



**Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending
March 31, 2019 [Japanese GAAP]**

August 6, 2018

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
 Securities 6569 URL <http://www.nisso.co.jp/>
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 Managing Director,
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 Scheduled date of filing August 9, 2018 Scheduled date of
 Quarterly Report payment of dividend —
 Preparation of supplementary materials
 for quarterly financial results: Yes
 Holding of quarterly financial results (for institutional investors and analysts)
 meeting: Yes

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

1. Consolidated Financial Results for the First Quarter of FY 3/2019 (April 1, 2018 – June 30, 2018)

(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	%
FY 3/2019 1Q	15,999	—	372	—	389	—	242	—
FY 3/2018 1Q	—	—	—	—	—	—	—	—

(Note)

Comprehensive FY 3/2019 1Q 234 Million yen (—%) FY 3/2018 1Q — Million yen (—%)
 income

	Net income per share	Diluted net income per share
	Yen	Yen
FY 3/2019 1Q	29.10	28.23
FY 3/2018 1Q	—	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY 3/2019 1Q	19,376	9,213	47.6
FY 3/2018	19,870	9,317	46.9

(Reference) Equity capital FY 3/2019 1Q 9,213 Million yen FY 3/2018 1Q 9,317 Million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 3/2018	—	0.00	—	42.00	42.00
FY 3/2019	—	—	—	—	—
FY 3/2019 (Forecast)	—	—	—	—	—

(Note) 1. Revisions to the most recently announced dividend forecast: None
 2. The dividend forecast for FY 3/2019 is undecided at this time.

3. Consolidated Forecast for FY 3/2019 (April 1, 2018 – March 31, 2019)

(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	65,686	10.9	2,099	16.6	2,144	20.4	1,376	35.7	165.44

(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)	FY 3/2019 1Q	8,337,400 Shares	FY 3/2018	8,291,200 Shares
② Number of treasury shares at the end of the period	FY 3/2019 1Q	32 Shares	FY 3/2018	— Shares
③ Average number of shares outstanding during the period (Quarterly total)	FY 3/2019 1Q	8,322,068 Shares	FY 3/2018 1Q	— Shares

(Note) Since the Company did not prepare quarterly consolidated financial statements for FY 3/2018 1Q, the “average number of shares outstanding during the period” are not listed.

※ 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.3 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 3/2019 consolidated forecast, is calculated by reflecting the number of increase in shares due to the exercising of share acquisition rights up until the first 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 Tuesday, August 21, 2018.

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

(Regarding the changing of the date display format)

From the first quarter of the current consolidated accounting period (hereinafter the “first quarter”), the display format of dates (on Japanese-language financial results materials) have been changed from the Japanese calendar to the Western calendar, and have been simplified on English-language materials.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the First Quarter of FY 3/2019 (April 1, 2018 – June 30, 2018)

(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	%
FY 3/2019 1Q	14,590	—	399	—	411	—	259	—
FY 3/2018 1Q	—	—	—	—	—	—	—	—

	Net income per share	Diluted net income per share
	Yen	Yen
FY 3/2019 1Q	31.24	30.31
FY 3/2018 1Q	—	—

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

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY 3/2019 1Q	16,781	8,294	49.4
FY 3/2018	17,257	8,380	48.6

(Reference)
Equity capital FY 3/2019 1Q 8,294 Million yen FY 3/2018 1Q 8,380 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 first quarter (hereinafter the "consolidated first quarter") has been on a moderate recovery trend due to the effects of various policies of the government and the Bank of Japan, as the employment and income environments continued to improve.

Also, in the world economy, although it was necessary to take heed to matters such as the economic outlook of emerging countries, the influence of policy uncertainties, the trends in trade issues, and the effects of fluctuations in financial markets, an overall gradual recovery has continued.

Amid such circumstances, the production of domestic manufacturers, who are the Company's important clients, has been perceived to become revitalized in the transportation machinery sector, while there was continued mild growth in the electronic components and devices sectors.

On the other hand, with regards to the employment situation, the opening-to-application ratio of jobs continued to increase against the backdrop of labor shortages, and there were upward trends of overtime hours in the manufacturing industry.

