



Summary of Financial Statements for the Fiscal Year Ended December 31, 2020 [IFRS] (Consolidated)

February 15, 2021

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Scheduled date of the general shareholders' meeting: March 25, 2021
 Scheduled date to commence dividend payments: March 26, 2021
 Annual statements filing date (as planned): March 26, 2021
 Supplemental material created for annual results: Yes
 Briefing held for annual results: Yes (for analysts and institutional investors)

(Figures less than one million yen are rounded)

1. Consolidated Financial Results for Fiscal Year 2020 (From January 1, 2020 to December 31, 2020)

a. Consolidated Financial Results

(% indicates change from the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020	366,711	1.5	14,337	(6.5)	9,143	(31.4)	4,088	(54.5)	3,324	(59.6)	5,188	(39.6)
FY2019	361,249	16.0	15,342	5.1	13,319	6.1	8,975	8.1	8,227	10.0	8,596	59.2

	Basic earnings per share		Diluted earnings per share		Ratio of profit to equity attributable to owners of the Company		Ratio of profit before tax to total assets		Ratio of operating profit to revenue	
	Yen		Yen		%		%		%	
FY2020	26.41		26.40		5.4		3.4		3.9	
FY2019	65.48		65.40		14.2		6.3		4.2	

(Reference) Equity in earnings (or losses) of affiliates: FY2020: 73 million yen FY2019: 60 million yen

(Notes) As the provisional accounting process related to business combination was finalized for the Second Quarter of the Fiscal Year Ending December 31, 2020, the condensed consolidated financial statements for FY2019 were retrospectively adjusted.

b. Consolidated Financial Positions

	Total assets		Total equity		Equity attributable to owners of the Company		Ratio of equity attributable to owners of the Company to total assets		Equity attributable to owners of the Company per share	
	Million yen		Million yen		Million yen		%		Yen	
FY2020	302,873		68,200		62,977		20.8		500.18	
FY2019	239,907		65,040		60,675		25.3		482.34	

(Notes) As the provisional accounting process related to business combination was finalized for the Second Quarter of the Fiscal Year Ending December 31, 2020, the condensed consolidated financial statements for FY2019 were retrospectively adjusted.

c. Consolidated Cash Flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at the end of year	
	Million yen		Million yen		Million yen		Million yen	
FY2020	22,498		(8,720)		26,905		81,720	
FY2019	22,560		(8,572)		(3,207)		40,246	

2. Dividends

	Annual cash dividends per share					Total dividends	Payout ratio (consolidated)	Ratio of total amount of dividends to equity attributable to owners of the Company (consolidated)
	Q1	Q2	Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2019	—	0.00	—	24.0	24.0	3,019	36.2	5.2
FY2020	—	0.00	—	10.00	10.00	1,259	37.9	2.0
FY2021 (Forecast)	—	0.00	—	31.00	31.00		30.5	

3. Forecast of Consolidated Financial Results for Fiscal Year 2021 (From January 1, 2021 to December 31, 2021)

(% indicates change from the corresponding period of the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half-year	240,000	39.0	7,900	142.8	6,950	248.2	4,200	454.5	3,500	461.2	27.79
Full-year	528,000	44.0	25,100	75.1	21,400	134.1	14,200	247.4	12,800	285.0	101.66

(Notes)

(1) Significant changes in subsidiaries during this period (changes in subsidiaries that cause changes in the scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS: No

(b) Changes in accounting policies other than IFRS requirements: Yes

(c) Changes in accounting estimates: No

(3) Number of shares issued and outstanding (common stock)

(a) Number of shares issued and outstanding at the end of year (including treasury stock)

(b) Number of treasury stock at the end of year

(c) Average number of shares issued and outstanding

FY2020	125,909,300	FY2019	125,793,200
FY2020	490	FY2019	490
FY2020	125,877,205	FY2019	125,633,377

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for Fiscal Year 2020 (From January 1, 2020 to December 31, 2020)

1. Non-Consolidated Financial Results

(% indicates change from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020	41,837	(6.4)	(3,375)	—	2,370	(47.3)	2,545	(36.0)
FY2019	44,719	8.0	(390)	—	4,497	642.7	3,975	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2020	20.21	20.21
FY2019	31.64	31.60

2. Non-Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020	163,694	56,671	34.6	450.10
FY2019	116,537	57,100	49.0	453.86

(Reference) Owner's equity: FY2020: 56,671 million yen FY2019: 57,093 million yen

<Reasons for differences between Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 and 2019>

In the fiscal year ended December 31, 2020, operating profit declined year-on-year due to a rapid increase of remote work in response to the spread of COVID-19 and SG&A expenses, including system and administration-related expenses.

