

# Financial Results Briefing Materials for the First Nine Months of FY 3/2019

February 8, 2019

NISSO CORPORATION



TSE1 Code:6569

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

**1**

## **Financial Results Summary for the First Nine Months of FY 3/2019**

•First, the Financial Results Summary for the First Nine Months of FY 3/2019 will be explained.

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



- ◆ Amid continued strong demand from clients such as the automobiles industry, sales and profits increased due to placement of skilled staff to high-unit cost clients, mainly account companies
- ◆ Although gross profit margin decreased by 0.2 pts 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 by 0.8 pts YOY

(Unit: Million yen)

	FY 3/2018 3Q		FY 3/2019 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>39,084</b>	<b>100.0%</b>	<b>46,931</b>	<b>100.0%</b>	<b>7,846</b>	<b>20.1%</b>
<b>Gross profit</b>	<b>7,147</b>	<b>18.3%</b>	<b>8,514</b>	<b>18.1%</b>	<b>1,366</b>	<b>19.1%</b>
<b>SG&amp;A expenses</b>	<b>5,794</b>	<b>14.8%</b>	<b>6,492</b>	<b>13.8%</b>	<b>698</b>	<b>12.1%</b>
<b>Operating profit</b>	<b>1,353</b>	<b>3.5%</b>	<b>2,021</b>	<b>4.3%</b>	<b>668</b>	<b>49.4%</b>
<b>Ordinary profit</b>	<b>1,343</b>	<b>3.4%</b>	<b>2,011</b>	<b>4.3%</b>	<b>668</b>	<b>49.8%</b>
<b>Profit</b>	<b>854</b>	<b>2.2%</b>	<b>1,320</b>	<b>2.8%</b>	<b>465</b>	<b>54.5%</b>

Copyright © 2018 NISSO CORPORATION All Rights Reserved

2

•The following is the explanation of NISSO's Non-consolidated Financial Results.

- Net sales amounted to 46,931 million yen (up 7,846 million yen or 20.1% year on year).
- Gross profit amounted to 8,514 million yen (up 1,366 million yen or 19.1% year on year).
- Operating profit amounted to 2,021 million yen (up 668 million yen or 49.4% year on year).
- Ordinary profit amounted to 2,011 million yen (up 668 million yen or 49.8% year on year).
- Profit amounted to 1,320 million yen (up 465 million yen or 54.5% year on year).

•Compared with the corresponding period of the previous fiscal year, both net sales and profits have increased significantly.

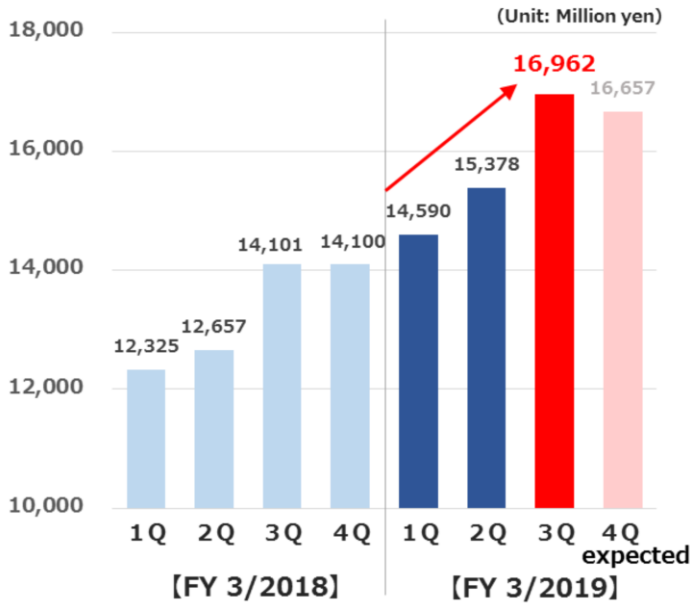
•The factors for the increases were:

- ①Demand from Account Companies was very active.
- ②As a result of the significant increase in the number of new staff, in addition to the increase in the number of enrolled staff due to the non-increase in the turnover rate, net sales also grew.
- ③With the improvement of skills of skilled staff, unit costs from clients rose, and net sales per capita increased.

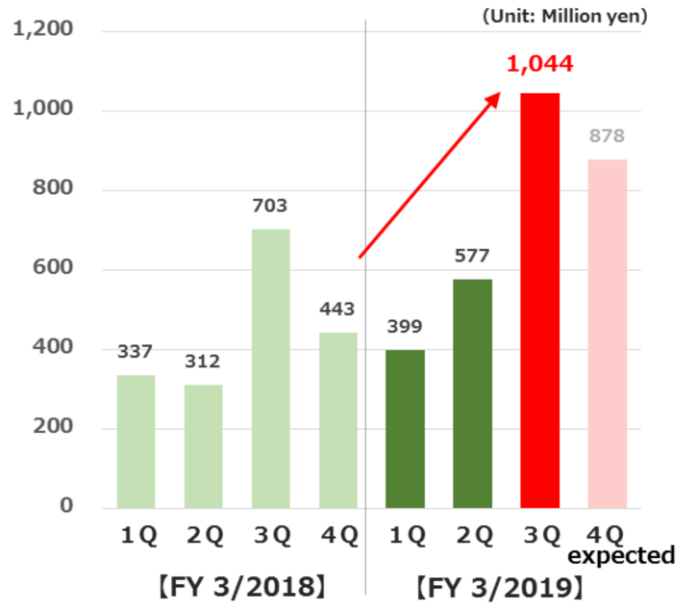
NISSO believes that the items explained above are the results of strategies such as the recruitment strategy, the human resources development strategy, as well as the skilled staff and Account Companies strategies which are finally producing full-fledged effects.

FY 3/2019 3Q Quarterly Financial Results Trend (Non-consolidated) **NISSO**

**【 Net sales 】**



**【 Operating profit 】**



Copyright © 2018 NISSO CORPORATION All Rights Reserved

3

- Shown above are graphs of NISSO's (non-consolidated) quarterly net sales and operating profit trends plus expected figures for 4Q.
- Looking at the graphs, although it seems as if business performance may slow down in 4Q, it is the result of the impact of the fewer number of working days due to the New Year's holidays and the number of calendar days in February. However, staff enrollment is continuously on the rise, orders have been received steadily, and growth trends have not slowed down by any means.

