



FACTBOOK

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

For the Fiscal Year Ended December 31, 2018 [IFRS]

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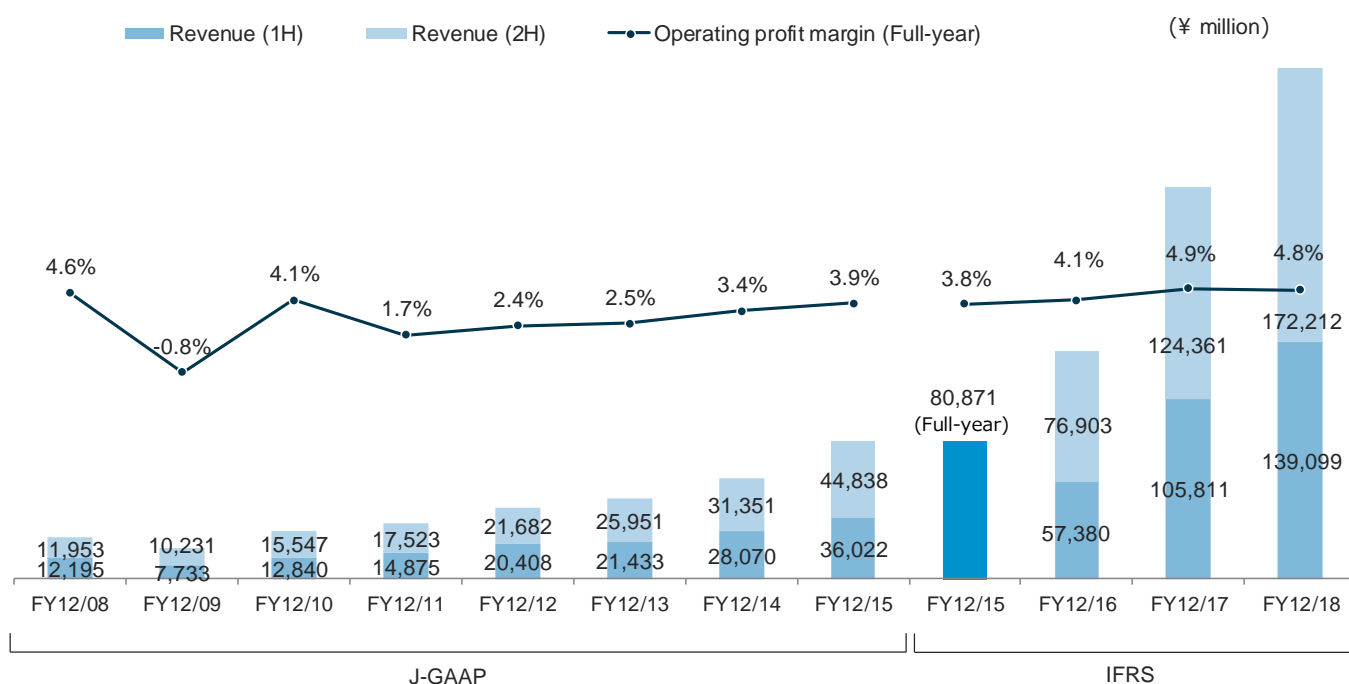


Out-Sourcing!
Inc.

Corporate Profile (as of December 31, 2018)

Company Name	OUTSOURCING Inc.
URL	https://www.outsourcing.co.jp/en/
Head Office	19F Marunouchi Trust Tower Main Bldg., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan
Capital Stock	¥25,123 million
Established	January 1997
Representative	Haruhiko Doi, Chairman & CEO
Main Businesses	Domestic Engineering Outsourcing Business, Domestic Manufacturing Outsourcing Business, Domestic Service Operations Outsourcing Business, Overseas Engineering Outsourcing Business, Overseas Manufacturing and Service Operations Outsourcing Business
Total Employees (Group)	83,154

Revenue and Ratio of Operating Profit



Note: IFRS (International Financial Reporting Standards) has been applied from FY12/15(Full-Year).

Business Overview

Operating Segments

Domestic Engineering Outsourcing Business

23.3% (Composition Ratio)



17 Group Companies

Service providing advanced technology/know-how to makers in the design/development, and verification testing/appraisal phases, building web/smart phone telecom applications and e-commerce sites, all type of solution services and construction for backbone IT Systems/infrastructure/networks, outsourcing service for R&D work specialized in medical/chemical-related, service providing specialized technical know-how for on-site construction supervision/design and design/installation/management of all types of plants, IT-related schools, etc.

【Major Group Companies】

enable Inc., RPM Co., Ltd., TryAngle Co., Ltd., OUTSOURCING TECHNOLOGY Inc., Thinketh Bank Co., Ltd., Kyodo Engineering Corporation, GLocal Co.,Ltd., Advantec Co.,Ltd.

Domestic Manufacturing Outsourcing Business

20.0%



14 Group Companies

In response to makers' outsourcing needs for the manufacturing processes, provides production technology and administrative expertise, service achieving higher productivity, total administrative contract work including recruitment agency services for fixed-term contract employees directly employed by makers as well as labor management for technical intern trainees after hiring, housing management, outplacement assistance for workers whose contracts have expired

OUTSOURCING Inc., PEO Co., Ltd., OS Partners CO.,LTD., ORJ INC.

Domestic Service Operations Outsourcing Business

5.8%



5 Group Companies

Provides services for public institutions including US military facilities, and services for convenience stores

OTS Inc., AMERICAN ENGINEERING CORPORATION (OKINAWA)

Overseas Engineering Outsourcing Business

11.7%



29 Group Companies

At overseas subsidiaries mainly in Europe and Australia, provides dispatching services for IT engineers and financial industry specialists

BLUEFIN RESOURCES PTY. LIMITED, NTRINSIC CONSULTING EUROPE LIMITED, NTRINSIC CONSULTING SPRL, J.B.W. GROUP LIMITED, CLICKS RECRUIT (AUSTRALIA) PTY LTD, INDEX CONSULTANTS PTY LTD, PROJECT MANAGEMENT PARTNERS PTY LIMITED

Overseas Manufacturing and Service Operations Outsourcing Business

39.1%



115 Group Companies

At overseas subsidiaries in Asia, South America and Europe, the OS Group provides HR services for Manufacturing Outsourcing, personnel dispatch and recruitment/placement for clerical work and Service Operations, and Agency Payroll Processing, in Europe and Australia the OS Group provides BPO services and personnel dispatch for public institutions, and in Europe and Asia the OS Group provides cross-border employment services

OS (THAILAND) CO., LTD., OS VIETNAM CO., LTD., SANSHIN (MALAYSIA) SDN. BHD., OUTSOURCING (CAMBODIA) Inc., PT. OS SELNAJAYA INDONESIA, EXPROCHILE S.A., ALP CONSULTING LIMITED, HOBAN RECRUITMENT PTY LTD, FARO RECRUITMENT(CHINA),CO,LTD., FARO RECRUITMENT (HONG KONG) CO., LIMITED, OS HRS SDN. BHD., OUTSOURCING UK LIMITED, VERACITY OSI UK LIMITED, LIBERATA UK LIMITED, Orizon GmbH, INVERSIONES SL GROUP SpA, SEGURIDAD PRIVADA ACTIVE SECURITY COMPANY A.S.C. CIA. LTDA., WHOLE SECURITY S.A.C., SANTILLANA DE SEGURIDAD VIGILANCIA PRIVADA LTDA, KINETIC EMPLOYMENT LIMITED, OTTO Holding B.V., OTTO WORK FORCE POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, LIMITED LIABILITY COMPANY "OTTO WORKFORCE", Societatea cu Raspundere Limitata "OTTO WORK FORCE", OTTO Work Force Czech s.r.o., OTTO Work Force Slovakia s.r.o., OTTO Workforce Hungary Korlatolt Felelossegu Tarsasag, OTTO Work Force Bulgaria EOOD, OTTO WORK FORCE ROM S.R.L., ALLEN LANE TOPCO LIMITED, OTTO Work Force d.o.o. za posredovanje pri zaposlivanju

Other Segments Total

0.1%



4 Group Companies

Provides product development/manufacturing/sales as well as agency secretarial work

enable Inc., Outsourcing Business Service Inc.

OUTSOURCING Group Expansion Corporate History

Domestic Business Overseas Business

Date	Category	Event
Jan. 1997	Domestic Business	OUTSOURCING Inc. was founded in Shizuoka City, Shizuoka Pref. as a provider of contract services for production processes
Dec. 2004	Domestic Business	Listed on the JASDAQ Standard Market of the Tokyo Stock Exchange (formerly JASDAQ Securities Exchange)
Mar. 2005	Domestic Business	Launched enable Inc. , an outsourcing service provider specializing in transport equipment industry
Aug. 2009	Domestic Business	Acquired RPM Co., Ltd. and TryAngle Co., Ltd. as consolidated subsidiaries specializing in medical products and equipment, and chemical products
Nov. 2009	Domestic Business	Acquired Seishow Co., Ltd. , a service provider specializing in development contract services in the R&D and engineering fields, as a consolidated subsidiary (commercially registered name changed to OUTSOURCING TECHNOLOGY Inc. in April 2011)
Aug. 2010	Overseas Business	Launched Out-Sourcing China, Inc. in Shanghai; a consolidated subsidiary specializes in providing a broad range of engineering and production outsourcing services, including R&D and product testing and evaluation, while also offering consultancy services to train and recruit local talent for Japanese transplant companies
Oct. 2010	Domestic Business	Launched OS.SEMITEC Inc. as a contract service provider specializing in product design & development, prototype testing and volume production processes
Apr. 2011	Overseas Business	Launched OS (THAILAND) CO., LTD. to consolidate local production outsourcing businesses
Jul. 2011	Overseas Business	Launched PT.OS ENGINEERING & CONSULTANT INDONESIA , a manufacturing and management consulting firm, and expanded into Indonesian market (absorbed by PT. OS SELNAJAYA INDONESIA in June 2015)
Nov. 2011	Overseas Business	Acquired OS International Co., Ltd. as a consolidated subsidiary with overseas 10 consolidated subsidiaries and affiliated companies in seven countries and tasked with cross-border human resource services and support services for Japanese companies seeking to enter foreign markets
Dec. 2011	Overseas Business	Launched OS VIETNAM CO., LTD. in Vietnam to provide outsourcing services primarily for the transport equipment, electric and electronics fields
Mar. 2012	Domestic Business	Listed on the second section of the Tokyo Stock Exchange
Jul. 2012	Domestic Business	Relocated the head office to Chiyoda-ku, Tokyo
Mar. 2013	Domestic Business	Listed on the first section of the Tokyo Stock Exchange
Oct. 2013	Overseas Business	Acquired SANSHIN (MALAYSIA) SDN. BHD. as a consolidated subsidiary and expanded into the Malaysian market
Jan. 2014	Overseas Business	Acquired ALP Group as consolidated subsidiaries and expanded into the Indian market
Apr. 2014	Domestic Business	Acquired Thinketh Bank Co., Ltd. , which operates IT schools, as a consolidated subsidiary
Sep. 2014	Domestic Business	Launched PEO Co., Ltd.
Jan. 2015	Domestic Business	Acquired KDE Holding Corporation as a consolidated subsidiary, thereby also acquiring Kyodo Engineering Corporation as a consolidated subsidiary
Apr. 2015	Overseas Business	Launched OUTSOURCING (CAMBODIA) Inc. and expanded into the Cambodian market
Aug. 2015	Domestic Business	Launched HR services for US military facilities
	Overseas Business	Acquired BLUEFIN Group companies as consolidated subsidiaries
	Overseas Business	Acquired NTRINSIC Group companies as consolidated subsidiaries and expanded into the UK and Belgian markets
Sep. 2015	Domestic Business	Launched Outsourcing Business Service Inc. as a special subsidiary company for hiring handicapped employees
Oct. 2015	Domestic Business	Launched outsourcing business for convenience stores
Dec. 2015	Overseas Business	Acquired Grupo Expro Group companies as consolidated subsidiaries and expanded into the Chilean market
Apr. 2016	Overseas Business	Acquired BEDDISON Group companies in Australia as consolidated subsidiaries
	Overseas Business	Acquired J.B.W. Group companies in the U.K. as consolidated subsidiaries
	Overseas Business	Acquired SYMPHONY HRS SDN. BHD. in Malaysia as a consolidated subsidiary (commercially registered name changed to OS HRS SDN. BHD. in June 2016)
May 2016	Domestic Business	Consolidated subsidiary BROTHERS CO., LTD. changed commercially registered name to OTS Inc.
Aug. 2016	Domestic Business	Acquired Recruit Factory Partners Co., Ltd. as a consolidated subsidiary and changed commercially registered name to OS Partners CO., LTD.
	Overseas Business	Acquired LIBERATA UK LIMITED as a consolidated subsidiary
Jan. 2017	Overseas Business	Acquired Orizon Group as consolidated subsidiaries and expanded into the German market
Apr. 2017	Domestic Business	Acquired AMERICAN ENGINEERING CORPORATION (OKINAWA) as a consolidated subsidiary
Apr. 2018	Overseas Business	Acquired SL Group with South American bases mainly in Chile as consolidated subsidiaries
May 2018	Overseas Business	Acquired OTTO Holding B.V. , which has a recruitment network in Europe mainly in the Netherlands and Poland, as a consolidated subsidiary
	Overseas Business	Acquired ALLEN LANE Group companies in the U.K. as consolidated subsidiaries
Aug. 2018	Overseas Business	Acquired PM-P Group companies in Australia as consolidated subsidiaries

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.



