

Financial Results Briefing Materials for FY 3/2019

May 14, 2019

NISSO CORPORATION



TSE1 Code:6569

The Financial Results Summary for FY 3/2019 and the Earnings Forecast for FY 3/2020 will be explained within these materials.

1

Financial Results Summary for FY 3/2019

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

FY 3/2019 Non-consolidated Financial Results Highlights



- ◆ Amid continued strong demand from clients such as the automobiles industry, sales and profits increased due to the assignment of skilled staff to high-unit cost clients, mainly Account Companies
- ◆ Improvements in the treatment of workers and increases in educational investment were absorbed with the increase in sales, and gross profit margin increased by 0.2 pts YOY; due to continued efforts to control increases in SG&A expenses, operating profit margin increased by 1.3 pts YOY

(Unit: Million yen)

	FY 3/2018		FY 3/2019		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	53,184	100.0%	63,474	100.0%	10,289	19.3%
Gross profit	9,616	18.1%	11,603	18.3%	1,987	20.7%
SG&A expenses	7,819	14.7%	8,641	13.6%	821	10.5%
Operating profit	1,796	3.4%	2,962	4.7%	1,165	64.9%
Ordinary profit	1,759	3.3%	2,943	4.6%	1,184	67.3%
Profit	1,000	1.9%	2,240	3.5%	1,240	124.0%

Copyright © 2018 NISSO CORPORATION All Rights Reserved

2

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

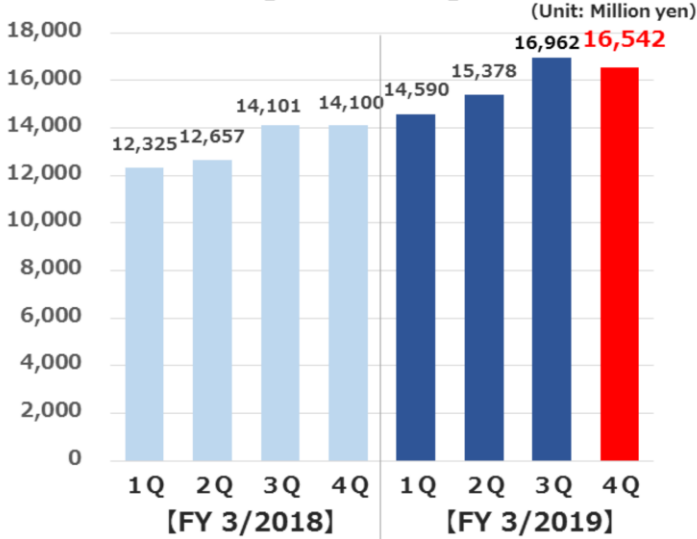
- Net sales amounted to 63,474 million yen (up 10,289 million yen or 19.3% year on year). In particular, in response to the strong demand from automobiles-related clients, NISSO's efforts to assign skilled staff, mainly to Account Companies, were highly evaluated by our clients, and high-unit cost transactions were conducted.
- Gross profit amounted to 11,603 million yen (up 1,987 million yen or 20.7% year on year). Although one of the reasons for the increase was the rise in unit costs, this was not simply because NISSO was able to gather personnel to get the unit costs raised, but was due to the promotion of efforts to get unit costs raised by assigning staff who were well-educated by NISSO, which was highly regarded by our clients. Therefore, although educational expenses were incurred, as a result, the profit margin increased by 0.2 pts.
- Operating profit amounted to 2,962 million yen (up 1,165 million yen or 64.9% year on year). By increasing the retention of workers and reducing their turnover, recruitment costs for the hiring of replacement personnel were suppressed.
- Ordinary profit amounted to 2,943 million yen (up 1,184 million yen or 67.3% year on year).
- Profit amounted to 2,240 million yen (up 1,240 million yen or 124.0% year on year). In FY 3/19, increases in amounts of salary paid, domestic capital investment, and increases in education and training expenses met the applicable tax reduction requirements of the Act on Special Measures concerning Taxation, and were subject to special corporate tax deductions, and the sales of investment securities contributed to profits.
- Before going public, NISSO was asked about why net sales and operating profit margins were lower than other public companies, and replied that the company's structure was being re-established and that results would be apparent thereafter. Although NISSO is still in the process of achieving our ultimate goals, it can be said that the results have begun to emerge, as reflected in the financial results for FY 3/19.

FY 3/2019 Non-consolidated Quarterly Financial Results Trend

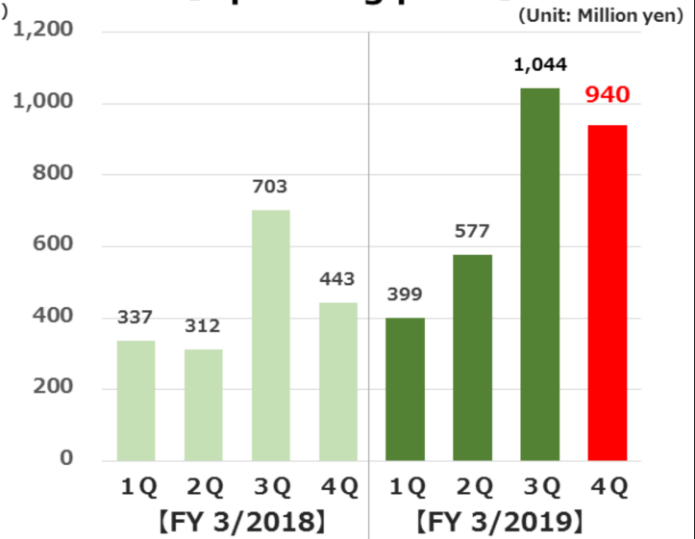


◆ Due to the fewer number of operating days in 4Q, net sales and profits slightly decreased. Enrollment and incoming orders remain steady

[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 for FY 3/2019.

