components of equity	
					Exchange differences on translation of foreign operations	Change in fair value of debt financial assets measured at fair value through other comprehensive income
(Million yen)						
Balance at January 1, 2022	25,230	26,663	(0)	(12,887)	3,417	1
Cumulative effects of changes in accounting policies	—	—	—	—	—	—
Restated balance on January 1, 2022	25,230	26,663	(0)	(12,887)	3,417	1
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	6,498	—
Total comprehensive income	—	—	—	—	6,498	—
Issuance of new shares	15	15	—	—	—	—
Dividends	—	—	—	—	—	—
Share-based remuneration transactions	—	—	—	(10)	—	—
Transfer to retained earnings	—	—	—	—	—	—
Other increase (decrease)	—	—	—	—	—	—
Total contributions by (distributions to) owners	15	15	—	(10)	—	—
Changes from business combination and others	—	—	—	1,287	—	—
Total changes in ownership interests in subsidiaries	—	—	—	1,287	—	—
Total transactions with owners	15	15	—	1,276	—	—
Balance at December 31, 2022	25,245	26,678	(0)	(11,611)	9,916	1
Profit for the year	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	12,373	—
Total comprehensive income	—	—	—	—	12,373	—
Issuance of new shares	49	49	—	—	—	—
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—
Other increase (decrease)	—	—	—	—	—	—
Total contributions by (distributions to) owners	49	49	(0)	—	—	—
Changes from business combination and others	—	—	—	48	(218)	—
Total changes in ownership interests in subsidiaries	—	—	—	48	(218)	—
Total transactions with owners	49	49	(0)	48	(218)	—
Balance at December 31, 2023	25,293	26,727	(0)	(11,563)	22,071	1

Equity attributable to owners of parent							
Other components of equity							
	Remeasurements of defined benefit retirement plans	Change in fair value of equity financial assets measured at fair value through other comprehensive income	Total	Retained earnings	Total	Non- controlling interests	Total equity
(Million yen)							
Balance at January 1, 2022	—	477	3,895	17,691	60,592	6,437	67,029
Cumulative effects of changes in accounting policies	—	—	—	0	0	—	0
Restated balance on January 1, 2022	—	477	3,895	17,691	60,592	6,437	67,029
Profit for the year	—	—	—	10,654	10,654	(47)	10,607
Other comprehensive income	864	(561)	6,801	—	6,801	88	6,889
Total comprehensive income	864	(561)	6,801	10,654	17,455	40	17,496
Issuance of new shares	—	—	—	—	30	—	30
Dividends	—	—	—	(3,904)	(3,904)	(1,463)	(5,367)
Share-based remuneration transactions	—	—	—	—	(10)	—	(10)
Transfer to retained earnings	(864)	—	(864)	864	—	—	—
Other increase (decrease)	—	—	—	(56)	(56)	—	(56)
Total contributions by (distributions to) owners	(864)	—	(864)	(3,096)	(3,940)	(1,463)	(5,403)
Changes from business combination and others	—	—	—	—	1,287	(1,247)	39
Total changes in ownership interests in subsidiaries	—	—	—	—	1,287	(1,247)	39
Total transactions with owners	(864)	—	(864)	(3,096)	(2,653)	(2,710)	(5,364)
Balance at December 31, 2022	—	(84)	9,833	25,250	75,394	3,767	79,161
Profit for the year	—	—	—	5,162	5,162	(165)	4,997
Other comprehensive income	(84)	92	12,381	—	12,381	(42)	12,339
Total comprehensive income	(84)	92	12,381	5,162	17,543	(207)	17,336
Issuance of new shares	—	—	—	—	97	—	97
Purchase of treasury shares	—	—	—	—	(0)	—	(0)
Dividends	—	—	—	(3,148)	(3,148)	(376)	(3,525)
Transfer to retained earnings	84	—	84	(84)	—	—	—
Other increase (decrease)	—	—	—	82	82	—	82
Total contributions by (distributions to) owners	84	—	84	(3,150)	(2,969)	(376)	(3,345)
Changes from business combination and others	—	—	(218)	(23)	(194)	(207)	(401)
Total changes in ownership interests in subsidiaries	—	—	(218)	(23)	(194)	(207)	(401)
Total transactions with owners	84	—	(134)	(3,173)	(3,162)	(584)	(3,746)
Balance at December 31, 2023	—	7	22,080	27,239	89,775	2,976	92,751

