



Summary of Consolidated Financial Results for the First Nine Months of FY 3/2020
[Japanese GAAP]

February 6, 2020

Stock Exchange Listing: Tokyo

Company Name NISSO CORPORATION
 Securities Code 6569 U R L <https://www.nisso.co.jp/>
 Representative (Title) Chairman, President, CEO & Representative Director (Name) Ryuichi Shimizu
 Contact Person (Title) Managing Director (Name) Shinichi Matsuo T E L 045-514-4323
 Scheduled date of filing February 13, 2020 Scheduled date of payment of dividend —
 Quarterly Report
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – December 31, 2019)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended December 31, 2019	55,718	8.8	1,896	(3.0)	1,940	(1.6)	1,307	1.6
December 31, 2018	51,219	17.2	1,954	39.3	1,971	39.6	1,286	42.7

(Note) Comprehensive income For the first nine months ended December 31, 2019: 1,262 Million yen (1.6%)
 For the first nine months ended December 31, 2018: 1,242 Million yen (36.2%)

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2019	38.93	38.51
December 31, 2018	38.58	37.58

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2019	20,989	11,201	53.4
March 31, 2019	21,019	10,544	50.2

(Reference) Equity capital As of December 31, 2019: 11,201 Million yen
 As of March 31, 2019: 10,544 Million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen	Yen	Yen	Yen	Yen
	—	0.00	—	37.00	37.00
Fiscal year ending March 31, 2020	—	0.00	—		
Fiscal year ending March 31, 2020 (Forecast)				25.00	25.00

(Note) Revisions to the most recently announced dividend forecast: None
 The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. However, the actual dividend amount before the stock split is listed for the FY 3/2019 dividends.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020
(April 1, 2019 - March 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	74,300	7.4	2,700	(5.9)	2,750	(5.0)	1,840	(10.4)	54.79

- (Note) 1. Revisions to the most recently announced consolidated earnings forecast: Yes
2. For the revision of the Consolidated Forecast, please refer to the "Notice Concerning Revision of Full-year Consolidated Forecast" announced today (February 6, 2020).

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: (Co. name) , Excluded: (Co. name)

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- ① Changes in accounting policies due to revisions in accounting standards, etc.: None
- ② Changes in accounting policies other than ① above: None
- ③ Changes in accounting estimates: None
- ④ Restatements: None

(4) Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Dec. 31, 2019	33,977,200 Shares	As of Mar. 31, 2019	33,961,200 Shares
② Number of treasury shares at the end of the period	As of Dec. 31, 2019	390,810 Shares	As of Mar. 31, 2019	400,174 Shares
③ Average number of shares outstanding during the period	First nine months ended Dec. 31, 2019	33,578,314 Shares	First nine months ended Dec. 31, 2018	33,339,250 Shares

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Number of shares outstanding at the end of the period", "number of treasury shares at the end of the period" and "average number of shares outstanding during the period" are calculated assuming that the shares were split at the beginning of the previous consolidated fiscal year.

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning forecasts, and other special items

(Notes on forward-looking statements, etc.)

- Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P.4 of the attachments.
- The average number of shares outstanding during the period, which is the basis for the calculation of "net income per share" listed under the FY 3/2020 consolidated forecast, is calculated by reflecting the number of increase in shares due to the exercising of share acquisition rights up until the third quarter of the current fiscal year.

(Supplementary materials for quarterly financial results and method of obtaining content for quarterly financial results meeting)

The Company is planning to hold a briefing session for institutional investors and analysts on Monday, February 10, 2020.

Quarterly financial results materials to be used on that day will be posted on the Company's website promptly after the meeting.

