

First Six Months of FY 3/2020

Financial Results

Briefing Materials

November 11, 2019

TSE 1 Code: 6569

NISSO CORPORATION

 日総工産株式会社

- 1. Financial Results Summary for the First Six Months of FY 3/2020**
 - 1 - 1 Overview of Activities**
 - 1 - 2 Future Prospects**
- 2. Earnings Forecast for FY 3/2020**
- 3. Shareholder Return Policy**
- 4. Supplementary Materials**

- The current state of affairs will be explained before the explanation of the materials.
- The surrounding environment has changed somewhat since 1Q.
In 1Q, it was explained that demand for semiconductors and electronic components will increase with new technological innovations such as 5G. In fact, in July, although NISSO received orders due to increased production from some electronic components manufacturers, and the production, as well as the number of additional staff in the automobiles industry also increased, there was some stagnation in August and September. This was due to the fact that while NISSO received orders from clients due to increased production, there were other clients who experienced reduced production. As previously explained, about half of NISSO's staff are in dormitories, and it is possible for them to transfer workplaces during times of reduced production. However, for example, when conditions did not match, or when locally-oriented staff did not get transferred, it resulted in increased turnover rates.
Currently, although the semiconductor and electronic components industries have bottomed out and full-scale recovery is yet to be attained, business performance has been compensated for by mainly the automobiles industry.
- Although the hurdle to achieve the initial forecast of 3.9 billion yen in operating profit has become higher, as always, we will continue our efforts towards achieving this goal.
Currently, we have received orders from clients in the automobiles-related industries, and although the electronic components industry has bottomed out, there has been little recovery, and specific orders have been received from some clients.
As it can be seen, although the situation is on a recovery trend, it may change as a result of certain events that may have an impact on our clients in the future. However, at present, we will not make any downward revisions to our full-year forecasts, and will strive to achieve the targets that we have set at the beginning of the fiscal year.

1. Financial Results Summary for the First Six Months of FY 3/2020 (2Q)

•The following is the explanation of the Financial Results Summary for the First Six Months of FY 3/2020.

FY 3/2020 2Q Non-consolidated Financial Results Highlights



- Net sales increased by 13.3% YOY mainly due to the strong performance of the automobiles Account Company Group
- In terms of costs, operating profit increased by 15.8% YOY due to continued efforts to control SG&A expenses

(Unit: Million yen)

	FY 3/19 2Q		FY 3/20 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	29,969	100.0%	33,955	100.0%	3,986	13.3%
Gross profit	5,228	17.4%	5,887	17.3%	659	12.6%
SG&A expenses	4,251	14.2%	4,756	14.0%	504	11.9%
Operating profit	977	3.3%	1,131	3.3%	154	15.8%
Ordinary profit	983	3.3%	1,136	3.3%	153	15.6%
Profit	629	2.1%	777	2.3%	147	23.5%

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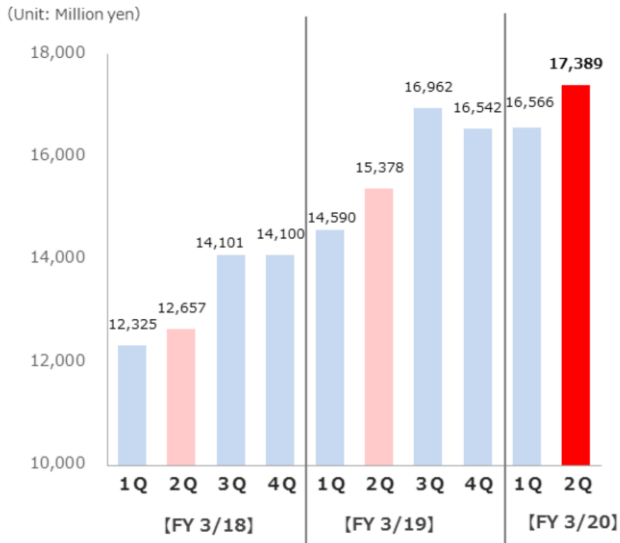
3

- The following is the explanation of NISSO's Non-consolidated Financial Results for FY 3/2020 2Q.
- Net sales amounted to 33,955 million yen (up 3,986 million yen or 13.3% year on year).
- Gross profit amounted to 5,887 million yen (up 659 million yen or 12.6% year on year).
- SG&A (selling, general and administrative) expenses amounted to 4,756 million yen (up 504 million yen or 11.9% year on year).
- Operating profit amounted to 1,131 million yen (up 154 million yen or 15.8% year on year).
- Ordinary profit amounted to 1,136 million yen (up 153 million yen or 15.6% year on year).
- Profit amounted to 777 million yen (up 147 million yen or 23.5% year on year).

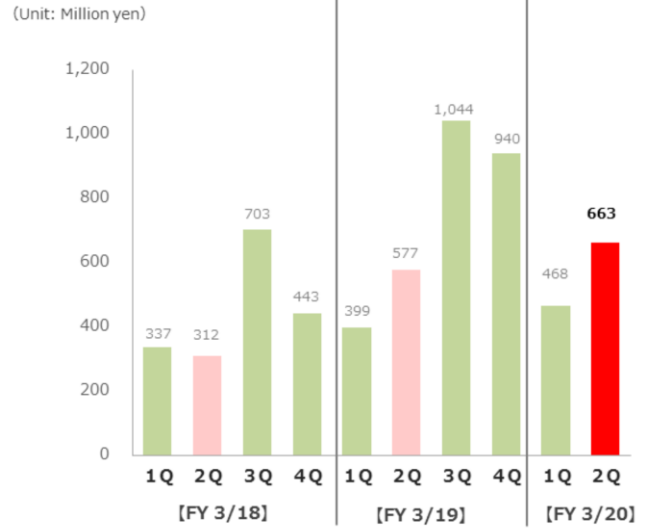
FY 3/2020 Quarterly Non-consolidated Financial Results Trends



Net sales



Operating profit



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4

- Shown above are graphs of NISSO's quarterly non-consolidated net sales and operating profit trends.
- Regarding 2Q non-consolidated operating profit
 - Up 14.8% year on year (from FY 3/2019 2Q; was up 17.3% year on year in 1Q non-consolidated)
 - Up 41.5% from last quarter (FY 3/2020 1Q).

