



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

November 6, 2019

Stock Exchange Listing: Tokyo

Company Name NISSO CORPORATION
 Securities Code 6569 URL <https://www.nisso.co.jp/>
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 Scheduled date of filing November 13, 2019 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 Six Months of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 30, 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 six months ended								
September 30, 2019	36,797	12.2	1,128	23.2	1,154	24.0	785	33.5
September 30, 2018	32,783	—	915	—	930	—	588	—

(Note) Comprehensive income For the first six months ended September 30, 2019: 741 Million yen (24.3 %)
 For the first six months ended September 30, 2018: 597 Million yen (- %)

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2019	23.39	23.14
September 30, 2018	17.63	17.14

(Note) 1. Since the Company did not prepare quarterly consolidated financial statements for the first six months of FY 3/2018, the ratio of year-on-year changes to the first six months of FY 3/2019 are not listed.
 2. 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	%
September 30, 2019	20,011	10,681	53.4
March 31, 2019	21,019	10,544	50.2

(Reference) Equity capital As of September 30, 2019: 10,681 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 ending	Yen	Yen	Yen	Yen	Yen
March 31, 2019	—	0.00	—	37.00	37.00
Fiscal year ending	—	0.00			
March 31, 2020					
Fiscal year ending			—	25.00	25.00
March 31, 2020 (Forecast)					

(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	80,000	15.7	3,900	35.9	4,000	38.1	2,760	34.4	82.19

(Note) Revisions to the most recently announced consolidated earnings forecast: None

※ 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 Sep. 30, 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 Sep. 30, 2019	390,772 Shares	As of Mar. 31, 2019	400,174 Shares
③ Average number of shares outstanding during the period	First six months ended Sep. 30, 2019	33,574,276 Shares	First six months ended Sep. 30, 2018	33,365,286 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 second 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, November 11, 2019.

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 Six Months of the Fiscal Year Ending March 31, 2020
(April 1, 2019 - September 30, 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 six months ended								
September 30, 2019	33,955	13.3	1,131	15.8	1,136	15.6	777	23.5
September 30, 2018	29,969	—	977	—	983	—	629	—

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended		
September 30, 2019	23.14	22.89
September 30, 2018	18.86	18.33

(Note) 1. Since the Company did not prepare quarterly financial statements for the first six months of FY 3/2018, the ratio of year-on-year changes to the first six months of FY 3/2019 are not listed.

2. 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			
September 30, 2019	17,592	9,982	56.7
March 31, 2019	18,482	9,852	53.3

(Reference) Equity capital As of September 30, 2019: 9,982 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 second quarter (hereinafter, the "period under review") continued to recover moderately, partly due to firm corporate profits and steady improvement in employment conditions, despite continued weaknesses in exports and production. On the other hand, it is necessary to pay close attention to developments in overseas economies such as the tensions over trade issues, the outlook for the Chinese economy, the direction of the UK's withdrawal from the European Union, as well as the effects of fluctuations in financial and capital markets.

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, has remained firm in the transportation machinery industry (mainly automobiles), and although the electronic components・device industry has showed signs of bottoming out, overseas economic trends, such as the Chinese economy, should be closely monitored. Also, in terms of employment conditions, although the effective opening-to-application ratio of jobs has declined recently as the number of new job openings remains flat, it continues to be high. On the other hand, the demand for external human resources remains firm.

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. Furthermore, in terms of recruiting, by utilizing the big data of human resources, the Company has achieved an increase in the number of assigned staff while suppressing recruitment costs. 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 36,797 million yen (up 12.2% year-on-year), operating profit of 1,128 million yen (up 23.2% year-on-year), ordinary profit of 1,154 million yen (up 24.0% year-on-year), and profit attributable to owners of parent amounted to 785 million yen (up 33.5% 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. The Company is actively investing in training facilities to create an environment where the use of semiconductor manufacturing equipment, as well as the assembly, painting and inspection of automobiles can be practiced in the same way as in clients' production sites. By putting into practice education that utilizes these training facilities, the number of enrolled staff increased by 597 compared with the end of the previous consolidated fiscal year, through increases in the manufacturing staff's

motivation to work and improvements in retention rates.