Business Locations Overview

Domestic Business Locations

(as of December 31, 2018)

Domestic Consolidated Subsidiaries : 38

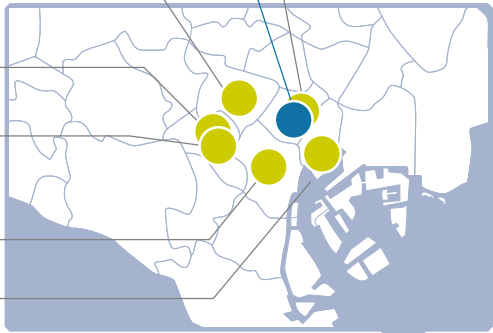
- OUTSOURCING Inc.
- Consolidated Subsidiaries

Kanto Area

- | | |
|-----------------------------------|-------------------------------------|
| OUTSOURCING TECHNOLOGY Inc. | Outsourcing Quest Inc. |
| OTS Inc. | OS Platinum Co., Ltd. |
| Kyodo Engineering Corporation | S Agent Co.,Ltd. |
| Outsourcing Business Service Inc. | OUTSOURCING Communications Co.,Ltd. |
| Oomura Industrial Co., Ltd. | |
| OS Capital Partners Inc. | |

OUTSOURCING Inc.

- RPM Co., Ltd.
- TryAngle Co., Ltd.
- Thinketh Bank Co., Ltd.
- IOD Career Inc.
- KEN Technology Co.,Ltd
- Mobile Communications Co., Ltd.
- NATURAL Co.,Ltd.



Kinki Area

- | | |
|----------------------|-------------------|
| ORJ INC. | Planner Co., Ltd. |
| OS Partners CO.,LTD. | GLocal Co.,Ltd. |
| Advantec Co.,Ltd. | |
| OS LOGITEC Co., Ltd. | |

Chugoku Area

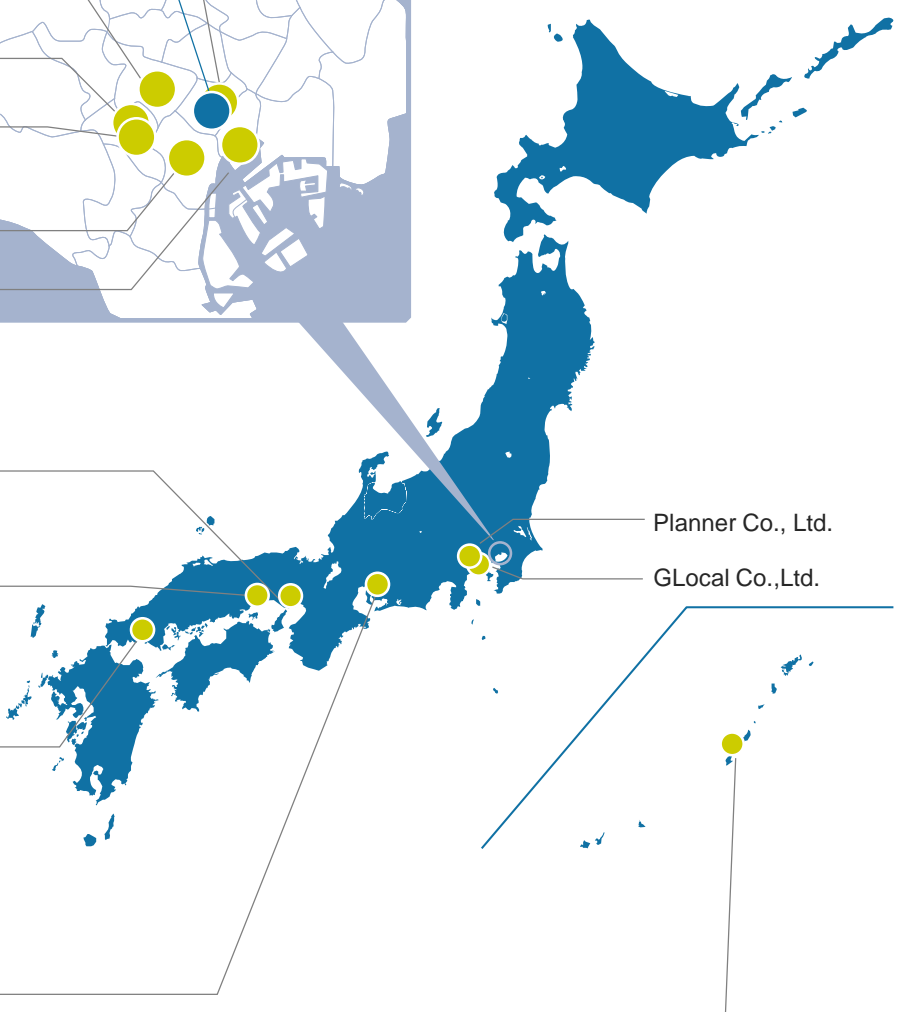
- Oshima Shokai Co.,Ltd.

Chubu Area

- enable Inc.
- PEO Co., Ltd.

AMERICAN ENGINEERING CORPORATION (OKINAWA)

Okinawa Area



Business Locations Overview

Overseas Business Locations

(as of December 31, 2018)



Japan

- OS International Co., Ltd.
- OS HRS JAPAN Inc.

Overseas Consolidated Subsidiaries : 144

Asia

China

- Out-Sourcing China, Inc.
- Gray (Dalian) Information Technology Co., Ltd.
- FARO RECRUITMENT(CHINA), CO. LTD.
- FARO RECRUITMENT (HONG KONG) CO., LIMITED

Thailand

- OS (THAILAND) CO., LTD.
- OS Recruitment (Thailand) Co., Ltd.
- J.A.R. Service Co., Ltd.
- P-ONE SUBCONTRACT CO., LTD.
- HUMAN VALUE CO., LTD.
- FOREIGN WORKER EMPLOYMENT AGENCY OS LABOUR ASIA COMPANY LIMITED

Vietnam

- OS VIETNAM CO., LTD.
- OS POWER VIETNAM CO., LTD.
- FAITH ROOT RECRUITMENT VIETNAM JOINT STOCK COMPANY
- FAITH ROOT LABOUR OUTSOURCING VIETNAM COMPANY LIMITED

Cambodia

- OUTSOURCING (CAMBODIA) Inc.

Malaysia

- SANSHIN (MALAYSIA) SDN. BHD.
- OS HRS SDN. BHD.

Singapore

- OSI-ASIA HOLDINGS PTE. LTD.

Indonesia

- PT. OS SELNAJAYA INDONESIA

India

- ALP CONSULTING LIMITED
- DATACORE TECHNOLOGIES PRIVATE LIMITED
- OS HRS INDIA PRIVATE LIMITED

Europe

United Kingdom

- NTRINSIC HOLDINGS LIMITED
- NTRINSIC CONSULTING RESOURCES LIMITED
- NTRINSIC CONSULTING EUROPE LIMITED
- J.B.W. GROUP LIMITED
- HITO LIMITED
- OS HRS EUROPE LIMITED
- OUTSOURCING UK LIMITED
- LIBERATA UK LIMITED
- VERACITY OSI UK LIMITED
- ALLEN LANE TOPCO LIMITED

Belgium

- NTRINSIC CONSULTING SPRL

The Netherlands

- OTTO Holding B.V.

Germany

- OSI Holding Germany GmbH
- Orizon Holding GmbH
- Orizon GmbH
- Orizon Projekt GmbH
- Foodstaffing GmbH
- jobs in time medical GmbH
- Orizon Hamburg GmbH

Moldova

- Societatea cu Raspundere Limitata "OTTO WORK FORCE"

Czech Republic

- OTTO Work Force Czech s.r.o.

Slovakia

- OTTO Work Force Slovakia s.r.o.

Hungary

- OTTO Workforce Hungary Korlatolt Felelossegu Tarsasag

Bulgaria

- OTTO Work Force Bulgaria EOOD

Poland

- OTTO WORK FORCE POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA

Ukraine

- LIMITED LIABILITY COMPANY "OTTO WORKFORCE"

Romania

- OTTO WORK FORCE ROM S.R.L.

Croatia

- OTTO Work Force d.o.o. za posredovanje pri zaposlivanju

South America

Chile

- EXPROCHILE S.A.
- INVERSIONES SL GROUP SpA
- OSI SOUTH AMERICA HOLDINGS SpA

Ecuador

- SEGURIDAD PRIVADA ACTIVE SECURITY COMPANY A.S.C. CIA. LTDA.

Peru

- WHOLE SECURITY S.A.C.

Colombia

- SANTILLANA DE SEGURIDAD VIGILANCIA PRIVADA LTDA

Oceania

Australia

- STAFF SOLUTIONS AUSTRALIA PTY LTD
- BLUEFIN RESOURCES GROUP PTY LIMITED
- BLUEFIN RESOURCES PTY. LIMITED
- THE BEDDISON GROUP PTY LTD
- HOBAN RECRUITMENT PTY LTD
- CLICKS RECRUIT (AUSTRALIA) PTY LTD
- INDEX CONSULTANTS PTY LTD
- PROJECT MANAGEMENT PARTNERS PTY LIMITED

New Zealand

- KINETIC EMPLOYMENT LIMITED

VISION 2020
Tackling New Frontiers
Evolving into a game-changing enterprise

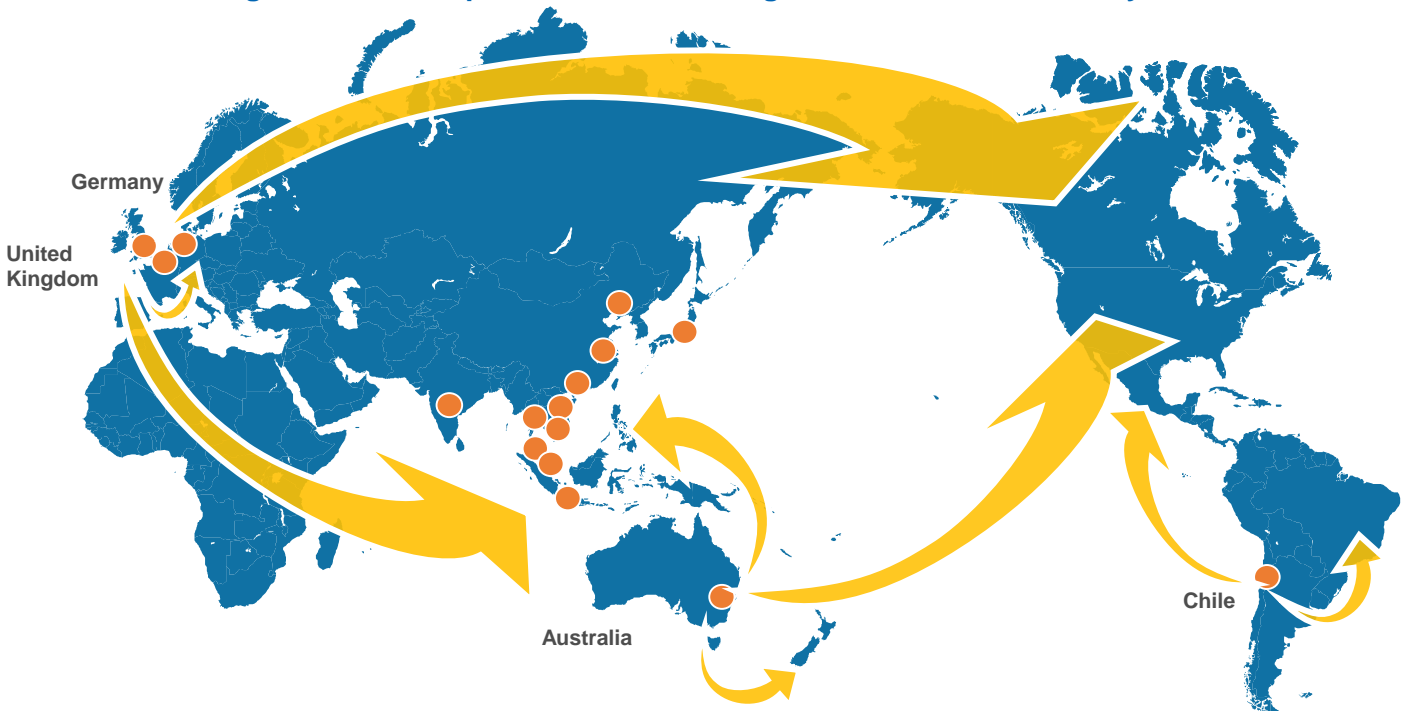
OUTSOURCING Group is taking the next leap as a global provider of comprehensive human resource solutions.