Profits at Ordinary profit level and below decreased year-on-year, mainly due to a decrease in operating profit.

(Notes)

* This summary of financial statements is not subject to audit procedures by certified public accountants or an auditing firm.

* Statement regarding the proper use of financial forecasts and other special remarks

(Caution concerning forward-looking statements)

The forward-looking statements including financial forecasts in this summary are based on the information currently available to the Company and on assumptions believed to be reasonable by the management of the Company. These statements do not guarantee future performance of the Company, and various factors may cause the actual results to differ significantly from the forecasts.

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Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	40,246	81,720
Trade and other receivables	51,722	56,195
Inventories	1,608	1,750
Other financial assets	9,974	11,076
Other current assets	8,891	10,026
Total current assets	112,441	160,767
Non-current assets		
Property, plant, and equipment	9,421	10,815
Right-of-use assets	18,246	17,492
Goodwill	55,978	63,394
Intangible assets	20,846	20,743
Investments accounted for using equity method	2,178	2,231
Other financial assets	15,891	18,797
Other non-current assets	1,076	3,747
Deferred tax assets	3,830	4,887
Total non-current assets	127,466	142,106
Total assets	239,907	302,873

	As of December 31, 2019	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	35,033	41,308
Bonds and borrowings	20,146	68,050
Lease liabilities	15,577	16,791
Other financial liabilities	2,978	4,607
Income taxes payable	3,922	4,360
Other current liabilities	12,536	16,832
Total current liabilities	90,192	151,948
Non-current liabilities		
Bonds and borrowings	47,664	43,213
Lease liabilities	20,120	20,556
Other financial liabilities	6,806	5,530
Retirement benefit liability	2,097	5,403
Provisions	1,093	1,113
Other non-current liabilities	272	581
Deferred tax liabilities	6,623	6,329
Total non-current liabilities	84,675	82,725
Total liabilities	174,867	234,673
Equity		
Share capital	25,187	25,214
Capital surplus	26,620	26,647
Treasury shares	(0)	(0)
Other capital surplus	(14,056)	(13,456)
Other components of equity	(2,635)	(1,205)
Retained earnings	25,559	25,777
Total equity attributable to owners of the Company	60,675	62,977
Non-controlling interests	4,365	5,223
Total equity	65,040	68,200
Total liabilities and equity	239,907	302,873

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal Year 2019 (From January 1, 2019 to December 31, 2019)	Fiscal Year 2020 (From January 1, 2020 to December 31, 2020)
Revenue	361,249	366,711
Cost of sales	(290,465)	(295,582)
Gross profit	70,784	71,129
Selling, general and administrative expenses	(58,866)	(60,863)
Other operating income	4,587	5,229
Other operating expenses	(1,163)	(1,158)
Operating profit	15,342	14,337
Finance income	697	865
Finance costs	(2,780)	(6,132)
Share of profit (loss) of investments accounted for using equity method	60	73
Profit before tax	13,319	9,143
Income tax expense	(4,344)	(5,055)
Profit for the year	<u>8,975</u>	<u>4,088</u>
Profit attributable to:		
Owners of the Company	8,227	3,324
Non-controlling interests	<u>748</u>	<u>764</u>
Profit for the year	<u>8,975</u>	<u>4,088</u>
Earnings per share		
Basic earnings per share (Yen)	65.48	26.41
Diluted earnings per share (Yen)	65.40	26.40

