

Financial Results Briefing Materials for the First Six Months of FY 2019

November 8, 2018
NISSO CORPORATION



TSE1 Code: 6569

•The Financial Results Summary for the First Six Months of FY 3/2019 and the Earnings Forecast for FY 3/2019 will be explained within these materials.

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Financial Results Summary for the First Six Months of FY 3/2019

•The following is the report of the Financial Results Summary for the First Six Months of FY 3/2019.

FY 3/2019 2Q Consolidated Financial Results Highlights (P/L)



◆NISSO: Promotion of skilled staff assignment to account companies, steady growth of financial results

◆Nisso Nifty: Although sales increased due to increase in residents at Sweetpea Higashi Totsuka, occurrence of upfront investment continued

(Unit: Million yen)

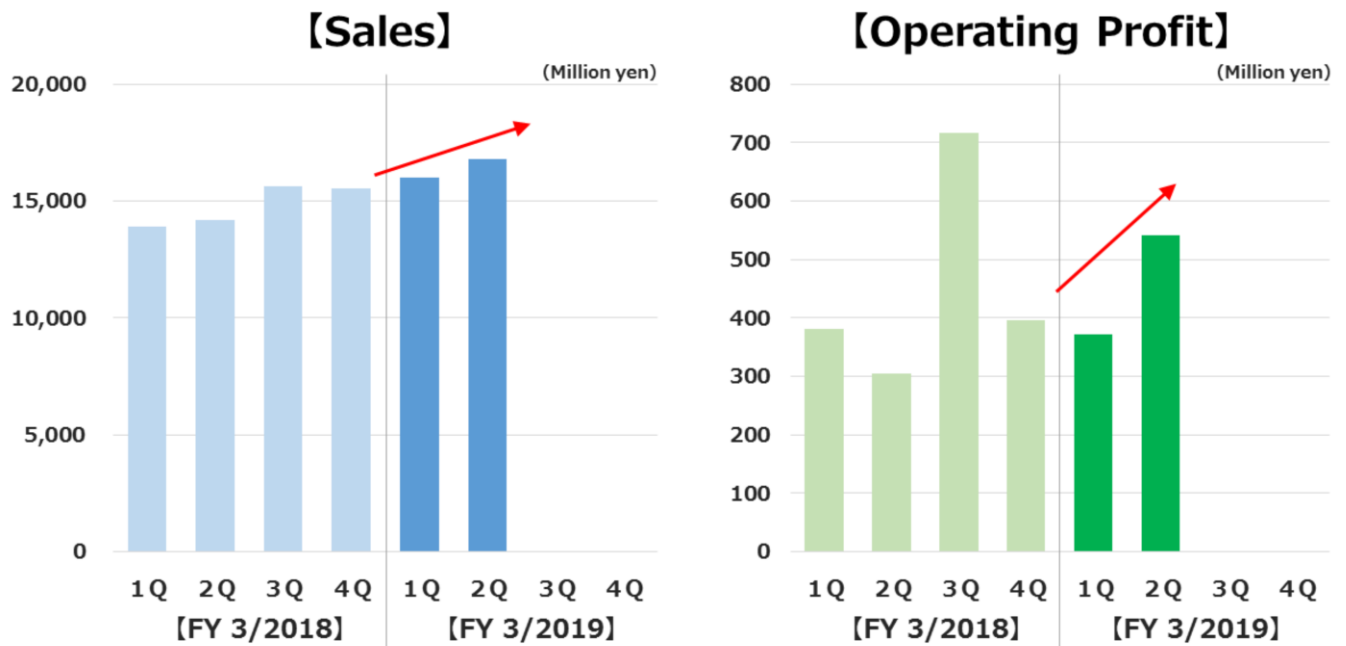
	FY 3/2018 2Q		FY 3/2019 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	28,073	100.0%	32,783	100.0%	4,709	16.8%
Gross profit	4,864	17.3%	5,508	16.8%	643	13.2%
SG&A expenses	4,178	14.9%	4,593	14.0%	414	9.9%
Operating profit	686	2.4%	915	2.8%	229	33.4%
Ordinary profit	674	2.4%	930	2.8%	256	38.0%
Profit attributable to owners of parent	445	1.6%	588	1.8%	142	32.0%

(Note) Quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q.

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- The following is the explanation of Consolidated Financial Results for FY 3/2018 2Q. Please note that since quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q, the figures that are provided are for reference purposes.
- Net sales amounted to 32,783 million yen (up 4,709 million yen or 16.8% year on year). The factors for the increase in revenue were:
 - ①With regards to Manufacturing-related HR Services, revenue increased due to an increase in the number of enrolled staff and a rise in sales per capita.
 - ②With regards to Other Businesses, revenue increased due to an increase in residents at "Sweetpea Higashi Totsuka".
- Gross profit amounted to 5,508 million yen (up 643 million yen or 13.2% year on year). The factors for the increase in profit were:
 - ①With regards to Manufacturing-related HR Services, although there was an increase in sales, housing- and education-related expenses associated with the increase of enrolled staff, increased.
 - ②With regards to Other Businesses, upfront investment in personnel and operating expenses occurred for the nursing care facility "Sweetpea Higashi Totsuka".
- Operating profit amounted to 915 million yen (up 229 million yen or 33.4% year on year). The factors for the increase in profit were:
 - ①With regards to Manufacturing-related HR Services, while personnel and employee recruitment expenses associated with the strengthening of business increased, efforts to reduce the selling, general and administrative costs ratio were promoted.
 - ②With regards to Other Businesses, various charges/expenses associated with the opening of "Sweetpea Higashi Totsuka" increased.
- Ordinary profit amounted to 930 million yen (up 256 million yen or 38.0% year on year). This was due to a decrease in interest expenses associated with a decrease in borrowings.
- Profit attributable to owners of parent amounted to 588 million yen (up 142 million yen or 32.0% year on year). This was due to an increase in (corporate) income taxes.

