

First Nine Months of FY 3/2020

Financial Results

Briefing Materials

February 10, 2020

TSE 1 Code: 6569

NISSO CORPORATION

 日総工産株式会社

Key Points of Presentation

■ Results for the First Nine Months of FY 3/2020 (3Q)

- Electronic devices-related industries have not yet reached full-scale recovery
- There was an increase in revenue and a decrease in profits year-on-year

■ Full-year Prospects

- Judging that the business environment will continue to be severe, NISSO has made a downward revision of the full-year forecasts

Key Points of Presentation

•In FY 3/2020 3Q, although NISSO anticipated a recovery in the electronic components industry from the second half of the fiscal year (2H), net sales did not increase as expected as a result in the delay in recovery. In addition, in anticipation of a recovery, we experienced an increase in revenue and a decrease in profits due to continued investment in training centering on skilled staff.

•NISSO has conducted revisions of the forecasts since future trends are expected to remain severe.

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

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

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

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



- Net sales increased only slightly by 9.6% YOY due to factors such as delays in full-scale recovery of the electronic devices industry and sluggish operating conditions, despite the strong performance of the automobiles Account Company Group
- In terms of costs, operating profit decreased by 5.3% YOY due to increases in workplace operating costs and training expenses, etc., for future growth

(Unit: Million yen)

	FY 3/19 3Q		FY 3/20 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	46,931	100.0%	51,433	100.0%	4,501	9.6%
Gross profit	8,514	18.1%	9,040	17.6%	525	6.2%
SG&A expenses	6,492	13.8%	7,125	13.9%	632	9.7%
Operating profit	2,021	4.3%	1,915	3.7%	(106)	(5.3%)
Ordinary profit	2,011	4.3%	1,917	3.7%	(94)	(4.7%)
Profit	1,320	2.8%	1,304	2.5%	(16)	(1.2%)

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•The following is the explanation of NISSO's Non-consolidated Financial Results for FY 3/2020 3Q.

- Net sales amounted to 51,433 million yen (up 4,501 million yen or 9.6% year on year).
- Gross profit amounted to 9,040 million yen (up 525 million yen or 6.2% year on year).
- SG&A (selling, general and administrative) expenses amounted to 7,125 million yen (up 632 million yen or 9.7% year on year).
- Operating profit amounted to 1,915 million yen (down 106 million yen or 5.3% year on year).
- Ordinary profit amounted to 1,917 million yen (down 94 million yen or 4.7% year on year).
- Profit amounted to 1,304 million yen (down 16 million yen or 1.2% year on year).

•In the automobiles Account Company Group, although we received orders as planned from companies that launched new car models, at companies other than those that launched new car models, and at automobiles manufacturers other than Account Companies, net sales were slightly below initial plans.

•With regard to the electronic components industry, the semiconductor industry bottomed out around October, and although it was expected that the industry as a whole would recover from 2H, in actuality, overall recovery has been delayed.

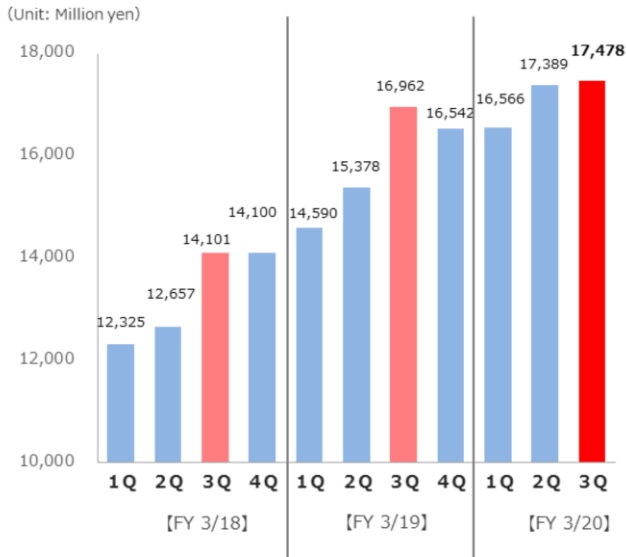
•Operating conditions remained sluggish overall. In particular, although work outside the hours of operation (overtime) was expected to increase in 3Q, in actuality, the situation remained severe.

•With regard to the appointment and development of skilled staff, which is a key point of NISSO's growth strategy, training expenses increased due to continued investment for the next fiscal year and beyond.