FY 3/2020 2Q Consolidated Financial Results Highlights



- General Human Resources Services Business: Continued development/expansion of skilled staff and Account Companies strategies. Although there were delays in the market recovery in some parts of the electronic devices industry, business performance expanded due to steady performance in the automobiles-related industry.
- Other Businesses: Increase in net sales due to increases in the number of residents at Sweetpea Higashi Totsuka; aiming for further increase in number of residents.

(Unit: Million yen)

	FY 3/19 2Q		FY 3/20 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	32,783	100.0%	36,797	100.0%	4,014	12.2%
Gross profit	5,508	16.8%	6,210	16.9%	701	12.7%
SG&A expenses	4,593	14.0%	5,082	13.8%	488	10.6%
Operating profit	915	2.8%	1,128	3.1%	212	23.2%
Ordinary profit	930	2.8%	1,154	3.1%	223	24.0%
Profit attributable to owners of parent	588	1.8%	785	2.1%	197	33.5%

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5

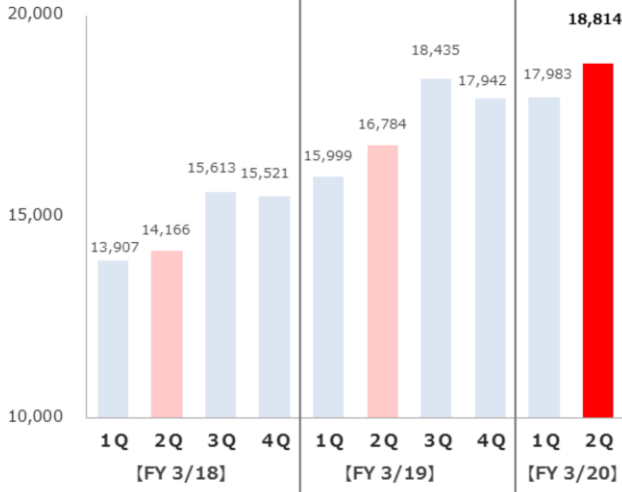
- The following is the explanation of the Consolidated Financial Results for FY 3/2020 2Q.
- Net sales amounted to 36,797 million yen (up 4,014 million yen or 12.2% year on year).
- Gross profit amounted to 6,210 million yen (up 701 million yen or 12.7% year on year).
- SG&A expenses amounted to 5,082 million yen (up 488 million yen or 10.6% year on year).
- Operating profit amounted to 1,128 million yen (up 212 million yen or 23.2% year on year). Non-consolidated operating profit increased 15.8% year on year, compared to an increase of 23.2% in consolidated operating profit. This was a result of the return to profitability of Other Businesses due to an increase in the number of residents at their nursing care facility.
- Ordinary profit amounted to 1,154 million yen (up 223 million yen or 24.0% year on year).
- Profit attributable to owners of parent amounted to 785 million yen (up 197 million yen or 33.5% year on year).

FY 3/2020 Quarterly Consolidated Financial Results Trends



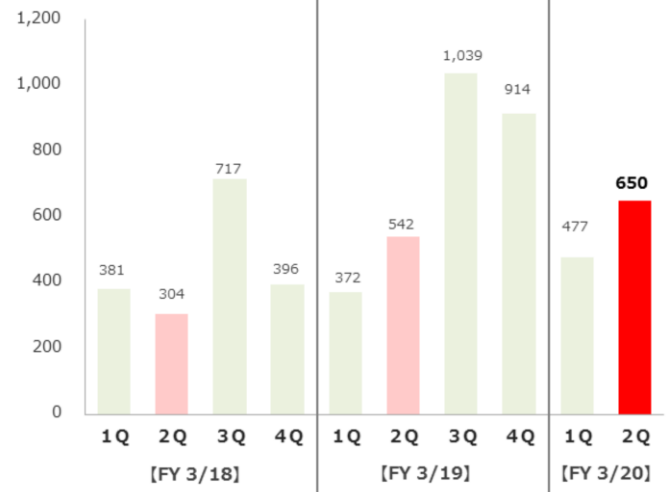
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)

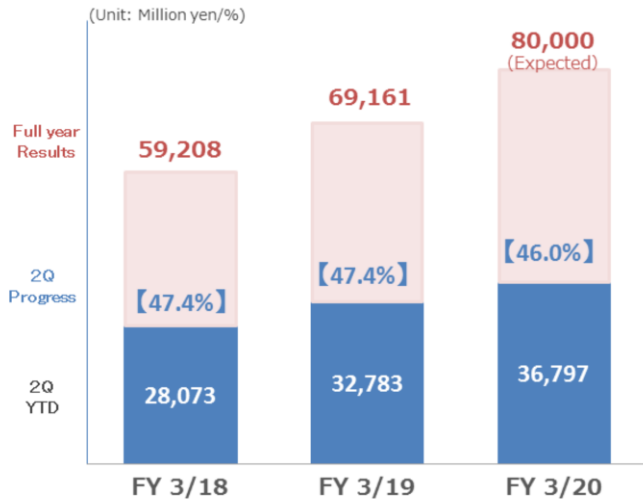


•Shown above are graphs of quarterly consolidated net sales and operating profit trends.

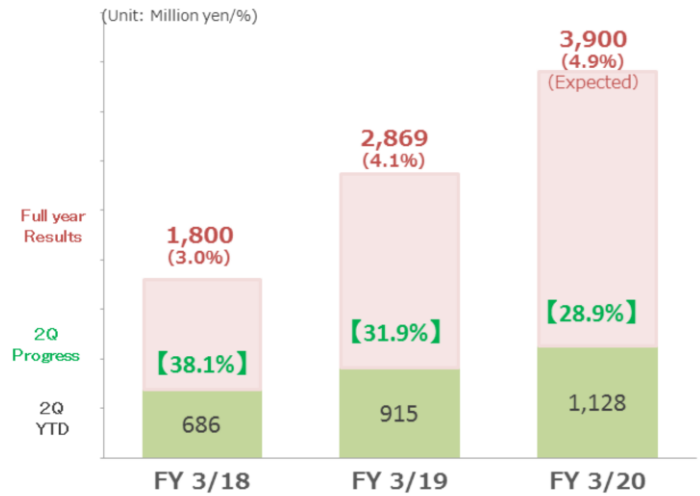
Progress of Consolidated Earnings Outlooks



【Net sales】



【Operating profit (Margin)】



- Progress toward FY earnings outlooks is trending similarly to previous year
- The second half of the FY (2H) will be the recovery period for priority investments made in the first half (1H), mainly in 1Q

