February 14, 2018

To Whom It May Concern

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Notice Regarding the Difference between Consolidated Financial Forecasts and Actual Results and Dividends of Retained Earnings

OUTSOURCING Inc. (hereinafter the “Company”) hereby announces the difference between its consolidated financial forecasts for the fiscal year beginning on January 1, 2017 and ending December 31, 2017 (hereinafter “FY12/17”), announced on February 14, 2017, and actual results for FY12/17 announced today as per the details below.

The Company also announces that it resolved to pay dividends of retained earnings as of the record date of December 31, 2017.

The item on dividends of retained earnings is scheduled to be discussed at the 21st Annual General Meeting of Shareholders to be held on March 28, 2018.

Particulars

1. Difference between Consolidated Financial Forecasts and Actual Results for FY12/17

(1) Difference between Consolidated Financial Forecasts and Actual Results for FY12/17 (January 1, 2017 – December 31, 2017)

	Revenue	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the Company	Basic earnings per share for the year
	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY	JPY
Previous Forecasts (A) (Announced on February 14, 2017)	213,000	9,500	8,900	5,800	5,100	56.70
Actual Results (B) (Announced on February 14, 2018)	230,172	11,360	10,395	6,929	6,180	62.53
Changes (B-A)	17,172	1,860	1,495	1,129	1,080	
Ratio (%)	8.1	19.6	16.8	19.5	21.2	
Reference: Actual Results for the Previous Fiscal Year (Fiscal year ended December 31, 2016)	134,283	5,563	4,939	3,448	3,037	34.85

*The Company implemented a five-for-one stock split on its's common stock on October 1, 2017. Basic EPS (Earnings Per Share) shown for FY12/16 actual results and for FY12/17 forecasts were retrospectively adjusted to reflect the share split.

(2) Reason for the Difference

Regarding consolidated financial results for FY12/17, since the overall performance made strong progress, both revenue and respective profits came in significantly higher than the forecast announced on February 14, 2017.

For revenue, in the domestic market, in addition to the scheme utilizing the OUTSOURCING Group's raining institution, the KEN School, for training and assignment of inexperienced staff made steady progress in the engineering field, also in the manufacturing field, various schemes in which the OUTSOURCING group takes risk, including PEO Scheme responding to needs 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), leading to raising contract unit prices with clients more than many competitors, progressed ahead of plan. Further, in overseas markets, in addition to transactions mainly with Japanese affiliate manufacturers, transactions with European and US multinational firms expanded by wide-ranging business approaches including BPO (Business Process Outsourcing) in Chile, manufacturing dispatching in Germany and agency payroll processing business in Asia, and stable outsourcing business for the privatized public work in Australia and Europe also made steady progress. Revenue was also boosted by respective foreign exchange rates in general seeing yen depreciation advance relative to assumptions at the time forecasts were made.

As a result of the points above, revenue exceeded initial forecasts for 58.6% up year-on-year, increasing by 71.4% year-on-year.

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

Regarding profit attributable to owners of the Company, while an adequate 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, tax was suppressed due to preferential tax treatment and other reasons from salary expansion, and profit attributable to owners of the Company also came in sharply above the initial forecast.

2. Regarding Dividend Payment from Retained Earnings

(1) Details of the Dividend

	Details of Resolution	Latest Dividend Forecasts* (Announced on February 14, 2017)	FY12/16 Dividend* (Actual)
Record Date	December 31, 2017	December 31, 2017	December 31, 2016
Dividend per Share	JPY19.00	JPY17.00	JPY8.40
Total Amount of Dividends	JPY1,937 million	-	JPY733 million

Dividend Payment Starting Date	March 29, 2018	-	March 30, 2017
Source of Dividends	Retained earnings	-	Retained earnings

*The Company implemented a five-for-one stock split on its common stock on October 1, 2017. DPS (Dividend Per Share) shown for FY12/16 actual results and for FY12/17 forecasts were retrospectively adjusted to reflect the share split.

(2) Reason for the Difference

Regarding distribution of profits, while reinvesting a portion of profits to expand the scope of business, based on a policy to enhance profit rebates to shareholders and expand the shareholder base, the Company aims in principle for a 30% consolidated dividend payout ratio.

Also, regarding retained earnings, the Company will endeavor to raise the corporate value by strengthening its financial position and appropriating it for effective investments in future business developments.

Based on this policy, the forecast for FY12/17 year-end dividend remained unchanged from the initial forecast until disclosed on November 1, 2017 was JPY17.00 per share. However, despite over 13% dilution from new shares issued during the period, basic earnings per share for the year were still strong enough to exceed the initial forecast and as a result of comprehensive consideration of the policy for making the consolidated dividend payout ratio 30% in principle and others, we decided to hike the amount by JPY2.00 to JPY19.00 per share.