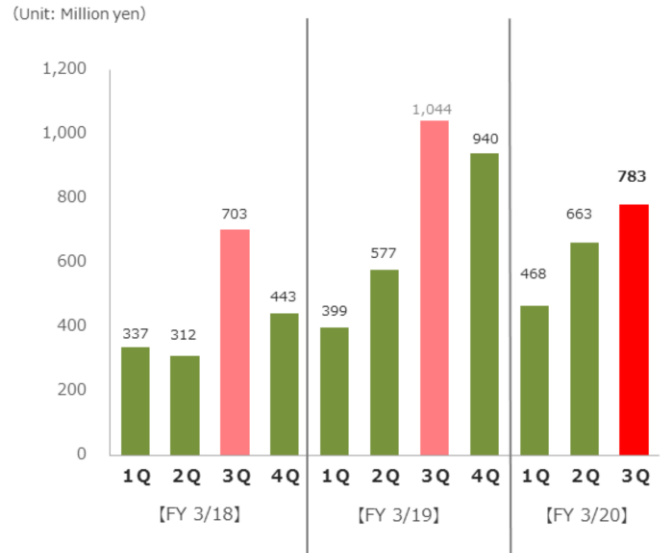
FY 3/2020 Quarterly Non-consolidated Financial Results Trends



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 3Q reached a record high on a quarterly basis. However, although 3Q is generally the most profitable, when the number of enrolled staff in the quarter would generally lead to an increase in net sales, the decrease in overtime work and the increase in paid leave affected the net sales per capita. In addition, operating profit decreased year-on-year in 3Q due to an increase in costs such as training expenses.

FY 3/2020 3Q Consolidated Financial Results Highlights



- General Human Resources Services Business: Continued development/expansion of skilled staff and Account Companies strategies. Although net sales increased steadily in the automobiles-related industry, there was an increase in revenue and a decrease in profits due to an increase in expenses.
- Other Businesses: Although there was an increase in net sales due to increases in the number of residents at Sweetpea Higashi Totsuka, investment to improve services were generated.

(Unit: Million yen)

	FY 3/19 3Q		FY 3/20 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	51,219	100.0%	55,718	100.0%	4,499	8.8%
Gross profit	8,977	17.5%	9,515	17.1%	537	6.0%
SG&A expenses	7,022	13.7%	7,619	13.7%	596	8.5%
Operating profit	1,954	3.8%	1,896	3.4%	(58)	(3.0%)
Ordinary profit	1,971	3.8%	1,940	3.5%	(31)	(1.6%)
Profit attributable to owners of parent	1,286	2.5%	1,307	2.3%	20	1.6%

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•The following is the explanation of the Consolidated Financial Results for FY 3/2020 3Q.

- Net sales amounted to 55,718 million yen (up 4,499 million yen or 8.8% year on year).
- Gross profit amounted to 9,515 million yen (up 537 million yen or 6.0% year on year).
- SG&A expenses amounted to 7,619 million yen (up 596 million yen or 8.5% year on year).
- Operating profit amounted to 1,896 million yen (down 58 million yen or 3.0% year on year).
- Ordinary profit amounted to 1,940 million yen (down 31 million yen or 1.6% year on year).
- Profit attributable to owners of parent amounted to 1,307 million yen (up 20 million yen or 1.6% year on year).

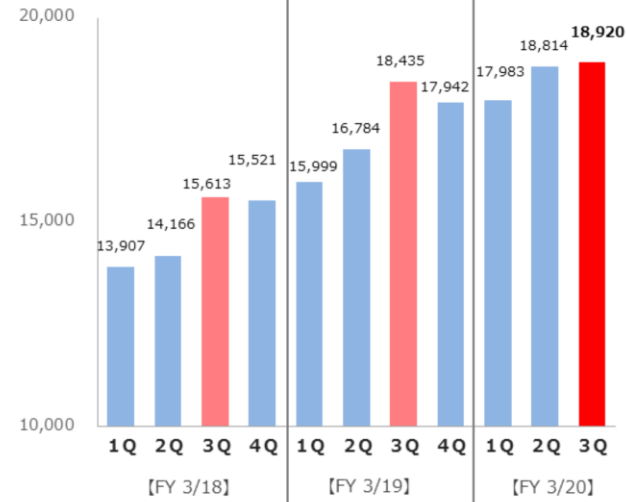
•The deficit of Other Businesses has decreased.