To respond to the changes in the Group's operating environment, it is transitioning away from its core business in manufacturing outsourcing to engineering and service operations outsourcing businesses while moving into global markets.

Looking ahead toward the challenges and objectives OUTSOURCING Group faces over next 20 years, it has been engaged in the process of reinventing itself. The Group will expand actively into sectors that operate on business cycles that are different from the manufacturing sector, thereby enhancing its corporate strength and stamina against every conceivable shift and upheaval in its operating environment. The Group is concurrently making an extended foray into the outsourced public services business and other service fields that are less susceptible to external economic factors.

Global Development of Overseas Business

Seeking to maximize synergies through global development of Engineering and Manufacturing and Service Operations Outsourcing Business in each country



Medium-Term Management Plan VISION 2020: Tackling New Frontiers

Medium-Term Management Plan VISION2020 (FY12/17-FY12/20)

IFRS

(¥ billion)

Revenue for FY12/20

441.0

EBITDA for FY12/20

34.4

(EBITDA margin 7.8%)

Revenue by operating segment	Domestic Engineering Outsourcing Business	97.0
	Domestic Manufacturing Outsourcing Business	88.0
	Domestic Service Operations Outsourcing Business	38.0
	Overseas Engineering Outsourcing Business	83.0
	Overseas Manufacturing and Service Operations Outsourcing Business	129.0
	Other Segments Total	6.0

Strategy: Creating a Group-wide System Enabling the Group to Evolve as a Game-changing Enterprise

**Domestic
Operation**

Develop and expand services catering to new core industries and businesses less vulnerable to economic volatilities

Offer wider range of outsourced services to convenience store franchisors while expanding businesses directed toward US military base facilities, which, while resistant to entry by newcomers, provide stable buffer against economic swings.

**Global
Operation**

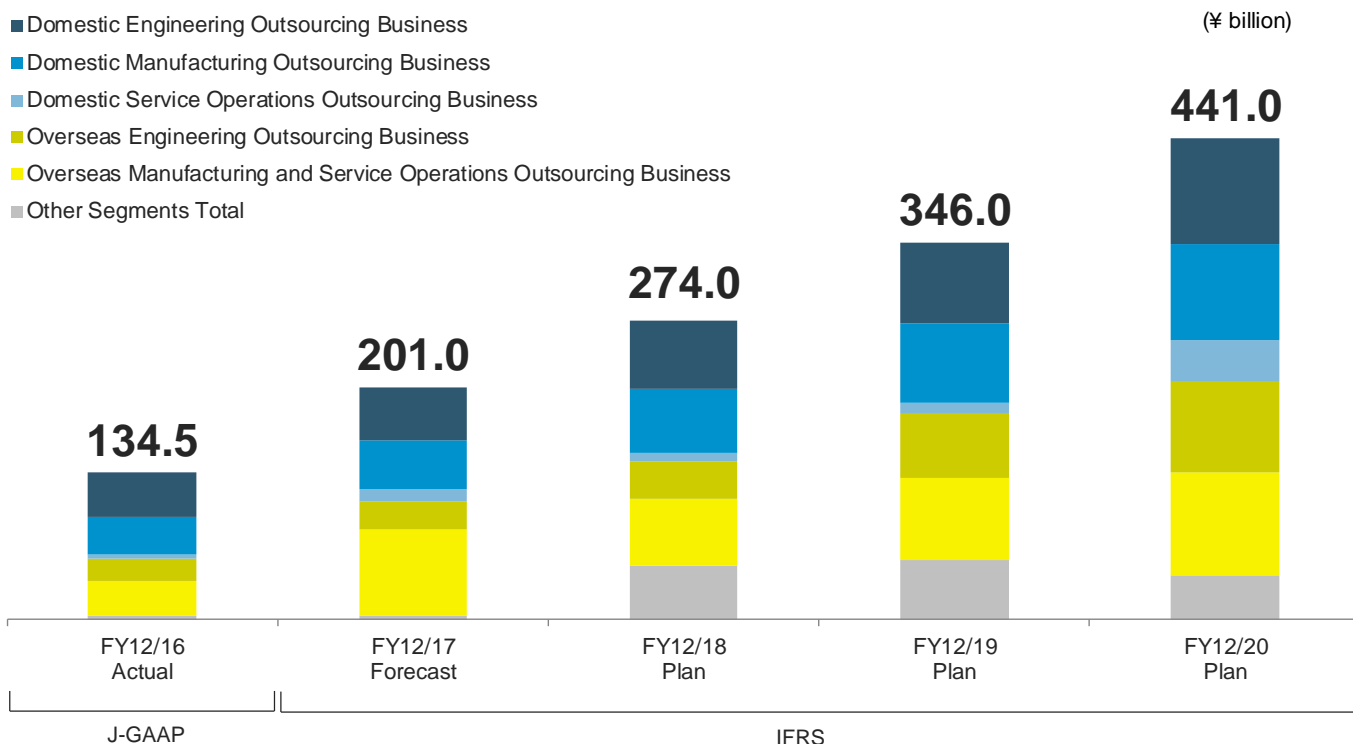
Aggressively create Group-wide synergies by leveraging the Group's global network of companies

Goal is to proactively expand such outsourced engineering services as Information Technology Outsourcing (ITO) and Knowledge Process Outsourcing (KPO), and in doing so, drive solutions-based businesses via proprietary services that leverage our IT strengths.

Given the trend toward the state outsourcing of public services to the private sector, exploit this public sector needs and move into other new markets less susceptible to economic volatilities.

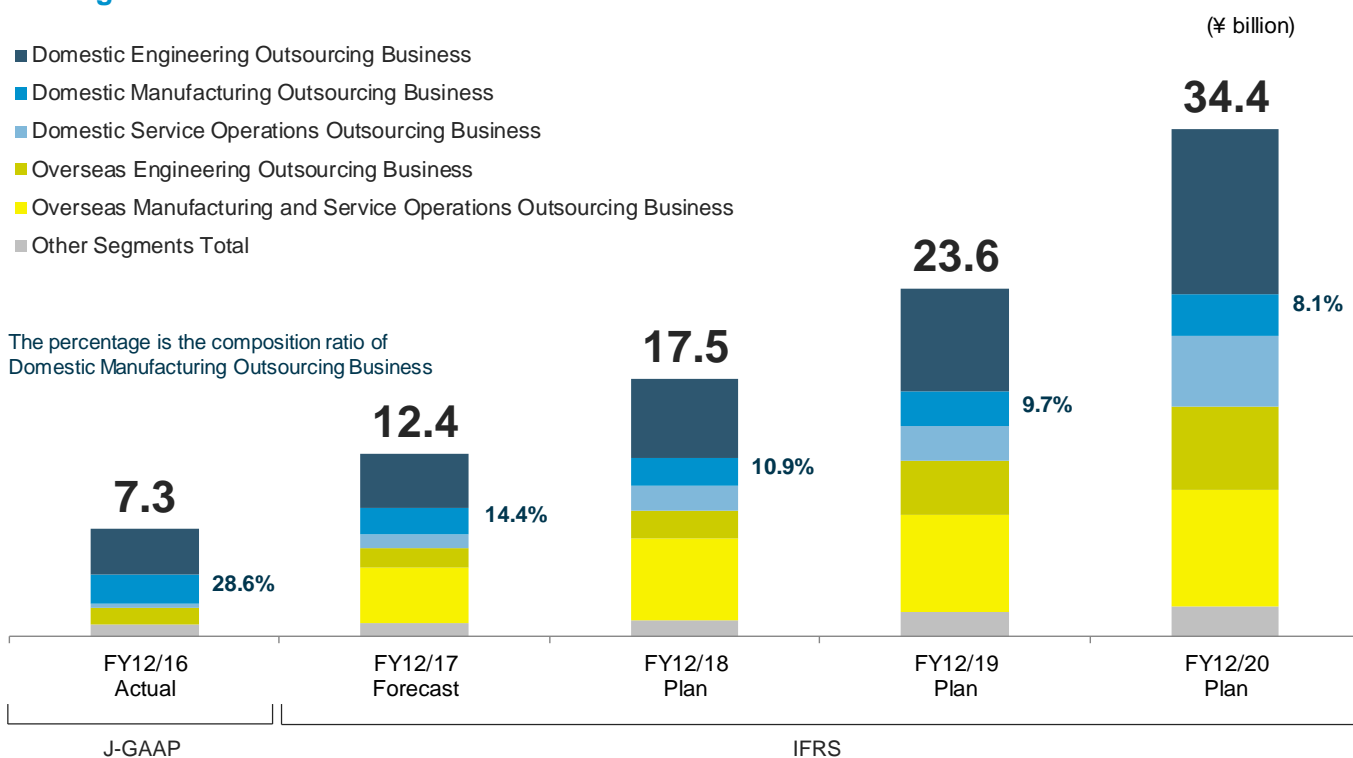
Revenue Plan by Operating Segment

Achieve through implementation of various measures including M&A with high synergies for each operating segment



EBITDA Plan by Operating Segment

In FY12/20, achievement of reducing the EBITDA composition ratio for highly volatile Domestic Manufacturing Outsourcing Business within 10% of the total, reaching consolidated EBITDA over ¥30 billion





Consolidated Statement of Financial Position [IFRS]

(¥ million)	FY12/15 End	FY12/16 End	FY12/17 End	FY12/18 End
Assets				
Total assets	42,648	90,355	124,645	181,577
Total current assets	24,529	36,251	59,312	93,636
Cash and cash equivalents	7,501	11,746	19,108	29,451
Trade and other receivables	13,373	21,006	34,390	50,165
Inventories	501	808	1,373	1,509
Other current financial assets	1,934	974	1,714	4,508
Other current assets	1,220	1,717	2,727	8,003
Total non-current assets	18,119	54,104	65,333	87,941
Property, plant and equipment	5,031	4,994	6,922	10,249
Goodwill	6,678	26,315	39,239	57,065
Intangible assets	2,631	8,640	10,936	11,288
Other non-current financial assets	2,098	9,671	3,137	5,378
Other non-current assets	23	1,862	2,096	760
Deferred tax assets	1,658	2,622	3,003	3,201

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Statement of Financial Position [IFRS]

(¥ million)	FY12/15 End	FY12/16 End	FY12/17 End	FY12/18 End
Liabilities and equity				
Total liabilities	31,608	80,354	97,888	123,300
Total current liabilities	23,033	45,521	51,594	67,246
Trade and other payables	9,428	13,763	23,758	32,038
Bonds and borrowings	8,754	24,375	14,354	14,822
Other current financial liabilities	735	1,460	1,869	4,271
Income tax payables	1,193	948	4,659	4,635
Other current liabilities	2,923	4,975	6,954	11,480
Total non-current liabilities	8,575	34,833	46,294	56,054
Bonds and borrowings	2,158	21,114	33,727	39,265
Other non-current financial liabilities	4,223	7,581	5,740	11,125
Net defined benefit liabilities	798	3,184	3,289	1,914
Non-current provisions	374	640	705	881
Other non-current liabilities	102	195	98	140
Deferred tax liabilities	920	2,119	2,735	2,729
Total equity	11,040	10,001	26,757	58,277
Share capital	1,725	1,759	7,131	25,123
Share premium	3,468	3,502	8,843	26,587
Treasury shares	(0)	(0)	(0)	(0)
Other share premium	(691)	(4,717)	(5,814)	(14,178)
Other components of equity	(185)	(1,236)	741	(2,160)
Retained earnings	5,998	8,391	14,057	19,990
Equity attributable to owners of the Company	10,315	7,699	24,958	55,362
Non-controlling interests	725	2,302	1,799	2,915
Total liabilities and equity	42,648	90,355	124,645	181,577

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Statement of Income [IFRS]

(¥ million)	FY12/15	FY12/16	FY12/17	FY12/18
Revenue	80,871	134,283	230,172	311,311
Cost of sales	(64,581)	(106,519)	(184,356)	(248,911)
Gross profit	16,290	27,764	45,816	62,400
SG&A expenses	(13,240)	(21,649)	(34,786)	(47,269)
Other operating income	415	556	660	1,032
Other operating expense	(354)	(1,108)	(330)	(1,090)
Operating profit	3,111	5,563	11,360	15,073
Finance income	129	116	362	66
Finance costs	(350)	(740)	(1,327)	(2,102)
Profit before tax	2,890	4,939	10,395	13,037
Income tax expenses	(1,082)	(1,491)	(3,466)	(4,373)
Profit for the year	1,808	3,448	6,929	8,664
Attributable to :				
Owners of the Company	1,752	3,037	6,180	7,696
Non-controlling interests	56	411	749	968
Profit for the year	1,808	3,448	6,929	8,664