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



- ◆ NISSO: Promotion of increase in enrollment and assignment of skilled staff to account companies (high unit-cost companies), steady growth in 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 3Q		FY 3/2019 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>43,687</b>	<b>100.0%</b>	<b>51,219</b>	<b>100.0%</b>	<b>7,531</b>	<b>17.2%</b>
<b>Gross profit</b>	<b>7,774</b>	<b>17.8%</b>	<b>8,977</b>	<b>17.5%</b>	<b>1,202</b>	<b>15.5%</b>
<b>SG&amp;A expenses</b>	<b>6,371</b>	<b>14.6%</b>	<b>7,022</b>	<b>13.7%</b>	<b>651</b>	<b>10.2%</b>
<b>Operating profit</b>	<b>1,403</b>	<b>3.2%</b>	<b>1,954</b>	<b>3.8%</b>	<b>551</b>	<b>39.3%</b>
<b>Ordinary profit</b>	<b>1,412</b>	<b>3.2%</b>	<b>1,971</b>	<b>3.8%</b>	<b>558</b>	<b>39.6%</b>
<b>Profit attributable to owners of parent</b>	<b>901</b>	<b>2.1%</b>	<b>1,286</b>	<b>2.5%</b>	<b>385</b>	<b>42.7%</b>

Copyright © 2018 NISSO CORPORATION All Rights Reserved

4

• The following is the explanation of Consolidated Financial Results for FY 3/2019 3Q.

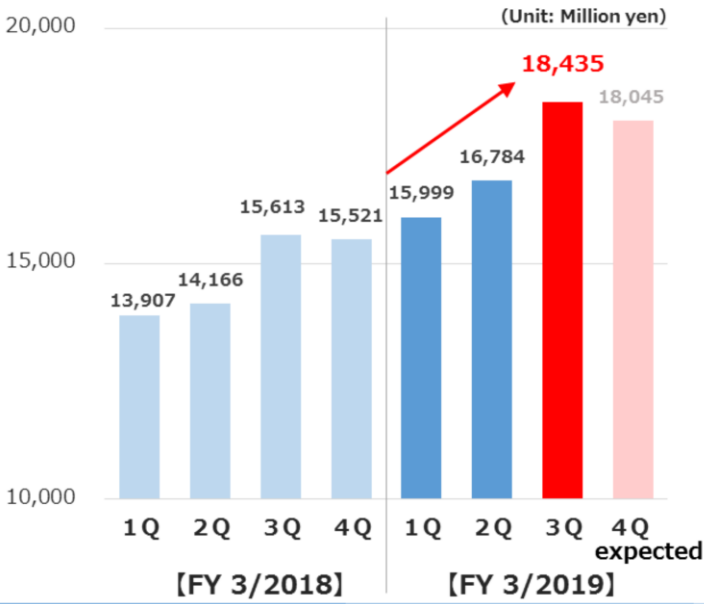
- Net sales amounted to 51,219 million yen (up 7,531 million yen or 17.2% year on year).
- Gross profit amounted to 8,977 million yen (up 1,202 million yen or 15.5% year on year).
- Operating profit amounted to 1,954 million yen (up 551 million yen or 39.3% year on year).
- Ordinary profit amounted to 1,971 million yen (up 558 million yen or 39.6% year on year).
- Profit attributable to owners of parent amounted to 1,286 million yen (up 385 million yen or 42.7% year on year).

- As a whole, revenues and profits have increased.
- The General Human Resources Services Business has increased in revenues and profits along with NISSO's business performance, as explained earlier.
- In the nursing care business of Other Businesses, although net sales increased due to increase in the number of residents at "Sweetpea Higashi Totsuka", which opened on March 1, 2018, upfront investment expenses have not yet been absorbed.

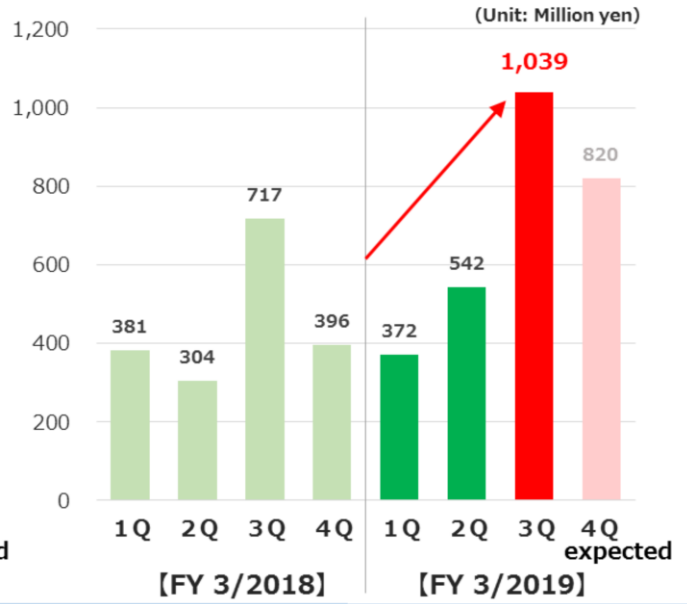
# FY 3/2019 3Q Quarterly Financial Results Trend (Consolidated)



## 【Net sales】



## 【Operating profit】



Copyright © 2018 NISSO CORPORATION All Rights Reserved

5

•Shown above are graphs of consolidated quarterly net sales and operating profit trends plus expected figures for 4Q.

## Other Businesses Business Revenue



### [Other Businesses Results]

(Unit: Million yen)

	FY 3/18			FY 3/19			FY 3/18	FY 3/19
	1 <sup>st</sup> Half	3Q	4Q	1 <sup>st</sup> Half	3Q	4Q Forecast	Full year	Full year Forecast
Net sales	1,143	567	562	1,208	643	625	2,273	2,476
Expenses	1,174	579	621	1,351	692	700	2,374	2,744
Operating profit (loss)	(30)	(11)	(58)	(143)	(49)	(74)	(101)	(267)

- ◆ Net 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
- ◆ Shortfall in # of residents of Sweetpea Higashi Totsuka compared to plans, operating loss of 267 million yen is expected for the full year

《Fee-based senior-care nursing home # of residents as of 12/2018-end》

Bldg. #1 - 5	# of residents: 297	occupancy rate: 96.4%	(capacity: 308)
Bldg. #6 (Sweetpea Higashi Totsuka)	# of residents: 27	occupancy rate: 28.7%	(capacity: 94)

