



Financial Results for the 2nd Quarter of Fiscal Year Ending December 31, 2017

August 2017



Contents

- P. 2 Consolidated Financial Results for Q2 FY12/17 (IFRS)
- P. 15 Stance Regarding M&A
- P. 17 Strengthen Group's Governance
- P. 24 Consolidated Financial Forecasts for FY12/17 (IFRS)
- P. 31 References

Consolidated Financial Results for Q2 FY12/17 (IFRS)



Consolidated Financial Results for Q2 FY12/17 (IFRS)

● Consolidated Financial Results Summary

| (¥ million) | FY12/16 | | FY12/17 | | YoY | |
|---|---------------------|----------------------|---------------------|----------------------|-------------------|---------------|
| | 1H Actual Amount | Composition Ratio | 1H Actual Amount | Composition Ratio | Changes Amount | Ratio |
| Revenue | 57,380 | 100.0% | 105,811 | 100.0% | 48,431 | 84.4% |
| Cost of sales | 46,042 | 80.2% | 86,035 | 81.3% | 39,993 | 86.9% |
| Gross profit | 11,338 | 19.8% | 19,776 | 18.7% | 8,438 | 74.4% |
| SG&A expenses | 9,372 | 16.3% | 16,401 | 15.5% | 7,029 | 75.0% |
| Operating profit | 2,367 | 4.1% | 3,562 | 3.4% | 1,195 | 50.5% |
| Profit before tax | 1,531 | 2.7% | 3,241 | 3.1% | 1,710 | 111.7% |
| Profit for the period | 722 | 1.3% | 1,879 | 1.8% | 1,157 | 160.3% |
| Profit attributable to owners of the Company | 650 | 1.1% | 1,529 | 1.4% | 878 | 135.0% |

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

● Highlights of Consolidated Financial Results

Revenue **¥105,811 million (+84.4% YoY)**

- Revenue rose sharply to post a record high, and the breakdown of ¥48,431 million increase (+84.4% YoY) is: organic growth ¥27,980 million (+48.8% YoY) and ¥20,451 million (+35.6% YoY) from M&A acquisitions.

Operating Profit **¥3,562 million (+50.5% YoY)**

- Operating profit also rose sharply to post a record high, on the back of growth in revenue, and successful price hike negotiations reflecting tight supply/demand boosting contract unit prices.

Profit Attributable to Owners of the Company **¥1,529 million (+135.0% YoY)**

- Profit attributable to owners of the Company also rose sharply to post a record high, with an increase in non-operating financial income from foreign exchange gains and a decrease in financial expense from borrowings, in addition to the increase in operating profit.

Consolidated Financial Results for Q2 FY12/17 (IFRS)

● Highlights for Consolidated Financial Results

Overview by Segments

Domestic Engineering Outsourcing Business

FY12/17 1H: Revenue ¥23,315 million (YoY +23.9%) : Operating Profit ¥743 million (YoY -14.6%)

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

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

Full-Year FY12/17 plan: 315 engineers 1Q actual: 72 2Q actual: 86

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

Full-Year FY12/17 plan: 1,300 engineers 1Q actual: 327 2Q actual: 333

- Strengthening hiring of new graduates

April 2017 actual: 550 new graduates (exceeded initial hiring plan in order to meet demand)

*Operating profit declined in the Apr-Jun quarter as a result of newly hired graduates becoming a cost center, however resumed YoY growth from July.

Consolidated Financial Results for Q2 FY12/17 (IFRS)

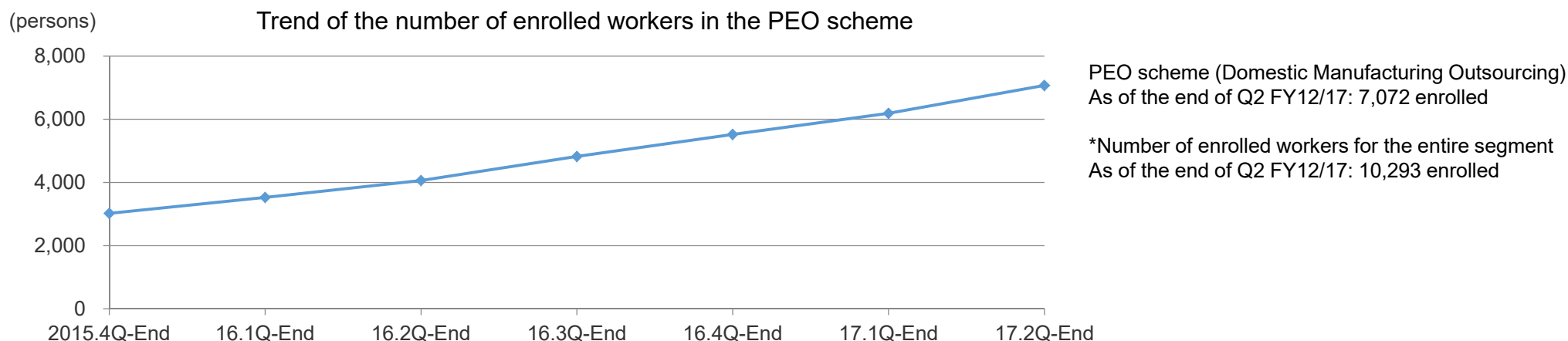
● Highlights for Consolidated Financial Results

Overview by Segments

Domestic Manufacturing Outsourcing Business

FY12/17 1H: Revenue ¥21,258 million (YoY +37.6%) : Operating Profit ¥337 million (YoY -66.9%)

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



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

1H operating profit for the segment before deducting holding company expenses was ¥1,516 million.

Consolidated Financial Results for Q2 FY12/17 (IFRS)

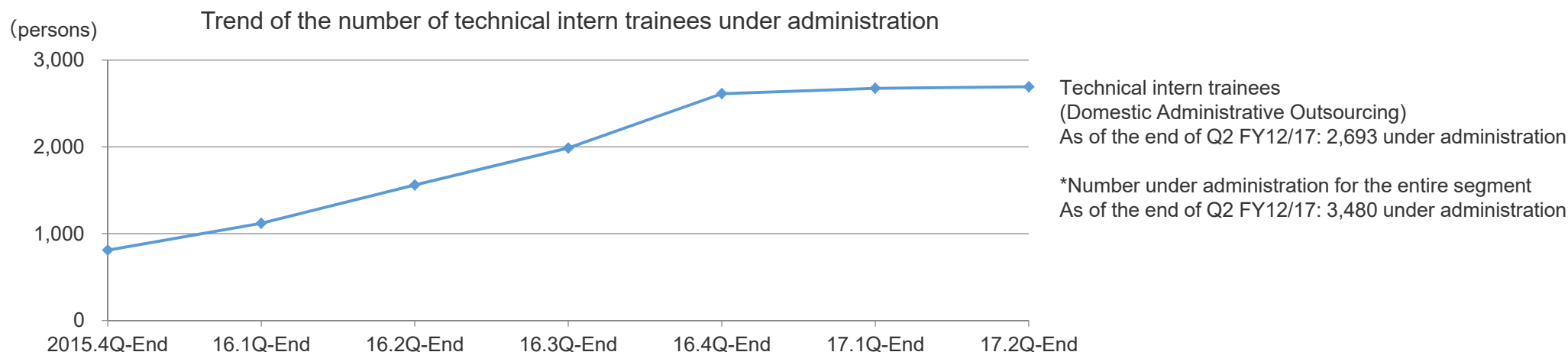
● Highlights for Consolidated Financial Results

