

First Quarter of FY 3/2020
Financial Results
Briefing Materials

August 7, 2019

TSE 1 Code: 6569

NISSO CORPORATION

NSSO 日総工産株式会社

1. Financial Results Summary for FY 3/2020 1Q

1 - 1 Overview of Activities

1 - 2 Future Prospects

2. Earnings Forecast for FY 3/2020

3. Shareholder Return Policy

1. Financial Results Summary for FY 3/2020 1Q

- The following is the explanation of the Financial Results Summary for FY 3/2020 1Q.
- As a general remark, although the macro- and micro- economic environments in the world as a whole have been moving in various ways, NISSO is proceeding smoothly according to plans made at the beginning of the fiscal year.

FY 3/2020 1Q Non-consolidated Financial Results Highlights



- Although clients were cautious about increasing staff due to the U.S.-China trade friction and the impact of consumption taxes at FY-start, demand for human resources increased from mid-May, spurring a 13.5% YOY increase in net sales due to the placement of skilled staff mainly in the automobiles Account Company
- In terms of costs, although upfront investments such as housing-related and educational costs, as well as lump-sum payments to employees were incurred for 2Q, operating profit increased by 17.3% due to efforts to control SG&A expenses

(Unit: Million yen)

| | FY 3/2019 1Q | | FY 3/2020 1Q | | Year-on-Year | |
|------------------|--------------|------------|--------------|------------|---------------------|----------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change |
| Net sales | 14,590 | 100.0% | 16,566 | 100.0% | 1,975 | 13.5% |
| Gross profit | 2,515 | 17.2% | 2,794 | 16.9% | 279 | 11.1% |
| SG&A expenses | 2,115 | 14.5% | 2,325 | 14.0% | 210 | 9.9% |
| Operating profit | 399 | 2.7% | 468 | 2.8% | 69 | 17.3% |
| Ordinary profit | 411 | 2.8% | 469 | 2.8% | 58 | 14.2% |
| Profit | 259 | 1.8% | 342 | 2.1% | 82 | 31.7% |

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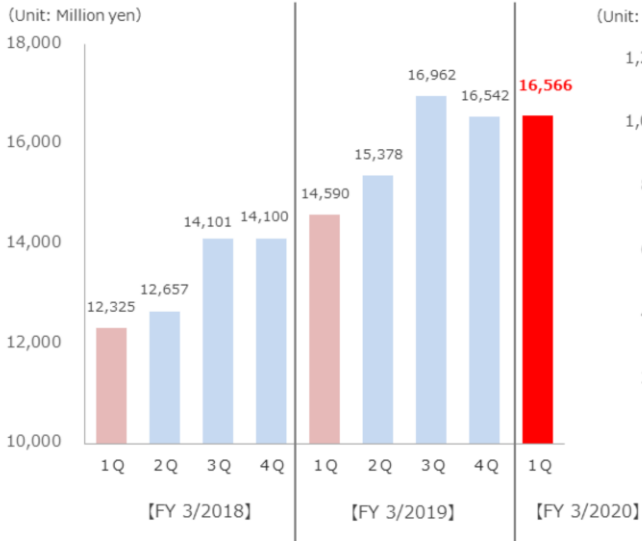
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- The following is the explanation of NISSO's Non-consolidated Financial Results.
- Net sales amounted to 16,566 million yen (up 1,975 million yen or 13.5% year on year).
- Gross profit amounted to 2,794 million yen (up 279 million yen or 11.1% year on year).
- SG&A (selling, general and administrative) expenses amounted to 2,325 million yen (up 210 million yen or 9.9% year on year).
It has been explained that NISSO has devised and strived to control SG&A expenses, and the SG&A ratio for FY 3/2020 1Q has decreased from 14.5% to 14.0% compared to the corresponding period of the previous fiscal year.
- Operating profit amounted to 468 million yen (up 69 million yen or 17.3% year on year).
As it will be explained later, this profit amount came from various investments that were made previously to go in effect after July.
- Ordinary profit amounted to 469 million yen (up 58 million yen or 14.2% year on year).
- Profit amounted to 342 million yen (up 82 million yen or 31.7% year on year).

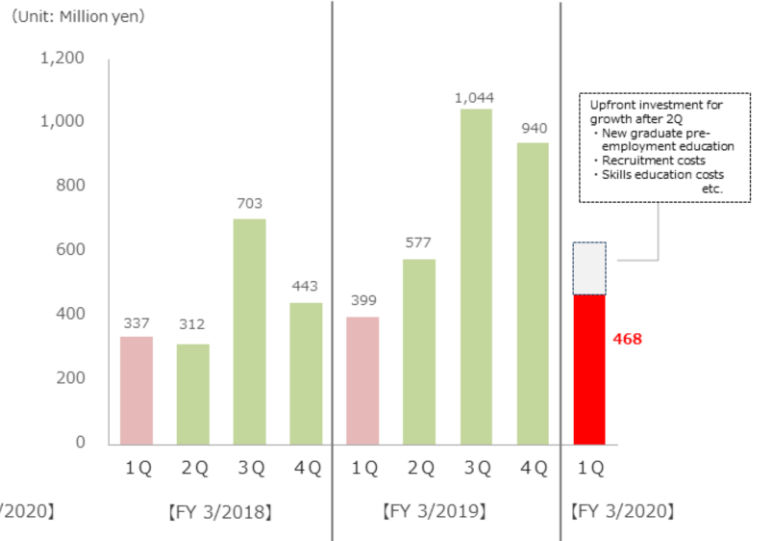
FY 3/2020 1Q Quarterly Non-consolidated Financial Results Trend



Net sales



Operating profit



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• Shown above are graphs of NISSO's quarterly non-consolidated net sales and operating profit trends.

