



FACTBOOK

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

For the 2nd Quarter of Fiscal Year
Ending December 31, 2019 [IFRS]

P1	Corporate Profile / Revenue and Ratio of Operating Profit
P2	Business Overview
P3	OUTSOURCING Group Expansion Corporate History
P5-6	Business Locations Overview
P7-9	Medium-Term Management Plan
P11	Consolidated Statement of Financial Position
P12	Consolidated Statement of Income
P13	Consolidated Statement of Cash Flows
P14	Consolidated Information by Operating Segment and Region
P15	Consolidated Other Information (Number of Workers / Recruitment Unit Price)
P16	Consolidated Major Indicators
P17	Stock Information
P18	Stock Price Indicators / Stock Price Information
P20-22	OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business
P23-25	OUTSOURCING Group: Business Outline Concerning Technical Intern Training Program
P26	OUTSOURCING Group: Outline of Foreign National Residence Status (Visa Status) and Potential for OS Group



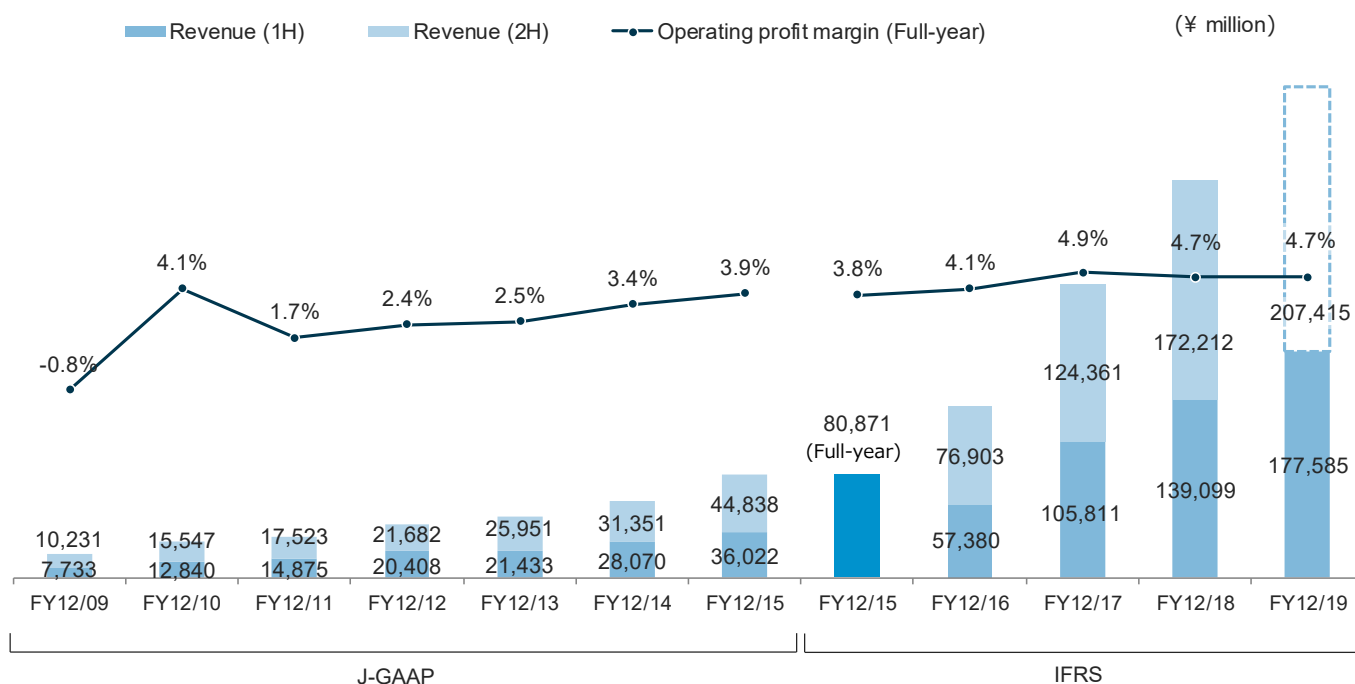
Out-Sourcing!
Inc.

Corporate Profile / Revenue and Ratio of Operating Profit

Corporate Profile (as of June 30, 2019)

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	¥25,133 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)	86,100

Revenue and Operating Profit Margin



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

Business Overview

Operating Segments

Domestic Engineering Outsourcing Business

24.1% (Composition Ratio)



14 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%



11 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., ORJ INC.

Domestic Service Operations Outsourcing Business

5.7%



6 Group Companies

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

OTS Inc., AMERICAN ENGINEERING CORPORATION (OKINAWA)

Overseas Engineering Outsourcing Business

12.4%



40 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, NTRINSIC CONSULTING FRANCE SARL

Overseas Manufacturing and Service Operations Outsourcing Business

37.6%



122 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 SpA, 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

0.2%



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

Jan. 1997		OUTSOURCING Inc. was founded in Shizuoka City, Shizuoka Pref. as a provider of contract services for production processes
Dec. 2004		Listed on the JASDAQ Standard Market of the Tokyo Stock Exchange (formerly JASDAQ Securities Exchange)
Mar. 2005		Launched enable Inc. , an outsourcing service provider specializing in transport equipment industry
Aug. 2009		Acquired RPM Co., Ltd. and TryAngle Co., Ltd. as consolidated subsidiaries specializing in medical products and equipment, and chemical products
Nov. 2009		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	China	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		Launched OS.SEMITEC Inc. as a contract service provider specializing in product design & development, prototype testing and volume production processes
Apr. 2011	Thailand	Launched OS (THAILAND) CO., LTD. to consolidate local production outsourcing businesses
Jul. 2011	Indonesia	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	Vietnam, Australia, Singapore, Hong Kong	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	Vietnam	Launched OS VIETNAM CO., LTD. in Vietnam to provide outsourcing services primarily for the transport equipment, electric and electronics fields
Mar. 2012		Listed on the second section of the Tokyo Stock Exchange
Jul. 2012		Relocated the head office to Chiyoda-ku, Tokyo
Mar. 2013		Listed on the first section of the Tokyo Stock Exchange
Oct. 2013	Malaysia	Acquired SANSHIN (MALAYSIA) SDN. BHD. as a consolidated subsidiary and expanded into the Malaysian market
Jan. 2014	India	Acquired ALP Group as consolidated subsidiaries and expanded into the Indian market
Apr. 2014		Acquired Thinketh Bank Co., Ltd. , which operates IT schools, as a consolidated subsidiary
Sep. 2014		Launched PEO Co., Ltd.
Jan. 2015		Acquired KDE Holding Corporation as a consolidated subsidiary, thereby also acquiring Kyodo Engineering Corporation as a consolidated subsidiary
Apr. 2015	Cambodia	Launched OUTSOURCING (CAMBODIA) Inc. and expanded into the Cambodian market
Aug. 2015		Launched HR services for US military facilities
	Australia, UK, Belgium	Acquired BLUEFIN Group companies as consolidated subsidiaries Acquired NTRINSIC Group companies as consolidated subsidiaries and expanded into the UK and Belgian markets
Sep. 2015		Launched Outsourcing Business Service Inc. as a special subsidiary company for hiring handicapped employees
Oct. 2015		Launched outsourcing business for convenience stores
Dec. 2015	Chile	Acquired Grupo Expro Group companies as consolidated subsidiaries and expanded into the Chilean market
Apr. 2016	Australia, UK, Malaysia	Acquired BEDDISON Group companies in Australia as consolidated subsidiaries Acquired J.B.W. Group companies in the U.K. as consolidated subsidiaries 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		Consolidated subsidiary BROTHERS CO., LTD. changed commercially registered name to OTS Inc.
Aug. 2016		Acquired Recruit Factory Partners Co., Ltd. as a consolidated subsidiary and changed commercially registered name to OS Partners CO., LTD.
	UK	Acquired LIBERATA UK LIMITED as a consolidated subsidiary
Jan. 2017	Germany	Acquired Orizon Group as consolidated subsidiaries and expanded into the German market
Apr. 2017		Acquired AMERICAN ENGINEERING CORPORATION (OKINAWA) as a consolidated subsidiary
Apr. 2018	Peru, Colombia, Ecuador, Chile	Acquired SL Group with South American bases mainly in Chile as consolidated subsidiaries
May 2018	Netherlands, Poland, Czech, Moldova, Slovakia, Hungary, Bulgaria, Ukraine, Romania, Croatia	Acquired OTTO Holding B.V. , which has a recruitment network in Europe mainly in the Netherlands and Poland, as a consolidated subsidiary
Aug. 2018	UK	Acquired ALLEN LANE Group companies in the U.K. as consolidated subsidiaries
Sep. 2018	Australia	Acquired PM-P Group companies in Australia as consolidated subsidiaries
May 2019	Brazil	Acquired OS ELOFORT SERVICOS S.A. as a consolidated subsidiary and expanded into the Brazilian market

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 June 30, 2019)

Domestic Consolidated Subsidiaries : 34

- OUTSOURCING Inc.
- Consolidated Subsidiaries
- Equity Method Affiliates

Kanto Area

OUTSOURCING TECHNOLOGY Inc.

OTS Inc.

Kyodo Engineering Corporation

Outsourcing Business Service Inc.

Oomura Industrial Co., Ltd.

OS Capital Partners Inc.

Outsourcing Quest Inc.

S Agent Co.,Ltd.

OUTSOURCING Communications Co.,Ltd.

OS support Co.,Ltd.

OUTSOURCING Inc.

RPM Co., Ltd.

TryAngle Co., Ltd.

Thinketh Bank Co., Ltd.