Overview by Segments

Domestic Administrative Outsourcing Business

FY12/17 1H: Revenue ¥436 million (YoY +22.5%) : Operating Profit ¥48 million (YoY -51.6%)

Since details of the Revised Act concerning technical intern trainees were unclear, orders which had been growing temporarily stagnated, however now that details have been clarified, the outlook is for orders to resume expansion from Q3 onward.



*Operating profit declined YoY due to start-up costs of shifting the subject of administrative work on consignment from Japanese workers to technical intern trainees, however this is improving from the 3Q onward.

Consolidated Financial Results for Q2 FY12/17 (IFRS)

- Highlights for Consolidated Financial Results

Overview by Segments

Domestic Service Operations Outsourcing Business

FY12/17 1H: Revenue ¥4,624 million (YoY +213.4%) : Operating Profit ¥253 million (FY12/16 1H -¥80 million)

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

Domestic Recruiting and Placing Business

FY12/17 1H: Revenue ¥848 million (YoY +43.1%) : Operating Profit ¥244 million (YoY -12.7%)

Revenues grew from meeting brisk demand of existing manufacturing clients for production hikes.

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

- Highlights for Consolidated Financial Results

Overview by Segments

Overseas Engineering Outsourcing Business

FY12/17 1H: Revenue ¥13,560 million (YoY +59.2%) : Operating Profit ¥455 million (YoY +58.3%)

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

Overseas Manufacturing and Service Operations Outsourcing Business

FY12/17 1H: Revenue ¥41,536 million (YoY +252.6%) : Operating Profit ¥1,635 million (YoY 630.8%)

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

- Highlights for Consolidated Financial Results

Overview by Segments

Other Business

FY12/17 1H: Revenue ¥234 million (YoY -39.0%) : Operating Profit ¥0 million (YoY -97.5%)

Shared service of administrative affairs by disabled persons at special subsidiaries and sign language classroom business were steady, however auto parts sales business for automakers temporarily declined, and the overall segmented posted declines in both revenue and profits.

Consolidated Financial Results for Q2 FY12/17 (IFRS)

● Highlights for Consolidated Financial Results

Current situation for main acquisitions in 2016-2017

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

BEDDISON GROUP (Australia: Apr. 2016, M&A) Revenue 116% (14,477) Operating Profit 115% (397)

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

LIBERATA UK LIMITED (UK: Aug. 2016, M&A) Revenue 111% (4,391) Operating Profit 104% (224)

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

Orizon Holding GmbH (Germany: Jan. 2017, M&A) Revenue 105% (17,680) Operating Profit 153% (709)

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

American Engineering Corporation (US: Apr. 2017, M&A) Revenue 112% (2,770) Operating Profit 315% (198)

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

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

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

| (¥ million) | | FY12/16 Actual | | | FY12/17 Actual | |
|--|---|-------------------|--------|-----------|-------------------|--------|
| | | Q1 | Q2 | Full-Year | Q1 | Q2 |
| Domestic Engineering Outsourcing Business | Revenue | 8,971 | 9,850 | 40,182 | 11,279 | 12,036 |
| | Operating profit | 303 | 566 | 2,936 | 332 | 411 |
| | No. of worksite employees at term-end | 5,029 | 5,720 | 6,066 | 6,286 | 7,161 |
| Domestic Manufacturing Outsourcing Business | Revenue | 7,899 | 7,553 | 34,608 | 10,344 | 10,914 |
| | Operating profit | 296 | 718 | 1,329 | 47 | 290 |
| | No. of worksite employees at term-end | 7,195 | 7,482 | 9,033 | 9,478 | 10,293 |
| Domestic Service Operations Outsourcing Business | Revenue | 617 | 858 | 3,470 | 823 | 3,801 |
| | Operating profit | (64) | (16) | (258) | (22) | 275 |
| | No. of worksite employees at term-end | 1,710 | 1,521 | 1,609 | 1,762 | 2,503 |
| Domestic Administrative Outsourcing Business | Revenue | 149 | 207 | 873 | 198 | 238 |
| | Operating profit | 35 | 64 | 278 | 9 | 39 |
| | No. of outsourcing administrative workers at term-end | 1,438 | 1,401 | 1,478 | 3,381 | 3,480 |
| Domestic Recruiting and Placing Business | Revenue | 279 | 314 | 1,378 | 367 | 481 |
| | Operating profit | 117 | 163 | 647 | 98 | 146 |
| | No. of placed workers | 799 | 896 | 3,689 | 834 | 1,065 |
| Overseas Engineering Outsourcing Business | Revenue | 2,399 | 6,121 | 21,022 | 6,491 | 7,069 |
| | Operating profit | 81 | 206 | 688 | 164 | 291 |
| | No. of worksite employees at term-end | 882 | 1,778 | 1,836 | 1,893 | 2,038 |
| Overseas Manufacturing and Service Operations Outsourcing Business | Revenue | 4,252 | 7,529 | 32,150 | 20,612 | 20,924 |
| | Operating profit | (48) | 272 | 1,376 | 954 | 681 |
| | No. of worksite employees at term-end | 16,352 | 19,647 | 24,290 | 31,953 | 32,219 |
| Other Business | Revenue | 230 | 152 | 600 | 124 | 110 |
| | Operating profit | 11 | 3 | 38 | 8 | (8) |
| | No. of worksite employees at term-end | 4 | 4 | 4 | 4 | 5 |
| Adjustments | Operating profit | (96) | (244) | (1,471) | (143) | (10) |
| Total | Revenue | 24,796 | 32,584 | 134,283 | 50,238 | 55,573 |
| | Operating profit | 635 | 1,732 | 5,563 | 1,447 | 2,115 |

| Revenue by Region | | FY12/16 Actual | | | FY12/17 Actual | |
|--------------------|--|-------------------|--------|-----------|-------------------|--------|
| (¥ million) | | Q1 | Q2 | Full-Year | Q1 | Q2 |
| Japan | | 18,145 | 18,934 | 81,111 | 23,135 | 27,580 |
| Asia (excl. Japan) | | 3,365 | 3,096 | 13,193 | 4,232 | 4,500 |
| Oceania | | 1,420 | 8,444 | 27,079 | 8,685 | 9,540 |
| Europe | | 889 | 1,256 | 8,999 | 12,922 | 12,866 |
| South America | | 977 | 854 | 3,901 | 1,264 | 1,087 |
| Total | | 24,796 | 32,584 | 134,283 | 50,238 | 55,573 |