Copyright © 2018 NISSO CORPORATION All Rights Reserved

6

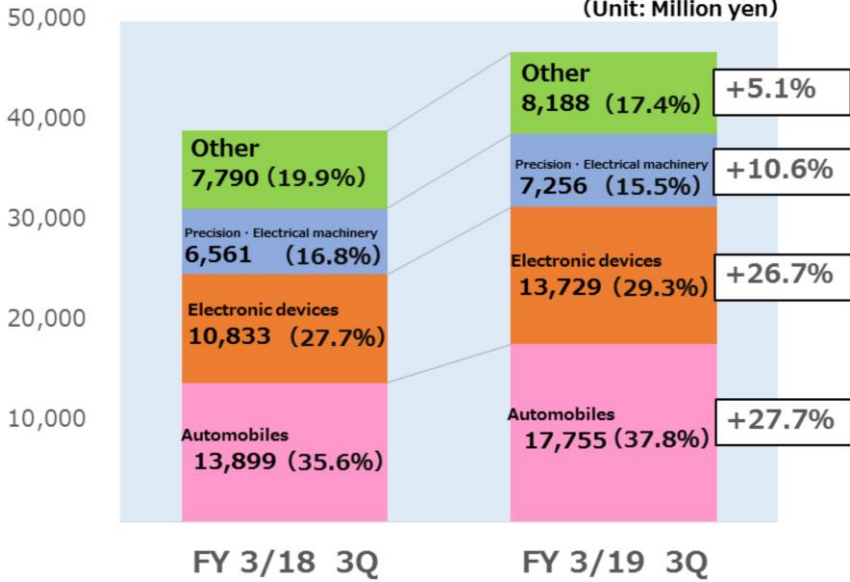
- The following is the explanation of Other Businesses.
  - Compared with the closing date of FY 3/2019 2Q, losses have increased, and an operating loss of 267 million yen is expected for the full year.
  - The factors were:
    - ① Although the number of residents has increased, the shortfall in the number of residents compared to what was originally planned has had a significant impact. In order to resolve such a shortfall, increases in expenses of activities to promote occupancy is planned for 4Q.
    - ② Since net sales have not increased due to this shortfall in projections regarding the number of residents, upfront investment expenses could not be absorbed.

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



## [ Trend of Net Sales Composition Ratios ]

(Unit: Million yen)



※ ( ) = % of total sales

※ □ = % of Year-on-Year growth

- Strong performance in client markets, including automobiles industry where there is a high percentage of NISSO's net sales
- Automobiles: Domestic production remained strong
- Electronic devices: Although there is some decline in smartphones, continued increase in automotive electronics and semiconductor components as according to original plan

Copyright © 2018 NISSO CORPORATION All Rights Reserved

7

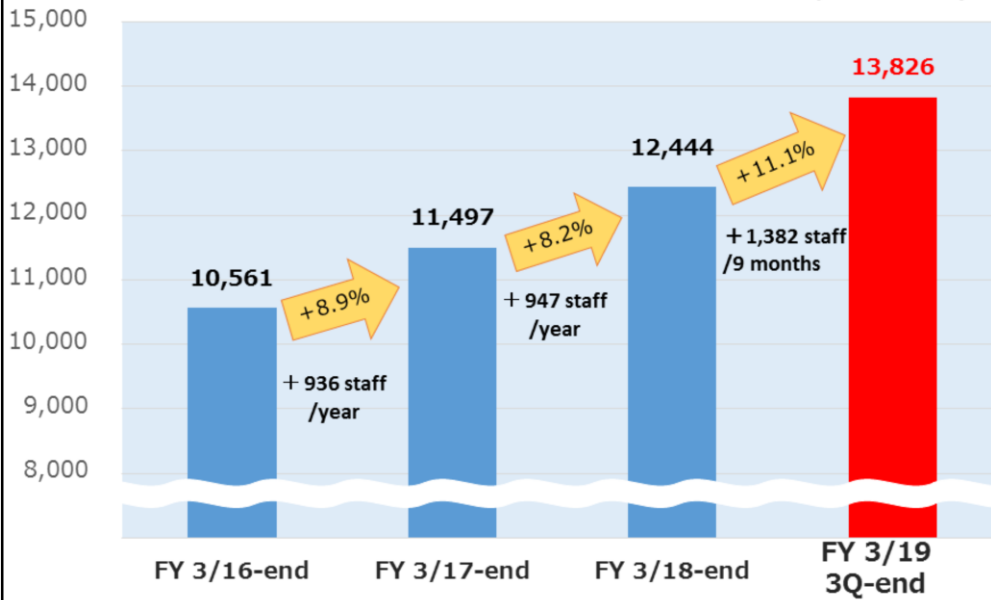
- The following is the explanation of NISSO's non-consolidated net sales by industry.
- The above is the year on year comparison of net sales by industry.
- Net sales are expanding in all industries. Among them, the automobiles and electronic components industries are growing substantially as intended by NISSO's growth strategy.
- Net sales in the automobiles industry increased by 27.7% year on year, and increased by 26.7% year on year in the electronic devices industry. In order to respond to the advanced needs of clients, particularly in the automobiles and electronic devices industries, the number of enrolled staff also increased as a result of the active placement of skilled staff to Account Companies. In addition, due to the rise in unit costs of orders received, net sales increased significantly.



## Trend of Enrolled Staff (NISSO, Non-consolidated)

[Trend of Number Enrolled at FY-end]

(Unit: # of staff)



- From previous FY-end: Increase of 1,382 staff (11.1%)
- Significant increased enrollment in automobiles companies
- Demand for human resources is expected to remain high

[Reference]  
 FY 3/18 3Q-end enrollment: 12,132 staff  
 From FY 3/17-end: + 635 staff (5.5%)

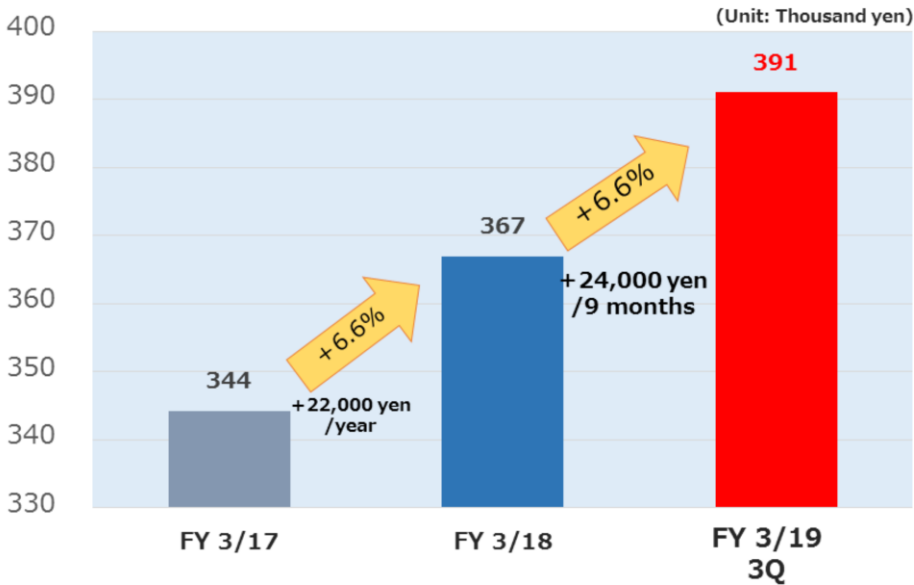
Copyright © 2018 NISSO CORPORATION All Rights Reserved

