



# FACTBOOK

(Securities Code: 2427 /  
TSE 1st Section)

**OUTSOURCING Inc.**

For the 2nd Quarter of Fiscal Year  
Ending December 31, 2020 [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



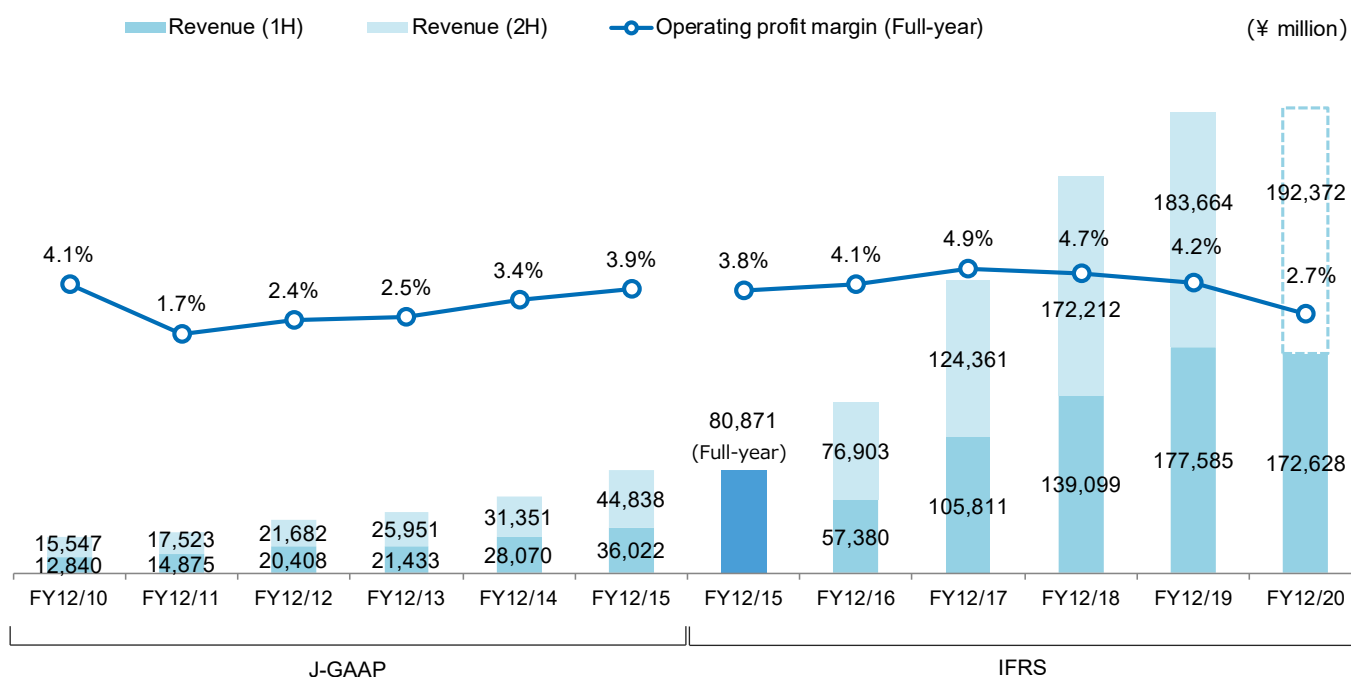
**Out-Sourcing!**  
Inc.

# Corporate Profile / Revenue and Ratio of Operating Profit

## Corporate Profile (as of June 30, 2020)

Company Name	OUTSOURCING Inc.
URL	<a href="https://www.outsourcing.co.jp/en">https://www.outsourcing.co.jp/en</a>
Head Office	19F Marunouchi Trust Tower Main Bldg., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, 100-0005 Japan
Capital Stock	¥25,214 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)	79,809

## 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 29.2% (Composition Ratio)



15 Group Companies

Provides services to offer sophisticated technologies and know-how to assist manufacturers in their design/development and experiment/evaluation processes; development of telecommunication-related applications for websites/smartphones, and e-commerce websites; various solution services for and development of foundational IT systems and infrastructure networks; outsourcing services for research and development operations specializing in medical-and chemical-related areas; services to offer expertise and know-how to construction management, as well as operation of construction plans and design planning, construction, and the like for various plants; and operates IT schools, etc.

【Major Group Companies】

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

### Domestic Manufacturing Outsourcing Business 17.6%



5 Group Companies

Offers services to realize better production efficiencies through provision of production technologies and management know-how in response to manufacturers' needs for outsourcing manufacturing operations; comprehensive consignment services covering everything from outsourcing for the recruiting of fixed-term employees to be directly employed by customers (recruiting and placing), administrative work outsourcing including labor management and housing management for fixed-term employees, foreign technical interns and international students, etc., and job hunting support for employees whose employment terms have expired

OUTSOURCING Inc., PEO Co., Ltd., ORJ INC.

### Domestic Service Operations Outsourcing Business 6.9%



7 Group Companies

Offers services to government offices, such as U.S. military facilities, and services to convenience stores, call centers, etc.

AMERICAN ENGINEERING CORPORATION (OKINAWA), OTS Inc.

### Overseas Engineering Outsourcing Business 10.6%



35 Group Companies

Offers dispatch services for IT engineers and finance-related experts mainly in Europe and Australia

[Asia]

ALP Group (DATACORE)

[Oceania]

BLUEFIN Group, OUTSOURCING OCEANIA Group (CLICKS, INDEX), PM-P Group

[Europe]

NTRINSIC Group, CDER Group \*

### Overseas Manufacturing and Service Operations Outsourcing Business 35.7%



132 Group Companies

Offers human resource services for manufacturing-related production outsourcing, dispatching and recruiting of personnel for administrative and service-related work, and payroll services in Asia, South America, Europe, etc.; offers BPO services and temporary worker dispatching for public institutions in Europe and Australia as well as cross-border employment services in Europe and Asia

[Asia]

OS (THAILAND), PT. OS SELNAJAYA INDONESIA, FARO Group, OS VIETNAM, SANSHIN (MALAYSIA), ALP Group (ALP, FILL SKILL), OUTSOURCING (CAMBODIA), ORION CONSTRUCTION, OS HRS Group

[Oceania]

OUTSOURCING OCEANIA Group (OUTSOURCING OCEANIA, HOBAN), KINETIC EMPLOYMENT

[Europe]

Orizon Group, OTTO Group, VERACITY, LIBERATA Group, ALLEN LANE

[South America]

GRUPOEXPRO Group, SL Group, HELPNET Group, OS ELOFORT Group

### Other Segments Total 0.0%



3 Group Companies

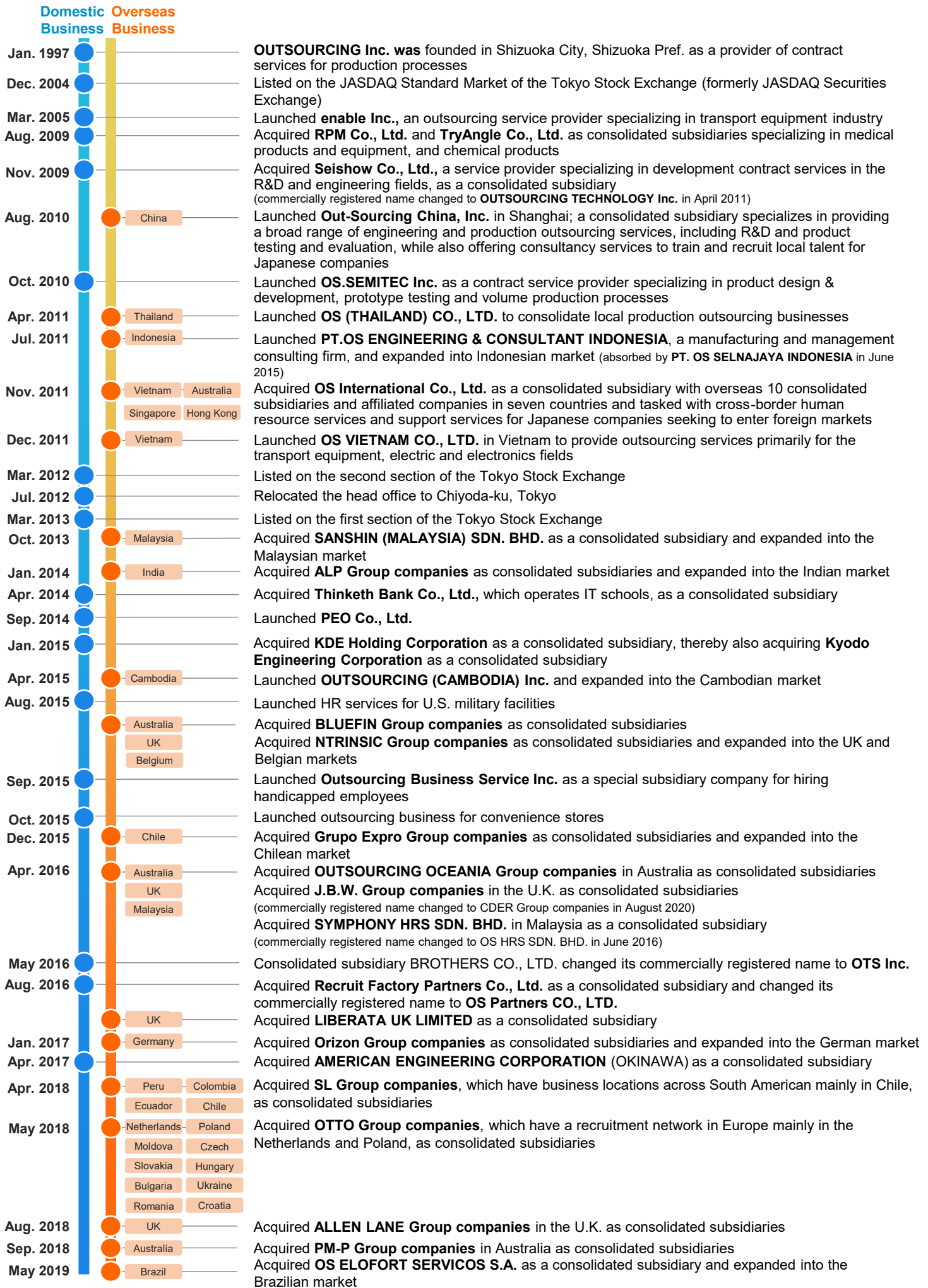
Undertakes administrative outsourcing service business, etc.

Outsourcing Business Service Inc.

\* J.B.W. GROUP LIMITED changed its commercially registered name on August 1, 2020.



## OUTSOURCING Group Expansion Corporate History



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.

