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

Financial Results for the 3rd Quarter of Fiscal Year Ending December 31, 2019

November 2019

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Consolidated Financial Results for Q3 FY12/19 (IFRS)

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Consolidated Financial Results for Q3 FY12/19 (IFRS)

Consolidated Financial Results Summary

(¥ million)	FY12/18 Q3 YTD Actual		FY12/19 Q3 YTD Actual		YoY Changes	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Ratio
Revenue	**221,058**	**100.0%**	**267,494**	**100.0%**	**46,436**	**21.0%**
Cost of sales	178,217	80.6%	216,627	81.0%	38,410	21.6%
Gross profit	**42,841**	**19.4%**	**50,867**	**19.0%**	**8,026**	**18.7%**
SG&A expenses	33,875	15.3%	43,801	16.4%	9,926	29.3%
Operating profit	**9,011**	**4.1%**	**10,095**	**3.8%**	**1,084**	**12.0%**
Profit before tax	7,809	3.5%	6,998	2.6%	(811)	-10.4%
Profit for the period	4,707	2.1%	3,914	1.5%	(793)	-16.9%
Profit attributable to owners of the Company	**4,033**	**1.8%**	**3,392**	**1.3%**	**(641)**	**-15.9%**

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

Out-Sourcing! Inc.

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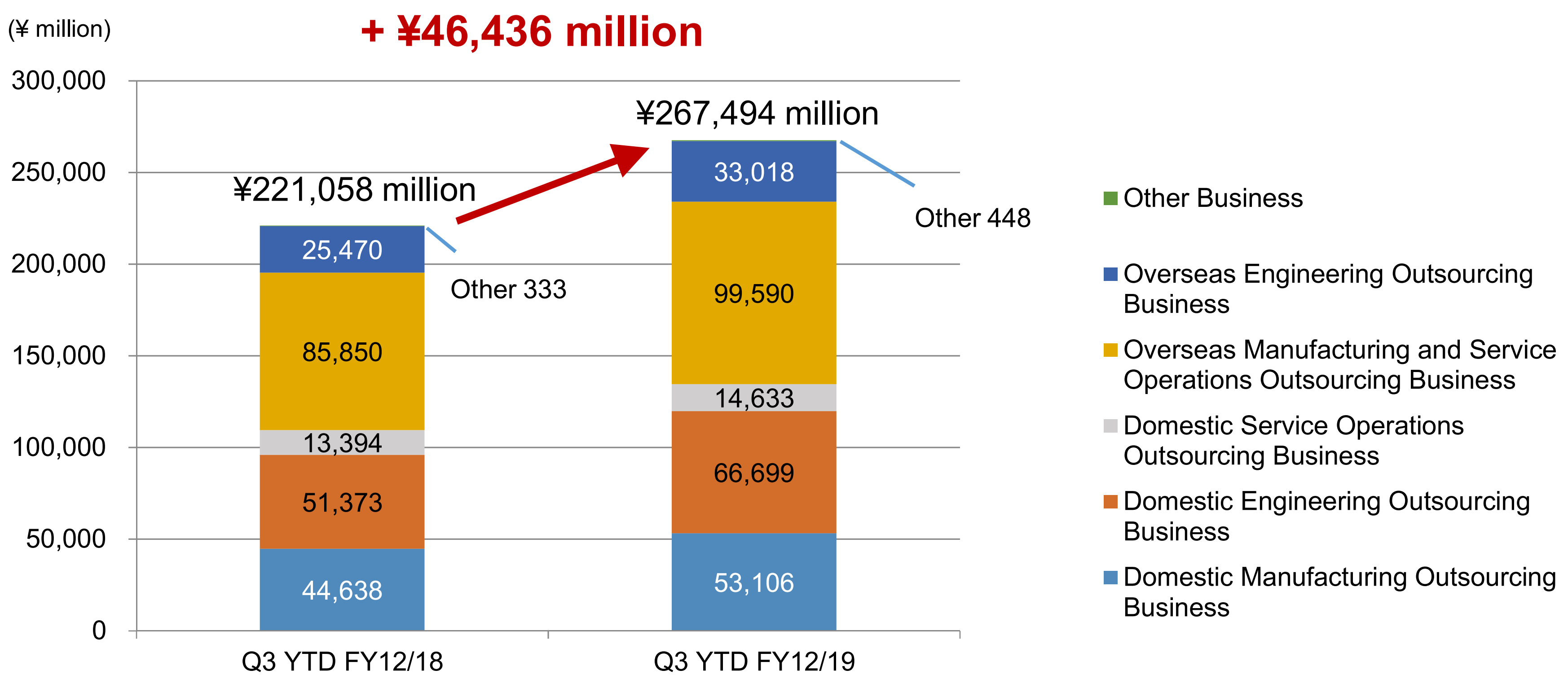
Highlights of Consolidated Financial Results

Revenue ¥267,494 million (+21.0% YoY)

- While manufacturing segments were affected by US-China trade disputes, the Group generated synergies globally
  - In Japan, steadily captured demand for the PEO scheme, use of foreigners and engineers on revised labor laws and population decline
  - Overseas, made steady progress in expanding the scheme for mobilizing people on a global scale from countries with abundant workforce to those with tight labor markets



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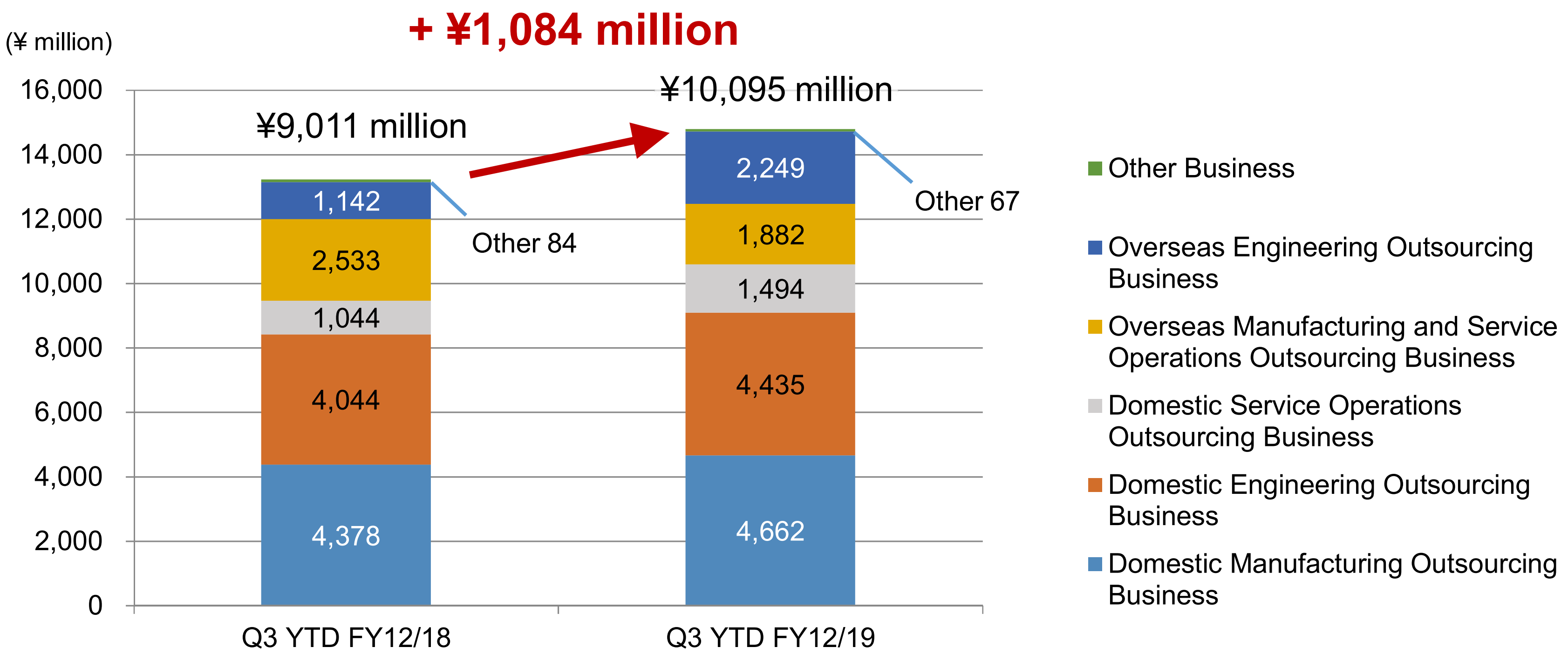
Highlights of Consolidated Financial Results

Operating Profit ¥ 10,095 million (+12.0% YoY)

- Renewed record profits, absorbing major investments to maintain double-digit profit growth over the medium-to-long term



*The operating profit adjustments (FY12/18 ¥(4,214) million and FY12/19 ¥(4,694) million) are not shown in the graph but are reflected in the total operating profit amounts.

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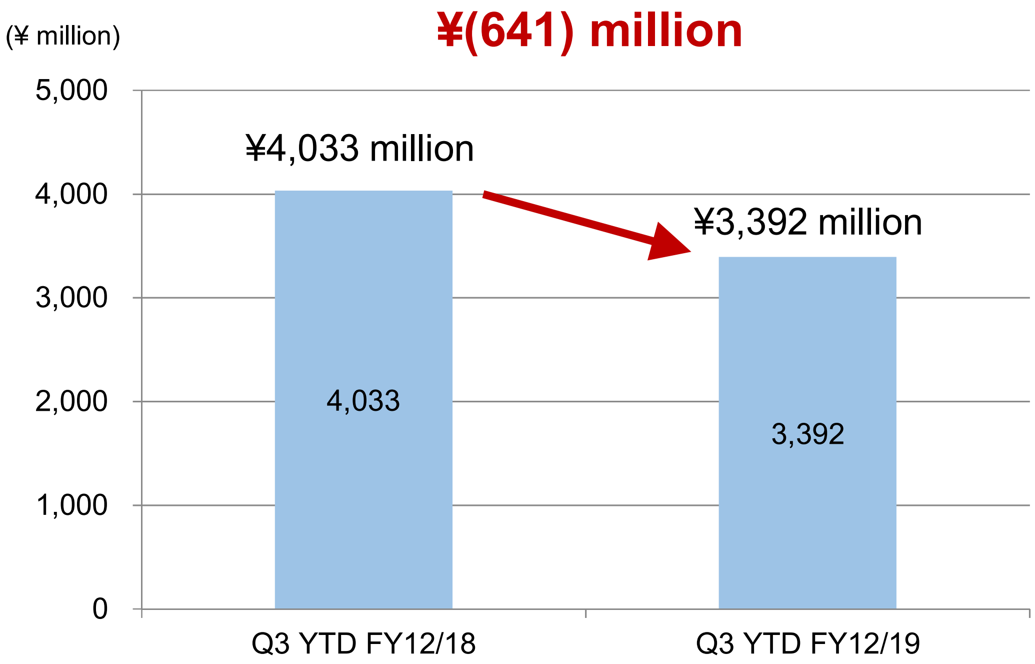
Highlights of Consolidated Financial Results

Profit Attributable to Owners of the Company ¥ 3,392 million (-15.9% YoY)

- Declined YoY due to the large impact from one-off financial expense of roughly ¥1.3 billion from revaluation of the fair value of put options *



* During the quarter under review, in revaluing the fair value of put options (please refer to P44), the financial results of the group companies underlying the options were stronger than expected, which rose the fair value, and the difference with the end of the previous fiscal term was booked as a one-off financial expense. Since it is treated on a consolidated basis, it is not taken into account for tax calculation, and the profit for the quarter is impacted by the same amount.
* The net impact of foreign exchange below operating profit was ¥545 million: Q3 FY12/18 booked ¥59 million in forex gains (financial income), and Q3 FY12/19 booked ¥486 million in forex losses (financial costs).