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Statement of Changes in Equity [IFRS]

¥ million	Equity attributable to owners of the Company													Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other share premium	Other components of equity						Retained earnings	Total			
					Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Changes in fair value of equity instruments measured at fair value through other comprehensive income	Total					
As of January 1, 2017	1,759	3,502	(0)	(4,717)	(1,403)	167	-	-	-	(1,236)	8,391	7,699	2,302	10,001	
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,180	6,180	749	6,929	
Other comprehensive income	-	-	-	-	1,864	116	-	206	-	2,186	-	2,186	73	2,259	
Comprehensive income for the year	-	-	-	-	1,864	116	-	206	-	2,186	6,180	8,366	822	9,188	
Issuances of new shares	5,372	5,372	-	(145)	-	-	-	-	-	-	-	10,599	-	10,599	
Share issuance cost	-	(31)	-	-	-	-	-	-	-	-	-	(31)	-	(31)	
Issuance of share acquisition rights	-	-	-	85	-	-	-	-	-	-	-	-	85	85	
Dividends	-	-	-	-	-	-	-	-	-	-	(733)	(733)	(455)	(1,188)	
Share-based payment transaction	-	-	-	9	-	-	-	-	-	-	-	-	9	9	
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	(206)	-	(206)	206	-	-	-	
Other changes	-	-	-	-	-	-	-	-	-	-	1	1	-	1	
Total contributions by owners and distributions to owners	5,372	5,341	-	(51)	-	-	-	(206)	-	(206)	(526)	9,930	(455)	9,475	
Changes from business combinations	-	-	-	(1,046)	(3)	-	-	-	-	(3)	12	(1,037)	(870)	(1,907)	
Total changes in ownership interests in subsidiaries	-	-	-	(1,046)	(3)	-	-	-	-	(3)	12	(1,037)	(870)	(1,907)	
Total transactions with owners	5,372	5,341	-	(1,097)	(3)	-	-	(206)	-	(209)	(514)	8,893	(1,325)	7,568	
As of December 31, 2017	7,131	8,843	(0)	(5,814)	458	283	-	-	-	741	14,057	24,958	1,799	26,757	

¥ million	Equity attributable to owners of the Company													Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other share premium	Other components of equity						Retained earnings	Total			
					Exchange differences on translation of foreign operations	Net changes on revaluation of available-for-sale financial assets	Changes in fair value of debt instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Changes in fair value of equity instruments measured at fair value through other comprehensive income	Total					
Cumulative effects of changes in accounting policies	-	-	-	-	-	(283)	0	-	-	283	0	(28)	(28)	(6)	(34)
Adjusted balance as of January 1, 2018	7,131	8,843	(0)	(5,814)	458	-	0	-	-	283	741	14,029	24,930	1,793	26,723
Profit for the year	-	-	-	-	-	-	-	-	-	-	7,696	7,696	968	8,664	
Other comprehensive income	-	-	-	-	(2,823)	-	0	206	(78)	(2,695)	-	(2,695)	(141)	(2,836)	
Comprehensive income for the year	-	-	-	-	(2,823)	-	0	206	(78)	(2,695)	7,696	5,001	827	5,828	
Issuances of new shares	17,992	17,992	-	(35)	-	-	-	-	-	-	-	35,949	-	35,949	
Share issuance cost	-	(248)	-	-	-	-	-	-	-	-	-	(248)	-	(248)	
Dividends	-	-	-	-	-	-	-	-	-	-	(1,937)	(1,937)	(573)	(2,510)	
Share-based payment transaction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	(206)	-	(206)	206	-	-	-	
Other changes	-	-	-	(2)	-	-	-	-	-	-	(4)	(6)	-	(6)	
Total contributions by owners and distributions to owners	17,992	17,744	-	(37)	-	-	-	(206)	-	(206)	(1,735)	33,758	(573)	33,185	
Changes from business combinations	-	-	-	(8,327)	-	-	-	-	-	-	-	(8,327)	868	(7,459)	
Total changes in ownership interests in subsidiaries	-	-	-	(8,327)	-	-	-	-	-	-	-	(8,327)	868	(7,459)	
Total transactions with owners	17,992	17,744	-	(8,364)	-	-	-	(206)	-	(206)	(1,735)	25,431	295	25,726	
As of December 31, 2018	25,123	26,587	(0)	(14,178)	(2,365)	-	0	-	-	205	(2,160)	19,990	55,362	2,915	58,277

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Statement of Cash Flows [IFRS]

(¥ million)	FY12/15	FY12/16	FY12/17	FY12/18
Cash flows from operating activities				
Net cash flows from operations	1,887	1,246	10,132	8,496
Profit before tax	2,890	4,939	10,395	13,037
Depreciation and amortization	892	1,624	2,481	3,190
Impairment loss	23	564	37	721
Increase/ (decrease) in provision and net defined benefit liabilities	71	130	(53)	(46)
Finance income	(129)	(116)	(362)	(66)
Finance costs	350	740	1,327	2,102
(Increase) /decrease in inventories	72	19	(97)	(142)
Decrease/(increase) in trade and other receivables	(1,479)	(3,759)	(4,094)	(7,226)
Increase /(decrease) in trade and other payables	1,131	649	2,640	2,657
Increase /(decrease) in accrued consumption taxes	43	(195)	693	1,799
Others	(678)	(338)	437	(1,120)
Subtotal	3,186	4,257	13,404	14,906
Interest and dividend income received	89	54	53	66
Interests paid	(364)	(517)	(860)	(1,090)
Income taxes paid	(1,062)	(2,595)	(2,542)	(5,539)
Income taxes refunded	38	47	77	153

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Statement of Cash Flows [IFRS]

(¥ million)	FY12/15	FY12/16	FY12/17	FY12/18
Cash flows from investing activities				
Net cash flows from investing activities	(4,326)	(28,717)	(8,498)	(30,018)
Payments for time deposits	(225)	(343)	(370)	(790)
Withdrawals of time deposits	359	1,411	831	610
Payments for purchase of other financial assets	-	-	-	(9,044)
Proceeds from redemption at maturity of other financial assets	-	-	-	6,482
Payments into deposits paid	-	(7,568)	(228)	-
Payments for acquisition of property, plant and equipment	(218)	(492)	(1,287)	(1,844)
Payments for acquisition of intangible assets	(138)	(255)	(596)	(714)
Proceeds from sales of property, plant and equipment	26	220	84	108
Payments for acquisition of investment	(1)	(1)	(53)	(1,153)
Proceeds from sales of investment	204	200	8	23
Payments for purchase of business	(4,509)	(21,917)	(7,817)	(22,739)
Proceeds from purchase of business	-	-	1,059	-
Payments of loans receivable	(18)	(10)	(13)	(37)
Proceeds from collection of loans receivable	88	29	114	76
Payments for lease and guarantee deposits	(158)	(390)	(662)	(1,149)
Proceeds from collection of lease and guarantee deposits	95	168	160	204
Payments for purchase of insurance funds	(15)	(0)	(16)	(28)
Proceeds from cancellation of insurance funds	176	246	261	40
Others	8	(15)	27	(63)
Cash flows from financing activities				
Net cash flows from financing activities	5,362	31,688	5,389	32,442
Net increase/ (decrease) in short-term borrowings payable	2,834	11,778	(16,383)	(3,616)
Proceeds from long-term borrowings payable	1,500	23,500	25,277	8,797
Repayment of long-term borrowings payable	(1,844)	(2,519)	(9,628)	(8,850)
Proceeds from issuance of bonds	-	-	-	6,186
Payments for redemption of bonds	(141)	(50)	(25)	-
Proceeds from issuing shares	3,900	69	10,574	35,733
Purchase of treasury shares	(0)	(0)	-	-
Dividends paid	(401)	(610)	(733)	(1,937)
Transactions with non-controlling interest shareholders	(134)	-	(2,685)	(1,938)
Cash dividends paid to non-controlling interests	(4)	(11)	(455)	(573)
Others	(348)	(469)	(553)	(1,360)
Effect of exchange rate change on cash and cash equivalents	(126)	28	339	(577)
Net increase/(decrease) in cash and cash equivalents	2,797	4,245	7,362	10,343
Cash and cash equivalents at beginning of period	4,704	7,501	11,746	19,108
Cash and cash equivalents at end of period	7,501	11,746	19,108	29,451

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Information by Operating Segment and Region [IFRS]

Revenue by operating segment	FY12/17		FY12/18	
	Amount	Composition Ratio	Amount	Composition Ratio
Domestic Engineering Outsourcing Business	51,264	22.3%	72,434	23.3%
Electrical & Electronics	10,553	4.6%	14,596	4.7%
Transport Equipment	12,391	5.4%	18,212	5.8%
Pharm. & Chemicals	2,297	1.0%	4,642	1.5%
IT-related	15,835	6.9%	20,224	6.5%
Construction & Plant-related	6,568	2.8%	9,552	3.1%
Others	3,620	1.6%	5,208	1.7%
Domestic Manufacturing Outsourcing Business	49,175	21.3%	62,302	20.0%
Electrical & Electronics	18,153	7.9%	18,657	6.0%
Transport Equipment	16,876	7.3%	26,162	8.4%
Pharm. & Chemicals	4,474	1.9%	5,189	1.7%
Metals & Construction Materials	4,073	1.8%	4,419	1.4%
Foods	1,716	0.7%	1,932	0.6%
Others	3,883	1.7%	5,943	1.9%
Domestic Service Operations Outsourcing Business	13,086	5.7%	18,003	5.8%
Retail	1,729	0.8%	1,428	0.5%
Public Works	9,628	4.2%	13,876	4.4%
Others	1,729	0.7%	2,699	0.9%
Overseas Engineering Outsourcing Business	28,925	12.6%	36,570	11.7%
Electrical & Electronics	150	0.1%	325	0.1%
Transport Equipment	305	0.2%	689	0.2%
Pharm. & Chemicals	515	0.2%	535	0.2%
IT-related	2,593	1.1%	3,786	1.2%
Metals & Construction Materials	182	0.1%	311	0.1%
Construction & Plant-related	225	0.1%	170	0.1%
Foods	14	0.0%	66	0.0%
Retail	1,059	0.5%	1,201	0.4%
Public Works	16,865	7.3%	20,326	6.5%
Finance	4,646	2.0%	6,678	2.1%
Others	2,371	1.0%	2,483	0.8%
Overseas Manufacturing and Service Operations Outsourcing Business	87,262	37.9%	121,564	39.1%
Electrical & Electronics	17,471	7.6%	22,422	7.2%
Transport Equipment	15,413	6.7%	16,454	5.3%
Pharm. & Chemicals	4,330	1.9%	4,720	1.5%
IT-related	3,371	1.5%	3,435	1.1%
Metals & Construction Materials	1,349	0.6%	1,484	0.5%
Construction & Plant-related	1,303	0.6%	1,752	0.6%
Foods	1,963	0.8%	5,364	1.7%
Retail	7,232	3.1%	20,851	6.7%
Public Works	18,895	8.2%	27,165	8.7%
Finance	1,789	0.8%	1,967	0.7%
Others	14,146	6.1%	15,950	5.1%
Other Business	460	0.2%	438	0.1%
Total	230,172	100.0%	311,311	100.0%

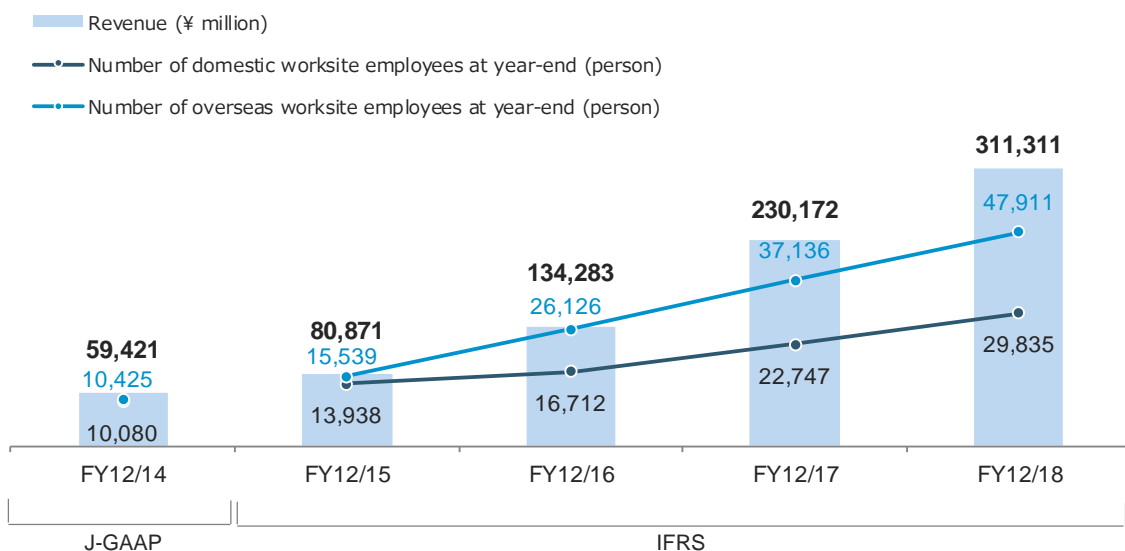
Revenue by region	FY12/17		FY12/18	
	Amount	Composition Ratio	Amount	Composition Ratio
Japan	113,985	49.5%	153,177	49.2%
Asia (excl. Japan)	18,772	8.2%	16,876	5.4%
Oceania	38,451	16.7%	44,450	14.3%
Europe	54,127	23.5%	89,655	28.8%
South America	4,837	2.1%	7,153	2.3%
Total	230,172	100.0%	311,311	100.0%

Note: Fractions less than unit in the above amount figures are rounded off.

