



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

July 31, 2020

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Securities code: 2427
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Stock exchange listing: Tokyo 1st Section
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Quarterly statements filing date (as planned): August 12, 2020
Scheduled date to commence dividend payments: —
Supplemental material created for quarterly results: Yes
Briefing held for quarterly results: Yes (for analysts and institutional investors)

(Figures less than one million yen are rounded)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year 2020 (From January 1, 2020 to June 30, 2020)

a. Consolidated Financial Results (Cumulative) (% indicates change from the corresponding quarter of the previous year)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the Company		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020 Q2	172,628	(2.8)	3,305	(40.3)	2,046	(39.2)	798	(55.6)	664	(51.7)	(1,906)	—
FY2019 Q2	177,585	27.7	5,536	15.2	3,365	(11.1)	1,799	(24.7)	1,376	(32.2)	262	(40.3)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 Q2	5.27	5.27
FY2019 Q2	10.95	10.93

(Notes) As the provisional accounting related to business combinations was finalized in FY2019 Q3 and FY2020 Q2, the condensed consolidated financial statements for FY2019 Q2 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 Q2	234,445	60,110	56,228	24.0	446.57
FY2019	239,907	65,040	60,675	25.3	482.34

(Notes) As the provisional accounting related to business combinations was finalized in FY2020 Q2, the condensed consolidated financial statements for FY2019 Q2 were retrospectively adjusted.

2. Dividends

	Annual cash dividends per share				
	Q1	Q2	Q3	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	—	0.00	—	24.00	24.00
FY2020	—	0.00	—	—	—
FY2020 (Forecast)	—	—	—	8.00	8.00

(Notes) Correction of dividend forecast from the most recent dividend forecast: No

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

(% 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
Full-year	365,000	1.0	10,000	(34.8)	6,800	(48.9)	3,600	(59.9)	3,000	(63.5)	23.83

(Notes) Correction of financial forecast from the most recent financial forecast: No

(Notes)

(1) Significant changes in subsidiaries during this period (changes in specified 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 issued shares (common stock)

(a) Number of issued shares at the end of period
(including treasury stock)

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

(c) Average number of issued shares (cumulative up
through the period)

FY2020 Q2	125,909,300	FY2019	125,793,200
FY2020 Q2	490	FY2019	490
FY2020 Q2	125,845,253	FY2019 Q2	125,566,972

(Notes)

* This summary of quarterly financial statements is not subject to quarterly review 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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Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	40,246	35,018
Trade and other receivables	51,722	50,258
Inventories	1,608	1,826
Other financial assets	9,974	10,451
Other current assets	8,891	9,140
Total current assets	112,441	106,693
Non-current assets		
Property, plant, and equipment	9,421	9,689
Right-of-use assets	18,246	16,981
Goodwill	55,978	56,381
Intangible assets	20,846	19,082
Investments accounted for using equity method	2,178	2,113
Other financial assets	15,891	17,514
Other non-current assets	1,076	1,837
Deferred tax assets	3,830	4,155
Total non-current assets	127,466	127,752
Total assets	239,907	234,445

(Millions of yen)

	As of December 31, 2019	As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	35,033	35,443
Bonds and borrowings	20,146	36,044
Lease liabilities	15,577	15,600
Other financial liabilities	2,978	2,127
Income taxes payable	3,922	2,393
Other current liabilities	12,536	13,269
Total current liabilities	90,192	104,876
Non-current liabilities		
Bonds and borrowings	47,664	35,355
Lease liabilities	20,120	19,590
Other financial liabilities	6,806	4,150
Retirement benefit liability	2,097	2,984
Provisions	1,093	981
Other non-current liabilities	272	366
Deferred tax liabilities	6,623	6,033
Total non-current liabilities	84,675	69,459
Total liabilities	174,867	174,335
Equity		
Share capital	25,187	25,214
Capital surplus	26,620	26,647
Treasury shares	(0)	(0)
Other capital surplus	(14,056)	(13,791)
Other components of equity	(2,635)	(5,232)
Retained earnings	25,559	23,390
Total equity attributable to owners of the Company	60,675	56,228
Non-controlling interests	4,365	3,882
Total equity	65,040	60,110
Total liabilities and equity	239,907	234,445