• Net sales and profits decreased slightly in 4Q as a 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 and orders received have been steady.

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



- ◆ NISSO: Steady growth in financial results due to promotion of increases in enrollment and assignment of skilled staff to Account Companies (high unit cost companies), and results from unit cost negotiations
- ◆ In the current FY, increases in amounts of salary paid, domestic capital investment, and increases in education and training expenses met the applicable tax deduction requirements of the Act on Special Measures concerning Taxation, and were subject to special corporate tax deductions, thereby contributing to profits

(Unit: Million yen)

	FY 3/2018		FY 3/2019		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	59,208	100.0%	69,161	100.0%	9,953	16.8%
Gross profit	10,373	17.5%	12,239	17.7%	1,865	18.0%
SG&A expenses	8,573	14.5%	9,370	13.5%	796	9.3%
Operating profit	1,800	3.0%	2,869	4.1%	1,068	59.4%
Ordinary profit	1,781	3.0%	2,895	4.2%	1,113	62.5%
Profit attributable to owners of parent	1,014	1.7%	2,053	3.0%	1,039	102.4%

Copyright © 2018 NISSO CORPORATION All Rights Reserved

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

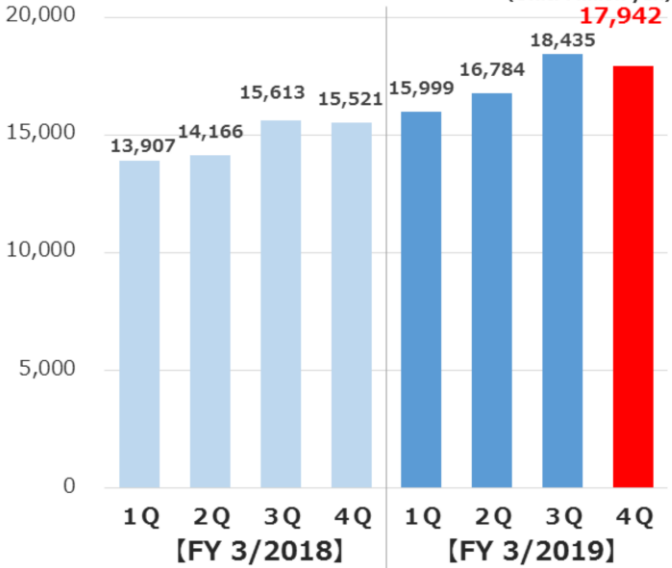
- Net sales amounted to 69,161 million yen (up 9,953 million yen or 16.8% year on year).
- Gross profit amounted to 12,239 million yen (up 1,865 million yen or 18.0% year on year).
- Operating profit amounted to 2,869 million yen (up 1,068 million yen or 59.4% year on year).
- Ordinary profit amounted to 2,895 million yen (up 1,113 million yen or 62.5% year on year).
- Profit attributable to owners of parent amounted to 2,053 million yen (up 1,039 million yen or 102.4% year on year).

FY 3/2019 Consolidated Quarterly Financial Results Trend



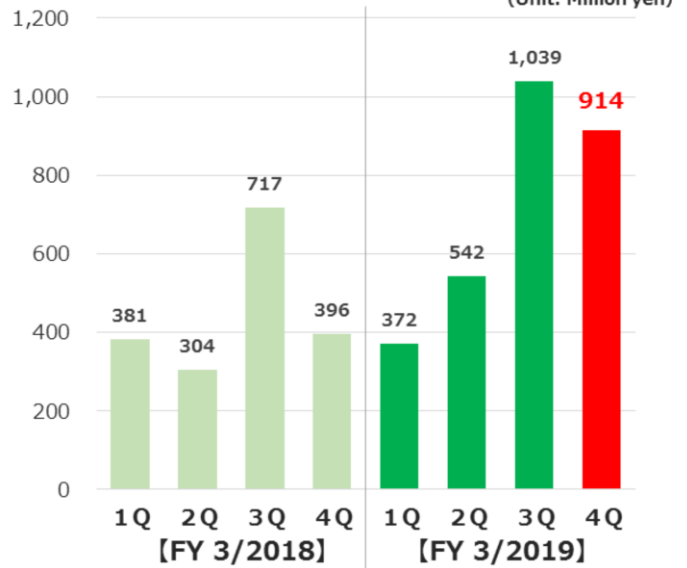
【Net sales】

(Unit: Million yen)



【Operating profit】

(Unit: Million yen)



Copyright © 2018 NISSO CORPORATION All Rights Reserved

5

• Shown above are graphs of consolidated quarterly net sales and operating profit trends for FY 3/2019.