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

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

Summary of Consolidated Statement of Financial Position

| (¥ million) | FY12/16-End | | Q2-End FY12/17 | | YoY Changes Amount |
|---|---------------|-------------------|----------------|-------------------|-----------------------|
| | Amount | Composition Ratio | Amount | Composition Ratio | |
| Current assets | 36,251 | 40.1% | 54,529 | 47.0% | 18,279 |
| (Cash and cash equivalents) | 11,746 | 13.0% | 18,267 | 15.8% | 6,521 |
| (Trade and other receivables) | 21,006 | 23.2% | 30,897 | 26.6% | 9,892 |
| (Inventories) | 808 | 0.9% | 1,151 | 1.0% | 343 |
| Non-current assets | 54,104 | 59.9% | 61,413 | 53.0% | 7,308 |
| Property, plant and equipment | 4,994 | 5.5% | 6,603 | 5.7% | 1,609 |
| Goodwill | 26,315 | 29.1% | 39,118 | 33.7% | 12,802 |
| Intangible assets | 8,640 | 9.6% | 8,598 | 7.4% | (43) |
| Other non-current financial assets | 9,671 | 10.7% | 2,378 | 2.1% | (7,292) |
| Total assets | 90,355 | 100.0% | 115,942 | 100.0% | 25,587 |
| Current liabilities | 45,319 | 50.2% | 57,382 | 49.5% | 12,063 |
| (Trade and other payables) | 13,763 | 15.2% | 24,104 | 20.8% | 10,341 |
| (Bonds and borrowings) | 24,375 | 27.0% | 24,246 | 20.9% | (130) |
| (Income tax payables) | 948 | 1.0% | 3,889 | 3.4% | 2,941 |
| Non-current liabilities | 30,104 | 33.3% | 32,189 | 27.8% | 2,085 |
| (Bonds and borrowings) | 21,114 | 23.4% | 23,712 | 20.5% | 2,598 |
| Total liabilities | 75,423 | 83.5% | 89,571 | 77.3% | 14,148 |
| Share capital | 1,759 | 1.9% | 7,040 | 6.1% | 5,281 |
| Share premium | 3,502 | 3.9% | 8,129 | 7.0% | 4,627 |
| Treasury shares | (0) | 0.0% | (0) | 0.0% | 0 |
| Retained earnings | 8,333 | 9.2% | 9,177 | 7.9% | 844 |
| Equity attributable to owners of the Company | 12,630 | 14.0% | 24,046 | 20.7% | 11,416 |
| Non-controlling interests | 2,302 | 2.5% | 2,325 | 2.0% | 23 |
| Equity | 14,932 | 16.5% | 26,371 | 22.7% | 11,439 |
| Total liabilities and equity | 90,355 | 100.0% | 115,942 | 100.0% | 25,587 |

Trade and other receivables:
Increased from acquisition of subsidiary shares and business scale expansion, etc.

Goodwill:
Increased from acquiring subsidiaries' shares

Trade and other payables:
Increased from acquisition of subsidiary shares and business scale expansion, etc.

Share capital/Share premium:
Increased from the exercise of subscription rights to shares

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

Consolidated Financial Results for Q2 FY12/17 (IFRS)

Summary of Consolidated Statements of Cash Flows

| (¥ million) | FY12/16 1H Amount | FY12/17 1H Amount | YoY Changes Amount |
|--|-------------------------|-------------------------|--------------------------|
| Profit before tax | 1,531 | 3,241 | 1,710 |
| Depreciation and amortisation | 661 | 1,101 | 440 |
| Decrease (increase) in trade and other receivables | (1,179) | (2,153) | (973) |
| Increase (decrease) in trade and other payables | 1,614 | 2,166 | 552 |
| Cash flows from operating activities | 770 | 3,733 | 2,964 |
| Payments for purchase of business | (7,639) | (6,169) | 1,470 |
| Cash flows from investing activities | (6,583) | (5,507) | 1,076 |
| Increase (decrease) of borrowings | 8,789 | (113) | (8,902) |
| Dividends paid | (610) | (733) | (120) |
| Cash flows from financing activities | 8,004 | 8,156 | 152 |
| Cash and cash equivalents at end of period | 9,342 | 18,267 | 8,925 |

Cash flows from operating activities:
Increased from increase in profit before tax and operating payable

Cash flows from investing activities:
Increased from decrease in payments for purchases of business

Cash flows from financing activities:
Reflects the exercise of subscription rights to shares and decrease of borrowings

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

*The Consolidated statement of cash flows is subject to change as it is currently being audited by the auditing firm at the time these materials were published.

Stance Regarding M&A



Stance Regarding M&A

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

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

Internal rules for implementing M&A

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

⇒ Implemented many M&A transactions in 2015-16 for the aforementioned purposes



2017-18 is positioned as a period for establishing a business structure for building global governance and optimizing synergies, shortening the period for recouping investments and improving the financial position, a strategic base-building step toward the next leap forward.



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

Strengthening Group's Governance



Strengthening Group's Governance

2017 Global governance project initiative

In FY2017, implementing an initiative to strengthen governance for mainly the Overseas Group Companies

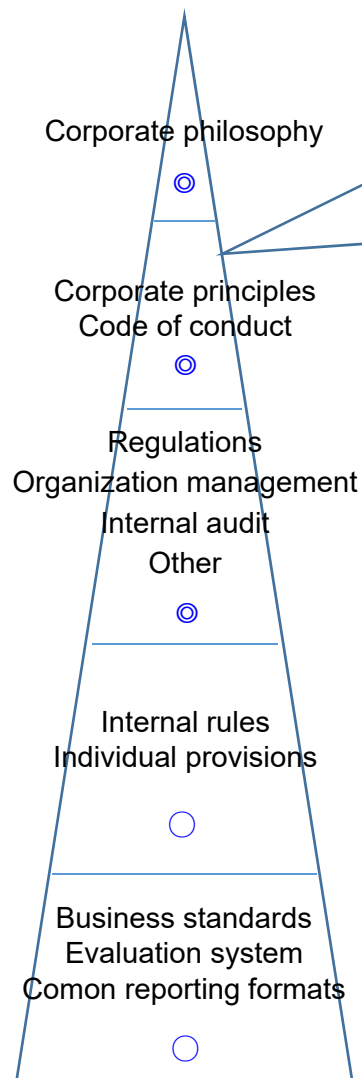
Key Challenges

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

Strengthening Group's Governance

Designing global governance policies

◆ Governance system for domestic companies



■ Regarding the head office, the corporate governance system including corporate philosophy, code of conduct, organization structure, regulations, internal audit, internal reporting system, and education and training system has been established and completed.