As a result, net sales amounted to 35,432 million yen (up 12.2% year-on-year), and operating profit was 1,126 million yen (up 6.3% 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, the Company strived to improve profitability by reducing the cost of sales, such as personnel and operating expenses, including for its existing facilities.

As a result, net sales amounted to 1,369 million yen (up 13.4% year-on-year), and operating profit was 2 million yen (which was at a loss of 143 million yen in the corresponding period of the previous year).

(2) Description of Financial Position

(Assets)

Current assets at the end of the period under review amounted to 13,262 million yen, which was a decrease of 911 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,122 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 6,748 million yen, which was a decrease of 96 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 97 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 20,011 million yen, which was a decrease of 1,008 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 8,028 million yen, which was a decrease of 1,133 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 225 million yen in income taxes payable and 158 million yen in accrued expenses.

Non-current liabilities at the end of the period under review amounted to 1,301 million yen, which was a decrease of 10 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 58 million yen in long-term loans payable.

As a result, total liabilities amounted to 9,329 million yen, which was a decrease of 1,144 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 10,681 million yen, which was an increase of 136 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 785 million yen in profit attributable to owners of parent, and 620 million yen in dividends of surplus.

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

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

There are no changes to the Consolidated Forecast for the full year disclosed in the "Summary of Consolidated Financial Results for FY 3/2019" which was announced on May 10, 2019.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/19 (As of Mar. 31, 2019)	2Q of FY 3/20 (As of Sep.30, 2019)
Assets		
Current assets		
Cash and deposits	5,633	4,510
Notes and accounts receivable - trade	7,757	7,962
Other	793	798
Allowance for doubtful accounts	(10)	(9)
Total current assets	14,174	13,262
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,033	1,993
Land	2,760	2,760
Other, net	149	149
Total property, plant and equipment	4,942	4,903
Intangible assets	359	400
Investments and other assets		
Other	1,543	1,445
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	1,542	1,444
Total non-current assets	6,844	6,748
Total assets	21,019	20,011
Liabilities		
Current liabilities		
Current portion of long-term loans payable	183	133
Accrued expenses	4,751	4,592
Income taxes payable	742	517
Provision for bonuses	738	808
Provision for directors' bonuses	-	12
Other	2,745	1,964
Total current liabilities	9,161	8,028
Non-current liabilities		
Long-term loans payable	750	692
Net defined benefit liability	124	195
Other	437	413
Total non-current liabilities	1,312	1,301
Total liabilities	10,474	9,329
Net assets		
Shareholders' equity		
Capital stock	2,006	2,006
Capital surplus	2,357	2,363
Retained earnings	6,514	6,678
Treasury shares	(342)	(334)
Total shareholders' equity	10,535	10,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41	-
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(32)	(34)
Total accumulated other comprehensive income	9	(33)
Total net assets	10,544	10,681
Total liabilities and net assets	21,019	20,011

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Six Months ended September 30, 2019)

(Unit: Million yen)

	First six months of FY 3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY 3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Net sales	32,783	36,797
Cost of sales	27,275	30,587
Gross profit	5,508	6,210
Selling, general and administrative expenses	4,593	5,082
Operating profit	915	1,128
Non-operating income		
Interest income	0	1
Dividend income	6	3
Subsidy income	20	24
House rent income	22	16
Other	20	16
Total non-operating income	72	63
Non-operating expenses		
Interest expenses	18	7
Share of loss of entities accounted for using equity method	1	1
Rent expenses	10	8
Other	27	19
Total non-operating expenses	57	37
Ordinary profit	930	1,154
Extraordinary income		
Gain on sales of investment securities	-	64
Total extraordinary income	-	64
Extraordinary losses		
Loss on sales of investment securities	-	3
Total extraordinary losses	-	3
Profit before income taxes	930	1,214
Income taxes - current	360	423
Income taxes - deferred	(18)	6
Total income taxes	342	429
Profit	588	785
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	588	785

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Six Months ended September 30, 2019)

(Unit: Million yen)

	First six months of FY 3/19 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY 3/20 (Apr. 1, 2019 – Sep. 30, 2019)
Profit	588	785
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(41)
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	8	(43)
Comprehensive income	597	741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	597	741
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