• Net sales for FY 3/2020 1Q amounted to 16,566 million yen. Compared to FY 3/2019 4Q, although staff enrollment increased, since there were more working days in FY 3/2019 4Q, as a result, net sales were approximately the same.

• One of the characteristics of the manufacturing-related human resources services business is that business performance fluctuates based on the number of working days per month. In particular, the manufacturing industry tends to have a disproportionate amount of operations in 3Q and 4Q, and looking at the operation results in the previous fiscal year, 3Q had the most amount of operations, followed by 4Q. Since a similar trend is expected in the current fiscal year, NISSO expects that operations will increase in the second half of the fiscal year.

• Operating profit also fluctuates depending on the number of working days, and there are costs that are incurred annually in 1Q. For example, since June is a month when bonuses are paid out, lump sum payments to skilled staff, as well as expenses for events such as the General Meeting of Shareholders, are incurred. Since the number of skilled staff is increasing year by year, the amount of bonuses that will be paid out will also increase, but these skilled staff will contribute to NISSO's growth in 3Q and 4Q.

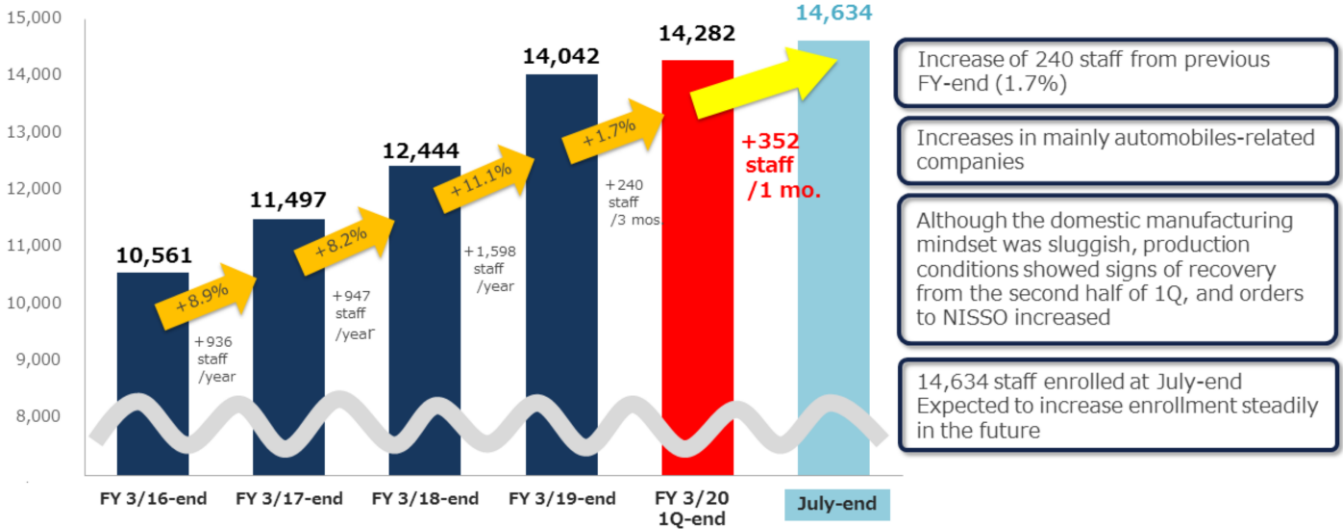
• In the graph above, the portion that is displayed with a dotted line above the actual value of 468 million yen depicts investments that were made in FY 3/2020 1Q (for growth after 2Q). In terms of its content, the number of very favorable personnel-related projects (orders from clients) increased from June to July, and in order to fulfill these requests for additional personnel, in addition to increasing recruitment costs compared to the usual level, expenses related to the housing for workers, and expenses accompanying the initial training for staff retention stability, were incurred as upfront investments. Furthermore, new graduate recruitment costs were also incurred in 1Q.

Trend of Enrolled Staff (NISSO, Non-consolidated)



Trend of Number of Enrolled at FY-end

(Unit: # of Staff)



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- The following is the explanation of the trend of NISSO's enrolled staff.
- The number of enrolled staff for FY 3/2020 1Q (end of June 2019) was 14,282.
- For NISSO to increase net sales and profits, it is important for us to know the number of our enrolled staff.
At the end of FY 3/2020 1Q, the number of enrolled staff increased by 240 from the end of the previous fiscal year (end of March 2019). At the beginning of the fiscal year, client manufacturers examined the effects of the trade friction between U.S. and China to respond to their needs for additional personnel. However, from around the end of the consecutive holidays in May (Golden Week), NISSO received requests for personnel while learning about the clients' forecasts for the entire year.
- Although the number of enrolled staff increased by 240 in FY 3/2020 1Q, as explained earlier, NISSO made investments in order to cope with the clients' need for personnel from June onwards, and as a result, the number of enrolled staff at the end of July increased by 352 from the end of June.
- This increase in enrolled staff came not only from the automobiles industry, but also from companies in the electronic components and semiconductor industries. This was due to not only the completion of inventory adjustments, but as a result of various factors that contributed to the clients' need for additional personnel. One of the characteristics of NISSO is that we have conducted business with many excellent manufacturers in various industries throughout our 50 year history, and in June, many of these manufacturers requested that we fulfill their needs for additional personnel.
- The number of enrolled staff in FY 3/2020 1Q, with the addition of staff acquired in July, amounts to approximately 600. In 1Q of the previous fiscal year, there was an increase of about 600 enrolled staff, so although there was a one month delay in the current fiscal year, it can be said that a similar trend has been followed. Therefore, with regards to how much the number of enrolled staff at NISSO will increase in the current fiscal year, since economic trends are expected to be similar to the previous fiscal year, we expect increases to be around the same level as last year.