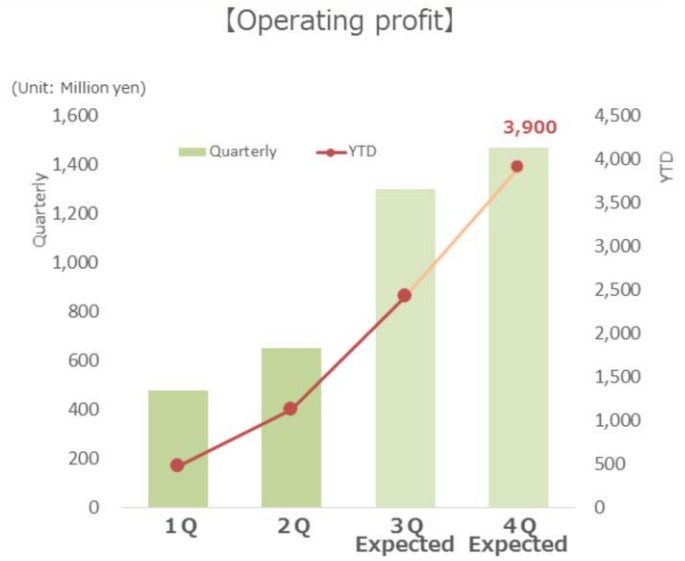
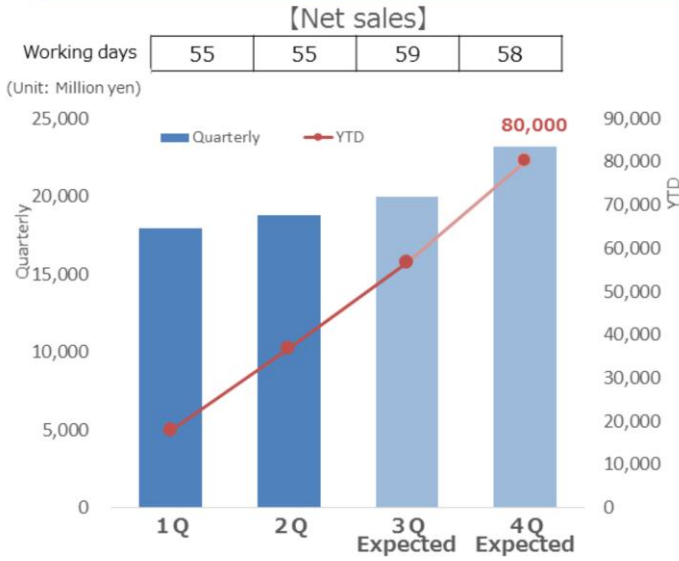
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7

•The graphs above show the progress in the first half of the fiscal year (1H) compared to annual results over the past 3 years, including for the current fiscal year.

•Although it may be said that the ratio of (operating) profits reported in 1H of each year has decreased against annual cumulative totals, manufacturers, specifically electronic components and semiconductor manufacturers, especially in 1H of the current fiscal year, have not performed particularly well. In the automobiles industry, although it may be said that the progress in earnings in 1H was weak, given the recent trend of receiving orders in 2H starting in October, NISSO expects to achieve profits of 3.9 billion yen for the full year.

Outlook for Earnings Trends



- Orders from automobiles-related clients have been decided for 2H, and NISSO will take advantage of investments made in 1Q to expand business performance
- Although the half-year allocation of full year earnings is ordinarily 1:2, it is expected to be 1:2.5 for this FY

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8

•The following is the explanation of trends in earning outlooks.

•The average number of working days expected in 2H is 117 days, compared to 110 days in 1H, which is an increase of 6.3%.

•With regard to work conditions, since production levels of the semiconductor and electronic components industries were not very high, overtime and holiday work in 1H amounted to less than in usual years. However, the amount of overtime and holiday work going into 2H has gradually increased.

•NISSO has steadily received orders from automobiles-related industries.

•In addition, with the "Act on the Arrangement of Related Acts to Promote Work Style Reform (Acts Related to Work Style Reform)", "Equal Pay for Equal Work" will be put into effect in April of next year, and although it is difficult to determine what kind of influence it may have, we have taken the initiative to conduct necessary unit-cost negotiations with our clients at this time.

•In this manner, NISSO expects to accomplish the plan with the increase in net sales per capita based on the number of (additional) working days and the contents as described above.

1- 1 Overview of Activities

·The following is the explanation of the Overview of Activities for FY 3/2020 2Q.

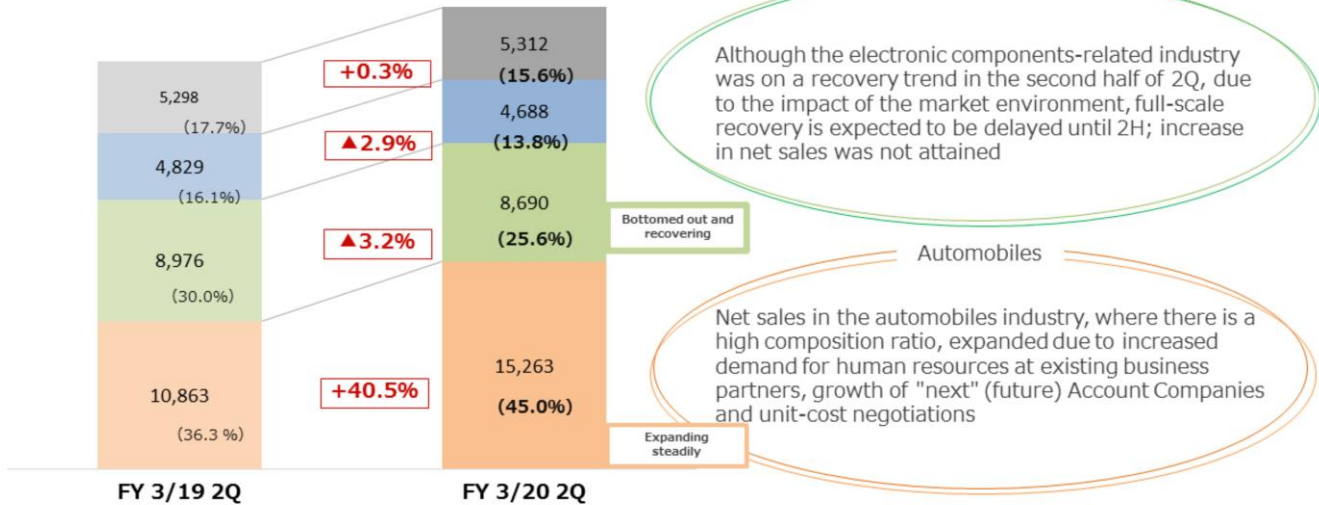
2Q Net Sales by Industry (NISSO, Non-consolidated)