KEN Technology Co.,Ltd

Mobile Communications Co., Ltd.

NATURAL Co.,Ltd.

Negishisekkei Co., Ltd.

Kinki Area

ORJ INC.

Advantec Co.,Ltd.

OS LOGITEC Co., Ltd.

Chugoku Area

Oshima Shokai Co.,Ltd.

Chubu Area

enable Inc.

PEO Co., Ltd.

FUJITSU GENERAL
OS TECHNOLOGY LIMITED

Planner Co., Ltd.

GLocal Co.,Ltd.

AMERICAN ENGINEERING CORPORATION (OKINAWA)

Okinawa Area

Business Locations Overview

Overseas Business Locations

(as of June 30, 2019)



Asia <ul style="list-style-type: none"> ● China <ul style="list-style-type: none"> • Out-Sourcing China, Inc. • FARO RECRUITMENT(CHINA),CO, LTD. • FARO RECRUITMENT (HONG KONG) CO., LIMITED ● Thailand <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • OS VIETNAM CO., LTD. • FAITH ROOT RECRUITMENT VIETNAM JOINT STOCK COMPANY ● Cambodia <ul style="list-style-type: none"> • OUTSOURCING (CAMBODIA) Inc. ● Malaysia <ul style="list-style-type: none"> • SANSHIN (MALAYSIA) SDN. BHD. • OS HRS SDN. BHD. ● Singapore <ul style="list-style-type: none"> • OSI-ASIA HOLDINGS PTE. LTD. ● Indonesia <ul style="list-style-type: none"> • PT. OS SELNAJAYA INDONESIA ● India <ul style="list-style-type: none"> • ALP CONSULTING LIMITED • OS HRS INDIA PRIVATE LIMITED 	Europe <ul style="list-style-type: none"> ● United Kingdom <ul style="list-style-type: none"> • NTRINSIC HOLDINGS LIMITED • J.B.W. GROUP LIMITED • OS HRS EUROPE LIMITED • OUTSOURCING UK LIMITED • LIBERATA UK LIMITED • VERACITY OSI UK LIMITED • ALLEN LANE TOPCO LIMITED • COLLECT SERVICES HOLDINGS LIMITED • COURT ENFORCEMENT SERVICES LTD • PHOENIX COMMERCIAL (ENFORCEMENT) HOLDINGS LIMITED • RUNDLE & CO. LIMITED ● Belgium <ul style="list-style-type: none"> • NTRINSIC CONSULTING SPRL ● The Netherlands <ul style="list-style-type: none"> • OTTO Holding B.V. ● France <ul style="list-style-type: none"> • NTRINSIC CONSULTING FRANCE SARL ● Germany <ul style="list-style-type: none"> • OSI Holding Germany GmbH • Orizon Holding GmbH • jobs in time medical GmbH ● Moldova <ul style="list-style-type: none"> • Societatea cu Raspundere Limitata "OTTO WORK FORCE" ● Czech Republic <ul style="list-style-type: none"> • OTTO Work Force Czech s.r.o. ● Slovakia <ul style="list-style-type: none"> • OTTO Work Force Slovakia s.r.o. ● Bulgaria <ul style="list-style-type: none"> • OTTO Work Force Bulgaria EOOD ● Hungary <ul style="list-style-type: none"> • OTTO Workforce Hungary Korlatolt Felelossegu Tarsasag ● Poland <ul style="list-style-type: none"> • OTTO WORK FORCE POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA ● Lithuania <ul style="list-style-type: none"> • OTTO WORK FORCE, UAB ● Ukraine <ul style="list-style-type: none"> • LIMITED LIABILITY COMPANY "OTTO WORKFORCE" ● Romania <ul style="list-style-type: none"> • OTTO WORK FORCE ROM S.R.L. ● Croatia <ul style="list-style-type: none"> • OTTO Work Force d.o.o. za posredovanje pri zaposljavanju
Oceania <ul style="list-style-type: none"> ● Australia <ul style="list-style-type: none"> • STAFF SOLUTIONS AUSTRALIA PTY LTD • 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 • JIGSAW SEARCH PTY LTD • OUTSOURCING OCEANIA HOLDINGS PTY LIMITED • MARBLE GROUP HOLDINGS PTY LTD ● New Zealand <ul style="list-style-type: none"> • KINETIC EMPLOYMENT LIMITED 	
South America <ul style="list-style-type: none"> ● Brazil <ul style="list-style-type: none"> • OS ELOFORT SERVICOS S.A. ● Chile <ul style="list-style-type: none"> • EXPROCHILE SpA • INVERSIONES SL GROUP SpA • OSI SOUTH AMERICA HOLDINGS SpA • HELPNET HOLDINGS SpA ● Ecuador <ul style="list-style-type: none"> • SEGURIDAD PRIVADA ACTIVE SECURITY COMPANY A.S.C. CIA. LTDA. ● Peru <ul style="list-style-type: none"> • WHOLE SECURITY S.A.C. • HELPNET PERU S.A.C. ● Colombia <ul style="list-style-type: none"> • SANTILLANA DE SEGURIDAD VIGILANCIA PRIVADA LTDA 	

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

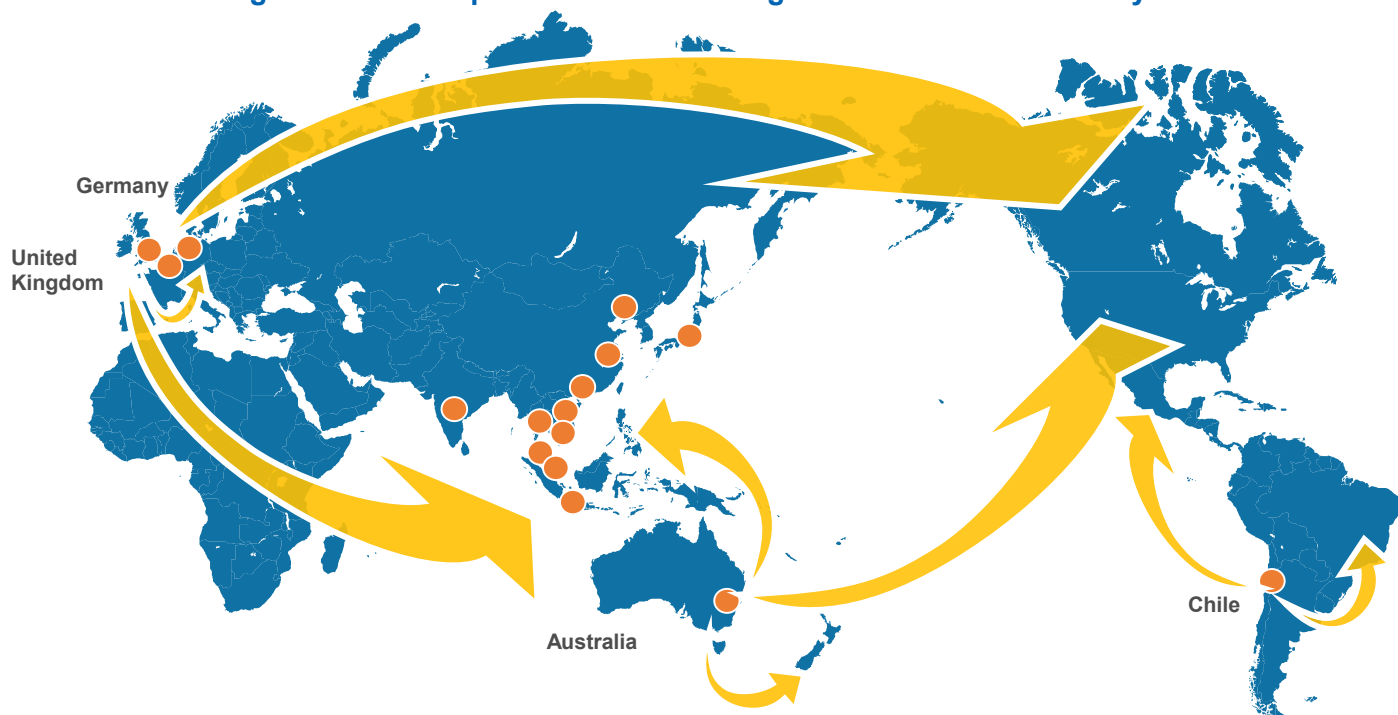
**OUTSOURCING Group is taking the next leap
as a global provider of comprehensive human resource solutions.**