Furthermore, due to the impending so-called 2018 Issue accompanying the revisions of the Labor Contract Act and the Worker Dispatch Law, domestic manufacturers have been faced with having to respond to such a challenge, and the need to utilize external human resources have become ever-increased.

In this environment, the Nisso Group (hereinafter "the Group") has formulated a mid-term management plan for the fiscal year ending March 2019 to the fiscal year ending March 2021 under the founding philosophy of "Nurturing and Bringing Out the Best in People", and along with reinforcing sales, recruiting and educational activities, the Group has striven to improve customer and employee evaluations.

As a result, the results of operations for the consolidated first quarter are as follows.

It is to be noted that since quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for the first quarter of the fiscal year ending March 31, 2018, the figures for comparisons with the corresponding period of the previous year are presented for reference purposes.

① Net sales

Net sales for the consolidated first quarter increased by 15% to 15,999 million yen compared to the corresponding period of the previous year (13,907 million yen). This was mainly due to the increase in revenue from the manufacturing-related human resources services (Note) that contributed to the overall performance of the Group.

In the general human resources services business, with regards to the manufacturing related human resources services which accounts for 91.3% of net sales, under the strategy of prioritizing the assignment of "skilled staff" to key account companies, who are the Company's important clients, the Company has been actively investing in the development of human resources, and has strived to improve the skills and increase the retention rate of the manufacturing staff. On May 1, 2018, the Company opened the "Nisso Technical Center Naka-Nihon (Okaya City, Nagano)", and established a system to nurture human resources capable of actively working in fields such as electric components and precision equipment, in order to provide high value-added services to its clients. As a result, in the client environment, incoming orders were expanded mainly by transport equipment and electronic components manufacturers, and the number of enrolled staff increased substantially (up by 606 staff compared to the corresponding period of the previous year). In addition, as a result of the favorable conditions of proposals to assign "skilled staff", who are indefinite-term employees with high retention rates, to our important clients, the monthly per capita sales increased by 12 thousand yen during the first quarter compared to the previous consolidated fiscal year. Furthermore, the Company has achieved low-cost hiring by utilizing its own recruitment sites, and has made strides to increase retention rates through the improvement of treatment and the enhancement of educational opportunities in order to heighten employee motivation. As a result, net sales for the general human resources services business increased by 15.5% to 15,411 million yen compared to the corresponding period of the previous year (13,339 million yen).

Furthermore, with regards to other businesses (Note), there was an increase in the number of residents of the nursing care facility, "Sweetpea Higashi Totsuka (Totsuka-ku, Yokohama)", which was

opened on March 1, 2018. As a result, net sales for other businesses increased 3.4% to 587 million yen compared to the corresponding period of the previous year (568 million yen).

(Note) The Company carries out manufacturing dispatching and contracting for its manufacturing-related human resources services, and 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, as well as nursing care and welfare businesses for its other businesses.

② Operating profit

Operating profit for the consolidated first quarter decreased by 2.3% to 372 million yen compared to the corresponding period of the previous year (381 million yen).

In the general human resources services business, as a result of the effect of the substantial increase in revenue and the efforts to reduce the ratio of selling and administrative expenses, the rise in costs for the improvement of treatment of manufacturing staff and the investment in education were absorbed, and the operating profit (after elimination of internal transactions) increased by 14.3% to 454 million yen compared to the corresponding period of the previous year (397 million yen).

Meanwhile, with regards to other businesses, although the number of residents of "Sweetpea Higashi Totsuka" increased, because it has not been long since the facility opened, the costs of sales such as personnel and operating expenses could not be absorbed, and operating loss (after elimination of internal transactions) increased by 65 million yen, to 81 million yen compared to the corresponding period of the previous year (15 million yen operating loss).

③ Ordinary profit

Non-operating income of the consolidated first quarter increased by 18.4% to 45 million yen compared to the corresponding period of the previous year (38 million yen). In addition, non-operating expenses decreased by 21.5% to 28 million yen compared to the corresponding period of the previous year (36 million yen), due to a decrease in interest expenses accompanying a decrease in loans payable.