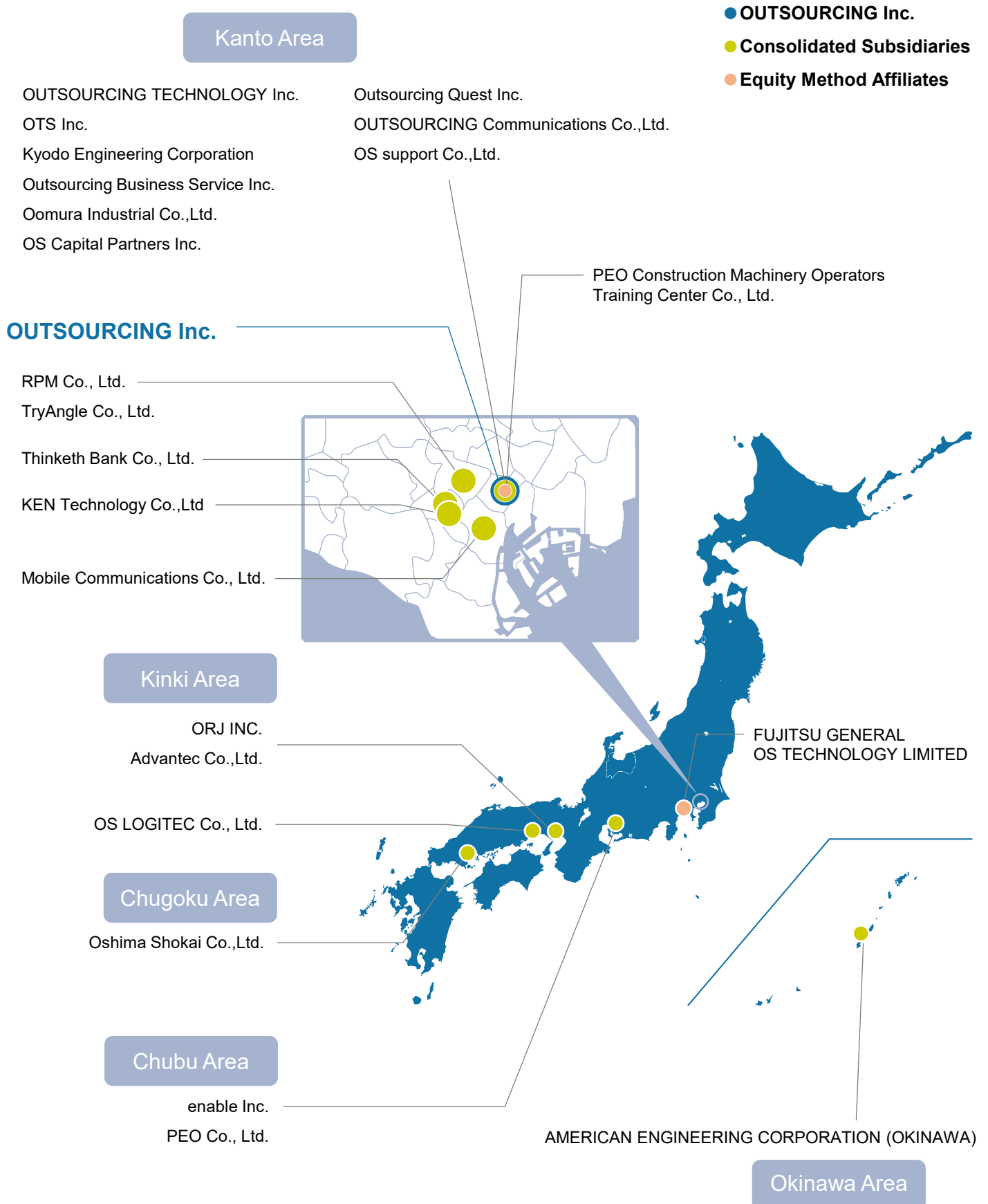


# Business Locations Overview

## Domestic Business Locations

(as of June 30, 2020)

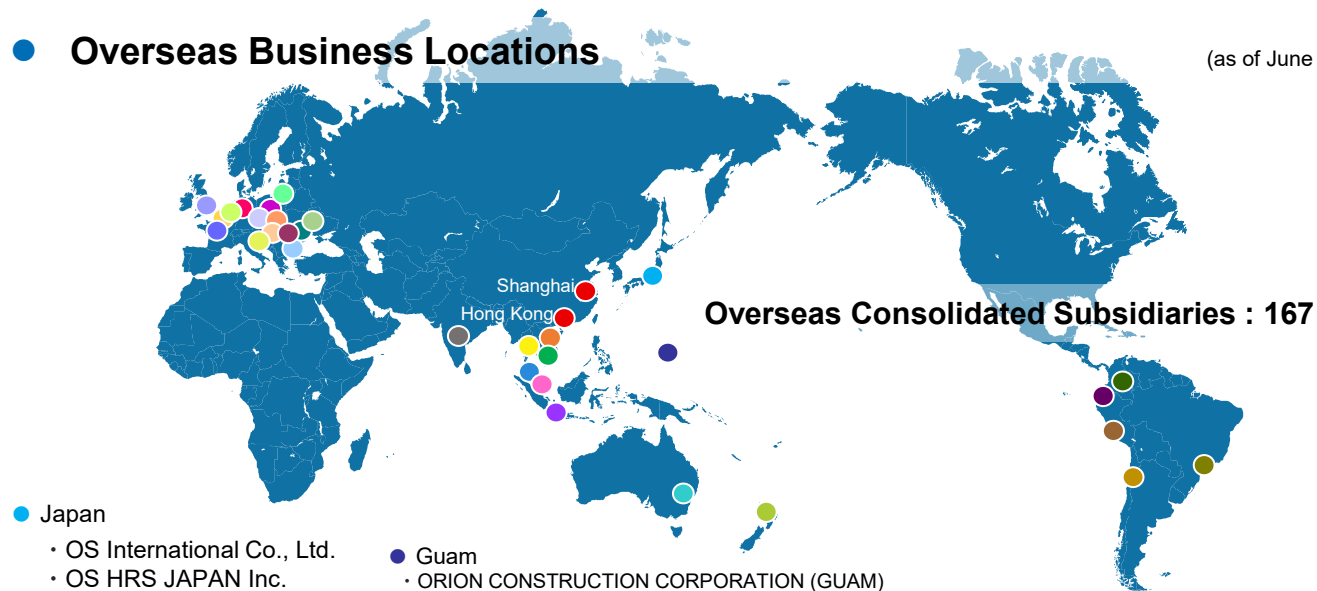
### Domestic Consolidated Subsidiaries : 31



# Business Locations Overview

## Overseas Business Locations

(as of June 30, 2020)



### Asia

- China
  - Out-Sourcing China, Inc.
  - FARO RECRUITMENT(CHINA), CO, LTD.
  - FARO RECRUITMENT (HONG KONG) CO., LIMITED
  - FARO RECRUITMENT CONSULTANCY (MACAO) 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.
  - FAITH ROOT RECRUITMENT VIETNAM JOINT STOCK COMPANY
- Cambodia
  - OUTSOURCING (CAMBODIA) Inc.
- Malaysia
  - SANSHIN (MALAYSIA) SDN. BHD.
  - OS HRS SDN. BHD.
- Singapore
  - OSI-ASIA HOLDINGS PTE. LTD.
  - FARO RECRUITMENT (SINGAPORE) PTE. LTD.
- Indonesia
  - PT. OS SELNAJAYA INDONESIA
- India
  - ALP CONSULTING LIMITED
  - OS HRS INDIA PRIVATE LIMITED

### Oceania

- Australia
  - BLUEFIN RESOURCES PTY. LIMITED
  - CLICKS RECRUIT (AUSTRALIA) PTY LTD
  - INDEX CONSULTANTS PTY LTD
  - PROJECT MANAGEMENT PARTNERS PTY LIMITED
  - OUTSOURCING OCEANIA HOLDINGS PTY LIMITED
  - MARBLE GROUP HOLDINGS PTY LTD
  - STAFF SOLUTIONS AUSTRALIA PTY LTD
  - OUTSOURCING OCEANIA PTY LTD
  - JIGSAW SEARCH PTY LTD
  - HOBAN RECRUITMENT PTY LTD
- New Zealand
  - KINETIC EMPLOYMENT LIMITED

### South America

- Brazil
  - OS CROSS BRAZIL HOLDINGS PARTICIPACOES LTDA.
  - OS ELOFORT SERVICOS S.A.
- Chile
  - EXPROCHILE SpA
  - INVERSIONES SL GROUP SpA
  - OSI SOUTH AMERICA HOLDINGS SpA
  - HELPNET HOLDINGS SpA
- Ecuador
  - SEGURIDAD PRIVADA ACTIVE SECURITY COMPANY A.S.C. CIA. LTDA.
- Peru
  - WHOLE SECURITY S.A.C.
  - HELPNET PERU S.A.C.
- Colombia
  - SANTILLANA DE SEGURIDAD VIGILANCIA PRIVADA LTDA

### Europe

- United Kingdom
  - NTRINSIC CONSULTING EUROPE LIMITED
  - CDER GROUP LTD \*
  - COURT ENFORCEMENT SERVICES LTD
  - PHOENIX COMMERCIAL (ENFORCEMENT) HOLDINGS LIMITED
  - RUNDLE & CO. LIMITED
  - OUTSOURCING UK LIMITED
  - LIBERATA UK LIMITED
  - VERACITY OSI UK LIMITED
  - ALLEN LANE TOPCO LIMITED
- Belgium
  - NTRINSIC CONSULTING SPRL
- The Netherlands
  - OSI Netherlands Holdings B.V.
  - OTTO Holding B.V.
- France
  - NTRINSIC CONSULTING FRANCE SARL
- Germany
  - OSI Holding Germany GmbH
  - Orizon Holding GmbH
  - Orizon 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.
- Bulgaria
  - OTTO Work Force Bulgaria EOOD
- Hungary
  - OTTO Workforce Hungary Korlatolt Felelossegu Tarsasag
- Poland
  - OTTO WORK FORCE POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA
- Lithuania
  - OTTO WORK FORCE, UAB
- Ukraine
  - LIMITED LIABILITY COMPANY "OTTO WORKFORCE"
- Romania
  - OTTO WORK FORCE ROM S.R.L.
- Croatia
  - OTTO Work Force d.o.o. za posredovanje pri zaposljavanju

\* J.B.W. GROUP LIMITED changed its commercially registered name on August 1, 2020.