(5) Consolidated Statement of Cash Flows

(Million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before tax	17,793	13,607
Depreciation and amortization	17,416	20,162
Impairment losses	2,898	9,051
Increase (decrease) in provisions and retirement benefit liability	(46)	728
Finance income	(633)	(941)
Finance costs	5,692	4,035
Share of loss (profit) of investments accounted for using equity method	(102)	(224)
Decrease (increase) in inventories	544	(1,023)
Decrease (increase) in trade and other receivables	(5,772)	195
Increase (decrease) in trade and other payables	5,719	4,804
Increase (decrease) in accrued consumption taxes	1,527	(1,935)
Other	(3,057)	(5,035)
Subtotal	41,980	43,425
Interest and dividends received	150	293
Interest paid	(2,528)	(3,958)
Income taxes paid	(12,890)	(9,487)
Income taxes refund	45	893
Net cash provided by (used in) operating activities	26,758	31,166
Cash flows from investing activities		
Payments into time deposits	(1,747)	(374)
Proceeds from withdrawal of time deposits	1,892	156
Purchase of property, plant and equipment	(2,816)	(4,068)
Purchase of intangible assets	(1,341)	(1,297)
Proceeds from sale of property, plant and equipment	348	86
Purchase of investments	(229)	(71)
Proceeds from sale of investments	17	55
Payments for purchase of business	(13,023)	(626)
Proceeds from purchase of business	—	69
Payments for loans receivable	(3)	(42)
Proceeds from collection of loans receivable	7	105
Payments of leasehold and guarantee deposits	(1,449)	(1,343)
Proceeds from refund of leasehold and guarantee deposits	783	664
Purchase of insurance funds	(5)	(2)
Proceeds from cancellation of insurance funds	—	42
Other	24	(218)
Net cash provided by (used in) investing activities	(17,540)	(6,864)

(Million yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(12,666)	3,624
Proceeds from long-term borrowings	69,197	14,281
Repayments of long-term borrowings	(30,085)	(29,427)
Redemption of bonds	(110)	(140)
Repayments of lease liabilities	(9,002)	(10,650)
Dividends paid	(3,904)	(3,148)
Transactions with non-controlling interests	(17,305)	(268)
Dividends paid to non-controlling interests	(1,463)	(376)
Other	(633)	(254)
Net cash provided by (used in) financing activities	<u>(5,971)</u>	<u>(26,359)</u>
Effect of exchange rate changes on cash and cash equivalents	1,743	3,203
Net increase (decrease) in cash and cash equivalents	4,990	1,146
Cash and cash equivalents at the beginning of the year	<u>48,334</u>	<u>53,324</u>
Cash and cash equivalents at the end of the year	<u><u>53,324</u></u>	<u><u>54,469</u></u>

(6) Notes to Consolidated Financial Statements

[Going Concern Assumption]

Not applicable.

[Changes in Accounting Policies]

The Group adopted the following accounting standard from the fiscal year ended December 31, 2023.

IFRS		Details of new and amended accounting standards
IAS 12	Income taxes (amended May 2021)	Clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations

The Group adopted IAS 12 “Income taxes” (amended May 2021) from the fiscal year ended December 31, 2023.

The amendment clarifies that entities should recognize deferred tax liabilities and deferred tax assets on transactions such as leases and decommissioning obligations if such transactions create the same amount of taxable temporary difference and deductible temporary difference.

