



Summary of Consolidated Financial Results for the First Nine Months of FY 3/2021
[Japanese GAAP]

February 8, 2021

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
 Securities Code 6569 URL <https://www.nisso.co.jp/>
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 Sr. Executive Officer,
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 Scheduled date of filing 2021年2月10日 Scheduled date of payment of dividend —
 Quarterly Report
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (Video of financial results explanation will be posted on the Company's website on Feb. 10, 2021 (Wednesday) **in Japanese only**)

(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, 2021
(April 1, 2020 – December 31, 2020)

(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, 2020	50,442	(9.5)	1,678	(11.5)	2,005	3.4	1,284	(1.8)
December 31, 2019	55,718	8.8	1,896	(3.0)	1,940	(1.6)	1,307	1.6

(Note) Comprehensive income For the first nine months ended December 31, 2020: 1,285 Million yen (1.8%)
 For the first nine months ended December 31, 2019: 1,262 Million yen (1.6%)

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2020	37.96	37.81
December 31, 2019	38.93	38.51

(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, 2020	21,318	12,352	57.9
March 31, 2020	22,494	11,895	52.9

(Reference) Equity capital As of December 31, 2020: 12,352 Million yen
 As of March 31, 2020: 11,895 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, 2020	—	0.00	—	25.00	25.00
Fiscal year ending	—	0.00	—		
March 31, 2021					
Fiscal year ending				20.10	20.10
March 31, 2021 (Forecast)					

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

Fiscal year ending March 31, 2021 (Forecast) Breakdown of year-end dividends

Ordinary dividend: 15.10 yen Commemorative dividend: 5.00 yen

For the revision of the dividend forecast, please refer to the "Notice of Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2021 (50th Anniversary Commemorative Dividend)" announced today (February 8, 2021).

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021
(April 1, 2020 - March 31, 2021)

(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	68,000	(9.3)	2,400	(21.6)	2,750	(12.7)	1,700	(16.4)	50.26

(Note) Revisions to the most recently announced consolidated earnings forecast: No

※ 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

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|--|------|
| 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, 2020	34,201,200 Shares	As of Mar. 31, 2020	34,201,200 Shares
② Number of treasury shares at the end of the period	As of Dec. 31, 2020	366,381 Shares	As of Mar. 31, 2020	390,853 Shares
③ Average number of shares outstanding during the period	First nine months ended Dec. 31, 2020	33,823,943 Shares	First nine months ended Dec. 31, 2019	33,578,314 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.

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

Materials related to the explanation of the Company's financial results are scheduled to be posted on its website on February 8, 2021 (Monday).

In addition, a video of the Financial Results Explanation is scheduled to be posted on the Company's website on February 10, 2021 (Wednesday). **(In Japanese only)**

(Reference) Summary of Non-consolidated Financial Results

**Non-consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021
(April 1, 2020 - December 31, 2020)**

(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, 2020	46,191	(10.2)	1,718	(10.3)	1,962	2.3	1,263	(3.1)
December 31, 2019	51,433	9.6	1,915	(5.3)	1,917	(4.7)	1,304	(1.2)

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2020	37.37	37.21
December 31, 2019	38.84	38.43

(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
As of	Million yen	Million yen	%
December 31, 2020	18,873	11,682	61.9
March 31, 2020	20,024	11,247	56.2

(Reference) Equity capital

As of December 31, 2020:

11,682 Million yen

As of March 31, 2020:

11,247 Million yen

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

Although Japan's economy during the current consolidated cumulative third quarter (hereinafter, the "period under review") remained in harsh conditions due to the spread of the new coronavirus infections (hereinafter, "COVID-19 infections"), economic activity has been recovering recently. On the other hand, it is necessary to pay close attention to the effects of the downward risks of economic activity and fluctuations in financial and capital markets associated with the spread of COVID-19 infections overseas.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), production of transportation equipment (mainly automobiles) has been steady at domestic manufacturers, who are important clients, and the production of electronic components and devices has been increasing moderately due to increased demand for IT as a result of changes in 5G and work-styles. Also, in terms of employment conditions, there have been signs of firmness in developments such as the number of employed persons, and some manufacturers of NISSO CORPORATION's (hereinafter, the "Company") clients have seen improvements in their needs for utilizing external human resources.

In this environment, based on its founding philosophy of "*Nurturing and Bringing Out the Best in People*", the Group will continue to implement the following initiatives in order to achieve the enhancement of corporate value, with the aim of creating workplaces where workers can gain a sense of fulfillment and flourish, as well as providing services that can contribute to its growth as a company.