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020
(April 1, 2019 - December 31, 2019)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended								
December 31, 2019	51,433	9.6	1,915	(5.3)	1,917	(4.7)	1,304	(1.2)
December 31, 2018	46,931	20.1	2,021	49.4	2,011	49.8	1,320	54.5

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
December 31, 2019	38.84	38.43
December 31, 2018	39.61	38.59

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "diluted net income per share" are calculated assuming that the shares were split at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2019	18,504	10,510	56.8
March 31, 2019	18,482	9,852	53.3

(Reference) Equity capital As of December 31, 2019: 10,510 Million yen
As of March 31, 2019: 9,852 Million yen

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

Japan's economy during the current consolidated cumulative third quarter (hereinafter, the "period under review") grew weaker, especially in the manufacturing industry, amid continued weaknesses in exports and production. In addition, it is necessary to pay close attention to trends in overseas economies such as developments in the US-China trade issues, the future of the Chinese economy, fluctuations in the financial and capital markets, and trends in consumer sentiment after the consumption tax hike.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), the production of domestic manufacturers, who are NISSO CORPORATION's (hereinafter, the "Company") important clients, continues to show weakening trends in the transportation machinery industry (mainly automobiles) and the electronic components・devices industries. Also, in terms of employment conditions, the effective opening-to-application ratio of jobs has declined due to the declining trend in the number of new job openings, and the needs of the Company's clients for utilizing external human resources have slightly weakened, reflecting the severity of client trends.

In this environment, the Group has formulated a medium-term management plan for the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022 under the founding philosophy of "Nurturing and Bringing Out the Best in People", and in order to achieve the mission of "Becoming the Leader in Absolute Evaluation in the Manufacturing-related Human Resources Business Field", the Company is striving to further evolve the NISSO Medium-term Growth Cycle, as well as expanding business performance and improving profitability.

In the period under review, with regards to the manufacturing-related human resources services business, which is the flagship of the General Human Resources Services Business, the Company has focused on assigning "skilled staff", who are indefinite-term employees with high retention rates, to "Account Companies", who are important clients, and enabling them to advance their skills, which has resulted in the enhancement of the provided services and the improvement of customer satisfaction. In addition, by actively utilizing its 9 training facilities located throughout Japan, the Company has put into practice education that contributes to the improvement of profits.

Meanwhile, in Other Businesses, although investment costs were incurred as a result of the opening of its 6th nursing care facility, "Sweetpea Higashi Totsuka", which was opened in Yokohama on March 1, 2018, in the period under review, the Company has strived to improve the quality of its nursing care services, to improve customer satisfaction, and to secure the number of its residents.

As a result, the results of operations for the period under review are as follows: net sales of 55,718 million yen (up 8.8% year-on-year), operating profit of 1,896 million yen (down 3.0% year-on-year), ordinary profit of 1,940 million year (down 1.6% year-on-year), and profit attributable to owners of parent amounted to 1,307 million yen (up 1.6% year-on-year).

The results of operations by segment are as follows:

(Human Resources Services Business)

Within the General Human Resources Services Business, the Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, general office work dispatching and BPO (Business Process Outsourcing: the outsourcing of operations and processes of specific business-related tasks to a [third-party] specialized company) for its administrative human resources services.

In manufacturing-related human resources services, which is the core business of this business segment, in order to enhance the provided services, in the period under review, the Company has utilized its training facilities, and has nurtured and trained human resources who can be active in the fields of automobiles, electrical devices, precision and electrical machinery, etc. By putting into practice education that utilizes these training facilities, the number of enrolled staff increased by 596 compared to the end of the previous consolidated fiscal year, through increases in the manufacturing staff's motivation to work and improvements in retention rates.

On the other hand, despite an increase in net sales with the increase in staff enrollment, there was an increase in revenue and a decrease in profits, since the increase in expenses such as training and employee recruiting expenses were not absorbed.

As a result, net sales amounted to 53,656 million yen (up 8.7% year-on-year), and operating profit was 1,913 million yen (down 11.0% year-on-year).

(Other Businesses)

The Company operates nursing care and welfare businesses for its Other Businesses.

In the facilities nursing care business, which is the core business of this business segment, the number of residents of the nursing care facility, "Sweetpea Higashi Totsuka", increased during the period under review. In addition, by striving to improve profitability by reducing the cost of sales, such as personnel and operating expenses, including for existing facilities, operating losses were reduced.

As a result, net sales amounted to 2,068 million yen (up 11.7% year-on-year), and operating loss was 16 million yen (which was at a loss of 192 million yen in the corresponding period of the previous year).

(2) Description of Financial Position

(Assets)

Current assets at the end of the third quarter consolidated accounting period (hereinafter, the "end of the period under review") amounted to 14,318 million yen, which was an increase of 143 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 143 million yen in notes and accounts receivable (trade).