The OUTSOURCING Group aims to become a game changer in the HR business amid changing legislations and shifting KPIs. Through platform creation, we will transform our business structure in order to expand our fee-based business

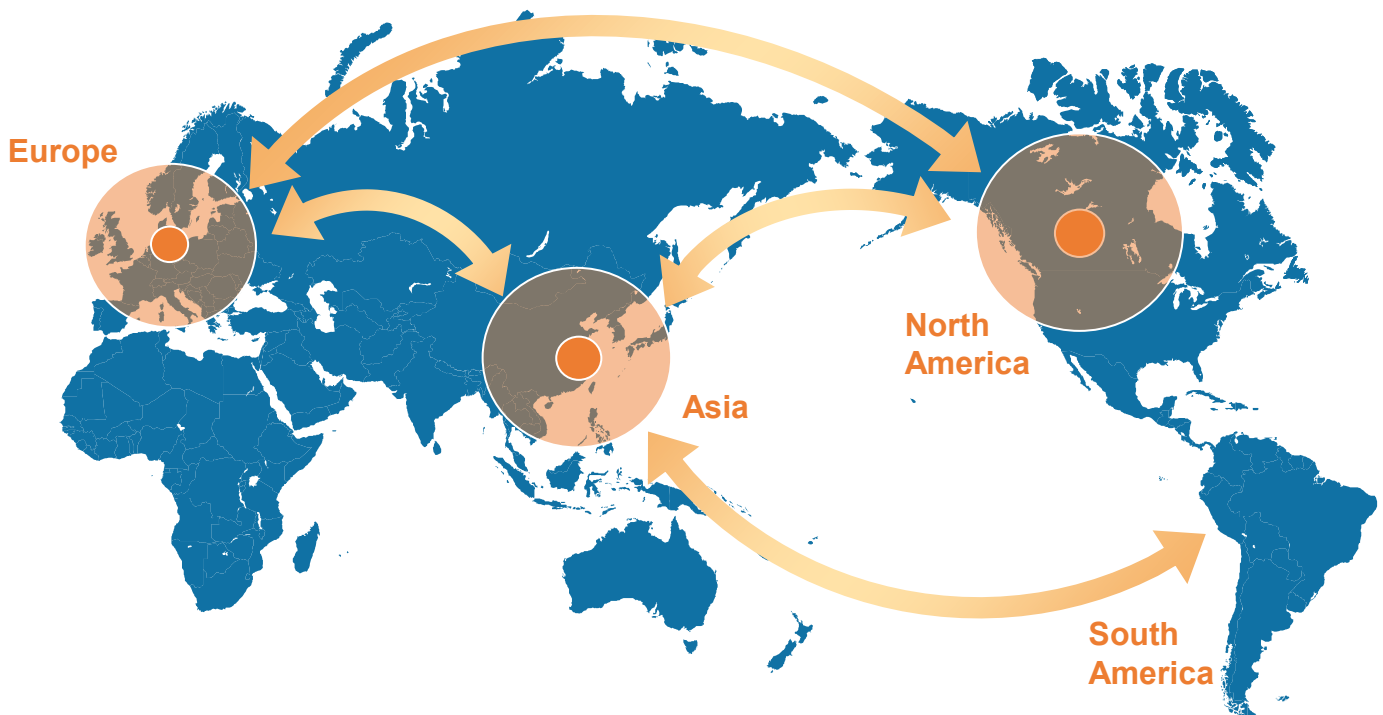
\* game changer = a person or thing that causes a major transformation or changes the status quo

## ● New Initiatives under VISION 2024

**Here, we introduce the Group's specific initiatives to promote HR mobilization from a global perspective, with the vision of "WORKING" Beyond Borders**

The world has been entering an era where working people move dynamically across national borders. Corporate needs for workers are scattered across regions, countries and territories. Furthermore, the nature of the labor supply-demand gap differs between each. We are working to further strengthen our management structure, promote cooperation between group companies, and accelerate collaboration with local partners to capture the dispersed needs in a timely manner

**Build a global HR mobilization network that adapts to changes in the economy and the operating environment, centered on the three major regions that serve as HR mobilization "hubs"**



Leverage our Group's scale of business, with our 86,000\* employees (approx.) at 199\* companies in 34 countries and regions around the world

\* As of December 2019



# Medium-Term Management Plan VISION 2024: Change the GAME

## ● Medium-Term Management Plan VISION 2024 (FY12/20-FY12/24) IFRS

( ¥ billion)

Revenue for FY12/24

820

Operating Profit for FY12/24

65

(Operating profit margin: 7.9%)

Note: IFRS basis

Revenue by Operating Segment	Domestic Manufacturing Outsourcing Business	144
	Domestic Engineering Outsourcing Business	260
	Domestic Service Operations Outsourcing Business	63
	Overseas Engineering Outsourcing Business	88
	Overseas Manufacturing and Service Operations Outsourcing Business	247
	Other Business	18

## ● VISION 2024: Priority Measures

### Strategy I

#### Expand Support Services for Foreign Workers

- Shift from the current strategy, which targets technical interns, to a broader strategy that targets all resident foreigners

Domestic Manufacturing Outsourcing Business

Domestic Service Operations Outsourcing Business

Overseas Service Operations Outsourcing Business

### Strategy II

#### Increase Operating Efficiency and Save Manpower through Dispatch 2.0, a Business Model Which Combines Engineers and Technology

- Shift from the current engineer dispatching market to an extremely large market with a high unit price
- Through an alliance strategy, we will maintain a low-burden management while acquiring cutting-edge technologies that are needed to boost efficiency

Domestic Engineering Outsourcing Business

Overseas Engineering Outsourcing Business

### Strategy III

#### Further Expand the Business Involving U.S. Military Facilities and Government/Public Institutions to Help Smooth Out Operating Performance

- Expand our business in U.S. military facilities, which is relatively insusceptible to economic fluctuations
- Globally expand the public works and e-commerce-related logistics businesses, which are relatively unaffected by economic fluctuations

Domestic Service Operations Outsourcing Business

Overseas Service Operations Outsourcing Business

Overseas Engineering Outsourcing Business

### Strategy IV

#### Turn the Growing Worldwide Population into an Opportunity by Establishing a Global HR Mobilization Network

- Take advantage of the supply/demand gap between countries with shrinking populations and labor shortages and countries with growing populations and labor surpluses
- Build a hub-centered global HR mobilization network that adapts to changes in the economy and the operating environment

Entire Group

### Strategy V

#### Build a WBB\* Platform to Break Away from Business That Relies on a Stock of Human Resources

- The need to establish a fee-based business model to achieve sustainable growth

\* WBB = "WORKING" Beyond Borders

Entire Group

### Strategy VI

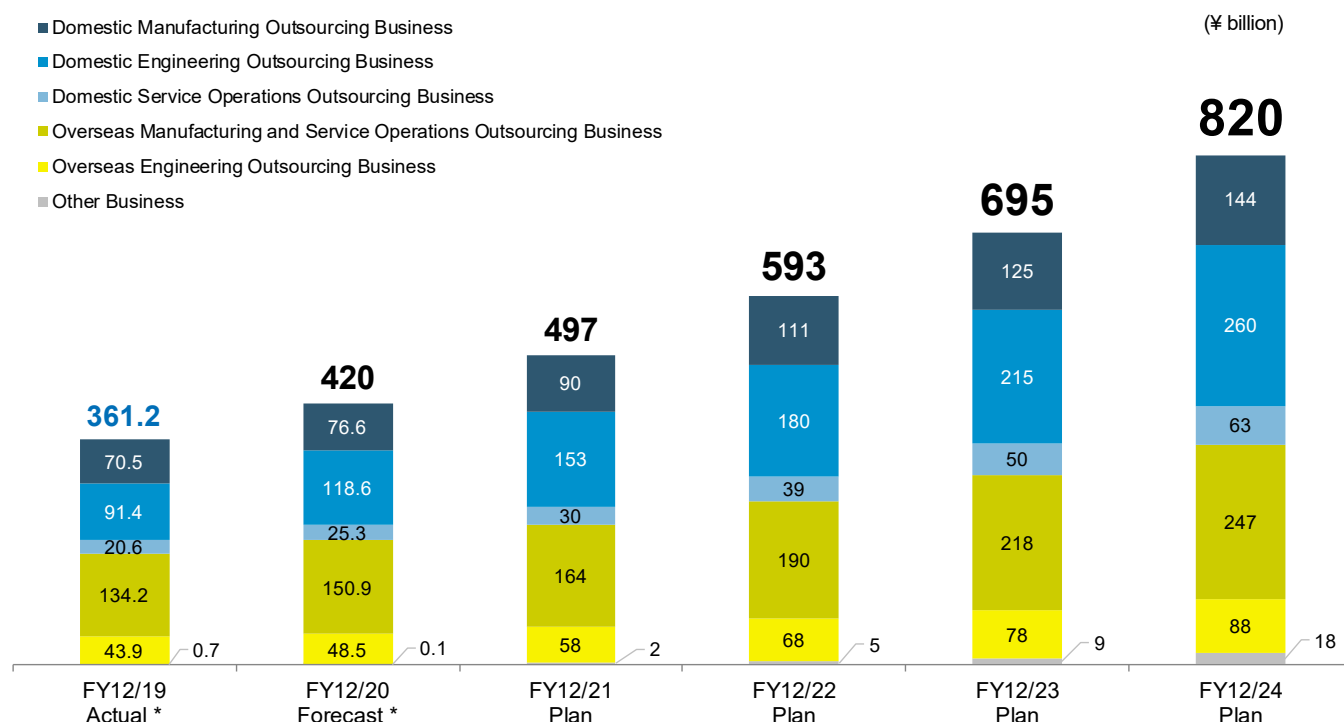
#### Pursue Financial Strategies

- ROE of 25% or higher, Shareholders' equity ratio of 30% or higher, Payout ratio of 30% or higher

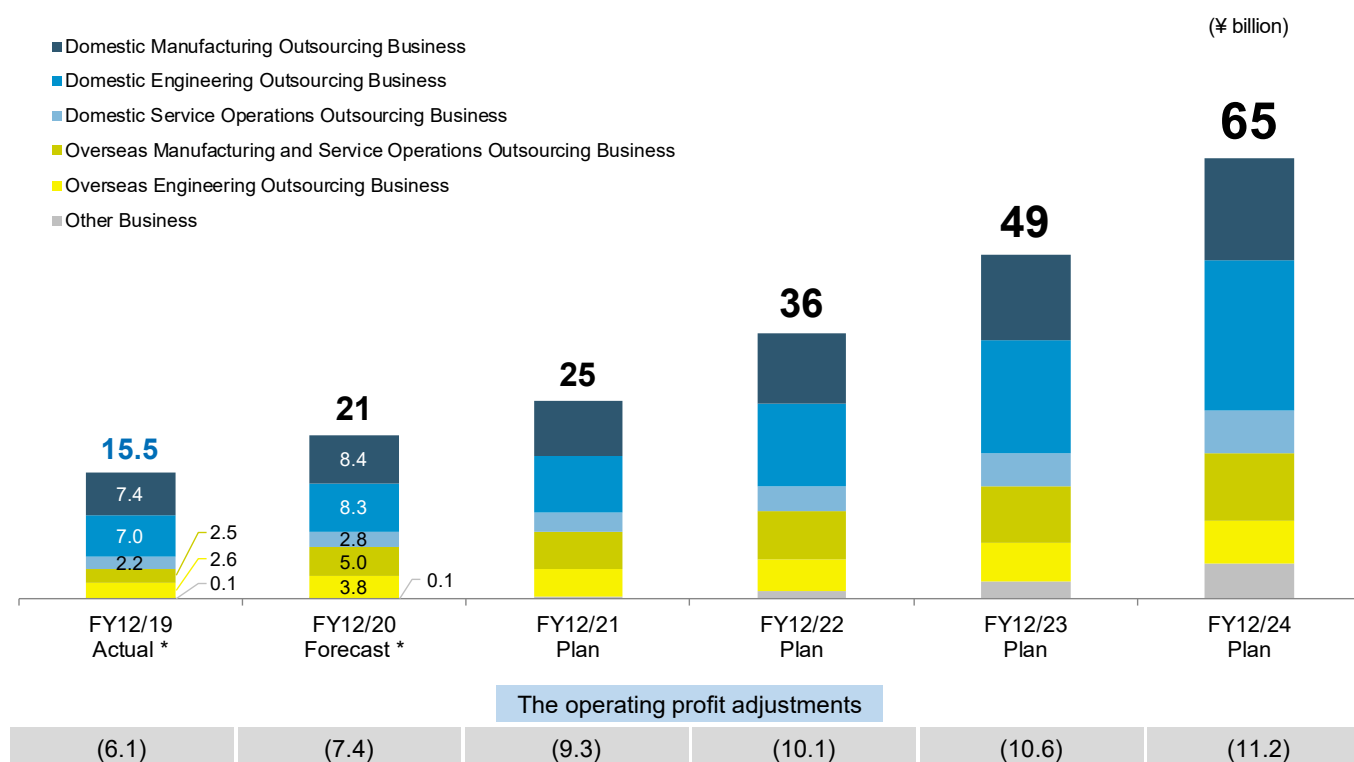
Entire Group

# Medium-Term Management Plan VISION 2024: Change the GAME

## Revenue Plan by Operating Segment



## Operating Profit Plan by Operating Segment



Note: Since budgets are set for the whole and not for each individual segment, the operating profit adjustments are not reflected in the graph for each segment but are reflected in the total operating profit  
\* Announced on Feb. 14, 2020