8

- The following is the explanation of the trend of NISSO's enrolled staff.
- The number of enrolled staff at the end of December 2018 was 13,826. The number of staff increased by 1,382 (11.1%) from 12,444 at the end of the previous fiscal year. Although the number of enrolled staff increased by approximately 1,000 per fiscal year prior to NISSO's public stock offering (FY 3/2018), the number of enrolled staff increased by 1,382 in the first nine months of the current fiscal year.
- For reference, the number of enrolled staff at FY 3/2018 3Q-end was 12,132, which was an increase of 635 staff (5.5%) from the end of the previous fiscal year.
- As described above, the increase in enrollment during the current fiscal year has been distinctive.

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

【Net sales per capita (monthly average conversion)】



- > FY 3/19 3Q: Up 24,000 yen from previous FY (6.6%)
- > Increase in net sales per capita due to placement of skilled staff and results of unit cost negotiations

[Reference]  
 FY 3/18 3Q net sales per capita: 363 Thousand yen  
 From FY 3/17: Up 19,000 yen (5.7%)

- The following is the explanation of NISSO's net sales per capita.
- The monthly net sales per capita for FY 3/2019 3Q amounted to 391 thousand yen, which was an increase of 24,000 yen (6.6%) from the previous fiscal year.
- The factors for the increase are due to the promotion of the placement of skilled staff, the skills enhancement of skilled staff who are already employed, and the rise in unit costs, etc. attributable to such factors.

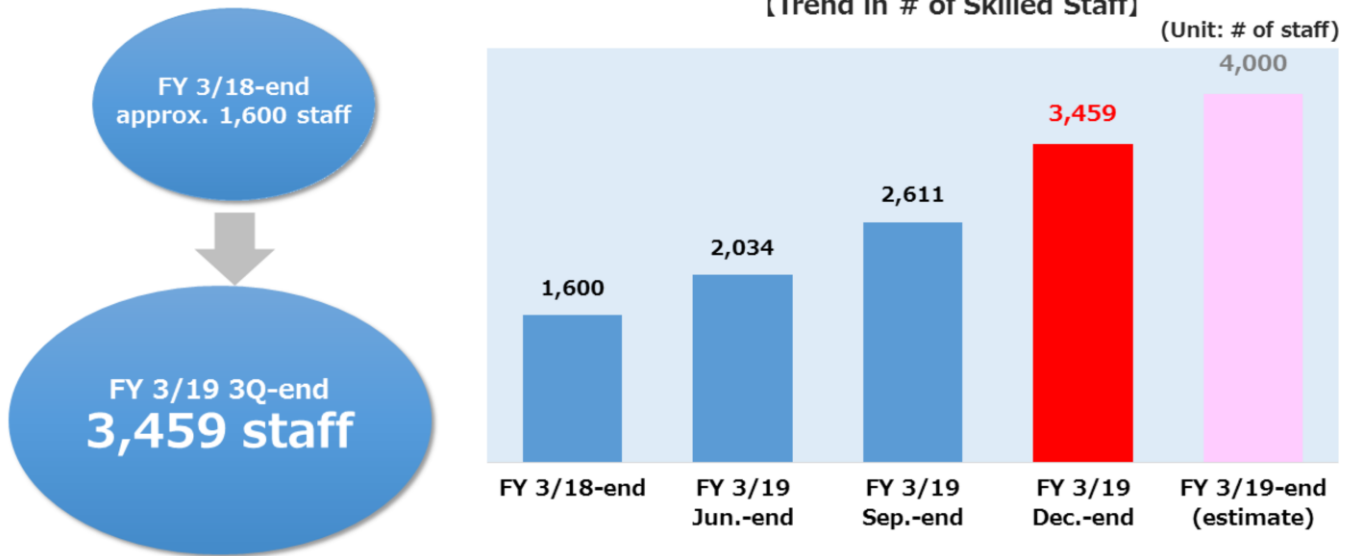
## Number of Skilled Staff (NISSO, Non-consolidated)



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

[Trend in # of Skilled Staff]

(Unit: # of staff)