Other Businesses Business Revenue



【Other Businesses Results】

(Unit: Million yen)

	FY 3/18			FY 3/19			FY 3/18	FY 3/19
	1 st Half	3Q	4Q	1 st Half	3Q	4Q	Full year	Full year
Net sales	1,143	567	562	1,208	643	634	2,273	2,485
Expenses	1,174	579	621	1,351	692	688	2,374	2,732
Operating profit (loss)	(30)	(11)	(58)	(143)	(49)	(54)	(101)	(247)

- ◆ Net sales increased due to increase in residents at Sweetpea Higashi Totsuka
- ◆ Although sales increased due to increase in residents at Sweetpea Higashi Totsuka, upfront investment expenses could not be absorbed

《Fee-based senior-care nursing home # of residents as of 3/2019-end》

Bldg. #1 - 5	# of residents: 295	occupancy rate: 95.7%	(capacity: 308)
Bldg. #6 (Sweetpea Higashi Totsuka)	# of residents: 33	occupancy rate: 35.1%	(capacity: 94)

Copyright © 2018 NISSO CORPORATION All Rights Reserved

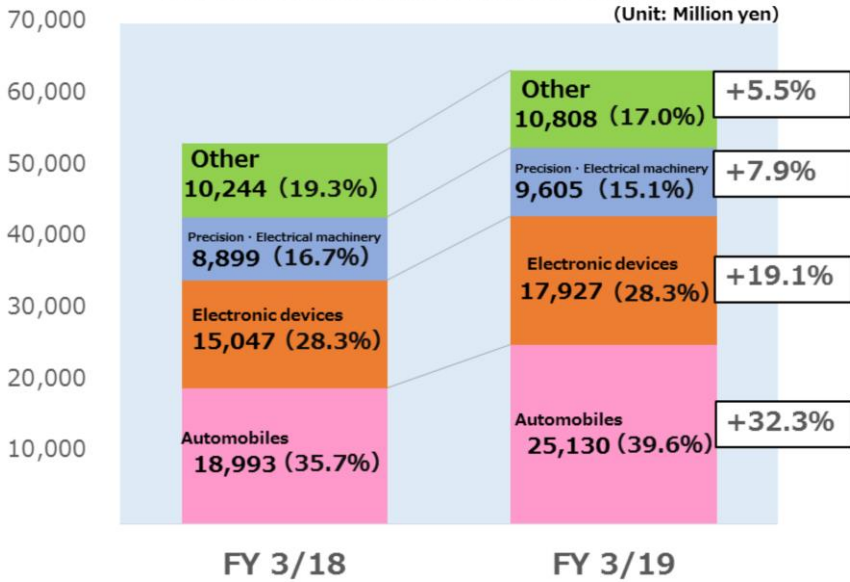
6

- The following is the explanation of Other Businesses.
- For FY 3/2019, net sales amounted to 2,485 million yen, and operating losses totaled 247 million yen.
- Although sales increased due to an increase in the number of residents at "Sweetpea Higashi Totsuka", which was opened on March 1, 2018, upfront investment expenses could not be absorbed due to the shortfall in plans regarding the expected number of residents.
- Although operating loss was projected to be 267 million yen as of FY 3/2019 3Q, due to the increase in the number of residents in 4Q, an improvement of 20 million yen was recorded.
- NISSO believes that the deficit can be eliminated by promoting the increase of residents in FY 3/2020.

Net Sales by Industry (NISSO, Non-consolidated)

【 Trend of Net Sales Composition Ratios 】

(Unit: Million yen)



※ () = % of total sales

※ □ = % of Year-on-Year growth

- Continued strong performance in client markets, centering on automobiles industry where there is a high ratio of NISSO's net sales
- Automobiles: Domestic production remained strong, and expanded significantly from previous FY
- Electronic devices: Although there was some decline in demand from FY 3/19 2H, is according to original plan

•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 with the previous fiscal year (FY 3/2018).

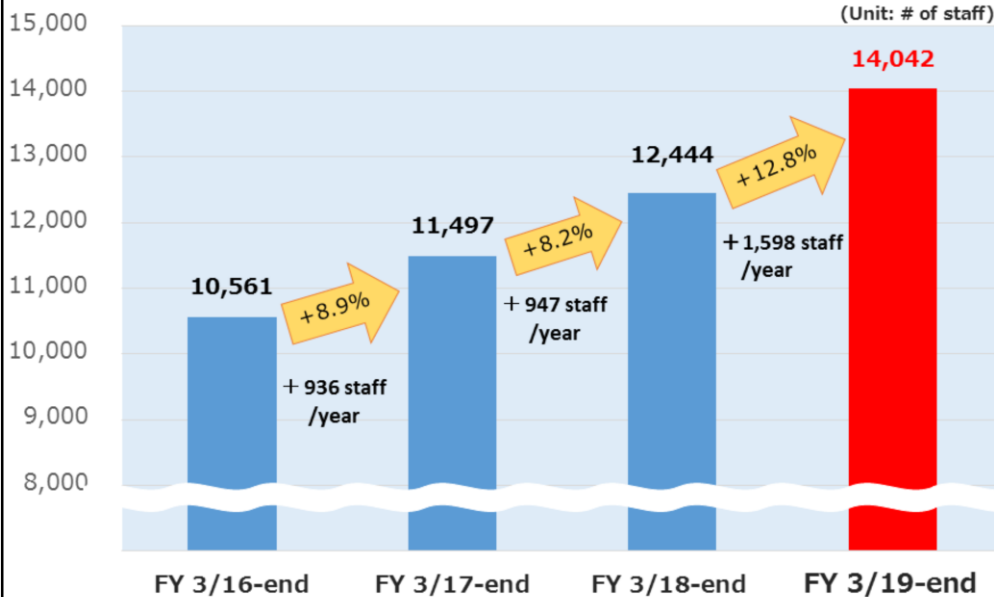
•Net sales are expanding in all industries. Among them, the automobiles industry is growing substantially as intended by NISSO's growth strategy, and increased by 32.3% year on year, and was at 39.6% (+3.9 pts) in terms of overall composition.