Trend of Net Sales Composition Ratios

(Unit: Million yen/%)

Automobiles Elec. devices Prec.* Elec. machinery Other



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

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10

- 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 2Q).
- Net sales in the automobiles industry has been steady since the corresponding period of the previous fiscal year. Also, as previously explained, NISSO expects to continue to expand steadily, partly due to strengthening trends in 2H.
- Net sales in the electronic devices industry decreased year on year. However, for reference, the year on year comparison for FY 3/2020 1Q was -6.3%, and while the electronic devices industry bottomed out and partly recovered, (the year on year comparison for) 2Q improved to -3.2%.

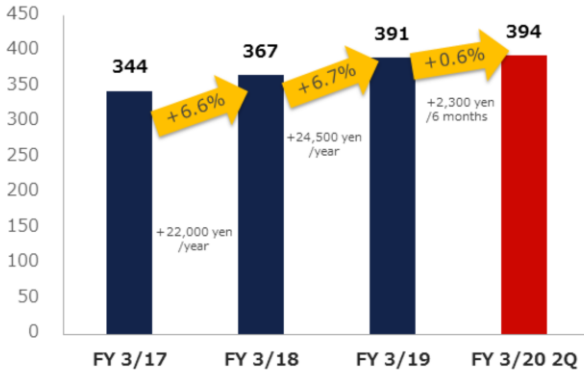
Trend of Net Sales per Capita (NISSO, Non-consolidated)



- FY 3/20 2Q (YTD) net sales per capita: 394 thousand yen
- Promoted assignment centering on high unit-cost automobiles Account Companies, resulting in increase in net sales per capita

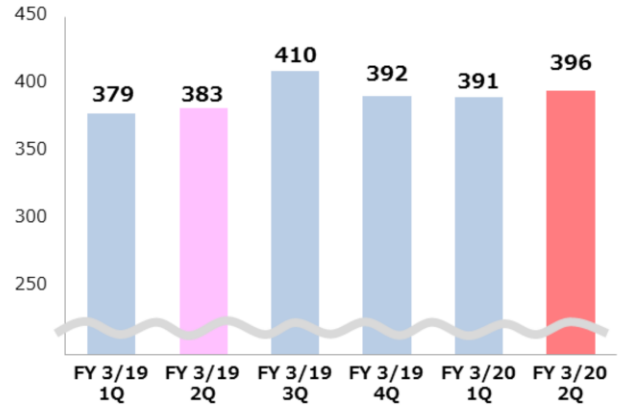
Net Sales per Capita (monthly average conversion)

(Unit: Thousand yen)



Net Sales per Capita (quarterly)

(Unit: Thousand yen)



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11

•The following is the explanation of NISSO's net sales per capita.

•Year on year, net sales per capita grew by 13 thousand yen in 2Q. (+12 thousand yen in 1Q) Under normal circumstances, these figures would have to reflect more growth, but as previously mentioned, since production was at low levels, mainly in the electronic components industry, the amount of overtime and holiday work declined, resulting in such figures.

•However, as mentioned earlier, NISSO is steadily starting to respond to the orders received from automobiles manufacturers, and since the automobiles industry, especially auto-body manufacturers, has relatively higher unit-costs, as NISSO receives more orders, net sales per capita will increase more in the future.

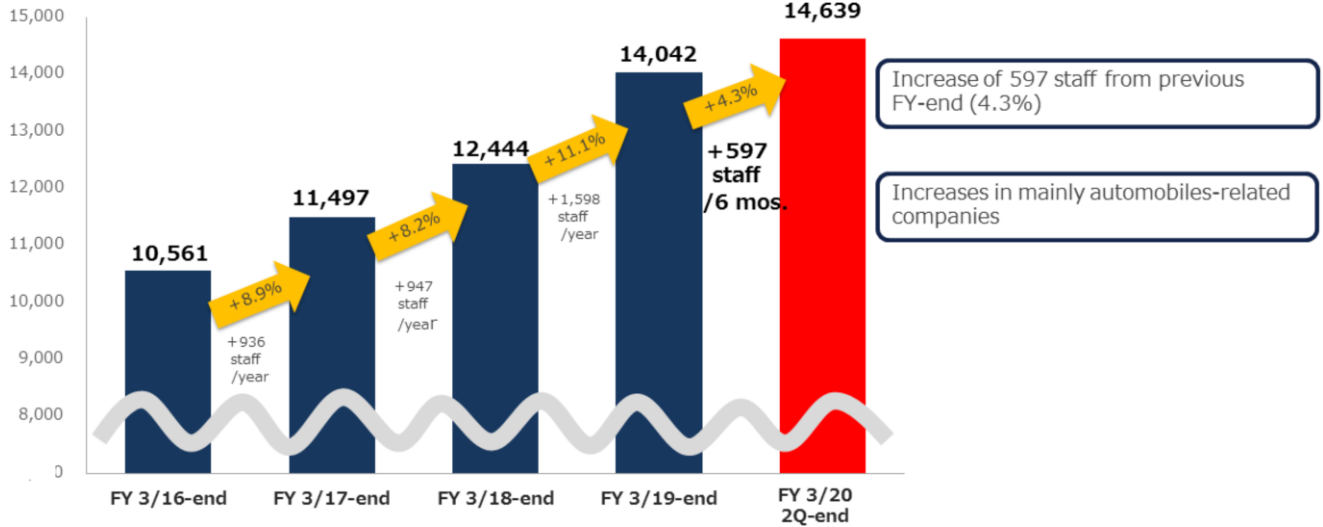
•Furthermore, NISSO expects to be able to secure the usual overall net sales per capita growth with the forthcoming increases in overtime and holiday work hereafter.