Non-current assets at the end of the period under review amounted to 6,671 million yen, which was a decrease of 173 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 215 million yen in "other" under the investment and other assets category.

As a result, total assets amounted to 20,989 million yen, which was a decrease of 29 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 8,480 million yen, which was a decrease of 681 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 549 million yen in income taxes payable and 298 million yen in provision for bonuses.

Non-current liabilities at the end of the period under review amounted to 1,307 million yen, which was a decrease of 4 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 92 million yen decrease in long-term loans payable.

As a result, total liabilities amounted to 9,788 million yen, which was a decrease of 686 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 11,201 million yen, which was an increase of 656 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 1,307 million yen in profit attributable to owners of parent, and the 620 million yen in dividends of surplus.

As a result, the equity ratio was 53.4% (50.2% at the end of the previous consolidated fiscal year).

(3) Description of Future Forecast Information such as Consolidated Forecasts, etc.

Based on the results of the period under review, the Consolidated Forecast for the full year, which was announced on May 10, 2019, has been revised.

For details, please refer to the "Notice Concerning Revision of Full-year Consolidated Forecast" announced today (February 6, 2020).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/19 (As of Mar. 31, 2019)	3Q of FY 3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	5,633	5,564
Notes and accounts receivable - trade	7,757	7,901
Other	793	856
Allowance for doubtful accounts	(10)	(4)
Total current assets	14,174	14,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,033	2,008
Land	2,760	2,760
Other, net	149	175
Total property, plant and equipment	4,942	4,944
Intangible assets	359	400
Investments and other assets		
Other	1,543	1,328
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,542	1,327
Total non-current assets	6,844	6,671
Total assets	21,019	20,989
Liabilities		
Current liabilities		
Current portion of long-term loans payable	183	163
Accrued expenses	4,751	4,859
Income taxes payable	742	192
Provision for bonuses	738	440
Other	2,745	2,823
Total current liabilities	9,161	8,480
Non-current liabilities		
Long-term loans payable	750	658
Net defined benefit liability	124	233
Other	437	416
Total non-current liabilities	1,312	1,307
Total liabilities	10,474	9,788
Net assets		
Shareholders' equity		
Capital stock	2,006	2,006
Capital surplus	2,357	2,363
Retained earnings	6,514	7,200
Treasury shares	(342)	(334)
Total shareholders' equity	10,535	11,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41	-
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(32)	(35)
Total accumulated other comprehensive income	9	(34)
Total net assets	10,544	11,201
Total liabilities and net assets	21,019	20,989

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Nine Months ended December 31, 2019)

(Unit: Million yen)

	First nine months of FY 3/19 (Apr. 1, 2018 - Dec. 31, 2018)	First nine months of FY 3/20 (Apr. 1, 2019 - Dec. 31, 2019)
Net sales	51,219	55,781
Cost of sales	42,241	46,203
Gross profit	8,977	9,515
Selling, general and administrative expenses	7,022	7,619
Operating profit	1,954	1,896
Non-operating income		
Interest income	1	2
Dividend income	13	3
Subsidy income	37	48
House rent income	33	25
Other	26	22
Total non-operating income	112	103
Non-operating expenses		
Interest expenses	26	11
Share of loss of entities accounted for using equity method	1	2
Rent expenses	15	18
Other	51	27
Total non-operating expenses	95	59
Ordinary profit	1,971	1,940
Extraordinary income		
Gain on sales of investment securities	-	71
Total extraordinary income	-	71
Extraordinary losses		
Loss on sales of investment securities	-	3
Total extraordinary losses	-	3
Profit before income taxes	1,971	2,007
Income taxes - current	632	581
Income taxes - deferred	53	119
Total income taxes	685	700
Profit	1,286	1,307
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,286	1,307

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Nine Months ended December 31, 2019)

(Unit: Million yen)

	First nine months of FY 3/19 (Apr. 1, 2018 - Dec. 31, 2018)	First nine months of FY 3/20 (Apr. 1, 2019 - Dec. 31, 2019)
Profit	1,286	1,307
Other comprehensive income		
Valuation difference on available-for-sale securities	(42)	(41)
Remeasurements of defined benefit plans, net of tax	(0)	(3)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(43)	(44)
Comprehensive income	1,242	1,262
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,242	1,262
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.