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

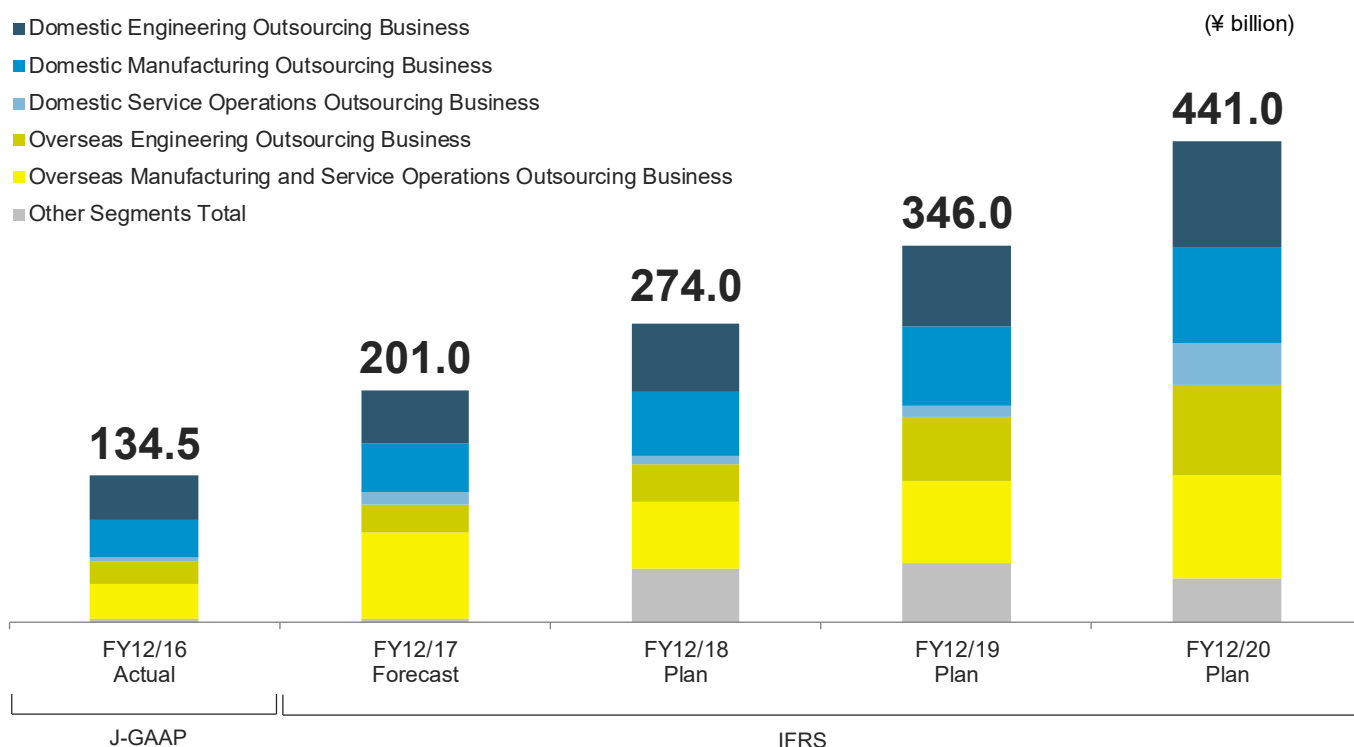
Goal is to proactively expand such outsourced engineering services as Information Technology Outsourcing (ITO) and Knowledge Process Outsourcing (KPO), and in doing so, drive solutions-based businesses via proprietary services that leverage our IT strengths.

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.

Medium-Term Management Plan VISION 2020: Tackling New Frontiers

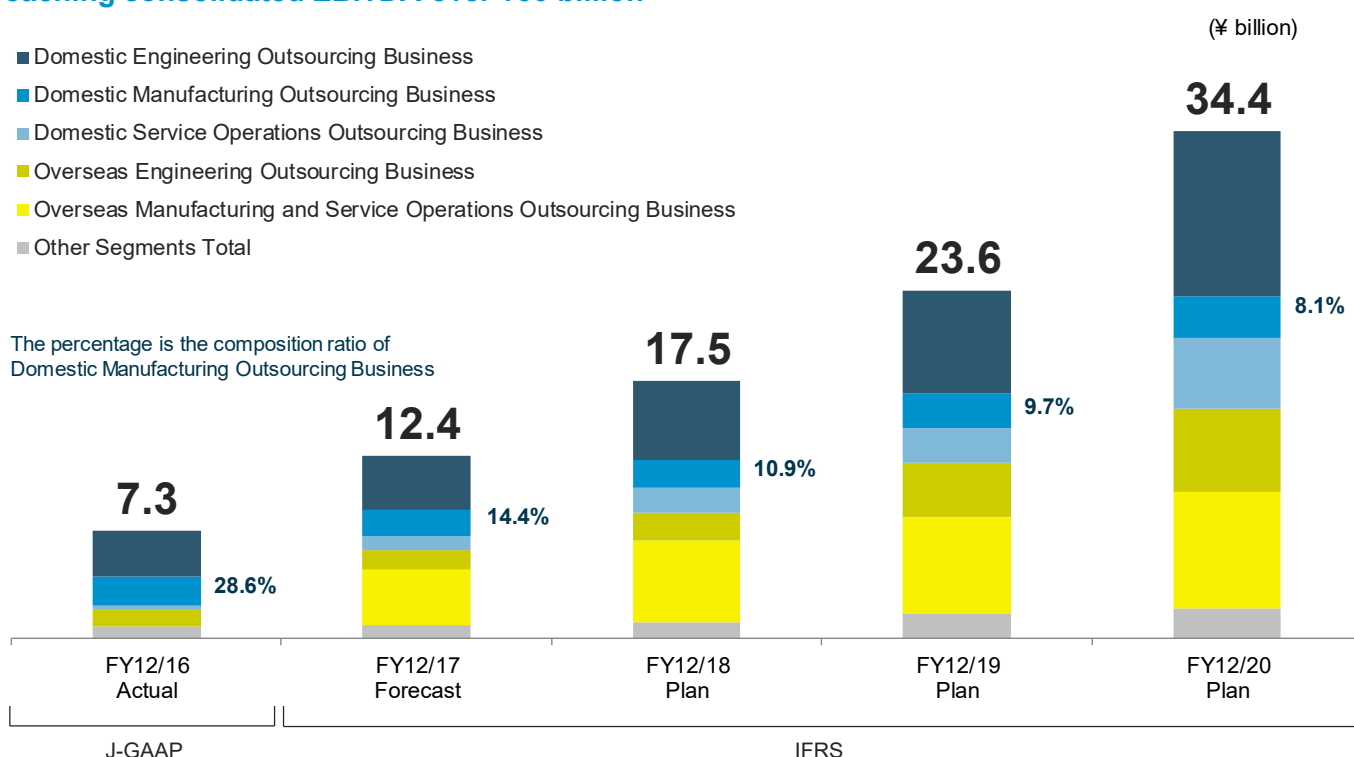
Revenue Plan by Operating Segment

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)	FY12/16 End	FY12/17 1H End	FY12/18 1H End	FY12/19 1H End
Assets				
Total assets	90,355	116,723	160,229	226,060
Total current assets	36,251	54,529	79,371	103,806
Cash and cash equivalents	11,746	18,267	20,368	31,197
Trade and other receivables	21,006	30,897	44,444	52,685
Inventories	808	1,151	1,589	1,688
Other current financial assets	974	1,729	5,555	9,870
Other current assets	1,717	2,485	7,415	8,366
Total non-current assets	54,104	62,194	80,858	122,254
Property, plant and equipment	4,994	6,603	8,285	8,749
Right-of-use assets	-	-	-	19,537
Goodwill	26,315	37,252	45,276	58,141
Intangible assets	8,640	11,244	17,750	16,836
Other non-current financial assets	9,671	2,378	4,431	14,238
Other non-current assets	1,862	2,063	2,171	819
Deferred tax assets	2,622	2,654	2,945	3,934

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

(¥ million)	FY12/16 End	FY12/17 1H End	FY12/18 1H End	FY12/19 1H End
Liabilities and equity				
Total liabilities	80,354	95,362	136,508	169,314
Total current liabilities	45,521	57,991	74,612	96,332
Trade and other payables	13,763	24,104	32,133	37,603
Bonds and borrowings	24,375	24,246	26,669	24,944
Lease liabilities	-	-	-	15,144
Other current financial liabilities	1,460	1,476	3,387	2,225
Income tax payables	948	3,889	3,717	5,643
Other current liabilities	4,975	4,276	8,706	10,773
Total non-current liabilities	34,833	37,371	61,896	72,982
Bonds and borrowings	21,114	23,712	43,568	34,915
Lease liabilities	-	-	-	20,237
Other non-current financial liabilities	7,581	7,059	9,832	10,622
Net defined benefit liabilities	3,184	3,421	3,346	1,964
Non-current provisions	640	675	764	1,036
Other non-current liabilities	195	103	100	208
Deferred tax liabilities	2,119	2,401	4,286	4,000
Total equity	10,001	21,361	23,721	56,746
Share capital	1,759	7,040	7,139	25,133
Share premium	3,502	8,758	8,849	26,566
Treasury shares	(0)	(0)	(0)	(0)
Other share premium	(4,717)	(5,241)	(10,542)	(14,413)
Other components of equity	(1,236)	(617)	(1,082)	(3,586)
Retained earnings	8,391	9,096	14,202	18,756
Equity attributable to owners of the Company	7,699	19,036	18,566	52,456
Non-controlling interests	2,302	2,325	5,155	4,290
Total liabilities and equity	90,355	116,723	160,229	226,060

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

Consolidated Statement of Income [IFRS]

	FY12/16	FY12/17	FY12/18	FY12/19
(¥ million)	1H	1H	1H	1H
Revenue	57,380	105,811	139,099	177,585
Cost of sales	(46,042)	86,035	(112,618)	(144,732)
Gross profit	11,338	19,776	26,481	32,853
SG&A expenses	(9,372)	(16,489)	(21,615)	(29,063)
Other operating income	568	316	219	2,089
Other operating expense	(167)	(129)	(278)	(176)
Operating profit	2,367	3,474	4,807	5,703
Finance income	208	227	69	52
Finance costs	(867)	(626)	(1,090)	(2,223)
Profit before tax for the period	1,708	3,075	3,786	3,532
Income tax expenses	(809)	(1,335)	(1,396)	(1,550)
Profit for the period	899	1,740	2,390	1,982
Attributable to :				
Owners of the Company	827	1,390	2,027	1,511
Non-controlling interests	72	350	363	471
Profit for the period	899	1,740	2,390	1,982

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

Consolidated Statement of Cash Flows [IFRS]