# Consolidated Statement of Financial Position [IFRS]

	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20
(¥ million)	End	1H End	1H End	1H End	1H End
<b>Assets</b>					
<b>Total assets</b>	<b>90,355</b>	<b>116,723</b>	<b>160,229</b>	<b>227,564</b>	<b>234,445</b>
<b>Total current assets</b>	<b>36,251</b>	<b>54,529</b>	<b>79,371</b>	<b>103,806</b>	<b>106,693</b>
Cash and cash equivalents	11,746	18,267	20,368	31,197	35,018
Trade and other receivables	21,006	30,897	44,444	52,685	50,258
Inventories	808	1,151	1,589	1,688	1,826
Other financial assets	974	1,729	5,555	9,870	10,451
Other current assets	1,717	2,485	7,415	8,366	9,140
<b>Total non-current assets</b>	<b>54,104</b>	<b>62,194</b>	<b>80,858</b>	<b>123,758</b>	<b>127,752</b>
Property, plant and equipment	4,994	6,603	8,285	8,749	9,689
Right-of-use assets	-	-	-	19,537	16,981
Goodwill	26,315	37,252	45,276	54,716	56,381
Intangible assets	8,640	11,244	17,750	21,766	19,082
Investments accounted for using equity method	-	-	-	-	2,113
Other financial assets	9,671	2,378	4,431	14,238	17,514
Other non-current assets	1,862	2,063	2,171	818	1,837
Deferred tax assets	2,622	2,654	2,945	3,934	4,155

	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20
(¥ million)	End	1H End	1H End	1H End	1H End
<b>Liabilities and equity</b>					
<b>Total liabilities</b>	<b>80,354</b>	<b>95,362</b>	<b>136,508</b>	<b>170,452</b>	<b>174,335</b>
<b>Total current liabilities</b>	<b>45,521</b>	<b>57,991</b>	<b>74,612</b>	<b>96,332</b>	<b>104,876</b>
Trade and other payables	13,763	24,104	32,133	37,603	35,443
Bonds and borrowings	24,375	24,246	26,669	24,944	36,044
Lease liabilities	-	-	-	15,144	15,600
Other financial liabilities	1,460	1,476	3,387	2,225	2,127
Income taxes payable	948	3,889	3,717	5,643	2,393
Other current liabilities	4,975	4,276	8,706	10,773	13,269
<b>Total non-current liabilities</b>	<b>34,833</b>	<b>37,371</b>	<b>61,896</b>	<b>74,120</b>	<b>69,459</b>
Bonds and borrowings	21,114	23,712	43,568	34,915	35,355
Lease liabilities	-	-	-	20,237	19,590
Other financial liabilities	7,581	7,059	9,832	10,622	4,150
Retirement benefit liability	3,184	3,421	3,346	1,964	2,984
Provisions	640	675	764	1,036	981
Other non-current liabilities	195	103	100	208	366
Deferred tax liabilities	2,119	2,401	4,286	5,138	6,033
<b>Total equity</b>	<b>10,001</b>	<b>21,361</b>	<b>23,721</b>	<b>57,112</b>	<b>60,110</b>
Share capital	1,759	7,040	7,139	25,133	25,214
Capital surplus	3,502	8,758	8,849	26,566	26,647
Treasury shares	(0)	(0)	(0)	(0)	(0)
Other capital surplus	(4,717)	(5,241)	(10,542)	(14,413)	(13,791)
Other components of equity	(1,236)	(617)	(1,082)	(3,528)	(5,232)
Retained earnings	8,391	9,096	14,202	18,570	23,390
Equity attributable to owners of the Company	7,699	19,036	18,566	52,328	56,228
Non-controlling interests	2,302	2,325	5,155	4,784	3,882
<b>Total liabilities and equity</b>	<b>90,355</b>	<b>116,723</b>	<b>160,229</b>	<b>227,564</b>	<b>234,445</b>

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

# Consolidated Statement of Income [IFRS]

( ¥ million)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H	FY12/20 1H
Revenue	57,380	105,811	139,099	177,585	172,628
Cost of sales	(46,042)	(86,035)	(112,618)	(144,732)	(141,528)
Gross profit	11,338	19,776	26,481	32,853	31,100
Selling, general and administrative expenses	(9,372)	(16,489)	(21,615)	(29,230)	(29,474)
Other operating income	568	316	219	2,089	2,234
Other operating expenses	(167)	(129)	(278)	(176)	(555)
Operating profit	2,367	3,474	4,807	5,536	3,305
Finance income	208	227	69	52	606
Finance costs	(867)	(626)	(1,090)	(2,223)	(1,861)
Share of profit (loss) of investments accounted for using equity method	-	-	-	-	(4)
Profit before tax	1,708	3,075	3,786	3,365	2,046
Income tax expense	(809)	(1,335)	(1,396)	(1,566)	(1,248)
Profit	899	1,740	2,390	1,799	798
Profit attributable to					
Owners of the Company	827	1,390	2,027	1,376	664
Non-controlling interests	72	350	363	423	134
Profit	899	1,740	2,390	1,799	798

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	FY12/20 1H
<b>Cash flows from operating activities</b>					
Net cash flows from operating activities	770	3,733	2,278	9,114	6,240
Profit before tax	1,708	3,075	3,786	3,365	2,046
Depreciation and amortization	661	1,189	1,530	5,819	5,881
Increase (decrease) in provision and retirement benefit liability	(63)	162	10	63	118
Finance income	(208)	(227)	(69)	(52)	(606)
Finance costs	867	626	1,090	2,223	1,861
Share of loss (profit) of investments accounted for using equity method	-	-	-	-	4
Decrease (increase) in inventories	246	85	(225)	(185)	(193)
Decrease (increase) in trade and other receivables	(1,179)	(2,153)	(3,649)	(2,616)	531
Increase (decrease) in trade and other payables	1,614	2,166	4,247	5,078	133
Increase (decrease) in accrued consumption taxes	(639)	(293)	549	(454)	(591)
Other	(776)	383	(431)	(643)	1,125
Subtotal	2,231	5,013	6,838	12,598	10,309
Interest and dividends received	31	31	31	53	41
Interest paid	(206)	(399)	(458)	(724)	(744)
Income taxes paid	(1,318)	(985)	(4,135)	(2,876)	(4,325)
Income taxes refund	32	73	2	63	959
<b>Cash flows from investing activities</b>					
Net cash flows from investing activities	(6,583)	(5,507)	(17,080)	(3,695)	(5,074)
Payments into time deposits	(161)	(229)	(534)	(1,369)	(209)
Proceeds from withdrawal of time deposits	1,115	576	517	1,774	149
Payments for purchase of other financial assets	-	-	(3,889)	(2,507)	-
Proceeds from full redemption of other financial assets	-	-	-	5,068	-
Payments into deposits paid	-	-	-	-	(257)
Payments for purchase of business	(7,639)	(6,169)	(11,280)	(4,657)	(2,255)
Proceeds from purchase of business	-	1,059	-	205	-
Payments of leasehold and guarantee deposits	(315)	(344)	(272)	(377)	(400)
Proceeds from refund of leasehold and guarantee deposits	71	61	79	173	237
Other	346	(461)	(1,701)	(2,005)	(2,339)
<b>Cash flows from financing activities</b>					
Net cash flows from financing activities	8,004	8,156	16,429	(3,370)	(5,843)
Net increase (decrease) in short-term borrowings	5,750	(3,614)	7,895	9,623	9,892
Proceeds from long-term borrowings	3,892	5,370	8,815	-	-
Repayments of long-term borrowings	(828)	(1,845)	(3,975)	(4,187)	(6,306)
Proceeds from issuance of bonds	-	-	6,116	-	-
Redemption of bonds	(25)	(25)	-	-	-
Repayments of lease liabilities	-	-	-	(3,584)	(3,759)
Expenditure for settlement of contingent consideration	-	(357)	-	-	-
Proceeds from issuance of shares	30	10,537	17	58	55
Dividends paid	(610)	(733)	(1,937)	(2,636)	(3,019)
Transactions with non-controlling interests	-	(737)	-	(1,926)	(2,678)
Dividends paid to non-controlling interests	(2)	(227)	(277)	(573)	(28)
Other	(203)	(213)	(225)	(145)	-
Effect of exchange rate change on cash and cash equivalents	(350)	139	(367)	(303)	(551)
Net increase (decrease) in cash and cash equivalents	1,841	6,521	1,260	1,746	(5,228)
Cash and cash equivalents at beginning of period	7,501	11,746	19,108	29,451	40,246
Cash and cash equivalents at end of period	9,342	18,267	20,368	31,197	35,018

