OUTSOURCING Inc.
(Securities Code: 2427/TSE 1st Section)

Financial Results for the 3rd Quarter of Fiscal Year Ending December 31, 2017

November 2017

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Consolidated Financial Results for Q3 FY12/17 (IFRS)

Consolidated Financial Results for Q3 FY12/17 (IFRS)

Consolidated Financial Results Summary

(¥ million)	FY12/16 Q3 YTD Actual		FY12/17 Q3 YTD Actual		YoY Changes	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Ratio
Revenue	**93,307**	**100.0%**	**165,515**	**100.0%**	**72,208**	**77.4%**
Cost of sales	74,473	79.8%	133,762	80.8%	59,289	79.6%
Gross profit	**18,834**	**20.2%**	**31,753**	19.2%	**12,918**	**68.6%**
SG&A expenses	15,378	16.5%	25,265	15.3%	9,887	64.3%
Operating profit	**3,947**	**4.2%**	**6,857**	**4.1%**	**2,911**	**73.8%**
Profit before tax	2,931	3.1%	6,336	3.8%	3,404	116.1%
Profit for the period	1,612	1.7%	3,979	2.4%	2,367	146.8%
Profit attributable to owners of the Company	**1,452**	**1.6%**	**3,420**	**2.1%**	**1,968**	**135.6%**

*The amounts shown are rounded off to the nearest million yen.

Consolidated Financial Results for Q3 FY12/17 (IFRS)

Highlights of Consolidated Financial Results

Revenue ¥165,515 million (+77.4% YoY)

- In Japan, progress of strategies by segment that accurately capture changes in client needs accompanying changes in the environment such as the PEO Scheme and revisions to labor-related acts etc., and growth in Service Operations Outsourcing Business that is less susceptible to impact from changes in the economy, resulted in revenue growth.
- Overseas, work on consignment including Business Process Outsourcing (BPO) for central and local governments where outsourcing needs of public work have begun to increase rapidly grew, and Manufacturing Outsourcing Business expanded favorably in all regions of Europe, Australia and Asia.

Operating Profit ¥6,857 million (+73.8% YoY)

- Upfront investment expense accompanying the establishment of a management structure including strengthening corporate governance etc. in response to global business expansion was offset by revenue growth.
- The decline in the ratio of SG&A expenses due to high growth in revenue boosted ratio of operating profit for the Q3(Jul.-Sep.) to over 5.5%, and going forward, the trend of “decline in the ratio of SG&A expenses = rise in ratio of operating profit” due to high revenue growth is set to continue.

Profit Attributable to Owners of the Company ¥3,420 million (+135.6% YoY)

- No impairment losses occurred for group companies.

Revenue, operating profit and profit attributable to owners of the Company all renewed record highs.

Consolidated Financial Results for Q3 FY12/17 (IFRS)

- Highlights of Consolidated Financial Results

Initial forecasts and actual progress by quarter of FY12/17

¥ million

	FY12/16 Actual		FY12/17 Initial Forecasts (IFRS) (Based on 2016 rolling Medium-Term Management Plan announced)		FY12/17 Actual (IFRS)		Amount above forecasts	
	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
Q1 (Jan.-Mar.)	24,796	635	47,100	1,270	50,238	1,447	3,138	177
Q2 (Apr.-Jun.)	32,584	1,732	49,900	1,630	55,573	2,115	5,673	485
Q3 (Jul.-Sep.)	35,927	1,580	55,000	2,980	59,704	※1 3,295	4,704	315
Q3 YTD (Jan.-Sep.)	93,307	3,947	152,000	5,880	165,515	6,857	13,515	977
Q4 (Oct.-Dec.)	40,976	1,616	61,000	3,620	※2 61,000	※2 3,620	0	0
Full-Year	134,283	5,563	(Note) 213,000	(Note) 9,500	(Note) 226,515	(Note) 10,477	13,515	977

※1 **Q3 YTD FY12/17 operating profit reached over 3.2bn yen which achieved the top end among domestic human resource services companies.**

※2 Q4 figures under FY12/17 Actual are initial forecasts.

Note Considering the increase in uncertainties on political and economic outlooks globally, there is no change in full-year consolidated financial forecasts at present.

Highlights for Consolidated Financial Results

Overview by Operating Segment

Domestic Engineering Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥36,489 million (+25.2% YoY) ; Operating Profit ¥1,734 million (+1.2% YoY)

The Company is overcoming the problem faced by engineering dispatching firms of not being able to grow the top line much due to difficulty in hiring high-end engineers through its own proprietary schemes.

- Strengthening hiring of new graduates

  April 2017 actual: 550 new graduates

  *The training period for the higher number of new graduates hired compared with initial plan finished in June, and subsequent assignment to client worksites from July converted them from a cost center to profit center.

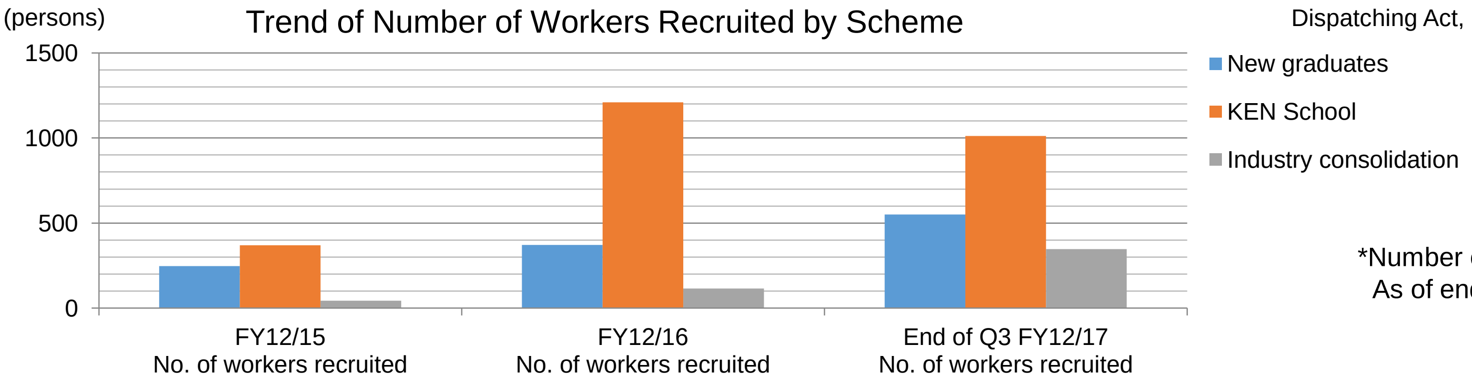
- Expanding the scheme of training general applicants in the Group's KEN School and then assigning them

  Full-Year FY12/17 plan: 1,300 engineers ⇨ Q1 actual: 327 ⇨ Q2 actual: 333 ⇨ Q3 actual: 351 (cumulative: 1,011)

- Incorporating workers displaced from natural consolidation of the industry in the wake of the Revised Worker Dispatching Act

  Full-Year FY12/17 plan: 315 engineers ⇨ Q1 actual: 72 ⇨ Q2 actual: 86 ⇨ Q3 actual: 188 (cumulative: 346)

Note: Please refer to P.36, 37, 41 for details of the Revised Worker Dispatching Act, KEN School Scheme and industry consolidation



*Number of enrolled workers for the entire segment
As of end of Q3 FY12/17: 7,956 enrolled

● Highlights for Consolidated Financial Results

Overview by Operating Segment

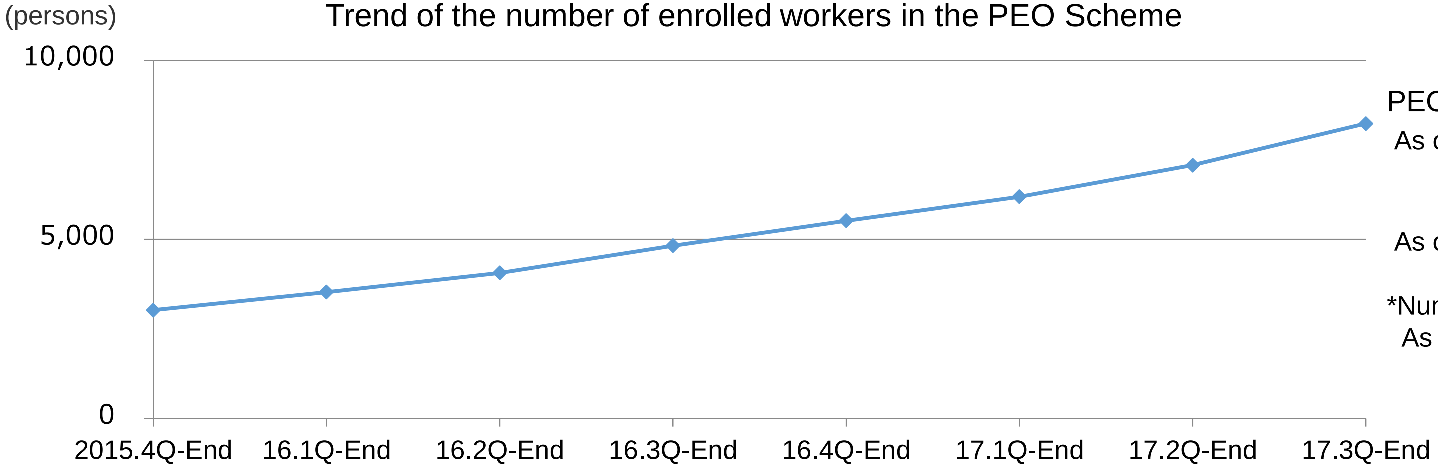
Domestic Manufacturing Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥33,083 million (+35.8% YoY) ; Operating Profit ¥640 million (-43.7% YoY)

As a result of the Revised Labor Contracts Act, continued employment of fixed-term contract workers hired directly by makers is no longer possible, and in response the Company's PEO Scheme has received high marks, and accepting the transfer of fixed-term contract workers from makers is progressing favorably.

Note: Please refer to P.36-39 for details of the Revised Worker Dispatching Act and the PEO Scheme

Trend of the number of enrolled workers in the PEO Scheme



PEO Scheme (Domestic Manufacturing Outsourcing)
As of the end of FY12/17(Plan): 10,000 enrolled

As of the end of Q3 FY12/17(Actual): 8,235 enrolled

*Number of enrolled workers for the entire segment
As of the end of Q3 FY12/17: 10,684 enrolled

*Operating profit for the Domestic Manufacturing Outsourcing Business segment declined YoY since it is charged a share of holding company expenses which rose sharply with growth of the overall Group.

3Q YTD operating profit for the segment before deducting holding company expenses was ¥2,456 million.