FY 3/2020 1Q Consolidated Financial Results Highlights



- Human Resources Services Business: Skilled staff and Account Companies strategies continued to develop, and although impacts of client company trends at FY-start, in addition to the incurrence of upfront investment for 2Q, business performance remained strong
- Other Businesses: Increase in net sales due to increases in the number of residents at Sweetpea Higashi Totsuka, promotion of operational efficiency, and recording of profits

(Unit: Million yen)

| | FY 3/2019 1Q | | FY 3/2020 1Q | | Year-on-Year | |
|---|--------------|------------|--------------|------------|---------------------|----------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change |
| Net sales | 15,999 | 100.0% | 17,983 | 100.0% | 1,984 | 12.4% |
| Gross profit | 2,661 | 16.6% | 2,964 | 16.5% | 302 | 11.4% |
| SG&A expenses | 2,288 | 14.3% | 2,486 | 13.8% | 197 | 8.6% |
| Operating profit | 372 | 2.3% | 477 | 2.7% | 104 | 28.2% |
| Ordinary profit | 389 | 2.4% | 490 | 2.7% | 101 | 26.0% |
| Profit attributable to owners of parent | 242 | 1.5% | 357 | 2.0% | 115 | 47.6% |

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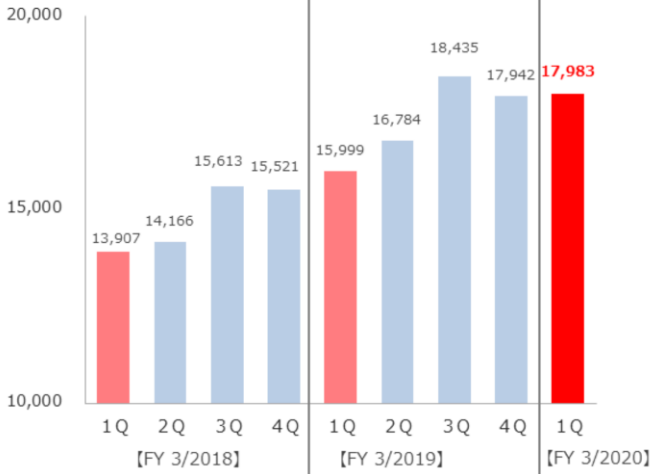
- The following is the explanation of the Consolidated Financial Results for FY 3/2020 1Q.
- Net sales amounted to 17,983 million yen (up 1,984 million yen or 12.4% year on year).
- Gross profit amounted to 2,964 million yen (up 302 million yen or 11.4% year on year).
- SG&A expenses amounted to 2,486 million yen (up 197 million yen or 8.6% year on year).
- Operating profit amounted to 477 million yen (up 104 million yen or 28.2% year on year). In FY 3/2019, although investments were made to the nursing care facility Sweetpea Higashi Totsuka in Other Businesses, it has improved slightly and contributed to profits.
- Ordinary profit amounted to 490 million yen (up 101 million yen or 26.0% year on year).
- Profit attributable to owners of parent amounted to 357 million yen (up 115 million yen or 47.6% year on year).

FY 3/2020 Quarterly Consolidated Financial Results



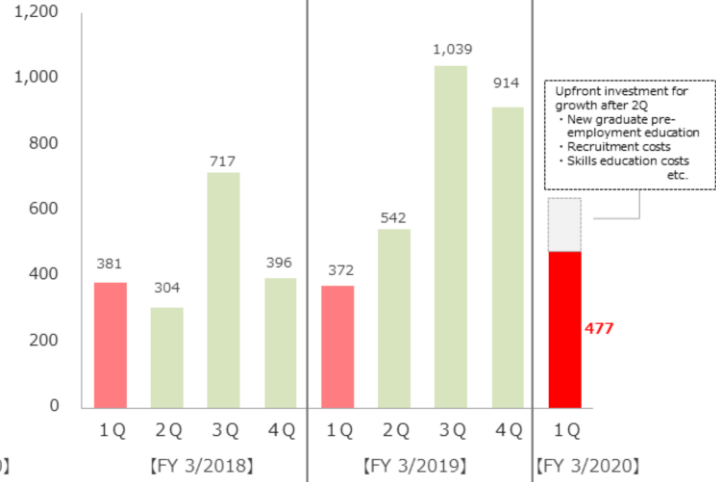
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



• Shown above are graphs of quarterly consolidated net sales and operating profit trends.