FY 3/2020 Quarterly Consolidated Financial Results Trends



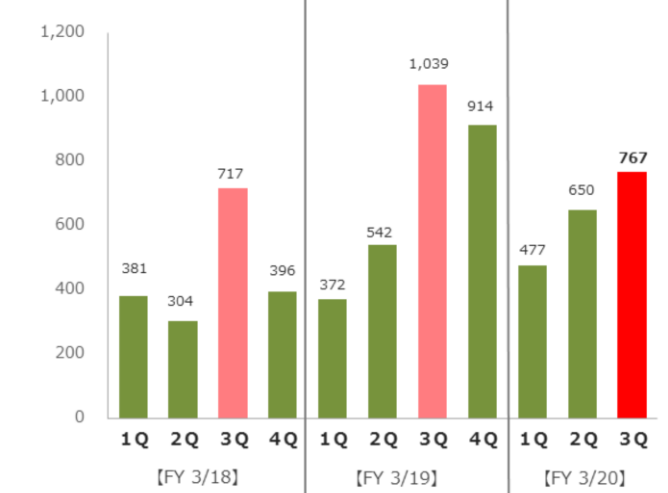
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



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

1- 1 Overview of Activities

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

FY 3/2020 3Q Financial Results Summary



Consolidated Financial Results

Net Sales 55,718 Million yen
(+ 4,499 Million yen YoY)
Operating Profit 1,896 Million yen
(-58 Million yen YoY)

- Net sales YOY increase: 8.8%
- Operating profit YOY decrease: -3.0%

Net Sales by Industry (vs. YoY)

Automobiles ...+ 31.2%
Electronic devices ... (4.0 %)

- Automobiles industry is on an upward trend due to new demand, mainly for the Account Company Group
- Although there were increases in net sales in some companies in the electronic devices industry, it is on a downward trend overall due to impact of the market

Quarter-end Number of Enrolled Staff

14,638 staff (+596 from FY 3/19-end)
...+1,382 staff in FY 3/19 3Q

- Although the number of enrolled staff in electronic components related companies decreased, the overall number of enrolled staff remained nearly unchanged since the end of 2Q due to increased demand in automobiles-related companies (-1 staff)

Net Sales per Capita/Monthly

395 Thousand yen
(+3.5 Thousand yen from FY 3/19-end)
...+24 Thousand yen in FY 3/19 3Q

- Despite promoting the assignment of skilled staff to high unit-cost production sites, net sales per capita increased only slightly due to reduced hours of operation (overtime/holiday work)

• Shown above is the Financial Results Summary for FY 3/2020 3Q.
The details for each category will be explained in the following pages.

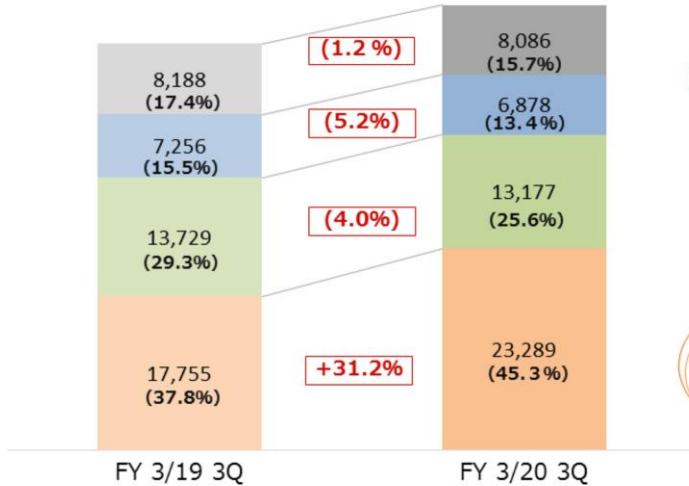
FY 3/2020 3Q Net Sales by Industry (NISSO, Non-consolidated)



Trend of Net Sales Composition Ratios

(Unit: Million yen/%)

Automobiles Elec. devices Prec. Elec. machinery Other



Electronic devices
 Although demand for some semiconductor companies increased, the increase in demand, including for 5G-related industries, which was expected in 2H, will be delayed until the next FY onward. Many electronic components-related companies have not yet seen a full-scale recovery, resulting in a decrease in net sales

Automobiles
 Net sales increased due to the introduction of new car models in the Account Company Group and increased demand from auto parts companies

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

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

•Net sales only in the automobiles industry increased compared to the corresponding period of the previous fiscal year (up 31.2% year on year). Although some manufacturers experienced difficult circumstances during the quarter, net sales increased in the Account Company Group as expected, due to assignments to companies that introduced new car models.

