



November 5, 2020

To Whom It May Concern

Company Name: OUTSOURCING Inc.
 Representative: Haruhiko Doi
 Chairman and CEO
 (First Section of TSE, Securities Code 2427)
 Contact: Kazuhiko Suzuki
 Executive Vice President and
 Executive General Manager
 in Charge of Business
 Management Division
 Phone: +81-3-3286-4888

Notice Regarding Revision of Consolidated Financial Forecasts and Dividend Forecast

Based on recent earning trends, OUTSOURCING Inc. (hereinafter, the “Company”) hereby announces a revision of consolidated financial forecasts and dividend forecast for FY12/20 (January 1, 2020 – December 31, 2020) announced on May 14, 2020, with the details below.

1. Revision of full-year consolidated financial forecasts for FY12/20

(1) Revision of full-year consolidated financial forecasts for FY12/20 (January 1, 2020 - December 30, 2020)

	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 May 14, 2020)	365,000	10,000	6,800	3,600	3,000	23.83
Revised forecasts (B)	365,000	13,750	9,250	4,700	3,850	30.57
Differences (B-A)	0	3,750	2,450	1,100	850	
Percentage changes (%)	—	37.5	36.0	30.6	28.3	
(Reference) Results for the previous fiscal year (FY12/19)	361,249	15,342	13,319	8,975	8,227	65.48

(Note) As the provisional accounting of the business combinations was finalized, the condensed consolidated financial statement for FY12/19 was retroactively adjusted.

(2) Reasons for the revision

Regarding the consolidated financial forecasts for the current fiscal year, due to the global spread of COVID-19, measures such as immigration bans, travel restrictions, and lockdowns (city-wide shutdowns) were implemented in various countries around the world, and corporate business activities stagnated. On May 14, 2020, when the outlook was difficult to forecast, the Company announced revised forecasts from the initial forecasts.

After that, the spread of infections in some countries began to settle down earlier than the Company had initially expected, and signs began to show that the economy was bottoming out. While some countries have once again begun to implement restriction measures due to a new wave of infections, these countermeasures have improved since the initial wave of infections in March. Although there are differences in recovery depending on the industry sector and region, a gradual turn around recovery is emerging.

The OUTSOURCING Group was also affected by the effect of curtailment of production activities and restrictions on travel; however, with the exception of certain businesses, earnings are recovering at a pace faster than expected when the previous forecasts were announced. This is an upward revision of profits at every level for the full year consolidated financial forecasts.

Revenue has generally been firm due to the economic recovery, and there aren't any changes from the previous full-year forecast.

Operating profit is expected to significantly exceed the previous forecast as a result of the efforts by the Group companies to curb SG&A expenses in response to the severe environment.

Profit before tax, profit for the period, and profit attributable to owners of the Company are also expected to significantly exceed the previous forecasts, mainly due to higher than expected operating profit compared to the previous forecast.

2. Revision of dividend forecast

(1) Details of the revision

	Annual cash dividends per share				
	1Q	2Q	3Q	Year-end	Total
Previous forecast (Announced on May 14, 2020)	JPY —	JPY 0.00	JPY —	JPY 8.00	JPY 8.00
Revised forecast	—	—	—	10.00	10.00
Dividends paid in the current fiscal year	—	0.00	—		
Dividends paid in the previous fiscal year (FY12/19)	—	0.00	—	24.00	24.00

(2) Reasons for the revision

The Company is aware that returning profits to shareholders is an important management priority. Therefore, while reinvesting a portion of profits toward future business growth, we maintain a consolidated payout ratio at 30% in principle, in order to enhance the return of profits to shareholders and expand the shareholder base.

Regarding the year-end dividend forecast for FY12/20, the previously announced forecast (May 14, 2020) was set at ¥8 per share, maintaining the payout ratio at 30%, with the expectation of a certain level of recovery next fiscal year. However, as described in the financial forecasts revision above, profits are now expected to exceed the previous forecast; therefore, the Company hikes the forecast dividend by ¥2 to ¥10 per share, maintaining the payout ratio at 30%.

(Disclaimer with respect to outlook)

The forward-looking statements including financial outlook contained in this document are based on information currently available to the Company, and certain assumptions that the Company believes are reasonable. Accordingly, the Company can give no assurance that such statements will prove to be correct. Actual results may differ due to a variety of factors.