- Highlights for Consolidated Financial Results

Overview by Operating Segment

Domestic Service Operations Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥8,438 million (+243.8% YoY) ; Operating Profit ¥563 million (+212.3% YoY)

Service Operations Outsourcing Business for US military bases that is less susceptible to impact from changes in the economy is expanding favorably through leveraging synergies of know-how of American Engineering Corporation acquired in April 2017 with expanded credit quality of the Group in securing necessary bonded insurance required for bidding in auctions.

Note: Please refer to P.43 and P.44 for details of Operations Outsourcing Business for US military bases

Highlights for Consolidated Financial Results

Overview by Operating Segment

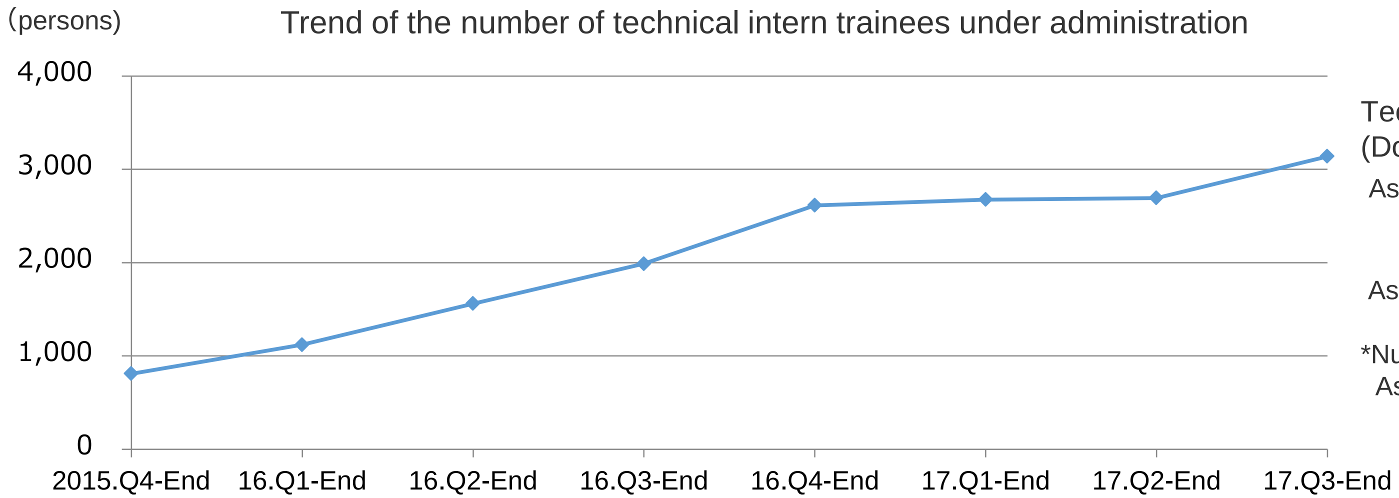
Domestic Administrative Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥728 million (+17.5% YoY) ; Operating Profit ¥103 million (-43.2% YoY)

For technical intern trainees hired on administrative work on consignment from makers, as a result of the sharp increase in Q3 and Q4 of completion of the roughly 4-month training period conducted prior to coming to Japan pursuant to agreements concluded with Asian governments, the target for the number of persons under administration is expected to be achieved.

Note: Please refer to P.36, 37, 42 for details of technical intern trainees

Trend of the number of technical intern trainees under administration



Technical intern trainees
(Domestic Administrative Outsourcing)

As of the end of FY12/17(Plan): 5,100 under administration

As of the end of Q3 FY12/17(Actual): 3,309 under administration

*Number under administration for the entire segment
As of the end of Q3 FY12/17: 4,095 under administration

*Due to increased start-up costs as a result of shifting the subject of administrative work on consignment from Japanese workers to technical intern trainees, operating profit declined YoY in Q3, however, the decline shrank from -51.6% in Q2, and is expected to improve further in Q4.

- Highlights for Consolidated Financial Results

Overview by Operating Segment

Domestic Recruiting and Placing Business

Q3 YTD FY12/17 : Revenue ¥1,273 million (+25.9% YoY) ; Operating Profit ¥392 million (-22.6% YoY)

Revenue grew from meeting brisk demand of existing client-makers for production hikes.

*Operating profit declined YoY due to shifting from recruiting and placing for high margin automobile makers to dispatching under the PEO Scheme.

Highlights for Consolidated Financial Results

Overview by Operating Segment

Overseas Engineering Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥21,271 million (+46.6% YoY) ; Operating Profit ¥843 million (+60.0% YoY)

Through leveraging synergies among group companies in Europe and Australia, increased all types of work on consignment including BPO for central and local governments and outsourcing business for public facilities that is less susceptible to changes in the economy.

Note: Please refer to P.45 and P.46 for details of public work contract business for central and local governments

Overseas Manufacturing and Service Operations Outsourcing Business

Q3 YTD FY12/17 : Revenue ¥63,887 million (+208.4% YoY) ; Operating Profit ¥2,908 million (+378.2% YoY)

Both Overseas Manufacturing and Service Operations Outsourcing Business in Europe, Asia, Australia and South America expanded favorably, and Service Operations including human resource services for central governments and public work on consignment for BPO which are less susceptible to changes in the economy increased.

Note: please refer to P.45 and P.46 for details on human resource services for central governments and public work on consignment for BPO

● Highlights for Consolidated Financial Results

Overview by Operating Segment

Other Business

Q3 YTD FY12/17 : Revenue ¥347 million (-30.0% YoY) ; Operating Profit ¥16 million (+225.1% YoY)

As a result of the decline in development and sales of auto parts, overall segment revenue posted a decline YoY, however, shared service of administrative affairs by disabled persons at special subsidiaries and sign language classroom business were steady, securing increased profits.

Highlights for Consolidated Financial Results

Current situation for main acquisitions in 2016-2017

Achievement rates on numerical plans by individual companies prior to acquisition (figures in parentheses are financial amounts and the unit is JPY million)

BEDDISON GROUP (Australia: April 2016, M&A) Revenue 114% (22,599) Operating Profit 132% (639)

*Human resource services for central and local governments and outsourcing business for public facilities including prisons and airports increased

LIBERATA UK LIMITED (UK: August 2016, M&A) Revenue 103% (6,671) Operating Profit 111% (438)

*All types of work on consignment including BPO services for governments and local public bodies posted favorable growth

Orizon GmbH (Germany: January 2017, M&A) Revenue 107% (27,474) Operating Profit 156% (1,483)

*Human resource services for manufacturing industries in machinery, aircraft and pharmaceuticals expanded

American Engineering Corporation (US: April 2017, M&A) Revenue 107% (5,343) Operating Profit 289% (402)

*Construction, maintenance and repair service for military facilities mainly for US military bases in Japan was firm.

Financial results expanded favorably on generating synergies within the Group and strengthening Group governance

Consolidated Financial Results for Q3 FY12/17 (IFRS)

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

(¥ million)		FY12/16 Actual Q1	Q2	Q3	Q4	Full-Year	FY12/17 Actual Q1	Q2	Q3
Domestic Engineering Outsourcing Business	Revenue	8,971	9,850	10,318	11,043	40,182	11,279	12,036	13,174
	Operating profit	303	566	845	1,222	2,936	332	411	991
	No. of worksite employees at term-end	5,029	5,720	5,844	6,066	6,066	6,286	7,161	7,956
Domestic Manufacturing Outsourcing Business	Revenue	7,899	7,553	8,912	10,244	34,608	10,344	10,914	11,825
	Operating profit	296	718	124	191	1,329	47	290	303
	No. of worksite employees at term-end	7,195	7,482	9,033	9,033	9,033	9,478	10,293	10,684
Domestic Service Operations Outsourcing Business	Revenue	617	858	979	1,016	3,470	823	3,801	3,813
	Operating profit	(64)	(16)	260	(438)	(258)	(22)	275	310
	No. of worksite employees at term-end	1,710	1,521	1,557	1,609	1,609	1,762	2,503	2,803
Domestic Administrative Outsourcing Business	Revenue	149	207	263	254	873	198	238	292
	Operating profit	35	64	82	97	278	9	39	55
	No. of outsourcing administrative workers at term-end	1,438	1,401	1,500	1,478	1,478	3,381	3,480	4,095
Domestic Recruiting and Placing Business	Revenue	279	314	418	367	1,378	367	481	425
	Operating profit	117	163	227	140	647	98	146	148
	No. of placed workers	799	896	993	1,001	3,689	834	1,065	881
Overseas Engineering Outsourcing Business	Revenue	2,399	6,121	5,992	6,510	21,022	6,491	7,069	7,711
	Operating profit	81	206	240	161	688	164	291	388
	No. of worksite employees at term-end	882	1,778	1,787	1,836	1,836	1,893	2,038	2,132
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	4,252	7,529	8,932	11,437	32,150	20,612	20,924	22,351
	Operating profit	(48)	272	384	768	1,376	954	681	1,273
	No. of worksite employees at term-end	16,352	19,647	22,097	24,290	24,290	31,953	32,219	33,024
Other Business	Revenue	230	152	113	105	600	124	110	113
	Operating profit	11	3	(9)	33	38	8	(8)	16
	No. of worksite employees at term-end	4	4	4	4	4	4	5	5
Adjustments	Operating profit	(96)	(244)	(573)	(558)	(1,471)	(143)	(10)	(189)
Total	Revenue	24,796	32,584	35,927	40,976	134,283	50,238	55,573	59,704
	Operating profit	635	1,732	1,580	1,616	5,563	1,447	2,115	3,295

Revenue by Region (¥ million)	FY12/16 Actual Q1	Q2	Q3	Q4	Full-Year	FY12/17 Actual Q1	Q2	Q3
Japan	18,145	18,934	21,003	23,029	81,111	23,135	27,580	29,642
Asia (excl. Japan)	3,365	3,096	3,104	3,628	13,193	4,232	4,500	4,751
Oceania	1,420	8,444	7,959	9,256	27,079	8,685	9,540	10,178
Europe	889	1,256	2,987	3,867	8,999	12,922	12,866	14,030
South America	977	854	874	1,196	3,901	1,264	1,087	1,103
Total	24,796	32,584	35,927	40,976	134,283	50,238	55,573	59,704

*1: The amounts shown are rounded off to the nearest million yen.

*2: Inter-segment transactions in revenue by region are eliminated.