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Highlights of Consolidated Financial Results

Overview by Operating Segment

Domestic Manufacturing Outsourcing Business [*1]

Revenue	¥53,106 million	+ 19.0% YoY
Operating profit	¥4,662 million	+ 6.5% YoY

As for manufacturing dispatch and manufacturing contract outsourcing, the number of dispatch workers at many competitors posted net declines due to domestic manufacturers stopping new hiring and supplementing those leaving among manufacturing dispatch workers as a result of the decline in exports to China in the wake of US-China trade disputes

- While the Group posted a slight decline QoQ at the end of the Q3, Q4 is expected to post a net increase QoQ due to orders already received through the PEO scheme

Secured manufacturer demand for further expanded use of foreign workers in Administrative Outsourcing

- Although this posted a shortfall to plan of roughly 900 due to delays in immigration of technical trainees as a result of screening delays by administrative authorities, the number of workers under administration at the end of the Q3 rose by 2,790 QoQ to 16,318

Impact of the U.S.-China trade disputes:

There is an impact mainly for suppliers to China, and since there are some clients with high unit price contracts among those manufacturers in this segment, there is some impact on revenue and profit.

*1 → Please refer to P.22-26.

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Highlights of Consolidated Financial Results

Overview by Operating Segment

Domestic Engineering Outsourcing Business [*2]

Revenue	¥66,699 million	+ 29.8% YoY
Operating profit	¥4,435 million	+ 9.7% YoY

Against the backdrop of many engineers required in all industrial fields, there is persistent demand for engineers in Japan as a result of demographic factors from the decline in population, and the Group is securing staff through its proprietary scheme

- Expenditures for recruiting new graduates in the year after the coming fiscal year as a result of decisions of Keidanren to abolish recruitment guidelines as well as greater-than-expected time required for Japanese language instruction for introducing foreign engineers into Japan resulted in the same training cost as new graduates and period without booking revenue until assignment, and full expense of wages arising

- Although Q3 expenses related to paid leave use exceeded budget due to frontloading of days taken, the balance of paid leave declines for the Q4

Impact of the U.S.-China trade disputes:

Since current demand for engineers is a factor of demographic issues and is not due to the economy, there is no impact from the U.S.-China trade disputes.

*2 → Please refer to P.27.

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Highlights of Consolidated Financial Results

Overview by Operating Segment

Domestic Service Operations Outsourcing Business *3

Revenue	¥14,633 million	+ 9.2% YoY
Operating profit	¥1,494 million	+ 43.1% YoY

Participation in bidding on large-scale projects was realized through expanding the allotment of required bonded insurance for projects within the US military facilities to ¥70 billion

- The company has already received orders exceeding the scale of FY12/19 full-term revenue guidance
- Profit margins rose on improved profitability as a result of projects becoming large-scale
- The booking of revenue and profits has been pushed out due to construction delays resulting from the impact of typhoons in the Q3

For call center business, startup was delayed due to some issues on infrastructure while incurring initial costs

Incurred one-off costs from liquidation of unprofitable business

Impact of the U.S.-China trade disputes:

Since this segment is mainly comprised of HR services for various indispensable facilities within the US military bases and contract repair and maintenance business for buildings and facilities, which is less susceptible to economic fluctuation and changes in the environment, it is less susceptible to impact from trade disputes as well.

*3 → Please refer to P.28.

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Highlights of Consolidated Financial Results

Overview by Operating Segment

Overseas Manufacturing and Service Operations Outsourcing Business *4

Revenue	¥99,590 million	+ 16.0% YoY
Operating profit	¥1,882 million	- 25.7% YoY

Globally capturing demand arising in various regions

- Manufacturing: Although the scheme for cross-border mobility of HR is progressing favorably, there is impact from manufacturer production cuts in Germany and Asian countries due to US-China trade frictions and disruptions caused by Brexit, and one-off expenses were incurred from restructuring unprofitable business in Asia

- Service Operations: logistics-related business is progressing favorably, and although the scale of outsourcing of public works-related business expanded in Europe, delay in the UK's exit from the EU has resulted in budget formulation by the central and local governments to become stalled

Impact of the U.S.-China trade disputes:

This segment operates in Europe, Australia, South America and Asia, and while there is impact for manufacturing outsourcing business in Germany and Asian countries, public works-related business on consignment from central and local governments is less susceptible to impact from trade disputes.

*4 → Please refer to P.29-30.

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Highlights of Consolidated Financial Results

Overview by Operating Segment

Overseas Engineering Outsourcing Business *5

Revenue	¥33,018 million	+ 29.6% YoY
Operating profit	¥2,249 million	+ 96.9% YoY

Securing growing demand in developed countries for reducing government workers in central and local governments and privatizing public works, as well as demand for IT-related and financial engineers

- Making progress in rolling out a scheme similar to that of the KEN School in Japan (train recruits to become engineers, and after assignment, target career change/career advancement), starting in Australia in response to growing demand for engineers

Impact of the U.S.-China trade disputes:

Since this segment is mainly comprised of consignment work from central and local governments which is less susceptible to impact from the economic cycle as well as responding to the structural shortage of engineers from demographic factors similar to Japan, it is less susceptible to impact from US-China trade disputes as well.

*5 → Please refer to P.31.

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Highlights of Consolidated Financial Results

Summary of the Group Overall

US-China trade disputes mainly have a large impact on manufacturing dispatch schemes simply targeting increased personnel for production hikes, however the ratio of such business in the Group is small, and therefore the impact on the overall group is transient and small

In Japan, since the Group's business related to use of foreign workforce and PEO scheme are business models which address customer needs arising from revisions to labor laws and the Immigration Control Act as well as population decline, the business is growing steadily

Engineering Outsourcing Business which addresses high demand for engineers in various industries and fields even in periods of economic downturn, and outsourcing business for the US military facilities as well as various consignment business for central and local governments, which are less susceptible to impact from the economic cycle, being rolled out globally by the Group are steadily expanding

For the Group overall, business expansion into areas which have cycles different from manufacturing and areas which are less susceptible to the economic cycle is progressing on a global scale, and while absorbing major investments to ensure double-digit growth continuing over the medium- to long-term, we believe the expansion will continue to trend favorably

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Consolidated Financial Results for Q3 FY12/19 (IFRS)

Consolidated Financial Results (Quarterly Trends)

(¥ million)	FY12/18 Actual					FY12/19 Actual		
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3
Revenue	63,198	75,901	81,959	90,253	311,311	86,404	91,181	89,909
Gross profit	12,250	14,231	16,360	19,559	62,400	16,065	16,788	18,014
Ratio of gross profit	19.4%	18.7%	20.0%	21.7%	20.0%	18.6%	18.4%	20.0%
SG&A expenses	9,922	11,693	12,260	13,876	47,751	14,427	14,767	14,607
Ratio of SG&A expenses	15.7%	15.4%	15.0%	15.4%	15.3%	16.7%	16.2%	16.2%
Other operating income *1	87	366	146	667	1,032	969	1,120	1,327
Other operating expense	365	147	42	770	1,090	130	46	211
Operating profit	2,050	2,757	4,204	5,580	14,591	2,477	3,095	4,523
Ratio of operating profit	3.2%	3.6%	5.1%	6.2%	4.7%	2.9%	3.4%	5.0%
Profit before tax	1,935	1,851	4,023	4,746	12,555	1,337	2,064	3,597
Ratio of profit before tax	3.1%	2.4%	4.9%	5.3%	4.0%	1.5%	2.3%	4.0%
Profit attributable to owners of the Company	1,186	841	2,006	3,447	7,480	456	944	1,992
Ratio of profit attributable to owners of the Company	1.9%	1.1%	2.4%	3.8%	2.4%	0.5%	1.0%	2.2%

QoQ/YoY Changes	FY12/18 Actual					FY12/19 Actual		
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3
Revenue	-2.3%	20.1%	8.0%	10.1%	35.3%	-4.3%	5.5%	-1.4%
Gross profit	-12.9%	16.2%	15.0%	19.5%	36.2%	-17.9%	4.5%	7.3%
SG&A expenses	5.9%	17.8%	4.9%	13.2%	37.3%	4.0%	2.4%	-1.1%
Operating profit	-56.0%	34.5%	52.5%	32.7%	28.4%	-55.6%	24.9%	46.1%
Profit before tax	-55.9%	-4.4%	117.3%	18.0%	20.8%	-71.8%	54.2%	74.3%
Profit attributable to owners of the Company	-61.0%	-29.0%	138.4%	71.8%	21.1%	-86.8%	107.3%	110.9%

*1 The increase in Other operating income is due to the impact of changes in accounting policies applied from the current fiscal year.
Dormitory fees received from employees at company-rented employee dormitories are offset by cost of sales in the previous fiscal year, and some are recorded as rent income in Other operating income in the current fiscal year
While the cost of sales offset decreases and gross profit declines, this characteristic should be included in real adjusted profit.
*2 The amounts shown are rounded off to the nearest million yen.