FY 3/2019 2Q Quarterly Financial Results Trend



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- The following is the explanation of the quarterly sales and operating profit trends from FY 3/2018.
- Financial results for FY 3/2019 2Q have been growing steadily from the previous fiscal year.
- The quarterly fluctuations in operating profit for FY 3/2018 are the result of investments for skilled staff development and company entrance (employment) promotion which occurred in 2Q, and in addition to the incurrence of expenses related to the public offering, NISSO strengthened investments in recruitment centering on account companies in 4Q.
- Regarding the outlook for this fiscal year, as a feature of human resources services, there is a tendency for the scale of business operations to expand in the second half of the fiscal year compared to the first half, with regards to sales and profits.
Therefore, NISSO expects sales and profits to increase in the second half of the current fiscal year.

FY 3/2019 2Q Consolidated Financial Results Highlights (B/S)



[Quarterly Consolidated Balance Sheet]

(Unit: Million yen, %)

	FY 3/18-end		FY 3/19-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	12,753	64.2	12,939	64.3	186
Cash and deposits	5,283	26.6	5,117	25.4	(165)
Notes and accounts receivable - trade	6,791	34.2	7,153	35.6	362
Non-current assets	7,117	35.8	7,176	35.7	59
Property, plant and equipment	4,994	25.1	5,015	24.9	21
Intangible assets	380	1.9	356	1.8	(23)
Investments and other assets	1,742	8.8	1,804	9.0	62
Total assets	19,870	100.0	20,115	100.0	245
Current liabilities	8,206	41.3	8,183	40.7	(23)
Accrued expenses	4,331	21.8	4,451	22.1	120
Income taxes payable	632	3.2	458	2.3	(174)
Non-current liabilities	2,345	11.8	2,350	11.7	4
Long-term loans payable	1,883	9.5	1,832	9.1	(51)
Total liabilities	10,552	53.1	10,533	52.4	(18)
Shareholders' equity	9,130	45.9	9,386	46.7	255
Total net assets	9,317	46.9	9,582	47.6	264
Total liabilities and net assets	19,870	100.0	20,115	100.0	245

① Increase due to business expansion

"Notes and accounts receivable - trade" increased due to an increase in net sales, and "accrued expenses" increased due to personnel expenses related to dispatched staff, etc.

② Overall

In addition to a decrease in liabilities due to tax and other scheduled payments, "cash and deposits" decreased due to dividends. However, current assets increased due to an increase in "notes and accounts receivable - trade" accompanying business expansion. Furthermore, since non-current assets increased due to capital investment, total assets also increased.

Shareholders' equity and total net assets increased due to quarterly profit.

(Note) Quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q.

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- The status of the quarterly consolidated finances is as explained in the above slide.
- Overall trends have been progressing smoothly.

FY 3/2019 2Q Consolidated Financial Results Highlights (C/F)



[Quarterly Consolidated Statement of Cash Flows]

(Unit: Million yen)

	First 6 months of FY 3/18	First 6 months of FY 3/19	Increase (Decrease)
	Amount	Amount	
Cash flows from operating activities	1,227	351	(875)
Cash flows from investing activities	(41)	(93)	(51)
Cash flows from financing activities	(1,061)	(424)	637
Net increase (decrease) in cash and cash equivalents	123	(165)	(289)
Cash and cash equivalents at beginning of period	3,369	5,283	1,914
Cash and cash equivalents at end of period	3,493	5,117	1,624

① Cash flows from operating activities

While profit before income taxes and proceeds from increases in allowances, etc. increased YOY, due to expenditures from an increase in notes and accounts receivable-trade accompanying business expansion, and increases in tax payments from increases in capital stock from the previous fiscal year, the amount of revenue decreased YOY, and amounted to 351 million yen

② Cash flows from investing activities

Expenditures increased YOY mainly due to investments related to training facilities, and amounted to 93 million yen

③ Cash flows from financing activities

While cash dividends paid increased YOY, in addition to proceeds from long-term loans payable, due to decreases in expenditures for repayments of long- and short-term loans payable, the amount of expenditures decreased YOY, and amounted to 424 million yen

(Note) Quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q.

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- The status of the quarterly consolidated cash flows is as explained in the above slide.
- There are no problems whatsoever regarding cash flows.

Other Businesses Business Revenue



[Other Businesses Results]

	FY 3/18			FY 3/19			(Unit: Million yen)	
	1Q	2Q	2 nd Half	1Q	2Q	2 nd Half Forecast	FY 3/18	FY 3/19
							Full year	Full year Forecast
Net sales	568	574	1,130	587	620	1,299	2,273	2,508
Expenses	584	589	1,200	669	685	1,385	2,374	2,739
Operating profit (loss)	(16)	(14)	(70)	(81)	(64)	(85)	(101)	(231)

- ◆ Sales increased due to increase in residents at Sweetpea Higashi Totsuka
- ◆ Upfront investment expenses such as personnel expenses, operation costs, etc., associated with the opening of Sweetpea Higashi Totsuka continue to occur
- ◆ Occupancy is progressing almost as planned, and operating loss of approx. 200 million yen is expected for the full year

◆ Residents are moving in according to plans

《Fee-based senior-care nursing home # of residents as of 9/2018-end》

Bldg. #1 - 5 # of residents: 292 occupancy rate: 94.8% (capacity: 308)

Bldg. #6 (Sweetpea Higashi Totsuka) # of residents: 21 occupancy rate: 22.3% (capacity: 94)

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• The following is the explanation of Other Businesses.