(¥ million)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Cash flows from operating activities				
Net cash flows from operating activities	770	3,733	2,278	9,114
Profit before tax for the period	1,708	3,075	3,786	3,532
Depreciation and amortization	661	1,189	1,530	5,652
Increase/(decrease) in provision and net defined benefit liabilities	(63)	162	10	63
Finance income	(208)	(227)	(69)	(52)
Finance costs	867	626	1,090	2,223
(Increase)/decrease in inventories	246	85	(225)	(185)
Decrease/(increase) in trade and other receivables	(1,179)	(2,153)	(3,649)	(2,616)
Increase /(decrease) in trade and other payables	1,614	2,166	4,247	5,078
Increase /(decrease) in accrued consumption taxes	(639)	(293)	549	(454)
Others	(776)	383	(431)	(643)
Subtotal	2,231	5,013	6,838	12,598
Interest and dividend income received	31	31	31	53
Interests paid	(206)	(399)	(458)	(724)
Income taxes paid	(1,318)	(985)	(4,135)	(2,876)
Income taxes refunded	32	73	2	63
Cash flows from investing activities				
Net cash flows from investing activities	(6,583)	(5,507)	(17,080)	(3,695)
Payments for time deposits	(161)	(229)	(534)	(1,369)
Withdrawals of time deposits	1,115	576	517	1,774
Payments for purchase of other financial assets	-	-	(3,889)	(2,507)
Proceeds from full redemption of other financial assets	-	-	-	5,068
Payments for purchase of business	(7,639)	(6,169)	(11,280)	(4,657)
Proceeds from purchase of business	-	1,059	-	205
Payments for lease and guarantee deposits	(315)	(344)	(272)	(377)
Proceeds from collection of lease and guarantee deposits	71	61	79	173
Others	346	(461)	(1,701)	(2,005)
Cash flows from financing activities				
Net cash flows from financing activities	8,004	8,156	16,429	(3,370)
Net increase/ (decrease) in short-term borrowings payable	5,750	(3,614)	7,895	9,623
Proceeds from long-term borrowings payable	3,892	5,370	8,815	-
Repayment of long-term borrowings payable	(828)	(1,845)	(3,975)	(4,187)
Proceeds from issuance of bonds	-	-	6,116	-
Payments for redemption of bonds	(25)	(25)	-	-
Expenditure for settlement of contingent consideration	-	(357)	-	(106)
Payments from repayments of lease liabilities	-	-	-	(3,584)
Proceeds from issuing shares	30	10,537	17	58
Dividends paid	(610)	(733)	(1,937)	(2,636)
Transactions with non-controlling interest shareholders	-	(737)	-	(1,926)
Cash dividends paid to non-controlling interests	(2)	(227)	(277)	(573)
Others	(203)	(213)	(225)	(39)
Effect of exchange rate change on cash and cash equivalents	(350)	139	(367)	(303)
Net increase /(decrease) in cash and cash equivalents	1,841	6,521	1,260	1,746
Cash and cash equivalents at beginning of period	7,501	11,746	19,108	29,451
Cash and cash equivalents at end of period	9,342	18,267	20,368	31,197

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

Consolidated Information by Operating Segment and Region [IFRS]

(¥ million)	FY12/17 1H		FY12/18 1H		FY12/19 1H	
Revenue by operating segment	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
Domestic Engineering Outsourcing Business	23,315	22.0%	32,547	23.4%	42,834	24.1%
Electrical & Electronics	4,793	4.5%	6,560	4.7%	7,569	4.2%
Transport Equipment	5,657	5.3%	8,356	6.0%	9,813	5.5%
Pharm. & Chemicals	1,100	1.0%	1,309	1.0%	3,495	2.0%
IT-related	7,059	6.7%	9,622	6.9%	12,722	7.2%
Construction & Plant-related	3,038	2.9%	4,327	3.1%	6,397	3.6%
Others	1,668	1.6%	2,373	1.7%	2,838	1.6%
Domestic Manufacturing Outsourcing Business	22,542	21.3%	28,785	20.7%	35,503	20.0%
Electrical & Electronics	8,439	8.0%	9,209	6.6%	8,709	4.9%
Transport Equipment	7,639	7.2%	11,474	8.3%	16,823	9.5%
Pharm. & Chemicals	2,165	2.0%	2,525	1.8%	2,675	1.5%
Metals & Construction Materials	1,868	1.8%	1,937	1.4%	2,425	1.3%
Foods	829	0.8%	838	0.6%	1,192	0.7%
Others	1,602	1.5%	2,802	2.0%	3,679	2.1%
Domestic Service Operations Outsourcing Business	4,624	4.4%	9,249	6.6%	10,157	5.7%
Retail	832	0.8%	768	0.5%	479	0.3%
Public Works	3,076	2.9%	7,177	5.2%	8,273	4.6%
Others	716	0.7%	1,304	0.9%	1,405	0.8%
Overseas Engineering Outsourcing Business	13,560	12.8%	16,165	11.6%	21,925	12.4%
Electrical & Electronics	53	0.0%	99	0.1%	258	0.2%
Transport Equipment	133	0.1%	304	0.2%	559	0.3%
Pharm. & Chemicals	230	0.2%	228	0.2%	253	0.2%
IT-related	1,290	1.2%	1,695	1.2%	2,155	1.2%
Metals & Construction Materials	93	0.1%	124	0.1%	105	0.1%
Construction & Plant-related	112	0.1%	93	0.1%	211	0.1%
Foods	2	0.0%	28	0.0%	72	0.0%
Retail	508	0.5%	517	0.4%	551	0.3%
Public Works	8,257	7.8%	9,229	6.5%	11,854	6.7%
Finance	2,189	2.1%	2,738	2.0%	4,270	2.4%
Others	693	0.7%	1,110	0.8%	1,637	0.9%
Overseas Manufacturing and Service Operations Outsourcing Business	41,536	39.3%	52,102	37.5%	66,848	37.6%
Electrical & Electronics	8,707	8.2%	10,313	7.4%	9,832	5.5%
Transport Equipment	7,315	6.9%	7,743	5.6%	7,406	4.2%
Pharm. & Chemicals	2,126	2.0%	2,322	1.7%	1,921	1.1%
IT-related	1,789	1.7%	1,722	1.2%	1,848	1.0%
Metals & Construction Materials	688	0.7%	729	0.5%	607	0.3%
Construction & Plant-related	696	0.7%	784	0.6%	1,055	0.6%
Foods	834	0.8%	1,959	1.4%	2,441	1.4%
Retail	4,740	4.5%	6,679	4.8%	14,127	8.0%
Public Works	10,699	10.1%	11,793	8.5%	15,823	8.9%
Finance	867	0.8%	1,154	0.8%	894	0.5%
Others	3,075	2.9%	6,904	5.0%	10,894	6.1%
Other Business	234	0.2%	251	0.2%	318	0.2%
Total	105,811	100.0%	139,099	100.0%	177,585	100.0%

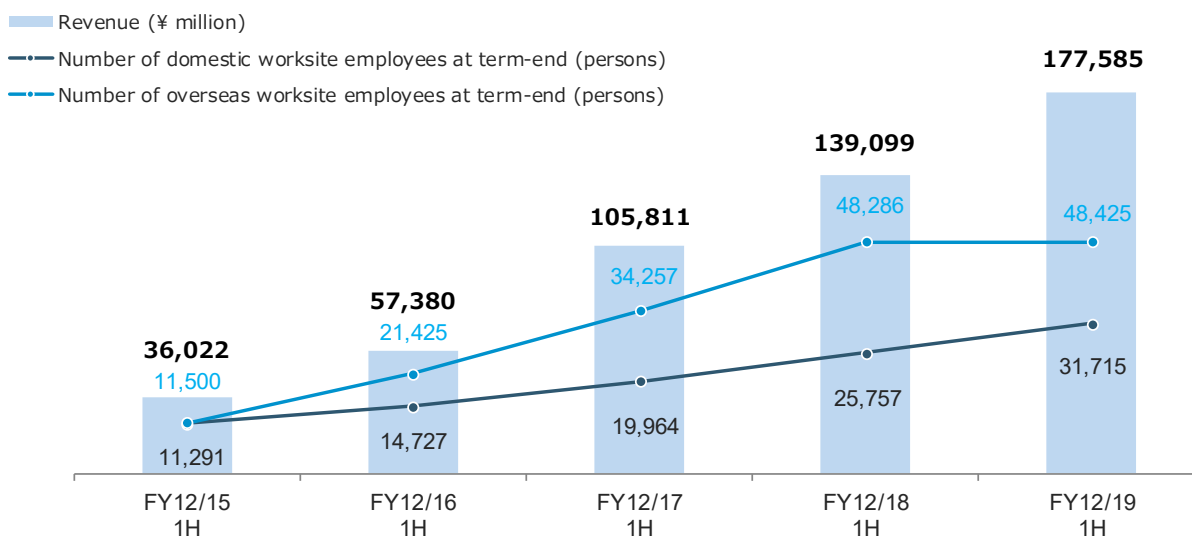
(¥ million)	FY12/17 1H		FY12/18 1H		FY12/19 1H	
Revenue by region	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
Japan	50,715	47.9%	70,832	50.9%	88,812	50.0%
Asia (excl. Japan)	8,732	8.3%	9,083	6.5%	6,841	3.9%
Oceania	18,225	17.2%	20,282	14.6%	25,054	14.1%
Europe	25,788	24.4%	35,842	25.8%	52,798	29.7%
South America	2,351	2.2%	3,060	2.2%	4,080	2.3%
Total	105,811	100.0%	139,099	100.0%	177,585	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)	FY12/15 1H	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Number of worksite employees at term-end					
Consolidated	22,791	36,152	54,221	74,043	80,140
Domestic	11,291	14,727	19,964	25,757	31,715
Domestic Engineering Outsourcing Business	4,285	5,720	7,161	10,943	15,036
IT-related	1,017	1,431	1,612	2,501	3,127
Construction & Plant-related	548	779	1,039	1,752	2,381
Domestic Manufacturing Outsourcing Business	6,625	7,482	10,295	11,826	14,018
Domestic Service Operations Outsourcing Business	381	1,521	2,503	2,985	2,657
Retail	381	1,202	1,746	542	349
Public Works	-	277	757	1,023	946
Others	-	42	0	1,420	1,362
Other Business	-	4	5	3	4
Overseas	11,500	21,425	34,257	48,286	48,425
Overseas Engineering Outsourcing Business	472	1,778	2,038	2,252	3,718
Overseas Manufacturing and Service Operations Outsourcing Business	11,028	19,647	32,219	46,034	44,707
Production Outsourcing Business	7,987	10,789	19,264	30,330	29,417
Other Business	3,041	8,858	12,955	15,704	15,290
Number of outsourcing administrative workers at term-end					
	1,730	1,401	3,480	6,716	13,528
Number of placed workers					
	1,194	1,695	1,899	1,851	1,958

