The financial results have been translated from the Japanese Consolidated Financial Statements for reference purposes only. In the event of any discrepancy between the Japanese version and the English translation, the Japanese version will prevail.

Consolidated Financial Results for the Third Quarter of Fiscal 2018 (April 1, 2018 - December 31, 2018) [under Japanese GAAP]

February 1, 2019

Company name: NS Solutions Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 2327
URL: https://www.nssol.nssmc.com
Representative: Munetaka Shashiki, Representative Director & President
Contact: Hideki Komatsu, Director, Accounting & Finance Department
Phone: +81-3-5117-4111
Scheduled date of filing quarterly securities report: February 8, 2019
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Third Quarter of Fiscal 2018 (April 1, 2018 to December 31, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2018 3Q	187,252	11.3	17,624	27.2	18,053	25.0	11,743	20.3
FY2017 3Q	168,315	6.1	13,856	(8.1)	14,437	(7.0)	9,761	(3.4)

(Note) Comprehensive income: FY2018 3Q: 11,448 million yen [(30.7)%]
FY2017 3Q: 16,512 million yen [16.4%]

	Net income per share	Diluted net income per share
	Yen	Yen
FY2018 3Q	124.69	-
FY2017 3Q	103.09	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2018 3Q	219,040	141,305	62.1
FY2017	221,436	141,528	61.6

(Reference) Equity: FY2018 3Q: 136,117 million yen
FY2017: 136,473 million yen

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2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	25.00	-	25.00	50.00
FY2018	-	27.50	-		
FY2018(Forecast)				27.50	55.00

(Notes) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for Fiscal 2018 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	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	258,000	5.6	24,000	5.9	24,500	6.0	16,000	7.1	170.54

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(4) Total number of issued shares (common stock)
1) Total number of issued shares at the end of the period (including treasury shares):
FY2018 3Q : 94,704,740 shares
FY2017: 94,704,740 shares

2) Total number of treasury shares at the end of the period:
FY2018 3Q : 1,983,463 shares
FY2017: 16,138 shares

3) Average number of shares during the period:
FY2018 3Q : 94,178,784 shares
FY2017 3Q : 94,689,229 shares

* This quarterly consolidated financial results report is exempt from the audit conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.

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Quarterly Consolidated Financial Statements

Quarterly Consolidated Balace Sheets

(Milions of yen)

	March 31, 2018	December 31, 2018
Assets		
Current assets		
Cash and deposits	3,198	3,191
Deposits paid	43,691	46,367
Notes and accounts receivable - trade	56,876	45,108
Securities	2,000	—
Work in process	24,498	33,848
Raw materials and supplies	32	36
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	1,829	2,160
Allowance for doubtful accounts	(23)	(19)
Total current assets	144,103	142,692
Non-current assets		
Property, plant and equipment	20,368	19,360
Intangible assets		
Goodwill	4,320	3,971
Other	3,392	2,775
Total intangible assets	7,712	6,746
Investments and other assets		
Investment securities	38,693	39,707
Other	10,604	10,579
Allowance for doubtful accounts	(45)	(47)
Total investments and other assets	49,252	50,240
Total non-current assets	77,333	76,347
Total assets	221,436	219,040
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,500	17,880
Income taxes payable	3,573	2,510
Advances received	16,722	22,411
Provision for bonuses	8,484	4,309
Other provision	455	731
Other	12,371	13,340
Total current liabilities	60,109	61,184
Non-current liabilities		
Provision for directors' retirement benefits	141	127
Net defined benefit liability	8,541	9,303
Other	11,114	7,119
Total non-current liabilities	19,798	16,550
Total liabilities	79,907	77,735
Net assets		
Shareholders' equity		
Capital stock	12,952	12,952
Capital surplus	9,950	9,950
Retained earnings	93,244	100,033
Treasury shares	(25)	(6,520)
Total shareholders' equity	116,122	116,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,203	19,596
Foreign currency translation adjustment	147	104
Total accumulated other comprehensive income	20,351	19,701
Non-controlling interests	5,055	5,187
Total net assets	141,528	141,305
Total liabilities and net assets	221,436	219,040

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Quarterly Consolidated Statements of Income

(Milions of yen)

	2017Fy 3Q	2018Fy 3Q
Net sales	168,315	187,252
Cost of sales	134,466	149,587
Gross profit	33,849	37,665
Selling, general and administrative expenses	19,993	20,040
Operating profit	13,856	17,624
Non-operating income		
Interest income	108	120
Dividend income	483	409
Share of profit of entities accounted for using equity method	13	―
Other	122	37
Total non-operating income	727	567
Non-operating expenses		
Interest expenses	9	7
Share of loss of entities accounted for using equity method	―	12
Loss on retirement of non-current assets	18	51
Foreign exchange losses	22	11
Cancellation penalty	15	28
Other	80	26
Total non-operating expenses	145	138
Ordinary profit	14,437	18,053
Extraordinary income		
Gain on sales of investment securities	3,254	1,041
Total extraordinary income	3,254	1,041
Extraordinary losses		
Impairment loss	2,381	―
Office transfer cost	―	957
Total extraordinary losses	2,381	957
Profit before income taxes	15,311	18,138
Income taxes	5,174	6,035
Profit	10,137	12,103
Profit attributable to non-controlling interests	375	359
Profit attributable to owners of parent	9,761	11,743

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Quarterly Consolidated Statements of Comprehensive Income

(Milions of yen)

	2017Fy 3Q	2018Fy 3Q
Profit	10,137	12,103
Other comprehensive income		
Valuation difference on available-for-sale securities	6,348	(607)
Foreign currency translation adjustment	26	(47)
Total other comprehensive income	6,375	(654)
Comprehensive income	16,512	11,448
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,137	11,092
Comprehensive income attributable to non-controlling interests	375	355

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