- Sales increased due to an increase in residents at Sweetpea Higashi Totsuka.
- Although Sweetpea Higashi Totsuka's occupancy is progressing almost as planned, upfront investment expenses such as personnel expenses and operating costs associated with its opening have continued to occur.
- Operating loss of approximately 200 million yen is expected for the full year.

• Regarding the occupancy status of the fee-based senior-care nursing homes:
 Compared to the maximum capacity of 308 possible residents for Buildings #1 - 5 of the existing facilities, there were 292 residents, which amounted to an occupancy rate of 94.8%.
 Compared to the maximum capacity of 94 possible residents for Building #6 (Sweetpea Higashi Totsuka), there were 21 residents, which amounted to an occupancy rate of 22.3%.

FY 3/2019 2Q Non-consolidated Financial Results Highlights



- ◆ Amid continued strong demand from automobiles and electronic components industries, sales and profits increased due to placement of skilled staff to high-unit cost clients, mainly account companies
- ◆ Although gross profit margin decreased YOY due to upfront costs such as housing and education accompanying staff increases, due to efforts to control increases in SG&A expenses, operating profit margin increased YOY

(Unit: Million yen)

	FY 3/2018 2Q		FY 3/2019 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase	% Change
Net sales	24,983	100.0%	29,969	100.0%	4,985	20.0%
Gross profit	4,437	17.8%	5,228	17.4%	790	17.8%
SG&A expenses	3,787	15.2%	4,251	14.2%	463	12.2%
Operating profit	650	2.6%	977	3.3%	326	50.3%
Ordinary profit	627	2.5%	983	3.3%	356	56.8%
Profit	411	1.6%	629	2.1%	217	52.8%

(Note) Quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q.

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- The following is the explanation of NISSO's Non-consolidated Financial Results.
Please note that since quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q, the figures that are provided are for reference purposes.
- Net sales amounted to 29,969 million yen (up 4,985 million yen or 20.0% year on year).
Sales per capita increased due to the prioritization of skilled staff assignments to account companies, who are NISSO's key clients, mainly in automobiles and electronic devices companies, where production was strong.
The number of enrolled staff increased steadily as a result of efforts to improve retention rates, by boosting the manufacturing staff's motivation through the improvement of treatment and enhancement of educational opportunities.
- Gross profit amounted to 5,228 million yen (up 790 million yen or 17.8% year on year).
Meanwhile, due to education-related expenses of skilled staff and the occurrence of upfront investment for housing, gross profit margin decreased by 0.4 points.
- Operating profit amounted to 977 million yen (up 326 million yen or 50.3% year on year).
Regarding selling, general and administrative expenses, although personnel and employee recruitment expenses associated with the strengthening of business increased, efforts to reduce the selling, general and administrative costs ratio were promoted.
- Ordinary profit amounted to 983 million yen (up 356 million yen or 56.8% year on year).
There was a decrease in interest expenses associated with a decrease in borrowings.

FY 3/2019 2Q Sales by Industry (NISSO, Non-consolidated)

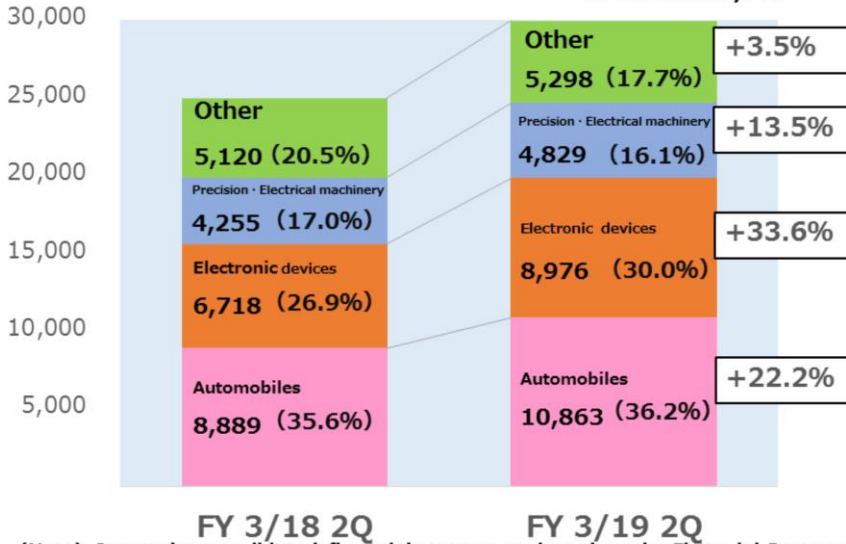


【 Trend of Sales Composition Ratios 】

(Unit: Million yen)

※ () = % of total sales

※ □ = % of Year-on-Year growth



- Strong growth in client markets, including automobiles and electronic device industries where NISSO has high market shares
- Automobiles: Domestic production remained strong
- Electronic devices: Continued increase in demand for smartphones, automotive electronic and semiconductor components

(Note) Quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q.

