

Disclaimer: This document is a partial translation of the Japanese original and does not constitute any guarantee, and the Company will not compensate for any loss or damage resulting from actions taken based on this document. If there is any discrepancy between the Japanese original and this document, the Japanese original prevails.



## Summary of Financial Statements for the Fiscal Year Ended December 31, 2021 [IFRS] (Consolidated)

February 18, 2022

Company name: OUTSOURCING Inc. Stock exchange listing: Tokyo 1st Section  
 Securities code: 2427 URL <https://www.outsourcing.co.jp/en/>  
 Representative: Haruhiko Doi, Chairman and CEO  
 Contact: Masashi Umehara, Managing Executive Officer and Head of Corporate Management Division  
 TEL +81-3-3286-4888

Scheduled date of the general shareholders' meeting: March 29, 2022  
 Scheduled date to commence dividend payments: March 30, 2022  
 Annual statements filing date (as planned): March 30, 2022  
 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 2021 (From January 1, 2021 to December 31, 2021)

#### 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	%
FY2021	569,325	55.9	24,186	82.1	12,003	55.1	2,204	(17.3)	832	(56.5)	7,578	99.9
FY2020	365,135	1.2	13,282	(3.7)	7,741	(35.3)	2,667	(67.0)	1,910	(73.9)	3,791	(50.7)

	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	%	%	%
FY2021	6.60	6.60	1.3	3.7	4.2
FY2020	15.17	15.17	3.2	2.9	3.6

(Reference) Equity in earnings (or losses) of affiliates: FY2021: 97 million yen FY2020: 73 million yen

(Notes) As the provisional accounting process related to business combination was finalized in FY2021 Q3 and Q4, 2021, the consolidated financial statements for FY2020 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
FY2021	350,934	72,464	65,957	18.8	523.77
FY2020	302,901	66,446	60,448	20.0	480.09

(Notes) As the provisional accounting process related to business combination was finalized in FY2021 Q3 and Q4, 2021, the consolidated financial statements for FY2020 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
FY2021	28,872	(38,373)	(25,985)	48,334
FY2020	22,498	(8,720)	26,905	81,720

### 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	%	%
FY2020	—	0.00	—	10.00	10.00	1,259	65.0	2.1
FY2021	—	0.00	—	31.00	31.00	3,904	469.7	6.2
FY2022 (Forecast)	—	0.00	—	45.00	45.00		30.6	

### 3. Forecast of Consolidated Financial Results for Fiscal Year 2022 (From January 1, 2022 to December 31, 2022)

(% 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	%	
Half-year	323,000	22.1	10,500	(9.7)	9,300	(14.9)	5,600	(13.7)	5,200	(8.2)	41.30
Full-year	695,000	22.1	32,000	32.3	29,600	146.6	19,300	775.5	18,500	—	146.93

(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: Yes

(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

FY2021	125,926,800	FY2020	125,909,300
FY2021	490	FY2020	490
FY2021	125,919,933	FY2020	125,877,205

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for Fiscal Year 2021 (From January 1, 2021 to December 31, 2021)

#### 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	%
FY2021	48,489	16.6	(3,093)	—	3,447	40.6	2,798	6.3
FY2020	41,599	(6.5)	(3,292)	—	2,452	(40.1)	2,634	(26.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2021	22.22	—
FY2020	20.92	20.92

#### 2. Non-Consolidated Financial Positions

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	178,093	58,247	32.7	462.54
FY2020	163,493	56,361	34.5	447.63

(Reference) Owner's equity: FY2021: 58,247 million yen FY2020: 56,361 million yen

<Reasons for differences between Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 and 2020>

In the fiscal year ended December 2021, as the serious environment in business sentiment caused by COVID-19 has been recovering, net sales increased from the previous year, due to a recovery trend in major clients such as leading manufacturers. As a result, each operating profit increased compared to the previous fiscal year.

(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.

## Table of Contents for Appendix

Consolidated Financial Statements	2
(1) Consolidated Statement of Financial Position	2
(2) Consolidated Statement of Profit or Loss	4
(3) Consolidated Statement of Cash Flows	5
(4) Notes to Consolidated Financial Statements	7
[Segment Information]	7

Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	81,720	48,334
Trade and other receivables	55,905	88,061
Inventories	1,743	2,658
Other financial assets	11,076	14,652
Other current assets	9,845	13,493
Total current assets	160,289	167,198
Non-current assets		
Property, plant, and equipment	9,732	11,611
Right-of-use assets	17,491	21,362
Goodwill	60,886	86,262
Intangible assets	24,634	35,481
Investments accounted for using equity method	2,231	221
Other financial assets	18,781	21,508
Other non-current assets	3,747	1,849
Deferred tax assets	5,111	5,442
Total non-current assets	142,613	183,736
Total assets	302,901	350,934