1- 1 Overview of Activities

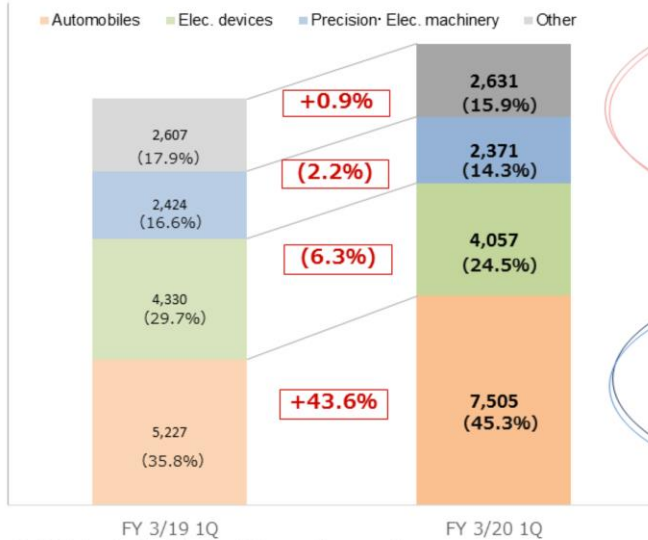
•The following is the explanation of the Overview of Activities for FY 3/2020 1Q.

1Q Net Sales by Industry (NISSO, Non-consolidated)



Trend of Net Sales Composition Ratios

(Unit: Million yen)



※ () = % of Total net sales, □ = % of Year-on-Year growth

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Automobiles

Net sales in the automobiles industry, where there is a high composition ratio, grew substantially. Net sales are expected to increase in the future due to new model launches and strong production of high-end models.

Electronic devices

Although demand continued to stagnate from the previous FY-end, and net sales declined YOY, net sales are expected to increase in the future with partial increases production for smartphones and in-vehicle components after Golden Week.

• The following is the explanation of NISSO's non-consolidated net sales by industry.

• The above is the net sales by industry compared to the corresponding period of the previous fiscal year (FY 3/2019 1Q).

• At NISSO, we have developed a business model that focuses on the types of jobs that produce high-added value products.

• Net sales in the automobiles industry amounted to 7.5 billion yen in FY 3/2020 1Q, compared to 5.2 billion yen in FY 3/2019 1Q. Although it is said that the macro-economy is somewhat sluggish in the world, NISSO's momentum has continued from the previous fiscal year, and net sales have increased.

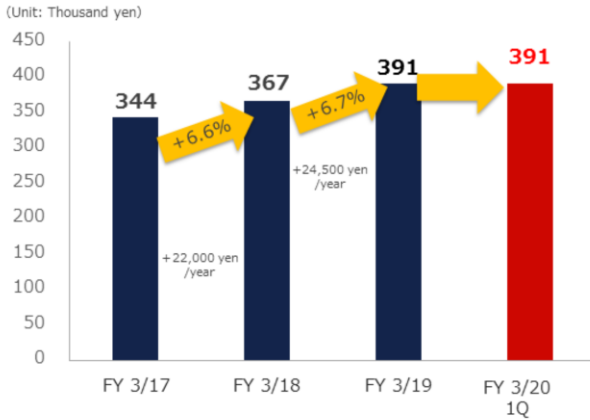
Automobiles manufacturers, who are considered as the core of our business, are planning to launch several new models during the current fiscal year, and will require additional personnel. As just described, unlike the discussions talked about in society about what may happen to the profits of manufacturers due to the impact of exchange rates, NISSO expects incoming orders from our clients to continue as planned.

• Although the 1Q results of electronic devices and precision machinery decreased slightly from the previous fiscal year, this trend is expected to change from 2Q onwards. Although there are cases where the number of required personnel has started to increase after the completion of inventory adjustments, especially after the consecutive holidays in May (Golden Week), the production of automotive-related electronic components have begun to progress steadily. Production adjustments for high-grade smartphone-related projects were started in FY 3/2019 3Q and 4Q, and as a result, production for electronic devices are also expected to increase.

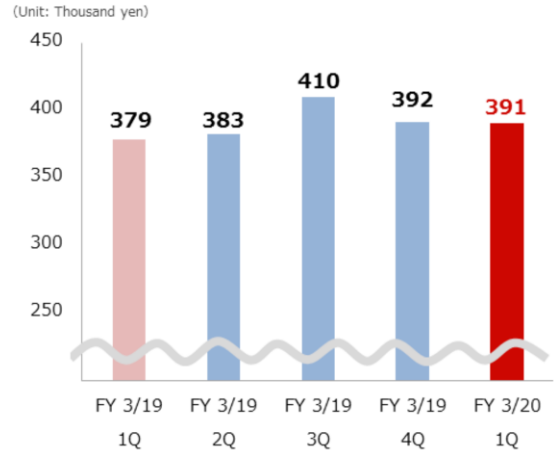
Trend of Net Sales per Capita (NISSO, Non-consolidated)

- FY 3/20 1Q net sales per capita: 391 thousand yen
- As a result of staff assignment to "next" (future) Account Companies, etc., net sales per capita is at same level as previous FY results

Net Sales per Capita (monthly average conversion)



Net Sales per Capita (quarterly)