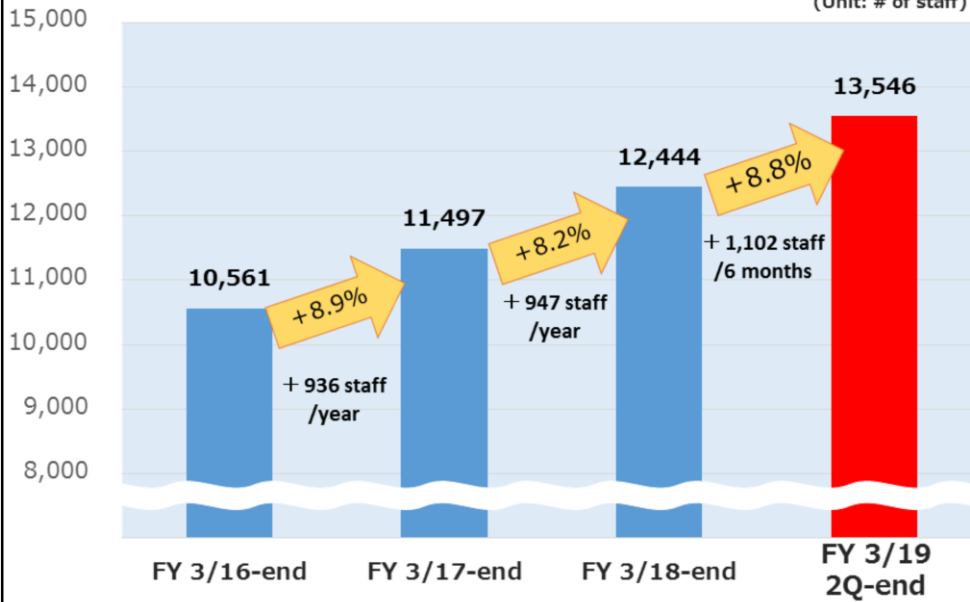
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- The following is the explanation of NISSO's non-consolidated net sales by industry. Please note that since quarterly consolidated financial statements based on the Financial Instruments and Exchange Act were not prepared for FY 3/2018 2Q, the figures that are provided are for reference purposes.
- The above is the year on year comparison of sales by industry.
- NISSO is expanding sales mainly in the automobiles and electronic components industries, which are expected to have high added value and high-unit costs based on current strategies.
- With regards to electronic devices, since the increasing trend in the demand for human resources continued due to increased demand for smartphones and automotive components, sales increased 33.6% year on year.
- With regards to the automobiles-related industry, domestic production remained steady, the increasing trend in the demand for human resources continued, and sales increased 22.2% year on year.
- NISSO believes that sales will continue to increase steadily in the future based on the mid- to long-term status of orders and the situation regarding necessary personnel.

Trend of Enrolled Staff (NISSO, Non-consolidated)

Trend of Number Enrolled at FY-end

(Unit: # of staff)



- From previous FY-end: Increase of 1,102 staff (8.8%)
- Increased enrollment mainly in automobiles and electronic device companies
- Looking ahead, demand for human resources is expected to remain high

[Reference]
 FY 3/18 2Q-end enrollment: 11,797 staff
 From FY 3/17-end: + 300 staff (2.6%)

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•The following is the explanation of the trend of NISSO's enrolled staff.

•The number of enrolled staff at the end of September 2018 was 13,546.

There were 12,444 staff at the end of the previous fiscal year, and increased by 1,102 staff (8.8%) in 6 months.

•The factors for the increase were:

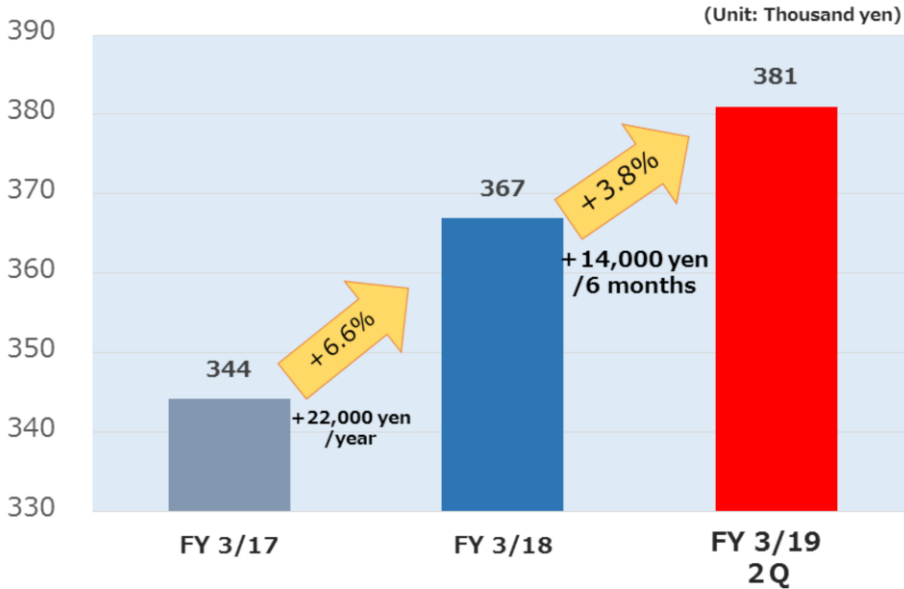
- ① Recruiting activities were conducted smoothly.
- ② A low turnover rate was maintained.

For reference, the number of enrolled staff at the end of the second quarter of 2017 was 11,797, which was an increase of 300 staff (2.6%) from the end of the previous fiscal year.

Trend of Sales per Capita (NISSO, Non-consolidated)



[Sales per capita (monthly average conversion)]



- > FY 3/19 2Q:
Up approx. 14,000 yen from previous FY (3.8%)
- > Continued implementation of unit cost negotiations from previous FY, increase in sales per capita due to placement of skilled staff

[Reference]
 FY 3/18 2Q sales per capita:
 353 Thousand yen
 From FY 3/17:
 Up 9,000 yen (2.6%)

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- The following is the explanation of NISSO's sales per capita.
- The monthly sales per capita for FY 3/2019 2Q amounted to 381 thousand yen, which was a increase of 14,000 yen (3.8%) from the previous fiscal year.
- The factors for the increase are the result of unit cost negotiations centering on account companies, and the increase of skilled staff.
- NISSO will continue to promote these initiatives in an effort to increase sales per capita.