Consolidated Other Information (Number of Workers / Recruitment Unit Price)

(person)	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Number of worksite employees at year-end					
Consolidated	20,505	29,477	42,838	59,883	77,746
Domestic	10,080	13,938	16,712	22,747	29,835
Domestic Engineering Outsourcing Business	3,271	4,742	6,066	8,716	12,763
IT-related	927	1,166	1,472	2,278	2,680
Construction & Plant-related	85	612	841	1,330	1,856
Domestic Manufacturing Outsourcing Business	6,809	7,525	9,033	11,096	13,698
Domestic Service Operations Outsourcing Business	-	1,671	1,609	2,932	3,370
Retail	-	1,364	1,284	642	533
Public Works	-	239	278	960	982
Others	-	68	47	1,330	1,855
Other Business	-	-	4	3	4
Overseas	10,425	15,539	26,126	37,136	47,911
Overseas Engineering Outsourcing Business	-	895	1,836	1,956	3,043
Overseas Manufacturing and Service Operations Outsourcing Business	-	14,644	24,290	35,180	44,868
Production Outsourcing Business	7,554	10,810	13,732	22,113	28,733
Other Business	2,871	3,834	10,558	12,817	16,135
Number of outsourcing administrative workers at year-end					
	2,092	1,538	1,478	5,628	11,225
Number of placed workers					
	2,882	2,689	3,689	3,614	3,852

Note1: the number of worksite employees includes dispatched employees.



Note2: IFRS (International Financial Reporting Standards) has been applied from FY12/15(Full-Year).

	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Recruitment efficiency					
Domestic Engineering Outsourcing Business					
Number of workers recruited (persons)	1,283	1,879	2,360	4,080	6,269
Recruitment unit price (¥/worker)	210,472	235,897	245,186	332,782	375,171
Utilization rate	97.3%	98.4%	98.2%	97.5%	96.1%
Domestic Manufacturing Outsourcing Business					
Number of workers recruited (persons)	6,249	9,340	7,543	7,847	10,023
Recruitment unit price (¥/worker)	68,511	52,276	57,112	66,024	66,580
Domestic Service Operations Outsourcing Business					
Number of workers recruited (persons)	-	-	2,659	4,408	4,736
Recruitment unit price (¥/worker)	-	-	13,323	14,832	18,150
Domestic Recruiting and Placing Business					
Number of workers recruited (persons)	2,839	2,689	3,689	3,614	3,852
Recruitment unit price (¥/worker)	116,546	112,388	130,710	137,460	143,244

Note3: Fractions less than unit in the above amount figures are rounded off.

Consolidated Major Indicators (1) [IFRS]

(¥ million)	J-GAAP		IFRS		
	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Revenue	59,421	80,871	134,283	230,172	311,311
Gross profit	11,964	16,290	27,764	45,816	62,400
SG&A expenses	9,953	13,240	21,649	34,786	47,269
Operating profit	2,010	3,111	5,563	11,360	15,073
Profit before tax	2,197	2,890	4,939	10,395	13,037
Profit attributable to owners of the Company	1,317	1,752	3,037	6,180	7,696

Note1: IFRS (International Financial Reporting Standards) has been applied from FY12/15.

Note2: Fractions less than unit in the above amount figures are rounded off.

(%)	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Gross profit margin	20.1	20.1	20.7	19.9	20.0
SG&A expenses ratio	16.8	16.4	16.1	15.1	15.2
Operating profit margin	3.4	3.8	4.1	4.9	4.8
Profit before tax margin	3.7	3.6	3.7	4.5	4.2
Profit attributable to owners of the Company margin	2.2	2.2	2.3	2.7	2.5

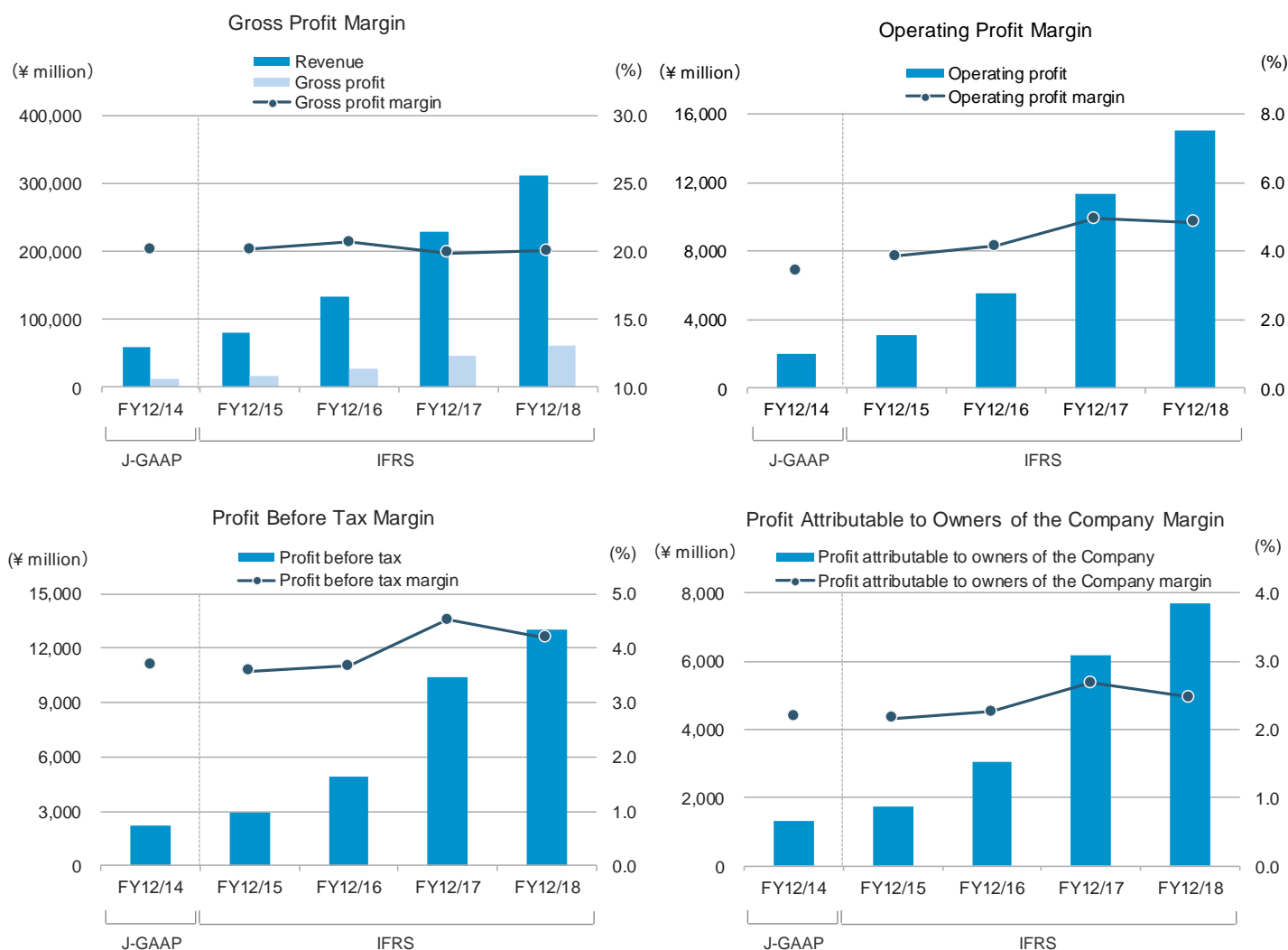
Gross profit margin=Gross profit/Revenue

SG&A expenses ratio=SG&A expenses/Revenue

Operating profit margin=Operating profit/Revenue

Profit before tax margin=Profit before tax/Revenue

Profit attributable to owners of the Company margin=Profit attributable to owners of the Company/Revenue



Consolidated Major Indicators (2) [IFRS]

(¥ million)	J-GAAP	IFRS			
	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Equity attributable to owners of the Company	6,883	10,315	7,699	24,958	55,362
Total assets	24,133	42,648	90,355	124,645	181,577
Current assets	17,065	24,529	36,251	59,312	93,636
Current liabilities	12,967	23,033	45,521	51,594	67,246
Interest-bearing debt	6,642	13,815	48,138	50,347	56,956

Interest-bearing debt=Short-term loans payable+Long-term loans payable+Bonds payable+Lease obligations+Accounts payable-land
+A part of accounts payable

Note1: IFRS (International Financial Reporting Standards) has been applied from FY12/15.

Note2: Fractions less than unit in the above amount figures are rounded off.

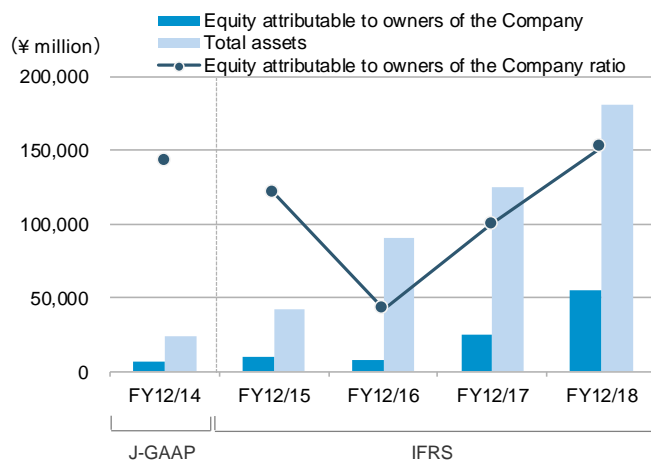
(%)	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Equity attributable to owners of the Company ratio	28.5	24.2	8.5	20.0	30.5
D/E ratio	96.5	133.9	625.3	201.7	102.9
Current ratio	131.6	106.5	79.6	115.0	139.2

Equity attributable to owners of the Company ratio=Equity attributable to owners of the Company/Total assets

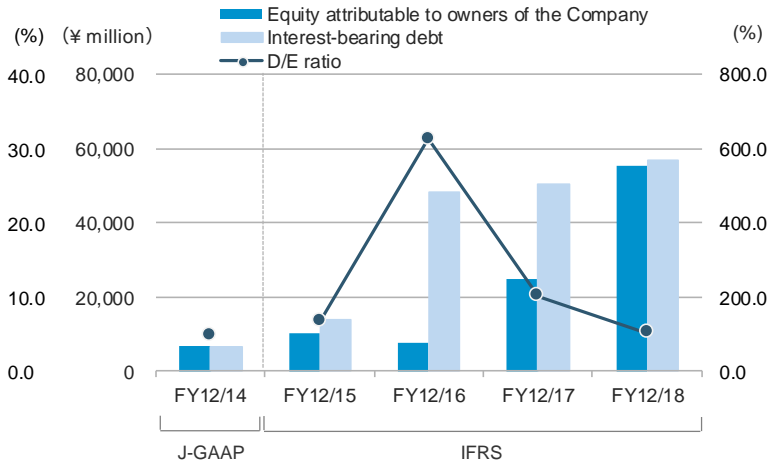
D/E ratio=Interest-bearing debt/Equity attributable to owners of the Company

Current ratio=Current assets/Current liabilities

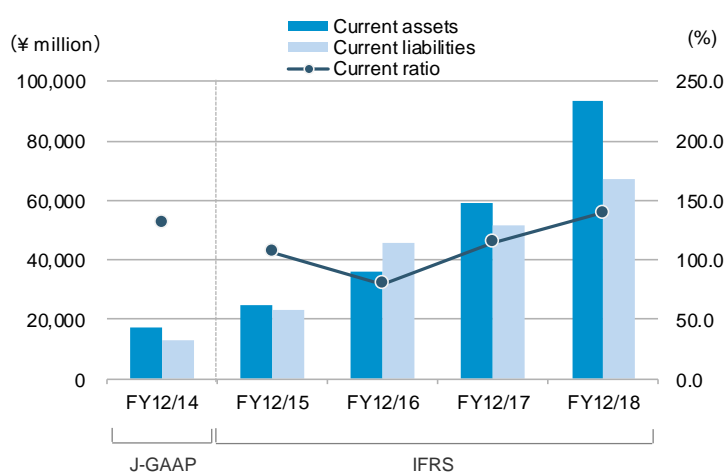
Equity Attributable to Owners of the Company Ratio