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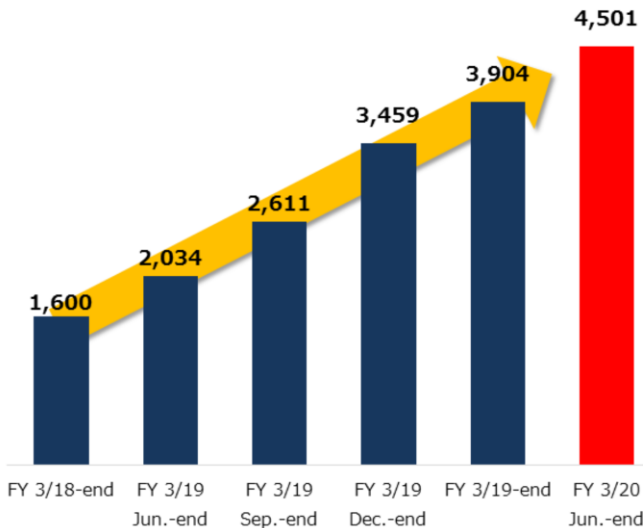
- The following is the explanation of NISSO's net sales per capita.
- The monthly net sales per capita for FY 3/2020 1Q amounted to 391 thousand yen. At NISSO, we have been making efforts to nurture and train highly skilled personnel as well as raising unit pricing, and as one can see from past trends, net sales per capita is increasing every year.
- The graph on the right shows the quarterly trend of net sales per capita from the previous fiscal year (FY 3/2019). Looking at quarterly trends, the net sales per capita for FY 3/2019 1Q was 379 thousand yen, and has been steady since then.
- Net sales per capita is related to unit costs and monthly hours of operation. Net sales per capita in 3Q and 4Q of the previous fiscal year were 410 thousand yen and 392 thousand yen, respectively, due to high operating volumes. Since NISSO expects a similar operating situation in the current fiscal year, we expect a similar increasing trend as in the previous fiscal year.

Number of Skilled Staff (NISSO, Non-consolidated)



Trend in Number of Skilled Staff

(Unit: # of Staff)



Number of skilled staff are increasing steadily

NISSO will continue to promote the development of skilled staff and strive to promote their assignment to high unit-cost production sites centering on Account Companies

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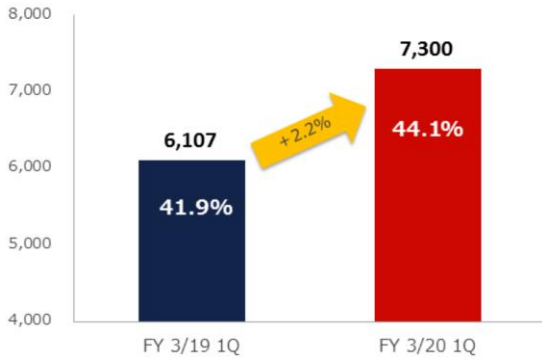
- The following is the explanation of NISSO's skilled staff.
- The number of skilled staff at FY 3/2020 1Q-end was 4,501 (3,904 at FY 3/2019-end).
- In order to become a company with even more attractive profits and profit margins, NISSO is striving to increase the number of skilled staff who are indefinite-term employees, and the number of these skilled staff is increasing steadily.
- Although the number of skilled staff increased from the end of the previous fiscal year, from 3,904 to 4,501, this increased number of personnel are not newly hired staff as explained in the staff enrollment section earlier. There are many cases where skilled staff are promoted to the position when the fiscal year changes, and more than 90% of those who have become skilled staff from the beginning of the current fiscal year were formerly existing enrolled staff who passed skills measurement tests and were recommended through discussions with clients.

Account Companies (NISSO, Non-consolidated)



Account Company Groups Net Sales and % of Total

(Unit: Million yen/%)



Account Companies net sales share ratio in 1Q was 44.1%

Production conditions of Account Company Groups grew significantly for the automobiles company group. Although demand from electronic components companies continued to stagnate from the second half of the previous FY, production recovered after Golden Week.

Future production trends of Account Company Groups are expected to remain strong.

| | FY 3/19 1Q | FY 3/20 1Q | Increase |
|---------------------------|------------|------------|----------|
| Accounts total (4 Groups) | 6,107 | 7,300 | 1,192 |
| Total net sales | 14,590 | 16,566 | 1,975 |
| % of Total | 41.9% | 44.1% | 2.2 pts |

[Reference]
FY 3/19 % of Total: 43.3%

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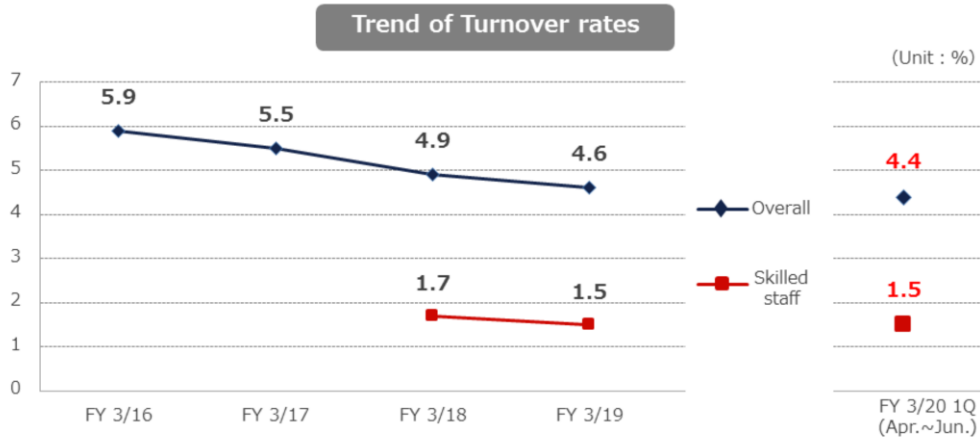
- The following is the explanation of the status of NISSO's Account Companies.
- At NISSO, we are expanding our Account Company strategy by thoroughly communicating with client companies, conducting discussions related to mid- to long-term personnel strategies, and assigning our trained personnel to core divisions and departments of manufacturers.
- In order to strategically expand business with Account Company Groups, NISSO is investing in human resources development through various training programs, and as a result, the ratio of our net sales increased from 41.9% in FY 3/2019 1Q to 44.1% in FY 3/2020 1Q.
- This shows that the transactions with Account Company Groups are going well, and is one of the factors that enables NISSO to operate our business without being greatly affected by the external macro-economic situation.