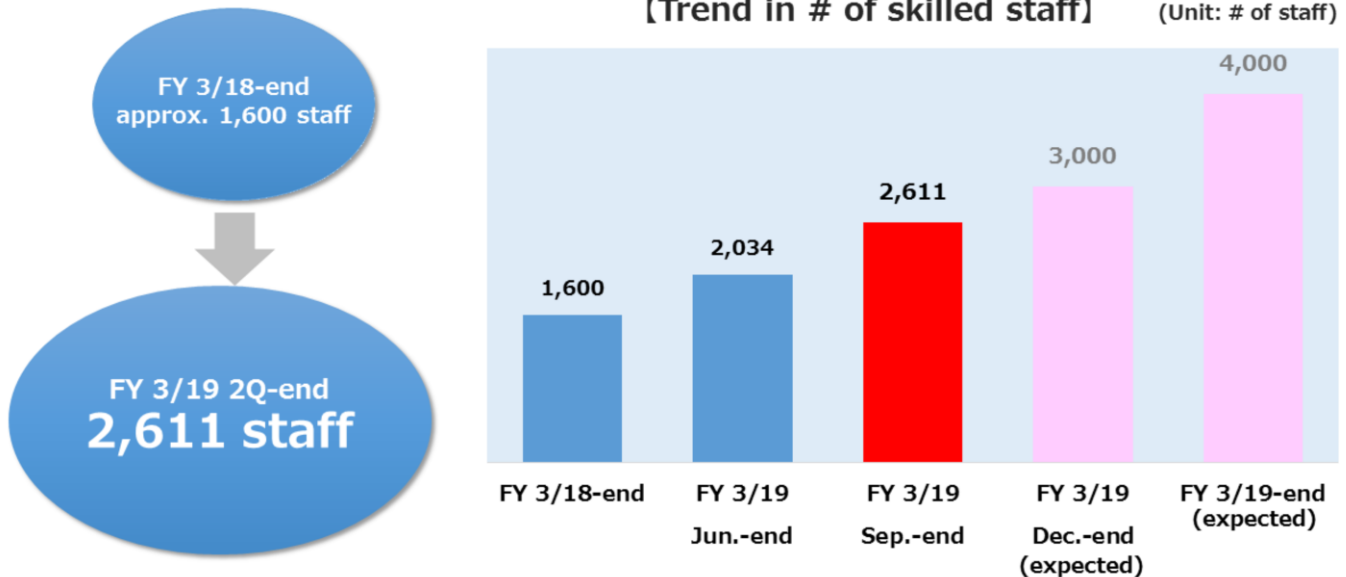
For reference, sales per capita for FY 3/2018 2Q was 353 thousand yen, which was an increase of 9,000 yen (2.6%) from the previous fiscal year.

Number of Skilled Staff (NISSO, Non-consolidated)

◆ Skilled staff are increasing as planned 4,000 staff expected by FY 3/19-end as planned

[Trend in # of skilled staff]

(Unit: # of staff)



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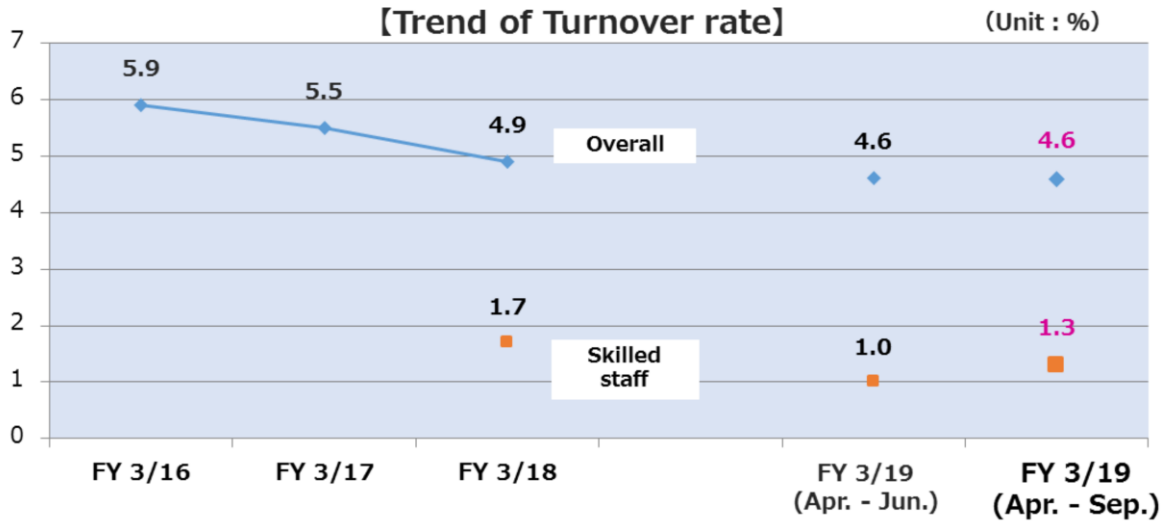
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- The following is the explanation of NISSO's skilled staff.
- The number of skilled staff at FY 3/2019 2Q-end was 2,611 (approximately 1,600 at FY 3/2018-end).
- NISSO is currently continuing to promote their appointment and development, and is expecting to have 3,000 staff by the end of 3Q, as well as aiming for 4,000 staff at the end of the fiscal year.
- Skilled staff are the cornerstone of NISSO's growth strategy, and the needs for them by clients are very high.
Therefore, as a very important indicator for the growth strategy moving forward, NISSO's goal is to increase the number of skilled staff by 2,000 every fiscal year.