■ Certain provisions for domestic subsidiaries are under ongoing improvement

■ Necessity for designing global governance policies

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

Initiative progress status:

■ In the process of promoting design of the policy body overview (major classifications)

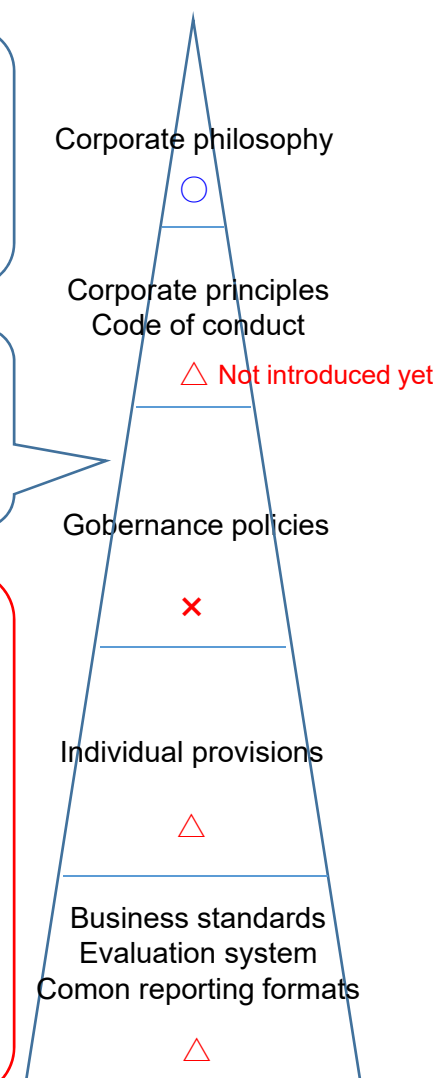
- Proposed major classifications: Board of Directors, internal controls, J-SOX, approval decisions, reporting, internal reporting (whistle blowing), internal audit, organization structure, education and training

■ Commenced preparation of a global internal control standards manual

- Listing up the minimum required processes, assumed risks, expected controls and documented evidence for the internal control system for all Group companies

→ Will complete the detailed policy design and standards manual during the current fiscal year

◆ Overseas governance pyramid



Strengthening Group's Governance

Establishing a base for risk management

■ Necessity for establishing a base for risk management

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

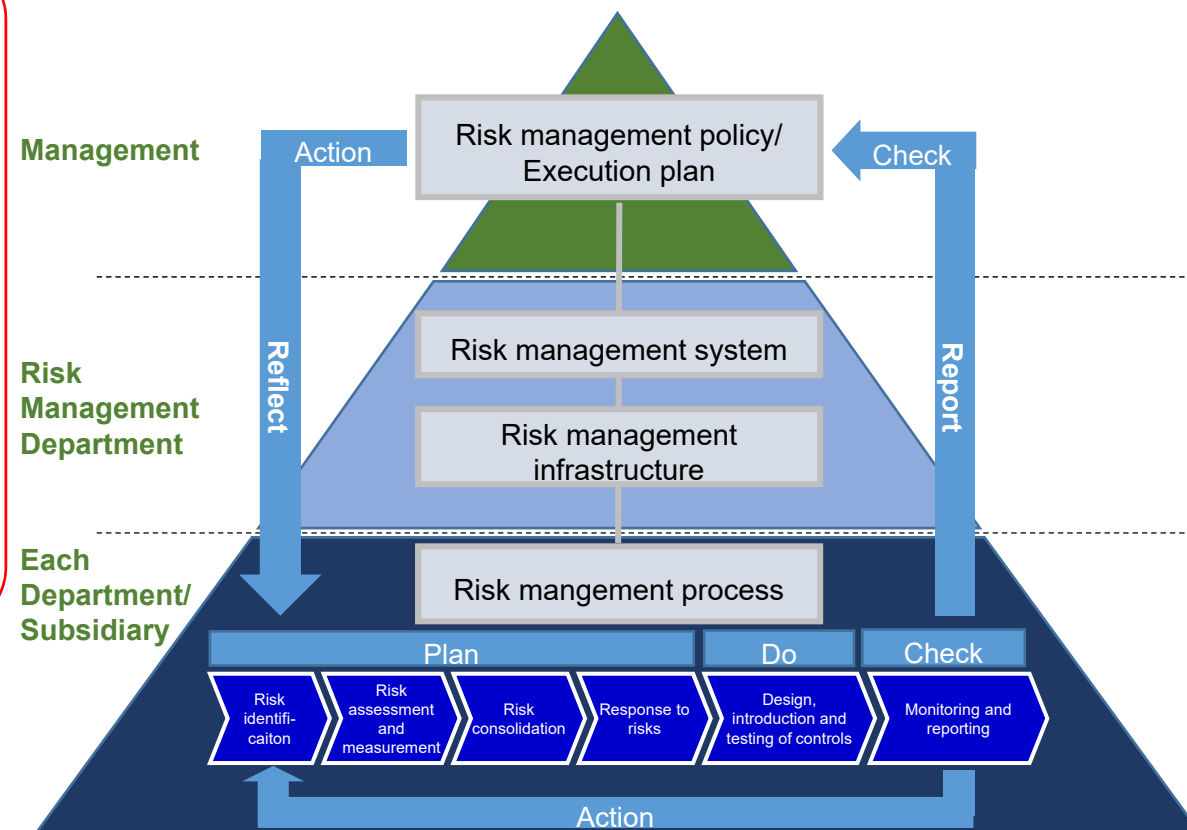
Initiative progress status:

■ In the process of making a risk map

- Questionnaire sent to the major Overseas Group Companies
→ Risk assessment interview after answers are returned
- Narrowing down critical risks and making a map