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Consolidated Financial Results for Q3 FY12/19 (IFRS)

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

(¥ million)		FY12/18 Actual Q1	FY12/18 Actual Q2	FY12/18 Actual Q3	FY12/18 Actual Q4	FY12/18 Actual Full-Year	FY12/19 Actual Q1	FY12/19 Actual Q2	FY12/19 Actual Q3
Domestic Manufacturing Outsourcing Business	Revenue	13,848	14,937	15,853	17,664	62,302	17,546	17,957	17,603
	Operating profit	1,368	1,370	1,640	2,916	7,294	1,364	1,643	1,655
	No. of worksite employees at term-end	11,050	11,826	12,363	13,698	13,698	13,531	14,018	13,661
	No. of outsourcing administrative workers at term-end	5,554	6,716	7,467	11,225	11,225	12,418	13,528	16,318
	No. of placed workers	818	1,033	971	1,030	3,852	924	1,034	967
Domestic Engineering Outsourcing Business	Revenue	15,359	17,188	18,826	21,061	72,434	20,513	22,321	23,865
	Operating profit	986	1,299	1,759	3,204	7,248	1,336	1,038	2,061
	No. of worksite employees at term-end	9,474	10,943	12,138	12,763	12,763	13,214	15,036	15,461
Domestic Service Operations Outsourcing Business	Revenue	4,574	4,675	4,145	4,609	18,003	4,806	5,351	4,476
	Operating profit	356	301	387	327	1,371	400	643	451
	No. of worksite employees at term-end	2,890	2,985	2,815	3,370	3,370	2,670	2,657	2,424
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	21,943	30,159	33,748	35,714	121,564	33,014	33,834	32,742
	Operating profit	380	917	1,236	(310)	2,223	316	1,004	562
	No. of worksite employees at term-end	32,281	46,034	47,197	44,868	44,868	42,280	44,707	44,968
Overseas Engineering Outsourcing Business	Revenue	7,329	8,836	9,305	11,100	36,570	10,364	11,561	11,093
	Operating profit	309	355	478	541	1,683	553	589	1,107
	No. of worksite employees at term-end	2,091	2,252	2,507	3,043	3,043	3,280	3,718	3,600
Other Business	Revenue	145	106	82	105	438	161	157	130
	Operating profit	19	42	23	(31)	53	2	44	21
	No. of worksite employees at term-end	3	3	4	4	4	3	4	4
Adjustments	Operating profit	(1,368)	(1,527)	(1,319)	(1,067)	(5,281)	(1,494)	(1,866)	(1,334)
Total	Revenue	63,198	75,901	81,959	90,253	311,311	86,404	91,181	89,909
	Operating profit	2,050	2,757	4,204	5,580	14,591	2,477	3,095	4,523

Revenue by Region (¥ million)	FY12/18 Actual Q1	FY12/18 Actual Q2	FY12/18 Actual Q3	FY12/18 Actual Q4	FY12/18 Actual Full-Year	FY12/19 Actual Q1	FY12/19 Actual Q2	FY12/19 Actual Q3
Japan	33,926	36,906	38,906	43,439	153,177	43,026	45,786	46,074
Asia (excl. Japan)	4,716	4,367	4,453	3,340	16,876	3,414	3,427	3,166
Oceania	9,149	11,133	11,347	12,821	44,450	11,783	13,271	12,027
Europe	14,057	21,785	25,456	28,357	89,655	26,225	26,573	26,330
South America	1,350	1,710	1,797	2,296	7,153	1,956	2,124	2,312
Total	63,198	75,901	81,959	90,253	311,311	86,404	91,181	89,909

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

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

*3: Actual forex rates used in Q3 (cumulative) FY12/19 results (average rates for Jan-Sep 2019)

- ・EUR 122.62
- ・GBP 138.94
- ・AUD 76.31
- ・USD 109.21

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Consolidated Financial Results for Q3 FY12/19 (IFRS)

Summary of Consolidated Statement of Financial Position

(¥ million)	FY12/18-End		Q3-End FY12/19		vs FY12/18-End
	Amount	Composition Ratio	Amount	Composition Ratio	Amount
Current assets	**93,636**	**50.3%**	**99,118**	**44.7%**	**5,482**
Cash and cash equivalents	29,451	15.8%	28,169	12.7%	(1,282)
Trade and other receivables	50,165	27.0%	51,142	23.0%	977
Inventories	1,509	0.8%	1,729	0.8%	220
Non-current assets	**92,505**	**49.7%**	**122,865**	**55.3%**	**30,360**
Property, plant and equipment	10,249	5.5%	8,992	4.1%	(1,257)
Right-of-use assets	-	-	18,547	8.4%	-
Goodwill	52,621	28.3%	55,577	25.0%	2,956
Intangible assets	20,156	10.8%	17,818	8.0%	(2,338)
Other non-current financial assets	5,518	3.0%	14,813	6.7%	9,295
Total assets	**186,141**	**100.0%**	**221,983**	**100.0%**	**35,842**
Current liabilities	**67,246**	**36.1%**	**91,359**	**41.2%**	**24,113**
Trade and other payables	32,038	17.2%	34,055	15.3%	2,017
Bonds and borrowings	14,822	8.0%	23,231	10.5%	8,409
Lease Liabilities	-	-	15,011	6.8%	-
Income tax payables	4,635	2.5%	4,951	2.2%	316
Non-current liabilities	**58,238**	**31.3%**	**73,152**	**33.0%**	**14,914**
Bonds and borrowings	39,265	21.1%	38,991	17.6%	(274)
Lease Liabilities	-	-	20,036	9.0%	-
Other non-current financial liabilities	11,125	4.8%	6,627	3.0%	(4,498)
Total liabilities	**125,484**	**67.4%**	**164,511**	**74.1%**	**39,027**
Share capital	25,123	13.5%	25,166	11.3%	43
Share premium	26,587	14.3%	26,599	12.0%	12
Treasury shares	(0)	-0.0%	(0)	0.0%	0
Other share premium	(14,178)	-7.6%	(14,393)	-6.5%	(215)
Retained earnings	19,774	10.6%	20,585	9.3%	811
Equity attributable to owners of the Company	**55,210**	**29.7%**	**53,269**	**24.0%**	**(1,941)**
Non-controlling interests	**5,447**	**2.9%**	**4,203**	**1.9%**	**(1,244)**
Equity	**60,657**	**32.6%**	**57,472**	**25.9%**	**(3,185)**
Total liabilities and equity	**186,141**	**100.0%**	**221,983**	**100.0%**	**35,842**

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

Booked due to the start of application of IFRS 16 *Leases*

IFRS 16 *Leases*
⇒ This accounting standard requires all leases in principle to be on the Statement of Financial Position, and its application commenced from January 1, 2019.

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Consolidated Financial Forecasts for FY12/19 (IFRS)

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Summary for FY12/19 Consolidated Financial Forecasts

(¥ million)	FY12/18 Actual				FY12/19 Actual	FY12/19 Forecasts				YoY Changes	
	1H	2H	Full-Year		1H	1H	2H	Full-Year			
	Amount	Amount	Amount	Composition Ratio	Amount	Amount	Amount	Amount	Composition Ratio	Amount	Ratio
Revenue	**139,099**	**172,212**	**311,311**	**100.0%**	**177,585**	**171,000**	**214,000**	**385,000**	**100.0%**	**73,689**	**23.7%**
Cost of sales	112,618	136,293	248,911	80.0%	144,732	-	-	-	-	-	-
Gross profit	**26,481**	**35,919**	**62,400**	**20.0%**	**32,853**	**-**	**-**	**-**	**-**	**-**	**-**
SG&A expenses	21,615	26,136	47,751	15.3%	29,194	-	-	-	-	-	-
Operating profit	**4,807**	**9,784**	**14,591**	**4.7%**	**5,572**	**4,900**	**14,100**	**19,000**	**4.9%**	**4,409**	**30.2%**
Finance income	69	56	66	0.0%	52	-	-	-	-	-	-
Finance costs	1,090	1,071	2,102	0.7%	2,223	-	-	-	-	-	-
Profit before tax	**3,786**	**8,769**	**12,555**	**4.0%**	**3,401**	**4,200**	**13,300**	**17,500**	**4.5%**	**4,945**	**39.4%**
Profit for the period	**2,390**	**5,912**	**8,302**	**2.7%**	**1,826**	**2,600**	**8,800**	**11,400**	**3.0%**	**3,098**	**37.3%**
Profit attributable to owners of the Company	**2,027**	**5,453**	**7,480**	**2.4%**	**1,400**	**2,100**	**7,900**	**10,000**	**2.6%**	**2,520**	**33.7%**

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

*2 Forex rate assumptions for full-term consolidated earnings forecast (hedge on downside risk: calculated with a further 7% discount to average rates in Aug-2018)
EUR 119.32, GBP 133.09, AUD 75.75, USD 103.30

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Consolidated Financial Forecasts for FY12/19 (IFRS)