	As of December 31, 2020	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	41,365	62,398
Bonds and borrowings	68,050	88,396
Lease liabilities	16,791	20,395
Other financial liabilities	4,607	9,383
Income taxes payable	4,258	4,654
Other current liabilities	16,899	27,286
Total current liabilities	151,970	212,512
Non-current liabilities		
Bonds and borrowings	43,213	15,645
Lease liabilities	20,556	27,157
Other financial liabilities	5,845	8,321
Retirement benefit liability	5,403	3,309
Provisions	1,113	1,212
Other non-current liabilities	581	735
Deferred tax liabilities	7,775	9,579
Total non-current liabilities	84,486	65,959
Total liabilities	236,456	278,471
Equity		
Share capital	25,214	25,230
Capital surplus	26,647	26,663
Treasury shares	(0)	(0)
Other capital surplus	(13,456)	(12,887)
Other components of equity	(1,187)	4,018
Retained earnings	23,229	22,934
Total equity attributable to owners of the Company	60,448	65,957
Non-controlling interests	5,998	6,507
Total equity	66,446	72,464
Total liabilities and equity	302,901	350,934

## (2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal Year 2020 (From January 1, 2020 to December 31, 2020)	Fiscal Year 2021 (From January 1, 2021 to December 31, 2021)
Revenue	365,135	569,325
Cost of sales	(294,761)	(462,236)
Gross profit	70,374	107,088
Selling, general and administrative expenses	(60,437)	(87,861)
Other operating income	5,229	7,817
Other operating expenses	(1,884)	(2,857)
Operating profit	13,282	24,186
Finance income	865	1,370
Finance costs	(6,479)	(13,650)
Share of profit (loss) of investments accounted for using equity method	73	97
Profit before tax	7,741	12,003
Income tax expense	(5,074)	(9,799)
Profit for the year	<u>2,667</u>	<u>2,204</u>
Profit attributable to:		
Owners of the Company	1,910	832
Non-controlling interests	756	1,373
Profit for the year	<u>2,667</u>	<u>2,204</u>
Earnings per share		
Basic earnings per share (Yen)	15.17	6.60
Diluted earnings per share (Yen)	15.17	6.60

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

	For the Year ended December 31, 2020	For the Year ended December 31, 2021
<b>Cash flows from operating activities</b>		
Profit before tax	7,741	12,003
Depreciation and amortization	12,266	15,158
Impairment losses	1,235	1,371
Increase (decrease) in provisions and retirement benefit liabilities	651	(388)
Finance income	(865)	(1,370)
Finance costs	6,479	13,650
Investment gain (increase) on equity method	(73)	(97)
Decrease (increase) in inventories	(135)	(881)
Decrease (increase) in trade and other receivables	(102)	(10,751)
Increase in trade and other payables	1,997	10,069
Increase in accrued consumption taxes	1,518	926
Other	(1,708)	(1,041)
Subtotal	29,004	38,648
Interest and dividends received	91	106
Interest paid	(1,537)	(2,183)
Income taxes paid	(6,408)	(8,695)
Income tax refunded	1,348	995
Net cash provided by operating activities	22,498	28,872
<b>Cash flows from investing activities</b>		
Payments into time deposits	(566)	(703)
Proceeds from withdrawal of time deposits	855	527
Payments of deposit	(257)	—
Purchase of property, plant and equipment	(1,905)	(2,778)
Purchase of intangible assets	(1,029)	(991)
Proceeds from sale of property, plant and equipment	16	281
Purchase of investments	(859)	(7)
Proceeds from sale of investments	—	492
Payments for acquisition of businesses	(5,962)	(36,458)
Proceeds from acquisition of businesses	—	747
Proceeds from sale of subsidiaries	—	340
Payments for loans receivable	(4)	(170)
Collection of loans receivable	1,078	21
Payments for leasehold deposits and guarantees	(562)	(927)
Proceeds from collection of leasehold deposits and guarantees	445	977
Purchase of insurance funds	(2)	(14)
Proceeds from cancellation of insurance funds	—	88
Other	32	204
Net cash used in investing activities	(8,720)	(38,373)

(Millions of yen)

