



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

August 5, 2019

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo  
 Securities Code 6569 URL <https://www.nisso.co.jp/>  
 Representative (Title) President (CEO) & Representative Director (Name) Takuo Yabana  
 Contact Person (Title) Managing Director (Name) Shinichi Matsuo TEL 045-514-4323  
 Scheduled date of filing August 8, 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 Quarter of FY 3/2020 (April 1, 2019 – June 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 three months ended								
June 30, 2019	17,983	12.4	477	28.2	490	26.0	357	47.6
June 30, 2018	15,999	—	372	—	389	—	242	—

(Note) Comprehensive income For the first 3 months ended June 30, 2019: 315 Million yen (34.2%)  
 For the first 3 months ended June 30, 2018: 234 Million yen (—%)

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2019	10.65	10.53
June 30, 2018	7.27	7.06

(Note) 1. Since the Company did not prepare quarterly consolidated financial statements for the first three months of FY 3/2018, the ratio of year-on-year changes to the first three 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 August 22, 2018, and also 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	%
June 30, 2019	20,030	10,239	51.1
March 31, 2019	21,019	10,544	50.2

(Reference) Equity capital As of June 30, 2019: 10,239 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	—				
Fiscal year ending March 31, 2020 (Forecast)		0.00	—	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 FY 3/2019.

**3. Consolidated Forecast for FY 3/2020 (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	82.22

(Note) Revisions to the most recently announced dividend 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 Jun. 30, 2019	33,970,800 Shares	As of Mar. 31, 2019	33,961,200 Shares
② Number of treasury shares at the end of the period	As of Jun. 30, 2019	400,208 Shares	As of Mar. 31, 2019	400,174 Shares
③ Average number of shares outstanding during the period (Quarterly total)	First three months ended Jun. 30, 2019	33,567,403 Shares	First three months ended Jun. 30, 2018	33,288,272 Shares

(Note) The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and also 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 on "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 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 Wednesday, August 7, 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 Quarter of FY 3/2020 (April 1, 2019 – June 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 three months ended								
June 30, 2019	16,566	13.5	468	17.3	469	14.2	342	31.7
June 30, 2018	14,590	–	399	–	411	–	259	–

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
June 30, 2019	10.20	10.09
June 30, 2018	7.81	7.58

(Note) 1. Since the Company did not prepare quarterly financial statements for the first three months of FY 3/2018, the ratio of year-on-year changes to the first three 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 August 22, 2018, and also 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			
June 30, 2019	17,500	9,533	54.5
March 31, 2019	18,482	9,852	53.3

(Reference) Equity capital      As of June 30, 2019:      9,533 Million yen  
   As of March 31, 2019:      9,852 Million yen

○Contents of Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Description of Results of Operations .....	2
(2) Description of Financial Position .....	4
(3) Description of Future Forecast Information such as Consolidated Forecasts, etc. ....	4
2. Quarterly Consolidated Financial Statements and Notes .....	5
(1) Quarterly Consolidated Balance Sheet .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
Quarterly Consolidated Statement of Income	
First Quarter of FY 3/20 .....	6
Quarterly Consolidated Statement of Comprehensive Income	
First Quarter of FY 3/20 .....	7
(3) Notes regarding Quarterly Consolidated Financial Statements .....	8
(Notes regarding the Going Concern Assumption) .....	8
(Notes on Significant Changes in the Amount of Shareholders' Equity) .....	8

## 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 "period under review") continued to show moderate recovery, despite weaknesses in exports and production, partly due to the effects of various policies by the government and the Bank of Japan. On the other hand, in the global economy, it is important to keep in mind the effects of trends in trade issues such as the US-China trade friction, the outlook for the Chinese economy, and 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, tends to be weak in some industries, but has increased moderately in the transport equipment industry (mainly automobiles). Also, in terms of employment conditions, while labor supply and demand were stringent, difficulties to secure human resources continued, and the need for external human resources utilization remained steady.