As a result, ordinary profit of the consolidated first quarter increased by 1.6% to 389 million yen compared to the corresponding period of the previous year (383 million yen).

④ Profit attributable to owners of parent (quarterly net profit attributable to parent company shareholders)

Income taxes for the consolidated first quarter increased by 15.5% and was posted at 147 million yen compared to the corresponding period of the previous year (127 million yen).

As a result, quarterly net profit attributable to parent company shareholders decreased by 5.3% to 242 million yen compared to the corresponding period of the previous year (255 million yen).

(2) Description of Financial Position

(Assets)

Current assets at the end of the first quarter amounted to 12,312 million yen, which was a decrease of 440 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 680 million yen in cash and deposits, while notes and accounts receivable (trade) increased by 178 million yen.

Non-current assets at the end of the first quarter amounted to 7,063 million yen, which was a decrease of 53 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 85 million in "other" under the investment and other assets category.

As a result, total assets amounted to 19,376 million yen, which was a decrease of 493 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter amounted to 7,926 million yen, which was a decrease of 280 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 246 million yen in accrued expenses, while income taxes payable decreased by 535 million yen.

Non-current liabilities at the first quarter amounted to 2,236 million yen, which was a decrease of 109 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 125 million yen decrease in long-term loans payable.

As a result, total liabilities amounted to 10,162 million yen, which was a decrease of 389 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the first quarter amounted to 9,213 million yen, which was a decrease of 103 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 242 million yen of quarterly net profit attributable to parent company shareholders and the 348 million yen of dividends of surplus.

As a result, the equity ratio was at 47.6% (which was at 46.9% 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 Fiscal Year Ended March 31, 2018" which was released on May 10, 2018.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Thousand yen)

	FY 3/18 (Mar. 31, 2018)	1Q of FY 3/19 (Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	5,283,739	4,603,296
Notes and accounts receivable - trade	6,791,691	6,969,855
Other	684,061	747,159
Allowance for doubtful accounts	(6,444)	(7,408)
Total current assets	12,753,048	12,312,903
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,113,842	2,116,984
Land	2,771,384	2,771,384
Other, net	109,108	157,981
Total property, plant and equipment	4,994,335	5,046,350
Intangible assets	380,215	360,601
Investments and other assets		
Other	1,744,344	1,658,461
Allowance for doubtful accounts	(1,742)	(1,703)
Total investments and other assets	1,742,601	1,656,758
Total non-current assets	7,117,152	7,063,710
Total assets	19,870,200	19,376,614
Liabilities		
Current liabilities		
Current portion of long-term loans payable	501,889	510,306
Accrued expenses	4,331,212	4,577,336
Income taxes payable	632,856	97,112
Provision for bonuses	528,328	317,496
Other	2,212,673	2,424,135
Total current liabilities	8,206,960	7,926,387
Non-current liabilities		
Long-term loans payable	1,883,221	1,757,675
Net defined benefit liability	36,418	48,198
Other	425,978	430,676
Total non-current liabilities	2,345,618	2,236,550
Total liabilities	10,552,579	10,162,937
Net assets		
Shareholders' equity		
Capital stock	1,985,364	1,990,215
Capital surplus	2,336,314	2,341,165
Retained earnings	4,808,584	4,702,506
Treasury shares	-	(156)
Total shareholders' equity	9,130,263	9,033,731
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160,525	153,546
Foreign currency translation adjustment	1,529	1,421
Remeasurements of defined benefit plans	25,302	24,976
Total accumulated other comprehensive income	187,357	179,945
Total net assets	9,317,621	9,213,676
Total liabilities and net assets	19,870,200	19,376,614

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First Quarter of FY 3/19)

(Unit: Thousand yen)

	1Q of FY 3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	15,999,213
Cost of sales	13,339,020
Gross profit	2,660,192
Selling, general and administrative expenses	2,287,508
Operating profit	372,684
Non-operating income	
Interest income	458
Dividend income	6,987
Subsidy income	9,718
House rent income	11,536
Other	16,879
Total non-operating income	45,580
Non-operating expenses	
Interest expenses	9,049
Share of loss of entities accounted for using equity method	1,213
Rent expenses	5,599
Other	12,973
Total non-operating expenses	28,836
Ordinary profit	389,428
Profit before income taxes	389,428
Income taxes – current	51,980
Income taxes – deferred	95,294
Total income taxes	147,275
Profit	242,152
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	242,152

