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To Whom It May Concern

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### Notice Regarding the Difference between Consolidated Financial Forecasts and Actual Results for the Cumulative Second Quarter

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces the difference between its consolidated financial forecasts for the cumulative 2<sup>nd</sup> quarter of the fiscal year ending December 31, 2017 (January 1, 2017 – June 30, 2017) announced on February 14, 2017, and actual results announced today as per the details below.

#### Particulars

#### 1. Difference between Consolidated Financial Forecasts and Actual Results for the Cumulative 2<sup>nd</sup> Quarter of Fiscal 2017 (January 1, 2017 – June 30, 2017)

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit attributable to owners of the Company	Basic earnings per share for the period
	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY	JPY
Previous Forecasts (A) (Announced on Feb. 14, 2017)	97,000	2,900	2,600	1,600	1,400	77.82
Actual Results (B)	105,811	3,562	3,241	1,879	1,529	79.83
Changes (B-A)	8,811	662	641	279	129	
Ratio (%)	9.1	22.8	24.7	17.4	9.2	
Reference: Actual Results for the 2 <sup>nd</sup> Quarter of Previous Fiscal Year (Q2 Fiscal 2016)	57,380	2,367	1,531	722	650	37.34

#### 2. Reason for the Difference

Regarding consolidated financial results for the cumulative 2<sup>nd</sup> quarter of the fiscal year ending December 31, 2017, since overall performance made strong progress, both revenue and profits came in significantly higher than forecasts announced on February 14, 2017.

For revenue, in the domestic market, the PEO Scheme responding to needs in the manufacturing field from the Revised Labor Contracts Act (taking on fixed-term contract workers hired directly by

manufacturers as permanent workers of the OUTSOURCING Group prior to their employment terms exceeding 5 years) made strong progress, and in the engineering field as well, the scheme utilizing the OUTSOURCING Group's training institution the KEN School for training and assignment of inexperienced staff also made strong progress. Further, in overseas markets, in addition to transactions with mainly Japanese affiliate manufacturers, transactions with European and US multinational firms expanded based on wide-ranging business approaches including BPO (Business Process Outsourcing) in Chile, manufacturing temporary placement in Germany and agency-based payroll outsourcing business in Asia, and stable privatized public work outsourcing in Australia and Europe also made strong progress. Revenue was also boosted by foreign exchange rates in general seeing yen depreciation advance relative to assumptions at the time forecasts were made.

Regarding operating profit, while leading investments were greater than expected for certain segments in response to large demand, overall Group revenue sharply above expectations resulted in operating profit also coming in sharply ahead of the initial forecast. Profit before tax and profit for the period similarly came in sharply ahead of forecasts largely as a result of operating profit coming in sharply ahead.

Regarding profit attributable to owners of the Company, while a significant amount of profit attributable to non-controlling interests was deducted for strong performance of group subsidiaries in which the Company does not have a 100% stake, profit attributable to owners of the Company also came in sharply above the initial forecast.

### **3. Regarding Full-Year Financial Forecasts**

Regarding full-year consolidated financial forecasts for the fiscal year ending December 31, 2017 announced on February 14, 2017, as is shown in the table above, while consolidated financial results for the cumulative 2<sup>nd</sup> quarter of the fiscal year ending December 31, 2017 came in significantly higher than initial forecasts, taking into consideration increasing uncertainties about political and economic outlooks globally, there is no change in full-year consolidated financial forecasts at the present time.

(Note) The forecasts are based on information available at the present time. Therefore, actual results may vary from the forecast figures due to changes in business conditions and other reasons.