Copyright © 2018 NISSO CORPORATION All Rights Reserved

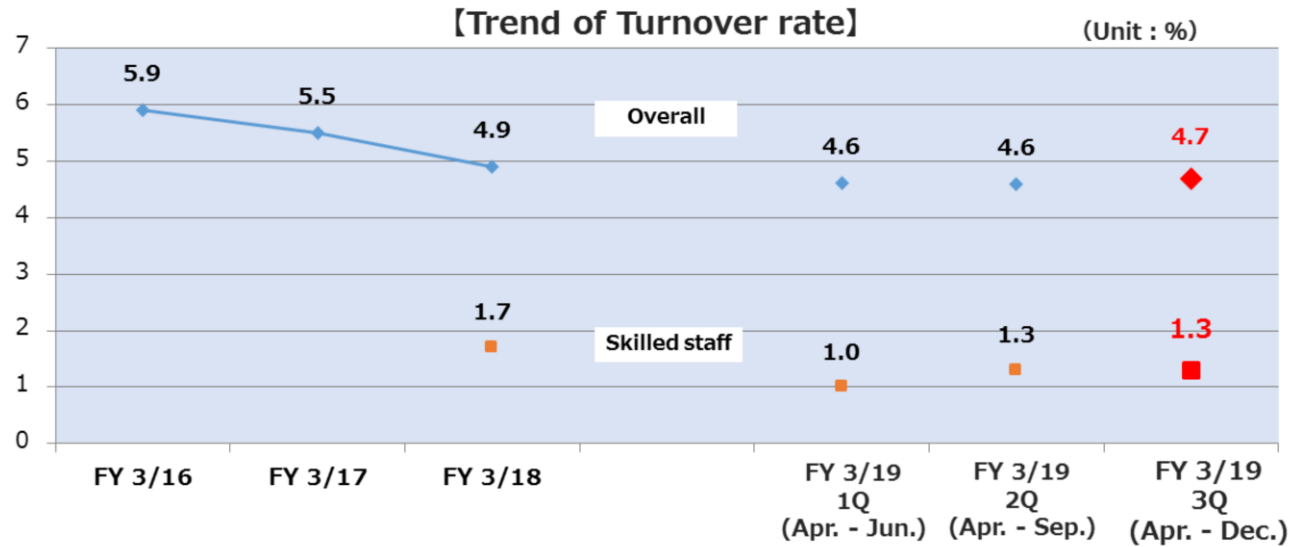
10

- The following is the explanation of NISSO's skilled staff.
- The number of skilled staff at FY 3/2019 3Q-end was 3,459 (approximately 1,600 at FY 3/2018-end).
- Although NISSO has had a business plan to increase the number of skilled staff by 2,000 per fiscal year, at the time of public stock offering at FY 3/2018-end, the number of skilled staff remained at 1,600. Thereafter, as a result of an increase in the number of appointees when the fiscal year changed, the number of skilled staff reached 2,000 at the end of June 2018. Subsequently, in order to recover from the delay, NISSO has been actively conducting the appointment and recruitment of skilled staff.
- In the current fiscal year, since the number of skilled staff has reached 3,459 at 3Q-end, NISSO believes that the prospect of the goal of increasing the number of skilled staff by 2,000 per fiscal year, and to reach 4,000 by the end of March of the current fiscal year can be attained.

## Turnover Rates (NISSO, Non-consolidated)



- ◆ Overall turnover rate: 4.7% (2Q + 0.1 pts)
- ◆ Skilled staff turnover rate is maintained at 1.3%



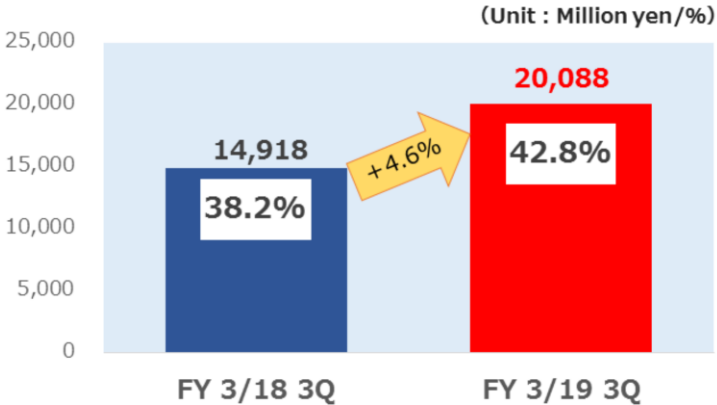
Copyright © 2018 NISSO CORPORATION All Rights Reserved

11

- The following is the explanation of NISSO's turnover rates.
- Although NISSO has been actively increasing the number of skilled staff, the turnover rate of skilled staff has been maintained at 1.3% from 2Q.
- Although the overall turnover rate has increased slightly due to the significant increase in staff enrollment, it can be said that it has remained largely unchanged.
- NISSO is not satisfied with this situation and will,
  - ① Once again reinforce the employment management system of staff
  - ② Construct a personnel system that makes working for a longer term more appealing through human resources development
  - ③ Increase the number of skilled staff by 2,000 per fiscal year
 NISSO will endeavor to reduce the turnover rate through such measures.

## Account Companies (NISSO, Non-consolidated)

### 【Account Company Group Net Sales and % of Total】



- Favorable production conditions continued for Account Company Groups
- Increase in sales due to reinforcement of skilled staff assignments to account companies and negotiation of unit costs; amounted to 42.8% of NISSO's sales shares in 3Q
- Production trends of Account Company Groups are expected to remain strong in the future

	FY 3/18 3Q	FY 3/19 3Q	Increase
Accounts total (4 Groups)	14,918	20,088	5,169
Total sales	39,084	46,931	7,846
% of Total	38.2%	42.8%	4.6 pts

[Reference]  
FY 3/19 2Q: % of Total: 42.3%

- The following is the explanation of the status of NISSO's account companies.
- The Account Companies net sales composition ratio for FY 3/2019 3Q amounted to 42.8% of NISSO's overall net sales, which was an increase of 4.6 points compared to 38.2% of the corresponding period of the previous fiscal year (FY 3/2018 3Q), and a 0.5 point increase from FY 3/2019 2Q.
- This shows that there is a strong demand from Account Companies and that the assignment of skilled staff is being carried out smoothly.
- In addition to raising the "top line" (or net sales, which is the first category of the statement of income) by continuing to assign skilled staff to Account Companies during the current fiscal year, NISSO will advance efforts to improve profitability toward further growth.
- NISSO is steadily working to add new Account Companies for the next fiscal year, and is moving forward with measures to increase the number of groups from the current 4 Groups to 5, 6 Groups in the future.

## Educational Achievements (NISSO, Non-consolidated)



### [3Q Course-specific educational achievements (total # of participants)]

(Unit: # of participants)

Training course name	3Q (Oct. - Dec.)	Total (Apr. - Dec.)	
Skilled staff education	923	1,839	Standard skilled staff education
Accredited vocational training education	84	227	Accredited vocational training school (Miyagi · Nagano Prefectures)
Manufacturing education	372	2,520	MONOZUKURI (manufacturing){basic, expert} education, pre-assignment training for manufacturing staff, mobile education
Safety education	507	973	Danger · risk simulation education
Basic maintenance education	30	122	Basic equipment maintenance education
Employee education	31	241	New graduate/mid-career entry/mid-level employee training, newly appointed chief education, on-site supervisor education
Other education		22	Contracted education from external sources
<b>Total</b>	<b>1,947</b>	<b>5,944</b>	

- 1,974 educational participants for 3Q (FY total: 5,944)
- Steady increase in participants for basic maintenance education, who work at major semiconductor manufacturers upon course completion
- Nisso Technical Center Naka-Nihon Semiconductor manufacturing equipment maintenance participants:  
Current: 10th term  
Total: 103 participants
- Participants for skilled staff education are assigned to high-unit cost production sites, including account companies, which lead to rise in sales per capita

Copyright © 2018 NISSO CORPORATION All Rights Reserved

13

- The following is the explanation of NISSO's educational achievements.
- The educational achievement for FY 3/2019 3Q amounted to 1,947 participants, with a total of 5,944 participants for the current fiscal year.
- 923 participants received skilled staff education, which is a substantial increase compared to the 393 participants in FY 3/2019 2Q.
- The semiconductor manufacturing equipment maintenance education course held at NISSO Technical Center Naka-Nihon, which opened in May 2018, is currently in its 10th term and has had a total of 103 participants.
- By conducting equipment maintenance education for skilled staff, NISSO will continue to increase sales through the rise in unit costs of orders received, as well as continuing to improve profitability.