The amendment was applied retrospectively. Accordingly, the consolidated financial statements for the fiscal year ended December 31, 2022, are presented on a retrospective basis.

As a result of the adoption, the restated consolidated statement of financial position as of December 31, 2022, shows that deferred tax assets and deferred tax liabilities increased by 112 million yen and 71 million yen, respectively, and retained earnings increased by 41 million yen. The effect of restatements was minimal on the consolidated statement of profit or loss for the fiscal years ended December 31, 2022, and 2023, respectively. Also, the effect was minimal on basic earnings per share and diluted earnings per share for the fiscal years ended December 31, 2022, and 2023, respectively.

As cumulative effects of changes in accounting policies were reflected in equity as of January 1, 2022, the beginning of the previous fiscal year, the restated balance of retained earnings in the consolidated statement of changes in equity increased by 0 million yen as of January 1, 2022.

[Additional Information]

With respect to the Tender Offer by K.K. BCJ-74, the Tender Offeror, for the Company’s Shares to be carried out as part of a management buyout under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and related laws and regulations, it was resolved at the Board of Directors meeting held on December 8, 2023, that based on the Company’s knowledge as of the same day, if the Tender Offer were to take place, the Company would state its opinion in favor of the Tender Offer and would recommend that Company’s shareholders also tender their shares in the tender offer.

The above-mentioned Board of Directors’ resolution has been made on an assumption that the Tender Offer will be carried out by the Tender Offeror followed by a series of procedures for taking the Company’s Shares private and that the Company’s Shares are planned to be delisted.

For more detail, please refer to the Company’s press release titled “Notice Regarding Opinion in Favor of Planned Management Buyout and Recommendation to Tender Shares” published on December 8, 2023, and “Notice Regarding Progress Towards Execution of Tender Offer by K.K. BCJ-78 for the Stock of OUTSOURCING Inc. (Securities Code 2427)” released on January 31, 2024.

[Segment Information]

(a) Overview of reportable segments

The reportable segments of the Group are its components for which discrete financial information is available and which are subject to periodical assessments by the Board of Directors to determine allocation of management resources and evaluate performance.

The Group consists of segments categorized by description of business, with five reportable segments, namely “Domestic Engineering Outsourcing Business,” “Domestic Manufacturing Outsourcing Business,” “Domestic Service Operations Outsourcing Business,” “Overseas Engineering Outsourcing Business,” and “Overseas Manufacturing and Service Operations Outsourcing Business.”

Major operations of each segment are as follows:

Domestic Engineering Outsourcing Business:

Subsidiaries of the Company provide the following: services to offer sophisticated technologies and know-how to assist manufacturers in their design/development and experiment/evaluation processes; development of telecommunication-related applications for websites, smartphones, etc., as well as development of e-commerce websites; various solution services for and development of foundational IT systems, infrastructure, and networks; outsourcing services for research and development operations specializing in medical- and chemical-related areas; services to offer expertise and know-how for construction management/design as well as for the design, construction, management, and the like of various plants; and IT schools.

Domestic Manufacturing Outsourcing Business:

The Company and its subsidiaries offer services to realize better production efficiencies by providing technologies and management know-how in response to manufacturers' needs for outsourcing manufacturing processes. In addition, the Company and its subsidiaries offer comprehensive consignment services covering everything from outsourced recruitment of fixed-term employees to be directly employed by customers (fee-charging recruiting service), administrative work outsourcing including labor management and housing management for fixed-term employees, technical intern trainees, international students, etc., and job hunting support for workers whose employment terms have expired.

Domestic Service Operations Outsourcing Business:

Subsidiaries of the Company offer services to government offices such as U.S. military facilities and services for logistics companies and call centers.

Overseas Engineering Outsourcing Business:

Overseas subsidiaries of the Company offer dispatch and recruiting services of specialists, mainly in Europe and Australia, in the following areas: IT, finance, pharmaceuticals, life science, medicine, and healthcare. Government debt collection service using artificial intelligence is also provided.