■ In the process of formalizing main measures utilizing the risk map

- Close examination of the Overseas Group Companies utilizing the risk map
- Utilizing as part of due diligence in considering new M&A transactions
- Utilizing in building a risk management system



Strengthening Group's Governance

Further strengthening of the financial reporting function

■ Necessity for further strengthening of the financial reporting function

- To respond to issues that have arisen and items that require improvement from IFRS accounts settlement work newly introduced last term
- To speed up and stabilize financial results reporting through revising the consolidation package and improving work flow in response to requests from the Overseas Group Companies
- To conform to new IFRS standards going into effect in 2018

Initiative progress status:

■ Task extraction and response method under consideration

- Factor analysis for issues that arose from IFRS accounts settlement work last year
 - New provisions and a new package for clarifying work distribution between the head office and overseas subsidiaries under consideration (to be completed this term)

■ Conforming to new IFRS standards

- In the process of verifying the impact of accounting treatment etc under the new standards
 - Implement measures during this term for required items emerging from the verification process

■ Strengthening staff

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

Strengthening Group's Governance

Building a base for information systems security

■ Necessity for building a base for information systems security

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

Initiative progress status:

■ Launching a new project

- In August launching a new project to build a cloud-based system using Microsoft's Office 365 for a global information security base with common platform for the entire Group.

Thorough compliance system

■ Necessity for a thorough compliance system

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

Initiative progress status:

■ Anti-Corruption Policy completed

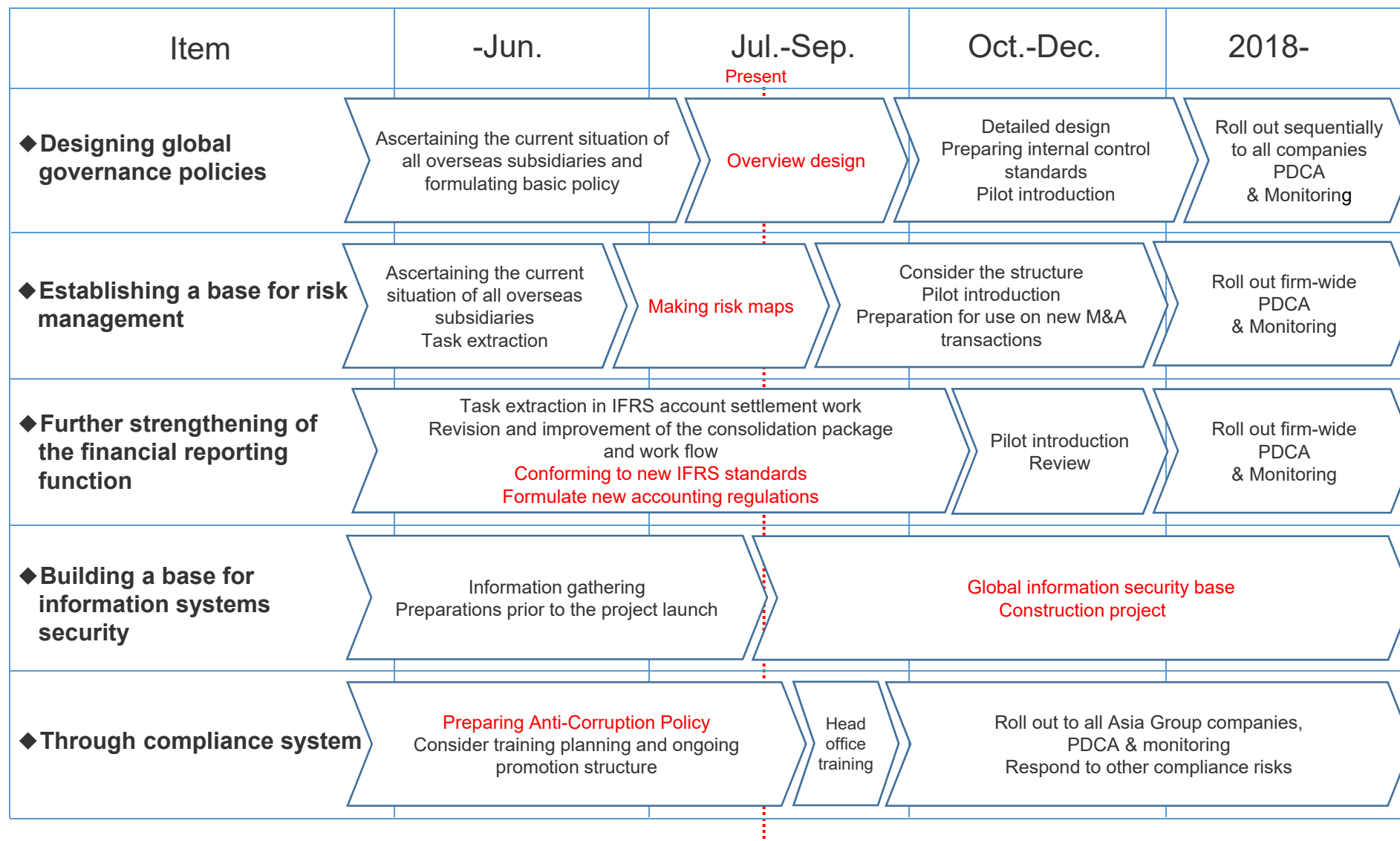
- Completed regulations requiring compliance specifically regarding financial payments and behavior which are the subject of anti-corruption
 - Commencing mandatory training from September for all officers and employees of the OS head office and Asia Group subsidiaries

■ Internal compliance system

- System for appropriate investigation and response to matters of concern and ongoing monitoring is under consideration

Strengthening Group's Governance

2017 Global governance project initiative <Timeline>



Consolidated Financial Forecasts for FY12/17 (IFRS)



Consolidated Financial Forecasts for FY12/17 (IFRS)

- Progress and outlook for plans by major segments on required net staff increases to achieve the full-year budget

*These are planned net staff increases from the beginning to the end of FY12/17, and aren't linked to domestic hiring plans shown on P26.