### **[Automobiles-related]**

**Domestic automobiles production trends remain steady due to new car models planned**

### **[Electronic Devices-related]**

**Although demand for smartphones is slowing down for products to China, demand for electronic components and semiconductors for automotive applications is continuously on the rise**

### **[Recruiting Environment]**

**Effective opening-to-application ratio of jobs are at a high level, labor shortages continue in every industry**

**NISSO's client trends remain steady, expectations for the quality of human resources is high due to labor shortages, and demands continue to increase**

•The following is the explanation of NISSO's future market trends.

•Regarding the automobiles-related industries, a major manufacturer, which is one of NISSO's Account Companies, is expected to maintain steady performance with the introduction of new cars. When looking at other manufacturers, although it seems as if some have declined in terms of production, as a whole, the industry's strengthened conditions have not changed.

When looking at the conditions of the industry peers of automobiles-related companies, especially that of auto body manufacturers, the situation regarding staff retention is poor, and many leave their jobs after only working for a short period of time. However, at NISSO, since staff receive solid education prior to their assignments, turnover rates are low, and from this, it is believed that needs for NISSO will continue to remain steady.

•In the electronic components-related industries, there were some news reports (about the declining sales of a particular) smartphone manufacturer, and when looking at the smartphone market, it is thought that new models aren't being sold as much since there is a considerable number of smartphones being utilized by people all over the world. However, it is expected that electronic components and semiconductors for automotive applications will remain strong. In particular, with the deployment of the highly anticipated 5G network scheduled for later this year, for example, considering that an increased amount of key devices will be utilized, such as in the number of key devices per automobile, and in the automated operation of construction and agricultural machinery, although there was some decline in smartphone-related orders received, when viewing the electronic components industry as a whole, NISSO believes that there won't be a decline from the next fiscal year.

•With regards to recruitment, the opening-to-application ratio of jobs remain at a high level, and there are staffing shortages in every field.

Although there are labor shortages in the automobiles and electronic components-related industries, which are NISSO's "main targets", requests for not only the quantity, but also the quality (of staff) are being sought by clients.

It is in this regard that NISSO is being counted on by clients, and it is believed that the key is to not only simply respond to their increasing needs, but also how NISSO can further develop and assign personnel to the level that the clients are seeking.

•NISSO believes that how both quality and quantity of personnel are secured will lead to further growth from the following fiscal year onwards.

## NISSO was selected as First Place in the newly announced, first-time "Manufacturing Dispatching" ranking by Oricon Customer Satisfaction® ranking 2019

**NISSO was ranked #1 in 3 out of 6 pre-set items: "Welfare Programs", "Response of Contact Personnel", and "Information Provided"**

This award was announced by oricon ME Inc. (Head Office: Minato-ku, Tokyo, President: Koh Koike), a company that conducts actual-user satisfaction surveys "Oricon Customer Satisfaction®" (<https://life.oricon.co.jp/>), based on the concept of "visualizing 'out of sight' satisfaction".

<Manufacturing Dispatching Ranking Survey Overview>

# of respondents	: 1,033
# of companies evaluated:	22
Survey period	: 9/11 - 9/25/2018, 9/4 - 9/21/2017, 10/3 - 10/17/2016
Survey respondents	: No gender specification, Age: 20+ yrs. old, Region: Nationwide
Conditions	: Persons dispatched from dispatching companies within the past 7 years with manufacturing-related work experience



- NISSO was selected as First Place in the newly announced "Manufacturing Dispatching" ranking by Oricon Customer Satisfaction® ranking 2019, which started this year.
- This ranking was based on a satisfaction survey targeting actual service-users, with 6 evaluation items: "Ease of Registration·Contract", "In-house Training", "Welfare Programs", "Response of Contact Personnel", "Information Provided" and "Negotiating Capability". NISSO was ranked #1 in 3 categories: "Welfare Programs", "Response of Contact Personnel", and "Information Provided", and was ranked #2 in "Ease of Registration·Contract", "In-house Training", and "Negotiating Capability" by a narrow margin. NISSO has had absolute confidence regarding human resources development, and is very disappointed of the #2 ranking in the human resources development-related category in this evaluation. However, considering the survey period, if it was conducted at present, NISSO believes that an evaluation of a #1 ranking may be merited.
- There were 22 companies that were evaluated in this survey, some of which are listed companies. However, when looking at the rankings, the companies that were ranked #2 and #3 were not listed.
- This survey was a questionnaire survey of those who are actually working, and NISSO believes that its contents reflect that there is competition in the face of raising the level of employee satisfaction of staff, which is something NISSO must absolutely achieve in the medium term.



## ESG Initiatives



In order to achieve sustainable growth, NISSO is promoting initiatives to address E (environmental), S (social), and G (governance) related issues

【Main Initiatives】



	Issue	Content of Initiatives
<b>Environment</b> 環境	Reduction of environmental impact of business activities	<ul style="list-style-type: none"> <li>Acquisition of ISO14001 : 2015 certification (Headquarters)</li> <li>Promotion of 5 activities prescribed in NISSO Environmental Policy                             <ul style="list-style-type: none"> <li>①Thorough reduction of electricity consumption in the office./②Promotion of eco-driving./</li> <li>③Thorough sorted collection of waste material./④Active contribution to local environmental conservation activities./⑤Increase of green purchasing rate of company-use equipment</li> </ul> </li> </ul>
<b>Social</b> 社会	Maintenance of pleasant work environment for everyone	<ul style="list-style-type: none"> <li>Provision of opportunities for persons with disabilities at special-purpose subsidiary, "Nisso Pure"</li> </ul>
	Contributions to community & society	<ul style="list-style-type: none"> <li>Participation in community events and sporting events</li> </ul>
<b>Governance</b> ガバナンス	Strengthening of Governance structure	<ul style="list-style-type: none"> <li>Implementation of self-evaluation and verification of the effectiveness of the Board of Directors, and Managing Director</li> <li>Audit &amp; Supervisory Board Member training</li> </ul>
	Strengthening of Compliance structure	<ul style="list-style-type: none"> <li>Establishment of the Group Control Committee to share risk-related information and examine preventative measures, etc. across the Group</li> </ul>
	Proper business management	<ul style="list-style-type: none"> <li>Checking of business processes and implementation of internal audits by division at headquarters with a focus on strengthening internal control</li> </ul>