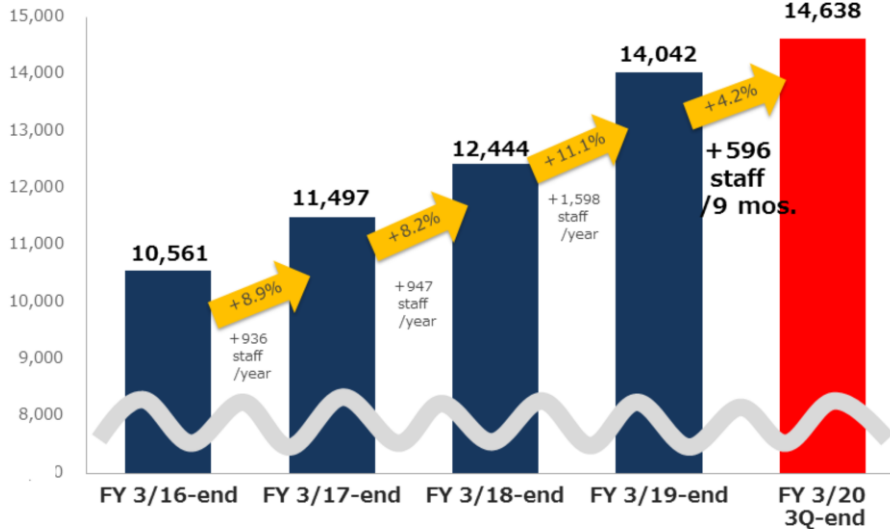
•Net sales to other industries, such as the electronic devices and precision electrical machinery industries, decreased. Although the assumption was that the fields of semiconductors, electronic components, passive components, and etc., would recover, recovery did not occur due to things such as the US-China trade issues and the lack of growth in 5G-related products/industries.

Trend of Enrolled Staff (NISSO, Non-consolidated)



Trend of Number of Enrolled at FY-end

(Unit: # of Staff)



Increase of 596 staff from previous FY-end (4.2%)
Decrease of 1 staff from FY 3/2020 2Q

Increase in automobiles-related companies
Although enrollment in some semiconductor companies within the electronic components and precision · electrical machinery-related companies increased, overall, the number of enrolled staff remained nearly unchanged from FY 3/2020 2Q-end due to downward trends in production of electronic components

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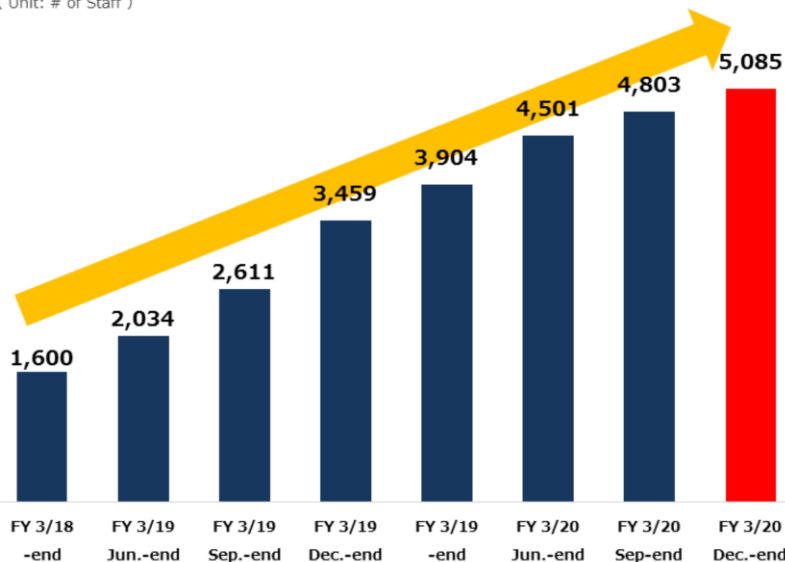
- The following is the explanation of the trend of NISSO's enrolled staff.
- The number of enrolled staff at the end of FY 3/2020 3Q was 14,638, down 1 staff from the end of 2Q.
- The number of enrolled staff in the automobiles industry continued to increase, mainly due to assignments of staff to companies that launched new car models.
- In the electronic components-related industry, although some companies increased production of automotive-related parts, production of telecommunications-related components decreased, and overall, enrollment decreased.
- As a result of the above, the number of enrolled staff at the end of FY 3/2020 3Q remained nearly unchanged from the end of 2Q.

Number of Skilled Staff (NISSO, Non-consolidated)



Trend in Number of Skilled Staff

(Unit: # of Staff)



Number of skilled staff is increasing as planned
However, due to sluggish operating conditions at assignment destinations, it did not lead to a significant increase in net sales

NISSO will continue to promote the strategic development and assignment of skilled staff for future growth

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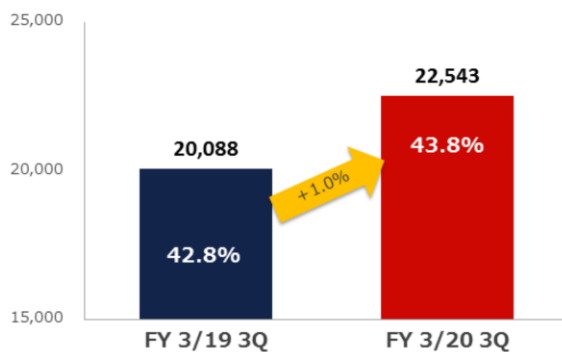
- The following is the explanation of NISSO's skilled staff.
- The number of skilled staff as of the end of FY 3/2020 3Q was 5,085.
- The utilization of skilled staff is one of the medium- to long-term strategies, and when demand for them in the electronic components industry increases in the future, we will strive to expand our market share by promoting assignments centered on skilled staff.
- NISSO will continue to invest in the development of skilled staff while monitoring the balance between net sales and profits.