•NISSO is said to be strong in terms of the automobiles-related industries, actually conducting business with all of the finished vehicles (automobiles) manufacturers, and we are the only company in the manufacturing-related human resources service industry to do so. In particular, NISSO's transactions with the largest domestic manufacturer sets us apart from our competition.

•Net sales in the electronic devices industry increased by 19.1% year on year. The composition ratio was the same from the previous fiscal year at 28.3%, and remained steady.

Trend of Enrolled Staff (NISSO, Non-consolidated)

[Trend of Number Enrolled at FY-end]



- Enrollment at FY 3/19-end: 14,042 staff
From FY 3/18-end: Increase of 1,598 staff (12.8%)
- Continued significant increased enrollment in automobiles-related companies
- Demand for human resources by manufacturers is expected to remain high due to labor shortages

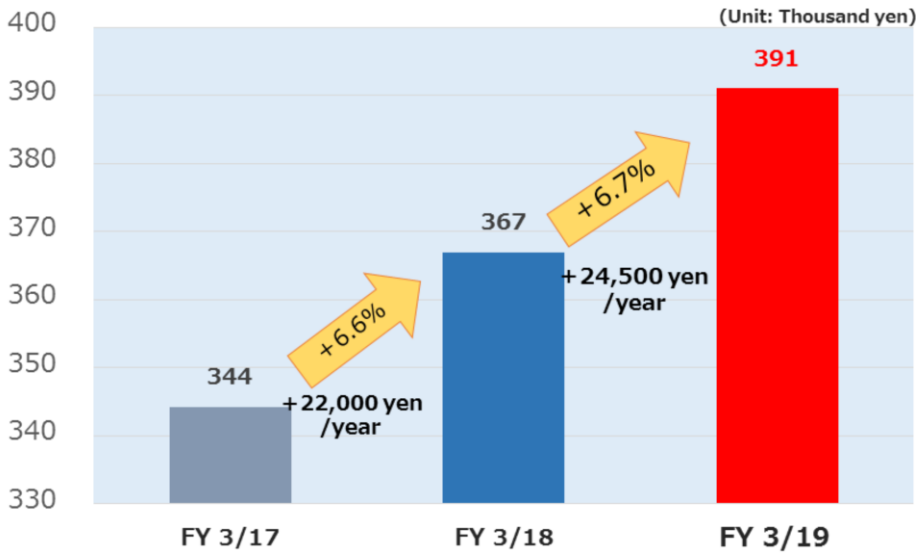
Copyright © 2018 NISSO CORPORATION All Rights Reserved

8

- The following is the explanation of the trend of NISSO's enrolled staff.
- The number of enrolled staff at the end of FY 3/2019 (end of March, 2019) was 14,042. The number of staff increased by 1,598 (11.1%) from 12,444 at the end of the previous fiscal year.
- Enrollment increased significantly due to strong demand from the automobiles-related industries. Although electronic devices-related industries were said to have slightly stagnated in the second half, the number of NISSO's enrolled staff remained firm.
- As explained above, the number of enrolled staff has steadily increased.

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

[Net sales per capita (monthly average conversion)]

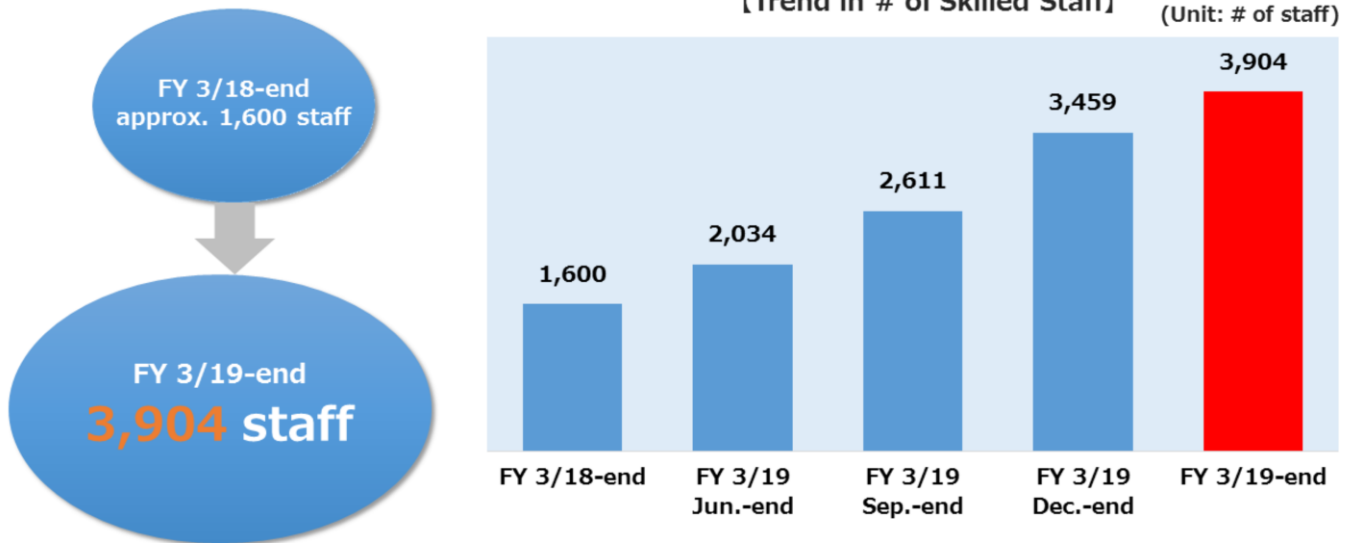


- > FY 3/19 net sales per capita: 391 thousand yen
From FY 3/18:
Up 24,500 yen (+6.7%)
- > Increase in net sales per capita due to result of unit cost negotiations associated with expansion of transactions with Account Companies through placement of skilled staff