Turnover Rates (NISSO, Non-consolidated)



- ◆ Overall turnover rate is maintained at 4.6%
- ◆ Skilled staff turnover rate for 2Q: 1.3% (+ 0.3 pts vs. 1Q)



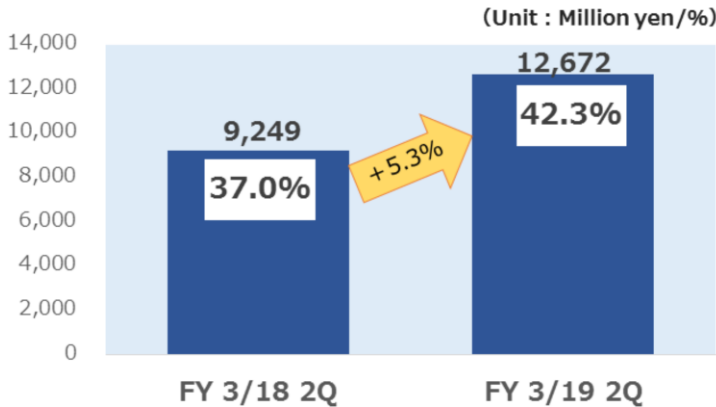
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- The following is the explanation of NISSO's turnover rates.
- With regards to the overall turnover rate of FY 3/2019 2Q, in addition to the low turnover rate of skilled staff, as a result of the promotion of educational opportunities and the maintenance of working environments to increase employee motivation, the overall turnover rate of 4.6% was maintained from 1Q.
- The turnover rate of skilled staff increased by 0.3 points to 1.3% due to a slight increase in the number of resignees. However, since the number of enrolled staff has increased by more than 1,000 in half a year, it is considered to be within the acceptable range.
- NISSO will continue to make efforts to further reduce turnover rates through the enhancement of employment environments with a focus on skilled staff, and the improvement of treatment, etc. through the provision of developmental opportunities.

Account Companies (NISSO, Non-consolidated)

[Account Company Group Sales and % of Total]



- Account Company Groups (automobiles / electronic components / precision equipment / electrical machinery): favorable production conditions continued
- Increase in sales due to reinforcement of skilled staff assignments to account companies and negotiation of unit costs; amounted to 42.3% of NISSO's sales shares in 2Q
- Production trends of account company groups are expected to remain strong hereafter

	FY 3/18 2Q	FY 3/19 2Q	Increase
Accounts total (4 Groups)	9,249	12,672	3,422
Total sales	24,983	29,969	4,985
% of Total	37.0%	42.3%	5.3 pts

[Reference]
FY 3/19 1Q: % of Total: 41.9%

- The following is the explanation of the status of NISSO's account companies.
- NISSO has continued the strategy to concentrate the assignment of skilled staff and to negotiate unit costs with account companies, and has strived to expand market shares and sales in account companies. As a result, the FY 3/19 2Q Account Company Group Sales amounted to 42.3% of NISSO's overall sales, which was a substantial increase compared to 37.0% from the corresponding period of the previous fiscal year. (Reference FY 3/19 1Q: 41.9%)
- The automobiles, electronic components, precision and electric machinery-related account companies make up the corporate groups. The domestic production of these companies will continue to fare well, and their demand for human resources is expected to increase in the future. NISSO believes that expanding sales with a focus on account companies will have a favorable influence on profitability in the future.

Educational Achievements (NISSO, Non-consolidated)



[2Q Course-specific educational achievements (total # of participants)]

(Unit: # of participants)

Training course name	2Q (Jul. - Sep.)	Total (Apr. - Sep.)	
Skilled staff education	393	916	Standard skilled staff education
Accredited vocational training education	80	143	Accredited vocational training school (Miyagi Prefecture)
Manufacturing education	975	2,148	Basic MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education
Safety education	264	466	Danger · risk simulation education
Basic maintenance education	58	92	Basic equipment maintenance education
Employee education	61	210	New graduate/mid-career entry training, newly appointed chief education, on-site supervisor education
Other education		22	Contracted education from external sources
Total	1,831	3,997	

- 1,831 educational participants for 2Q (FY total: 3,997)
- Participants for basic maintenance education are steadily increasing and are working at major semiconductor manufacturers upon course completion
- Participants for skilled staff education are assigned to high-unit cost production sites, including account companies, which lead to rise in sales per capita
- NISSO will continue to enhance various educational opportunities in order to provide higher quality of services in the future

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- The following is the explanation of NISSO's educational achievements.
- The educational achievement for FY 3/2019 2Q amounted to 1,831 participants, with a total of 3,997 participants for the current fiscal year.
- A total of 916 participants received skilled staff education in the current fiscal year. They have been assigned to high-unit cost production sites, mainly account companies, and have greatly contributed to the expansion of sales and profits.
- The number of basic maintenance education participants is steadily increasing, and the demand for maintenance personnel is expected to continue increasing in the future. In order for participants of skilled staff and basic maintenance education to make a significant contribution to profitability, NISSO will continue to make efforts to increase the number of such participants in the future.
- In addition, NISSO is able to suppress the turnover rate of fixed-term staff by steadfastly conducting manufacturing and safety education.
- NISSO acknowledges the importance of education, and will continue to strive to enhance educational opportunities with the aim of improving the motivation of employees and the quality of services provided to clients.