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 17,983 million yen (up 12.4% year-on-year), operating profit of 477 million yen (up 28.2% year-on-year), ordinary profit of 490 million yen (up 26.0% year-on-year), and profit attributable to owners of parent amounted to 357 million yen (up 47.6% 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. The Company has introduced semiconductor manufacturing equipment that are similar to its clients' production sites, and is actively investing to create an environment where the assembly, painting and inspection of automobiles can be implemented. By putting into practice education that utilizes these training facilities, the number of enrolled staff increased by 240 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 17,312 million yen (up 12.3% year-on-year), and operating profit

was 469 million yen (up 3.1% 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 673 million yen (up 14.5% year-on-year), and operating profit was 9 million yen (which was at a loss of 81 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 13,433 million yen, which was a decrease of 741 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 847 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 6,597 million yen, which was a decrease of 247 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 244 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 20,030 million yen, which was a decrease of 988 million yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 8,465 million yen, which was a decrease of 696 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 258 million yen in accrued expenses, while income taxes payable decreased by 660 million yen, and provision for bonuses also decreased by 332 million yen.

Non-current liabilities at the end of the period under review amounted to 1,325 million yen, which was an increase of 12 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 24 million yen in long-term loans payable, while net defined benefit liability increased by 35 million yen.

As a result, total liabilities amounted to 9,790 million yen, which was a decrease of 683 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 10,239 million yen, which was a decrease of 305 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 357 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 51.1% (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 released 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)	1Q of FY 3/20 (Jun. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	5,633	4,786
Notes and accounts receivable - trade	7,757	7,787
Other	793	868
Allowance for doubtful accounts	(10)	(9)
<b>Total current assets</b>	<b>14,174</b>	<b>13,433</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,033	2,014
Land	2,760	2,760
Other, net	149	151
<b>Total property, plant and equipment</b>	<b>4,942</b>	<b>4,926</b>
Intangible assets	359	373
Investments and other assets		
Other	1,543	1,299
Allowance for doubtful accounts	(1)	(1)
<b>Total investments and other assets</b>	<b>1,542</b>	<b>1,297</b>
<b>Total non-current assets</b>	<b>6,844</b>	<b>6,597</b>
<b>Total assets</b>	<b>21,019</b>	<b>20,030</b>
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term loans payable	183	169
Accrued expenses	4,751	5,009
Income taxes payable	742	82
Provision for bonuses	738	406
Provision for directors' bonuses	-	4
Other	2,745	2,792
<b>Total current liabilities</b>	<b>9,161</b>	<b>8,465</b>
Non-current liabilities		
Long-term loans payable	750	726
Net defined benefit liability	124	159
Other	437	438
<b>Total non-current liabilities</b>	<b>1,312</b>	<b>1,325</b>
<b>Total liabilities</b>	<b>10,474</b>	<b>9,790</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,006	2,006
Capital surplus	2,357	2,357
Retained earnings	6,514	6,250
Treasury shares	(342)	(342)
<b>Total shareholders' equity</b>	<b>10,535</b>	<b>10,272</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	41	-
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(32)	(33)
<b>Total accumulated other comprehensive income</b>	<b>9</b>	<b>(32)</b>
<b>Total net assets</b>	<b>10,544</b>	<b>10,239</b>
<b>Total liabilities and net assets</b>	<b>21,019</b>	<b>20,030</b>



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(First Quarter of FY 3/20)

(Unit: Million yen)

	1Q of FY 3/19 (Apr. 1, 2018 – Jun. 30, 2018)	1Q of FY 3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Net sales	15,999	17,983
Cost of sales	13,339	15,019
Gross profit	2,660	2,964
Selling, general and administrative expenses	2,287	2,486
Operating profit	372	477
Non-operating income		
Interest income	0	0
Dividend income	6	3
Subsidy income	9	14
House rent income	11	8
Other	16	4
Total non-operating income	45	31
Non-operating expenses		
Interest expenses	9	3
Share of loss of entities accounted for using equity method	1	1
Rent expenses	5	4
Other	12	8
Total non-operating expenses	28	18
Ordinary profit	389	490
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	389	551
Income taxes - current	51	40
Income taxes - deferred	95	153
Total income taxes	147	194
Profit	242	357
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	242	357

(Quarterly Consolidated Statement of Comprehensive Income)  
(First Quarter of FY 3/20)

(Unit: Million yen)

	1Q of FY 3/19 (Apr. 1, 2018 – Jun. 30, 2018)	1Q of FY 3/20 (Apr. 1, 2019 – Jun. 30, 2019)
Profit	242	357
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(41)
Remeasurements of defined benefit plans, net of tax	(0)	(1)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(7)	(42)
Comprehensive income	234	315
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	234	315
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.