◆NISSO promotes activities aimed at realizing the 10 Principles of UNGC and Sustainable Development Goals (SDGs)  
Signing of, participation in "UN Global Compact (UNGC)" (Scheduled for March 2019)

Copyright © 2018 NISSO CORPORATION All Rights Reserved

16

- The following is the explanation of NISSO's ESG Initiatives.
- In order to achieve sustainable growth, NISSO is promoting initiatives to address E (environmental), S (social) and G (governance) related issues.
- NISSO is scheduled to sign and participate in the United Nations Global Compact in March, which is a first for human resources-related companies.
- NISSO also plans to actively engage in activities related to SDGs (Sustainable Development Goals).

2

## Earnings Forecast for FY 3/2019

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

## FY 3/2019 Consolidated Earnings Forecast



### ◆ FY 3/2019 Consolidated Earnings Forecast

Based on NISSO's recent performance trends, the Consolidated Earnings Forecast for FY 3/2019 (Apr. 1, 2018 - Mar. 31, 2019) announced on May 10, 2018 has been revised.

### ◆ FY 3/2019 Consolidated Earnings Forecast Figures (Apr. 1, 2018 - Mar. 31, 2019)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
<b>Previous forecast (A)</b>	Million yen <b>65,686</b>	Million yen <b>2,099</b>	Million yen <b>2,144</b>	Million yen <b>1,376</b>
<b>Present revised budget (B)</b>	<b>69,264</b>	<b>2,775</b>	<b>2,798</b>	<b>1,746</b>
<b>Change (B-A)</b>	<b>3,577</b>	<b>676</b>	<b>653</b>	<b>369</b>
<b>% Change</b>	<b>5.4</b>	<b>32.2</b>	<b>30.5</b>	<b>26.9</b>
(Reference) Previous FY results (FY 3/2018)	<b>59,208</b>	<b>1,800</b>	<b>1,781</b>	<b>1,014</b>

Copyright © 2018 NISSO CORPORATION All Rights Reserved

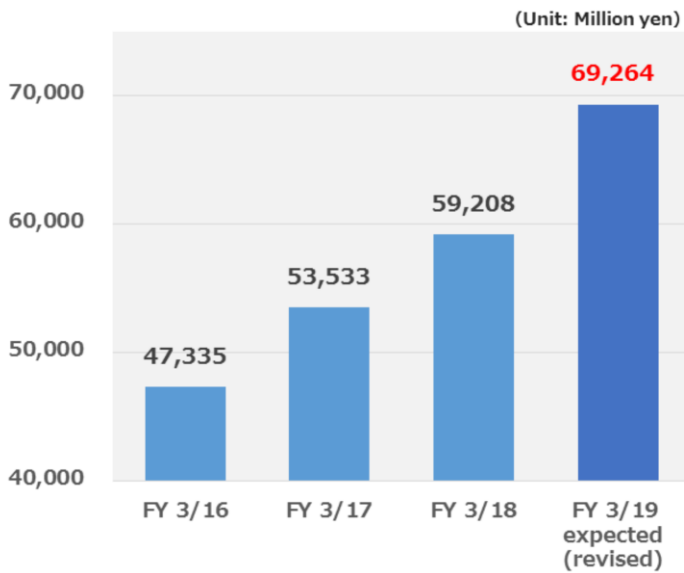
18

- The following is the explanation of the Consolidated Earnings Forecast for FY 3/2019.
- The Consolidated Earnings Forecast for FY 3/2019 which was announced on May 10, 2018 has been revised.
- Net sales of 69,264 million yen (up 3,577 million yen or 5.4% from prior to revision) is expected.
- Operating profit of 2,775 million yen (up 676 million or 32.2% from prior to revision) is expected.
- Ordinary profit of 2,798 million yen (up 653 million or 30.5% from prior to revision) is expected.
- Profit attributable to owners of parent of 1,746 million yen (up 369 million or 26.9% from prior to revision) is expected.
- The reasons why there were upward revisions in plans were because, as mentioned earlier, NISSO's strategies such as the recruitment strategy, the development strategy to nurture staff who have been hired, and strategies for Account Companies and skilled staff that enable such strategies to stand out, have begun to take effect. As a result, the number of enrolled staff, net sales per capita, and net sales have increased. On the other hand, although NISSO has improved the treatment and compensation of staff, profits have increased.
- For the following fiscal year onward, NISSO has already begun to put forward the business strategies in the mid-term management plan without any letup. Although there are those who feel that next fiscal year's performance will not match or exceed that of the current fiscal year, NISSO would like to promote business with the idea that speed will increase compared to this fiscal year.

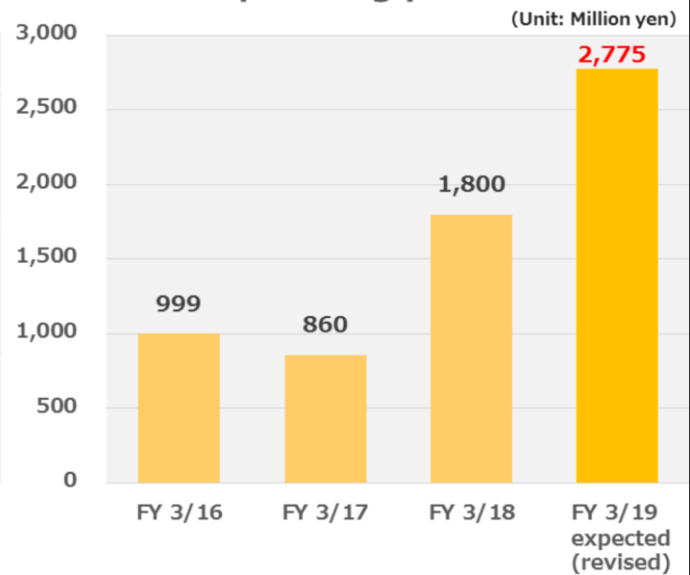
## Outlook for Consolidated Earnings Trend



### Net sales



### Operating profit



Copyright © 2018 NISSO CORPORATION All Rights Reserved

19

- The following is the explanation of the consolidated earnings trends.
- Shown above are graphs of the consolidated earnings trends after revisions.