D/E Ratio



Current Ratio

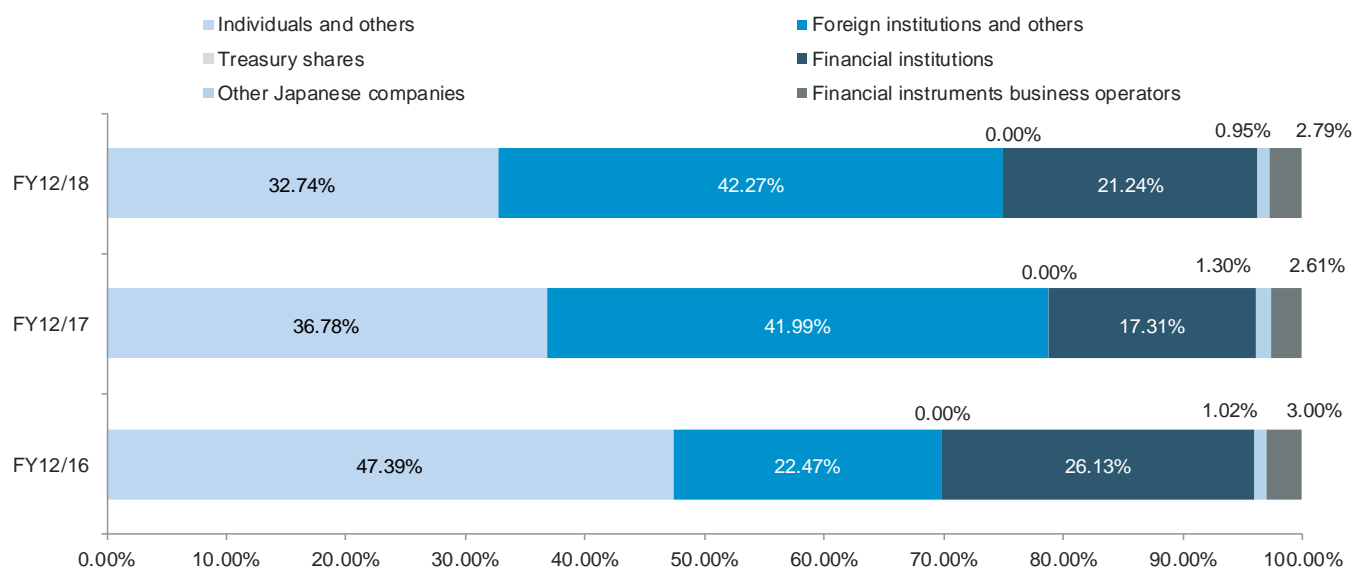


Major Shareholders

As of December 31, 2018

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Haruhiko Doi	15,738,500	12.54%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	9,934,000	7.91%
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	6,966,700	5.55%
BBH FOR MATTHEWS ASIA DIVIDEND FUND	5,471,200	4.36%
GOLDMAN, SACHS & CO. REG	4,413,597	3.52%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	3,500,100	2.79%
BBH FOR MATTHEWS JAPAN FUND	2,831,300	2.26%
Masahiko Dorin	2,050,000	1.63%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	1,971,500	1.57%
THE BANK OF NEW YORK MELLON 140051	1,934,300	1.54%

Breakdown by Type of Shareholders



Per Share Indicators

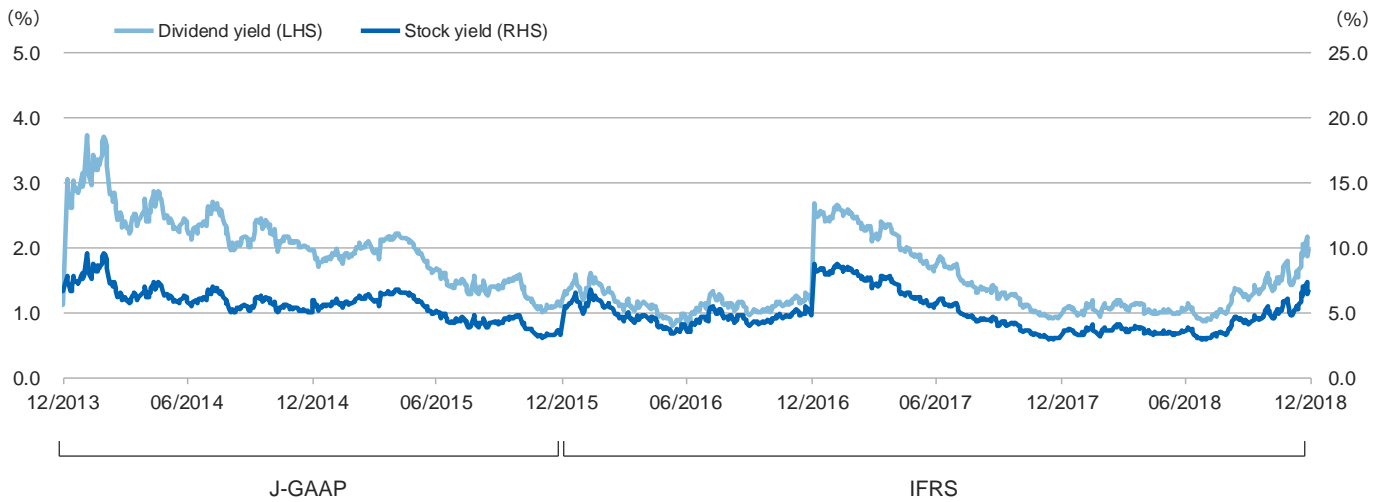
(¥)	J-GAAP		IFRS		
	FY12/14	FY12/15	FY12/16	FY12/17	FY12/18
Share price at year-end	359	638	729	2,054	1,056
Basic earnings per share	17.96	21.33	34.85	62.53	71.41
Diluted earnings per share	17.66	21.16	34.46	61.97	71.09
Equity attributable to owners of the Company per share	92.73	118.51	88.20	244.76	441.02
Dividend per share	7.00	7.00	8.40	19.00	21.00

Note1: IFRS (International Financial Reporting Standard s) has been applied from FY12/15(Full-Year).

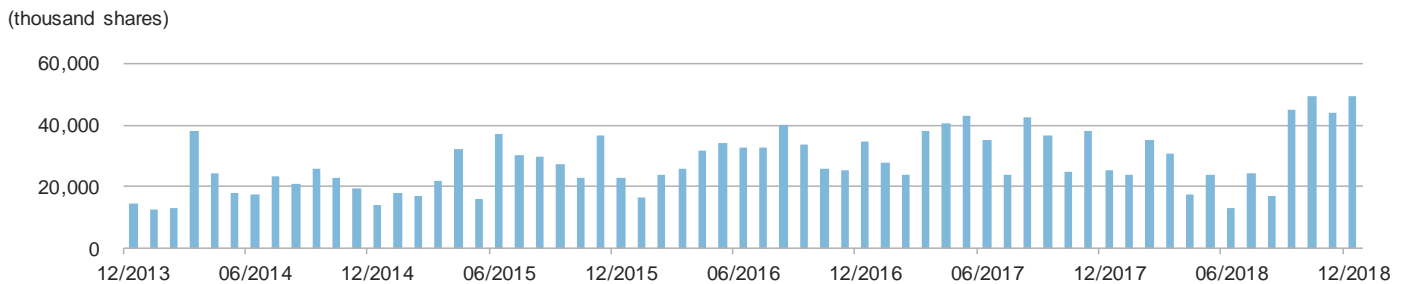
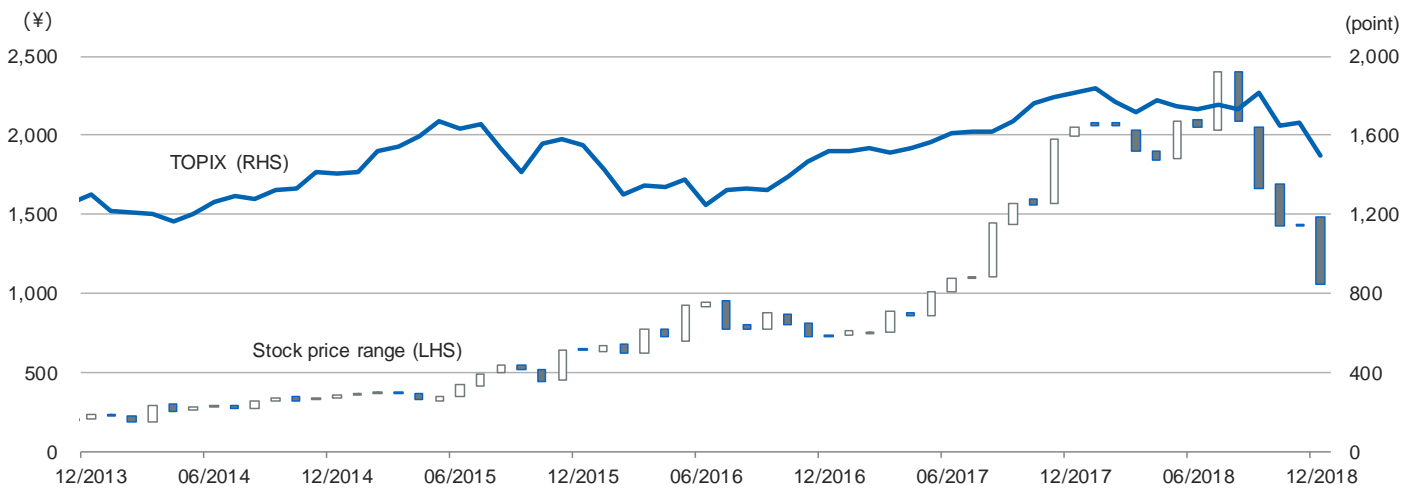
Note2: The Company conducted a 5 for 1 split of common shares on October 1, 2017. The calculations of "Share price at year-end", "Basic earnings per share", "Diluted earnings per share", "Equity attributable to owners of the Company per share" and "Dividend per share" are based on the assumption that the 5 for 1 stock split was conducted at the beginning of the fiscal year ended December 31, 2014.

Note3: The Company conducted issuance of new shares through public offering on October 3, 2018 and issuance of new shares through third-party allotment on October 26, 2018, and "Basic earnings per share", "Diluted earnings per share", "Equity attributable to owners of the Company per share" and "Dividend per share" for FY12/18 are calculated to include the increased number of shares from said issues.