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

(¥ million)		FY12/18					FY12/19						
		Actual					Actual			Forecasts			
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	1H	2H	Full-Year
Domestic Manufacturing Outsourcing Business	Revenue	13,848	14,937	15,853	17,664	62,302	17,546	17,957	17,603	25,400	37,000	47,600	84,600
	Operating profit	1,368	1,370	1,640	2,916	7,294	1,364	1,643	1,655	3,220	3,000	5,820	8,820
	No. of worksite employees at term-end	11,050	11,826	12,363	13,698	13,698	13,531	14,018	13,661	17,686	15,141	17,686	17,686
	No. of outsourcing administrative workers at term-end	5,554	6,716	7,467	11,225	11,225	12,418	13,528	16,318	20,000	14,690	20,000	20,000
	No. of placed workers	818	1,033	971	1,030	3,852	924	1,034	967	940	1,740	1,860	3,600
Domestic Engineering Outsourcing Business	Revenue	15,359	17,188	18,826	21,061	72,434	20,513	22,321	23,865	27,400	43,000	52,500	95,500
	Operating profit	986	1,299	1,759	3,204	7,248	1,336	1,038	2,061	3,510	2,400	6,300	8,700
	No. of worksite employees at term-end	9,474	10,943	12,138	12,763	12,763	13,214	15,036	15,461	16,111	14,828	16,111	16,111
Domestic Service Operations Outsourcing Business	Revenue	4,574	4,675	4,145	4,609	18,003	4,806	5,351	4,476	6,700	9,500	12,800	22,300
	Operating profit	356	301	387	327	1,371	400	643	451	690	560	1,240	1,800
	No. of worksite employees at term-end	2,890	2,985	2,815	3,370	3,370	2,670	2,657	2,424	4,891	3,819	4,891	4,891
Overseas Manufacturing and Service Operations Outsourcing Business	Revenue	21,943	30,159	33,748	35,714	121,564	33,014	33,834	32,742	38,470	62,000	77,360	139,360
	Operating profit	380	917	1,236	(310)	2,223	316	1,004	562	1,460	1,560	3,140	4,700
	No. of worksite employees at term-end	32,281	46,034	47,197	44,868	44,868	42,280	44,707	44,968	55,674	49,507	55,674	55,674
Overseas Engineering Outsourcing Business	Revenue	7,329	8,836	9,305	11,100	36,570	10,364	11,561	11,093	12,000	19,200	23,300	42,500
	Operating profit	309	355	478	541	1,683	553	589	1,107	610	1,070	1,330	2,400
	No. of worksite employees at term-end	2,091	2,252	2,507	3,043	3,043	3,280	3,718	3,600	3,431	3,336	3,431	3,431
Other Business	Revenue	145	106	82	105	438	161	157	130	230	300	440	740
	Operating profit	19	42	23	(31)	53	2	44	21	(110)	(190)	(190)	(380)
	No. of worksite employees at term-end	3	3	4	4	4	3	4	4	3	4	3	3
Adjustments	Operating profit	(1,368)	(1,527)	(1,319)	(1,067)	(5,281)	(1,494)	(1,866)	(1,334)	(1,770)	(3,500)	(3,540)	(7,040)
Total	Revenue	63,198	75,901	81,959	90,253	311,311	86,404	91,181	89,909	110,200	171,000	214,000	385,000
	Operating profit	2,050	2,757	4,204	5,580	14,591	2,477	3,095	4,523	7,610	4,900	14,100	19,000

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

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

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References

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References

- Business schemes which continue to evolve with the changing environment

For HR services which is recurring stock business of people, it is hard to paint a long-term vision toward the future in Japan where population is declining

While Japan’s population will decline, going forward, world population will increase from the present 7.5 billion people to an estimated 10 billion people in 2050

The Group considers the increase in global population by 2.5 billion people as a growth opportunity, and will deploy as a global Group strategy HR mobility globally to address workforce supply/demand gaps in various countries as well as targeting smoothing of earnings by entering government-related business in many countries

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References

- Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing (P22 - P26)

- PEO Scheme which resolves manufacturer issues arising from revised labor laws
- Business related to growing demand for foreign technical intern trainees

Domestic Engineering Outsourcing (P27)

- The KEN School scheme responding to the shortage of engineers arising from demographic factors

Domestic Service Operations Outsourcing (P28)

- Outsourcing for the US military facilities which has high barriers to entry from the perspective of classified information

Overseas Manufacturing and Service Operations Outsourcing (P29, 30)

- Industry sector diversification over manufacturing-related business and government- and logistics-related services
- Cross-border HR mobility scheme globally

Overseas Engineering Outsourcing (P31)

- Various consignment work from governments and local public institutions which is less susceptible to impact from the economic cycle
- Addressing the shortage of engineers by introducing the KEN School scheme

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References

- Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing

- PEO Scheme which resolves manufacturer issues arising from revised labor laws

Summary of Revised Labor-related Laws (excerpt)

The Revised Labor Contracts Act Enforced in April 2013

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

The Revised Worker Dispatching Act Enforced in September 2015

■ Dispatch business operators are required to implement employment stabilization measures (asking dispatch clients to employ directly, etc.) for dispatch workers on completion of the dispatch term (partly, best effort obligation)

■ Abolished specified occupations which had no term limits for the use on dispatching, and limiting the use of all fixed-term contract employees employed by dispatch business operators to a maximum of 3 years at the same workplace

■ No restriction on the term for workers employed by dispatch business operators on indefinite-term

■ For dispatch business operators, planned education and training for dispatched workers and career consulting for those who desire it became mandatory

■ Specified worker dispatching undertaking (notification system) is abolished, and all worker dispatching undertakings come under a license system (the terms of license permissions are strictened)

Revisions in which items marked with ■ have become so-called “2018 Problem” due to issues regarding the use of fixed-term contract employees and dispatch employees, as well as difficulties arising among small- and medium-scale dispatch providers remaining going concerns

◇ The Revised Worker Dispatching Act creates obligations for dispatch business operators with a view toward forcing out bad operators as well as relaxing the term restriction for dispatching full-time employees

◇ The objective of the Revised Labor Contracts Act is to control unstable employment for all companies

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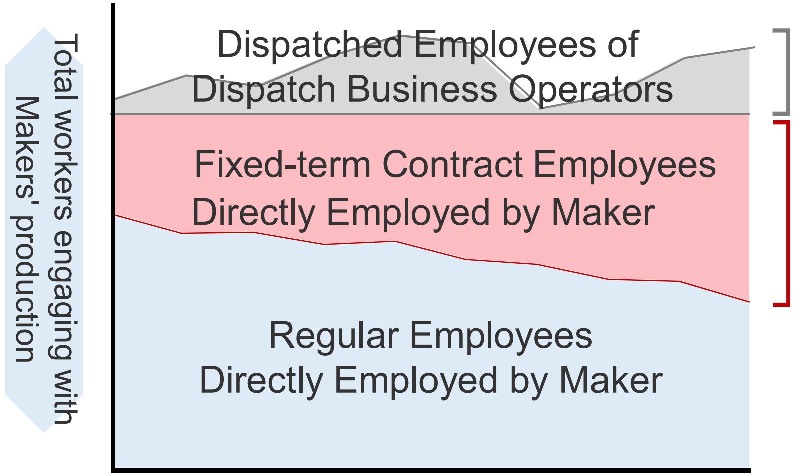
Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing

- PEO Scheme which resolves manufacturer issues arising from revised labor laws

Entering the direct employment area of makers through establishment of the PEO scheme

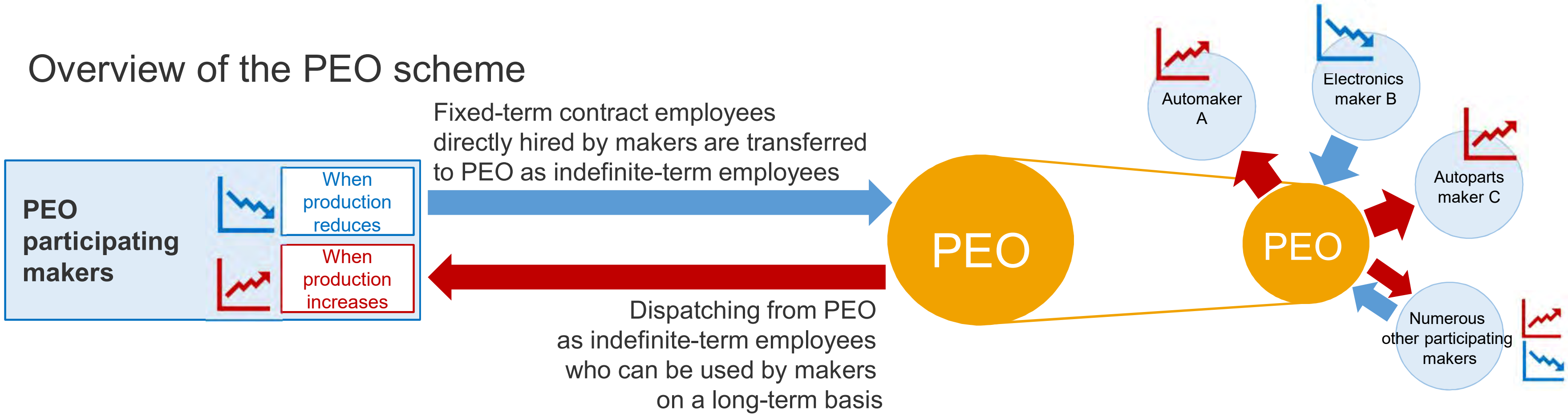


- Traditional business area of temporary dispatch agencies which have no strategy. Employment adjustment are made based on production fluctuations
- Due to the “2018 Problem” stemming from the revised labor-related laws, continuity risks arose for direct employment of fixed-term contract employees hired by makers

The Group devised and established the PEO scheme to resolve employment continuity risk for fixed-term contract employees hired by makers.

As a result of numerous makers participating in the PEO scheme, the Group has been able to shift over to the area of long-term utilization previously handled by repetitive contracts of fixed-term contract employees hired by makers.

Overview of the PEO scheme



Business scale expanded further by establishing the business entity above with major automakers and others.

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Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing

- Business related to growing demand for foreign technical intern trainees

Revisions of the Technical Intern Training Act and Immigration Control Act related to the use of foreign workers (excerpt)

Technical Intern Training Act (Act on Proper Technical Intern Training and Protection of Technical Intern Trainees)
Enforced in November 2017

■ The maximum 3 years internship period was extended to a maximum 5 years.

* Technical intern trainees ➡ Based on Japan's official program, the Technical Intern Training Program, makers hire foreigners mainly from Asia as technical intern trainees, and after they return to their home countries when the internship is completed, have them use the skills they acquired locally.

Revised Immigration Control Act (Immigration Control and Refugee Recognition Act)
Enforced in April 2019

■ This is a major shift in policy for accepting foreign workers which in the past had been limited to those with advanced skills in specialized fields, creating new categories of status of residence (Specified Skilled Worker), allowing employment in the area of basic labor works.

*Specified Skilled Worker ➡ New categories of status of residence issued to those who have completed the Technical Intern Training Program, and who satisfy immigration requirements including passing designated exams, etc.