- The following is the explanation of NISSO's net sales per capita.
- The monthly net sales per capita for FY 3/2019 amounted to 391 thousand yen. This was an increase of 24,500 yen (6.7%) from the previous fiscal year.
- This was mainly due to the rise in unit costs focusing on skilled staff, etc.

Number of Skilled Staff (NISSO, Non-consolidated)

- ◆ Skilled staff are making gains according to plans
- ◆ FY 3/19-end: 3,904 staff (Enrollment as of April-end: 4,372 staff)



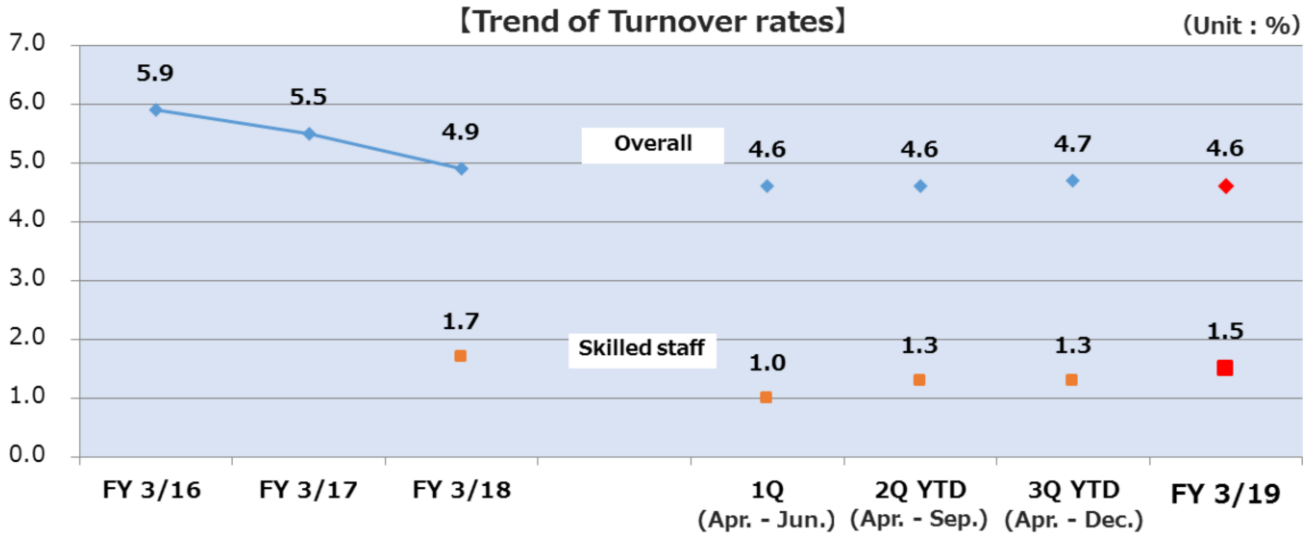
Copyright © 2018 NISSO CORPORATION All Rights Reserved

- The following is the explanation of NISSO's skilled staff.
- The number of skilled staff at FY 3/2019-end was 3,904 (approximately 1,600 at FY 3/2018-end).
- Although the number of skilled staff was at 3,904, compared with the target number of 4,000 by FY 3/2019-end, since there was a large number of appointees in the month of April, resulting in 4,372 skilled staff at April-end, NISSO believes that we have achieved our planned targets.
- We will continue to focus on human resources development, and increase the number of skilled staff during this fiscal year.

Turnover Rates (NISSO, Non-consolidated)



- ◆FY 3/19 Overall turnover rate: 4.6% (declined by 0.3 pts YOY)
- ◆FY 3/19 Skilled staff turnover rate: 1.5% (declined by 0.2 pts YOY)



Copyright © 2018 NISSO CORPORATION All Rights Reserved

11

•The following is the explanation of NISSO's turnover rates.

- The turnover rate for skilled staff for FY 3/19 was 1.5%.
- NISSO's overall turnover rate for FY 3/19 was 4.6%.

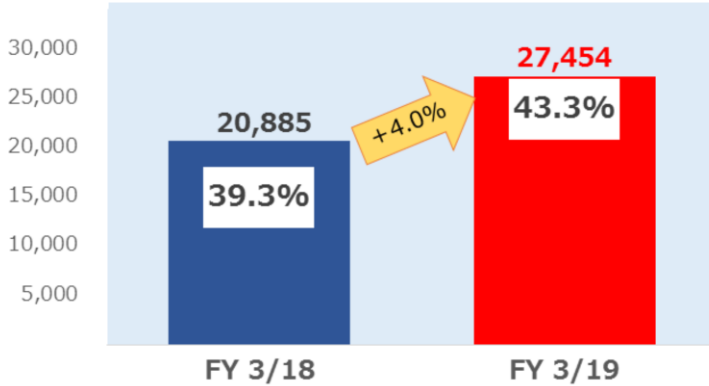
•In order to further increase profits and profit margins in the future, it is important to increase enrollment, raise unit costs and lower these turnover rates.