Consolidated Financial Results for Q3 FY12/17 (IFRS)

Summary of Consolidated Statement of Financial Position

(¥ million)	FY12/16-End		Q3-End FY12/17		YoY Changes
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
Current assets	**36,251**	**40.1%**	**56,324**	**46.7%**	**20,074**
(Cash and cash equivalents)	11,746	13.0%	18,125	15.0%	6,379
(Trade and other receivables)	21,006	23.2%	32,671	27.1%	11,666
(Inventories)	808	0.9%	1,316	1.1%	509
Non-current assets	**54,104**	**59.9%**	**64,218**	**53.3%**	**10,113**
Property, plant and equipment	4,994	5.5%	6,777	5.6%	1,782
Goodwill	26,315	29.1%	40,631	33.7%	14,316
Intangible assets	8,640	9.6%	8,421	7.0%	(220)
Other non-current financial assets	9,671	10.7%	2,585	2.1%	(7,086)
Total assets	**90,355**	**100.0%**	**120,542**	**100.0%**	**30,187**
Current liabilities	**45,319**	**50.2%**	**54,152**	**44.9%**	**8,833**
(Trade and other payables)	13,763	15.2%	24,619	20.4%	10,856
(Bonds and borrowings)	24,375	27.0%	18,259	15.1%	(6,117)
(Income tax payables)	948	1.0%	4,124	3.4%	3,177
Non-current liabilities	**30,104**	**33.3%**	**38,476**	**31.9%**	**8,373**
(Bonds and borrowings)	21,114	23.4%	29,573	24.5%	8,460
Total liabilities	**75,423**	**83.5%**	**92,628**	**76.8%**	**17,206**
Share capital	1,759	1.9%	7,115	5.9%	5,355
Share premium	3,502	3.9%	7,208	6.0%	3,706
Treasury shares	(0)	0.0%	(0)	0.0%	0
Retained earnings	8,333	9.2%	11,097	9.2%	2,763
Equity attributable to owners of the Company	**12,630**	**14.0%**	**26,145**	**21.7%**	**13,515**
Non-controlling interests	**2,302**	**2.5%**	**1,769**	**1.5%**	**(534)**
Equity	**14,932**	**16.5%**	**27,914**	**23.2%**	**12,982**
Total liabilities and equity	**90,355**	**100.0%**	**120,542**	**100.0%**	**30,187**

Trade and other receivables:

Increased from acquisition of subsidiaries' shares and business scale expansion, etc.

Goodwill:

Increased from acquiring subsidiaries' shares

Trade and other payables:

Increased from acquisition of subsidiaries' shares and business scale expansion, etc.

Share capital/Share premium:

Increased from the exercise of subscription rights to shares

*The amounts shown are rounded off to the nearest million yen.

Consolidated Financial Forecasts for FY12/17 (IFRS)

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for FY12/17 Consolidated Financial Forecasts

(¥ million)	FY12/16 Actual Full-Year		FY12/17 Actual 1H		FY12/17 Initial Forecasts				YoY Changes	
					1H	2H	Full-Year			
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Amount	Amount	Composition Ratio	Amount	Ratio
Revenue	**134,283**	**100.0%**	**105,811**	**100.0%**	**97,000**	**116,000**	**213,000**	**100.0%**	**78,717**	**58.6%**
Cost of sales	106,519	79.3%	86,035	81.3%	-	-	-	-	-	-
Gross profit	**27,764**	**20.7%**	**19,776**	**18.7%**	**-**	**-**	**-**	**-**	**-**	**-**
SG&A expenses	21,649	16.1%	16,401	15.5%	-	-	-	-	-	-
Operating profit	**5,563**	**4.1%**	**3,562**	**3.4%**	**2,900**	**6,600**	**9,500**	**4.5%**	**3,937**	**70.8%**
Finance income	57	0.0%	227	0.2%	-	-	-	-	-	-
Finance costs	741	0.6%	548	0.5%	-	-	-	-	-	-
Profit before tax	**4,879**	**3.6%**	**3,241**	**3.1%**	**2,600**	**6,300**	**8,900**	**4.2%**	**4,021**	**82.4%**
Profit for the period	**3,388**	**2.5%**	**1,879**	**1.8%**	**1,600**	**4,200**	**5,800**	**2.7%**	**2,412**	**71.2%**
Profit attributable to owners of the Company	**2,977**	**2.2%**	**1,529**	**1.4%**	**1,400**	**3,700**	**5,100**	**2.4%**	**2,122**	**71.3%**

*The amounts shown are rounded off to the nearest million yen.

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for Financial Forecasts by Operating Segment (Annual and Semi-Annual Trends)

(¥ million)		FY12/16				FY12/17				
		Actual				Actual	Initial Forecasts			
		1H	2H	Full-Year		1H	1H	2H	Full-Year	
		Amount	Amount	Amount	Composition Ratio	Amount	Amount	Amount	Amount	Composition Ratio
Domestic Engineering Outsourcing Business	Revenue	18,821	21,361	40,182	29.9%	23,315	22,439	26,227	48,666	22.8%
	Operating profit	869	2,067	2,936	52.8%	743	1,130	2,748	3,879	40.8%
	No. of worksite employees at term-end	5,720	6,066	6,066	-	7,161	6,681	8,456	8,456	-
Domestic Manufacturing Outsourcing Business	Revenue	15,452	19,156	34,608	25.8%	21,258	20,657	23,852	44,509	20.9%
	Operating profit	1,014	315	1,329	23.9%	337	929	1,401	2,330	24.5%
	No. of worksite employees at term-end	7,482	9,033	9,033	-	10,293	10,010	13,097	13,097	-
Domestic Service Operations Outsourcing Business	Revenue	1,475	1,995	3,470	2.6%	4,624	3,189	8,912	12,101	5.7%
	Operating profit	(80)	(178)	(258)	-4.6%	253	12	480	492	5.2%
	No. of worksite employees at term-end	1,521	1,609	1,609	-	2,503	2,435	3,836	3,836	-
Domestic Administrative Outsourcing Business	Revenue	356	517	873	0.7%	436	427	671	1,098	0.5%
	Operating profit	99	179	278	5.0%	48	229	473	702	7.4%
	No. of outsourcing administrative workers at term-end	1,401	1,478	1,478	-	3,480	4,400	5,900	5,900	-
Domestic Recruiting and Placing Business	Revenue	593	785	1,378	1.0%	848	762	739	1,501	0.7%
	Operating profit	280	367	647	11.6%	244	179	123	302	3.2%
	No. of placed workers	1,695	1,994	3,689	-	1,899	1,765	1,986	3,751	-
Overseas Engineering Outsourcing Business	Revenue	8,520	12,502	21,022	15.7%	13,560	11,425	13,420	24,845	11.7%
	Operating profit	287	401	688	12.4%	455	383	774	1,157	12.2%
	No. of worksite employees at term-end	1,778	1,836	1,836	-	2,038	1,856	1,982	1,982	-
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	11,781	20,369	32,150	23.9%	41,536	37,776	41,869	79,645	37.4%
	Operating profit	224	1,152	1,376	24.7%	1,635	1,083	1,924	3,007	31.7%
	No. of worksite employees at term-end	19,647	24,290	24,290	-	32,219	34,146	39,456	39,456	-
Other Business	Revenue	382	218	600	0.4%	234	325	310	635	0.3%
	Operating profit	14	24	38	0.7%	0	(101)	(197)	(298)	-3.1%
	No. of worksite employees at term-end	4	4	4	-	5	5	5	5	-
Adjustments	Operating profit	(340)	(1,131)	(1,471)	-26.5%	(153)	(945)	(1,126)	(2,071)	-21.8%
Total	Revenue	57,380	76,903	134,283	100.0%	105,811	97,000	116,000	213,000	100.0%
	Operating profit	2,367	3,196	5,563	100.0%	3,562	2,900	6,600	9,500	100.0%

*1: The amounts shown are rounded off to the nearest million yen.
*2: Inter-segment transactions in revenue are eliminated.
Note: For Domestic Engineering Outsourcing Business, the number of worksite employees at term-end of FY12/17 initial forecasts were calculated incorrectly, and has been revised.

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for Financial Forecasts by Operating Segment (Quarterly Trends)

(¥ million)		FY12/16					FY12/17							
		Actual					Actual			Initial Forecasts				
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Full-Year
Domestic Engineering Outsourcing Business	Revenue	8,971	9,850	10,318	11,043	40,182	11,279	12,036	13,174	11,214	11,225	12,232	13,995	48,666
	Operating profit	303	566	845	1,222	2,936	332	411	991	376	755	1,092	1,656	3,879
	No. of worksite employees at term-end	5,029	5,720	5,844	6,066	6,066	6,286	7,161	7,956	6,264	6,681	7,390	8,456	8,456
Domestic Manufacturing Outsourcing Business	Revenue	7,899	7,553	8,912	10,244	34,608	10,344	10,914	11,825	10,026	10,631	11,087	12,765	44,509
	Operating profit	296	718	124	191	1,329	47	290	303	361	569	661	740	2,330
	No. of worksite employees at term-end	7,195	7,482	9,033	9,033	9,033	9,478	10,293	10,684	9,389	10,010	10,754	13,097	13,097
Domestic Service Operations Outsourcing Business	Revenue	617	858	979	1,016	3,470	823	3,801	3,813	824	2,365	3,639	5,273	12,101
	Operating profit	(64)	(16)	260	(438)	(258)	(22)	275	310	1	11	170	310	492
	No. of worksite employees at term-end	1,710	1,521	1,557	1,609	1,609	1,762	2,503	2,803	1,798	2,435	3,765	3,836	3,836
Domestic Administrative Outsourcing Business	Revenue	149	207	263	254	873	198	238	292	184	243	306	365	1,098
	Operating profit	35	64	82	97	278	9	39	55	82	147	208	265	702
	No. of outsourcing administrative workers at term-end	1,438	1,401	1,500	1,478	1,478	3,381	3,480	4,095	3,600	4,400	5,150	5,900	5,900
Domestic Recruiting and Placing Business	Revenue	279	314	418	367	1,378	367	481	425	314	448	381	358	1,501
	Operating profit	117	163	227	140	647	98	146	148	28	151	58	65	302
	No. of placed workers	799	896	993	1,001	3,689	834	1,065	881	855	910	1,035	951	3,751
Overseas Engineering Outsourcing Business	Revenue	2,399	6,121	5,992	6,510	21,022	6,491	7,069	7,711	5,374	6,051	6,733	6,687	24,845
	Operating profit	81	206	240	161	688	164	291	388	156	227	385	389	1,157
	No. of worksite employees at term-end	882	1,778	1,787	1,836	1,836	1,893	2,038	2,132	1,723	1,856	1,916	1,982	1,982
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	4,252	7,529	8,932	11,437	32,150	20,612	20,924	22,351	18,946	18,830	20,473	21,396	79,645
	Operating profit	(48)	272	384	768	1,376	954	681	1,273	738	345	1,015	909	3,007
	No. of worksite employees at term-end	16,352	19,647	22,097	24,290	24,290	31,953	32,219	33,024	32,549	34,146	38,504	39,456	39,456
Other Business	Revenue	230	152	113	105	600	124	110	113	218	107	149	161	635
	Operating profit	11	3	(9)	33	38	8	(8)	16	(39)	(62)	(93)	(104)	(298)
	No. of worksite employees at term-end	4	4	4	4	4	4	5	5	4	5	5	5	5
Adjustments	Operating profit	(96)	(244)	(573)	(558)	(1,471)	(143)	(10)	(189)	(432)	(512)	(517)	(609)	(2,071)
Total	Revenue	24,796	32,584	35,927	40,976	134,283	50,238	55,573	59,704	47,100	49,900	55,000	61,000	213,000
	Operating profit	635	1,732	1,580	1,616	5,563	1,447	2,115	3,295	1,270	1,630	2,980	3,620	9,500

*1: The amounts shown are rounded off to the nearest million yen.
*2: Inter-segment transactions in revenue are eliminated.
Note: For Domestic Engineering Outsourcing Business, the number of worksite employees at term-end of FY12/17 initial forecasts were calculated incorrectly, and has been revised.