Note: the number of worksite employees includes dispatched employees.



	FY12/15 1H	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Recruitment efficiency					
Domestic Engineering Outsourcing Business					
Number of workers recruited (persons)	1,073	1,482	1,803	3,188	3,991
Recruitment unit price (¥/worker)	197,892	206,814	346,039	346,184	324,149
Utilization rate	97.5%	97.6%	97.5%	95.2%	94.5%
Domestic Manufacturing Outsourcing Business					
Number of workers recruited (persons)	3,418	2,819	3,888	4,329	4,534
Recruitment unit price (¥/worker)	77,678	73,466	64,349	78,465	85,450
Domestic Service Operations Outsourcing Business					
Number of workers recruited (persons)	-	1,478	2,182	2,559	1,959
Recruitment unit price (¥/worker)	-	13,934	14,741	19,123	23,095
Domestic Recruiting and Placing Business					
Number of workers recruited (persons)	1,194	1,695	1,899	1,851	1,958
Recruitment unit price (¥/worker)	121,715	127,053	131,245	155,620	174,674

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

Consolidated Major Indicators [IFRS]

(¥ million)	FY12/15 1H	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Revenue	36,022	57,380	105,811	139,099	177,585
Gross profit	7,075	11,338	19,776	26,481	32,853
SG&A expenses	6,137	9,372	16,489	21,615	29,063
Operating profit	938	2,367	3,474	4,807	5,703
Profit before tax	-	1,708	3,075	3,786	3,532
Profit attributable to owners of the Company	489	827	1,390	2,027	1,511

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

(%)	FY12/15 1H	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Gross profit margin	19.6	19.8	18.7	19.0	18.5
SG&A expenses ratio	17.0	16.3	15.6	15.5	16.4
Operating profit margin	2.6	4.1	3.3	3.5	3.2
Profit before tax margin	-	3.0	2.9	2.7	2.0
Profit attributable to owners of the Company margin	1.4	1.4	1.3	1.5	0.9

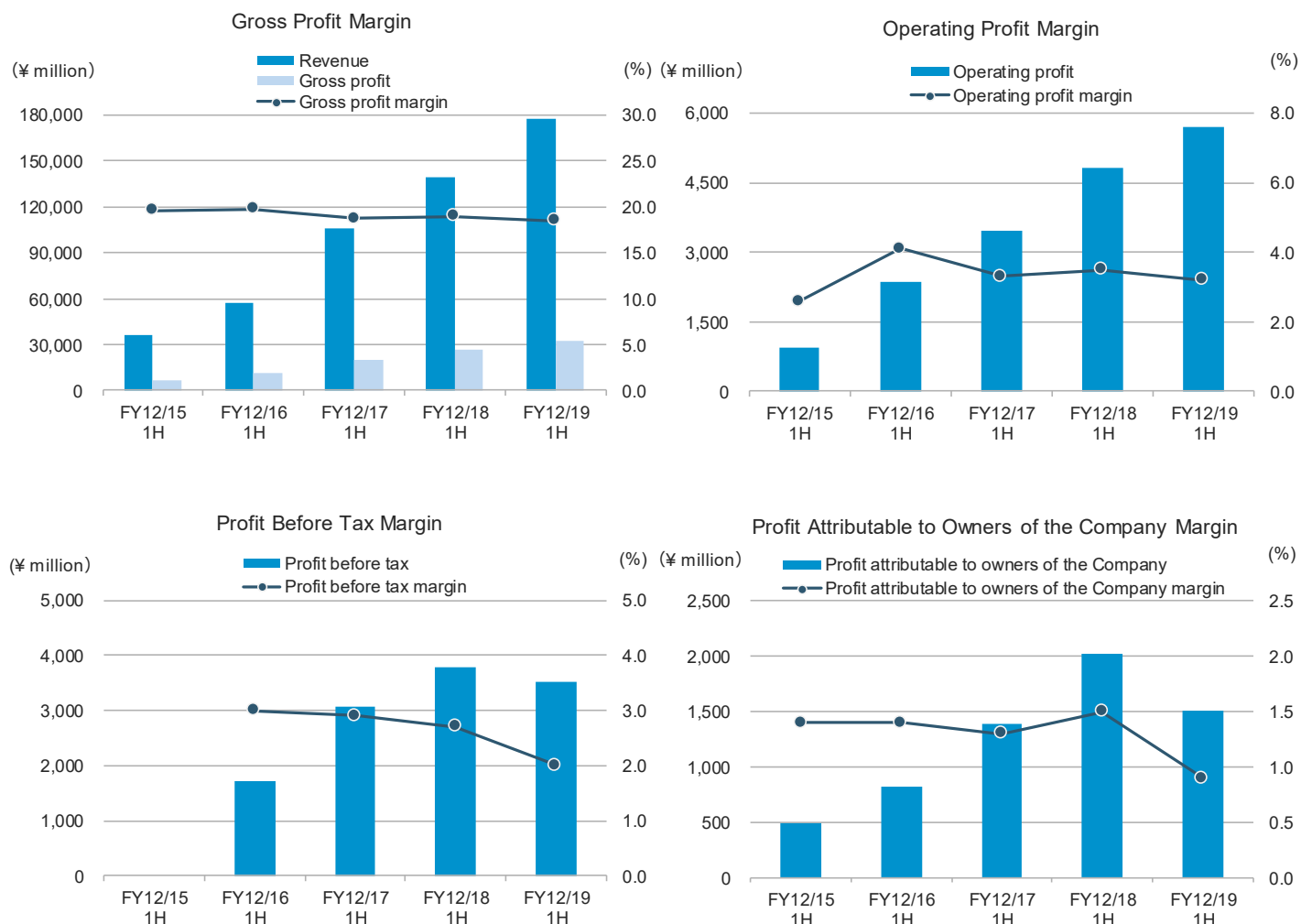
Ratio of gross profit=Gross profit/Revenue

Ratio of SG&A expenses=SG&A expenses/Revenue

Ratio of operating profit=Operating profit/Revenue

Ratio of profit before tax=Profit before tax/Revenue

Ratio of profit attributable to owners of the Company=Profit attributable to owners of the Company/Revenue



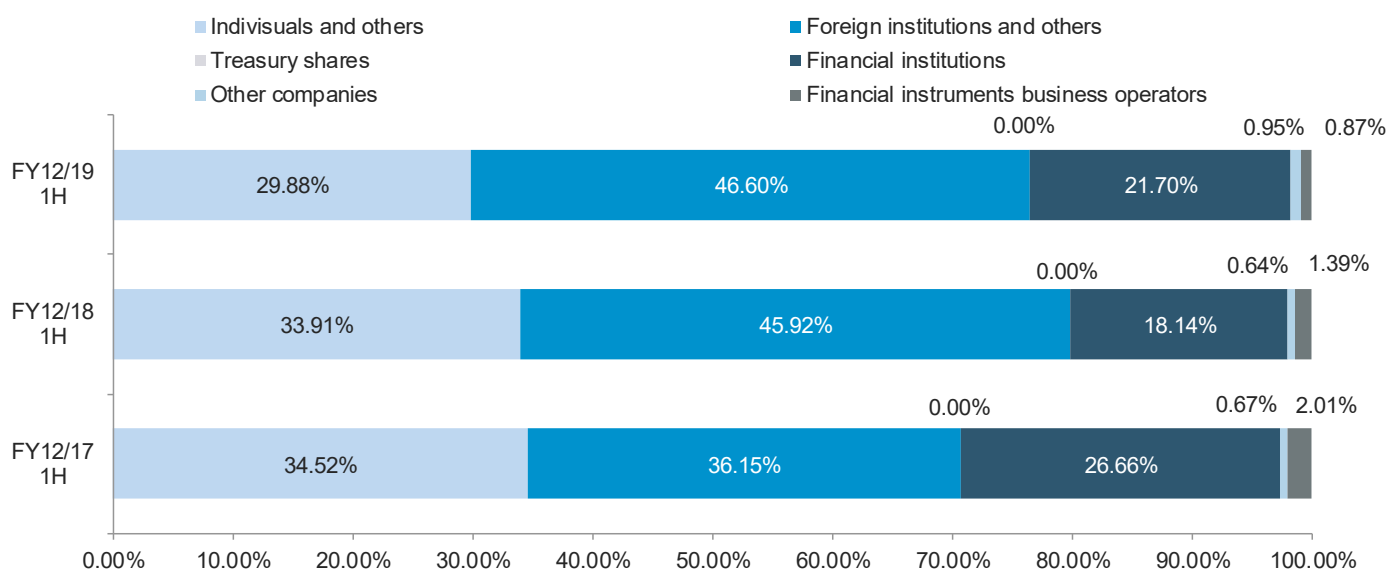
Stock Information

Major Shareholders

As of June 30, 2019

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Haruhiko Doi	15,738,500	12.53%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	10,604,300	8.44%
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	6,158,700	4.90%
BBH FOR MATTHEWS ASIA DIVIDEND FUND	5,932,400	4.72%
THE BANK OF NEW YORK MELLON 140051	4,690,500	3.73%
JP MORGAN CHASE BANK 385632	3,689,504	2.94%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	3,600,300	2.87%
BBH FOR MATTHEWS JAPAN FUND	2,255,100	1.80%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	1,971,500	1.57%
THE BANK OF NEW YORK 133612	1,688,300	1.34%