Stock Yield / Dividend Yield



Stock Price Range / Trading Volume

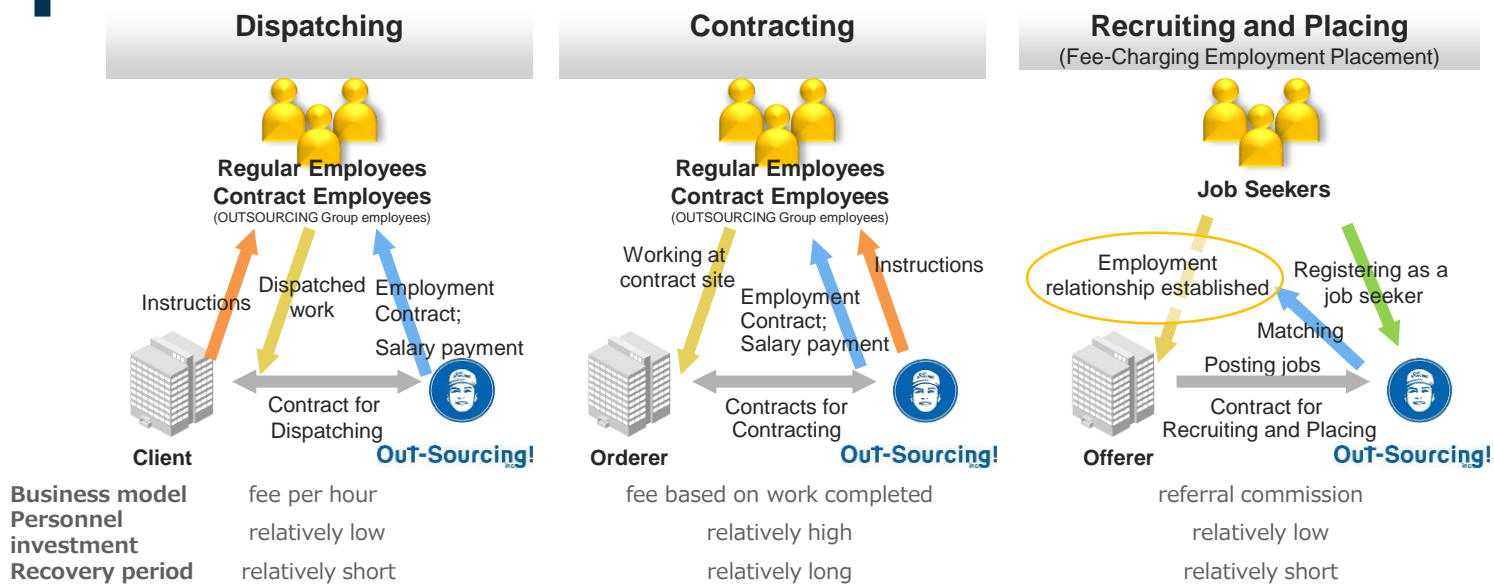


Reference

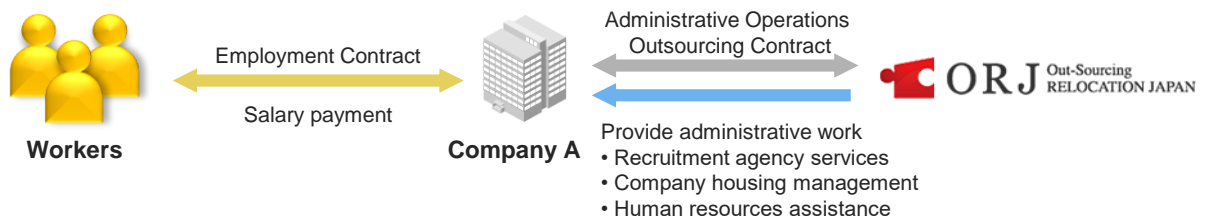


OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (1)

Major Hiring Formats for Our Domestic Outsourcing Business



Administrative Operations



Revisions to the Worker Dispatching Act

- 1985**
 - Worker Dispatching Act is enacted (positive list employed)
- 1986**
 - Worker Dispatching Act goes into effect (approved job categories eligible to use dispatched workers are expanded from 13 to 16)
- 1996**
 - Job categories specified under the Act are expanded (eligible list expanded from 16 to 26 occupations)
- 1999 Major Revision (deregulation)**
 - Eligible job categories are deregulated in principle (negative list employed)
 - Deregulated job categories are restricted on period for accepting (maximum 1 year)
 - System created to secure period for accepting (notification before date limit, notification of dispatching termination etc.)
 - For deregulated job categories, obligation to make efforts to employ, creation of advice to hire in the case of contravention to the Act
- 2000**
 - Remove the ban on Employment Placement Dispatching
- 2004**
 - Period for accepting restriction is extended (1 year in principle, maximum 3 years)
 - Remove the ban on manufacturing occupations worker dispatching is lifted (maximum 1 year)
 - Creation of client's obligation to offer employment contracts to a dispatched worker(s) (deregulated occupations and regulated occupations)
 - Employment Placement Dispatching is formally covered under regulations
- 2012 Revision (regulations tightened)**
 - "Protecting dispatched workers" is explicitly stated in the title and the purpose of the Act
 - Business regulations strengthened (prohibition on day worker dispatching, regulations on dispatching to group companies, regulations for persons leaving jobs)
 - Treatment and benefits for dispatched workers (fair treatment, information disclosure, etc.)
 - Penalties addressing illegal worker dispatching (creation of systems for the deemed offers of an employment contract*, implementing grounds for causes of disqualification, etc.) *Note: Effective as of October 1, 2015
- 2015 Revision**
 - All worker dispatching undertakings fall under a license system, with distinctions between general dispatching and 26 specified occupations dispatching eliminated
 - Employment security measures for dispatched workers and training for their career advancement become mandatory for the dispatch business operators
 - Restrictions on the periods for receiving worker dispatching services are reviewed, with restriction on period for business office unit and individual unit
 - Introduction of the deemed offer system of an employment contract in the case of illegal worker dispatching

Revised Worker Dispatching Act

1. Revised Labor Contracts Act Enforced in April 2013

- When a fixed term employment contract is renewed repetitively and the total exceeds 5 years, the user is required to convert it to an unlimited term employment contract at the request of the employee.

Key Points

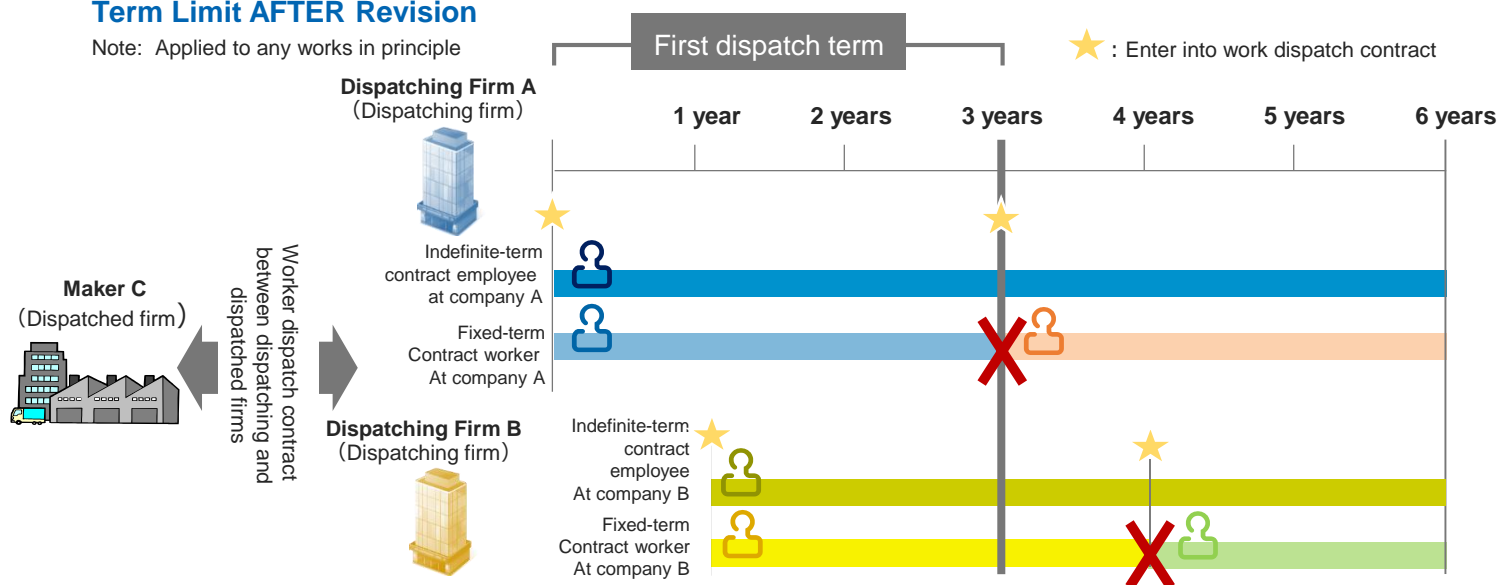
- The Revised Worker Dispatching Act aims for employment stabilization through foreclosing malicious businesses by imposing various requirements on dispatch business operators and relaxed term limit for indefinite-term contract worker dispatching.
- The Revised Labor Contracts Act aims to reduce unstable employments at any companies.

2. 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 which 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 indefinite-term contract worker dispatching (before revised: up to 3 years at the same manufacturing workplace)**
- 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 (The terms of license permissions tightened).

Term Limit AFTER Revision

Note: Applied to any works in principle



Dispatch to the same work

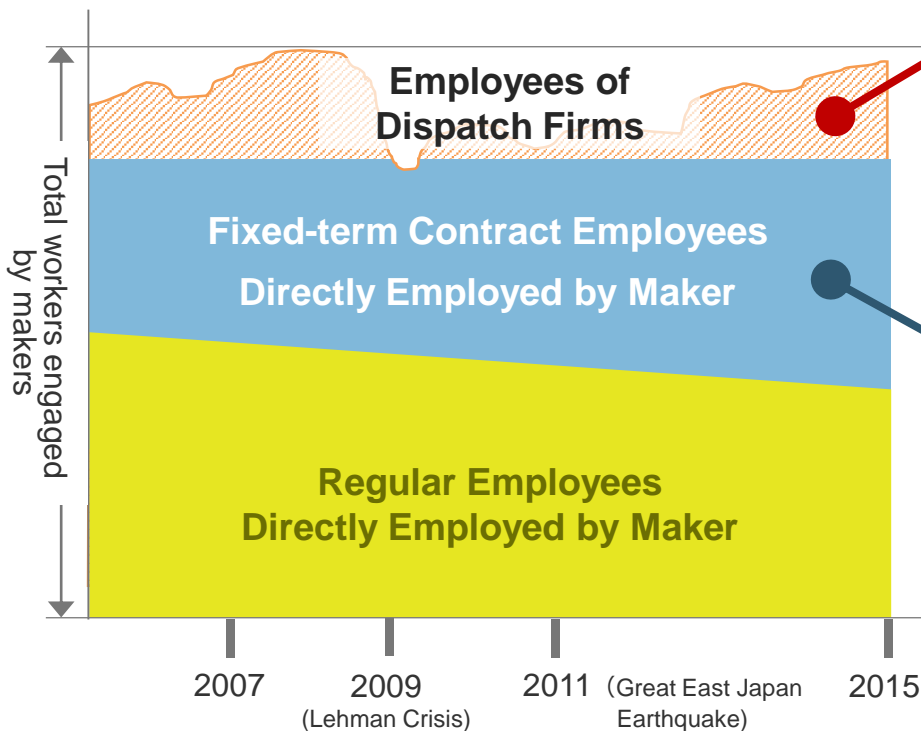
- No term limit for indefinite-term contract dispatching
- 3 years limit for fixed-term contract worker dispatching

Note: When the worker is changed, continued dispatch to the same work is allowed without cooling-off period.

New Business Opportunities Created by Revision of Related Acts

1. Replacement Market Created by Revision of Related Acts

Composition of production workforce for major automobile makers (general image)



Adjustment domain for short-term cycle

- Core area for domestic manufacturing outsourcing providers
- Labor-intensive business field using unskilled workers

Adjustment domain for long-term cycle

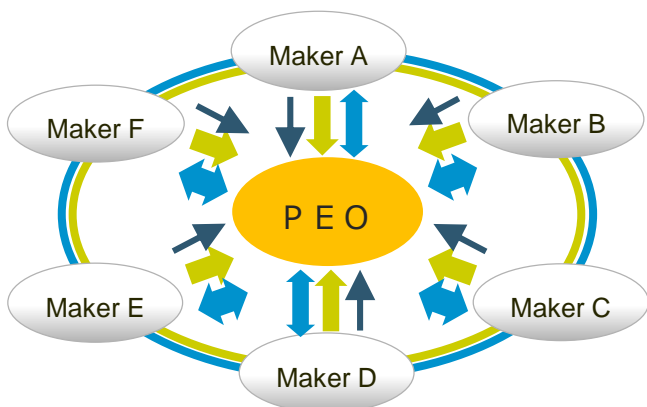
- Area that can target raising efficiency through using skilled workers trained for a cost
- Through revision of related acts, new market that can utilize indefinite-term contract employees of dispatch business operators as an effective means

*Source: Company estimates based on the Ministry of Internal Affairs and Communications Labor Force Survey results and other data

2. PEO Scheme

PEO stands for Professional Employer Organization.