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for Financial Forecasts by Region (Annual and Semi-Annual Trends)

(¥ million)	FY12/16 Actual				FY12/17 Actual	FY12/17 Initial Forecasts			
	1H	2H	Full-Year	Composition Ratio	1H	1H	2H	Full-Year	Composition Ratio
Japan	37,079	44,032	81,111	60.4%	50,715	47,799	60,711	108,510	50.9%
Asia (excl. Japan)	6,461	6,732	13,193	9.8%	8,732	7,636	8,966	16,602	7.8%
Oceania	9,864	17,215	27,079	20.2%	18,225	15,269	18,120	33,389	15.7%
Europe	2,145	6,854	8,999	6.7%	25,788	24,446	26,289	50,735	23.8%
South America	1,831	2,070	3,901	2.9%	2,351	1,850	1,914	3,764	1.8%
Total	57,380	76,903	134,283	100.0%	105,811	97,000	116,000	213,000	100.0%

Summary for Financial Forecasts by Region (Quarterly Trends)

(¥ million)	FY12/16 Actual					FY12/17 Actual			FY12/17 Initial Forecasts				
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Full-Year
Japan	18,145	18,934	21,003	23,029	81,111	23,135	27,580	29,642	22,780	25,019	27,794	32,917	108,510
Asia (excl. Japan)	3,365	3,096	3,104	3,628	13,193	4,232	4,500	4,751	3,735	3,901	4,353	4,613	16,602
Oceania	1,420	8,444	7,959	9,256	27,079	8,685	9,540	10,178	7,202	8,067	8,841	9,279	33,389
Europe	889	1,256	2,987	3,867	8,999	12,922	12,866	14,030	12,393	12,053	13,114	13,175	50,735
South America	977	854	874	1,196	3,901	1,264	1,087	1,103	990	860	898	1,016	3,764
Total	24,796	32,584	35,927	40,976	134,283	50,238	55,573	59,704	47,100	49,900	55,000	61,000	213,000

*1: The amounts shown are rounded off to the nearest million yen.
*2: Inter-segment transactions in revenue are eliminated.

Domestic Recruitment Plan for FY12/17

Annual and Semi-Annual Trends

		FY12/16 Actual			FY12/17 Actual	FY12/17 Initial Forecasts	
		1H	2H	Full-Year	1H	2H	Full-Year
Engineering	**No. of workers recruited (persons)**	**1,482**	**878**	**2,360**	**1,803**	**939**	**2,327**
	Recruitment unit price (¥/worker)	206,814	309,956	245,186	346,039	317,771	291,641
Manufacturing	**No. of workers recruited (persons)**	**2,819**	**4,724**	**7,543**	**3,888**	**5,584**	**9,074**
	Recruitment unit price (¥/worker)	73,466	47,353	57,112	64,349	34,048	46,703
Service Operations	**No. of workers recruited (persons)**	**1,478**	**1,181**	**2,659**	**2,182**	**2,960**	**5,021**
	Recruitment unit price (¥/worker)	13,934	12,559	13,323	14,741	21,711	22,441
Recruiting and Placing	**No. of workers recruited (persons)**	**1,695**	**1,994**	**3,689**	**1,899**	**1,986**	**3,751**
	Recruitment unit price (¥/worker)	127,053	133,819	130,710	131,245	143,541	151,218

Quarterly Trends

		FY12/16 Actual					FY12/17 Actual			FY12/17 Initial Forecasts	
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year
Engineering	**No. of workers recruited (persons)**	**532**	**950**	**436**	**442**	**2,360**	**475**	**1,328**	**1,134**	**449**	**2,327**
	Recruitment unit price (¥/worker)	394,709	101,593	288,644	330,977	245,186	638,072	241,584	277,031	312,704	291,641
Manufacturing	**No. of workers recruited (persons)**	**1,159**	**1,660**	**3,202**	**1,522**	**7,543**	**1,729**	**2,159**	**1,994**	**3,481**	**9,074**
	Recruitment unit price (¥/worker)	82,432	67,207	39,770	63,307	57,112	73,625	56,920	70,294	20,166	46,703
Service Operations	**No. of workers recruited (persons)**	**687**	**791**	**618**	**563**	**2,659**	**598**	**1,584**	**1,232**	**974**	**5,021**
	Recruitment unit price (¥/worker)	16,079	12,071	9,663	15,737	13,323	25,346	10,737	18,630	32,590	22,441
Recruiting and Placing	**No. of workers recruited (persons)**	**799**	**896**	**993**	**1,001**	**3,689**	**834**	**1,065**	**881**	**951**	**3,751**
	Recruitment unit price (¥/worker)	137,164	118,036	137,779	129,891	130,710	146,327	119,434	149,185	135,271	151,218

M&A Policy

Out-Sourcing! inc.

M&A Policy

Currently, Domestic Manufacturing Outsourcing Business is strong, however, in the past the manufacturing sector has seen high volatility and has been subject to a major reset on a cycle every 7-10 years due to change in the environment.

⇒ For the purpose of smoothing out financial results and expanding the scale of business, the Company has implemented an M&A strategy into new business areas that are not impacted by changes in the environment and economy on a global scale.

Internal rules for implementing M&A transactions

- Has synergies with the OUTSOURCING Group and is expected to post high growth going forward
- Acquisition cost is held within 7 times current EBITDA

⇒ Implemented many M&A transactions in 2015-2016 for the aforementioned purposes

2017-2018 is positioned as a period for establishing a business structure for building global governance and optimizing synergies, shortening the period for recouping investments and improving the financial position, a strategic base-building step toward the next leap forward.

Once the Company can confirm the route to recouping investments and improving its financial position, it plans to resume M&A on a global scale.

Strengthening Group's Governance

Out-Sourcing! inc.

Strengthening Group's Governance

2017 Global governance project initiative

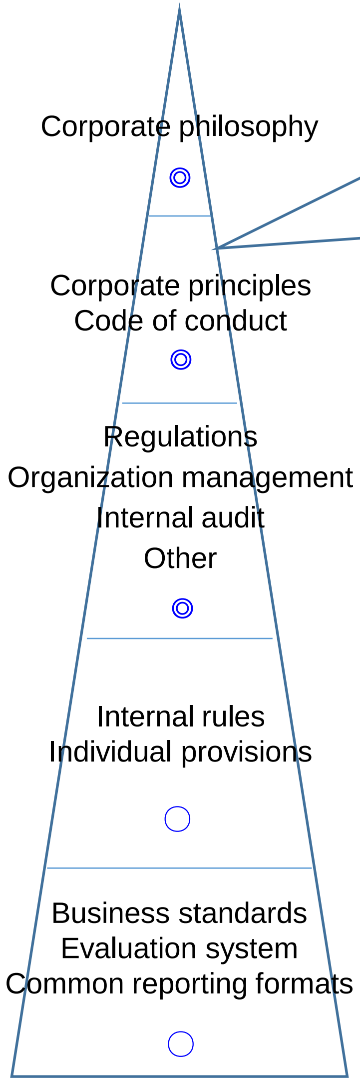
In FY2017, implementing an initiative to strengthen governance for mainly the overseas group companies

Key Challenges

- Re-designing global governance policies
- Establishing a base for risk management
- Further strengthening the financial reporting function
- Building a base for information systems security
- Thorough compliance system

Re-designing global governance policies

◆Governance system for domestic companies



- ■ Regarding the head office, the corporate governance system including corporate philosophy, code of conduct, organization structure, regulations, internal audit, internal reporting system, and education and training system has been established and completed.
- ■ Certain provisions for domestic subsidiaries are under ongoing improvement

■ Necessity for designing global governance policies

- With respect to overseas subsidiaries, it is necessary to strengthen the mechanism for internal controls, risk management, compliance and monitoring, etc. based on global governance policies led by the head office.

Initiative progress status:

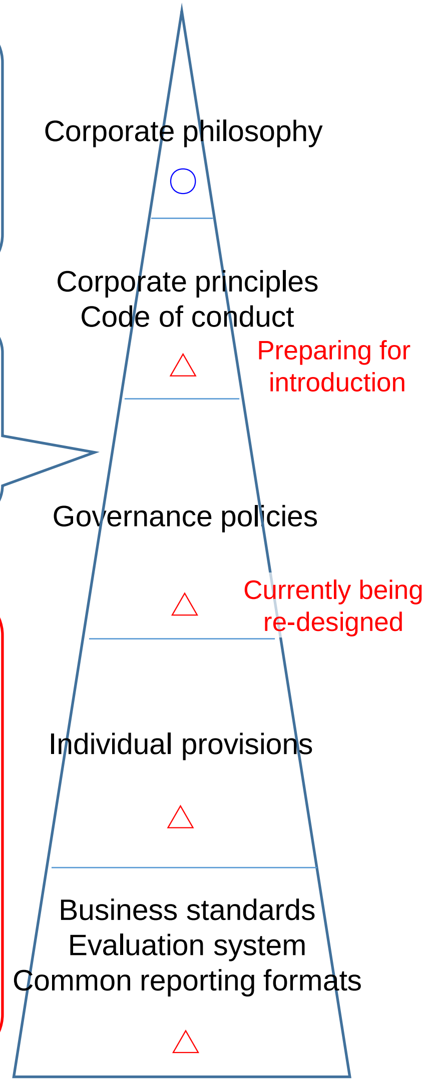
■ Continuing to promote the general design of the policy body and global internal control standards manual

■ Revision of the Code of conduct on Corporate principles and introduction into overseas group companies

- In order to respond to globalization, part of the current Code is being integrated and expanded, and revision work promoting broader contents is currently underway

→ This will be completed by the end of November 2017, and introduced into overseas group companies in succession