Account Companies (NISSO, Non-consolidated)



Account Company Groups Net Sales and % of Total

(Unit: Million yen/%)



Account Companies net sales share ratio in FY 3/2020 3Q was 43.8% (FY 3/2020 2Q: 44.1%)

Automobiles Account Company Group... Significant growth due to the introduction of new car models, etc., and net sales increased due to the active assignment of skilled staff
 Electrical machinery Account Company Group... Semiconductor-related production continues to be strong, and net sales increased due to assignment of personnel who completed training
 Electronic components Account Company Group... Although there were increases in some areas, the market as a whole did not recover, resulting in decreased net sales

	FY 3/19 3Q	FY 3/20 3Q	Increase
Accounts total (4 Groups)	20,088	22,543	2,454
Total net sales	46,931	51,433	4,501
% of Total	42.8%	43.8%	1.0 pts

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

•NISSO's Account Companies net sales share ratio in FY 3/2020 3Q was 43.8%, down 0.3 pts from 44.1% in FY 3/2020 2Q.

•Although NISSO continued to increase net sales in the automobiles Account Company Group due to new car model launches and other factors, net sales in the electronic components Account Company Group declined since recovery in the passive components fields related to telecommunications equipment did not recover.

•In regards to the future

In the automobiles Account Company Group, although the factories that have launched new car models continue to perform well, other factories have slightly slowed down their production.

The status of semiconductor companies in the electrical machinery Account Company Group has not changed significantly since 2Q. Since equipment maintenance personnel of large semiconductor factories have been assigned in greater numbers than as planned, although we expect that demand will continue to expand, we believe that full-scale production is still yet to come.

In the electronic components Account Company Group, we expect that the market centered on passive components will take some more time to recover.

•In the near future, a very significant phenomenon that we are unable to fully grasp is how the effects of the new coronavirus will emerge in supply chains. This time, in making revisions to our outlook for consolidated earnings, although we have spoken with many of our clients, there are still many things that we do not know, and we have acknowledged that it is not possible at this time to determine how much of an impact on supply chains there will be at the end of the current fiscal year, as well as the beginning of the next fiscal year.

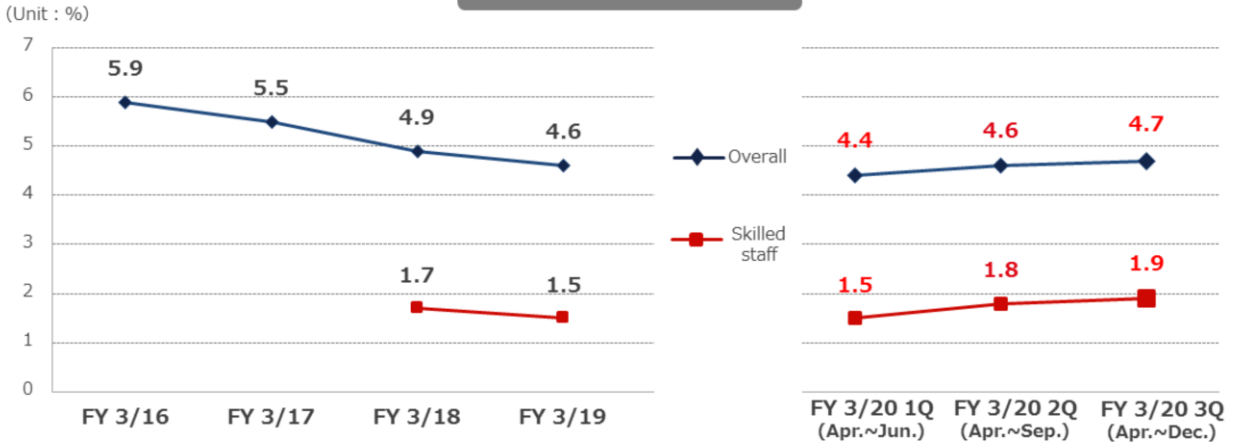
Turnover Rates (NISSO, Non-consolidated)



■ FY 3/2020 3Q Overall turnover rate: 4.7% (+0.1 pts vs. FY 3/2019)
 Skilled staff turnover rate: 1.9% (+0.4 pts vs. FY 3/2019)

■ Scale-downs of workplaces increased due to decreases in production, and although transfers to other workplaces were promoted, turnover rates increased