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	For the Year ended December 31, 2019	For the Year ended December 31, 2020
Cash flows from operating activities		
Profit before tax	13,319	9,143
Depreciation and amortization	10,921	12,231
Impairment losses	381	548
Increase (decrease) in provisions and retirement benefit liabilities	174	651
Finance income	(697)	(865)
Finance costs	2,780	6,132
Investment gain (increase) on equity method	(60)	(73)
Decrease (increase) in inventories	(83)	(82)
Decrease (increase) in trade and other receivables	(1,410)	(1,677)
Increase in trade and other payables	2,601	2,187
Increase in accrued consumption taxes	1,328	1,526
Other	(1,309)	(717)
Subtotal	27,945	29,004
Interest and dividends received	180	91
Interest paid	(1,527)	(1,537)
Income taxes paid	(5,409)	(6,408)
Income tax refunded	1,371	1,348
Net cash provided by operating activities	22,560	22,498
Cash flows from investing activities		
Payments into time deposits	(3,125)	(566)
Proceeds from withdrawal of time deposits	4,115	855
Purchase of other financial assets	(2,507)	—
Proceeds from redemption upon maturity of other financial assets	5,068	—
Payments of deposit	—	(257)
Purchase of property, plant and equipment	(2,131)	(1,905)
Purchase of intangible assets	(885)	(1,029)
Proceeds from sale of property, plant and equipment	4	16
Purchase of investments	(488)	(859)
Proceeds from sale of investments	59	—
Payments for acquisition of businesses	(6,344)	(5,962)
Proceeds from acquisition of businesses	240	—
Purchase of investments accounted for using the equity method	(2,118)	—
Payments for loans receivable	(393)	(4)
Collection of loans receivable	35	1,078
Payments for leasehold deposits and guarantees	(1,149)	(562)
Proceeds from collection of leasehold deposits and guarantees	709	445
Purchase of insurance funds	(1)	(2)
Proceeds from cancellation of insurance funds	338	—
Other	1	32
Net cash used in investing activities	(8,572)	(8,720)

(Millions of yen)

	For the Year ended December 31, 2019	For the Year ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,648	40,119
Proceeds from long-term borrowings	30,084	13,334
Repayments of long-term borrowings	(19,008)	(12,080)
Issuance of bonds	—	(15)
Repayments of lease liabilities	(8,170)	(7,706)
Proceeds from issuance of shares	128	55
Dividends paid	(2,636)	(3,019)
Transactions with non-controlling interests	(4,461)	(3,202)
Dividends paid to non-controlling interests	(744)	(487)
Other	(48)	(94)
Net cash provided by (used in) financing activities	(3,207)	26,905
Effect of exchange rate changes on cash and cash equivalents	14	791
Net increase in cash and cash equivalents	10,795	41,474
Cash and cash equivalents at beginning of year	29,451	40,246
Cash and cash equivalents at end of year	40,246	81,720

(4) Notes to Condensed Consolidated Financial Statements

[Segment Information] Segment Revenues and Results

Revenues and results by reportable segment are as noted below. Segment profit figures are based on operating profits.

[Fiscal Year 2019 (From January 1, 2019 to December 31, 2019)]

	Reportable segment					Total
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue						
Revenue from external customers	91,367	70,530	20,569	43,866	134,208	360,540
Intersegment revenue (Note 3)	1,823	1,296	89	147	1,619	4,974
Total	93,190	71,826	20,658	44,013	135,827	365,514
Cost of sales and other income (expenses)	(86,197)	(64,472)	(18,502)	(41,668)	(133,314)	(344,153)
Segment profit (Operating profit)	6,993	7,354	2,156	2,345	2,513	21,361
(Reconciling items)						
Finance income	—	—	—	—	—	—
Finance costs	—	—	—	—	—	—
Investment gain on equity method	—	—	—	—	—	—
Profit before tax	—	—	—	—	—	—
Income tax expense	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—
Segment assets	61,356	143,755	14,053	31,989	83,234	334,387
Capital expenditures	701	1,039	64	174	1,009	2,987
Depreciation and amortization	2,008	2,049	483	1,004	5,201	10,745
Impairment Losses	—	—	—	162	219	381
	Other Businesses (Note 1)	Total	Adjustments (Note 2)	Consolidated		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Revenue						
Revenue from external customers	709	361,249	—	361,249		
Intersegment revenue (Note 3)	892	5,866	(5,866)	—		
Total	1,601	367,115	(5,866)	361,249		
Cost of sales and other income (expenses)	(1,513)	(345,666)	(241)	(345,907)		
Segment profit (Operating profit)	88	21,449	(6,107)	15,342		
(Reconciling items)						
Finance income	—	—	—	697		
Finance costs	—	—	—	(2,780)		
Investment gain on equity method	—	—	—	60		
Profit before tax	—	—	—	13,319		
Income tax expense	—	—	—	(4,344)		
Profit for the year	—	—	—	8,975		
Segment assets	842	335,229	(95,322)	239,907		
Capital expenditures	29	3,016	—	3,016		
Depreciation and amortization	176	10,921	—	10,921		
Impairment Losses	—	381	—	381		