◆Overseas governance pyramid



Establishing a base for risk management

■ Necessity for establishing a base for risk management

- To centralize management of critical risks to business continuity
- To ensure that risk measures are definitely implemented and monitored
- To recognize risks in the M&A process and lead to decisions for or against

Initiative progress status:

■ Completed risk maps for certain overseas group companies

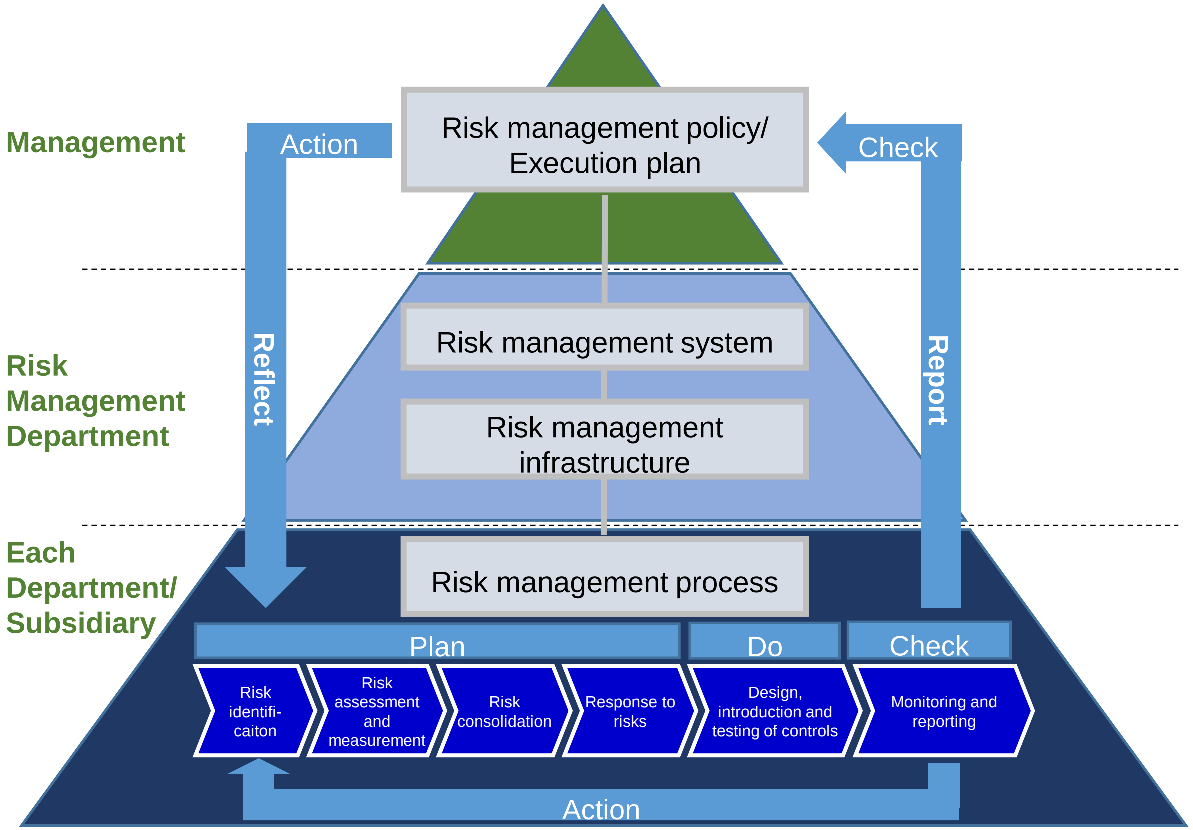
- Among major overseas group companies, completed risk maps for 4 companies
  →Finished narrowing down critical risks to be monitored by the head office
- Continuing discussions with other overseas companies on their risk questionnaires and creation of risk maps

■ Initiatives utilizing risk questionnaires are taking shape

- Utilizing governance due diligence when pursuing new M&A deals

■ Risk management structure

- Established a defense line, and started consideration of the structure



Strengthening Group's Governance

Further strengthening of the financial reporting function

■ Necessity for further strengthening of the financial reporting function

- To respond to issues that have arisen and items that require improvement from IFRS accounts settlement work newly introduced in FY12/16
- To speed up and stabilize financial results reporting through revising the consolidation package and improving work flow in response to requests from the overseas group companies
- To conform to new IFRS standards going into effect in 2018

Initiative progress status:

■ Speeding up and stabilization of book closing

- Finished factor analysis of issues that arose in FY12/16 during IFRS account settlement work

  →Creating new provisions and a new package that clarifies the division of work between the head office and group companies (to be introduced on full-year financial results)

■ Conforming to new IFRS standards

- Confirming the impact on accounting treatment under the new standard

  →Regarding issues that require response from the results of verification, required measures are being implemented during FY12/17.

■ Strengthening staff

- Increasing staff with overseas accounting experience; further augmenting ongoing hiring activities

Building a base for information systems security

■ Necessity for building a base for information systems security

- To raise corporate value by lowering risk of information leaks through strengthening information security at both the OS head office and group subsidiaries globally

Initiative progress status:

■ Launching a new project

- The project to build a global information security infrastructure that can be shared by the entire group in the cloud using Microsoft’s Office 365 kicked off on September 7.
  →Basic design and construction of the operating environment has been finished, and it is currently being rolled out to pilot users for verification of operations

Thorough compliance system

■ Necessity for a thorough compliance system

- To respond to strengthening anti-corruption (anti-bribery) and personal information protection in the U.S. and Europe
- To respond to the need for raising awareness of anti-corruption in Asia where awareness is particularly low

Initiative progress status:

■ Training workshops on Anti-Corruption Policy are being conducted

- September 21, 26: head office and domestic group companies, October 2: Vietnam, October 3, 4: Thailand, October 5: India, October 20: Okinawa (AEC), October 24: Indonesia, and October 25, 26: Malaysia
- Going forward, training is planned for China, Hong Kong and Chile
- An overseas Compliance Officer has been appointed, and working together with the head office Legal Department and overseas law offices, activities to spread awareness will continue to be promoted

Strengthening Group’s Governance

2017 Global governance project initiative <Timeline>

Item	-Jun.	Jul.-Sep.	Oct.-Dec. (Present)	2018-
◆**Designing global governance policies**	Ascertaining the current situation of all overseas subsidiaries and formulating basic policy	Overview design	Detailed design Preparing internal control standards Pilot introduction	Roll out sequentially to all companies PDCA & Monitoring
◆**Establishing a base for risk management**	Ascertaining the current situation of all overseas subsidiaries Task extraction	Making risk maps	Consider the structure Pilot introduction Preparation for use on new M&A transactions	Roll out firm-wide PDCA & Monitoring
◆**Further strengthening of financial reporting function**	Task extraction in IFRS account settlement work Revision and improvement of the consolidation package and work flow Conforming to new IFRS standards Formulate new accounting regulations		Pilot introduction Review	Roll out firm-wide PDCA & Monitoring
◆**Building a base for information systems security**	Information gathering Preparations prior to the project launch	Global information security base Construction project		
◆**Through compliance system**	Preparing Anti-Corruption Policy Consider training planning and ongoing promotion structure	Head office training commenced	Roll out to all Asian group companies, PDCA & monitoring Respond to other compliance risks	

References

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Medium-Term Management VISION 2020: Tackling New Frontiers

Vision for Medium-Term Management Plan

Establish a tenacious group that is not affected by
any type of economic fluctuation or changes
in the natural environment,
aiming at employment stability

The Company aims to achieve growth on a different dimension through taking maximum risk and making aggressive challenges in response to demand arising from legal and regulatory changes and structural reforms occurring on a global scale

Numerical Targets

Unit: ¥ billion	J-GAAP FY12/15 MTP	IFRS FY12/16 MTP	IFRS FY12/17 MTP	IFRS FY12/18 MTP	IFRS FY12/19 MTP	IFRS FY12/20 MTP
Consolidated revenue	* 74.0	132.5	201.0	274.0	346.0	441.0
EBITDA	-	7.0	12.4	17.5	23.6	34.4

Unit: ¥ billion	J-GAAP FY12/14 Actual	J-GAAP FY12/15 Actual	IFRS FY12/16 Actual	IFRS FY12/17 Initial forecasts
Consolidated revenue	59.4	80.8	134.3	213.0
EBITDA	-	4.5	7.2	-

*Medium-Term Management Plan announced on February 20, 2015

MTP: Medium-Term Management Plan

2016.12.14 Medium-Term Management Plan partially revised: Strategies

Growth scenario through building a fortified financial position

Fiscal Year	Strategies
FY12/16	M&A-related investment funds exceeded ¥43.0 billion (including Orizon and a portion of AEC), with loans from financial institutions increasing, and the shareholders' equity ratio dipping in the lower 10% range.
FY12/17	・Including the equity financing from January, the shareholders' equity ratio is expected to recover to the mid-20%. ・Hold deals of large-scale M&A transactions planned for FY12/17, shortening the initially assumed period for recouping investments with maximizing synergy with already acquired companies, and build a road to 14% organic net sales growth during the fiscal year in medium-term plan. ・FY12/17 initial full-year forecasts for net profit is ¥5.1 billion.
FY12/18	The Company is building a fortified financial position through shortened recouping period, targeting FY12/18 full-year net profit over ¥8.0 billion, and aim at achieving the shareholders' equity ratio over 30%.
FY12/19	・On the back of a fortified financial position, implementing M&A on the same scale as FY12/16 of around ¥50.0 billion in revenue. ・The Company is putting in place a structure that can generate real adjusted net profit of over ¥10.0 billion.
FY12/20	On the back of a fortified financial position, implementing M&A on the same scale as FY12/16 of around ¥50.0 billion in revenue. ＊Achieving consolidated net sales of ¥360.0 billion through organic growth of approximately 20% from FY12/18.

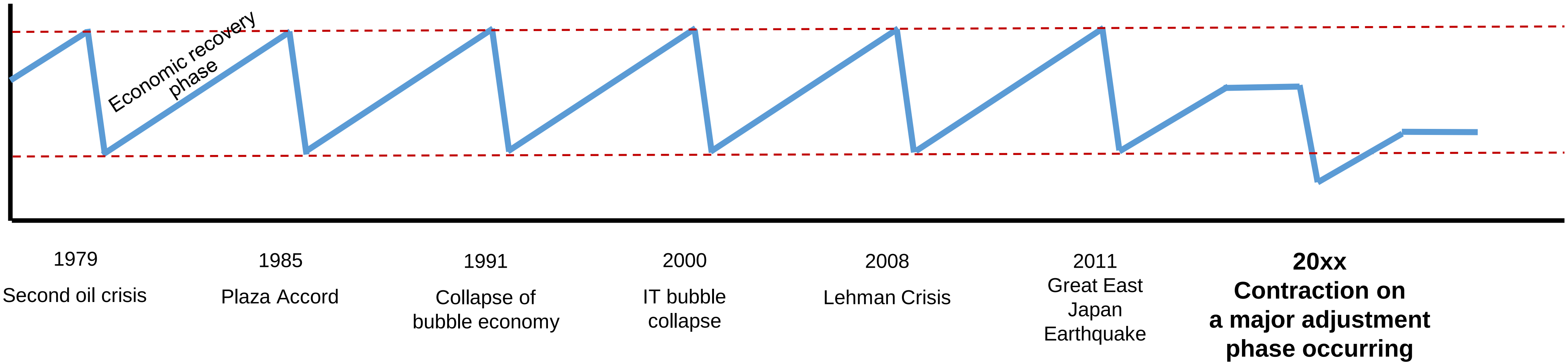
OUTSOURCING Inc. was founded as a manufacturing outsourcing company

For human resource services, increase the workers is directly linked to revenue growth.