Domestic Engineering Outsourcing Business

As of the end of the 2Q, achieved a net increase of 1,184 relative to the full-year plan for net staff increase of 2,589

⇒ Taking on displaced workers as a result of natural industry consolidation in the wake of the Revised Worker Dispatching Act is expected to accelerate from the 3Q

Domestic Manufacturing Outsourcing Business

As of the end of the 2Q, achieved a net increase of 2,817 relative to the full-year plan for net staff increase of 5,621

⇒ The PEO Scheme is expected to expand further for each maker from the impact of the Revised Labor Contracts Act

Domestic Administrative Outsourcing Business

As of the end of the 2Q, achieved a net increase of 591 relative to the full-year plan for net staff increase of 3,011

⇒ Since details of the revision to the Act concerning technical intern trainee have been clarified, expected to catch up to plan through order growth resuming from the 3Q

Overseas Manufacturing and Service Operations Outsourcing Business

As of the end of the 2Q, achieved a net increase of 7,989 relative to the full-year plan for net staff increase of 15,226

⇒ Along with business expansion through collaboration of Group companies, collaboration on staff procurement is expected to progress further going into the end of the term

Domestic Recruitment Plan for FY12/17

● Annual and Semi-Annual Trends

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

● Quarterly Trends

| | | FY12/16 | | | | | FY12/17 | | | | |
|------------------------|------------------------------------|---------|---------|---------|---------|-----------|-----------|---------|---------|---------|-----------|
| | | Actual | | | | | Forecasts | | | | |
| | | Q1 | Q2 | Q3 | Q4 | Full-Year | Actual Q1 | Q2 | Q3 | Q4 | Full-Year |
| Engineering | No. of workers recruited (persons) | 532 | 950 | 436 | 442 | 2,360 | 475 | 1,328 | 490 | 449 | 2,327 |
| | Recruitment unit price (¥/worker) | 394,709 | 101,593 | 288,644 | 330,977 | 245,186 | 638,072 | 241,584 | 322,414 | 312,704 | 291,641 |
| Manufacturing | No. of workers recruited (persons) | 1,159 | 1,660 | 3,202 | 1,522 | 7,543 | 1,729 | 2,159 | 2,103 | 3,481 | 9,074 |
| | Recruitment unit price (¥/worker) | 82,432 | 67,207 | 39,770 | 63,307 | 57,112 | 73,625 | 56,920 | 57,025 | 20,166 | 46,703 |
| Service Operations | No. of workers recruited (persons) | 687 | 791 | 618 | 563 | 2,659 | 598 | 1,584 | 1,986 | 974 | 5,021 |
| | Recruitment unit price (¥/worker) | 16,079 | 12,071 | 9,663 | 15,737 | 13,323 | 25,346 | 10,737 | 16,376 | 32,590 | 22,441 |
| Recruiting and Placing | No. of workers recruited (persons) | 799 | 896 | 993 | 1,001 | 3,689 | 834 | 1,065 | 1,035 | 951 | 3,751 |
| | Recruitment unit price (¥/worker) | 137,164 | 118,036 | 137,779 | 129,891 | 130,710 | 146,327 | 119,434 | 151,140 | 135,271 | 151,218 |

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for FY12/17 Consolidated Financial Forecasts

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

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

Consolidated Financial Forecasts for FY12/17 (IFRS)

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

| <div>(¥ million)</div> | | FY12/16 | | | | FY12/17 | FY12/17 | | |
|--|---|---------|---------|-----------|-------------------|---------|-----------|-----------|-------------------|
| | | Actual | | | | Actual | Forecasts | | |
| | | 1H | 2H | Full-Year | | 1H | 2H | Full-Year | |
| | | Amount | Amount | Amount | Composition Ratio | Amount | Amount | Amount | Composition Ratio |
| Domestic Engineering Outsourcing Business | Revenue | 18,821 | 21,361 | 40,182 | 29.9% | 23,315 | 26,227 | 48,666 | 22.8% |
| | Operating profit | 869 | 2,067 | 2,936 | 52.8% | 743 | 2,748 | 3,879 | 40.8% |
| | No. of worksite employees at term-end | 5,720 | 6,066 | 6,066 | - | 7,161 | 8,566 | 8,566 | - |
| Domestic Manufacturing Outsourcing Business | Revenue | 15,452 | 19,156 | 34,608 | 25.8% | 21,258 | 23,852 | 44,509 | 20.9% |
| | Operating profit | 1,014 | 315 | 1,329 | 23.9% | 337 | 1,401 | 2,330 | 24.5% |
| | No. of worksite employees at term-end | 7,482 | 9,033 | 9,033 | - | 10,293 | 13,097 | 13,097 | - |
| Domestic Service Operations Outsourcing Business | Revenue | 1,475 | 1,995 | 3,470 | 2.6% | 4,624 | 8,912 | 12,101 | 5.7% |
| | Operating profit | (80) | (178) | (258) | -4.6% | 253 | 480 | 492 | 5.2% |
| | No. of worksite employees at term-end | 1,521 | 1,609 | 1,609 | - | 2,503 | 3,836 | 3,836 | - |
| Domestic Administrative Outsourcing Business | Revenue | 356 | 517 | 873 | 0.7% | 436 | 671 | 1,098 | 0.5% |
| | Operating profit | 99 | 179 | 278 | 5.0% | 48 | 473 | 702 | 7.4% |
| | No. of outsourcing administrative workers at term-end | 1,401 | 1,478 | 1,478 | - | 3,480 | 5,900 | 5,900 | - |
| Domestic Recruiting and Placing Business | Revenue | 593 | 785 | 1,378 | 1.0% | 848 | 739 | 1,501 | 0.7% |
| | Operating profit | 280 | 367 | 647 | 11.6% | 244 | 123 | 302 | 3.2% |
| | No. of placed workers | 1,695 | 1,994 | 3,689 | - | 1,899 | 1,986 | 3,751 | - |
| Overseas Engineering Outsourcing Business | Revenue | 8,520 | 12,502 | 21,022 | 15.7% | 13,560 | 13,420 | 24,845 | 11.7% |
| | Operating profit | 287 | 401 | 688 | 12.4% | 455 | 774 | 1,157 | 12.2% |
| | No. of worksite employees at term-end | 1,778 | 1,836 | 1,836 | - | 2,038 | 1,982 | 1,982 | - |
| Overseas Manufacturing and Service Operations Outsourcing Business | Revenue | 11,781 | 20,369 | 32,150 | 23.9% | 41,536 | 41,869 | 79,645 | 37.4% |
| | Operating profit | 224 | 1,152 | 1,376 | 24.7% | 1,635 | 1,924 | 3,007 | 31.7% |
| | No. of worksite employees at term-end | 19,647 | 24,290 | 24,290 | - | 32,219 | 39,456 | 39,456 | - |
| Other Business | Revenue | 382 | 218 | 600 | 0.4% | 234 | 310 | 635 | 0.3% |
| | Operating profit | 14 | 24 | 38 | 0.7% | 0 | (197) | (298) | -3.1% |
| | No. of worksite employees at term-end | 4 | 4 | 4 | - | 5 | 5 | 5 | - |
| Adjustments | Operating profit | (340) | (1,131) | (1,471) | -26.5% | (153) | (1,126) | (2,071) | -21.8% |
| | Revenue | 57,380 | 76,903 | 134,283 | 100.0% | 105,811 | 116,000 | 213,000 | 100.0% |
| Total | Operating profit | 2,367 | 3,196 | 5,563 | 100.0% | 3,562 | 6,600 | 9,500 | 100.0% |