Since declines in turnover rates will make it possible for NISSO to enhance the capabilities of workers and suppress the recruitment of replacement personnel, we will continue to make efforts to reduce turnover rates, including increasing the number of skilled staff.

Account Companies (NISSO, Non-consolidated)

[Account Company Groups Net Sales and % of Total]

(Unit : Million yen/%)



- Favorable production conditions continued for Account Company Groups, centering on automobiles company group
- Increase in net sales due to reinforcement of skilled staff assignments to Account Companies and negotiation of unit costs; amounted to 43.3% of NISSO's net sales shares in FY 3/19

	FY 3/18	FY 3/19	Increase
Accounts total (4 Groups)	20,885	27,454	6,569
Total net sales	53,183	63,474	10,289
% of Total	39.3%	43.3%	4.0 pts

[Reference]
FY 3/19 3Q: % of Total: 42.8%

•The following is the explanation of the status of NISSO's account companies.

•There are currently 4 Groups of Account Companies, which are NISSO important clients. As a result of responding to many of their requests, the net sales composition ratio for Account Companies within NISSO's overall net sales for FY 3/2019 amounted to 43.3%, which was a 4.0 pts increase compared to 39.3% in the previous fiscal year (FY 3/2018), and a 0.5 pts increase compared to FY 3/2019 3Q. We will make efforts to further increase the composition ratio in the future.

Educational Achievements (NISSO, Non-consolidated)



[4Q Course-specific educational achievements (total # of participants)]

Training course name	1Q	2Q	3Q	4Q	Total	(Unit: # of participants)
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Mar	
Skilled staff education	523	393	923	683	2,522	Standard skilled staff education
Accredited vocational training education	63	80	84	91	318	Accredited vocational training school (Miyagi · Nagano Prefectures)
Manufacturing education	1,173	975	372	527	3,047	MONOZUKURI (manufacturing) {basic expert} education, pre-assignment training for manufacturing staff, mobile education
Safety education	202	264	507	349	1,322	Danger · risk simulation education
Basic maintenance education	34	58	30	45	167	Basic equipment maintenance education
Employee education	149	61	31	51	292	New graduate/mid-career entry/mid-level employee training, newly appointed chief education, on-site supervisor education
Other education	22				22	Contracted education from external sources
Total	2,166	1,831	1,947	1,746	7,690	

- > 1,746 educational participants for 4Q (FY total 7,690)
- > Steady increase in participants for basic maintenance education
- > Nisso Technical Center Naka-Nihon Semiconductor manufacturing equipment maintenance participants: FY Total 127 participants
- > Participants for skilled staff education are assigned to high-unit cost production sites, including Account Companies, which lead to increase in net sales per capita
- > NISSO will continue to improve added value of provided services through practical education and training in the future

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 4Q amounted to 1,746 participants, with a total of 7,690 participants for the current fiscal year.
- Education is an important point for NISSO, and in order to respond to the desires of our clients, we have focused on providing various types as education, as requested, and have maintained our training facilities.
- 2,522 participants took part this year in skilled staff education designed to develop skilled staff, and 3,047 participants received manufacturing education which is important to raise retention rates and heighten motivation when staff enter the company.
- The semiconductor manufacturing equipment maintenance education course held at Nisso Technical Center Naka-Nihon, which opened in May 2018, had a yearly total of 127 participants.
- NISSO is striving to conduct better business with our clients by capitalizing on such educational achievements.

[Examples of Account Company Initiatives]

- **The scheme of "Trained Skilled Staff Assignment", which is NISSO's priority initiative, was established, and NISSO received high evaluations for high quality services through pre-employment education; entry to new plant was decided (Electronics Manufacturer Group)**
- **Recognized for our assignment achievements, retention, and training efforts, NISSO was selected as one of the main suppliers by a major electronics group company (Electronics Manufacturer Group)**
- **With the consolidation of dispatching business operators being reduced from 10 companies to 5 companies, NISSO was highly regarded for our trained skilled staff, continuing business with the client and expanding our shares (Automobiles Manufacturer Group)**
- **Among 27 dispatching operators engaged in transactions, NISSO's achievements in fulfillment and retention were highly assessed, and NISSO received commendation/award (Automobiles Manufacturer Group)**

•The following is the explanation for some examples of Account Company initiatives.

•The significant points about how NISSO will be able to create increased revenues and profits with the medium-term management plan under current perceptions of economic conditions are explained therewith, and by receiving high evaluation from both our employees and clients, as well as raising profits, will enable NISSO's medium-term growth cycle to steadily and continuously come full circle.

•In situations where demand increases, naturally, the number of suppliers increases, but when demand settles down, clients will evaluate the efforts of the suppliers and select them based on such evaluations. Companies that are selected are then able to absorb the shares of those who have been forced to withdraw.

It is very important from a strategic standpoint to determine whether or not increases in orders are based on mere demand or due to our business model. At NISSO, in order to achieve increases in revenues and profits, we have promoted our business model of properly educating staff prior to their assignment as a structure that can respond to the rapidly changing economic environment.