Overseas Manufacturing and Service Operations Outsourcing Business:

Overseas subsidiaries of the Company mainly offer human resource services for manufacturing-related production outsourcing, dispatching and recruiting of personnel for administrative and service-related work, and payroll services in Asia, South America, Europe, and other areas. In addition, they offer other services, including BPO services and temporary worker dispatching for public institutions in Europe and Australia as well as cross-border employment services in Europe and Asia.

Other Business:

Subsidiaries of the Company provide administrative outsourcing services and the like.

(b) Segment revenues and results

Revenues and results by reportable segment are as shown below.

Accounting treatments for operating segments reported approximate those used to prepare the consolidated financial statements. Intersegment transaction prices are based on the prevailing market prices.

Segment profit figures are based on operating profit.

For the fiscal year ended December 31, 2022 (From January 1, 2022, to December 31, 2022)

	Reportable Segment					Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business					
(Million yen)										
Revenue										
Revenue from external customers	149,605	122,444	30,563	165,519	222,238	690,368	61	690,430	—	690,430
Intersegment revenue (Note 3)	2,468	10,314	353	768	1,933	15,836	2,080	17,916	(17,916)	—
Total	152,073	132,758	30,916	166,287	224,170	706,204	2,142	708,346	(17,916)	690,430
Cost of sales and other income (expenses)	(141,932)	(125,828)	(27,726)	(158,302)	(219,604)	(673,392)	(1,823)	(675,215)	7,535	(667,679)
Segment profit (Operating profit)	10,140	6,930	3,190	7,986	4,566	32,812	319	33,131	(10,381)	22,750
(Reconciling items)										
Finance income	—	—	—	—	—	—	—	—	—	633
Finance costs	—	—	—	—	—	—	—	—	—	(5,692)
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—	102
Profit before tax	—	—	—	—	—	—	—	—	—	17,793
Income tax expense	—	—	—	—	—	—	—	—	—	(7,186)
Profit for the year	—	—	—	—	—	—	—	—	—	10,607
Segment assets	87,993	264,775	23,239	130,303	142,348	648,657	1,237	649,894	(247,996)	401,898
Capital expenditure	234	672	812	370	2,038	4,128	29	4,157	—	4,157
Depreciation and amortization	2,627	3,592	650	3,570	6,958	17,397	19	17,416	—	17,416
Impairment losses	416	661	151	—	1,670	2,898	—	2,898	—	2,898

(Note 1) The category “Other Business” is an operating segment that is not included among the reportable segments, in which subsidiaries of the Company engage in administrative outsourcing services and the like.

(Note 2) The adjustment of segment profit of (10,381) million yen includes acquisition-related cost related to business combinations of (683) million yen, corporate expenses of (9,599) million yen, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions. The adjustment of segment assets of (247,996) million yen mainly represents shares of subsidiaries and associates of the Group.

(Note 3) Intersegment revenues are based on prevailing market prices.

For the fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

	Reportable Segment					Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business					
(Million yen)										
Revenue										
Revenue from external customers	162,459	123,389	33,553	174,873	255,272	749,546	62	749,608	—	749,608
Intersegment revenue (Note 3)	2,317	4,479	243	2,173	2,271	11,483	2,456	13,939	(13,939)	—
Total	164,776	127,868	33,796	177,046	257,543	761,029	2,518	763,547	(13,939)	749,608
Cost of sales and other income (expenses)	(153,758)	(123,383)	(31,035)	(169,147)	(255,437)	(732,759)	(2,291)	(735,050)	1,918	(733,132)
Segment profit (Operating profit)	11,018	4,485	2,762	7,900	2,106	28,271	226	28,497	(12,021)	16,476
Reconciling items:										
Finance income	—	—	—	—	—	—	—	—	—	941
Finance costs	—	—	—	—	—	—	—	—	—	(4,035)
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—	224
Profit before tax	—	—	—	—	—	—	—	—	—	13,607
Income tax expense	—	—	—	—	—	—	—	—	—	(8,609)
Profit for the year	—	—	—	—	—	—	—	—	—	4,997
Segment assets	89,917	241,065	28,501	141,851	162,608	663,941	1,478	665,419	(241,625)	423,794
Capital expenditure	324	730	1,896	709	1,677	5,335	29	5,365	—	5,365
Depreciation and amortization	2,841	3,074	660	3,892	9,332	19,799	363	20,162	—	20,162
Impairment losses	354	4,080	—	—	4,617	9,051	—	9,051	—	9,051