Trend of Turnover rates



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- The following is the explanation of NISSO's turnover rates.
- The overall turnover rate was 4.7%, and the skilled staff turnover rate was 1.9% in FY 3/2020 3Q.
- Although there were workplaces where client demand decreased, and transfers to other workplaces were promoted, turnover rates increased since such transfers depend on the intentions of persons involved.
- In FY 3/2020 2Q and 3Q, although costs associated with transfers were incurred, the current overall turnover rate is on a declining trend due to various measures such as the method of transfers, and the perspectives on the suitability of staff. Going forward, NISSO will continue to aim to reduce the overall turnover rate by further increasing these measures.
- The skilled staff turnover rate has also begun to decline.

Educational Achievements (NISSO, Non-consolidated)



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

(Unit: # of Participants)

Training course name	2Q (Jul - Sep)	3Q (Oct - Dec)		FY 3/20 YTD	(Reference) FY 3/19 Total
Skilled staff education	483	589	Standard skilled staff education	1,465	2,522
Accredited vocational training education	57	38	Accredited vocational training school (Miyagi · Nagano Prefectures)	167	318
Manufacturing education	717	1,526	MONOZUKURI education, pre-assignment training for manufacturing staff, mobile education	2,555	3,047
Safety education	1,182	1,258	Danger · risk simulation education	2,602	1,322
Basic maintenance education	65	82	Basic equipment maintenance education	186	167
Employee education	115	112	New graduate/mid-career entry/mid-level employee training, newly appointed chief education, on-site supervisor education	411	292
Other education			Entrusted education from external sources	28	22
Total	2,619	3,605		7,414	7,690

Skilled staff education participants increased
Course graduates were mainly assigned to automobiles-related and semiconductor companies

Basic maintenance education participants were assigned to semiconductor manufacturing companies where demand is increasing
Client demand is expected to increase in the future

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•The following is the explanation of NISSO's educational achievements.

•In regards to education, skill staff education, manufacturing education, and equipment maintenance education will continue to play a very significant role in increasing our market share, or boosting unit-costs in the future.

•For NISSO's future growth, we will continue to develop highly capable and high retention rate personnel in our training for skilled staff. By increasing the retention rate, the assignment of such personnel to the framework of other companies' resigned worker replenishment/recruitment will progress, which will lead to the expansion of our market share. If we are able to increase retention by conducting education in such a way, it will be possible to increase the number of NISSO's enrolled staff regardless of the increase in production volume of our clients.

•Although the number of course participants is still small, the training of 82 equipment personnel were conducted in the 3 months of 3Q. This training situation has utilized the capacity of NISSO's training facilities to its fullest, and the personnel trained there are mainly assigned to equipment maintenance duties at semiconductor companies.

•The significance of equipment maintenance entails that if the equipment utilization rate can be increased when mass production begins, productivity will increase, and client satisfaction levels will also increase, which in turn will lead to receiving more orders for operators at the time of mass production. As just described, the dispatching, or contracting of equipment maintenance personnel and operators together, are major points that will be essential to our growth hereafter.

Other Businesses Business Revenue

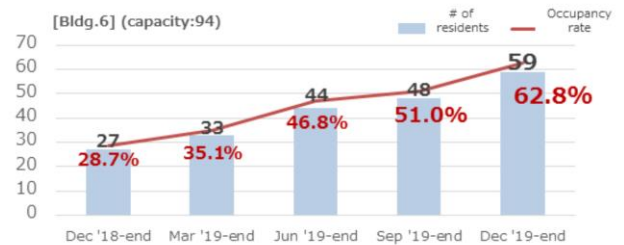
Results of Other Businesses

(Unit: Million yen/%)

	FY 3/19 3Q		FY 3/20 3Q		Year-on-Year		FY 3/19	FY 3/20
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change	Full year	Full-year Forecast
Net sales	1,851	100.0%	2,068	100.0%	217	11.7%	2,485	2,799
Expenses	2,044	110.4%	2,084	100.8%	40	2.0%	2,732	2,840
Operating loss	(192)	(10.4%)	(16)	(0.8%)	176	-	(247)	(41)

- Although net sales increased due to the increase in the number of residents in Bldg. 6, the expected number of residents has not been reached
- Other facilities (Bldg. 1 - 5) maintained high occupancy rates
- Full-year operating loss is expected to amount to -41 million yen due to shortfalls in the number of residents and increased costs related to the introduction of new nursing care workers aimed at stabilizing services

Trend in # of facility residents



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•The following is the explanation of Other Businesses.