Breakdown by Type of Shareholders



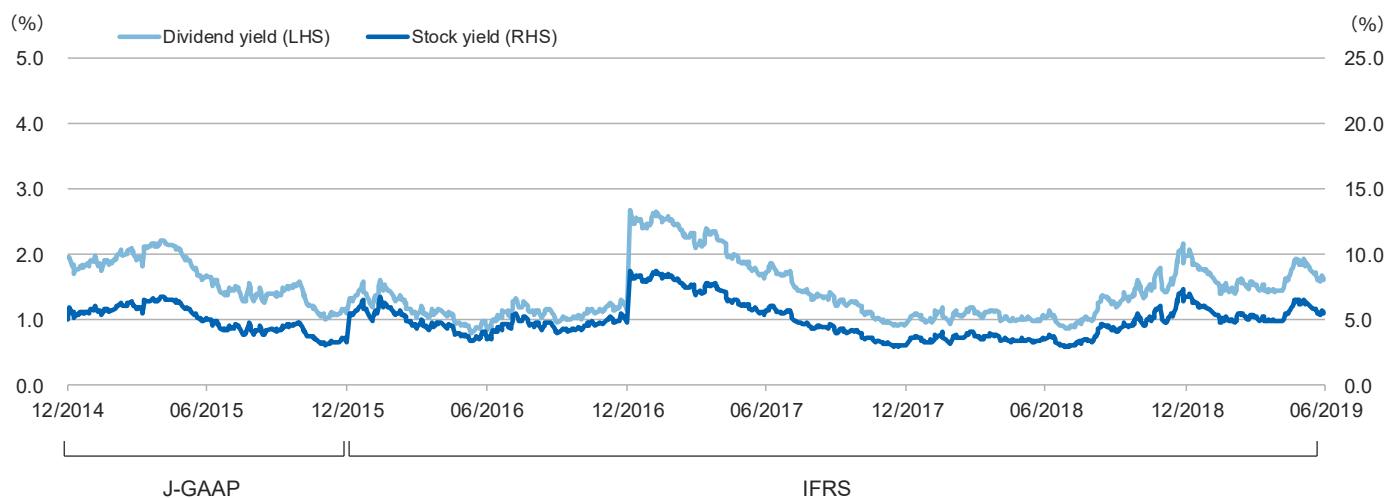
Per Share Indicators

(¥)	FY12/15 1H	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H
Share price at term-end	419	939	1,096	2,056	1,306
Basic earnings per share	6.33	9.49	14.51	19.87	12.03
Diluted earnings per share	6.28	9.38	14.35	19.76	12.01
Equity attributable to owners of the Company per share	123.87	-	187.53	182.01	417.69
Dividend per share	-	-	-	-	-

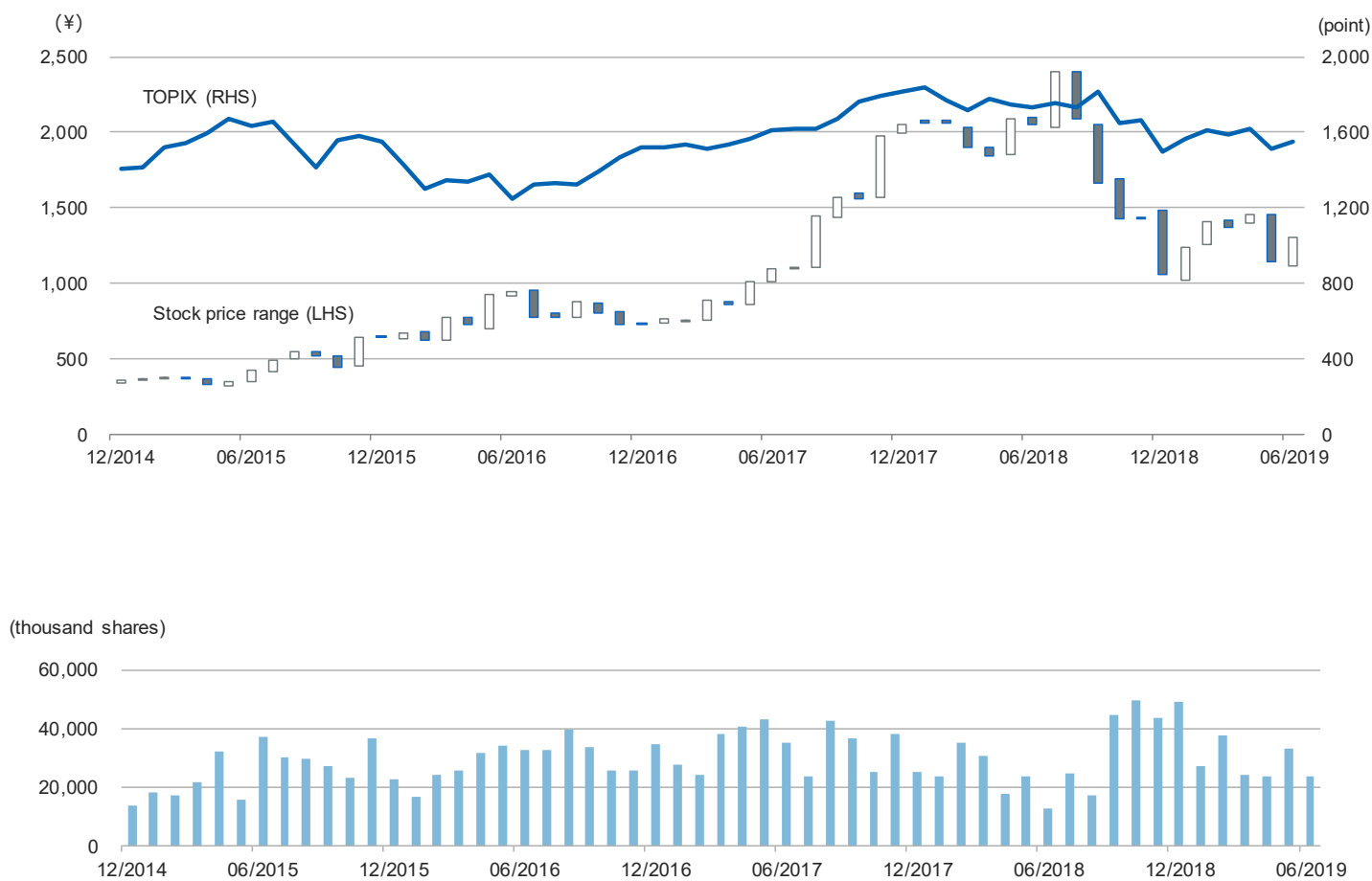
Note1: The Company conducted a 5 for 1 split of common shares on October 1, 2017. The calculations of "Share price at year-end", "Basic earnings per share", "Diluted earnings per share", "Equity attributable to owners of the Company per share" and "Dividend per share" are based on the assumption that the 5 for 1 stock split was conducted at the beginning of the fiscal year ended December 31, 2015.