Note1: 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		FY12/20 1H	
Revenue by operating segment	Amount	Composition Ratio	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%	50,404	29.2%
Electrical & Electronics	4,793	4.5%	6,560	4.7%	7,569	4.2%	8,034	4.7%
Transport Equipment	5,657	5.3%	8,356	6.0%	9,813	5.5%	11,099	6.4%
Pharm. & Chemicals	1,100	1.0%	1,309	1.0%	3,495	2.0%	3,841	2.2%
IT-related	7,059	6.7%	9,622	6.9%	12,722	7.2%	15,127	8.8%
Construction & Plant-related	3,038	2.9%	4,327	3.1%	6,397	3.6%	7,677	4.4%
Others	1,668	1.6%	2,373	1.7%	2,838	1.6%	4,626	2.7%
Domestic Manufacturing Outsourcing Business	22,542	21.3%	28,785	20.7%	35,503	20.0%	30,408	17.6%
Electrical & Electronics	8,439	8.0%	9,209	6.6%	8,709	4.9%	7,820	4.5%
Transport Equipment	7,639	7.2%	11,474	8.3%	16,823	9.5%	13,365	7.7%
Pharm. & Chemicals	2,165	2.0%	2,525	1.8%	2,675	1.5%	2,733	1.6%
Metals & Construction Materials	1,868	1.8%	1,937	1.4%	2,425	1.3%	1,905	1.1%
Foods	829	0.8%	838	0.6%	1,192	0.7%	1,347	0.8%
Others	1,602	1.5%	2,802	2.0%	3,679	2.1%	3,238	1.9%
Domestic Service Operations Outsourcing Business	4,624	4.4%	9,249	6.6%	10,157	5.7%	11,854	6.9%
Retail	832	0.8%	768	0.5%	479	0.3%	314	0.2%
Public Works	3,076	2.9%	7,177	5.2%	8,273	4.6%	10,472	6.1%
Others	716	0.7%	1,304	0.9%	1,405	0.8%	1,068	0.6%
Overseas Engineering Outsourcing Business	13,560	12.8%	16,165	11.6%	21,925	12.4%	18,270	10.6%
Electrical & Electronics	53	0.0%	99	0.1%	258	0.2%	268	0.2%
Transport Equipment	133	0.1%	304	0.2%	559	0.3%	524	0.3%
Pharm. & Chemicals	230	0.2%	228	0.2%	253	0.2%	266	0.2%
IT-related	1,290	1.2%	1,695	1.2%	2,155	1.2%	1,614	0.9%
Metals & Construction Materials	93	0.1%	124	0.1%	105	0.1%	86	0.1%
Construction & Plant-related	112	0.1%	93	0.1%	211	0.1%	928	0.5%
Foods	2	0.0%	28	0.0%	72	0.0%	18	0.0%
Retail	508	0.5%	517	0.4%	551	0.3%	802	0.5%
Public Works	8,257	7.8%	9,229	6.5%	11,854	6.7%	9,657	5.6%
Finance	2,189	2.1%	2,738	2.0%	4,270	2.4%	2,977	1.7%
Others	693	0.7%	1,110	0.8%	1,637	0.9%	1,130	0.6%
Overseas Manufacturing and Service Operations Outsourcing Business	41,536	39.3%	52,102	37.5%	66,848	37.6%	61,636	35.7%
Electrical & Electronics	8,707	8.2%	10,313	7.4%	9,832	5.5%	6,585	3.8%
Transport Equipment	7,315	6.9%	7,743	5.6%	7,406	4.2%	5,302	3.1%
Pharm. & Chemicals	2,126	2.0%	2,322	1.7%	1,921	1.1%	1,438	0.8%
IT-related	1,789	1.7%	1,722	1.2%	1,848	1.0%	1,663	1.0%
Metals & Construction Materials	688	0.7%	729	0.5%	607	0.3%	797	0.5%
Construction & Plant-related	696	0.7%	784	0.6%	1,055	0.6%	1,144	0.7%
Foods	834	0.8%	1,959	1.4%	2,441	1.4%	1,712	1.0%
Retail	4,740	4.5%	6,679	4.8%	14,127	8.0%	19,009	11.0%
Public Works	10,699	10.1%	11,793	8.5%	15,823	8.9%	14,581	8.4%
Finance	867	0.8%	1,154	0.8%	894	0.5%	752	0.4%
Others	3,075	2.9%	6,904	5.0%	10,894	6.1%	8,653	5.0%
Other Business	234	0.2%	251	0.2%	318	0.2%	56	0.0%
Total	105,811	100.0%	139,099	100.0%	177,585	100.0%	172,628	100.0%

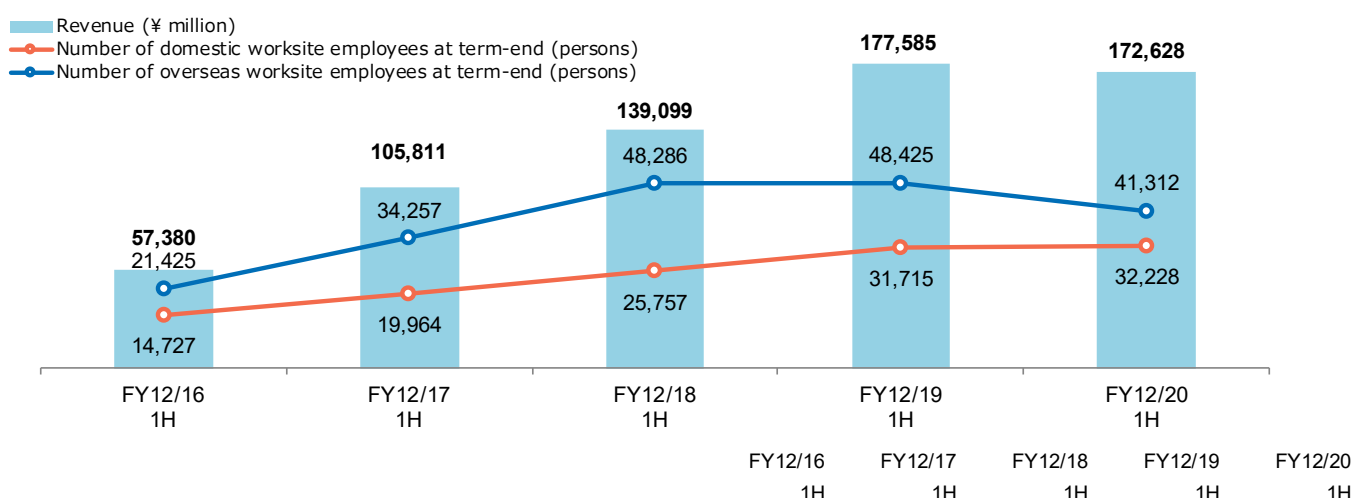
(¥ million)	FY12/17 1H		FY12/18 1H		FY12/19 1H		FY12/20 1H	
Revenue by region	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
Japan	50,715	47.9%	70,832	50.9%	88,812	50.0%	92,722	53.7%
Asia (excl. Japan)	8,732	8.3%	9,083	6.5%	6,841	3.9%	4,834	2.8%
Oceania	18,225	17.2%	20,282	14.6%	25,054	14.1%	21,273	12.3%
Europe	25,788	24.4%	35,842	25.8%	52,798	29.7%	50,116	29.0%
South America	2,351	2.2%	3,060	2.2%	4,080	2.3%	3,683	2.2%
Total	105,811	100.0%	139,099	100.0%	177,585	100.0%	172,628	100.0%

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

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

(persons)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H	FY12/20 1H
<b>Number of worksite employees at term-end</b>					
Consolidated	36,152	54,221	74,043	80,140	73,540
Domestic	14,727	19,964	25,757	31,715	32,228
Domestic Engineering Outsourcing Business	5,720	7,161	10,943	15,036	17,827
IT-related	1,431	1,612	2,501	3,127	4,017
Construction & Plant-related	779	1,039	1,752	2,381	3,122
Domestic Manufacturing Outsourcing Business	7,482	10,295	11,826	14,018	12,426
Domestic Service Operations Outsourcing Business	1,521	2,503	2,985	2,657	1,975
Retail	1,202	1,746	542	349	381
Public Works	277	757	1,023	946	870
Others	42	0	1,420	1,362	724
Other Business	4	5	3	4	0
Overseas	21,425	34,257	48,286	48,425	41,312
Overseas Engineering Outsourcing Business	1,778	2,038	2,252	3,718	3,176
Overseas Manufacturing and Service Operations Outsourcing Business	19,647	32,219	46,034	44,707	38,136
Production Outsourcing Business	10,789	19,264	30,330	29,417	10,234
Other Business	8,858	12,955	15,704	15,290	27,902
<b>Number of workers under outsourced administration at term-end</b>					
	1,401	3,480	6,716	13,528	20,102
<b>Number of placed workers</b>					
	1,695	1,899	1,851	1,958	702

Note: the number of worksite employees includes dispatched employees.



<b>Recruitment efficiency</b>					
<b>Domestic Engineering Outsourcing Business</b>					
Number of workers recruited (persons)	1,482	1,803	3,188	3,991	4,080
Recruitment unit price (¥/worker)	206,814	346,039	346,184	324,149	442,400
Utilization rate	97.6%	97.5%	95.2%	94.5%	92.0%
<b>Domestic Manufacturing Outsourcing Business</b>					
Number of workers recruited (persons)	2,819	3,888	4,329	4,534	2,746
Recruitment unit price (¥/worker)	73,466	64,349	78,465	85,450	104,445
<b>Domestic Service Operations Outsourcing Business</b>					
Number of workers recruited (persons)	1,478	2,182	2,559	1,959	894
Recruitment unit price (¥/worker)	13,934	14,741	19,123	23,095	30,002
<b>Domestic Recruiting and Placing Business</b>					
Number of workers recruited (persons)	1,695	1,899	1,851	1,958	702
Recruitment unit price (¥/worker)	127,053	131,245	155,620	174,674	339,715

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

# Consolidated Major Indicators [IFRS]

(¥ million)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H	FY12/20 1H
Revenue	57,380	105,811	139,099	177,585	172,628
Gross profit	11,338	19,776	26,481	32,853	31,100
SG&A expenses	9,372	16,489	21,615	29,230	29,474
Operating profit	2,367	3,474	4,807	5,536	3,305
Profit before tax	1,708	3,075	3,786	3,365	2,046
Profit attributable to owners of the Company	827	1,390	2,027	1,376	664

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

(%)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H	FY12/20 1H
Gross profit margin	19.8	18.7	19.0	18.5	18.0
SG&A expenses ratio	16.3	15.6	15.5	16.5	17.1
Operating profit margin	4.1	3.3	3.5	3.1	1.9
Profit before tax margin	3.0	2.9	2.7	1.9	1.2
Profit attributable to owners of the Company margin	1.4	1.3	1.5	0.8	0.4

Gross profit margin=Gross profit/Revenue

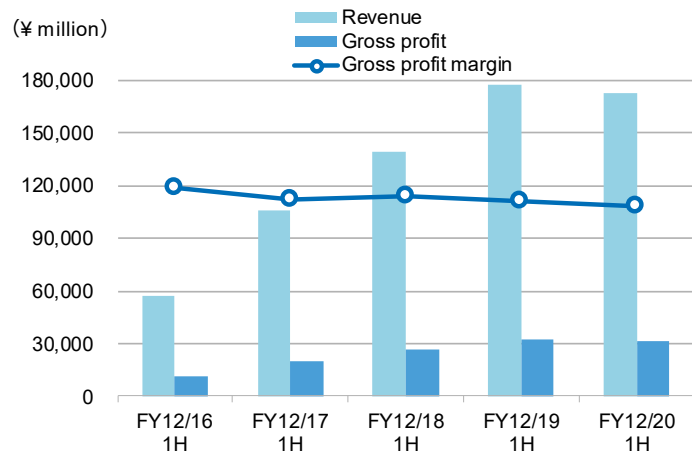
SG&A expenses ratio=SG&A expenses/Revenue

Operating profit margin=Operating profit/Revenue

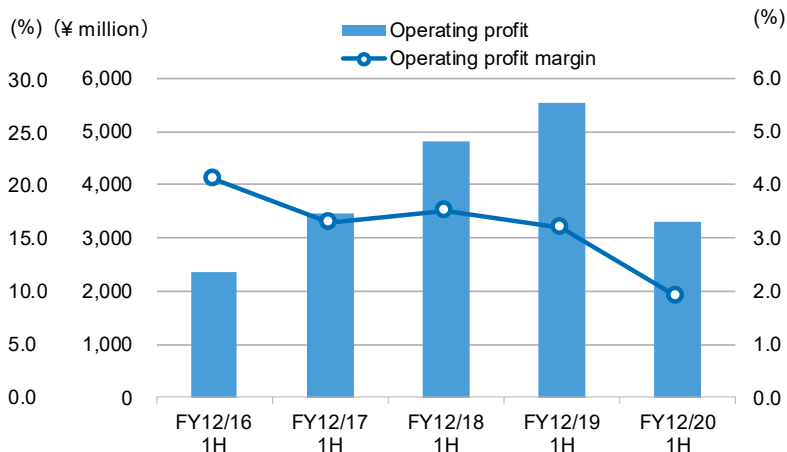
Profit before tax margin=Profit before tax/Revenue