◆ Nisso Technical Center Naka-Nihon

- Semiconductor manufacturing equipment maintenance participants: 6 terms 70 participants
Working at major semiconductor manufacturers
- Certified as an accredited polytechnic school (vocational skills development) by the Nagano Prefecture Governor (11/1)

Educational Achievements (NISSO, Non-consolidated) IQ Topics

[Nisso Technical Center Naka-Nihon (Okaya City, Nagano)] // Opened on May 1, 2018

- > Semiconductor manufacturing equipment maintenance Course Period: 1.5 months
- > # of participants to date: 3 terms/21 (10 ~ 15 participants/course)
- > Upon course completion, participants are assigned to work at major semiconductor manufacturers of almost companies
- > FY 3/2019 Expected # of Nisso Technical Center Naka-Nihon participants: 240

◆ Yokohama Tsurumi Center

- Opened: October 1, 2018
- As a new recruiting approach, started proactive recruiting activities by utilizing both internal · external human resources information databases



【Yokohama Tsurumi Center exterior】

- The following is the explanation of NISSO's topics of activities.
- Regarding the operational status of Nisso Technical Center Naka-Nihon:
To date, 70 participants through 6 terms have taken the semiconductor manufacturing equipment maintenance education.
These participants are employed by major semiconductor manufacturers, and have received high evaluations from NISSO's clients.
As the demand for semiconductor manufacturing equipment maintenance personnel is expected to continue increasing in the future, NISSO will strive to further expand maintenance education.
In addition, "Nisso Technical Center Naka-Nihon (Okaya City, Nagano)" was certified as an accredited polytechnic school (vocational skills development) by the Governor of Nagano Prefecture on November 1st. Following "Nisso Technical Center Higashi-Nihon (Kurihara City, Miyagi)" and "Tohoku Technical Center (Tomiya City, Miyagi)", this will be NISSO's third facility which has been certified as an accredited polytechnic school.
- The Yokohama Tsurumi Center was opened on October 1, 2018.
At this recruitment center, amid the stringency of the recruiting environment, NISSO conducts the matching of human resources information database registrants with the needs of companies, and strives to increase the number of hires by utilizing proactive recruiting methods, such as scouting, based on those results.
In addition, new recruiting methods such as conducting interviews online are also being implemented. NISSO believes that these efforts will become the strengths of our recruitment in the future.

Topics ~ New Recruiting Channels

Business model establishment for utilization of excellent human resources by utilizing overseas business experiences · human networks



◆ Hiring of Chinese Graduates 1st Term: 10 graduates

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Welcoming Ceremony held at NISSO HQ

9 / 19~

Education at NISSO Technical Center

10 / 22~

Assignment to NISSO's clients



【 Beihua University HQ 】



- The following is the explanation of NISSO's Chinese graduates.
- The Welcoming Ceremony was held at headquarters for 10 first-term graduates on September 18, 2018.
- After joining NISSO, their education was conducted at NISSO Technical Center, and they were assigned to NISSO's clients from October 22nd.

Future Prospects (Market Environment and Competitive Advantages of Nisso Group)



	Market Environment	Nisso Group's Competitive Advantages
Client Market Environment	Automobiles (Parts) Continued strong automobile production, including new technology-equipped vehicles Semiconductors · Electronic Components Continued high level of demand due to advancements of smartphones, automotive applications and other IoT developments	Promotion of skilled staff assignment to account companies in automobiles and electronic devices industries where NISSO has high market shares, efforts for further expansion of market shares and sales profit increases
Recruiting Environment	Continued rise of effective opening-to-application ratio of jobs (at 1.64 in September, 2018) Continued harsh conditions regarding securement of workers	Efforts to increase number of hires by expanding proactive recruiting through utilization of Yokohama Tsurumi Center opened in October, in addition to current recruiting methods
Legal Environment	2018 Issue...Possibility of employers terminating employment may arise after September Demand for provision of educational opportunities and establishment of career development support systems for workers (Revised Worker Dispatch Law)	Appointment of skilled staff, implementation of conversion to indefinite-term employment Enhancement of various educational opportunities such as utilization of educational facilities, continued promotion of human resources development
Conclusion	Although increase in demands for human resources services are expected to continue, harsh conditions for recruiting environment will also continue Human resources service providers will be required to be companies that are able to provide stable employment and conduct proper education and nurturing of workers	NISSO has continued to develop measures to correspond to market environments Furthermore, by promoting these initiatives, NISSO strives to expand business and aims to increase sales profits

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•The following is the explanation of future prospects.

•As for market environment trends:

- ①The manufacturing industry, which is NISSO's main client, continues to fare well.
- ②The circumstances regarding the securement of workers will remain severe due to the rise in the effective opening-to-application ratio of jobs.
- ③Dispatching companies will be required to provide educational opportunities and career development support for dispatched workers as prescribed by the Revised Worker Dispatch Law.
- ④The possibility of the termination of employment of contracted and dispatched staff due to the 2018 Issue may arise.

•NISSO has formulated and implemented appropriate countermeasures to respond to these issues. NISSO acknowledges that these circumstances make for a good environment, and will continue to promptly comprehend and appropriately respond to the changes in external environments, in addition to making efforts to expand business performance.

•Based on the information from clients, mainly account companies, NISSO has been able to make projections on orders for the next 6 months to a year ahead. Under such circumstances, clients are continuing to experience a shortage of manpower, and expectations are growing for the assignment of human resources centered on NISSO's skilled staff. Therefore, NISSO will continue to promote the development of skilled staff and maintenance personnel from the second half of the fiscal year onward. The key point of NISSO's growth strategy is to continue to be able to assign human resources who are difficult to be assigned by other companies, and we recognize that this is the source of our growth as well as the source of what distinguishes NISSO from others.