•Operating loss for FY 3/2020 3Q was 16 million yen, and is expected to be 41 million yen for the full year. Although the aim was to achieve a surplus for the full year for the current fiscal year, due to the delay in the pace of occupancy of Bldg. 6 and the increase in the number of new residents were slower than expected, in addition to investments made to improve services, Other Businesses is expected to be in the red for the full year.

•However, the occupancy status is not expected to lag much further, since various measures to cope with the delay have begun to take effect, and it is gradually starting to make up ground with the pace of initial plans. Under the current plan, the number of residents for Bldg. 6 is expected to reach 80 (capacity of 94 residents) by the end of 1Q of the next fiscal year, and is expected to turn to profitability from then onwards.

•Bldg. 1-5 are starting to approach 300 residents (capacity of 308 residents), and are progressing smoothly.

1-2 Future Prospects

•The following is the explanation of Future Prospects.

Overall manufacturing industry... Severe conditions are expected due to the impact of U.S.-China trade issues and sluggish personal consumption

Automobiles... Domestic production is not expected to grow as in the past

Electronic devices... While there are signs of recovery in some areas, the recovery period of the entire industry is expected to be delayed until next FY year onward

Demand for human resources in client markets is expected to remain weak

※Investments in human resources development will continue by appropriately assessing market trends

※Main Company-specific Measures

(Automobiles companies) Further strengthen relationships with manufacturers, enhance the quality of assigned personnel, and strive to increase market shares

(Semiconductor companies) Promote the development and assignment of equipment maintenance personnel and secure OP demand in anticipation of future expansion of growth

(Electronic components companies) Improve productivity and operation rates with equipment maintenance + OP structure to increase production hereafter

•The following is the explanation of future market trends and responses.

•In addition to the current conditions of the manufacturing industry as a whole, we acknowledge that it is difficult for the demand for human resources to remain overwhelmingly strong as before, in part due to the fact that the impact of the new coronavirus is still unknown.

•Domestic production of automobiles is not expected to continue rising steadily, and although the situation will vary slightly depending on manufacturers and their factories, it is expected to remain nearly unchanged.

•The electronic devices industry has already bottomed out, and although some Account Companies have begun to increase production, we expect the overall recovery to begin from 1Q onwards of the next fiscal year. However, it is still unknown at this time how the new coronavirus will affect supply chains, and the recovery period may change depending on the situation.

•As just described, although the markets are expected to remain weak, as NISSO's initiatives:
 With regards to automobiles-related industries, since the Account Company Group has been performing steadily, we will promote the assignment of skilled staff and strive to increase our market share.
 With regards to semiconductor companies, since orders for equipment maintenance personnel have increased by approximately 1.5 times than at the initial stage, we will promote their complete training, secure our market share, and ensure that the demand of operators for the next increase in production is obtained.
 With regard to electronic components-related industries, since the Account Company Group has a large number of contracting sites, we will conduct the reinforcement of equipment maintenance personnel. Although production is expected to increase in the future, we will strive to further increase our market shares through these initiatives.

Hereafter, the environments of manufacturing sites are expected to change significantly, as technologies such as IoT, artificial intelligence, and robotics evolve and life cycles of products are shortened.

NISSO views these changes as opportunities, and will formulate plans for faster and greater growth.

【Story of Growth】

- NISSO will strive to enhance our basic strategy, "Aiming to raise unit-costs and improve profitability through the assignment of skilled staff to important clients, centering on Account Companies", to expand into the growth sectors of Account Companies, and will promote the development of human resources, including skilled staff, who can provide services that respond to the more advanced needs of our clients
- NISSO will also strengthen investments in the production technology domain more than ever before, establishing it as a new business model, and strive to expand our business domains

※The details of the strategy will be explained in the Medium-term Management Plan scheduled to be announced in May 2020.

•Our medium- to long-term growth will be addressed in detail in the new Medium-term Management Plan which is scheduled to be announced in May 2020.

•The following is the explanation of the summary of the new Medium-term Management Plan that we are currently considering.

•At manufacturing sites, we will further refine our business model centered on our current Account Companies to differentiate NISSO from other companies, and are considering to expand into different fields of non-Account Companies and/or Account Companies.

Currently, manufacturing sites are being influenced by new technological innovations, and there are some companies that have already begun to change from conventional manufacturing methods. At NISSO, we are considering how to respond to such changes in production sites and development fields in this changing environment. Our clients have told us that a company will be able to expand its business domain as long as it is a company that can firmly be responsible for the so-called production technology. To this end, by leveraging our knowledge and expertise in both production technology and existing manufacturing fields, NISSO is formulating a plan to further increase our market shares. This plan will not be limited to being implemented within NISSO alone, but may be carried out with the utilization of M&A, alliances, and etc., and we are examining ways to achieve the initial Medium-term Management Plan as early as possible.