Trend of Enrolled Staff (NISSO, Non-consolidated)



Trend of Number of Enrolled at FY-end

(Unit: # of Staff)



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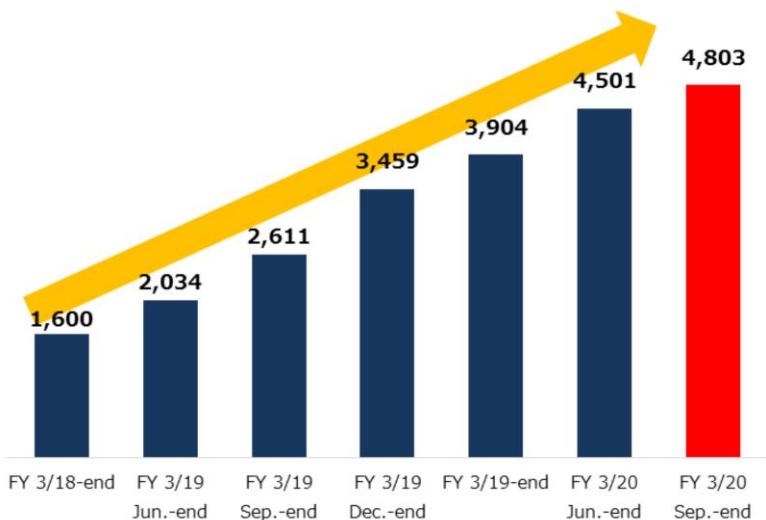
- The following is the explanation of the trend of NISSO's enrolled staff.
- There was an increase of 597 staff at the end of September, compared to the end of FY 3/2019. Since there was an increase of 592 staff at the end of July, there was hardly any growth in the months of August and September. This was mainly due to a combination of both an increase and decrease in staff enrollment at electronic components manufacturers, and as a result, enrollment did not increase as expected, which also affected turnover rates.
- Staff enrollment in the automobiles-related industries increased steadily.

Number of Skilled Staff (NISSO, Non-consolidated)



Trend in Number of Skilled Staff

(Unit: # of Staff)



Number of skilled staff is increasing as planned

NISSO will continue to develop skilled staff and promote their assignment in accordance to demands from high unit-cost Account Companies



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13

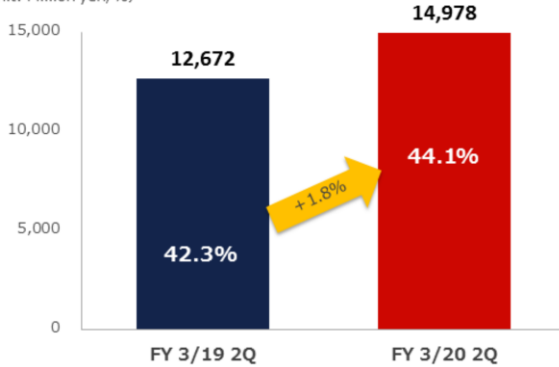
- The following is the explanation of NISSO's skilled staff.
- Although skilled staff are mainly assigned to Account Companies, the number of skilled staff increased by only 302 in 2Q due to the weakened circumstances of the electronic components Account Company.
- Most of the 302 skilled staff are employed at high unit-cost Account Companies, and NISSO believes that this will have a positive effect hereafter.
- NISSO's target for the medium-term management plan, including this fiscal year, is to have 8,000 skilled staff in 3 years, and we have been steadily progressing to fulfill this goal.

Account Companies (NISSO, Non-consolidated)



Account Company Groups Net Sales and % of Total

(Unit: Million yen/%)



Account Companies net sales share ratio in 2Q was 44.1%

The automobiles Account Company Group grew significantly, and net sales increased due to the active assignment of skilled staff

The electrical machinery Account Company Group increased net sales due to favorable production of semiconductor-related products and assignment of personnel who completed training

The electronics components Account Company Group did not attain an increase in net sales due to the delay in full-scale recovery from 2H onwards

	FY 3/19 2Q	FY 3/20 2Q	Increase
Accounts total (4 Groups)	12,672	14,978	2,305
Total net sales	29,968	33,955	3,986
% of Total	42.3 %	44.1%	1.8 pts

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14

•The following is the explanation of the status of NISSO's Account Companies.

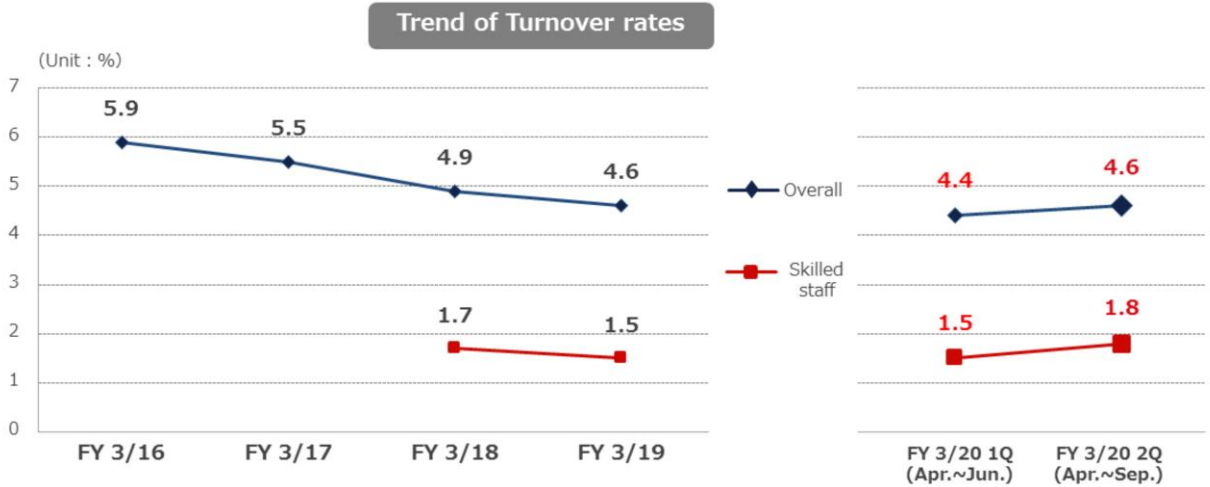
•The Account Company net sales composition ratio for FY 3/2020 2Q was 44.1%, which remained at the same level as 1Q. This ratio was compensated for by the automobiles Account Company Group, while the electronic components Account Company Group was under weakened circumstances. However, since orders from the electronic components Account Company Group are beginning to come in, the share of Account Company (net sales) is expected to grow steadily toward 50%.