⇒ Outsourcing business in manufacturing in the past achieved growth by repeating the process of winning orders from makers to meet production hike needs, recruiting through recruitment media and hiring as fixed-term contract workers, and terminating employment on contract expiry during production cutbacks.

- In the past since the labor market was abundant, even if sales declined by half due to mass layoffs during a major adjustment phase, employment could be restored to the previous level through re-hiring to meet increased staff needs during an economic recovery phase.
- Since the current labor market is extremely tight and recruitment cost has become expensive, it is not possible to recover employment to the previous level during an economic recovery phase following a major adjustment, resulting in contraction on a new adjustment phase.

In the past adjustments and economic recoveries fluctuated within a certain range, while, under current labor market conditions, it is not possible to restore employment to the previous level. (conceptual diagram)



The Company has determined that growth schemes in the past have become obsolete, sees revisions of labor-related laws as a major business opportunity, and is achieving major growth through its proprietary PEO Scheme.

Summary of revisions to labor-related laws in Japan

1. The Revised Labor Contracts Act Enforced in April 2013

- Requiring employers to convert fixed-term contracts to regular employments when requested by fixed-term contract employees after 5 consecutive years of services

2. The Revised Worker Dispatching Act Enforced in September 2015

- Requiring dispatch business operators to secure employment stabilization measures for dispatched workers at the expiration of dispatching period *Partly obligation to make efforts
- Abolishing specified works had no restriction on period and limiting up to 3 years for dispatching all fixed-term contract employees employed by dispatch business operators to the same workplace
- No restriction on period for regular worker dispatching
- For dispatch business operators, planned education and training for dispatched workers and career consulting for those who desire it become mandatory
- Specified worker dispatching undertaking (notification system) is abolished, and all worker dispatching undertakings come under a license system. *Tightened the terms of license permissions

In Japan, revision of labor-related laws is expanding growth opportunities for the Company

Needs arising from the Revised Labor Contracts Act

Until now, makers have used contract renewal for directly hired fixed-term contract employees for the long-term cycle in the area of production fluctuation, however, from 2018, 5 years after the Revised Labor Contracts Act was enacted, this will no longer be possible, creating needs to deal with the revision.

Growth opportunities for the Company

■ PEO Scheme for fixed-term contract employees directly hired by makers where the previous employment system is no longer possible → P.38,39

■ Increasing adoption of technical intern trainee as replacements for fixed-term contract employees directly hired by makers → P.42

*PEO = Professional Employer Organization

Needs arising from the Revised Worker Dispatching Act

- There are many SMEs among engineer dispatch business operator, and many will find it difficult to continue business in light of new approval requirement for dispatching undertaking, resulting in a weeding out of smaller players in the industry which can not obtain necessary approval, creating needs in response.
- Since it is difficult to make long-term dispatching employees into full-time employees in avoiding risk on renewing fixed-term contract employment contracts, there are needs arising from the growing shortage of engineers due to engineers leaving company to be supplied with dispatched employees and those being let go on maturation of employment periods.

Growth opportunities for the Company

■ Picking up dispatch business operators being weeded out through industry consolidation as a result of being unable to acquire the necessary approval under the Revised Worker Dispatching Act

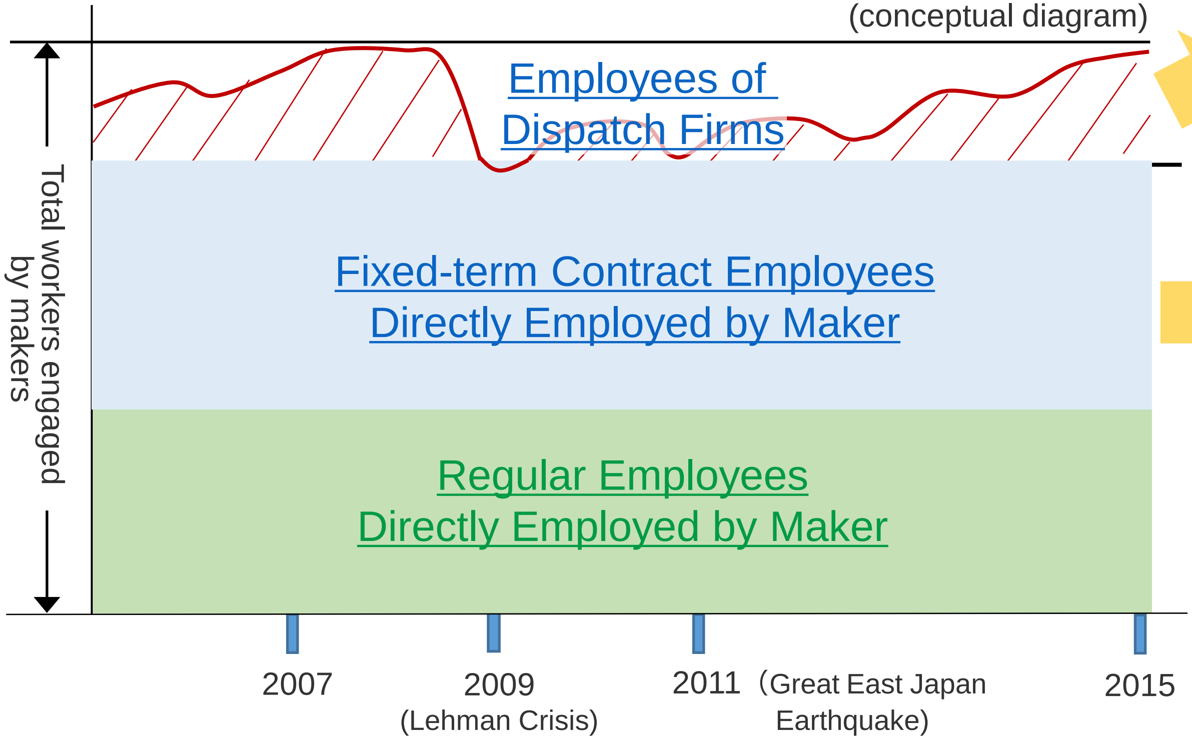
■ Scheme using the Group's KEN School to deal with the growing shortage of engineers arising from the Revised Worker Dispatching Act

P.41

Manufacturing Outsourcing Business (in Japan): Accelerate responding to newly emerging demand pursuant to the Revised Labor Contracts Act

The PEO Scheme supporting the system of fixed-term contract employees directly employed by makers, which makers get difficult to hire

■Composition of production personnel for major automobile makers (conceptual diagram)



Adjustment domain for short-term cycle

- Labor-intensive business field by unskilled workers.
- Core activities of domestic manufacturing outsourcing service providers.

The Company is converting its business domain

Adjustment domain preparing for low probability risks such as product withdrawal

- Makers invest in training and honing the skills of engineers, which improves efficiency.

Revisions to the Labor Contracts Act and the Worker Dispatching Act

■Fixed-term contract employees directly employed by makers are limited to 5 years.

■There is no term limit for dispatch of regular employees.

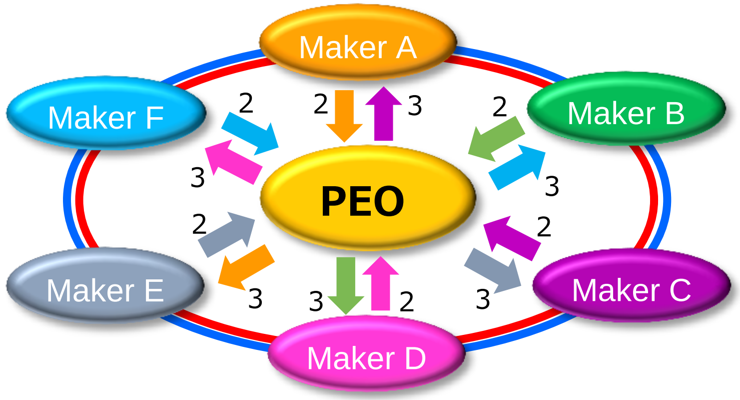
New market where the valid method for dispatch business operators is as full-time employees.

The Company is breaking away from the short-term cycle business area where makers utilize dispatching service, and converting to the long-term cycle area where makers utilize direct employment of fixed-term contract employees.

Manufacturing Outsourcing Business (in Japan): Accelerate responding to newly emerging demand pursuant to the Revised Labor Contracts Act

The PEO Scheme supporting the system of fixed-term contract employees directly employed by makers, which makers get difficult to hire

1. Makers participate in the PEO Scheme run by the Group
2. Fixed-term contract employees directly hired by makers are transferred to PEO as full-time employees
3. Dispatching from PEO as full-time employees who can be used by makers on a long-term basis



Makers participating in PEO: approximately 150 companies
⇒ Up from approximately 30 companies (20%) as of the end of FY12/16 utilizing PEO

As a result of the Revised Labor Contracts Act, the rate of progress of PEO utilization will rise substantially going into 2018

[Benefits for the Group from the PEO Scheme]

- Expense of using recruitment media for hiring is unnecessary
- Contract periods with maker clients will lengthen since this is replacing maker fixed-term contract employees for the long-term cycle in the area of production fluctuation
- Compared with temporary placement for the short-term cycle in the area of production fluctuation, contract unit prices with makers increase by approximately 30%

2016.12.14 Medium-Term Management Plan partially revised: Strategies

Going forward, as a strategy to achieve V-shaped earnings recovery during an economic recovery phase following the Group managing to remain in positive earnings overall even while maintaining employment of PEO employees during a major economic adjustment, the Group on a global scale is moving into business fields which have a different cycle from manufacturing, and fields which are less susceptible to impact from the business cycle and changes in the environment.