(2) Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	For the First Half of Fiscal Year 2019 (From January 1, 2019 to June 30, 2019)	For the First Half of Fiscal Year 2020 (From January 1, 2020 to June 30, 2020)
Revenue	177,585	172,628
Cost of sales	(144,732)	(141,528)
Gross profit	32,853	31,100
Selling, general and administrative expenses	(29,230)	(29,474)
Other operating income	2,089	2,234
Other operating expenses	(176)	(555)
Operating profit	5,536	3,305
Finance income	52	606
Finance costs	(2,223)	(1,861)
Share of profit (loss) of investments accounted for using equity method	—	(4)
Profit before tax	3,365	2,046
Income tax expense	(1,566)	(1,248)
Profit for the period	1,799	798
Profit attributable to:		
Owners of the Company	1,376	664
Non-controlling interests	423	134
Profit for the period	1,799	798
Earnings per share		
Basic earnings per share (Yen)	10.95	5.27
Diluted earnings per share (Yen)	10.93	5.27

(3) 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.

[For the First Half of Fiscal Year 2019 (From January 1, 2019 to June 30, 2019)]

	Reportable segment						Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated
	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				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue										
Revenue from external customers	42,834	35,503	10,157	21,925	66,848	177,267	318	177,585	—	177,585
Intersegment revenue (Note 3)	893	596	32	58	721	2,300	413	2,713	(2,713)	—
Total	43,727	36,099	10,189	21,983	67,569	179,567	731	180,298	(2,713)	177,585
Cost of sales and other income (expenses)	(41,353)	(33,092)	(9,146)	(20,866)	(66,260)	(170,717)	(685)	(171,402)	(647)	(172,049)
Segment profit (Operating profit)	2,374	3,007	1,043	1,117	1,309	8,850	46	8,896	(3,360)	5,536
(Reconciling items)										
Finance income	—	—	—	—	—	—	—	—	—	52
Finance costs	—	—	—	—	—	—	—	—	—	(2,223)
Profit before tax	—	—	—	—	—	—	—	—	—	3,365

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

(Note 2) The adjustment of segment profit of ¥(3,360) million includes acquisition-related cost related to business combinations of ¥(250) million, corporate expenses of ¥(2,928) million, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions.

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

[For the First Half of Fiscal Year 2020 (From January 1, 2020 to June 30, 2020)]

	Reportable segment						Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated
	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				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue										
Revenue from external customers	50,404	30,408	11,854	18,270	61,636	172,572	56	172,628	—	172,628
Intersegment revenue (Note 3)	1,340	449	130	49	783	2,751	672	3,423	(3,423)	—
Total	51,744	30,857	11,984	18,319	62,419	175,323	728	176,051	(3,423)	172,628
Cost of sales and other income (expenses)	(49,030)	(28,299)	(10,718)	(18,161)	(62,676)	(168,884)	(671)	(169,555)	232	(169,323)
Segment profit (Operating profit)	2,714	2,558	1,266	158	(257)	6,439	57	6,496	(3,191)	3,305
(Reconciling items)										
Finance income	—	—	—	—	—	—	—	—	—	606
Finance costs	—	—	—	—	—	—	—	—	—	(1,861)
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—	(4)
Profit before tax	—	—	—	—	—	—	—	—	—	2,046

- (Note 1) The category “other business” is an operating segment not included in reportable segments and is engaged in administrative outsourcing service business and the like at subsidiaries of the Company.
- (Note 2) The adjustment of segment profit of ¥(3,191) million includes acquisition-related cost related to business combinations of ¥(72) million, corporate expenses of ¥(3,128) million, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions.
- (Note 3) Intersegment revenues are based on prevailing market prices.