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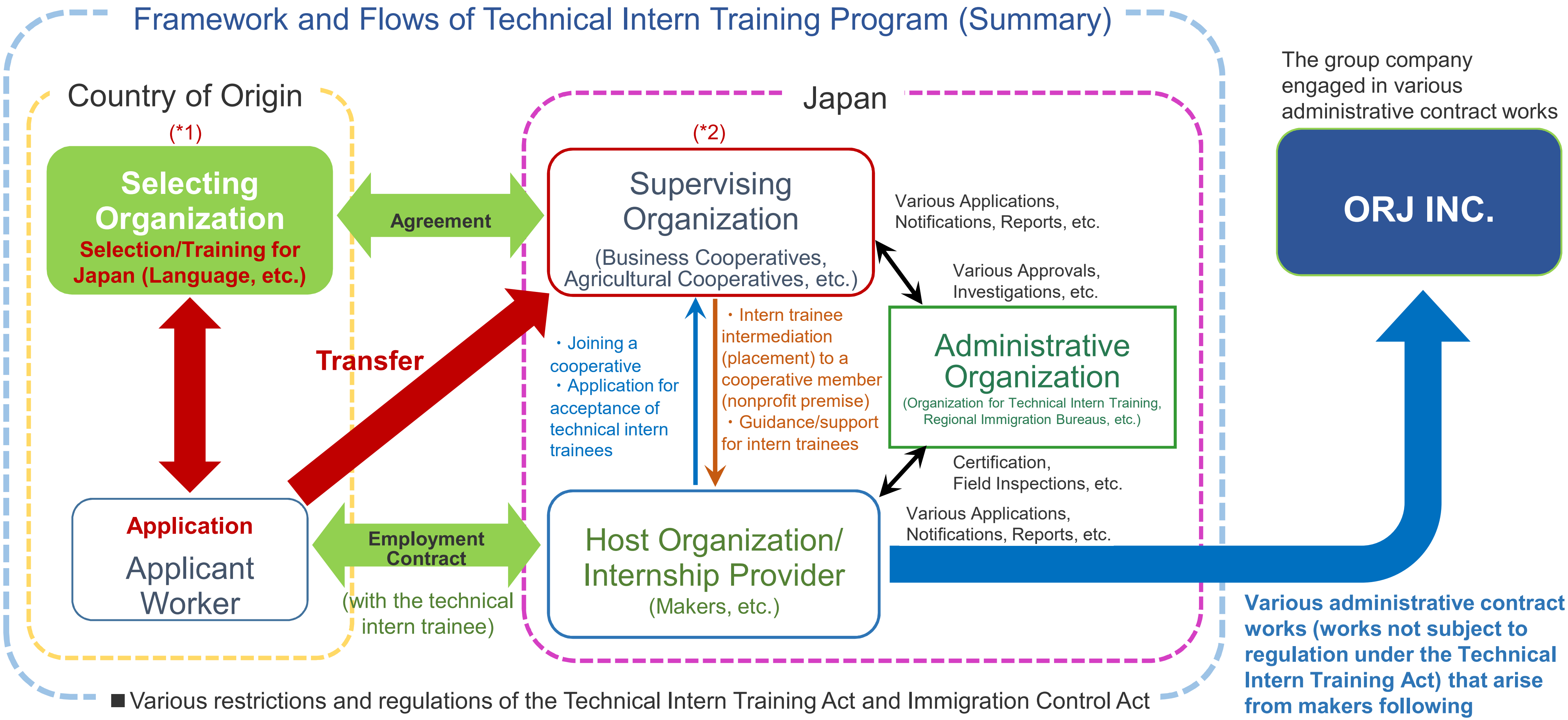
References

- Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing

- Business related to growing demand for foreign technical intern trainees



There are organizations that cooperate closely with the Company in the selecting organizations (*1) and supervising organizations (*2) in the figure above.

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Business schemes which continue to evolve with the changing environment

Domestic Manufacturing Outsourcing

- Business related to growing demand for foreign technical intern trainees

Against the backdrop of declining domestic workforce population, deregulation has expanded for the use of foreign workers

- Under the Specified Skilled Worker Program, the government is targeting acceptance of up to a maximum 340,000 persons over 5 years starting in 2019
- After Technical Intern Training, further long-term employment is possible under the Specified Skilled Worker Program

This deregulation allows for an increased number of workers under administration as well as extending the period of Administrative Outsourcing contracts

No. of persons under Administrative Outsourcing

Q3 2019 actual: 16,318 ⇒ Plan for the end of 2019: 20,000 ⇒

Target for the end of 2023: over 100,000

Roughly 10 times the level of competitors as of Q3 2019 actual results, and growth will accelerate going forward

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References

Business schemes which continue to evolve with the changing environment

Domestic Engineering Outsourcing

- The KEN School scheme responding to the shortage of engineers arising from demographic factors

Technologies including ICT, AI, IoT, SE etc. are evolving every day, and given there is always a shortage of engineers due to demographic factors like population decline, high growth is possible by securing engineering staff

ICT = Information and Communications Technology, AI = Artificial Intelligence, IoT = Internet of Things, SE = System Engineering

Today's younger generation is seeing a trend toward less willingness to make various sacrifices for the name value of their employment company, shifting toward a preference for companies where they can pursue what they want to do over name value

Through technical training programs for various industrial fields, the KEN School recruits inexperienced workers, training them and getting them assigned as engineers, creating a mechanism to realize career change/career advancement according to the environment and personal preferences after assignment

KEN School gives the Group an advantage in recruitment, leading the industry with the recruitment target for this term of over 6,000 (new graduates actual results: 1,600).

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Business schemes which continue to evolve with the changing environment

Domestic Service Operations Outsourcing

- Outsourcing for the US military facilities which has high barriers to entry from the perspective of classified information

Takes work on consignment for maintenance and construction work on highly classified aircraft hangars and HVAC facilities at domestic US military facilities such as in Okinawa etc.

- Orders for work on the US military facilities are awarded through a process of tendering bids, and it is necessary to gain a high level of credibility from the US military in order to be selected as a contractor

The Group acquired through M&A AMERICAN ENGINEERING CORPORATION (AEC) which has a high level of credibility from the US military, and through expansion of the allotment for bonded insurance required for bidding through synergies with the parent, AEC has been able to increase the number of successfully won large-scale project orders, which in turn has raised profit margins due to the higher profitability of efficient large-scale projects

The Group is accelerating deployment of work for the US military facilities to the Pacific Rim including Hawaii and Alaska after already commencing business in Guam, already securing revenue worth ¥70 billion equivalent to the current bonded insurance allotment, targeting further expansion of the allotment and orders

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Business schemes which continue to evolve with the changing environment

Overseas Manufacturing and Service Operations Outsourcing

- Industry sector diversification over manufacturing-related business and government- and logistics-related services

Manufacturing-related business

Involved in Manufacturing Outsourcing business using technically skilled workers throughout Europe, mainly in Germany

- ■ Since it is business in the manufacturing field, there is some risk, although volatility risk is lower than for inexperienced manufacturing workers

Government services

From government institutions of many countries, the Group takes on consignment various outsourcing of public work such as at public facilities like prisons and airports

- ■ Since the trend toward privatization of public work will continue going forward in advanced countries due to fiscal constraints, the Group will expand public work which is less susceptible to the economic cycle

Logistics services

The Group is promoting logistics-related outsourcing business related to e-commerce throughout Europe, mainly in the Netherlands

- ■ Going forward online commerce will continue to grow globally, and given the low volatility of e-commerce, this business will continue growing

Risk is reduced through industry sector diversification over 3 businesses with differing cycles, and business know-how, infrastructure, engineers etc. are being deployed for mutual use in Europe, Asia and Australia

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Business schemes which continue to evolve with the changing environment

Overseas Manufacturing and Service Operations Outsourcing

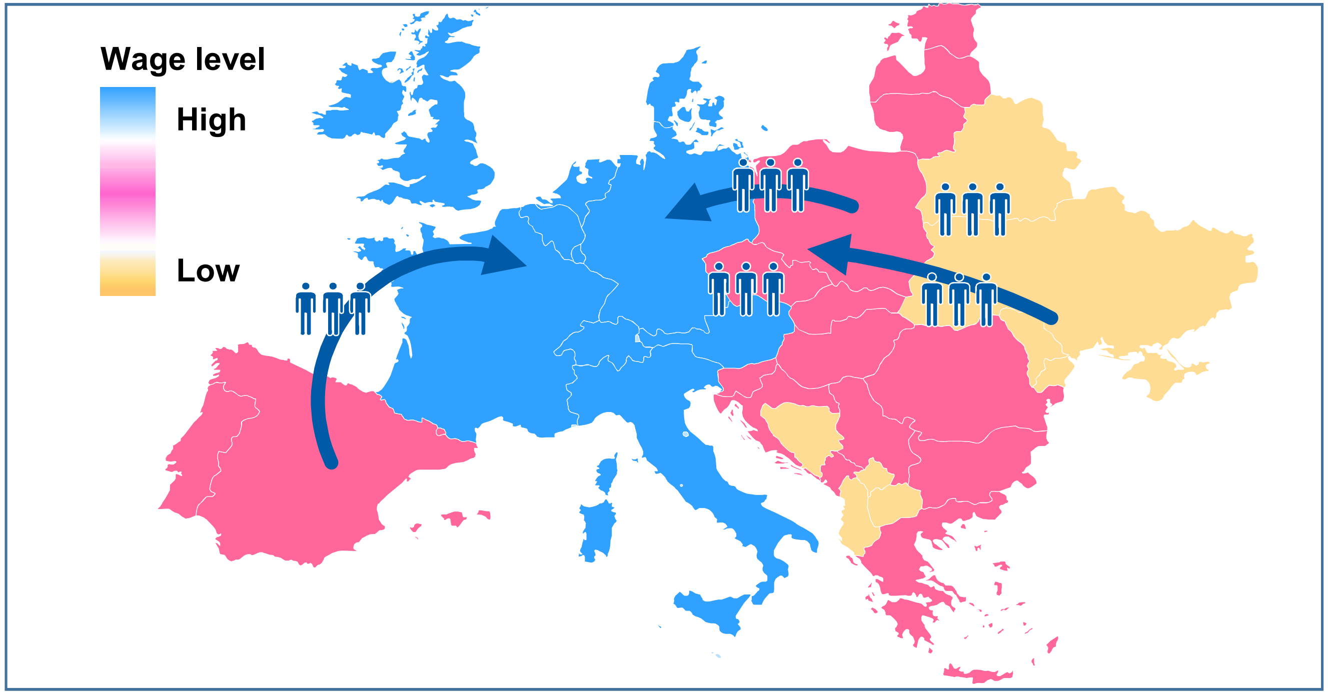
- Cross-border HR mobility scheme globally

Since Germany and the Netherlands have tight recruitment conditions due to declining birthrate and aging population, OTTO Holding B.V., which has many bases mainly in Eastern Europe, was acquired through M&A, creating a structure for supplying workforce from countries with an abundance to those with shortages

HR mobility scheme

Built a network in Europe for HR mobility, which is being extended beyond Europe to a global HR mobility scheme going forward to include Asia and Australia etc.