Turnover Rates (NISSO, Non-consolidated)



■ FY 3/2020 1Q Overall turnover rate: 4.4% (-0.2 pts vs. FY 3/2019)

■ Skilled staff turnover rate remained at 1.5% from FY 3/2019



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

•The overall turnover rate for FY 3/2020 1Q was 4.4%.

•The turnover rate of skilled staff for FY 3/2020 1Q was 1.5%.

•When NISSO receives requests for personnel and the number of personnel assigned to clients increases, there is a possibility that the number of personnel who resign due to the occurrence of mismatches, etc., increases. However, as previously explained, NISSO has been making efforts to reduce such turnover rates by enhancing our workplace management systems. By further developing these activities, NISSO anticipates that it will be possible to further reduce turnover rates in the future.

Educational Achievements (NISSO, Non-consolidated)



1Q Course-specific educational achievements (total # of participants)

(Unit: # of Participants)

| Training course name | 1Q (Apr - Jun) | | FY 3/19 Total |
|--|----------------|---|---------------|
| Skilled staff education | 393 | Standard skilled staff education | 2,522 |
| Accredited vocational training education | 72 | Accredited vocational training school (Miyagi · Nagano Prefectures) | 318 |
| Manufacturing education | 312 | MONOZUKURI (manufacturing) {basic, advanced, expert} education, pre-assignment training for manufacturing staff, mobile education | 3,047 |
| Safety education | 162 | Danger · risk simulation education | 1,322 |
| Basic maintenance education | 39 | Basic equipment maintenance education | 167 |
| Employee education | 184 | New graduate/mid-career entry/mid-level employee training, newly appointed chief education, on-site supervisor education | 292 |
| Other education | 28 | Entrusted education from external sources | 22 |
| Total | 1,190 | | 7,690 |

1,190 educational participants for 1Q

Steady increase in participants for basic maintenance education; working at major semiconductor manufacturers upon course completion

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- The following is the explanation of NISSO's educational achievements.
- The educational achievement for FY 3/2020 1Q amounted to 1,190 participants.
- Although expenses will be incurred by conducting education, NISSO will proceed with this commitment to provide education in order to increase net sales and profits, and be able to employ the necessary personnel for manufacturers even if there are fluctuations in production.

Other Businesses Business Revenue

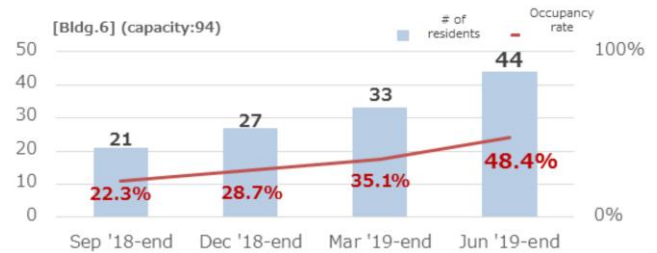
Results of Other Businesses

(Unit: Million yen · %)

| | FY 3/19 1Q | | FY 3/20 1Q | | Year-on-Year | | FY 3/19 Full year |
|-------------------------|------------|------------|------------|------------|------------------------|----------|----------------------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change | |
| Net sales | 587 | 100.0% | 673 | 100.0% | 85 | 14.5% | 2,485 |
| Expenses | 669 | 113.9% | 663 | 98.7% | (5) | (0.8%) | 2,732 |
| Operating profit (loss) | (81) | (13.9%) | 9 | 1.3% | 90 | — | (247) |

- Increase in net sales due to increase in number of residents at Sweetpea Higashi Totsuka
- Other facilities (Bldg. 1 - 5) maintained high occupancy rates
- Aiming to achieve full year profitability through continued increase in Higashi Totsuka residents and promotion of efforts to control expenses

Trend in # of facility residents



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- The following is the explanation of Other Businesses.
- Although there was a deficit (operating loss) of 247 million for the full year in FY 3/2019, a surplus (operating profit) of 9 million yen was recorded in FY 3/2020 1Q as a result of the promotion of reviews regarding expenses, the continued high occupancy rates of existing facilities, and the increase in the number of residents at Sweetpea Higashi Totsuka (Bldg. 6).
- In Other Businesses, profitability is expected for the current fiscal year, and in FY 3/2020 1Q, this profitability is progressing ahead of schedule.