In the period under review, in manufacturing-related human resources services, the Group's core business, the Company has been actively developing human resources by utilizing its own educational facilities in order to improve the skills and the retention rate of manufacturing staff, under the strategy of focusing on the assignment of "skilled staff", who are indefinite-term employees, to Account Companies, who are positioned as important clients.

In Other Businesses, the Group has been making efforts to improve its management structure by enhancing the quality of services provided at "Sweetpea", its nursing care facilities located in 6 locations in Yokohama, increasing the number of its residents, and promoting operational efficiency.

In addition, 359 million yen in subsidy income was generated in non-operating income. This was mainly due to subsidies from employment adjustments associated with the spread of COVID-19 infections.

As a result, the results of operations for the period under review are as follows: net sales of 50,442 million yen (down 9.5% year-on-year), operating profit of 1,678 million yen (down 11.5% year-on-year), ordinary profit of 2,005 million yen (up 3.4% year-on-year), and profit attributable to owners of parent amounted to 1,284 million yen (down 1.8% year-on-year).

Based on its policy of putting the safety of its clients and employees as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters" and is conducting business activities that strengthen measures to prevent the spread of COVID-19 infections. Going forward, the Group's business performance is expected to remain firm as the economic activities of clients related to the Company recover and the needs for external human resources resume. On the other hand, in the event of an occurrence where individuals are affected by the virus at its clients, workplaces or nursing care facilities, the Group may be affected.

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, the core business which accounted for 91.6% of consolidated net sales during the period under review, the Company is making efforts to increase the motivation of manufacturing staff to work, and improve the retention rate by implementing education that enhances added value, including the use of on-line education, etc., as well as its own educational facilities. With the recovery of economic activity in the period under review (October 1, 2020 to December 31, 2020), the number of clients who increased both production and personnel increased, and as a result of efforts to recover the quantity of orders, net sales in the automobiles-related industry improved (down 15.5% year-on-year). In addition, net sales in the electronic devices-related industry increased (up 3.4% year-on-year) due to strong semiconductor-related production

against the backdrop of investments in IT infrastructure. The Group is engaged in business activities on the premise of protecting the employment of manufacturing staff, and although the number of enrolled staff decreased by 2,078 compared to the end of the previous consolidated fiscal year, it has started to increase compared to the end of the previous period under review. Moreover, net sales per capita has also started to increase.

In addition, in the manufacturing-related human resources services during the period under review, although net sales related to Account Company Groups, who are positioned as important clients, decreased (down 14 million yen year-on-year), the net sales share ratio was at 47.1% (which was at 43.3% in the corresponding period of the previous year). Also, the needs of skilled staff, who have a high set of skills and high retention rates, remained strong, and the number of such staff increased by 131 compared to the end of the previous consolidated fiscal year.

However, in the period under review, despite efforts to control expenses such as recruitment expenses, decreases in staff enrollment and net sales were not fully absorbed, resulting in decreased revenue and profits.

As a result, net sales amounted to 48,229 million yen (down 10.1% year-on-year), and operating profit was 1,702 million yen (down 11.0% year-on-year).

(Other Businesses)

The Company operates nursing care 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 as a result of promoting on-line facility preview events on the premise of preventing the spread of COVID-19 infections, and operating loss decreased compared to the previous period under review. On the other hand, in terms of costs, the cost of sales, such as personnel and operating expenses also increased, and although efforts were made to reduce such expenses, they were not absorbed, resulting in increased revenues and decreased profits.

As a result, net sales amounted to 2,220 million yen (up 7.4% year-on-year), and operating loss was 21 million yen (which was an operating loss of 16 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 14,284 million yen, which was a decrease of 1,338 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,339 million yen in notes and accounts receivable (trade).

Non-current assets at the end of the period under review amounted to 7,034 million yen, which was an increase of 162 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 224 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 21,318 million yen, which was a decrease of 1,175 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 7,651 million yen, which was a decrease of 1,627 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 72 million yen in income taxes payable and 392 million yen in provision for bonuses.

Non-current liabilities at the end of the period under review amounted to 1,314 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 decrease of 103 million yen in long-term loans payable.

As a result, total liabilities amounted to 8,965 million yen, which was a decrease of 1,632 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 12,352 million yen, which was an increase of 456 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 1,284 million yen in profit attributable to owners of parent, and 845 million yen in dividends of surplus.