[Automobiles-related]

Domestic demand for automobiles (standard · small) is expected to remain unchanged from the previous fiscal year

[Electronic Devices-related]

Although demand for smartphones is decelerating, automotive- and 5G communications-related components sectors are promising, and expected to grow

[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, client expectations for the quality of human resources exceed labor shortages, and demands continue to increase

- The following is the explanation of future market trends of the main industries that NISSO's Account Companies belong to.
- Domestic demand for the automobiles-related industries is expected to remain mostly unchanged.
- In the electronic devices industry, although demand for smartphone-related components are decelerating, 5G-related products are expected to grow.
Inventory adjustments have concluded, and although there is some movement currently, demand for the industry is believed to grow from the second half onwards.
- NISSO believes that making every effort to take on such client trends will lead to our company's growth. Although labor shortages are expected to continue in the future, NISSO will promote our business as one that raises the quality of human resources and works as a client partner, rather than developing a business that just simply responds to labor shortages.
Since this structure has not yet been fully completed, NISSO will continue to steadfastly develop it hereafter.

2

Earnings Forecast for FY 3/2020

•The following is the explanation of the Earnings Forecast for FY 3/2020.

FY 3/2020 Consolidated Earnings Forecast



【FY 3/2020 Consolidated Earnings Forecast】

(Unit: Million yen)

	FY 3/19 Results		FY 3/20 Results		Year-on-Year	
	Amount	% of Total	Amount	% of Total	Increase (Decrease)	% Change
Net sales	69,161	100.0%	80,000	100.0%	10,839	15.7%
Operating profit	2,869	4.1%	3,900	4.9%	1,031	35.9%
Ordinary profit	2,895	4.2%	4,000	5.0%	1,105	38.1%
Profit attributable to owners of parent	2,053	3.0%	2,760	3.5%	707	34.4%

Copyright © 2018 NISSO CORPORATION All Rights Reserved

17

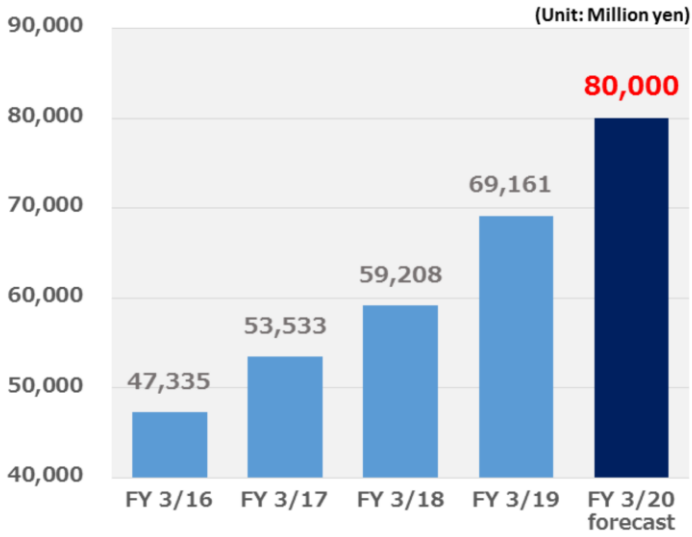
•The following is the explanation of the Consolidated Earnings Forecast for FY 3/2020.

- Net sales of 80,000 million yen (up 10,839 million yen or 15.7% year on year) is expected.
- Operating profit of 3,900 million yen (up 1,031 million or 35.9% year on year) is expected.
- Ordinary profit of 4,000 million yen (up 1,105 million or 38.1% year on year) is expected.
- Profit attributable to owners of parent of 2,760 million yen (up 707 million or 34.4% year on year) is expected.

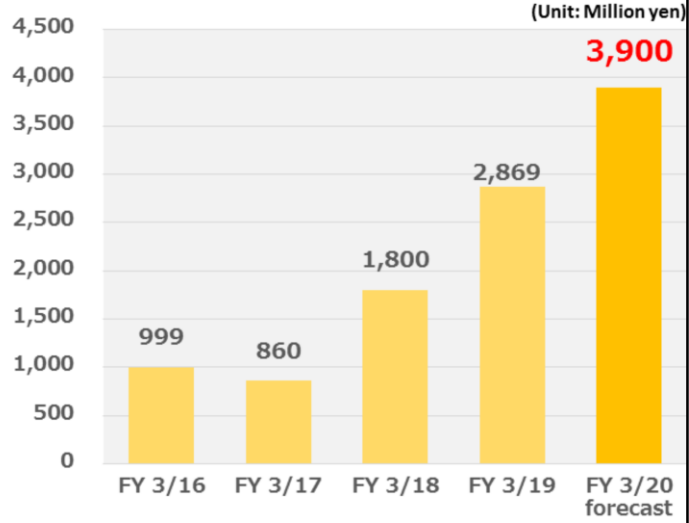
Outlook for Consolidated Earnings Trends