1Q Financial Results Summary



Consolidated Financial Results

Net Sales 17,983 Million yen
(+12.4% year-on-year)
Operating Profit 477 Million yen
(+28.2% year-on-year)

- Net sales remained strong
- Implemented upfront investment in initial expenses (key money, brokerage fees) related to establishment of dormitories corresponding to new transactions, as well as for personnel expenses such as bonuses, etc.

Net Sales by Industry

Automobiles ...+43.6%
Electronic devices ...(-6.3%)

- Net sales for the automobiles industry were maintained at previous 4Q level
- With regards to the electronic devices industry, although smartphone-related net sales decline affected the first half of 1Q, there was a certain amount of recovery

Quarter-end Number of Enrolled Staff

14,282 Staff (+240 from FY 3/19-end)
...+606 Staff in FY 3/19 1Q

- Net increase during the quarter decreased compared to FY 3/19 1Q
- With the recovery in the electronics devices industry, number of enrolled staff at July-end was 14,634, or +352 compared to June-end

Net Sales per Capita/Monthly

391 Thousand yen
(approx. same level vs. FY 3/19)
...+12 Thousand yen in FY 3/19 1Q

- Price (unit-cost) negotiations progressed as planned
- In 1Q, while production trends of some Account Companies were cautious, NISSO plans to increase dispatching to next (future) Account Companies, which have relatively mid-level unit-costs

- The following is the summary of the contents explained thus far.
- With regard to business performance (financial results), net sales remain steady despite the uncertainty of the economy, and this trend is expected to continue. In FY 3/2020 1Q, NISSO made investments for 2Q and beyond, and although the trend in profits appear to have declined, these investments have contributed to performance from July onwards, and results have remained strong.
- Net sales by industry and staff enrollment is as explained earlier.
- With regards to net sales per capita, NISSO has received orders from companies that are expected to become next (future) Account Companies, and in these projects, we have been able to start with unit costs based on the clients' understanding of the cost structures that we have established over the years.

1-2 Future Prospects

•The following is the explanation of Future Prospects for FY 3/2020.

Demand Environment

Automobiles...With the introduction of new car models and stable production of high-end models, production is expected to remain on an upward trend, supported by strong domestic and overseas demand from finished vehicles and parts (high prices expected to end in the middle of 2Q)

Electronic devices...Automotive parts and related parts tend to increase due to demand for electrical equipment and self-driving related technologies (parts for accident prevention functions)

Recruiting Environment

While the effective opening-to-application ratio of jobs has been high, job openings in the manufacturing industry have tended to decrease, but demand from clients at the moment (jobs) have tended to increase

Client Environment

Human resources strategies of the client companies have not changed the flow from direct employment to the use of external human resources

NISSO's client trends have been steady, and demand for human resources is expected to increase

- The following is the explanation of future market trends.
- Although the 3 environments consisting of "Demand", "Recruiting", and "Client" are mentioned above, in this industry, it is thought that the client environment is the one environment that does not change. The trend in which client manufacturers utilize external human resources, instead of direct employment, is not one which ended in one year over the past year, but rather, still currently continues, which is one of the factors that we believe enabled NISSO to achieve net sales in FY 3/2020 1Q which was on par with the previous period (FY 3/2019 4Q).
- In the recruiting environment, although the effective opening-to-application ratio of jobs is certainly high, job openings in the manufacturing industry are on a downward trend. However, the demand for personnel from companies that NISSO has received orders from continues to increase.
- In the demand environment, when looking at new vehicle launch plans and production plans for the automobiles and automotive parts industries for 2Q and onwards, they are as NISSO expected at the beginning of the fiscal year. In the electronic devices industry, as an example, the demand for parts for accident prevention functions has increased, and consequently, production has increased.
- As just described, manufacturers and factories tend to have different behavior, or movement, than that of the world's economic climate. Since NISSO believes that client trends are strong, and expects that demand for human resources will continue to increase, we will continue to thoroughly respond to the requests and needs of our clients responsibly.

 Creation of diverse job opportunities**Collaboration with Nikon Corporation in the Dispatching Business**

NISSO has established a partnership with Nikon Corporation in connection with Nikon Staff Service Corporation (Representative Director: Hiroyuki Yamaishi, Shinagawa-ku, Tokyo), a subsidiary of Nikon Corporation (Representative Director: Toshikazu Umatate, Minato-ku, Tokyo) in the dispatching business, where a basic agreement was concluded.

Notice of Collaboration with Nikon Corporation in the Dispatching Business (announced July 12, 2019)

Against the backdrop of a declining birthrate · aging population and a declining labor force, the activities of the elderly and women are progressing.

As a result, it has become necessary to create an environment where people can work in various ways, such as working hours, places of work, working conditions, work contents, etc., and at the same time, increasing labor productivity has become a major issue for Japan.

NISSO felt the need to develop opportunities for diverse human resources to work, and has positioned this collaboration as a concrete first-step in addressing these issues, and in doing so, has reached a basic agreement.

- The following is the explanation of the basic agreement on collaboration that was concluded with Nikon Corporation and Nikon Staff Service Corporation, which was announced on July 12.
- The contents of the collaboration will be considered in the near future.
Although this initiative is not expected to produce immediate results, NISSO will undertake the theme of the different work-styles of various types of people.