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Earnings Forecast for the First Six Months of FY 3/2019

•The following is the explanation of the Earnings Forecast for FY 3/2019.

FY 3/2019 Consolidated Earnings Forecast



◆ Consolidated earnings forecast for FY 3/2019 is unchanged from initial forecast

■ Regarding Sales

Increase in revenue is expected due to increase in skilled staff, increase in sales per capita due to promotion of placement to account companies, and increase in # of residents for Other Businesses

■ Regarding Operating profit

Although investments in education and housing costs of staff will increase and investment in new facilities for Other Businesses will precede, due to substantial increase in revenue and efforts to reduce SG&A costs ratio, profit growth is expected

(Unit: Million yen)

	FY 3/18 Results		FY 3/19 Forecast		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase	% Change
Net sales	59,208	100.0%	65,686	100.0%	+6,478	+10.9%
Operating profit	1,800	3.0%	2,099	3.2%	+299	+16.6%
Ordinary profit	1,781	3.0%	2,144	3.3%	+363	+20.4%
Profit attributable to owners of parent	1,014	1.7%	1,376	2.1%	+362	+35.7%

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• The following is the explanation of the Earnings Forecast for the full year of the current fiscal year.

① Net sales

NISSO expects an increase in revenue compared to the previous fiscal year due to an increase in skilled staff, the promotion of their placement to account companies, and an increase in the number of residents for Other Businesses.

② Operating profit

Despite investments in education and housing for staff, in addition to upfront investment in new facilities for Other Businesses, NISSO expects a growth in profit compared to the previous fiscal year due to a rise in sales per capita, a substantial increase in revenue from an increase in the number of enrolled staff, and the reduction of the selling, general and administrative costs ratio due to the improvement of operational efficiency.

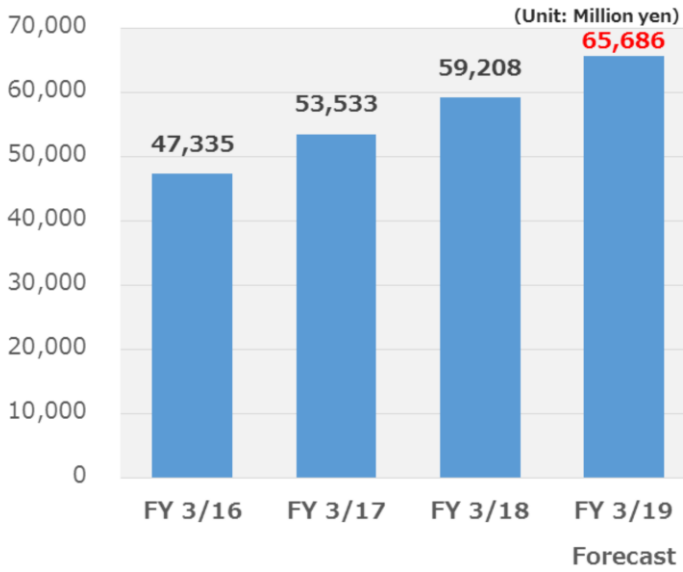
• Although NISSO has not announced plans on a quarterly basis, at present, the results have exceeded the plan that was created at the beginning of the fiscal year.

Regarding future prospects, the conditions of clients are expected to remain favorable, and NISSO has continued to receive orders from many clients, including automobiles and electronic devices manufacturers which are account companies. However, many client manufacturers are taking a cautious approach with respect to prospects for the second half of the fiscal year, and although NISSO expects earnings for the second half of the fiscal year to be strong, for the sake of caution, prospects for the full year will not be changed.

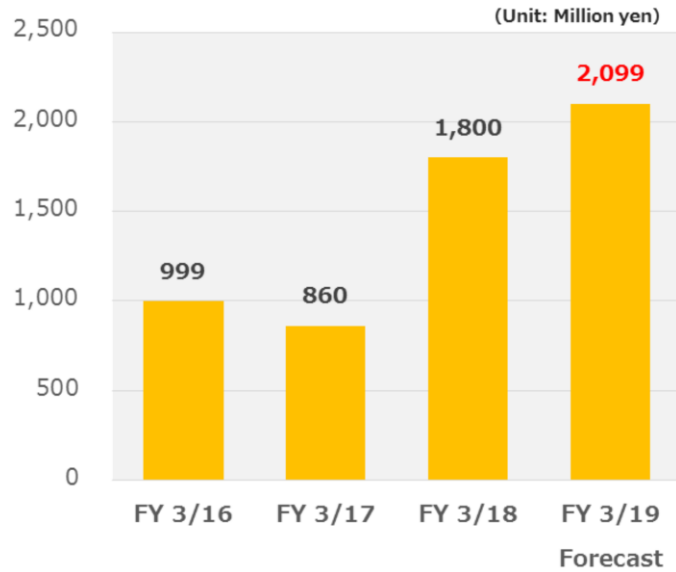
Outlook for Consolidated Earnings Forecast



Net sales



Operating profit



- The following is the explanation of the consolidated earnings trends.
- Both sales and profits for FY 3/2019 are expected to exceed the previous fiscal year.

The forward-looking statements and performance forecasts contained in this document are forecasts determined by NISSO based on information available at the time of preparation, and include potential risks and uncertainties. Therefore, please be aware that the actual results may differ greatly from the forward-looking statements described due to changes in various factors.

For future IR-related inquiries

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