Net sales



Operating profit



Copyright © 2018 NISSO CORPORATION All Rights Reserved

18

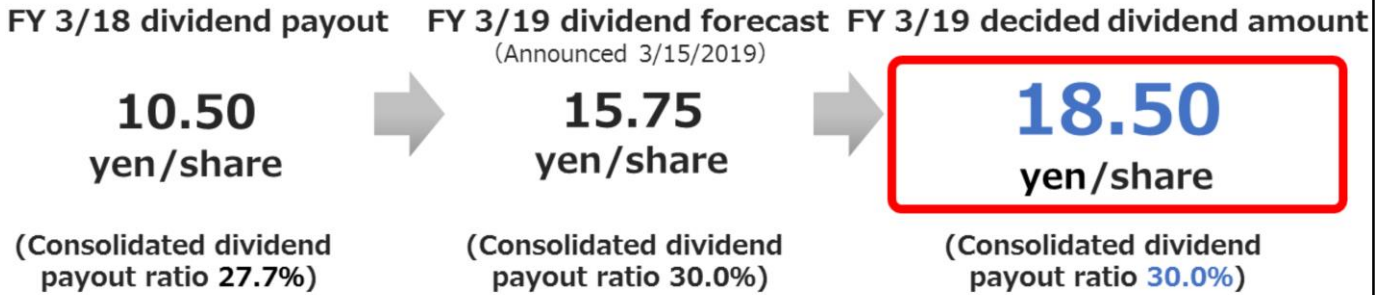
- The following is the explanation of the consolidated earnings trends.
- Shown above are graphs of net sales and operating profit trends plus forecasted figures for FY 3/20.

3

Shareholder Returns

•The following is the explanation of Shareholder Returns.

Shareholder Returns



The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. The above dividend is the converted amount after the stock split.

- The following is the explanation of Shareholder Returns.
- Following the announcement of the Earnings Forecast on March 15, 2019, NISSO was able to raise business performance, which enabled the increase in dividends to 18.50 yen.

Continued dividend payout ratio of **30%** or more

In view of +share price level, liquidity, demand for funds, etc., share buy-backs are implemented flexibly

	FY 3/19	FY 3/20 forecast
Profit	2,053 million yen	2,760 million yen
EPS	61.58	82.24
Dividend per share	18.50	25.00
Dividend payout ratio	30.0%	30.4%

- The following is the explanation of the dividends forecast for FY 3/2020.
- NISSO presumes the dividend payout ratio to be basically 30%.
- NISSO will respond to share buy-backs in a timely manner.

4

Supplementary Materials

FY 3/2019 Consolidated Balance Sheet (B/S)



(Unit: Million yen, %)

	3/18-end		3/19-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	12,753	64.2	14,174	67.4	1,421
Cash and deposits	5,283	26.6	5,633	26.8	349
Notes and accounts receivable - trade	6,791	34.2	7,757	36.9	965
Non-current assets	7,117	35.8	6,844	32.6	(272)
Property, plant and equipment	4,994	25.1	4,942	23.5	(51)
Intangible assets	380	1.9	359	1.7	(20)
Investments and other assets	1,742	8.8	1,542	7.3	(200)
Total assets	19,870	100	21,019	100	1,149
Current liabilities	8,206	41.3	9,161	43.6	954
Current portion of long-term loans payable	501	2.5	183	0.9	(318)
Accrued expenses	4,331	21.8	4,751	22.6	420
Non-current liabilities	2,345	11.8	1,312	6.2	(1,033)
Long-term loans payable	1,883	9.5	750	3.6	(1,132)
Total liabilities	10,552	53.1	10,474	49.8	(78)
Shareholders' equity	9,130	45.9	10,535	50.1	1,404
Total net assets	9,317	46.9	10,544	50.2	1,227
Total liabilities and net assets	19,870	100	21,019	100	1,149

Point

①Increases due to business expansion

Notes and accounts receivable - trade, etc., under current assets, and accrued expenses, etc., under current liabilities increased as a result of business expansion.

②Decrease in loans payable

Loans payable decreased significantly as a result of the ahead-of-schedule repayment of long-term loans payable with increased funds from the IPO and operating cash flows for the current FY.

③Overall

As a result of the above, total assets increased by 5.8% YOY due to an increase in current assets, and liabilities decreased by 0.7% YOY due to a decrease in non-current liabilities. In addition, net assets increased by 13.2% YOY due to the increase in shareholders' equity as a result of the recording of profits, and equity ratio was at 50.2%.

•The status of the consolidated finances for FY 3/2019 is as explained in the above slide.

FY 3/2019 Consolidated Statement of Cash Flows



(Unit: Million yen, %)

	FY 3/18	FY 3/19	Increase (Decrease)
	Amount	Amount	
CF from operating activities	2,751	2,565	(186)
CF from investing activities	(102)	0	102
CF from financing activities	(735)	(2,215)	(1,480)
Net increase (decrease) in cash and cash equivalents	1,914	349	(1,564)
Cash and cash equivalents at beginning of period	3,369	5,283	1,914
Cash and cash equivalents at end of period	5,283	5,633	349

Point

① Cash flows from operating activities

Revenues from increases in profit before income taxes, depreciation and accrued expenses absorbed expenditures in notes and account receivable-trade and income taxes paid, etc., and revenues amounted to 2,565 million yen.

② Cash flows from investing activities

Revenues from the sale of cross-shareholdings absorbed capital investments in training facilities and recruitment, resulting in almost no gains or losses.

③ Cash flows from financing activities

Due to the ahead-of-schedule repayment of long-term loans payable, expenditure on dividends, and purchase of treasury shares, expenditures amounted to 2,215 million yen.

•The status of the consolidated cash flows for FY 3/2019 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

IR Division, PR · IR Department

NISSO CORPORATION

TEL : 045-777-7630

E-mail : ir@nisso.co.jp

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