



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

November 5, 2020

Company name: OUTSOURCING Inc.
Securities code: 2427
Representative: Haruhiko Doi, Chairman and CEO
Contact: Kazuhiko Suzuki, Executive Vice President and Executive General Manager in Charge of Business
Management Division
TEL +81-3-3286-4888

Stock exchange listing: Tokyo 1st Section
URL <https://www.outsourcing.co.jp/en/>

Quarterly statements filing date (as planned): November 13, 2020
Scheduled date to commence dividend payments: —
Supplemental material created for quarterly results: Yes
Briefing held for quarterly results: No

(Figures less than one million yen are rounded)

1. Consolidated Financial Results for the Third Quarter of Fiscal Year 2020 (From January 1, 2020 to September 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 Q3	262,583	(1.8)	8,364	(16.3)	5,764	(16.5)	3,112	(19.0)	2,819	(15.2)	1,750	72.1
FY2019 Q3	267,494	21.0	9,998	11.0	6,901	(11.6)	3,841	(18.4)	3,325	(17.6)	1,017	(72.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 Q3	22.40	22.39
FY2019 Q3	26.47	26.43

(Notes) As the provisional accounting process related to business combinations was finalized in FY2020 Q2, the condensed consolidated financial statements for FY2019 Q3 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 Q3	240,821	63,637	59,762	24.8	474.64
FY2019	239,907	65,040	60,675	25.3	482.34

(Notes) As the provisional accounting process related to business combinations was finalized in FY2020 Q2, the condensed consolidated financial statements for FY2019 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)	—	—	—	10.00	10.00

(Notes) Correction of dividend forecast from the most recent dividend forecast: Yes

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	13,750	(10.4)	9,250	(30.5)	4,700	(47.6)	3,850	(53.2)	30.57

(Notes) Correction of financial forecast from the most recent financial forecast: Yes

(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 (a): 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 Q3	125,909,300	FY2019	125,793,200
FY2020 Q3	490	FY2019	490
FY2020 Q3	125,866,593	FY2019 Q3	125,601,111

(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 Company management. 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 September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	40,246	36,175
Trade and other receivables	51,722	51,867
Inventories	1,608	2,098
Other financial assets	9,974	10,397
Other current assets	8,891	10,212
Total current assets	112,441	110,749
Non-current assets		
Property, plant, and equipment	9,421	9,810
Right-of-use assets	18,246	17,475
Goodwill	55,978	57,272
Intangible assets	20,846	19,070
Investments accounted for using equity method	2,178	2,146
Other financial assets	15,891	17,462
Other non-current assets	1,076	2,068
Deferred tax assets	3,830	4,769
Total non-current assets	127,466	130,072
Total assets	239,907	240,821

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	35,033	36,666
Bonds and borrowings	20,146	38,630
Lease liabilities	15,577	17,513
Other financial liabilities	2,978	3,226
Income taxes payable	3,922	2,328
Other current liabilities	12,536	14,489
Total current liabilities	90,192	112,852
Non-current liabilities		
Bonds and borrowings	47,664	31,530
Lease liabilities	20,120	17,797
Other financial liabilities	6,806	4,325
Retirement benefit liability	2,097	3,192
Provisions	1,093	1,035
Other non-current liabilities	272	359
Deferred tax liabilities	6,623	6,094
Total non-current liabilities	84,675	64,332
Total liabilities	174,867	177,184
Equity		
Share capital	25,187	25,214
Capital surplus	26,620	26,647
Treasury shares	(0)	(0)
Other capital surplus	(14,056)	(13,681)
Other components of equity	(2,635)	(3,934)
Retained earnings	25,559	25,516
Total equity attributable to owners of the Company	60,675	59,762
Non-controlling interests	4,365	3,875
Total equity	65,040	63,637
Total liabilities and equity	239,907	240,821

(2) Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	For the First Nine Months of Fiscal Year 2019 (From January 1, 2019 to September 30, 2019)	For the First Nine Months of Fiscal Year 2020 (From January 1, 2020 to September 30, 2020)
Revenue	267,494	262,583
Cost of sales	(216,627)	(212,818)
Gross profit	50,867	49,765
Selling, general and administrative expenses	(43,898)	(44,227)
Other operating income	3,416	3,547
Other operating expenses	(387)	(721)
Operating profit	9,998	8,364
Finance income	158	62
Finance costs	(3,286)	(2,691)
Share of profit (loss) of investments accounted for using equity method	31	29
Profit before tax	6,901	5,764
Income tax expense	(3,060)	(2,652)
Profit for the period	3,841	3,112
Profit attributable to:		
Owners of the Company	3,325	2,819
Non-controlling interests	516	293
Profit for the period	3,841	3,112
Earnings per share		
Basic earnings per share (Yen)	26.47	22.40
Diluted earnings per share (Yen)	26.43	22.39

(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 Nine Months of Fiscal Year 2019 (From January 1, 2019 to September 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	66,699	53,106	14,633	33,018	99,590	267,046	448	267,494	—	267,494
Intersegment revenue (Note 3)	1,344	860	44	80	1,192	3,520	639	4,159	(4,159)	—
Total	68,043	53,966	14,677	33,098	100,782	270,566	1,087	271,653	(4,159)	267,494
Cost of sales and other income (expenses)	(63,608)	(49,304)	(13,183)	(30,920)	(98,926)	(255,941)	(1,020)	(256,961)	(535)	(257,496)
Segment profit (Operating profit) (Reconciling items)	4,435	4,662	1,494	2,178	1,856	14,625	67	14,692	(4,694)	9,998
Finance income	—	—	—	—	—	—	—	—	—	158
Finance costs	—	—	—	—	—	—	—	—	—	(3,286)
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—	31
Profit before tax	—	—	—	—	—	—	—	—	—	6,901

(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 ¥(4,694) million includes acquisition-related costs related to business combinations of ¥(252) million, corporate expenses of ¥(4,297) 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 Nine Months of Fiscal Year 2020 (From January 1, 2020 to September 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	76,004	45,031	17,976	28,436	95,069	262,516	67	262,583	—	262,583
Intersegment revenue (Note 3)	1,932	690	210	75	1,106	4,013	1,017	5,030	(5,030)	—
Total	77,936	45,721	18,186	28,511	96,175	266,529	1,084	267,613	(5,030)	262,583
Cost of sales and other income (expenses)	(72,315)	(41,948)	(16,207)	(28,069)	(94,878)	(253,417)	(915)	(254,332)	113	(254,219)
Segment profit (Operating profit) (Reconciling items)	5,621	3,773	1,979	442	1,297	13,112	169	13,281	(4,917)	8,364
Finance income	—	—	—	—	—	—	—	—	—	62
Finance costs	—	—	—	—	—	—	—	—	—	(2,691)
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	—	—	—	—	—	29
Profit before tax	—	—	—	—	—	—	—	—	—	5,764

- (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 ¥(4,917) million includes acquisition-related costs related to business combinations of ¥(73) million, corporate expenses of ¥(4,828) 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.