## (Reference) FY 3/2019 Non-consolidated Earnings Forecast



### ◆FY 3/2019 Non-consolidated Earnings Forecast

	FY 3/2019 Forecast		(Reference) Previous FY results (FY 3/2018)		Year-on-Year	
	Amount	% of Total	Amount	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>63,589</b>	<b>100.0%</b>	<b>53,184</b>	<b>100.0%</b>	<b>10,404</b>	<b>19.6%</b>
<b>Operating profit</b>	<b>2,900</b>	<b>4.6%</b>	<b>1,796</b>	<b>3.4%</b>	<b>1,103</b>	<b>61.4%</b>
<b>Ordinary profit</b>	<b>2,890</b>	<b>4.5%</b>	<b>1,759</b>	<b>3.3%</b>	<b>1,131</b>	<b>64.3%</b>

Copyright © 2018 NISSO CORPORATION All Rights Reserved

20

•For reference, the following is the explanation of NISSO's Non-consolidated Earnings Forecast.

•Although these figures are not quite yet at NISSO's level of satisfaction, and it has been said that the rates of profitability are low within the industry, they are gradually approaching the standard levels of the industry.

Since NISSO has already drawn up strategies that will enable the achieving of overall profitability that is top-class within the industry, by accelerating the mid-term management plan and implementing its measures, NISSO aims to advance the improvement of profitability while speedily raising the top line of sales.

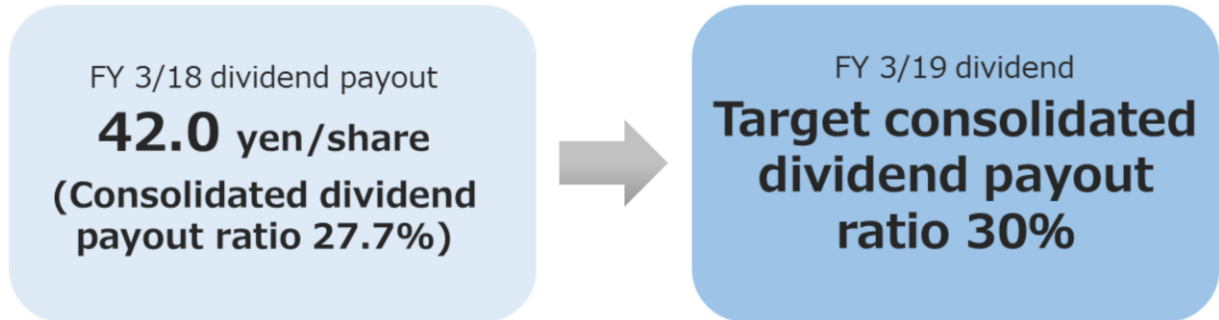
3

## Shareholder Return Policy

•The following is the explanation of the Shareholder Return Policy.

## Shareholder Return Policy

NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues, taking into consideration the balance between securing funds for growth investments and strengthening the corporate structure that can respond to changes in the business environment, and our basic policy is to continue to steadily redistribute profits to all of our shareholders.



- The following is the explanation of the Shareholder Return Policy.
- Regarding the dividend payout for FY 3/18, as of August 22, 2018, NISSO'S common stock was split at a ratio of 2 shares for 1 share. The dividend amount of 42 yen for FY 3/2018 is the dividend amount before the stock split, and the current dividend amount is 21 yen.
- The dividend payout ratio for the current fiscal year is basically 30%. However, it may not just be 30%, since the dividend payout ratio is basically set at 30% on the premise that growth does not slow down, and NISSO hopes that it can be understood that the dividend amount will increase with certainty.

4

## Supplementary Materials



# Quarterly Consolidated Balance Sheet



(Unit: Million yen, %)

	3/18-end		12/18-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
<b>Current assets</b>	<b>12,753</b>	<b>64.2</b>	<b>12,262</b>	<b>63.5</b>	<b>(490)</b>
Cash and deposits	5,283	26.6	4,050	21.0	(1,233)
Notes and accounts receivable - trade	6,791	34.2	7,485	38.8	694
<b>Non-current assets</b>	<b>7,117</b>	<b>35.8</b>	<b>7,036</b>	<b>36.5</b>	<b>(80)</b>
Property, plant and equipment	4,994	25.1	4,996	25.9	1
Intangible assets	380	1.9	370	1.9	(9)
Investments and other assets	1,742	8.8	1,669	8.7	(72)
<b>Total assets</b>	<b>19,870</b>	<b>100</b>	<b>19,299</b>	<b>100</b>	<b>(570)</b>
<b>Current liabilities</b>	<b>8,206</b>	<b>41.3</b>	<b>8,115</b>	<b>42.0</b>	<b>(91)</b>
Current portion of long-term loans payable	501	2.5	174	0.9	(327)
Accrued expenses	4,331	21.8	4,604	23.9	273
Income taxes payable	632	3.2	462	2.4	(170)
<b>Non-current liabilities</b>	<b>2,345</b>	<b>11.8</b>	<b>1,293</b>	<b>6.7</b>	<b>(1,052)</b>
Long-term loans payable	1,883	9.5	788	4.1	(1,094)
<b>Total liabilities</b>	<b>10,552</b>	<b>53.1</b>	<b>9,408</b>	<b>48.8</b>	<b>(1,143)</b>
<b>Shareholders' equity</b>	<b>9,130</b>	<b>45.9</b>	<b>9,746</b>	<b>50.5</b>	<b>616</b>
<b>Total net assets</b>	<b>9,317</b>	<b>46.9</b>	<b>9,890</b>	<b>51.2</b>	<b>573</b>
<b>Total liabilities and net assets</b>	<b>19,870</b>	<b>100</b>	<b>19,299</b>	<b>100</b>	<b>(570)</b>

## Point

- ① **Increases 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 pertaining to dispatched staff, etc.
- ② **Compression of interest-bearing liabilities**  
 NISSO has repaid all of its long-term loans payable using funds procured at the time of initial listing and operating cash flows. As a result, "cash and deposits", "current portion of long-term loans payable", and "long-term loans payable" have decreased, respectively.

Copyright © 2018 NISSO CORPORATION All Rights Reserved

24

•The status of the quarterly consolidated finances is as explained in the above slide.

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**

**NISSO CORPORATION, IR Management Division**

TEL : 045-777-7630

E-mail : [ir@nisso.co.jp](mailto:ir@nisso.co.jp)

URL : <https://www.nisso.co.jp/>