(Note 1) The category “Other Business” is an operating segment that is not included among the reportable segments, in which subsidiaries of the Company engage in administrative outsourcing services and the like.

(Note 2) The adjustment of segment profit of (12,021) million yen includes acquisition-related cost related to business combinations of (84) million yen, corporate expenses of (11,981) million yen, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions. The adjustment of segment assets of (241,625) million yen mainly represents shares of subsidiaries and associates of the Group.

(Note 3) Intersegment revenues are based on prevailing market prices.

[Per Share Information]

(a) Basis for the calculation of basic earnings per share

i. Profit attributable to ordinary shareholders of parent

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	(Million yen)	(Million yen)
Profit attributable to owners of parent	10,654	5,162
Profit for the year not attributable to ordinary shareholders of parent	—	—
Profit used to calculate basic earnings per share	<u>10,654</u>	<u>5,162</u>

ii. Average number of ordinary shares outstanding during the year

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	(Number of shares)	(Number of shares)
Average number of ordinary shares outstanding during the year	125,920,146	125,977,813

(b) Basis for the calculation of diluted earnings per share

i. Profit attributable to ordinary shareholders after dilution

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	(Million yen)	(Million yen)
Profit used to calculate basic earnings per share	10,654	5,162
Adjustments to profit	—	—
Profit used to calculate diluted earnings per share	<u>10,654</u>	<u>5,162</u>

ii. Average number of ordinary shares outstanding during the year after dilution

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	(Number of shares)	(Number of shares)
Average number of ordinary shares outstanding during the year	125,920,146	125,977,813
Increase in number of ordinary shares due to stock acquisition rights	—	—
Average number of ordinary shares outstanding during the year after dilution	<u>125,920,146</u>	<u>125,977,813</u>

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
	Yen	Yen
Basic earnings per share	84.61	40.97
Diluted earnings per share	84.61	40.97

(Note) Diluted earnings per share for the fiscal years ended December 31, 2023 and December 31, 2022, are shown as the same amount as that of basic earnings per share, respectively, since there are no dilutive shares.

[Subsequent Events]

(Correction of long-term borrowing covenant violations)

The Group violated covenants on the representations and warranties as well as the borrower's obligations of certain syndicated loan agreements with its main financial institutions due to the fact that inappropriate financial reporting was conducted in previous years, identified on October 31, 2023. In addition, some of the syndicated

loan agreements the Company entered into with financial institutions contained covenants pertaining to the deadline for submission of quarterly financial results. The deadline extension for submission of the financial results for the six months ended June 30, 2023, violated such covenants. Therefore, the associated borrowings of 2,889 million yen were reclassified from non-current liabilities to current liabilities as of December 31, 2023. However, as of January 11, 2024, the Company obtained an agreement from the financial institutions, stipulating that they will not execute their acceleration clauses for the reason of the covenant violations. Accordingly, the amount will be reclassified back to non-current liabilities as of March 31, 2024, the end of the first quarter of the next fiscal year.