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

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

Consolidated Financial Forecasts for FY12/17 (IFRS)

Summary for Financial Forecasts by Operating Segment (Quarterly Trends)

| (¥ million) | | FY12/16 | | | FY12/17 | | | | |
|--|---|---------|--------|-----------|---------|--------|-----------|--------|-----------|
| | | Actual | | | Actual | | Forecasts | | |
| | | Q1 | Q2 | Full-Year | Q1 | Q2 | Q3 | Q4 | Full-Year |
| Domestic Engineering Outsourcing Business | Revenue | 8,971 | 9,850 | 40,182 | 11,279 | 12,036 | 12,232 | 13,995 | 48,666 |
| | Operating profit | 303 | 566 | 2,936 | 332 | 411 | 1,092 | 1,656 | 3,879 |
| | No. of worksite employees at term-end | 5,029 | 5,720 | 6,066 | 6,286 | 7,161 | 8,040 | 8,566 | 8,566 |
| Domestic Manufacturing Outsourcing Business | Revenue | 7,899 | 7,553 | 34,608 | 10,344 | 10,914 | 11,087 | 12,765 | 44,509 |
| | Operating profit | 296 | 718 | 1,329 | 47 | 290 | 661 | 740 | 2,330 |
| | No. of worksite employees at term-end | 7,195 | 7,482 | 9,033 | 9,478 | 10,293 | 10,754 | 13,097 | 13,097 |
| Domestic Service Operations Outsourcing Business | Revenue | 617 | 858 | 3,470 | 823 | 3,801 | 3,639 | 5,273 | 12,101 |
| | Operating profit | (64) | (16) | (258) | (22) | 275 | 170 | 310 | 492 |
| | No. of worksite employees at term-end | 1,710 | 1,521 | 1,609 | 1,762 | 2,503 | 3,765 | 3,836 | 3,836 |
| Domestic Administrative Outsourcing Business | Revenue | 149 | 207 | 873 | 198 | 238 | 306 | 365 | 1,098 |
| | Operating profit | 35 | 64 | 278 | 9 | 39 | 208 | 265 | 702 |
| | No. of outsourcing administrative workers at term-end | 1,438 | 1,401 | 1,478 | 3,381 | 3,480 | 5,150 | 5,900 | 5,900 |
| Domestic Recruiting and Placing Business | Revenue | 279 | 314 | 1,378 | 367 | 481 | 381 | 358 | 1,501 |
| | Operating profit | 117 | 163 | 647 | 98 | 146 | 58 | 65 | 302 |
| | No. of placed workers | 799 | 896 | 3,689 | 834 | 1,065 | 1,035 | 951 | 3,751 |
| Overseas Engineering Outsourcing Business | Revenue | 2,399 | 6,121 | 21,022 | 6,491 | 7,069 | 6,733 | 6,687 | 24,845 |
| | Operating profit | 81 | 206 | 688 | 164 | 291 | 385 | 389 | 1,157 |
| | No. of worksite employees at term-end | 882 | 1,778 | 1,836 | 1,893 | 2,038 | 1,916 | 1,982 | 1,982 |
| Overseas Manufacturing and Service Operations Outsourcing Business | Revenue | 4,252 | 7,529 | 32,150 | 20,612 | 20,924 | 20,473 | 21,396 | 79,645 |
| | Operating profit | (48) | 272 | 1,376 | 954 | 681 | 1,015 | 909 | 3,007 |
| | No. of worksite employees at term-end | 16,352 | 19,647 | 24,290 | 31,953 | 32,219 | 38,504 | 39,456 | 39,456 |
| Other Business | Revenue | 230 | 152 | 600 | 124 | 110 | 149 | 161 | 635 |
| | Operating profit | 11 | 3 | 38 | 8 | (8) | (93) | (104) | (298) |
| | No. of worksite employees at term-end | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Adjustments | Operating profit | (96) | (244) | (1,471) | (143) | (10) | (517) | (609) | (2,071) |
| Total | Revenue | 24,796 | 32,584 | 134,283 | 50,238 | 55,573 | 55,000 | 61,000 | 213,000 |
| | Operating profit | 635 | 1,732 | 5,563 | 1,447 | 2,115 | 2,980 | 3,620 | 9,500 |

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

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

Consolidated Financial Forecasts for FY12/17 (IFRS)

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

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

Summary for Financial Forecasts by Region (Quarterly Trends)

| (¥ million) | FY12/16 | | | FY12/17 | | | | |
|--------------------|---------|--------|-----------|---------|--------|-----------|--------|-----------|
| | Actual | | | Actual | | Forecasts | | |
| | Q1 | Q2 | Full-Year | Q1 | Q2 | Q3 | Q4 | Full-Year |
| Japan | 18,145 | 18,934 | 81,111 | 23,135 | 27,580 | 27,794 | 32,917 | 108,510 |
| Asia (excl. Japan) | 3,365 | 3,096 | 13,193 | 4,232 | 4,500 | 4,353 | 4,613 | 16,602 |
| Oceania | 1,420 | 8,444 | 27,079 | 8,685 | 9,540 | 8,841 | 9,279 | 33,389 |
| Europe | 889 | 1,256 | 8,999 | 12,922 | 12,866 | 13,114 | 13,175 | 50,735 |
| South America | 977 | 854 | 3,901 | 1,264 | 1,087 | 898 | 1,016 | 3,764 |
| Total | 24,796 | 32,584 | 134,283 | 50,238 | 55,573 | 55,000 | 61,000 | 213,000 |