	For the Year ended December 31, 2020	For the Year ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	40,119	(19,864)
Proceeds from long-term borrowings	13,334	30,629
Repayments of long-term borrowings	(12,080)	(16,681)
Proceeds from issuance of bonds	—	2,000
Redemption of bonds	(15)	(6,260)
Repayments of lease liabilities	(7,706)	(8,193)
Proceeds from issuance of shares	55	—
Dividends paid	(3,019)	(1,259)
Transactions with non-controlling interests	(3,202)	(5,182)
Dividends paid to non-controlling interests	(487)	(1,175)
Other	(94)	—
Net cash provided by (used in) financing activities	26,905	(25,985)
Effect of exchange rate changes on cash and cash equivalents	791	2,101
Net increase in cash and cash equivalents	41,474	(33,386)
Cash and cash equivalents at beginning of year	40,246	81,720
Cash and cash equivalents at end of year	81,720	48,334



## (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 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	
Revenue						
Revenue from external customers	103,361	64,474	24,795	38,465	133,862	364,956
Intersegment revenue (Note 3)	2,576	1,223	276	155	1,554	5,784
Total	105,937	65,696	25,071	38,619	135,416	370,740
Cost of sales and other income (expenses)	(98,483)	(59,586)	(22,231)	(38,492)	(131,923)	(350,716)
Segment profit (Operating profit)	7,454	6,110	2,840	127	3,493	20,024
(Reconciling items)						
Finance income	—	—	—	—	—	—
Finance costs	—	—	—	—	—	—
Investment gain on equity method	—	—	—	—	—	—
Profit before tax	—	—	—	—	—	—
Income tax expense	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—
Segment assets	65,930	203,268	18,493	86,454	105,013	479,157
Capital expenditures	813	684	45	227	1,081	2,850
Depreciation and amortization	2,631	2,424	504	1,471	5,222	12,252
Impairment Losses	975	—	—	—	261	1,235
	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	179	365,135	—	365,135		
Intersegment revenue (Note 3)	1,374	7,158	(7,158)	—		
Total	1,554	372,293	(7,158)	365,135		
Cost of sales and other income (expenses)	(1,271)	(351,986)	133	(351,853)		
Segment profit (Operating profit)	283	20,307	(7,025)	13,282		
(Reconciling items)						
Finance income	—	—	—	865		
Finance costs	—	—	—	(6,479)		
Investment gain on equity method	—	—	—	73		
Profit before tax	—	—	—	7,741		
Income tax expense	—	—	—	(5,074)		
Profit for the year	—	—	—	2,667		
Segment assets	785	479,943	(177,041)	302,901		
Capital expenditures	84	2,934	—	2,934		
Depreciation and amortization	14	12,266	—	12,266		
Impairment Losses	—	1,235	—	1,235		

(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.

[Fiscal Year 2021 (From January 1, 2021 to December 31, 2021)]

	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	
Revenue						
Revenue from external customers	123,797	99,727	29,191	139,799	176,750	569,265
Intersegment revenue (Note 3)	3,089	2,663	315	1,026	1,823	8,916
Total	126,887	102,390	29,506	140,825	178,573	578,181
Cost of sales and other income (expenses)	(116,996)	(95,071)	(25,458)	(136,239)	(171,857)	(545,621)
Segment profit (Operating profit)	9,891	7,319	4,048	4,586	6,716	32,560
(Reconciling items)						
Finance income	—	—	—	—	—	—
Finance costs	—	—	—	—	—	—
Investment gain on equity method	—	—	—	—	—	—
Profit before tax	—	—	—	—	—	—
Income tax expense	—	—	—	—	—	—
Profit for the year	—	—	—	—	—	—
Segment assets	77,037	226,909	22,610	116,444	117,545	560,544
Capital expenditures	329	1,145	688	214	1,360	3,737
Depreciation and amortization	2,547	3,099	570	3,168	5,753	15,138
Impairment Losses	258	91	119	297	607	1,371

	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	60	569,325	—	569,325
Intersegment revenue (Note 3)	1,726	10,642	(10,642)	—
Total	1,786	579,967	(10,642)	569,325
Cost of sales and other income (expenses)	(1,574)	(547,195)	2,056	(545,139)
Segment profit (Operating profit)	213	32,772	(8,586)	24,186
(Reconciling items)				
Finance income	—	—	—	1,370
Finance costs	—	—	—	(13,650)
Investment gain on equity method	—	—	—	97
Profit before tax	—	—	—	12,003
Income tax expense	—	—	—	9,799
Profit for the year	—	—	—	2,204
Segment assets	971	561,516	(210,581)	350,934
Capital expenditures	31	3,768	—	3,768
Depreciation and amortization	20	15,158	—	15,158
Impairment losses	—	1,371	—	1,371

(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 ¥(8,586) million includes acquisition-related costs related to business combinations of ¥(1,032) million, corporate expenses of ¥(7,567) million, profits or losses not allocated to any specific operating segment, and elimination of intersegment transactions.

The adjustment of segment assets of ¥(210,581) million is mainly related to shares of subsidiaries and associates held by the Group.

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