December 14, 2016

To Whom It May Concern

Company Name: OUTSOURCING Inc.
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Notice Regarding Revision of Full-Year Financial Forecasts

OUTSOURCING Inc. hereby announces that the Board of Directors, at its meeting held on December 14, 2016, taking into consideration of recent financial result trends, resolved to revise the full-year financial forecasts for fiscal 2016 (the fiscal year beginning on January 1, 2016 and ending December 31, 2016) announced on April 28, 2016 as per the details below.

Particulars

●Revision of Financial Forecasts

Revision of Full-year FY12/16 Consolidated Financial Forecasts (January 1, 2016 – December 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Net Income Per Share
	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY	JPY
Previously Announced Forecasts (A)	134,000	5,400	5,100	2,400	137.87
Revised Forecasts (B)	132,500	3,700	3,300	350	20.04
Changed Amount (B – A)	-1,500	-1,700	-1,800	-2,050	
Changed Ratio (%)	-1.1	-31.5	-35.3	-85.4	
Reference: Actual Results for the Previous Fiscal Year (Fiscal 2015)	80,860	3,125	3,224	1,810	110.15

Reasons for Revision

For the cumulative fourth quarter of fiscal 2016 of the OS Group (hereinafter the "Group"), due to the stronger appreciation of the yen relative to foreign exchange rate assumptions made at the beginning of the fiscal year, conversion into yen resulted in a net sales decrease of JPY5,000 million. However, the Group's overall net sales are expected to increase to JPY132,500 million due to steady earnings growth of existing Group companies combined with earnings from a newly consolidated company acquired through M&A in this fourth quarter being added to Group results.

As for operating income, ordinary income and profit attributable to owners of parent, the situation is similar to net sales, with profits increasing due to steady earnings growth of existing Group companies and to earnings from a newly consolidated company acquired through M&A in this fourth quarter being added to Group results. Concurrently, however, conversion of results into yen has decreased operating income by nearly JPY200 million. Moreover, acquisition expenses have already reached JPY900 million as of the third quarter, which were included in goodwill until fiscal 2015 before revision of the accounting standard—consisting in part of advisory fees and due diligence expenses and, as announced in today's press release, "Notice Regarding Acquisition of Shares of Orizon Holding GmbH, Germany," the majority of the JPY900 million in acquisition-related expenses will be booked in this fourth quarter.

As a result, operating income is expected to be JPY3,700 million and, in addition to these aforementioned factors, ordinary income is expected to be JPY3,300 million due to JPY600 million in interest expense and fees associated with bank loans for M&A. Profit attributable to owners of parent is expected to be JPY350 million since it will be affected by these acquisition expenses (aside from financing expenses) which will be processed under consolidated accounting and cannot be included in tax.

It should be noted that Group growth in fiscal 2017 should be significant as one-time expenses related to the latest acquisition will be processed in fiscal 2016 and also because the estimated amortization of goodwill for this fiscal year of JPY2,700 million will no longer be amortized due to the Group's adoption of the International Financial Reporting Standards (IFRS).

※On Dividend Forecast
The financial forecasts for fiscal 2016 have been revised as outlined above; however, dividend forecast in the fiscal 2015 Financial Result (*Kessan Tanshin*) disclosed on February 12, 2016 remains unchanged due to favorable growth in performance except for the influence of one-time acquisition expense and foreign exchange.

Note: The numerical targets stated in this material have been developed based on 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.