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

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

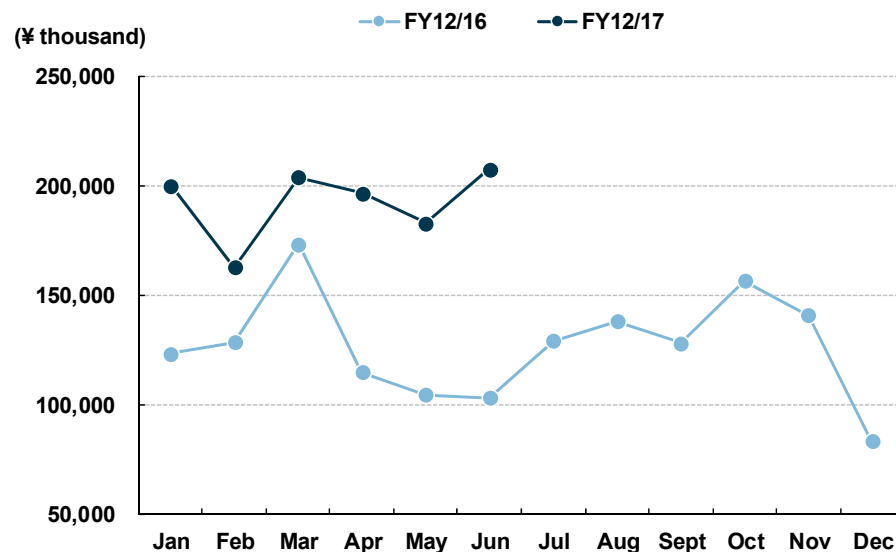
References



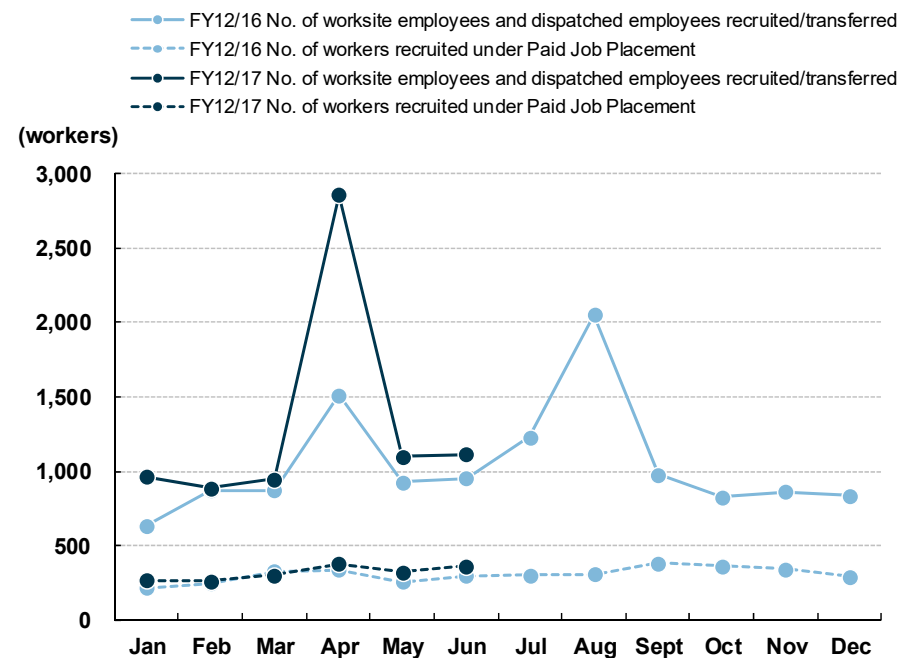
Trends in Recruited Number of Workers and Recruiting Expenses in Japan

Monthly Trends (Consolidated)

Monthly Recruiting Expenses



No. of Worksite Employees and Dispatched Employees Recruited/Transferred



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

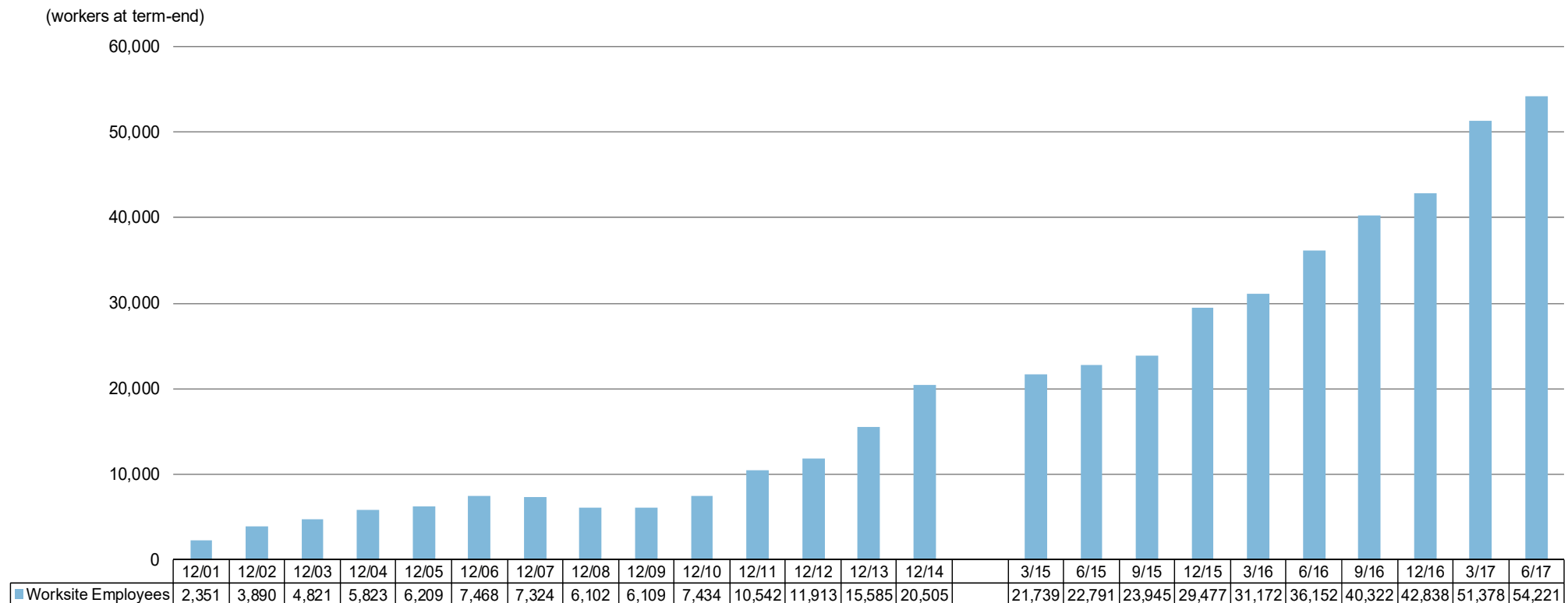
| FY12/17 | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|---------|--|--|---------|---------|---------|---------|---------|---------|-----|-----|------|-----|-----|-----|
| —●— | No. of worksite employees and dispatched employees recruited/transferred | | 963 | 889 |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

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

Trends in Number of Worksite Employees and Dispatched Workers

Quarterly Trends (Consolidated)

- Up to FY12/14: Annual trend
- From FY12/15: Quarterly trend



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

A cautionary note on forward-looking statements:

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

OUTSOURCING Inc.

CEO Office

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

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