- Use of technical intern trainees in Japan is part of the HR Mobility scheme



Expanding various outsourcing businesses through cross-border HR mobility by constructing a recruitment network across continental Europe

*Of the 44,968 persons enrolled for this segment as of the end of the Q3, roughly 40% are attributed to HR mobility

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Business schemes which continue to evolve with the changing environment

Overseas Engineering Outsourcing

- Various consignment work from governments and local public institutions which is less susceptible to impact from the economic cycle
- Addressing the shortage of engineers by introducing the KEN School scheme

BPO = Business Process Outsourcing

The Group takes various BPO work on consignment from central and local governments in the countries such as UK and Australia

- By offering one-stop solutions through expansion of business areas for all UK Group companies, the Group took the No.2 position in the market for government debt collection in 2018 through use of IoT and big data, expected to become No.1 in the not-too-distant future
- Outsourcing of engineers in the ICT-related and financial fields for public institutions is growing in the UK and Australia
- In Australia, from 2018 September, the Group began a scheme similar to that of the KEN School in Japan for training and assigning as engineers personnel with no experience or low-level skills, and the number of applicants is growing

Expanding business to countries around the world by utilizing business know-how, systems and engineers

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Target Levels in the New Medium-term Management Plan under Preparation

The OUTSOURCING Group has no intention to compete under the old dispatch business model in Japan which does not require reinvestment funds, fighting over tiny growths while building up excess cash.

- In Japan
  In Manufacturing and Engineering Outsourcing Businesses, enter new outsourcing businesses that respond to changes in the environment as well as in client needs, accelerating growth in fields which can expect long-term demand for engineers and foreigners, toward becoming the dominant domestic firm

- Overseas
  Through the global HR mobilization in manufacturing and engineering, target capturing the opportunity as world population increases from the current 7.5 billion to 10 billion, accelerate global development of government and public works related business, aiming at higher growth than in Japan.

- For outsourcing business for the US military facilities
  Roll out businesses which previously had only been in Japan to the Pacific Rim, targeting stable, long-term growth.

As a way toward our long-term goal of becoming the world's No.1 Outsourcing firm, the Company will target achieving operating profit of over ¥70 billion in the next Medium-Term Management Plan being created going forward.

As part of the Company's long-term vision, we are abandoning simple stock businesses, and we are building a business structure where the global group can flexibly respond to changes in the environment and be less susceptible to economic fluctuations.

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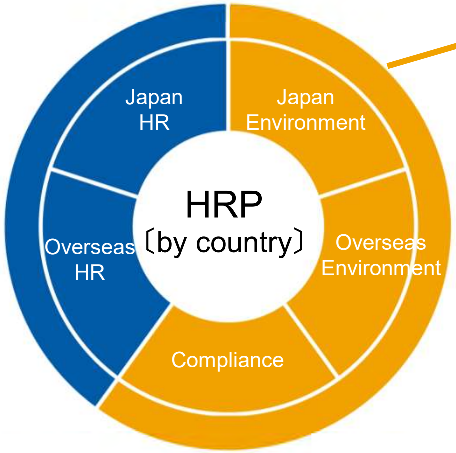
Target Levels in the New Medium-term Management Plan under Preparation

Further expansion of global HR mobility
Overview of our Global HRP (Human Resource Platform) being developed

HRP Configuration



Environment Platform

- Providing a legally protected and appropriate environment for human resources in and outside of Japan as well as companies operating in and outside Japan

About HRP

- In line with conditions in each country, using the HRP established by the Group becomes a one-stop total solutions platform related to human resources, for not only those working in a said country, but also local people going overseas, foreigners coming to work in the said country, companies trying to procure human resources from overseas, as well as companies looking to expand overseas

HR Platform

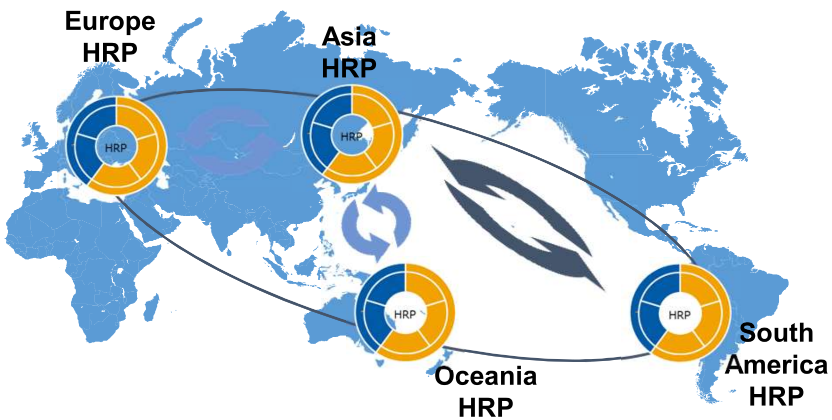
- Providing industry sectors and job types for diverse workstyles to human resources including both in Japan and overseas

Method and Objective of Constructing a Global HRP

- Build an Asian HRP through collaboration with HRPs in each Asian country
- Build HRPs in other regions around the world
- Construct a global HRP through collaboration of regional HRPs around the world

Centralize support for global mobility of workers and companies

"WORKING" Beyond Borders



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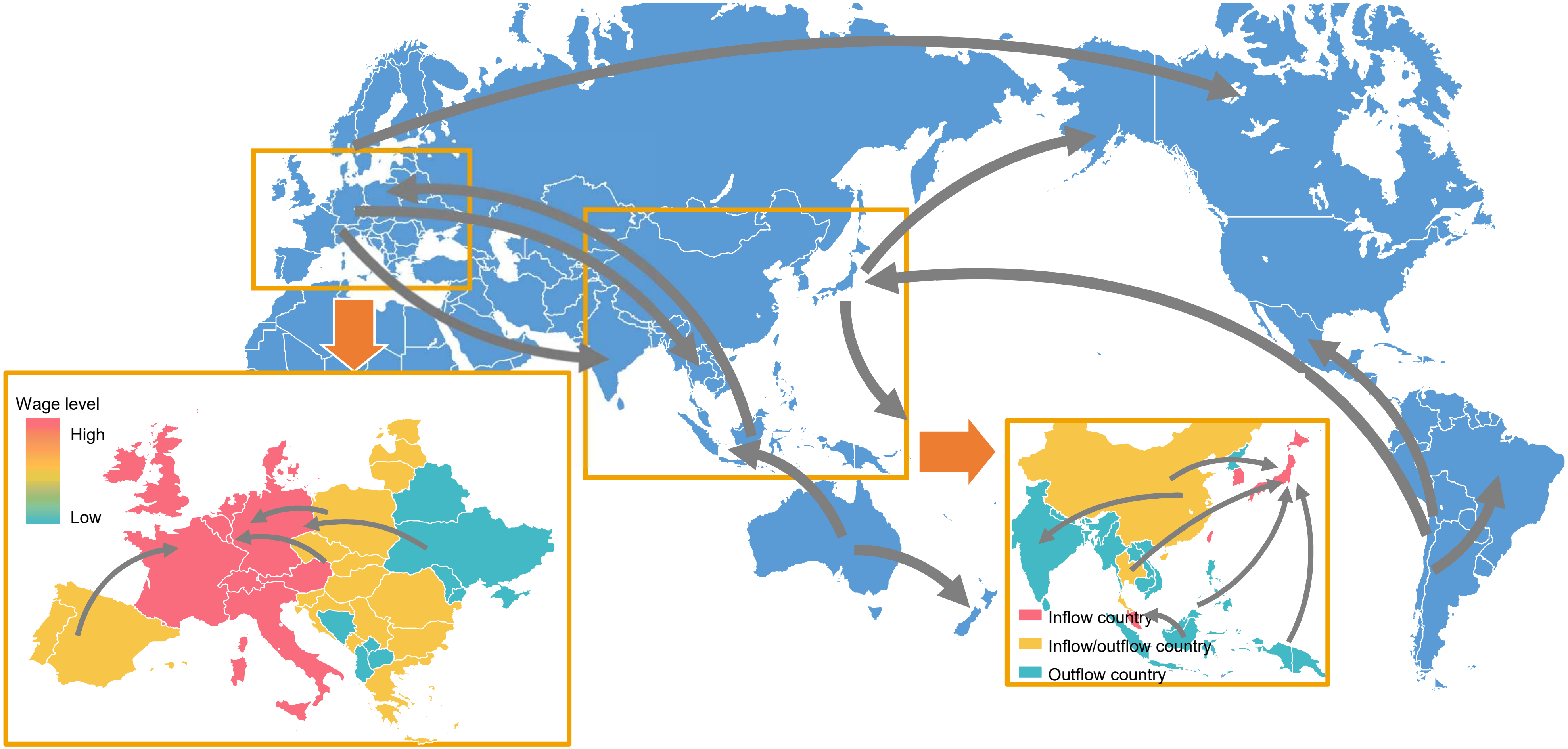
Target Levels in the New Medium-term Management Plan under Preparation

Worldwide promotion of an HR mobility model using the global HRP worldwide



In line with the progress in construction of the global HRP, we are accelerating the HR mobility in the business areas of Manufacturing Outsourcing, Service Operations Outsourcing and Engineering Outsourcing.

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Strengthening Group Governance

Basic approach to corporate governance

Fully embracing its responsibility as an exemplar corporate citizen to contribute to society, OUTSOURCING Inc. established the "Corporate Principles." The Company thus recognizes that, in an effort to achieve growth and enhance corporate values over the medium-to-long term in a constantly changing business environment, management must assign the utmost priority to creating a fully autonomous, highly ethical corporate governance regime that is closely monitored and routinely reviewed. The Company also recognizes that such a regime will prove invaluable in the ongoing building of trust and confidence with all its stakeholders, including shareholders, clients, local communities and employees.

