

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 2019
(April 1, 2019 - December 31, 2019)
[under Japanese GAAP]**

February 6, 2020

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: February 14, 2020
 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 2019
(April 1, 2019 to December 31, 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 3Q	198,419	12.1	19,928	16.5	20,158	14.9	13,039	16.5
FY2018 3Q	177,008	9.3	17,112	25.5	17,541	23.3	11,194	17.7

(Note) Comprehensive income: FY2019 3Q: 20,711 million yen [90.0%]

FY2018 3Q: 10,899 million yen [(33.0) %]

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2019 3Q	142.50		-	
FY2018 3Q	118.86		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
FY2019 3Q	241,083		160,889		64.4	
FY2018	232,779		145,901		60.3	

(Reference) Equity: FY2019 3Q: 155,196 million yen
 FY2018: 140,448 million yen

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	-	32.50	-		
FY2019(Forecast)				32.50	65.00

(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
Full year	274,000	7.4	28,400	11.9	28,500	10.4	18,300	9.5	200.00

(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 3Q :	94,704,740	shares
FY2018:	94,704,740	shares
 - 2) Total number of treasury shares at the end of the period:

FY2019 3Q :	3,204,309	shares
FY2018:	3,204,145	shares
 - 3) Average number of shares during the period:

FY2019 3Q :	91,500,527	shares
FY2018 3Q :	94,178,784	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.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	March 31, 2019	December 31, 2019
Assets		
Current assets		
Cash and deposits	3,256	5,471
Deposits paid	45,384	45,669
Notes and accounts receivable - trade	57,181	53,625
Work in process	29,674	31,556
Raw materials and supplies	10	22
Short-term loans receivable from subsidiaries and associates	12,000	12,000
Other	1,993	3,146
Allowance for doubtful accounts	(23)	(22)
Total current assets	149,478	151,469
Non-current assets		
Property, plant and equipment	18,921	18,685
Intangible assets		
Goodwill	3,854	3,505
Other	2,478	2,322
Total intangible assets	6,333	5,828
Investments and other assets		
Investment securities	45,554	55,071
Other	12,539	10,077
Allowance for doubtful accounts	(46)	(48)
Total investments and other assets	58,047	65,099
Total non-current assets	83,301	89,613
Total assets	232,779	241,083
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,029	15,423
Income taxes payable	5,329	2,762
Advances received	20,597	21,420
Provision for bonuses	8,973	4,572
Other provisions	1,655	1,642
Other	13,043	15,465
Total current liabilities	68,629	61,286
Non-current liabilities		
Provision for directors' retirement benefits	130	121
Retirement benefit liability	9,724	9,888
Other provisions	—	137
Other	8,394	8,759
Total non-current liabilities	18,249	18,907
Total liabilities	86,878	80,193
Net assets		
Shareholders' equity		
Share capital	12,952	12,952
Capital surplus	9,950	9,950
Retained earnings	103,842	111,391
Treasury shares	(10,026)	(10,026)
Total shareholders' equity	116,719	124,267
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23,672	30,919
Foreign currency translation adjustment	56	9
Total accumulated other comprehensive income	23,728	30,928
Non-controlling interests	5,452	5,693
Total net assets	145,901	160,889
Total liabilities and net assets	232,779	241,083

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	2018Fy 3Q	2019Fy 3Q
Net sales	177,008	198,419
Cost of sales	139,855	157,480
Gross profit	37,153	40,938
Selling, general and administrative expenses	20,040	21,010
Operating profit	17,112	19,928
Non-operating income		
Interest income	120	137
Dividend income	409	398
Share of profit of entities accounted for using equity method	—	18
Other	37	84
Total non-operating income	567	639
Non-operating expenses		
Interest expenses	7	6
Share of loss of entities accounted for using equity method	12	—
Loss on retirement of non-current assets	51	14
Foreign exchange losses	11	11
Provision for loss on business withdrawal	—	187
Special investigation expenses, etc.	—	108
Other	55	81
Total non-operating expenses	138	409
Ordinary profit	17,541	20,158
Extraordinary income		
Gain on sales of investment securities	1,041	492
Total extraordinary income	1,041	492
Extraordinary losses		
Office transfer cost	957	176
Total extraordinary losses	957	176
Profit before income taxes	17,626	20,474
Income taxes	6,072	6,958
Profit	11,554	13,516
Profit attributable to non-controlling interests	359	477
Profit attributable to owners of parent	11,194	13,039

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2018Fy 3Q	2019Fy 3Q
Profit	11,554	13,516
Other comprehensive income		
Valuation difference on available-for-sale securities	(607)	7,246
Foreign currency translation adjustment	(47)	(51)
Total other comprehensive income	(654)	7,195
Comprehensive income	10,899	20,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,544	20,238
Comprehensive income attributable to non-controlling interests	355	473

(Note)

Transactions of which the Company is unable to verify the actual existence

During the tax examination process that was conducted on NS Solutions Corporation (the "Company") in mid-November of 2019, questions arose with respect to the actual existence of certain of the Company's recorded purchase and resale of goods transactions. Due to this situation, the Company established a Special Investigation Committee and investigated this matter. As a result, transactions of which the actual existence cannot be verified have been ascertained. Therefore, the Company has cancelled such transactions, and has recorded the deposits and withdrawals related thereto as temporary receipts of 46,404 million yen and temporary payments of 44,753 million yen, respectively, and has also recorded the net amount of 1,650 million yen as other non-current liabilities.

In addition to the above, there were matters in relation to which orders were received and/or issued but not yet processed. Such matters may affect the Company's financial condition and operating results depending on their future circumstances.