- ➔ Makers become members of the PEO Association managed by PEO Co., Ltd.
- ➔ PEO takes on fixed-term contract employees directly employed by the maker as its indefinite-term contract employees.
- ↔ Dispatching of indefinite-term contract employees meeting the needs of makers for long-term use

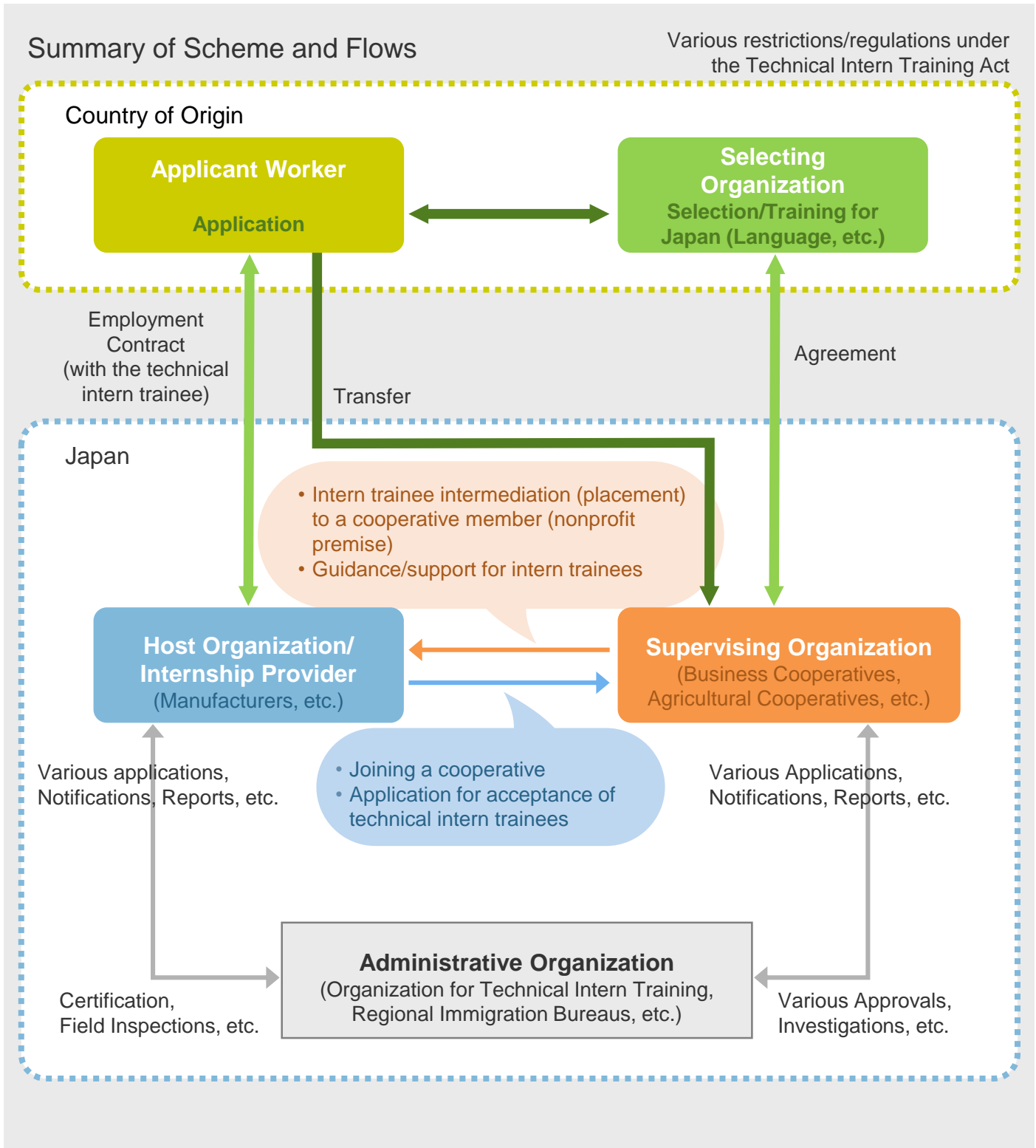


Key Points

- Using the OS Group's proprietary PEO Scheme, fixed-term contract employees employed directly by makers are hired by the Company as indefinite-term contract employees, thereby converting business to the adjustment field meeting long-term cycle production fluctuation.
- While satisfying needs of makers to make costs variable, this secures stable employment of workers.

OUTSOURCING Group: Business Outline Concerning Technical Intern Training Program (1)

Outline of Technical Intern Training Program (Current)



OUTSOURCING Group: Business Outline Concerning Technical Intern Training Program (2)

About Each of Related Organizations and Groups

Selecting Organization ^(*1)

- In order to properly convey those wishing to become interns to the supervising organization, it is necessary to conform to related laws and ordinances in Japan.
- Revenue is comprised of commissions from intern trainees themselves and the supervising organizations (there are regulations for the calculation method and collection details, etc.).

Applicant Worker

- After receiving training in advance including Japanese language, etc. for at least 4 months in the home country, the candidate comes to Japan and is employed as an intern trainee after 1 month of training.
- The Technical Intern Training Program in principle is for completion of the internship period, and it is possible to secure stable income during the internship period.
- **There were roughly 270,000 technical intern trainees in Japan at the end of 2017, and the government announced a policy to expand that to 650,000.**

Administrative Organization

- Regional Immigration Bureaus grant permission to enter and stay, the Organization for Technical Intern Training approves supervising organizations and internship plans based on laws and regulations, and in coordination with other government agencies, provides supervision and guidance regarding human rights violations, unpaid wages, etc.

Supervising Organization ^(*2)

- In order for business cooperatives and agricultural cooperatives etc. to act as employment mediator (for placement) between internship providers and interns, they are approved by conforming to various strict approval standards on the premise of being non-profit (subject to cancellation for violations, with preferential treatment for excellent supervising organizations).
- Internship providers are billed for intern trainee administrative work, and guidance on various applications/report filings and creating internship plans.

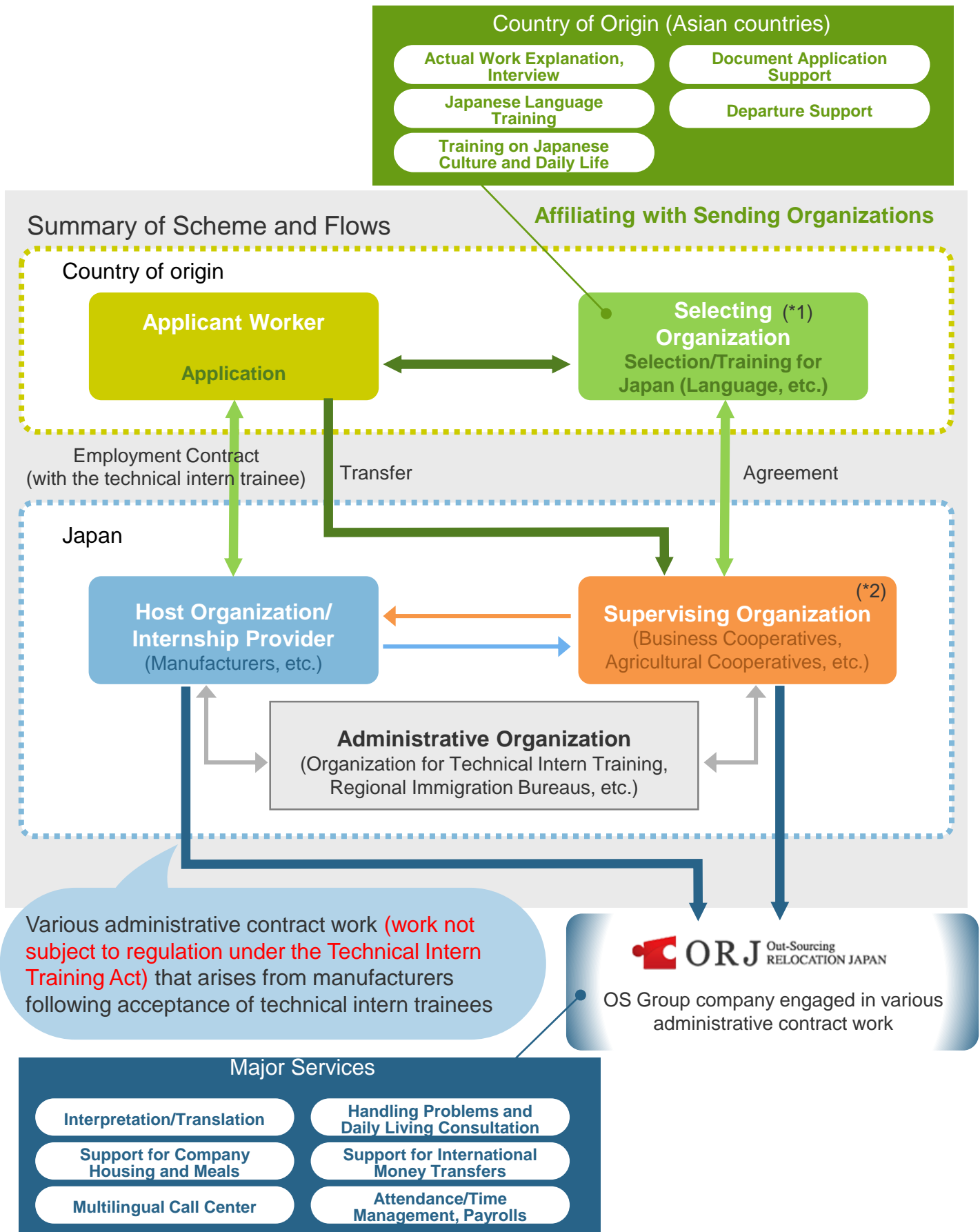
Host Organization/ Internship Provider

- Private enterprises and organizations such as makers are certified by creating technical intern training plans for each intern trainee, but they are required to conform to certification standards for suitability to host interns, and there are measures for certification cancellation, etc. for violations after the internship period has started.
- **Makers are expanding acceptance of intern trainees.**
⇒ **Since internships can be continued with the same person for 1 year, 3 years or 5 years, they can be used as stable interns**

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

OUTSOURCING Group: Business Outline Concerning Technical Intern Training Program (3)

OS Group Business Model Concerning Technical Intern Training Program



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

OUTSOURCING Group: Outline of Foreign National Residence Status (Visa Status) and Potential for OS Group

Foreign National Residence Status (Visa Status) Related to OS Group, Newly Established Specified Skills Status

Employment Support Activities from Proprietary Scholarship Program(*)

Part-time jobs for foreign students are limited to within 28 hours per week

Latent Market for ORJ Administrative Outsourcing Service for Technical Intern Trainees

International cooperation toward developing countries through skill transfer is the objective; returning home after the internship and conveying the skills learned to the home country is the premise.

Skilled Labor, Business Manager, Intra-Company Transferee, Instructor, Highly Skilled Professional
98,888

Latent Markets for Engineering OS Business

Engineer/Specialist in Humanities/International Services
189,273

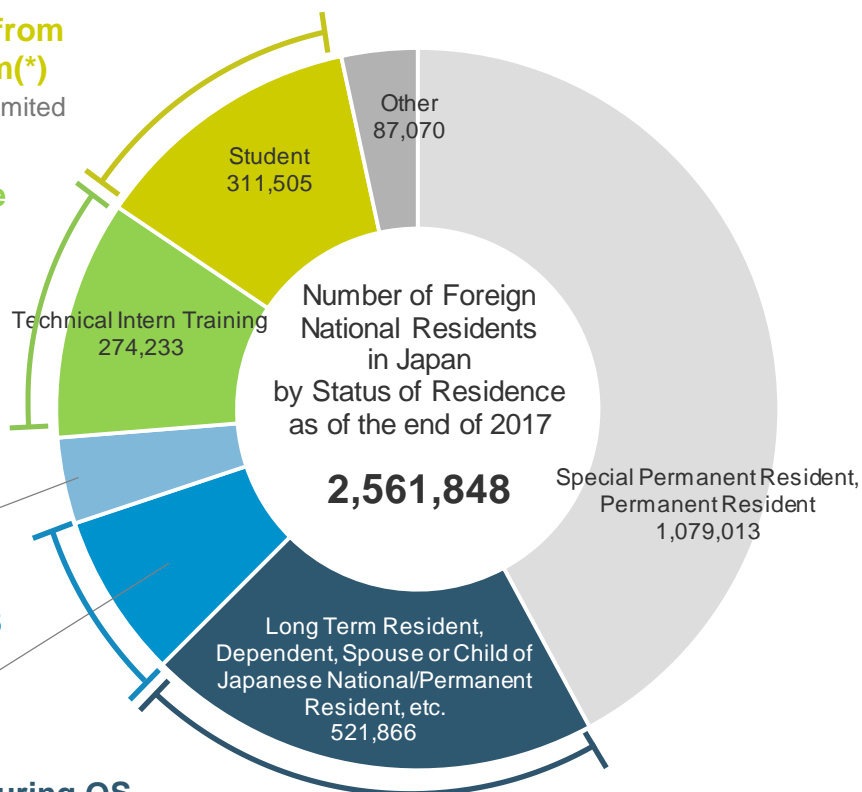
Latent Markets for Manufacturing OS and Engineering OS Business

Source: Compiled by the Company from Ministry of Justice's "Regarding the number of foreign nationals in residence as of the end of 2017 (final values)"



In order to resolve critical labor shortages concerning specified fields, to raise productivity, and to realize HR development reform, the Specified Skills status will be newly established from April 1, 2019 (targeting to receive up to a maximum 345,150 over 5 years).

⇒ **Latent markets for Manufacturing OS, Engineering OS and ORJ Administrative Outsourcing Service**



Specified Skills Type 1	Foreign nationals with a level of skill that can be put to use immediately for a certain degree of work without receiving special training	5 years in total
Specified Skills Type 2	Foreign nationals who can oversee operations as supervisors and who can put to work expert skills	Renewable, can bring family members along

Note* Through the International Human resource Network Organization Foundation (IHNO), scholarships are paid to foreign students who work while studying; provides supports for foreign students from overseas studying and living in Japan, and for job hunting after graduation.

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