Specific Activities

Formulate the global governance policy and strengthen the group management structure

Purpose of formulation: To maintain the soundness of the entire Group, under the basic policy of corporate governance of OUTSOURCING Inc. and its group companies

7 Basic Policies:
1) Role and responsibilities of the Board of Directors
2) Risk management
3) Approval reporting rules
4) Regular reports to the parent company
5) Internal reporting system
6) Internal audit by the parent company
7) Education and training

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Strengthening Group Governance

Strengthening the Group's management structure through the global governance policy

Global Governance Policy

Corporate Governance

- Strengthen the Board of Directors/ Reporting/Internal Audit Systems

Strengthen the education and training system

Internal Controls and Risk Management

- Strengthen the global governance system
- Strengthen the self-management system concerning controls
- Strengthen the risk management system
- Risk prevention through governance due diligence

Corporate Ethics and Compliance

- Code of Corporate Ethics and Conduct
- Anti-corruption policy
- Strengthen the internal reporting system

Business Management Group Platform (Finance/Accounting, IT)

- Strengthen the consolidated accounting process/work
- Promotion of strategic Global Cash Management
- Promotion of the global information security infrastructure project

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Strengthening Group Governance

2019 Priority Measures

Minimizing risks by implementing rules

- Using e-learning, take lectures on the global governance policy, OUTCOURCING Group Code of Corporate Ethics and Conduct, and the anti-corruption policy and establish a recognition test environment, promoting further penetration
- Independent risk management through internal controls (OS Group Minimum Control Requirement)
- Expansion of the internal reporting (enhancement of the existing systems in Asia and Oceania, and the deployment to Europe and South America)
- Strengthen the consolidated accounting system; early settlement and stabilization
- Promotion of establishing a group information systems security infrastructure

Early recognition of risks through governance due diligence

- Create a system for governance due diligence in the M&A process
- Handle a creation of the J-SOX internal controls

Promote establishment of the Global Risk Management System

- Establish the Global Risk Management System for prevention and recurrence prevention in accordance with the expansion of the Group's scale and regions

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Strengthening Group Governance

Promote the introduction of OS Group Minimum Control Requirement (MCR) (1)

Purpose of introducing the MCR

- To be able to minimize operational risks even for small and medium-sized overseas group companies that are not subject to the internal control evaluation (J-SOX)

Points for successful implementation of the MCR

- In order for top management of each group company to understand the actual situation of their own operation systems and to be able to formulate and implement strengthening measures as required, 6 stages have been established and explanation, creation, validation and confirmation have been repeated, to promote deeper understanding and action
- By establishing the MCR and a separation of duties (SOD) checklist conforming to the details of each group company's business, potential risks can be specified more realistically, preventing efforts from becoming just a paper shuffling exercise

Stages for creating the Minimum Control Requirement (MCR)

Stage 0
Introduction and explanation of the MCR by the Company

Stage 1
Each group company starts creating the MCR

Stage 2
Integrated support from the MCR creation to completion by the Company

Stage 3
The MCR introduced into each group company's own business

Self-assessment stage

Stage 4
Guidance on the self-assessment method by the Company

Final Stage
Periodic self-assessment and reporting by each group company selected each year by the Company on important controls

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Strengthening Group Governance

Promote the introduction of OS Group Minimum Control Requirement (MCR) (2)

MCR introduction progress status (as of September 30, 2019)

Stage	Subjects	Current status	Schedule going forward		
			Introduction explanation → start creation	Method explanation for self-assessment	Self-assessment results report
Stage 0	2 companies	Briefing session schedule under adjustment	Nov. 2019, Feb. 2020		
Stage 1	1 company	Start creation	Oct. 2019		
Stage 2	2 companies	Creating MCR documents under the guidance of the Company		Oct.-Dec. 2019	
Stage 3	5 companies	Introduced by each group company to their own operations, confirming controls and division of duties, making improvements as required			Jan.-Feb. 2020
Stage 4	2 companies	In the process of self-assessment, scheduled to report after completion			Dec. 2019
Final Stage	5 companies	Sep. 2019 Self-assessment report completed			

- During Q3 FY19, 3 new companies completed self-assessment reports, and the Company has finished checking them
- The Company will continue efforts to promote advancing the stage of each company, as well as activities directed at newly joined Group companies, striving to minimize the operational risks

Out-Sourcing! Inc.

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Supplemental Information: Domestic Recruitment Plan for FY12/19

Annual and Semi-Annual Trends

		FY12/18 Actual 1H	FY12/18 Actual 2H	FY12/18 Actual Full-Year	FY12/19 Forecasts 1H	FY12/19 Forecasts 2H	FY12/19 Forecasts Full-Year
Manufacturing	**No. of workers recruited (persons)**	**4,329**	**5,694**	**10,023**	**5,239**	**5,946**	**11,185**
	Recruitment unit price (¥/worker)	78,465	57,543	66,580	99,295	68,613	82,984
Engineering	**No. of workers recruited (persons)**	**3,188**	**3,081**	**6,269**	**3,895**	**2,517**	**6,412**
	Recruitment unit price (¥/worker)	346,184	405,164	375,171	315,445	565,444	413,581
Service Operations	**No. of workers recruited (persons)**	**2,559**	**2,177**	**4,736**	**2,554**	**3,037**	**5,591**
	Recruitment unit price (¥/worker)	19,123	17,006	18,150	27,580	20,148	23,543
Recruiting and Placing	**No. of workers recruited (persons)**	**1,851**	**2,001**	**3,852**	**1,740**	**1,860**	**3,600**
	Recruitment unit price (¥/worker)	155,620	131,796	143,244	158,096	154,964	156,478

Quarterly Trends

		FY12/18 Actual Q1	FY12/18 Actual Q2	FY12/18 Actual Q3	FY12/18 Actual Q4	FY12/18 Actual Full-Year	FY12/19 Actual Q1	FY12/19 Actual Q2	FY12/19 Actual Q3	FY12/19 Forecasts Q4	FY12/19 Forecasts Full-Year
Manufacturing	**No. of workers recruited (persons)**	**1,681**	**2,648**	**2,308**	**3,386**	**10,023**	**2,046**	**2,488**	**1,582**	**2,865**	**11,185**
	Recruitment unit price (¥/worker)	101,105	64,093	78,574	43,208	66,580	126,977	51,301	61,884	69,075	82,984
Engineering	**No. of workers recruited (persons)**	**1,017**	**2,171**	**1,835**	**1,246**	**6,269**	**1,155**	**2,836**	**1,201**	**1,319**	**6,412**
	Recruitment unit price (¥/worker)	610,174	222,519	299,054	561,433	375,171	598,655	212,352	630,609	532,016	413,581
Service Operations	**No. of workers recruited (persons)**	**1,338**	**1,221**	**1,226**	**951**	**4,736**	**1,070**	**889**	**569**	**1,631**	**5,591**
	Recruitment unit price (¥/worker)	19,229	19,007	18,721	14,795	18,150	27,456	17,846	33,576	18,608	23,543
Recruiting and Placing	**No. of workers recruited (persons)**	**818**	**1,033**	**971**	**1,030**	**3,852**	**924**	**1,034**	**967**	**940**	**3,600**
	Recruitment unit price (¥/worker)	162,725	149,994	152,800	111,995	143,244	196,934	154,781	171,402	150,942	156,478

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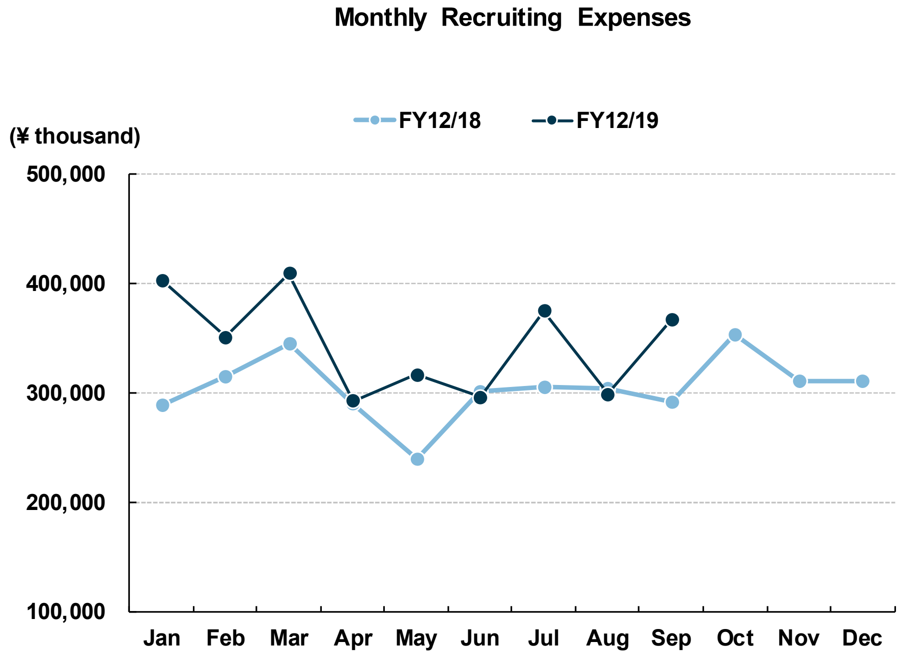
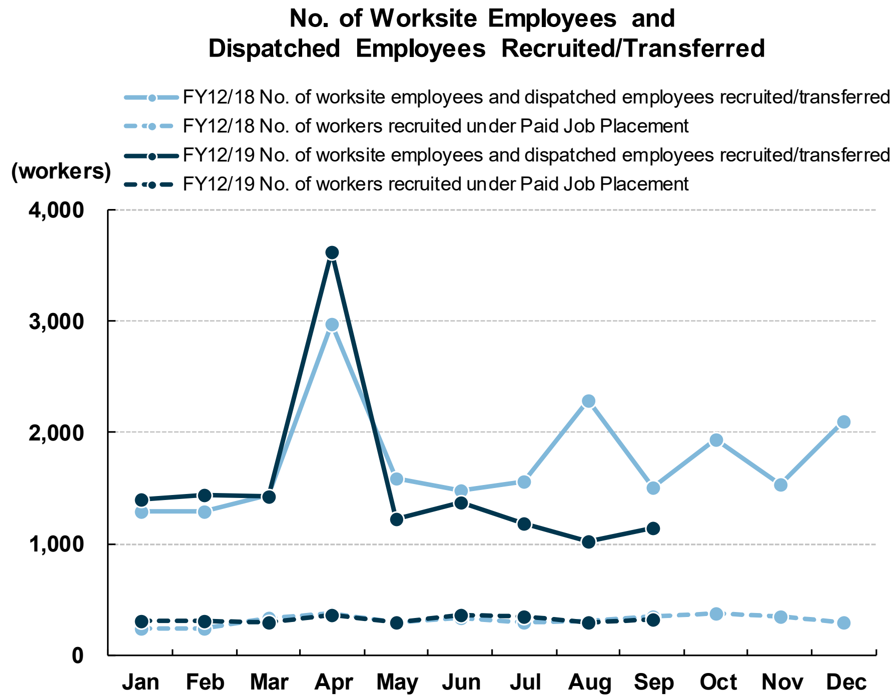
Monthly Trends (Consolidated)