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

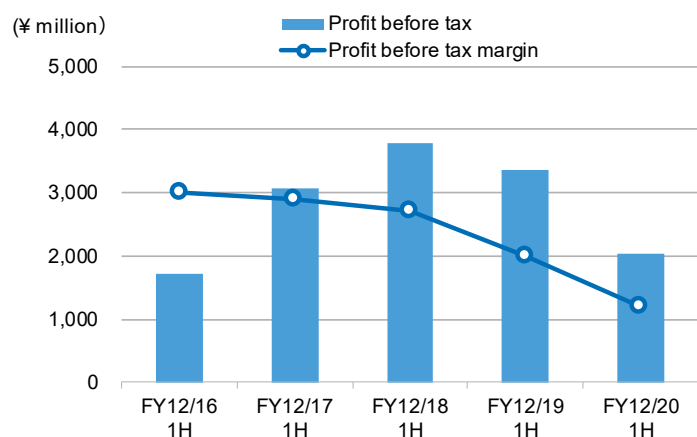
Gross Profit Margin



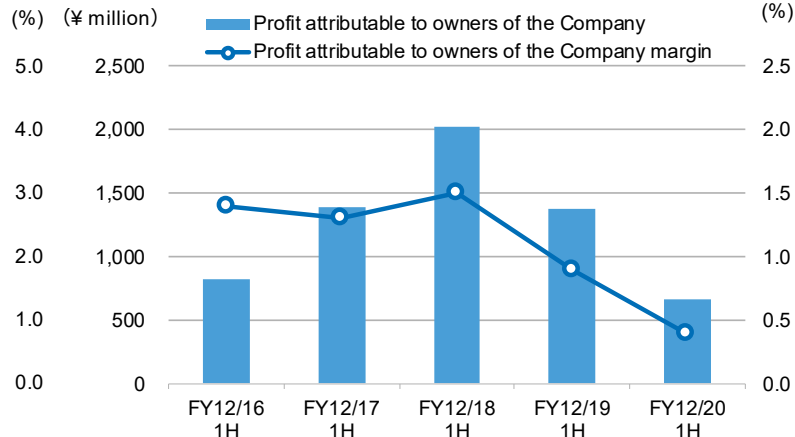
Operating Profit Margin



Profit Before Tax Margin



Profit Attributable to Owners of the Company Margin



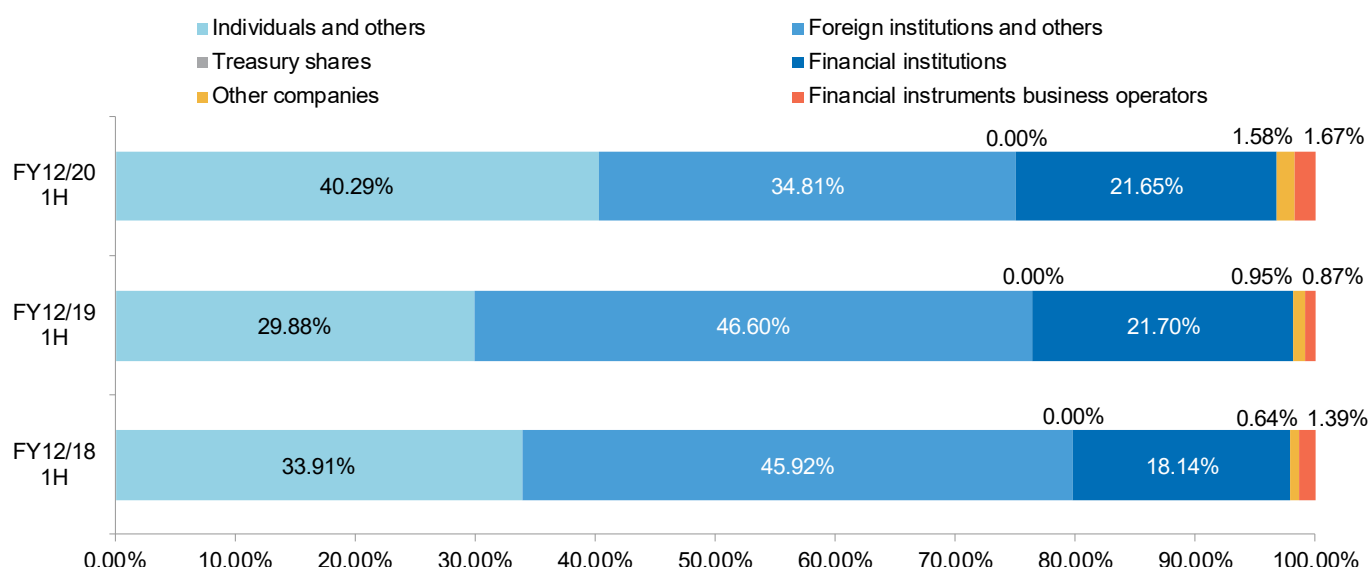
# Stock Information

## Major Shareholders

As of June 30, 2020

Top 10 Shareholders	Number of Shares	Shareholding Ratio
Haruhiko Doi	15,761,400	12.52%
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	9,075,100	7.21%
JP MORGAN CHASE BANK 385632	6,027,804	4.79%
THE BANK OF NEW YORK MELLON 140051	5,951,100	4.73%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	5,689,000	4.52%
JPMCB OMNIBUS US PENSION TREATY JASDEC 380052	2,949,700	2.34%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,620,338	2.08%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	2,614,400	2.08%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	2,249,900	1.79%
THE BANK OF NEW YORK 133612	2,085,300	1.66%

## Breakdown by Type of Shareholders



## Per Share Indicators

(¥)	FY12/16 1H	FY12/17 1H	FY12/18 1H	FY12/19 1H	FY12/20 1H
Share price at term-end	939	1,096	2,056	1,306	680
Basic earnings per share	9.49	14.51	19.87	10.95	5.27
Diluted earnings per share	9.38	14.35	19.76	10.93	5.27
Equity attributable to owners of the Company per share	-	187.53	182.01	416.67	446.57
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.

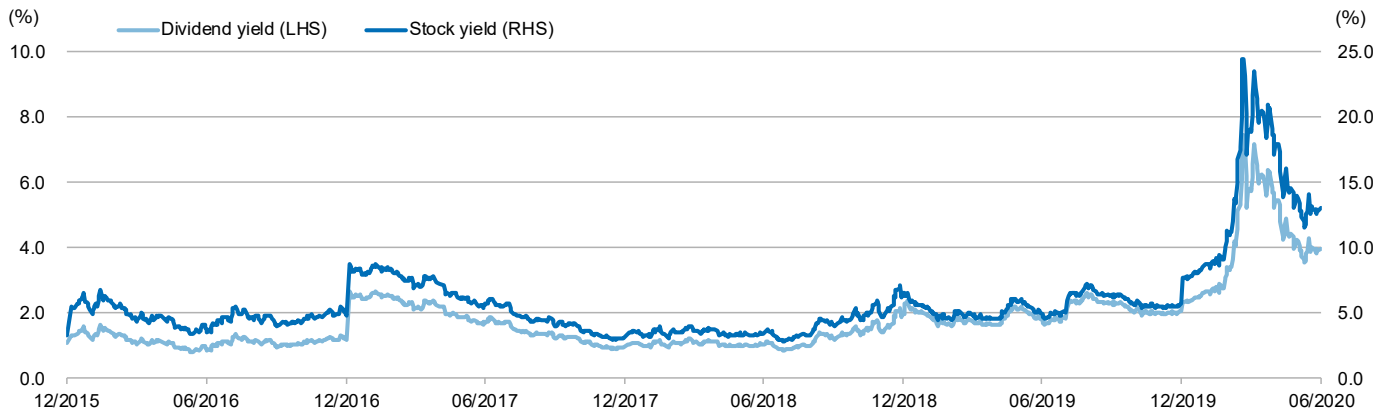
Note2: The Company conducted issuance of new shares through public offering on October 3, 2018 and issuance of new shares through third-party allotment on October 26, 2018, and "Basic earnings per share", "Diluted earnings per share", "Equity attributable to owners of the Company per share" and "Dividend per share" for FY12/18 are calculated to include the increased number of shares from said issues.



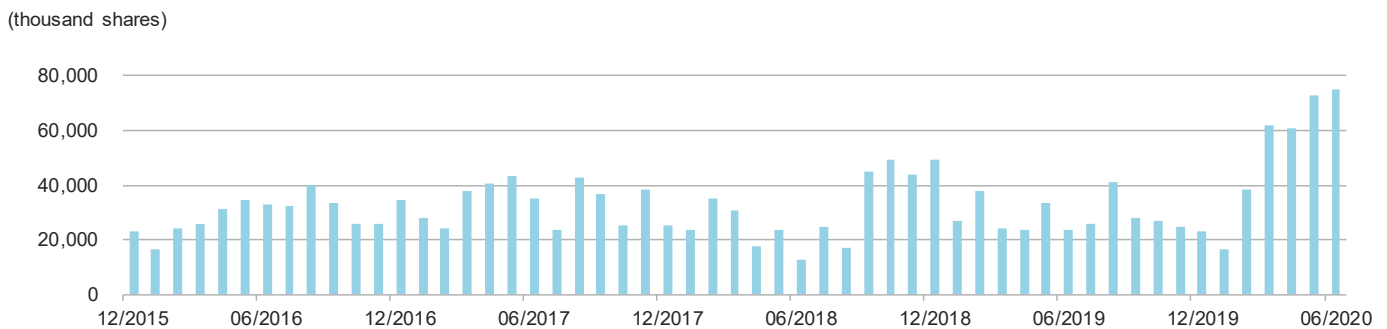
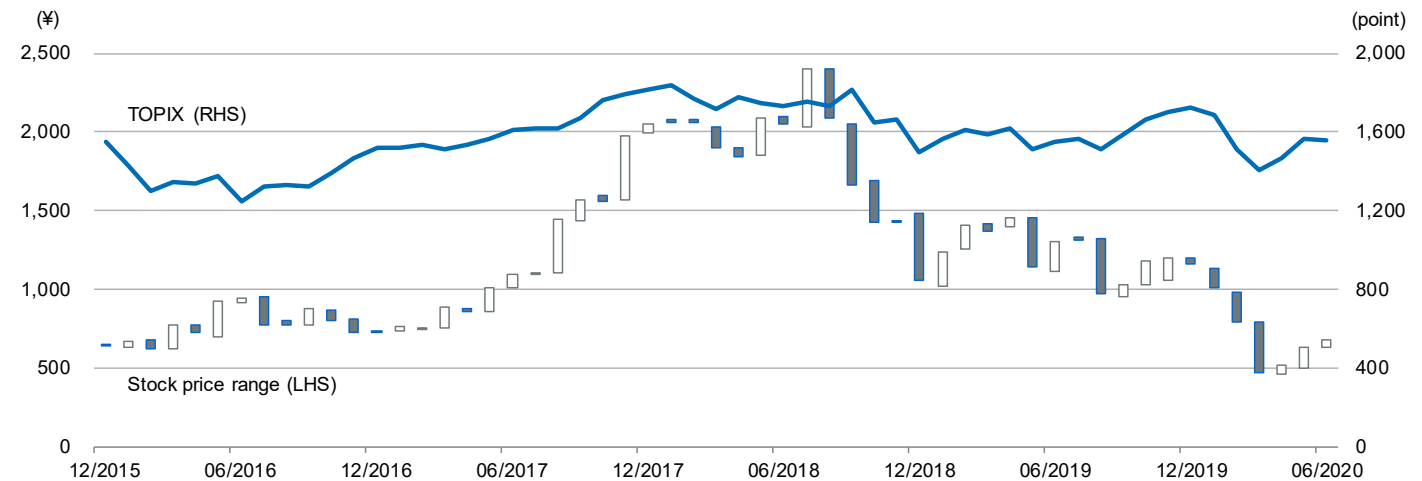
# Stock Price Indicators / Stock Price Information