(Quarterly Consolidated Statement of Comprehensive Income)
(First Quarter of FY 3/19)

(Unit: Thousand yen)

1Q of FY 3/19
(Apr. 1, 2018 – Jun. 30, 2018)

Profit	242,152
Other comprehensive income	
Valuation difference on available-for-sale securities	(6,978)
Remeasurements of defined benefit plans, net of tax	(326)
Share of other comprehensive income of entities accounted for using equity method	(107)
Total other comprehensive income	(7,412)
Comprehensive income	234,740
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	234,740
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.

(Additional Information)

(Application of "Partial Revisions to 'Accounting Standards for Tax Effect Accounting' ")

"Partial Revisions to 'Accounting Standards for Tax Effect Accounting' "(ASBJ [Accounting Standards Board of Japan] Statement No. 28, February 16, 2018) have been applied from the beginning of the first quarter, and deferred tax assets have been included in the investment and other assets category.

(Significant Subsequent Events)

(Stock Split and Partial Amendments to Articles of Incorporation Due to Stock Split)

At the Board of Directors' Meeting held on August 6, 2018, the Company has resolved to conduct a stock split and to make partial amendments to the Articles of Incorporation associated with the stock split.

1. Purpose of Stock Split

The purpose of the stock split is to reduce the monetary amount per investment unit, as well as aiming to improve the liquidity of the Company's shares and to expand the investor base.

2. Summary of Stock Split

(1) Ratio and timing of stock split

With the Record Date of August 21, 2018 (TUE), the Company will split the common stock owned by the shareholders listed or recorded in the final register of shareholders on the same day, at a ratio of 2 shares for 1 share.

(2) Number of shares to be increased by stock split

Total number of shares outstanding before stock split	8,350,940 Shares
Number of shares to be increased by this split	8,350,940 Shares
Total number of shares outstanding after stock split	16,701,880 Shares
Total number of possible shares outstanding after stock split	51,200,000 Shares

(Note) The total number of shares outstanding and the shares to be increased listed above are based on the total number of shares outstanding as of July 31, 2018, and there is a possibility that they may increase due to the exercising of share acquisition rights up until the Record Date of the stock split.

(3) Schedule of stock split

Public Notice Date of Record Date	August 6, 2018 (MON)
Record Date	August 21, 2018 (TUE)
Effective Date	August 22, 2018 (WED)

(4) Influence on per share information

The per share information, assuming that the stock split was conducted at the beginning of the current fiscal year, is as follows.

	1Q of FY 3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net income per share	14.55 Yen
Diluted net income per share	14.12 Yen

3. Partial Amendments to Articles of Incorporation Due to Stock Split

(1) Reason for amendments to Articles of Incorporation

In accordance with the stock split, a portion of the Company's Articles of Incorporation will be amended pursuant to Article 184, paragraph 2 of the Companies Act.

(2) Content of amendments to Articles of Incorporation

The contents of the amendments are as follows. (The changes are underlined.)

Before amendment	After amendment
(Total Number of Authorized Shares)	(Total Number of Authorized Shares)
Article 6 The total number of authorized shares of the Company shall be <u>25,600,000 shares.</u>	Article 6 The total number of authorized shares of the Company shall be <u>51,200,000 shares.</u>

(3) Schedule of amendments to Articles of Incorporation

Board of Directors' Resolution Date August 6, 2018 (MON)

Effective Date August 22, 2018 (WED)

4. Other Information

Change in amount of capital

There is no change in the amount of capital at the time of this stock split.

5. Adjustment of Exercise Price of Share Acquisition Rights

In accordance with the stock split, from August 22, 2018 and thereafter, the exercise price per share of the share acquisition rights issued by the Company will be adjusted as follows.

Board of Directors' resolution date	Name of share acquisition rights	Exercise price before adjustment	Exercise price after adjustment
March 22, 2016	The 5 th Share Acquisition Rights	210円	105円