4. SUPPLEMENTARY INFORMATION

Revenue by segment and by industry for the fiscal years ended December 31, 2023, and December 31, 2022, are as follows:

Name of Segment	Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023		
	Amount (Million yen)	Percentage of Total (%)	Amount (Million yen)	Percentage of Total (%)	Year-on-Year (%)
Domestic Engineering Outsourcing Business	149,605	21.7	162,459	21.7	8.6
Electrical & Electronics	24,250	3.5	24,570	3.3	1.3
Transport Equipment	27,031	3.9	28,627	3.8	5.9
Pharm. & Chemicals	12,974	1.9	13,893	1.8	7.1
IT-related	49,826	7.2	58,199	7.8	16.8
Construction & Plant-related	21,652	3.2	23,156	3.1	6.9
Others	13,872	2.0	14,014	1.9	1.0
Domestic Manufacturing Outsourcing Business	122,444	17.7	123,389	16.4	0.8
Electrical & Electronics	32,246	4.7	27,160	3.6	(15.8)
Transport Equipment	47,799	6.9	48,361	6.4	1.2
Pharm. & Chemicals	6,236	0.9	7,044	0.9	13.0
Metals & Construction Materials	6,535	1.0	6,772	0.9	3.6
Foods	3,913	0.6	4,216	0.6	7.7
Others	25,716	3.7	29,837	4.0	16.0
Domestic Service Operations Outsourcing Business	30,563	4.4	33,553	4.5	9.8
Retail	147	0.0	166	0.0	13.1
Public Works	26,229	3.8	29,255	3.9	11.5
Others	4,187	0.6	4,132	0.6	(1.3)
Overseas Engineering Outsourcing Business	165,519	24.0	174,873	23.3	5.7
Electrical & Electronics	559	0.1	387	0.1	(30.8)
Transport Equipment	2,879	0.4	5,260	0.7	82.7
Pharm. & Chemicals	33,889	4.9	35,795	4.8	5.6
IT-related	31,967	4.6	44,116	5.9	38.0
Metals & Construction Materials	147	0.0	312	0.0	112.7
Construction & Plant-related	3,628	0.5	2,406	0.3	(33.7)
Foods	3	0.0	5	0.0	75.5
Retail	6,183	0.9	7,348	1.0	18.8
Public Works	61,857	9.0	54,620	7.3	(11.7)
Finance	12,743	1.8	9,588	1.3	(24.8)
Others	11,666	1.7	15,035	1.9	28.9
Overseas Manufacturing and Service Operations Outsourcing Business	222,238	32.2	255,272	34.1	14.9
Electrical & Electronics	28,760	4.2	16,253	2.2	(43.5)
Transport Equipment	20,745	3.0	17,807	2.4	(14.2)
Pharm. & Chemicals	3,691	0.5	5,096	0.7	38.1
IT-related	4,460	0.6	4,310	0.6	(3.4)
Metals & Construction Materials	2,945	0.4	3,690	0.5	25.3
Construction & Plant-related	9,335	1.4	10,442	1.4	11.9
Foods	6,221	0.9	13,148	1.7	111.3
Retail	65,812	9.5	75,082	10.0	14.1
Public Works	31,635	4.6	34,955	4.7	10.5
Finance	2,628	0.4	2,338	0.3	(11.0)
Others	46,005	6.7	72,151	9.6	56.8
Other Business	61	0.0	62	0.0	1.3
Total	690,430	100.0	749,608	100.0	8.6

(Note 1) Intersegment transactions are offset and eliminated.

(Note 2) Segments are classified based on the similarity of types and nature of businesses.

Revenue by region is as follows:

Region	Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023		
	Amount (Million yen)	Percentage of total (%)	Amount (Million yen)	Percentage of Total (%)	Year-on-Year (%)
Japan	302,673	43.8	319,463	42.6	5.5
Europe	281,404	40.8	322,030	43.0	14.4
Oceania	73,227	10.6	73,214	9.8	0.0
North America	4,714	0.7	4,779	0.6	1.4
South America	14,789	2.1	16,305	2.2	10.2
Asia (excl. Japan)	13,622	2.0	13,818	1.8	1.4
Total	690,430	100.0	749,608	100.0	8.6

(Note) Intersegment transactions are offset and eliminated.