## ● Stock Yield / Dividend Yield

Based on forecasts figure during 01/2020-06/2020



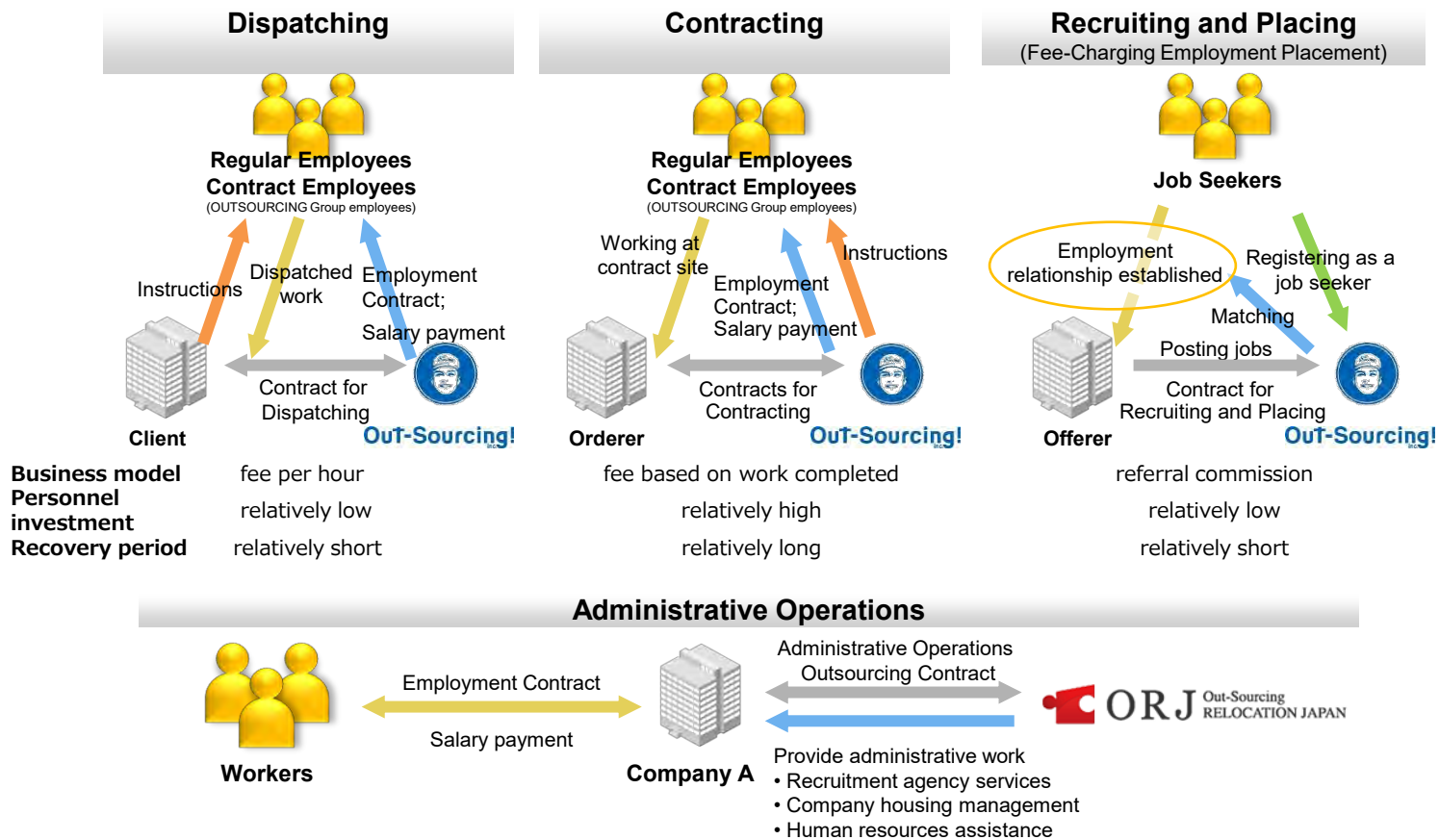
## ● Stock Price Range / Trading Volume



# Reference Materials

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

## Major Employment Formats for Our Domestic Outsourcing Business



## 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

# OUTSOURCING Group: Legal and Regulatory Framework Affecting Our Domestic Outsourcing Business (2)

## ● 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 employer is required to convert it to an unlimited term employment contract at the request of the employee.

#### Key Points

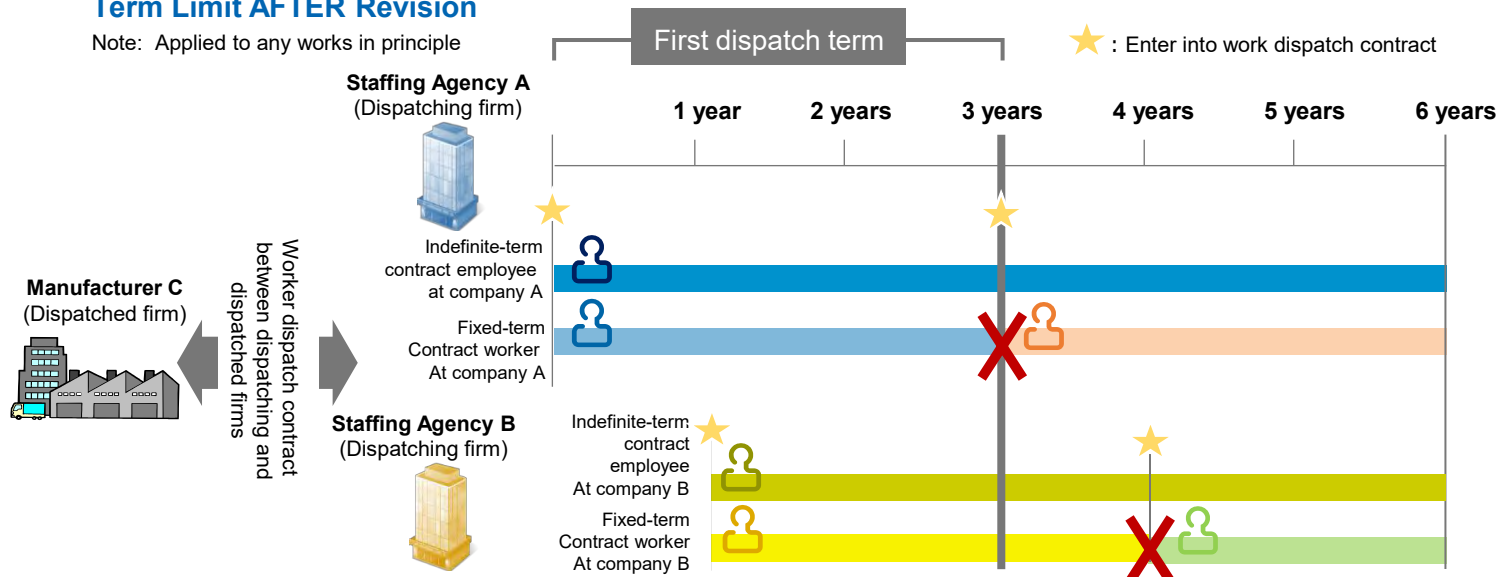
- The Revised Worker Dispatching Act aims for employment stabilization through foreclosing malicious businesses by imposing various requirements on dispatch business operators and relaxed term limit for indefinite-term contract worker dispatching.
- The Revised Labor Contracts Act aims to reduce unstable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

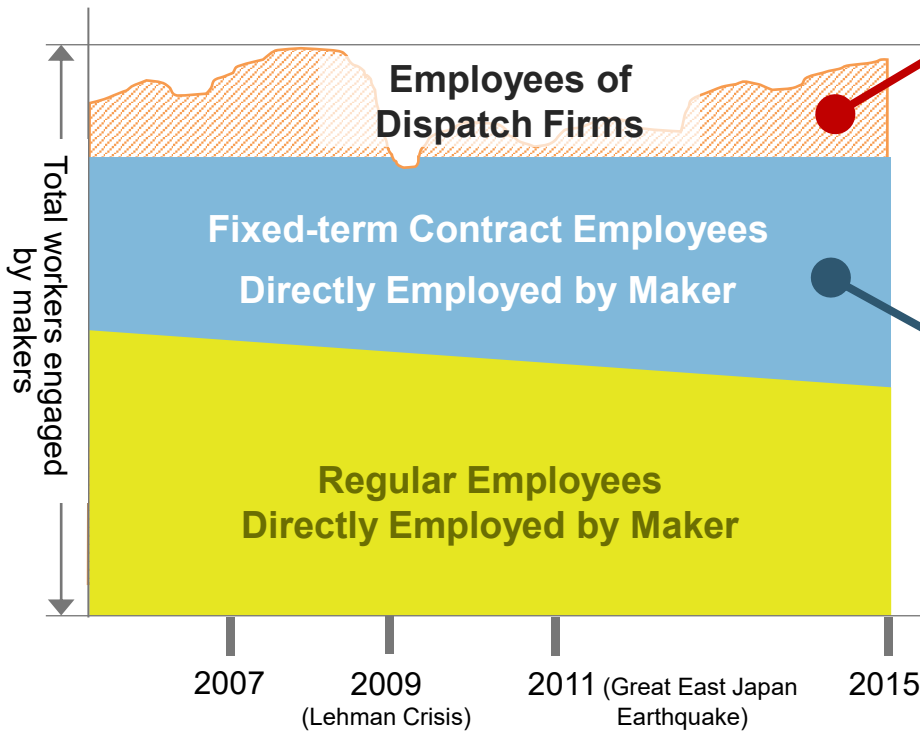
Note: When the worker is changed, continued dispatch to the same work is allowed without cooling-off period.

# 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

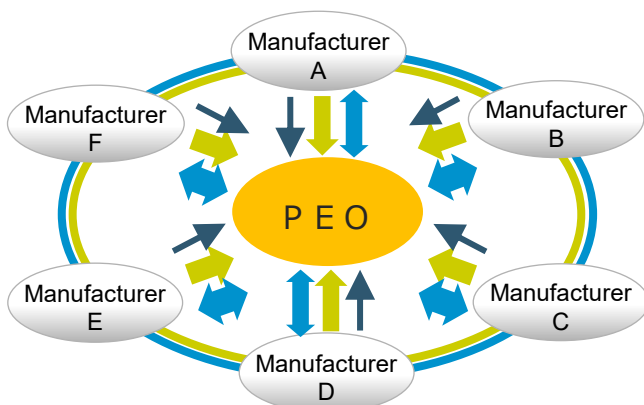
- Area that can target raising efficiency through using skilled workers trained for a cost
- Through revision of related acts, new market that can utilize indefinite-term contract employees of dispatch business operators as an effective means

\*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.