Engineering Outsourcing Business (in Japan): accelerating dealing with needs arising from the Revised Worker Dispatching Act

Dealing with displacements as a result of industry consolidation under the Revised Worker Dispatching Act

- Specified dispatching business that only required registration disappears, with all firms falling under an approval system where requirements have become strict, and since an estimated 80% of the approximately 6,000 dispatch business operators are likely to be unable to acquire the necessary approval, the Company is increasing acquisition of dispatch business operators as a result of industry consolidation

Dealing with the growing shortage of engineers needs arising from the Revised Worker Dispatching Act through use of the KEN School

The Group's KEN School
⇒ Engineer training curriculums are jointly developed with telecom carriers and major general contractors

- Using this curriculum, staff hired with low technical skills undergo training for 2 months, and are then assigned to appropriate worksites with contract unit prices reduced slightly, and use of this scheme is being expanded.
- Training is continued after assignment, officially making a career change as an engineer after 1 year, and contract unit prices are hiked by 30%.

View of a school classroom

2016.12.14 Medium-Term Management Plan partially revised: Strategies

Administrative Outsourcing Business (in Japan): Accelerate responding to newly emerging demand pursuant to the Revised Labor Contracts Act

Technical Intern Training Program to replace fixed-term contract employees whom makers get difficult to hire due to the Revised Labor Contracts Act

Many makers who take on technical intern trainee do not have the know-how for things like company housing contracts and their administration or managing everyday living, however, the Group has extensive experience and know-how from similar administration work on consignment of maker fixed-term contract employees, and through working together with each group company throughout Asia, a network capable of handling local languages and cultures, and the Group is expanding Administrative Outsourcing Business.

*Technical intern trainee (internships up to a maximum 5 years)
Based on the Japanese government's Technical Intern Training Program, makers hire foreigners mainly from Asian countries as technical interns, with the objective of utilizing these interns locally after their internship periods are completed and return to their home countries.

Businesses for US military bases (in Japan and Overseas): Developing business into the Pacific Rim and North America

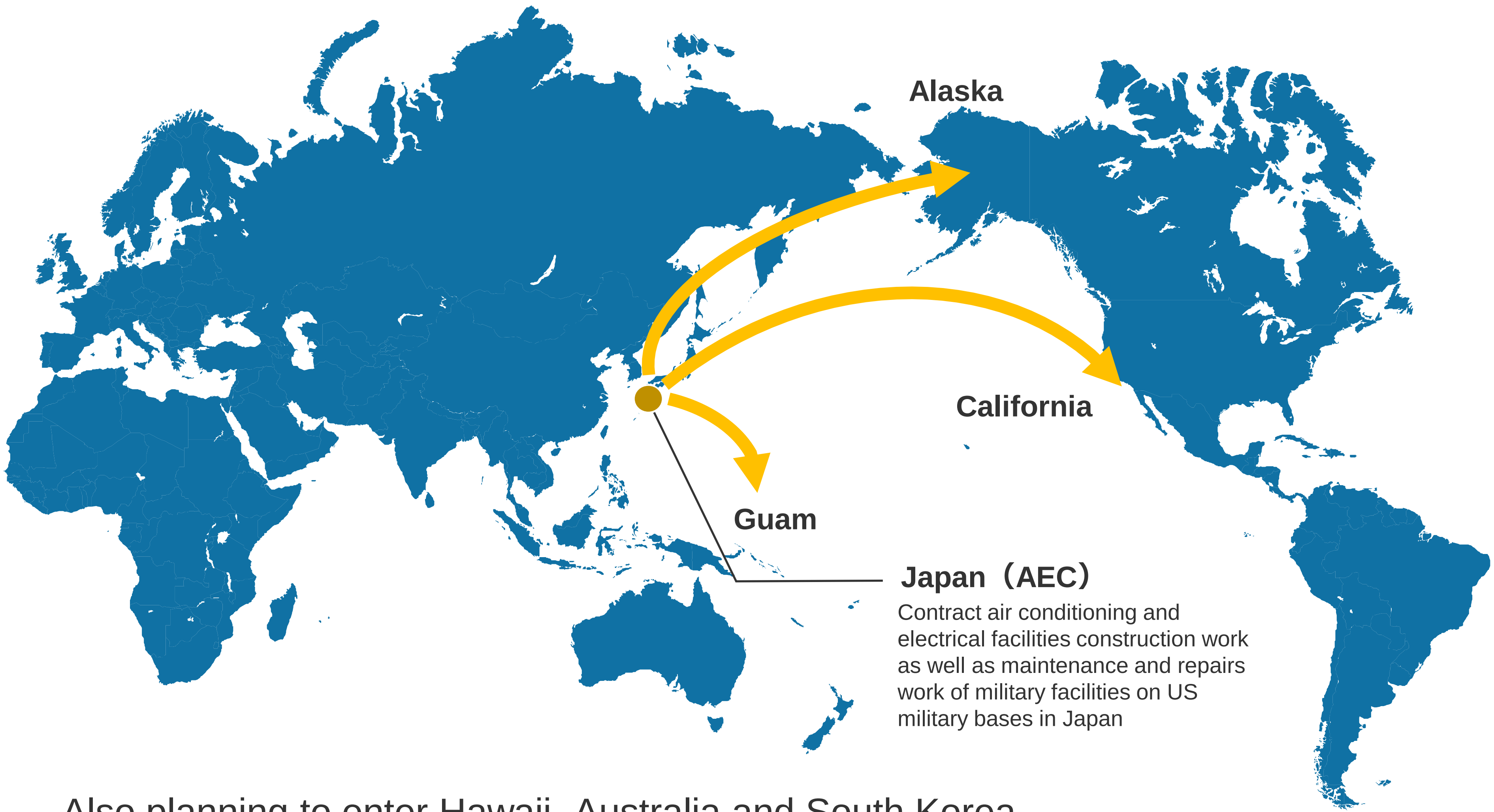
Expanding businesses for the US military bases that is less susceptible to changes in the economy or environment

Creation of synergies within the Group

- Expand dispatching business such as for welfare facilities to over 20 locations nationwide of the major US military bases, leveraging the Group's domestic sales network

- Enhanced bonded insurance required for business expansion from the addition of AMERICAN ENGINEERING CORPORATION (acquired April 3, 2017, headquartered in the U.S.) to bolster group business engaged in repair and maintenance work on consignment of military facilities and equipment within US military bases in Japan, and through generation of synergies through mutual use of management resources, the Company is developing outsourcing business for repair and maintenance work on military facilities and equipment within US military bases in the Pacific Rim.

Businesses for US military bases (in Japan and Overseas): Developing business from the Pacific Rim into North America



Also planning to enter Hawaii, Australia and South Korea

Contract Service Market for Public Work (Overseas): Aggressively developing into the Commonwealth of Nations (formerly the British Commonwealth)

Entered the markets for contract service of public work in advanced countries which are reducing government workers

Expanding contract services for public work that is less susceptible to changes in the economy

- BPO business for all types of work for the central and local governments in the U.K.
- All types of outsourcing projects for public facilities including prisons and airports where public institutions including the Australian government are the client

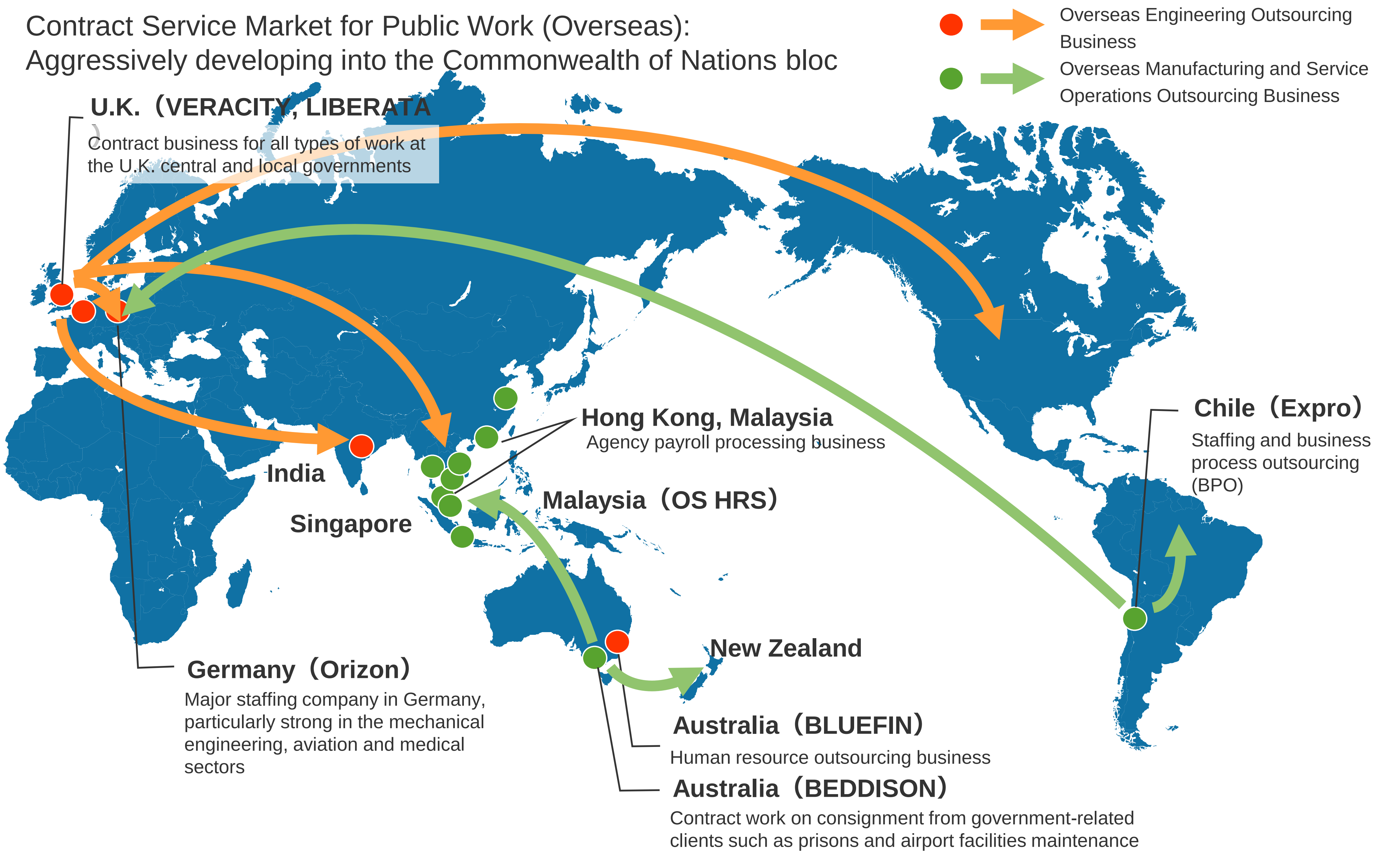
Accelerating growth through strengthening support for each local group company

Global development of each business

Through mutual cooperation among group companies in each country, strengthened collaboration among UK group companies which have many engineers and a wealth of experience in contract business of public work, and Orizon which has a substantial business network in Europe mainly in Germany, is promoting maximization of synergies, and business development is being accelerated in the Commonwealth of Nations and European countries.