Turnover Rates (NISSO, Non-consolidated)



■ FY 3/2020 2Q Overall turnover rate: 4.6% (±0 pts vs. FY 3/2019)
 Skilled staff turnover rate: 1.8% (+0.3 pts vs. FY 3/2019)

■ Turnover rates increased due to reduction of business with some business partners



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15

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

•About half of the staff working at NISSO are in dormitories. In workplaces that are experiencing reductions, although some costs may be incurred, we proactively conduct workplace transfers for staff in order to prevent their resigning as much as possible. However, when wishes of the staff concerned are not met, it results in their resigning, and because of such cases, the overall turnover rate increased to 4.6% from 4.4% in 1Q.

•Although the turnover rate of skilled staff is also higher than before, NISSO believes that the current figures are within an acceptable range.

•Since NISSO has set a target of achieving an overall turnover rate of less than 4% for FY 3/2022, we will continue to implement necessary measures to achieve this goal.

Educational Achievements (NISSO, Non-consolidated)



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

(Unit: # of Participants)

Training course name	1Q (Apr - Jun)	2Q (Jul - Sep)		FY 3/20 YTD	(Reference) FY 3/19 Total
Skilled staff education	393	483	Standard skilled staff education	876	2,522
Accredited vocational training education	72	57	Accredited vocational training school (Miyagi · Nagano Prefectures)	129	318
Manufacturing education	312	717	MONOZUKURI (manufacturing) {basic, advanced, expert} education, pre-assignment training for manufacturing staff, mobile education	1,029	3,047
Safety education	162	1,182	Danger · risk simulation education	1,344	1,322
Basic maintenance education	39	65	Basic equipment maintenance education	104	167
Employee education	184	115	New graduate/mid-career entry/mid-level employee training, newly appointed chief education, on-site supervisor education	299	292
Other education	28		Entrusted education from external sources	28	22
Total	1,190	2,619		3,809	7,690

Skilled staff education participants increased as planned

Basic maintenance education participants increased significantly. Course graduates assigned to semiconductor manufacturing companies where demand is increasing



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16

- The following is the explanation of NISSO's educational achievements.
- The educational achievement figures have remained on a similar trend as the previous year.
- Many clients in the electronic devices-related industry have wanted NISSO to assign equipment maintenance personnel in advance to ensure that equipment runs smoothly before they start mass production in their newly established factories. If we are able to fulfill such requests, when mass production begins, it will be possible for NISSO to receive orders for such operators advantageously, so we are currently training such personnel at full speed.
- The training pictured in the photo above is for production equipment design. Although NISSO doesn't have the capacity to train a large number of people just yet, since the needs in this sector are very high, we will continue to make efforts to expand in this capacity to address such needs.
- NISSO is in the process of reviewing the curriculum in its entirety in order to be able to further improve the treatment for our staff and employees, and to improve our profitability going forward. In addition, we are also reviewing the educational curriculum in order to further reduce turnover rates, and to further enhance the value of our business models.

Other Businesses Business Revenue



Results of Other Businesses

(Unit: Million yen/%)

	FY 3/19 2Q		FY 3/20 2Q		Year-on-Year		FY 3/19 Full year
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change	
Net sales	1,208	100.0%	1,369	100.0%	161	13.4%	2,485
Expenses	1,351	111.8%	1,367	99.8%	16	1.2%	2,732
Operating profit (loss)	(143)	(11.8%)	2	0.2%	145		(247)



- Net sales increased due to increase in number of residents in Bldg. 6
- Other facilities (Bldg. 1 - 5) maintained high occupancy rates
- Aiming to achieve full year profitability through continued increase in Sweetpea Higashi Totsuka residents and promotion of efforts to control expenses

Trend in # of facility residents



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17

- The following is the explanation of Other Businesses.
- The occupancy status of Building 6 was 48 residents out of a possible capacity of 94 residents. Buildings 1 through 5 were almost at full occupancy, including changes, or turnover of several residents.
- NISSO is aiming to achieve full-year profitability by promoting the increase in residents at our nursing care facilities.

2Q Financial Results Summary



Consolidated Financial Results

Net Sales 36,797 Million yen
(+12.2% year-on-year)
Operating Profit 1,128 Million yen
(+23.2% year-on-year)

- Net sales YOY increase: 12.2% Annual progress rate: 46.0%
- Operating profit YOY increase: 23.2% Annual progress rate: 28.9%

Net Sales by Industry

Automobiles ...+40.5%
Electronic devices ...(-3.2%)

- Automobiles industry is on increasing trend due to new orders, mainly from Account Company Group
- Electronic devices industry was affected by market after temporary recovery, partial reduction in net sales

Quarter-end Number of Enrolled Staff

14,639 staff (+597 from FY 3/19-end)
...+1,102 staff in FY 3/19 2Q

- Although there was a decrease of enrolled staff in electronic components-related companies, overall enrollment increased due to high level demand from automobiles-related companies
- Net increase of enrolled staff in 2Q decreased YOY

Net Sales per Capita/Monthly

394 Thousand yen
(+3 Thousand yen from FY 3/19-end)
...+14 Thousand yen in FY 3/19 2Q

- Promoted assignment of skilled staff to high unit-cost production sites
- Unit-cost negotiations progressed as planned

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18

•The following is the summary of the contents explained thus far.

•Net sales annual progress rate: 46.0%, operating profit annual progress rate: 28.9%

•Going forward in 2H, with the following:

- * There will be a 6.3% increase in the number of working days compared to 1H, (1H: 110 days, 2H: 117 days)
- * NISSO has received a large amount of orders centering on auto-body manufacturers in the automobiles industry,
- * The semiconductor and electronic components industries have bottomed out, and are on the way to recovery,
- * Overtime hours and holiday work are gradually increasing,
- * Expected increases in unit-costs with the enforcement of Equal Pay for Equal Work of the Acts Related to Work Style Reform,
NISSO plans to achieve 80 billion yen in net sales, and 3.9 billion yen in operating profit.