- ➡ Manufacturers become members of the PEO Association managed by PEO Co., Ltd.
- ➡ PEO takes on fixed-term contract employees directly employed by the manufacturer as its indefinite-term contract employees.
- ↔ Dispatching of indefinite-term contract employees meeting the needs of manufacturers for long-term use



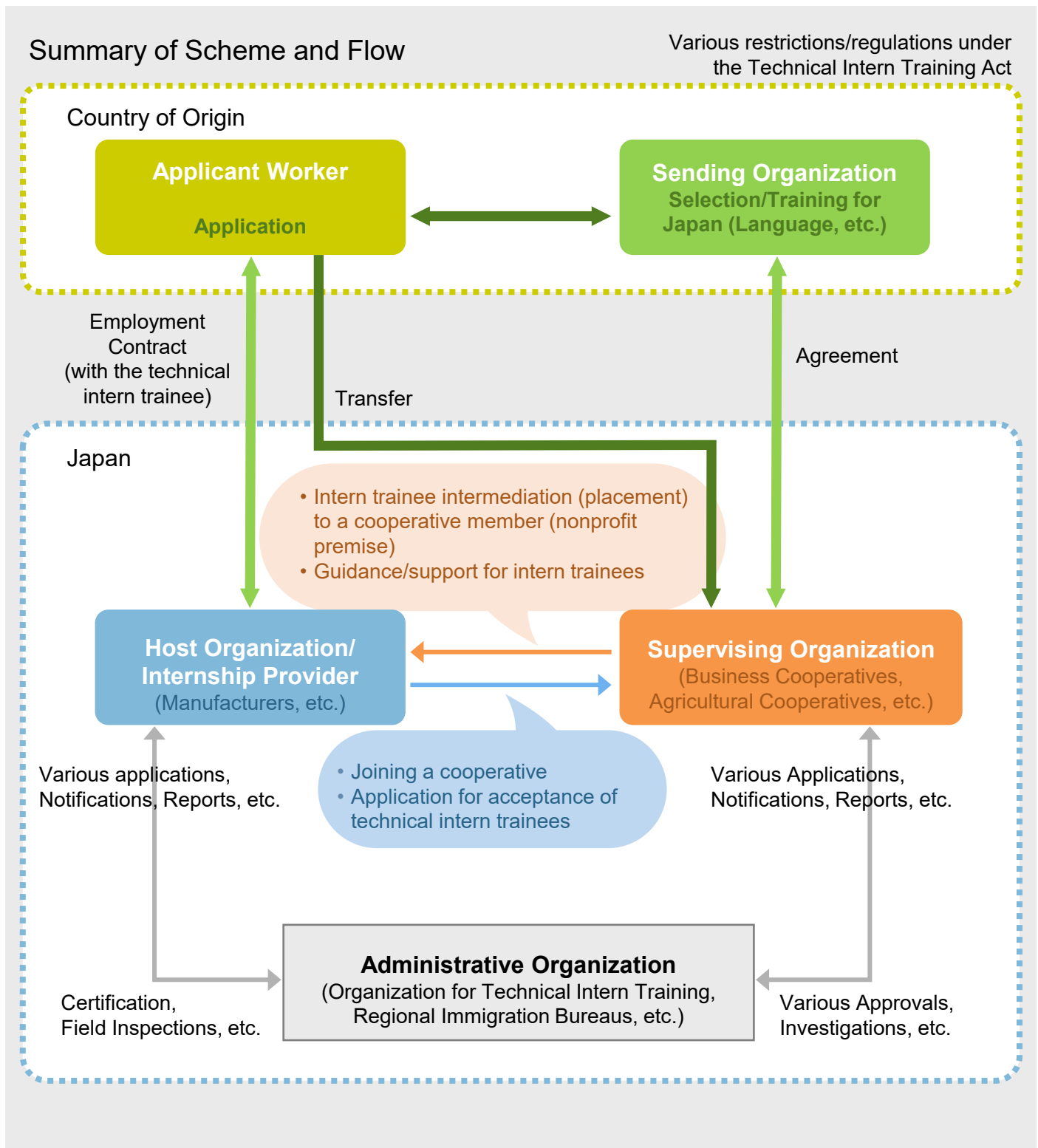
#### Key Points

- Using the OS Group's proprietary PEO Scheme, **fixed-term contract employees employed directly by manufacturers 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 manufacturers 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)

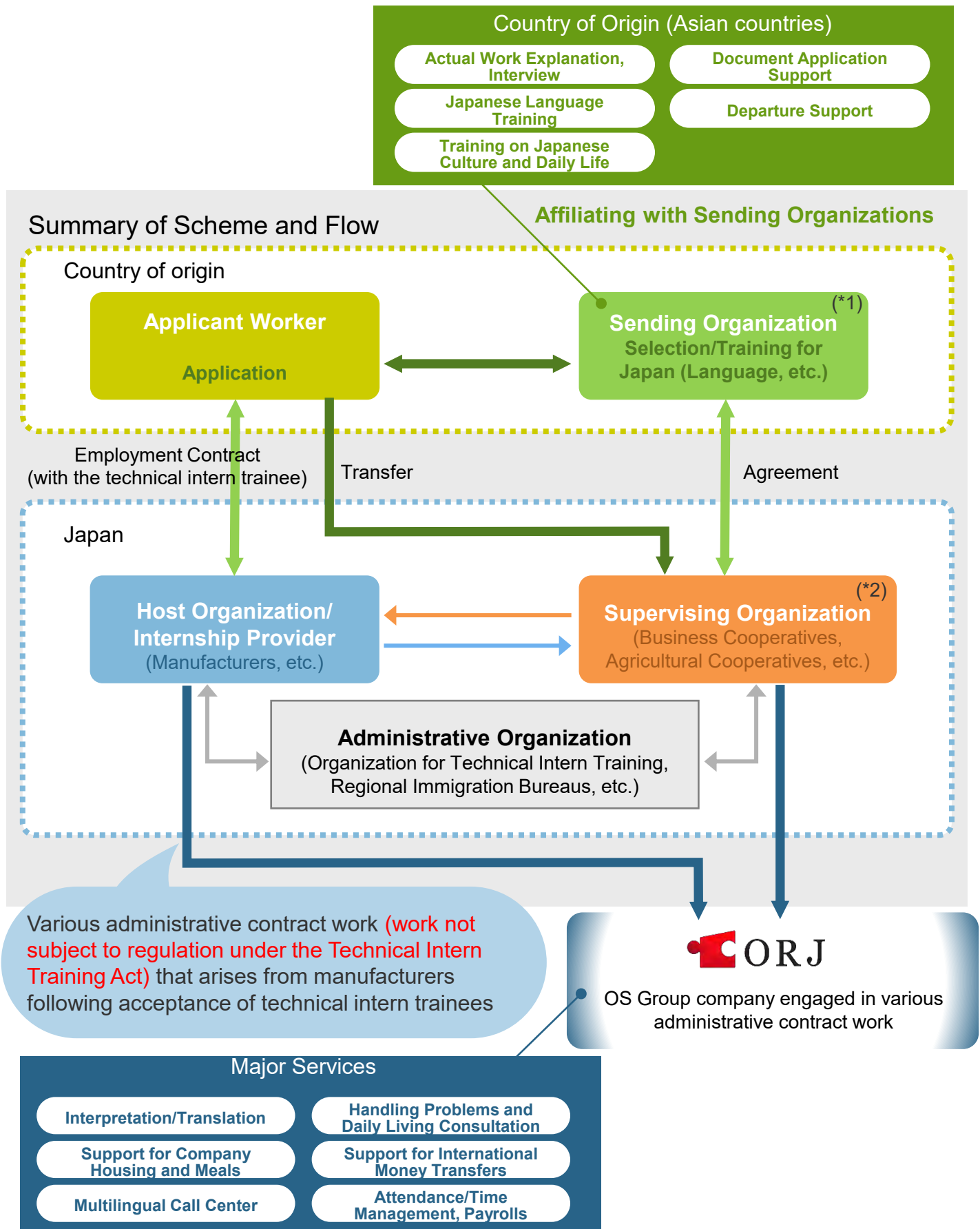
## ● About Each of Related Organizations and Groups



There are organizations that cooperate closely with the Company among the sending 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 among the sending 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

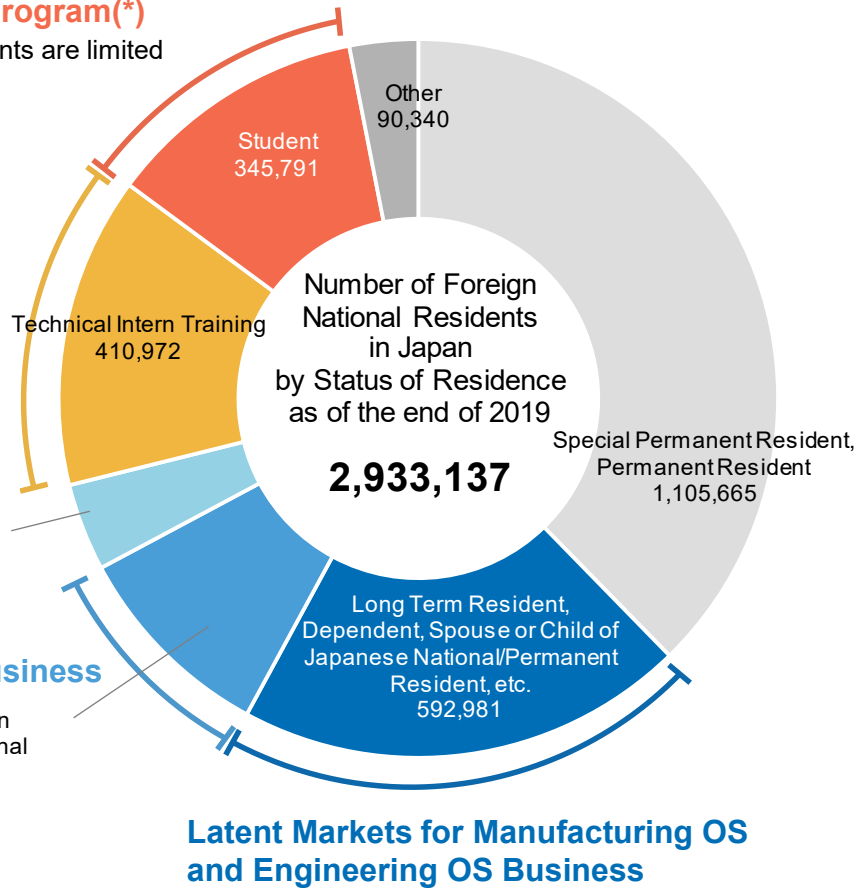
### Latent Market for ORJ Administrative Outsourcing Service for Technical Intern Trainees

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  
115,389

### Latent Markets for Engineering OS Business

Engineer/Specialist in Humanities/International Services  
271,999



Source: Compiled by the Company from the Ministry of Justice's "Regarding the number of foreign nationals in residence as of the end of 2019"



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.

## Contact

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