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 First Quarter of Fiscal 2019 (April 1, 2019 - June 30, 2019) [under Japanese GAAP]

July 30, 2019

Company name: NS Solutions Corporation
Stock exchange listing: Tokyo Stock Exchange
Code number: 2327
URL: https://www.nssol.nipponsteel.com
Representative: Hiroyuki Morita, Representative Director & President
Contact: Hideki Komatsu, Director, Accounting & Finance Department
Phone: +81-3-5117-4111
Scheduled date of filing quarterly securities report: August 9, 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 First Quarter of Fiscal 2019 (April 1, 2019 to June 30, 2019)

(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	%
FY2019 1Q	81,664	39.8	7,936	55.1	8,184	55.7	5,090	69.6
FY2018 1Q	58,434	0.5	5,117	11.3	5,257	7.3	3,001	5.1

(Note) Comprehensive income: FY2019 1Q: 8,732 million yen [33.2%]
FY2018 1Q: 6,557 million yen [94.7%]

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019 1Q	55.63	-
FY2018 1Q	31.70	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2019 1Q	240,486	153,444	61.6
FY2018	236,078	147,461	60.2

(Reference) Equity: FY2019 1Q: 148,113 million yen
FY2018: 142,008 million yen

Copyright (C) 2019 NS Solutions Corporation, All rights reserved.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	27.50	-	27.50	55.00
FY2019	-				
FY2019(Forecast)		30.00	-	30.00	60.00

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

3. Consolidated Financial Results Forecast for Fiscal 2019
(April 1, 2019 to March 31, 2020)

(% 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
First half	142,000	13.9	12,400	10.0	12,500	8.7	8,000	11.0	87.43
Full year	286,000	7.8	27,200	5.9	27,500	5.3	18,000	5.2	196.72

(Note) Revision to the financial results forecast announced most recently: Yes

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(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: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Total number of issued shares (common stock)
1) Total number of issued shares at the end of the period (including treasury shares):
FY2019 1Q : 94,704,740 shares
FY2018: 94,704,740 shares

2) Total number of treasury shares at the end of the period:
FY2019 1Q : 3,204,227 shares
FY2018: 3,204,145 shares

3) Average number of shares during the period:
FY2019 1Q : 91,500,577 shares
FY2018 1Q : 94,688,535 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.

Copyright (C) 2019 NS Solutions Corporation, All rights reserved.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Milions of yen)

	March 31, 2019	June 30, 2019
Assets		
Current assets		
Cash and deposits	3,256	3,450
Deposits paid	45,384	45,911
Notes and accounts receivable - trade	56,829	54,250
Work in process	35,168	34,910
Raw materials and supplies	10	37
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	1,993	2,076
Allowance for doubtful accounts	(23)	(22)
Total current assets	154,620	152,613
Non-current assets		
Property, plant and equipment	18,921	19,433
Intangible assets		
Goodwill	3,854	3,738
Other	2,478	2,323
Total intangible assets	6,333	6,061
Investments and other assets		
Investment securities	45,554	51,665
Other	10,696	10,759
Allowance for doubtful accounts	(46)	(46)
Total investments and other assets	56,204	62,377
Total non-current assets	81,458	87,872
Total assets	236,078	240,486
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,830	19,901
Income taxes payable	5,249	2,655
Advances received	20,938	25,555
Provision for bonuses	8,973	4,502
Other provisions	1,655	2,249
Other	12,720	15,599
Total current liabilities	70,368	70,464
Non-current liabilities		
Provision for directors' retirement benefits	130	106
Net defined benefit liability	9,724	9,473
Other	8,394	6,997
Total non-current liabilities	18,249	16,578
Total liabilities	88,617	87,042
Net assets		
Shareholders' equity		
Share capital	12,952	12,952
Capital surplus	9,950	9,950
Retained earnings	105,402	107,976
Treasury shares	(10,026)	(10,026)
Total shareholders' equity	118,279	120,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,672	27,164
Foreign currency translation adjustment	56	95
Total accumulated other comprehensive income	23,728	27,260
Non-controlling interests	5,452	5,331
Total net assets	147,461	153,444
Total liabilities and net assets	236,078	240,486

Copyright (C) 2019 NS Solutions Corporation, All rights reserved.

Quarterly Consolidated Statements of Income

(Milions of yen)

	FY2018 1Q	FY2019 1Q
Net sales	58,434	81,664
Cost of sales	46,276	66,346
Gross profit	12,158	15,318
Selling, general and administrative expenses	7,040	7,382
Operating profit	5,117	7,936
Non-operating income		
Interest income	40	44
Dividend income	194	209
Other	6	26
Total non-operating income	240	279
Non-operating expenses		
Interest expenses	2	2
Share of loss of entities accounted for using equity method	6	3
Loss on retirement of non-current assets	32	1
Foreign exchange losses	8	18
Other	51	7
Total non-operating expenses	100	31
Ordinary profit	5,257	8,184
Extraordinary losses		
Office transfer cost	—	32
Total extraordinary losses	—	32
Profit before income taxes	5,257	8,151
Income taxes	2,185	2,951
Profit	3,072	5,200
Profit attributable to non-controlling interests	70	110
Profit attributable to owners of parent	3,001	5,090

Copyright (C) 2019 NS Solutions Corporation, All rights reserved.

Quarterly Consolidated Statements of Comprehensive Income

(Milions of yen)

	FY2018 1Q	FY2019 1Q
Profit	3,072	5,200
Other comprehensive income		
Valuation difference on available-for-sale securities	3,555	3,492
Foreign currency translation adjustment	(70)	40
Total other comprehensive income	3,485	3,532
Comprehensive income	6,557	8,732
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,490	8,621
Comprehensive income attributable to non-controlling interests	67	111

Copyright (C) 2019 NS Solutions Corporation, All rights reserved.