Note2: 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



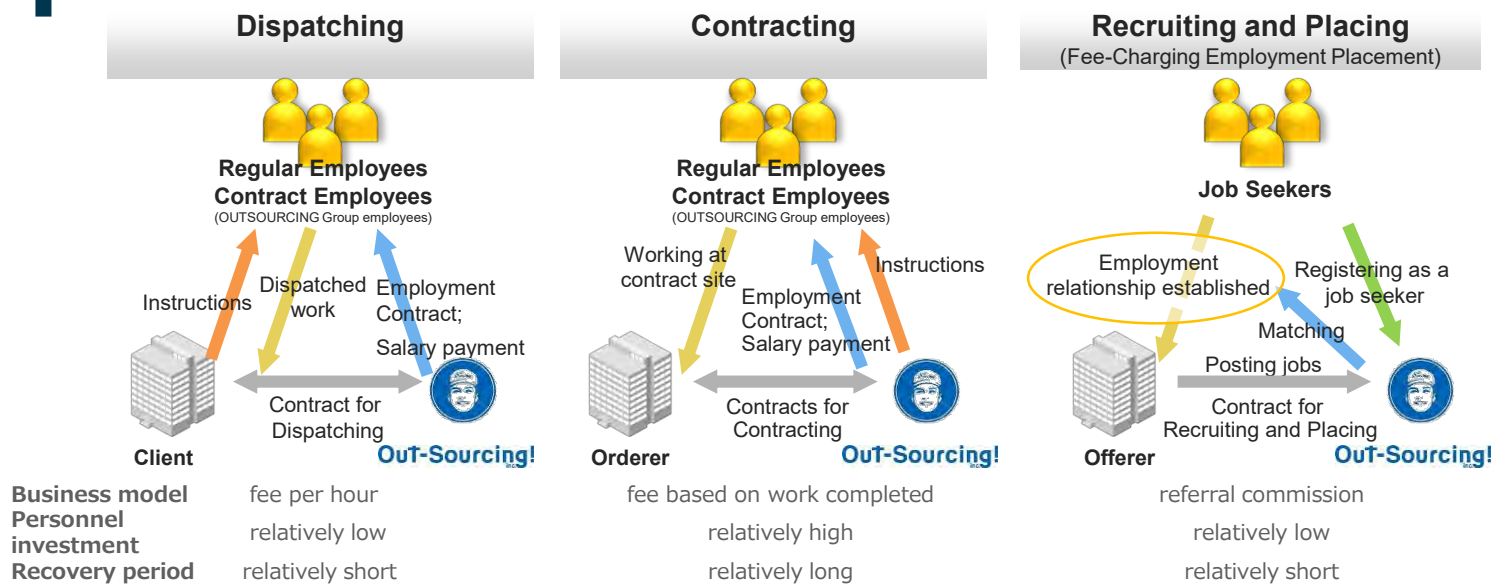
Stock Price Range / Trading Volume



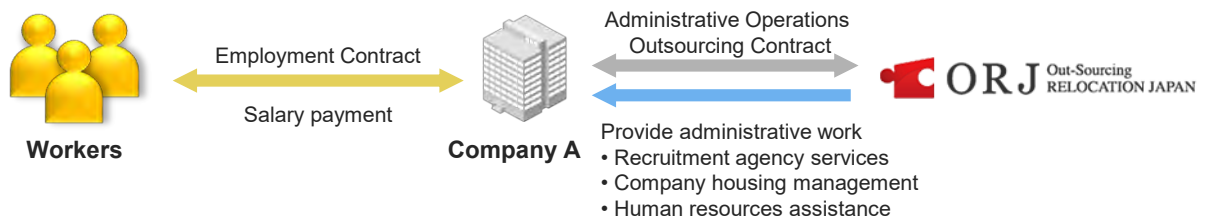
Reference

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

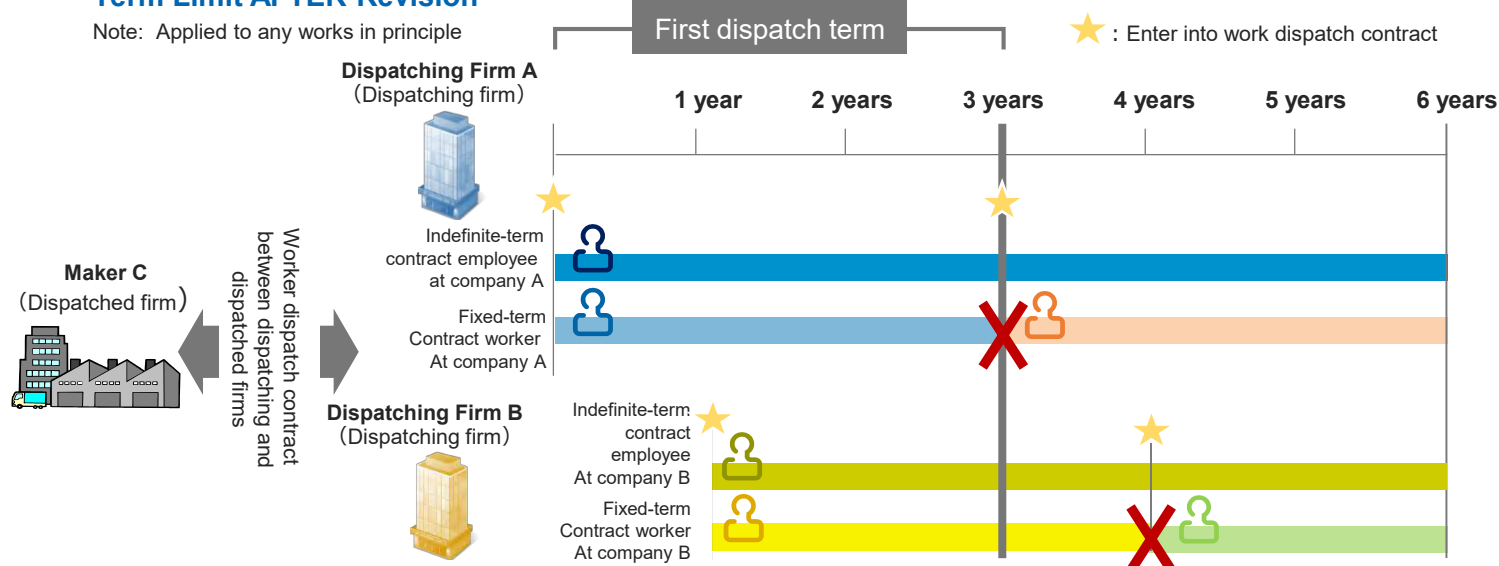
- The Revised Worker Dispatching Act aims for employment stabilization through foreclosing malicious businesses by imposing various requirements on dispatch business operators and relaxed term limit for indefinite-term contract worker dispatching.
- The Revised Labor Contracts Act aims to reduce unstable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

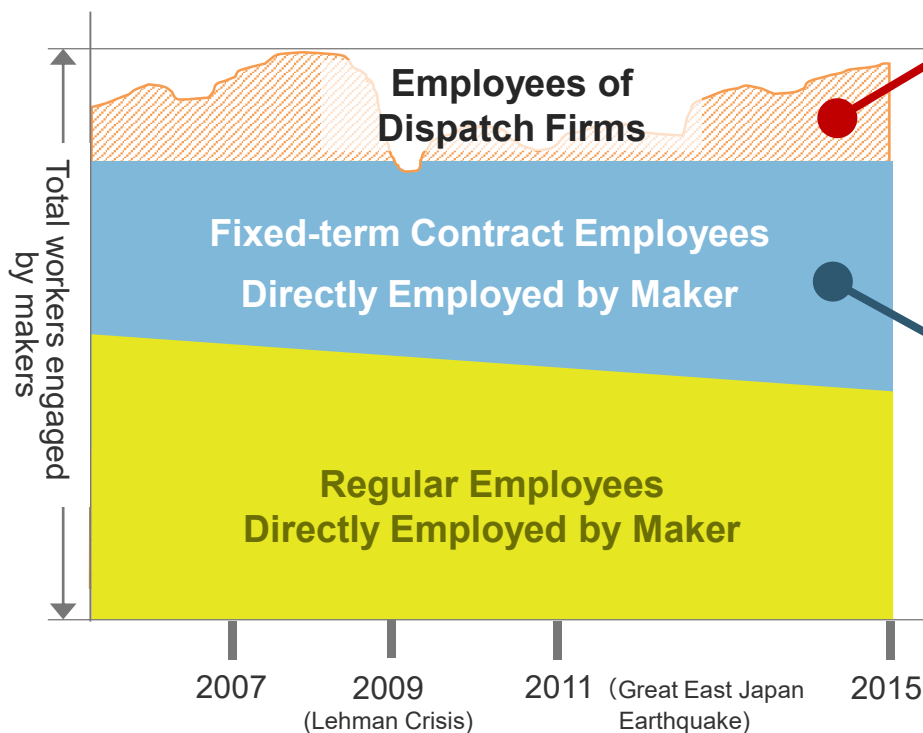
Note: When the worker is changed, continued dispatch to the same work is allowed without cooling-off period.

OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (3)

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

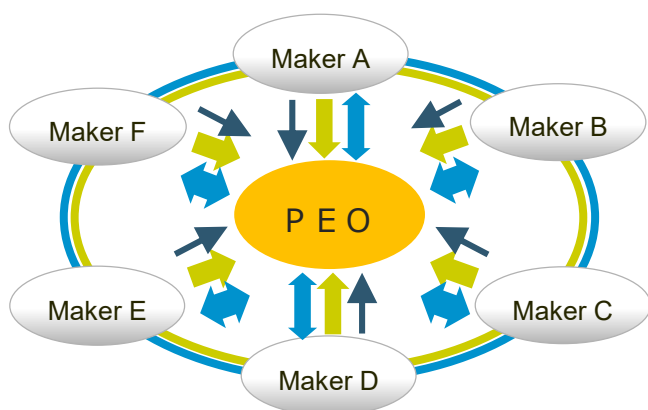
- Area that can target raising efficiency through using skilled workers trained for a cost
- Through revision of related acts, new market that can utilize indefinite-term contract employees of dispatch business operators as an effective means