FY12/18	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
No. of worksite employees and dispatched employees recruited/transferred	1,298	1,291	1,447	2,971	1,590	1,479	1,568	2,289	1,512	1,944	1,538	2,101
No. of workers recruited under Paid Job Placement	240	239	339	383	305	345	302	319	350	374	358	298
Recruiting expenses (¥ thousand)	288,522	315,618	345,201	289,861	239,816	301,282	305,234	304,662	291,537	353,810	311,238	310,225

FY12/19	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
No. of worksite employees and dispatched employees recruited/transferred	1,406	1,440	1,425	3,616	1,226	1,371	1,186	1,025	1,141			
No. of workers recruited under Paid Job Placement	313	309	302	372	299	363	349	296	322			
Recruiting expenses (¥ thousand)	402,799	350,888	408,900	292,607	316,761	296,409	374,660	299,049	366,404			

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

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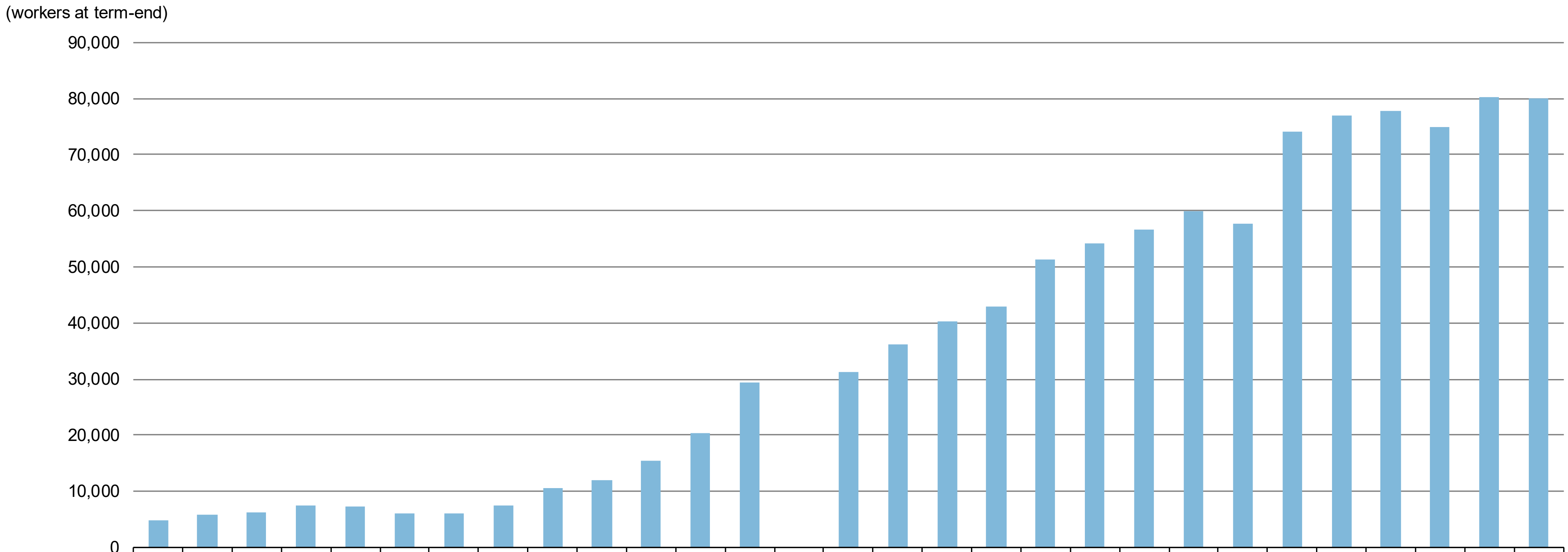
Supplemental Information:
Trends in Number of Worksite Employees and Dispatched Workers

Quarterly Trends (Consolidated)

- Up to FY12/15: Annual trend
- From FY12/16: Quarterly trend



	12/03	12/04	12/05	12/06	12/07	12/08	12/09	12/10	12/11	12/12	12/13	12/14	12/15		3/16	6/16	9/16	12/16	3/17	6/17	9/17	12/17	3/18	6/18	9/18	12/18	3/19	6/19	9/19
Worksite Employees	4,821	5,823	6,209	7,468	7,324	6,102	6,109	7,434	10,542	11,913	15,585	20,505	29,477		31,172	36,152	40,322	42,838	51,378	54,221	56,606	59,883	57,789	74,043	77,024	77,746	74,978	80,140	80,118

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

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Supplemental Information:
Impacts of IFRS Standard Change (IFRS 16 "Leases")

Change in IFRS 16 "Leases"

✓ International Financial Reporting Standards (IFRS) based companies are required to recognize the right of use as an asset and to record lease liabilities for all lease transactions except for short-term and low-value assets lease under IFRS 16 from fiscal year beginning January 1, 2019 onward as determined by the International Financial Reporting Council (IASB) (Depreciate lease asset rather than recording lease fees as expense)

Impacts of IFRS 16 "Leases" Change

✓ Increase in total assets by recording lease assets, which result in equity ratio deterioration

✓ More complicated accounting process

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Supplemental Information:
Treatment of Put Options over non controlling interests (IAS 32)

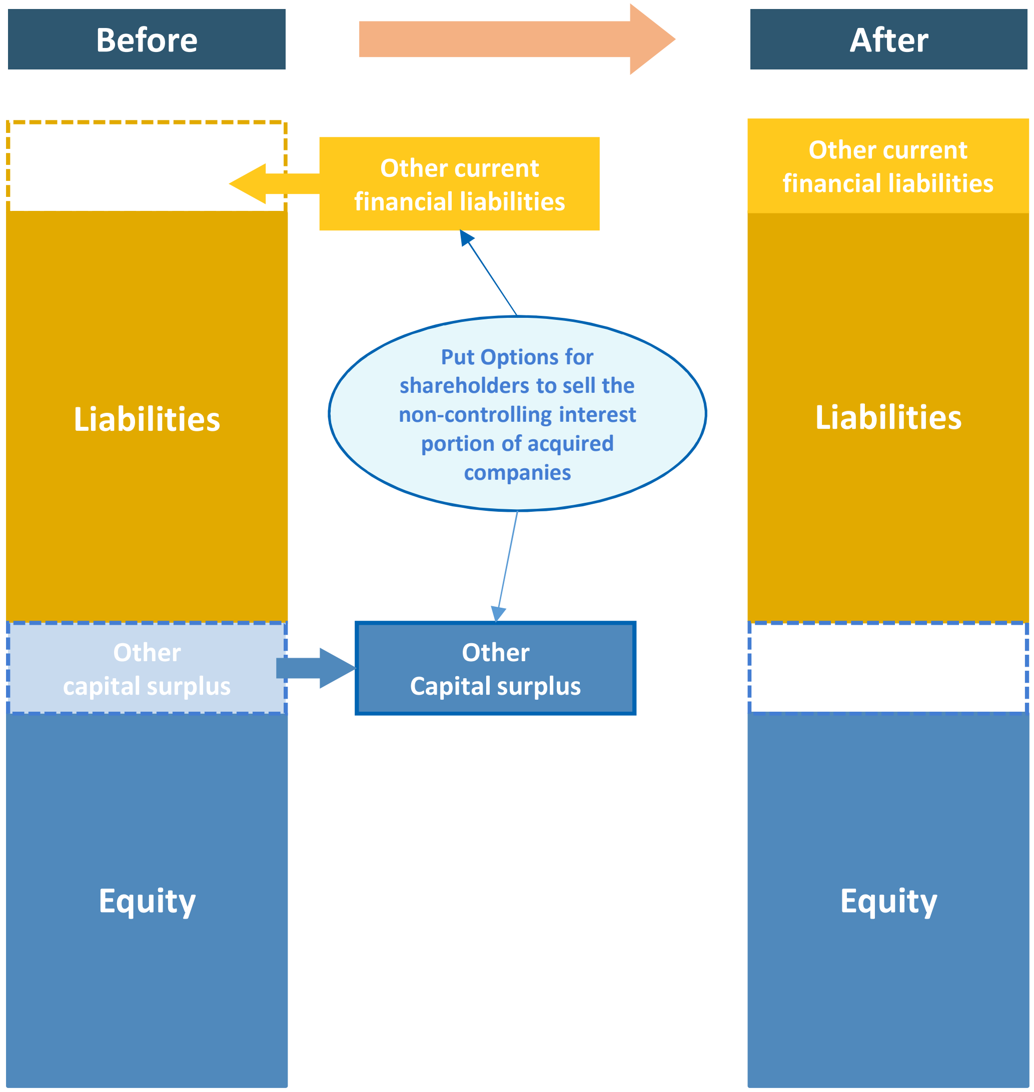
- In cases of Put options for NCI is granted, related to M&A

Common Interpretation of IAS

✓ From paragraph 23 of IFRS 32, parent must recognize a financial liability when it has an obligation to pay cash in the future to purchase the minority's shares, even if the payment of that cash is conditional on the option being exercised by the holder.

Our Application

✓ In the event that we acquired less than 100% of the shares in acquired companies and the right for shareholders to sell the non-controlling interest portion to the Company in the future is granted, we record this as a liability on the future prospective purchase price, and subtracted the equivalent amount from equity.



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Note

The consolidated financial statements from FY12/18 onward have been revised retroactively following the finalization of the provisional accounting treatment for the business combination conducted in FY12/18.

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Legal Disclaimer

These materials contain forward-looking statements concerning earnings estimates and Company plans, which are based upon the best available information at the present time. Therefore, actual results may differ from plan and estimate values due to various factors in the future. Note that descriptions in these materials are as of the date on this document (or date specified separately therein), and they are subject to change without advanced notice. Also, information described in this document other than corporate information of the Group is quoted by the Company from publicly available sources, but which has not been verified as to the accuracy or appropriateness by the Company, nor does it represent an assurance of them.

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