(Note 1) The category “other business” is an operating segment not included in reportable segments that is engaged in development, manufacturing and sale of products, administrative outsourcing service business, etc. at subsidiaries of the Company.

(Note 2) The adjustment of segment profit of ¥(6,107) million includes acquisition-related costs related to business combinations of ¥(295) million, corporate expenses of ¥(5,929) million, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions.

The adjustment of segment assets of ¥(95,322) million is mainly related to shares of subsidiaries and associates held by the Group.

(Note 3) Intersegment revenues are based on prevailing market prices.

[Fiscal Year 2020 (From January 1, 2020 to December 31, 2020)]

	Reportable segment					Total
	Domestic Engineering Outsourcing Business	Domestic Manufacturing Outsourcing Business	Domestic Service Operations Outsourcing Business	Overseas Engineering Outsourcing Business	Overseas Manufacturing and Service Operations Outsourcing Business	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue						
Revenue from external customers	103,840	64,711	24,795	39,460	133,818	366,624
Intersegment revenue (Note 3)	2,576	1,223	276	155	1,554	5,784
Total	106,416	65,934	25,071	39,615	135,372	372,408
Cost of sales and other income (expenses)	(97,887)	(59,971)	(22,214)	(38,626)	(132,538)	(351,236)
Segment profit (Operating profit)	8,529	5,963	2,857	989	2,834	21,172
(Reconciling items)						
Finance income	—	—	—	—	—	—
Finance costs	—	—	—	—	—	—
Investment gain on equity method	—	—	—	—	—	—
Profit before tax	—	—	—	—	—	—
Income tax expense	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—
Segment assets	67,372	201,532	18,338	86,874	105,013	479,129
Capital expenditures	813	684	45	227	1,081	2,850
Depreciation and amortization	2,647	2,390	487	1,471	5,222	12,217
Impairment Losses	—	—	—	—	548	548

	Other Businesses (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue				
Revenue from external customers	87	366,711	—	366,711
Intersegment revenue (Note 3)	1,374	7,158	(7,158)	—
Total	1,461	373,869	(7,158)	366,711
Cost of sales and other income (expenses)	(1,271)	(352,507)	133	(352,374)
Segment profit (Operating profit)	190	21,362	(7,025)	14,337
(Reconciling items)				
Finance income	—	—	—	865
Finance costs	—	—	—	(6,132)
Investment gain on equity method	—	—	—	73
Profit before tax	—	—	—	9,143
Income tax expense	—	—	—	(5,055)
Profit for the year	—	—	—	4,088
Segment assets	785	479,914	(177,041)	302,873
Capital expenditures	84	2,934	—	2,934
Depreciation and amortization	14	12,231	—	12,231
Impairment losses	—	548	—	548

(Note 1) The category “other business” is an operating segment not included in reportable segments that is engaged in administrative outsourcing service business and the like at subsidiaries of the Company.

(Note 2) The adjustment of segment profit of ¥(7,025) million includes acquisition-related costs related to business combinations of ¥(454) million, corporate expenses of ¥(6,603) million, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions.

The adjustment of segment assets of ¥(177,041) million is mainly related to shares of subsidiaries and associates held by the Group.

(Note 3) Intersegment revenues are based on prevailing market prices.