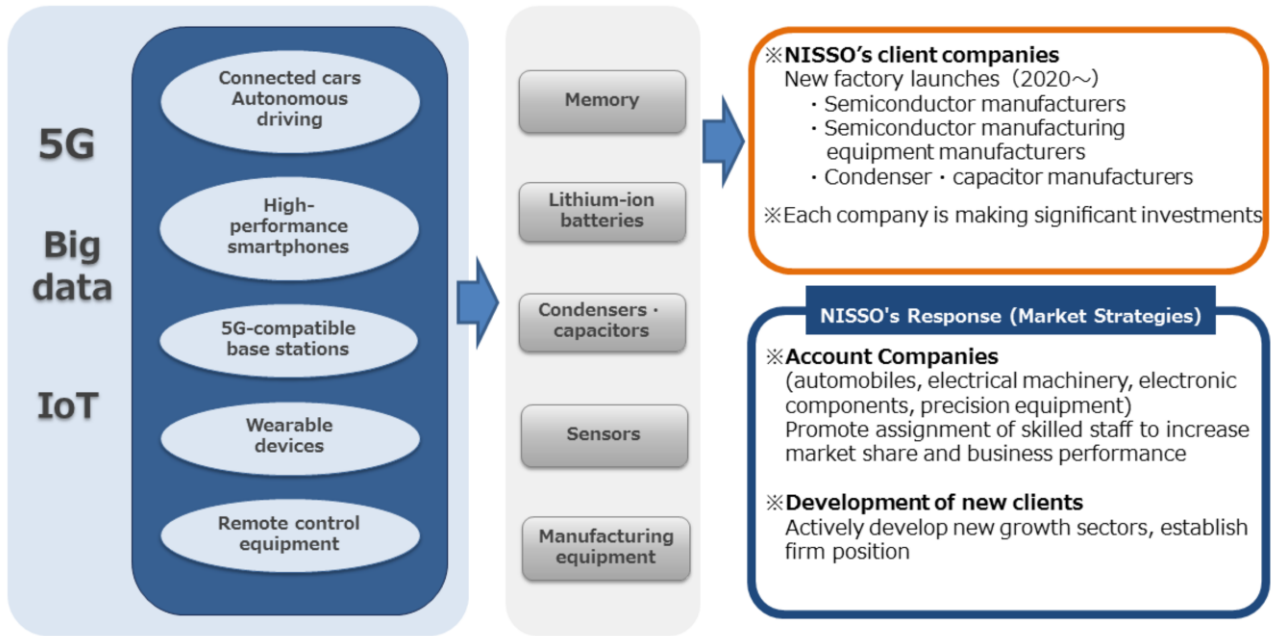
1-2 Future Prospects

•The following is the explanation of Future Prospects.

Demand Environment	Overall	...The most recent effective opening-to-application ratio of jobs has declined significantly, as represented by a decline in "production process occupations". As in previous years, NISSO expects to increase personnel towards FY-end
	Automobiles	...With the introduction of new car models and increased production of high-end models, domestic and overseas orders are expected to increase
	Electronic devices	...Due to the delay in the recovery period of orders at manufacturers, after the decline in 1H, demand for 5G-related parts is expected to increase from FY-end onwards
Recruiting Environment	While the decline in the number of new job openings in the manufacturing industry is noticeable, the degree of accuracy for matching with regards to NISSO's job openings is becoming increasingly important The number of personnel orders is expected to increase due to orders from the automobiles industry	
Client Environment	Demand for external human resources from client companies is expected to occur continuously in response to work-style reforms	

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

- NISSO has steadily received orders from automobiles manufacturers, particularly from auto-body production factories within the Account Company Group. As just described, although we have received a large amount of orders from auto-body manufacturers, and battery manufacturers, we expect to receive more orders from them in the future.
- Although the semiconductor and electronic components industries have bottomed out, it is difficult to see how much of this underlying trend will return in the future. However, NISSO has the advantage of being able to hire equipment maintenance personnel, in addition to training and assigning such personnel who have been appointed to relevant worksites. Moreover, since we have already received orders for equipment maintenance personnel in advance, we also expect to receive even more orders for operators when mass production begins.
- With the expected enforcement of Equal Pay for Equal Work of the Acts Related to Work Style Reform, the skills required by workers are getting more advanced. Therefore, there are challenges in order to raise the degree of accuracy for recruitment-related (job) matching, including for training and development capabilities. However, since such responses cannot be coped with by all of the competitors within our industry, by steadfastly increasing such capabilities, NISSO will be able to increase our market share.
- NISSO's medium- to long-term growth strategy is to become a company that is able to confront the structural changes of our clients. For example, although it is a risk for manufacturers to respond to processes with large production fluctuations with directly-hired employees, NISSO has received this challenge as a theme from our Account Companies, and is making various preparations to be able to cater to their needs. Although it is believed that many manufacturers have such thoughts, the key points considered by clients when choosing a company is whether or not the company is able to assign personnel with the necessary skills, and whether or not the company has a structure to be able to manage such personnel responsibly.
We at NISSO will address these issues appropriately, and will continue to strive for the stable growth of our company.



•The is the explanation of NISSO's response to the expected spread of 5G.

•Although the business performance of some Account Companies within the electronic components and electrical machinery Account Company Groups have been somewhat stagnant, there has been some recovery and incoming orders have progressively increased.

•In line with our strategies, NISSO will proactively assign equipment maintenance personnel and promote the expansion of sectors that are expected to grow in the future, for both Account and non-Account Companies.

■ Creation of diverse employment opportunities

Notice of Collaboration with Nikon Corporation in the Human Resources Dispatching Business
(announced September 13, 2019)

Through the collaboration as a **joint venture company**, NISSO and Nikon will join forces to promote the human resources dispatching business, paid employment placement business, work contracting business, career development, and the business related to human development education, etc.

[Overview of Joint Venture Company]

(1)	Name	Nikon Nisso Prime Corporation
(2)	Location	Shin-Yokohama 214 Bldg. 8F, 2-14-2 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa
(3)	Representative	Masahiko Yoshida
(4)	Description of Business	General Human Resources Services Business
(5)	Capital	50 Million JPY
(6)	Date of Establishment	November 7, 2003
(7)	Fiscal Year-end	March 31
(8)	Net Assets	388,942 Thousand JPY (As of the end of March 2019)
(9)	Total Assets	983,348 Thousand JPY (As of the end of March 2019)
(10)	Shareholding Ratio	Nikon Corporation: 51%, NISSO CORPORATION 49%

 Joint Venture Business Start Date: January 6, 2020 (Scheduled)

- The following is the explanation of NISSO's joint venture company, "Nikon Nisso Prime Corporation", with Nikon Corporation.
- The overview of the new company is as shown in the table above.
- NISSO and Nikon would like to create a new stage for people who have cultivated their experiences at Nikon to flourish.