■ Utilization of overseas human resources

Nurturing of New Graduate Chinese Engineers

- 1st Term (Company entrance: September 2018 10 graduates)
 - Actively working in client companies using specialized, technological knowledge
- September 2019 Company entrance of 18 graduates for 2nd Term is planned



Utilization of Foreigners of Japanese decent

- Recruitment of human resources utilizing Japanese communities in regional areas
- Launch of trial production sites (High retention rate results)
- Future activities Launch of horizontal deployment-type foreign workers utilization production sites
Development of leaders, expansion of communities, and increase in recruitment

- The following is the explanation of the utilization of overseas human resources.
- With regards to the utilization of overseas human resources, NISSO complies with relevant laws to utilize new graduate Chinese nationals, and is cultivating our expertise through such utilization.
- Although there are still institutional issues regarding the Technical Internship Program, depending on the revision of relevant laws hereafter, NISSO is considering its use and conducting necessary preparations for its utilization.
- Although there are other companies in our industry that specialize in the utilization of foreigners of Japanese decent, NISSO is promoting efforts to utilize such personnel on a small scale.

■ Nisso Pure Appreciation Festival (7/25・26, 2019)

NISSO's special-purpose subsidiary "Nisso Pure Co., Ltd." held an annual activity report meeting. This year's event (12th Annual) was celebrated by a total of 385 visitors, and school officials, employment support agencies and parents visiting.



- At the Appreciation Festival, employees with disabilities presented the results of their daily activities to visitors and performed demonstration sales
- Also, employees with disabilities interviewed top executives of each Nisso Group company and distributed the contents in newspaper-form.

■ Great East Japan Earthquake 2019 Reconstruction Support Activities (6/23/2019)

Since after the Great East Japan Earthquake, Yokohama FC has been carrying out reconstruction support activities for eight years in Fukushima Prefecture with the catchphrase "Do not get weathered. Continuation of support". This year, NISSO co-sponsored the activities.



- (Notes presented to children)
- This year, a "Reconstruction Support Match" was held at J Village, which was fully reopened in April 2019 as a symbol of reconstruction
 - On the same day, we sponsored a soccer class for children and supported the reconstruction.

- The following is the explanation of NISSO's ESG Activities.
- The Appreciation Festival for Nisso Pure Co., Ltd., NISSO's special-purpose subsidiary, was held on July 25 and 26.
- NISSO co-sponsored the reconstruction support activities that Yokohama FC (Japanese professional soccer team) has been conducting in Fukushima Prefecture for eight years.

2. Earnings Forecast for FY 3/2020

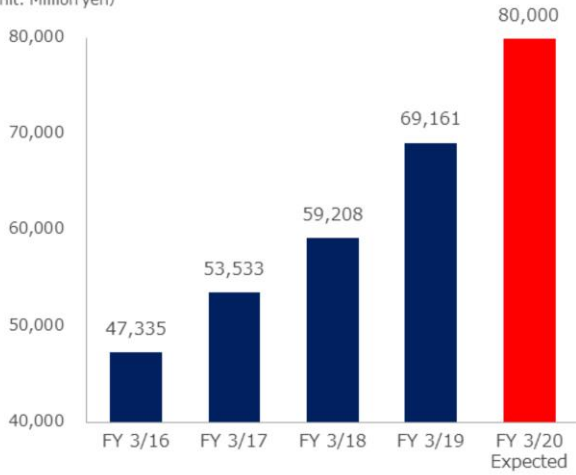
•The following is the explanation of the Earnings Forecast for FY 3/2020.

Outlook for Consolidated Earnings Trends



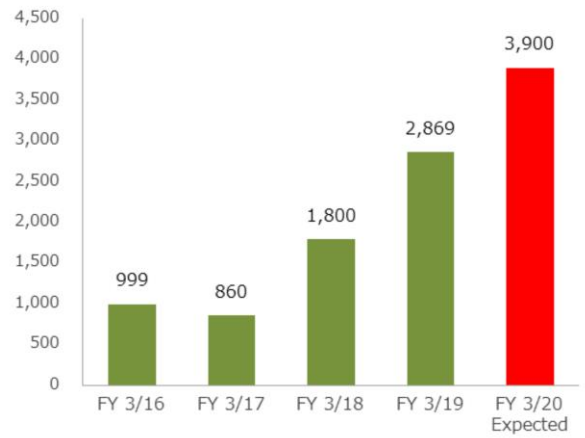
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



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- The following is the explanation of the Earnings Forecast for FY 3/2020.
- The condition of the business environment is as explained thus far, and remained steady through July due to the investments and measures made by NISSO earlier.
- For the full year, NISSO expects to achieve initial targets for net sales and operating profit.

3. Shareholder Return Policy

•The following is the explanation of Shareholder Returns.

- 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.

FY 3/19 dividend payout

18.5 yen/share
(Consolidated dividend
payout ratio 30.0%)

FY 3/20 dividend
(Expected)

25.0 yen/share
(Consolidated dividend
payout ratio 30.4%)

NISSO's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019, and the FY 3/19 dividend payout shown above is the dividend payout amount after the stock split.

- The following is the explanation of the Shareholder Return Policy.
- As explained thus far, NISSO believes that returns will be made that will satisfy our shareholders. In addition, it is our belief that dividends will increase further as NISSO continues to develop, and by taking into consideration such a balance, a dividend payout ratio of 30% will be made as in 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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