*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

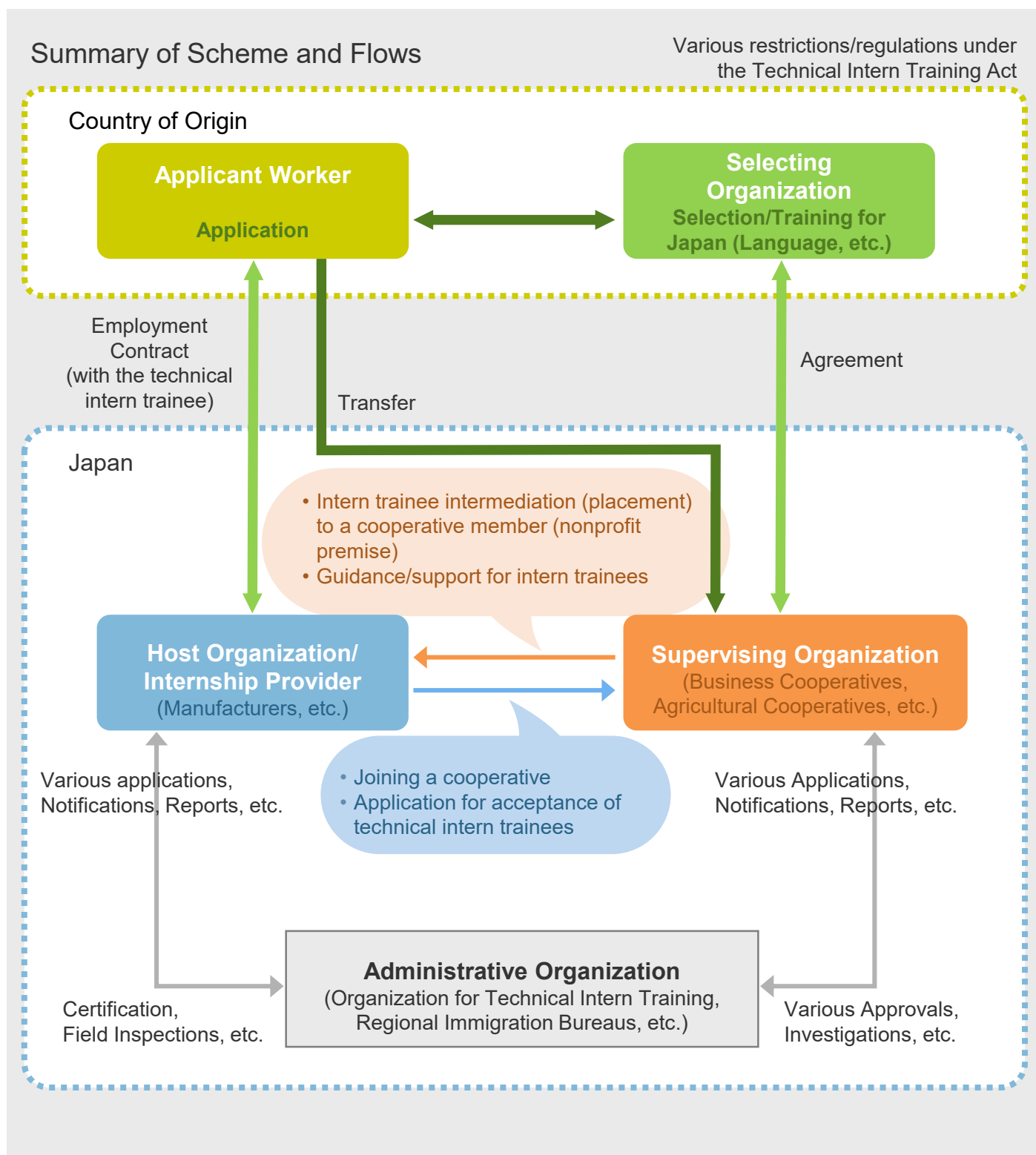


Key Points

- 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.

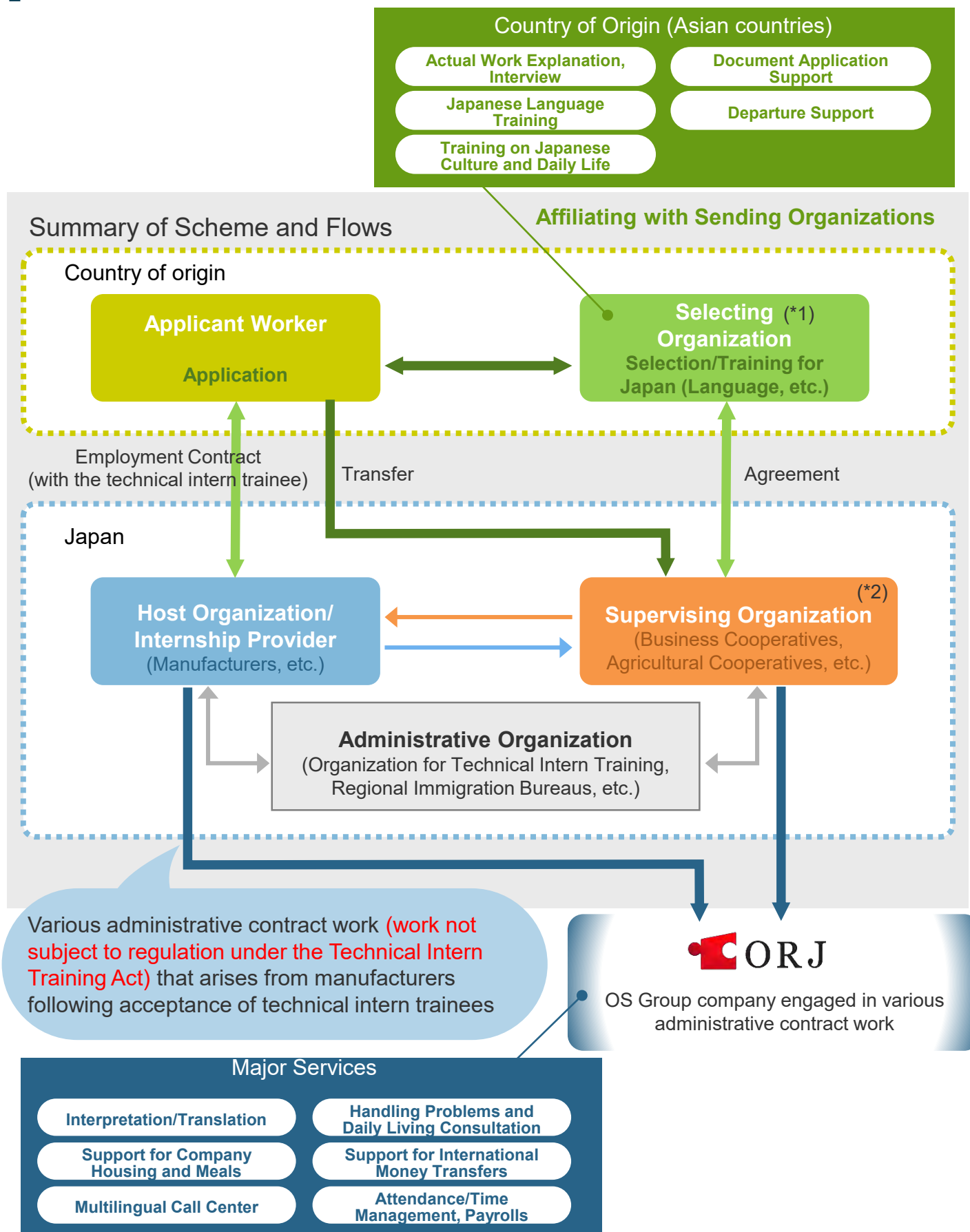
Host Organization/ Internship Provider

- 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 Skilled Worker 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.

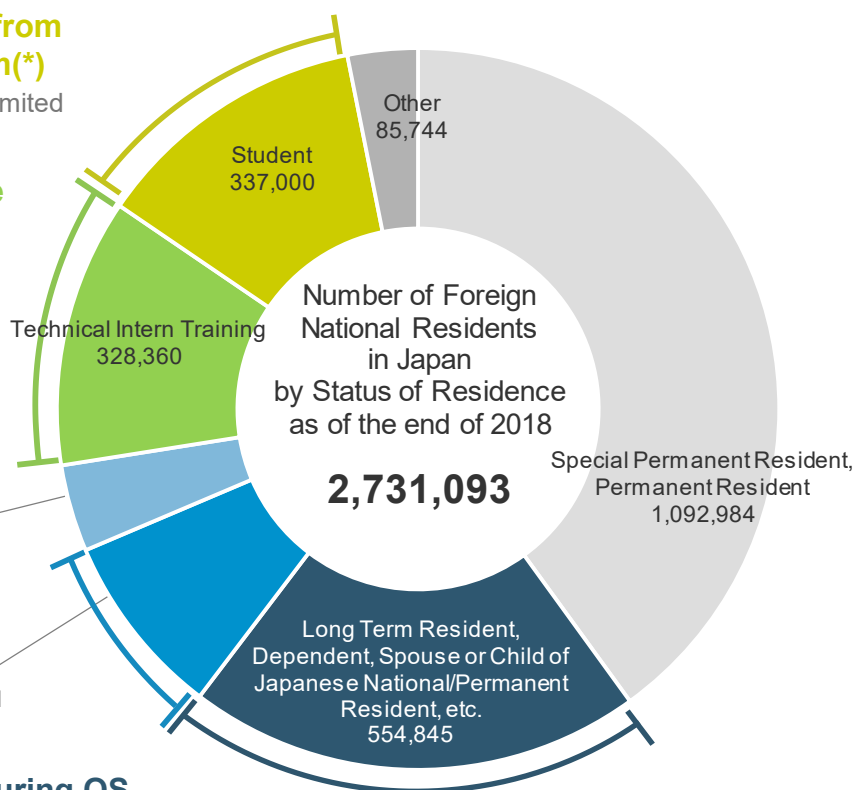
Skilled Labor, Business Manager, Intra-Company Transferee, Instructor, Highly Skilled Professional
106,436

Latent Markets for Engineering OS Business

Engineer/Specialist in Humanities/International Services
225,724

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 2018"



In order to resolve critical labor shortages concerning specified fields, to raise productivity, and to realize HR development reform, the Specified Skilled Worker status has been newly established since 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 Skilled Worker (i)	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 Skilled Worker (ii)	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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