2016.12.14 Medium-Term Management Plan partially revised: Strategies

Contract Service Market for Public Work (Overseas):
Aggressively developing into the Commonwealth of Nations bloc



Summary of Initiatives by Region and Business Field

Japan ← → | **Overseas** ← →

Winning demand caused by legal and regulatory changes

Manufacturing Outsourcing

- ✓ Entered the market for fixed-term contract employees hired directly by makers through the Company's proprietary PEO Scheme and the Technical Intern Training Program

Revisions to labor-related laws

Engineering Outsourcing

- ✓ Enhancing an initiative to respond to shortage in engineers using the Group's KEN School
- ✓ Acquiring venders that are being weeded out → Enhancing M&A activities by launching a JV company

Entering business fields that is less susceptible to changes in the economy and environment

Businesses for US Military Bases

- ✓ Developing a staffing business for welfare facilities in 20 US military bases and more in Japan
- ✓ Launching a maintenance business for military facilities in the US military commenced from FY12/17

Scheduled to accelerate developing into the Pacific Rim

Contract Service Market for Public Work

U.K.

- ✓ BPO businesses extended to central and local governments

Australia

- ✓ Outsourcing businesses for public facilities operated by public institutions including government

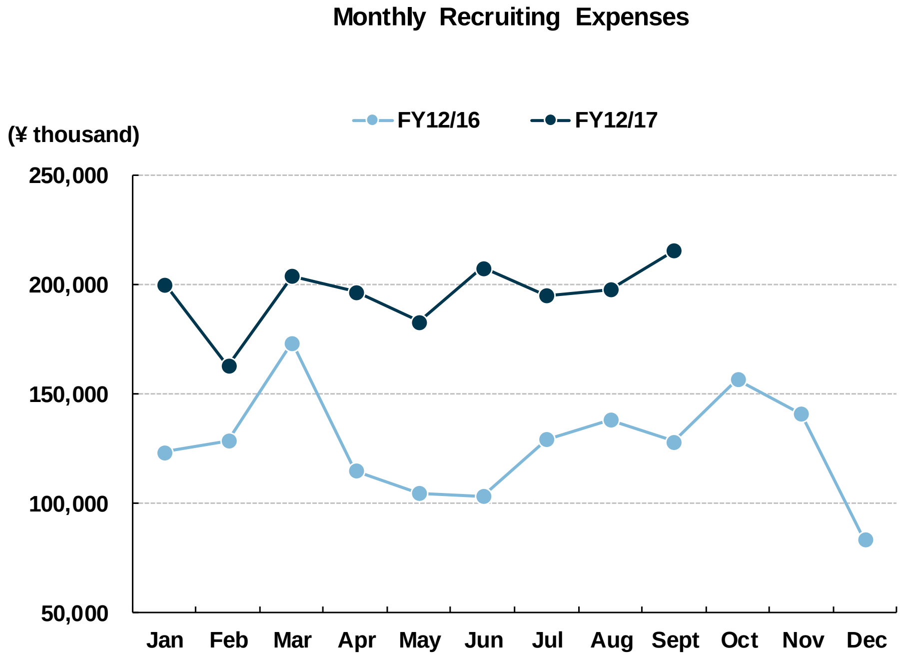
Promote mutual development of government-related businesses among each group company

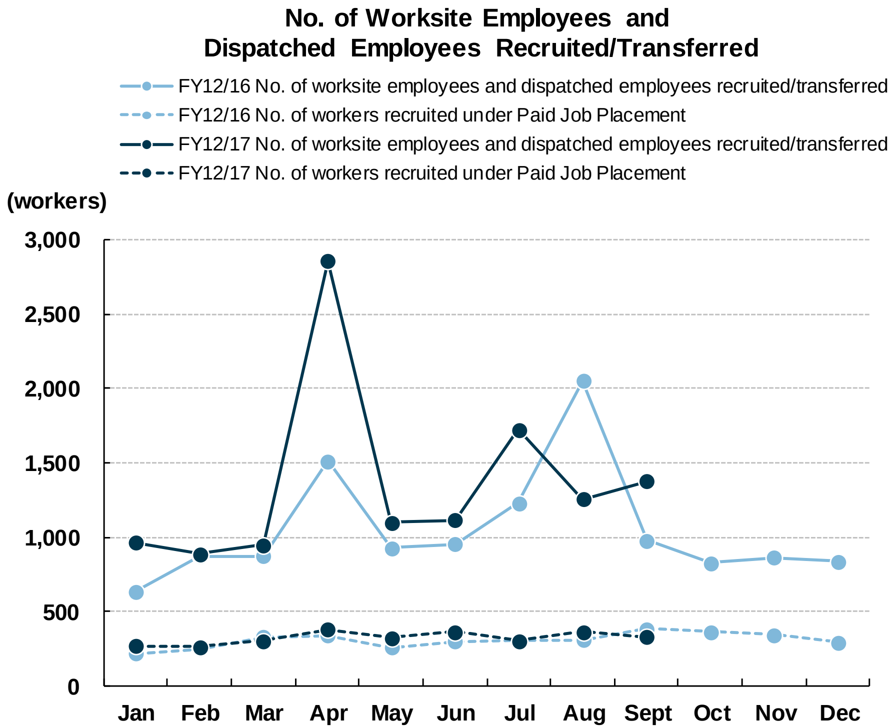
Asia

- ✓ Global payroll business

Trends in Recruited Number of Workers and Recruiting Expenses in Japan

Monthly Trends (Consolidated)





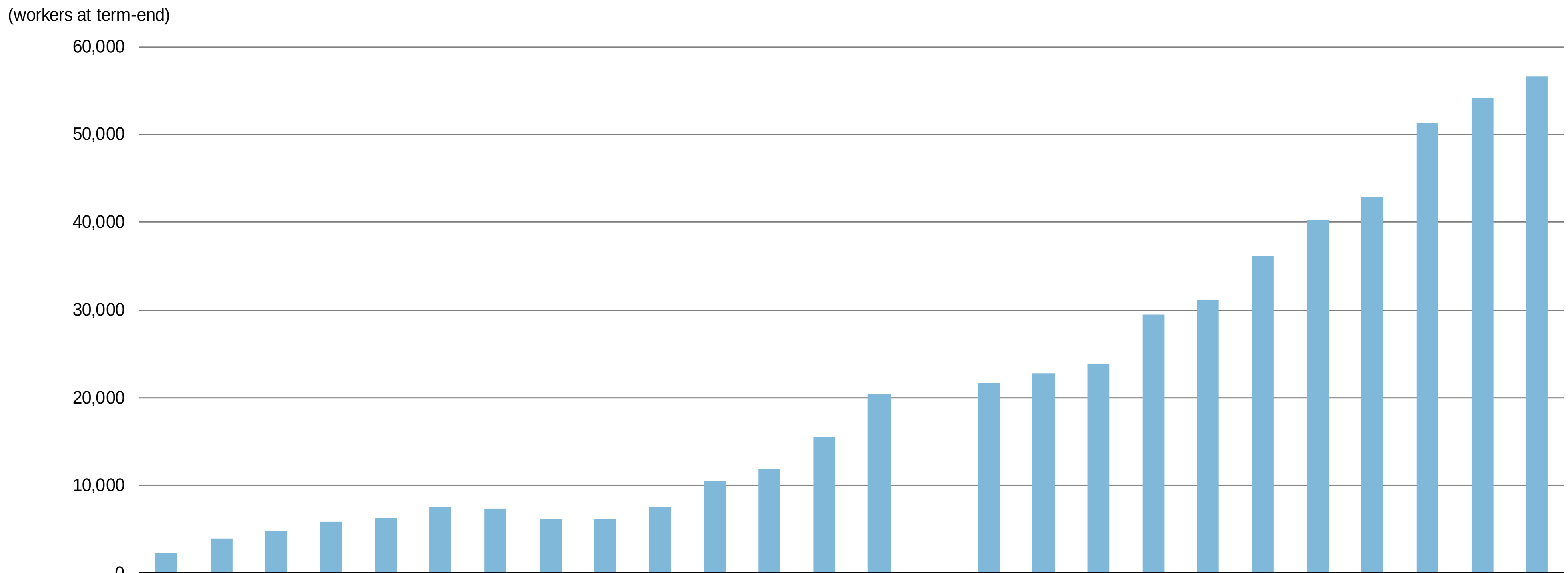
FY12/16	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of worksite employees and dispatched employees recruited/transferred	634	872	872	1,515	930	956	1,229	2,050	977	826	862	839
No. of workers recruited under Paid Job Placement	218	250	331	337	259	300	301	309	383	364	346	291
Recruiting expenses (¥ thousand)	123,495	128,926	173,743	115,195	104,675	103,514	129,325	138,235	128,418	156,677	141,129	83,720

FY12/17	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
No. of worksite employees and dispatched employees recruited/transferred	963	889	950	2,860	1,098	1,113	1,727	1,254	1,379			
No. of workers recruited under Paid Job Placement	268	265	301	377	323	365	302	252	327			
Recruiting expenses (¥ thousand)	200,402	163,084	204,090	196,759	183,252	207,908	195,140	197,760	215,804			

*Total number of recruited workers and recruiting expenses in Japan (Worker Dispatching and Contracting, Recruiting and Placing, and Engineering)

Trends in Number of Worksite Employees and Dispatched Workers

- Quarterly Trends (Consolidated)
  - Up to FY12/14: Annual trend
  - From FY12/15: Quarterly trend



	12/01	12/02	12/03	12/04	12/05	12/06	12/07	12/08	12/09	12/10	12/11	12/12	12/13	12/14		3/15	6/15	9/15	12/15	3/16	6/16	9/16	12/16	3/17	6/17	9/17
Worksite Employees	2,351	3,890	4,821	5,823	6,209	7,468	7,324	6,102	6,109	7,434	10,542	11,913	15,585	20,505		21,739	22,791	23,945	29,477	31,172	36,152	40,322	42,838	51,378	54,221	56,606

*Worksite employees are those working at client manufacturers' worksites, including currently active dispatched workers.

Note

As a result of provisional accounting treatment associated with business combinations made in August 2016 being finalized, consolidated financial statements since FY12/16 have been retroactively revised.

Legal Disclaimer

A cautionary note on forward-looking statements:

This material contains forward-looking statements about the Company's future plans and forecasts, which are based on the Company's assumptions and beliefs judged from the information currently available and are subject to a number of risks and uncertainties. This may cause actual results to differ materially from those projected.

OUTSOURCING Inc.

CEO Office

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

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