As a result, the equity ratio was at 57.9% (which was at 52.9% at the end of the previous consolidated fiscal year).

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

The full-year consolidated forecast announced on November 6, 2020 has been revised.

For details, please refer to the "Notice of Revisions of Full-year Consolidated Forecast and Dividend Forecast for the Fiscal Year Ending March 31, 2021" announced on January 19, 2021.

In addition, the year-end dividend forecast announced on January 19, 2021 has also been revised.

For details, please refer to the "Notice of Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2021 (50th Anniversary Commemorative Dividend)" announced today (Monday, February 8, 2021).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/20 (As of Mar. 31, 2020)	3Q of FY 3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	6,365	6,352
Notes and accounts receivable - trade	8,434	7,094
Other	827	841
Allowance for doubtful accounts	(4)	(5)
Total current assets	15,622	14,284
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,852	1,837
Land	2,738	2,738
Other, net	164	142
Total property, plant and equipment	4,754	4,718
Intangible assets	377	358
Investments and other assets		
Other	1,740	1,964
Allowance for doubtful accounts	(0)	(7)
Total investments and other assets	1,739	1,956
Total non-current assets	6,871	7,034
Total assets	22,494	21,318
Liabilities		
Current liabilities		
Current portion of long-term loans payable	126	160
Accrued expenses	4,648	4,444
Income taxes payable	812	84
Provision for bonuses	879	486
Provision for directors' bonuses	-	31
Provision for loss on cancellation	-	26
Other	2,812	2,416
Total current liabilities	9,279	7,651
Non-current liabilities		
Long-term loans payable	623	520
Net defined benefit liability	303	434
Other	392	359
Total non-current liabilities	1,319	1,314
Total liabilities	10,598	8,965
Net assets		
Shareholders' equity		
Capital stock	2,012	2,012
Capital surplus	2,369	2,365
Retained earnings	7,926	8,365
Treasury shares	(334)	(313)
Total shareholders' equity	11,974	12,429
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(79)	(78)
Total accumulated other comprehensive income	(78)	(76)
Total net assets	11,895	12,352
Total liabilities and net assets	22,494	21,318

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Nine Months ended December 31, 2020)

(Unit: Million yen)

	First nine months of FY 3/20 (Apr. 1, 2019 - Dec. 31, 2019)	First nine months of FY 3/21 (Apr. 1, 2020 - Dec. 31, 2020)
Net sales	55,718	50,442
Cost of sales	46,203	42,009
Gross profit	9,515	8,433
Selling, general and administrative expenses	7,619	6,754
Operating profit	1,896	1,678
Non-operating income		
Interest income	2	2
Dividend income	3	0
Share of profit of entities accounted for using equity method	-	6
Subsidy income	48	359
House rent income	25	30
Other	22	18
Total non-operating income	103	417
Non-operating expenses		
Interest expenses	11	8
Share of loss of entities accounted for using equity method	2	-
Rent expenses	18	16
Provision for loss on cancellation	-	26
Other	27	38
Total non-operating expenses	59	91
Ordinary profit	1,940	2,005
Extraordinary income		
Gain on sales of investment securities	71	-
Total extraordinary income	71	-
Extraordinary losses		
Loss on sales of investment securities	3	-
Directors' retirement benefits	-	50
Total extraordinary losses	3	50
Profit before income taxes	2,007	1,954
Income taxes - current	581	578
Income taxes - deferred	119	92
Total income taxes	700	670
Profit	1,307	1,284
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,307	1,284

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Nine Months ended December 31, 2020)

(Unit: Million yen)

	First nine months of FY 3/20 (Apr. 1, 2019 - Dec. 31, 2019)	First nine months of FY 3/21 (Apr. 1, 2020 - Dec. 31, 2020)
Profit	1,307	1,284
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	-
Remeasurements of defined benefit plans, net of tax	(3)	1
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(44)	1
Comprehensive income	1,262	1,285
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,262	1,285
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)

(Accounting Estimates Associated with the Spread of COVID-19 Infections)

There are no significant changes to the assumptions, including the timing of the convergence of the effects of COVID-19 infections, as described in the (Additional Information) section of the Notes regarding Quarterly Consolidated Financial Statements for the first quarter consolidated accounting period.

In determining the recoverability of deferred tax assets and determining the impairment loss of non-current assets, the Company assumes that the effects of the spread of COVID-19 infections will continue to gradually recover from the third quarter onwards.