Topics

■ New Graduate Chinese Engineers

Company entrance of 18 new graduate Chinese engineers

September After Japan arrival ~ Welcoming Ceremony, implemented new-hire education at NISSO'S training facilities

October Employed at NISSO's client companies

■ Initiatives for ESG Management

~Nisso Group promotes the realization of workplaces where diverse human resources can flourish and pursue fulfillment in their work~

Creation of an environment that makes it easier for people with disabilities to work (Nisso Pure)

Participation in "Abilympics (competition where people with disabilities compete for skills developed in their daily workplaces)"

17th Annual Kanagawa Skills Competition for Persons with Disabilities ~Abilympics Kanagawa 2019~



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23

•18 new graduate Chinese engineers joined NISSO.

•As a case example of ESG, the activities of Nisso Pure, a special-purpose subsidiary of NISSO Corporation will be explained below.

Since Nisso Pure is a subsidiary of NISSO CORPORATION, a human resources company, it is not only engaged in providing opportunities for people with disabilities to work, but it also strives to enable them to set their own goals and improve their skills. Among such efforts, several employees of Nisso Pure participated in the Abilympics competition held in Kanagawa Prefecture.

2. Earnings Forecast for FY 3/2020

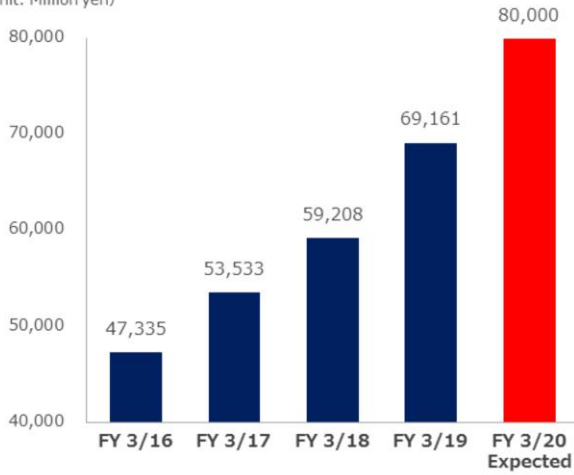
•The following is the explanation of the Earnings Forecast for FY 3/2020.

Outlook for Consolidated Earnings Trends



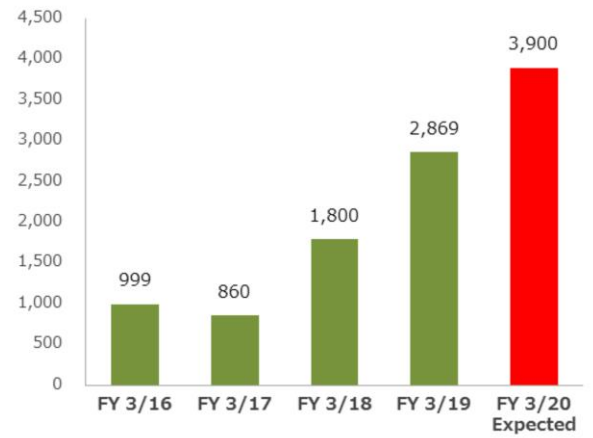
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



- The following is the explanation of the Earnings Forecast for FY 3/2020.
- There are no revisions to the Earnings Forecast for FY 3/2020.

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.

•There are no changes to the Shareholder Return Policy.

4. Supplementary Materials

•The following are Supplementary Materials.

Consolidated Balance Sheet



(Unit: Million yen,%)

	Mar. 2019-end		Sep. 2019-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	14,174	67.4	13,262	66.3	(911)
Cash and deposits	5,633	26.8	4,510	22.5	(1,122)
Notes and accounts receivable - trade	7,757	36.9	7,962	39.8	205
Non-current assets	6,844	32.6	6,748	33.7	(96)
Property, plant and equipment	4,942	23.5	4,903	24.5	(39)
Intangible assets	359	1.7	400	2.0	40
Investments and other assets	1,542	7.3	1,444	7.2	(97)
Total assets	21,019	100	20,011	100	(1,008)
Current liabilities	9,161	43.6	8,028	40.1	(1,133)
Accrued expenses	4,751	22.6	4,592	23.0	(158)
Income taxes payable	742	3.5	517	2.6	(225)
Provision for bonuses	738	3.5	808	4.0	69
Non-current liabilities	1,312	6.2	1,301	6.5	(10)
Long-term loans payable	750	3.6	692	3.5	(58)
Total liabilities	10,474	49.8	9,329	46.6	(1,144)
Shareholders' equity	10,535	50.1	10,714	53.5	179
Total net assets	10,544	50.2	10,681	53.4	136
Total liabilities and net assets	21,019	100	20,011	100	(1,008)

Point

① Sale of shares

Non-current assets (investments and other assets) decreased due to the sale of cross-shareholdings

② Payment of taxes

Current liabilities decreased due to tax payments for social insurance, consumption tax, and (corporate) income taxes

③ Overall

As a result of the above, cash and deposits decreased, as well as current assets and total assets

Quarterly Consolidated Statements of Cash Flows



(Unit: Million yen,%)

	FY 3/19	FY 3/20	Increase (Decrease)
	2Q YTD	2Q YTD	
	Amount	Amount	
Cash flows from operating activities	351	(361)	(713)
Cash flows from investing activities	(93)	24	118
Cash flows from financing activities	(424)	(786)	(361)
Net increase (decrease) in cash and cash equivalents	(165)	(1,122)	(956)
Cash and cash equivalents at beginning of period	5,283	5,633	349
Cash and cash equivalents at end of period	5,117	4,510	(606)

Point

① Cash flows from operating activities

While revenue from profit before income taxes and allowances increased YOY, expenditures for tax payments for social insurance, consumption tax, and (corporate) income taxes increased YOY, resulting in expenditures of 361 million yen.

② Cash flows from investing activities

While the amount of expenditures for investments related to core systems, etc., increased YOY, the sale of cross-shareholdings generated revenue of 143 million yen, resulting in revenue which amounted to 24 million yen.

③ Cash flows from financing activities

In addition to not procuring funds through borrowings, as a result of a YOY increase in dividend payments, the amount of expenditures increased YOY, to 786 million yen.

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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