•Since NISSO is a company that possesses a large amount of "big data", as well as human resources, we plan to work with a view to establishing alliances with companies that are strong in the digital domain in order to utilize this big data more effectively.

2. Earnings Forecast for FY 3/2020

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

FY 3/2020 Outlook for Consolidated Earnings



NISSO announces the revision of the Full-year Consolidated Forecast for FY 3/2020 (April 1, 2019 - March 31, 2020) which was announced on May 10, 2019, based on recent business performance trends.

◆ Full-year Consolidated Forecast for the FY 3/2020 (April 1, 2019 ~ March 31, 2020)

(Unit: Million yen/%)

	Initial forecast	Revised	Comparison w. initial forecast		FY 3/19 Results	Year-on-Year	
			Increase (Decrease)	% Change		Increase (Decrease)	% Change
Net sales	80,000	74,300	(5,700)	(7.1%)	69,161	5,138	7.4%
Operating profit (Profit margin, %)	3,900 4.9%	2,700 3.6%	(1,200)	(30.8%)	2,869 4.1%	(169)	(5.9%)
Ordinary profit (Profit margin, %)	4,000 5.0%	2,750 3.7%	(1,250)	(31.3%)	2,895 4.2%	(145)	(5.0%)
Profit attributable to owners of parent (Profit margin, %)	2,760 3.5%	1,840 2.5%	(920)	(33.3%)	2,053 3.0%	(213)	(10.4%)

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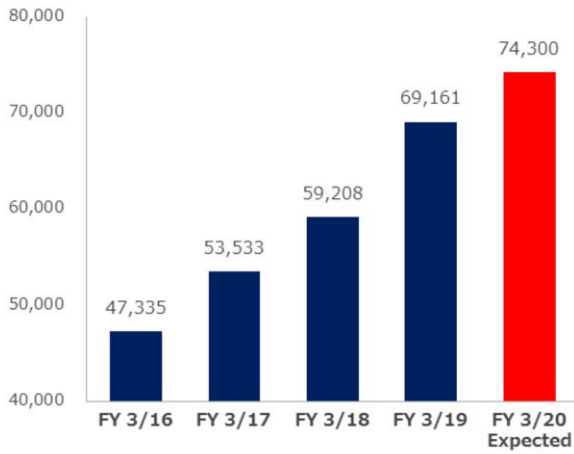
- The following is the explanation of the full-year outlook for consolidated earnings for FY 3/2020.
- NISSO has revised the Full-year Consolidated Forecast for FY 3/2020 based on recent business performance trends.
- Net sales have been revised to 74,300 million yen (down 5,700 million yen or 7.1% compared with initial forecasts).
- Operating profit has been revised to 2,700 million yen (down 1,200 million yen or 30.8% compared with initial forecasts).
- Ordinary profit has been revised to 2,750 million yen (down 1,250 million yen or 31.3% compared with initial forecasts).
- Profit attributable to owners of parent has been revised to 1,840 million yen (down 920 million yen or 33.3% compared with initial forecasts).
- In making the revisions, although we have received information from our clients, including the impact on supply chains due to the effects of the coronavirus, there is a possibility that the current conditions may change.
- In preparation for the end of the fiscal year in March, each employee of the Nisso Group will join together and endeavor to achieve results that exceed the revised earnings outlook.

Outlook for Consolidated Earnings Trends



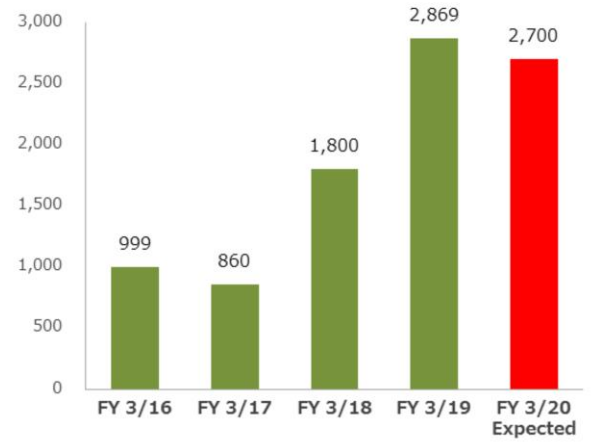
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



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

3. Topics

•The following is the explanation of NISSO's Topics.

Nikon Nisso Prime Corporation launched

"Creating a society where people can continue to work"

Nikon Nisso Prime Corporation inherits part of the business of its predecessor, Nikon Staff Service Corporation, and was launched on January 6, 2020 with the aim of integrating the expertise of Nikon Corporation and NISSO CORPORATION and creating synergy through collaboration.

By supporting the active participation of older employees of the Nikon Group, starting with the expanding and the securing of their employment opportunities, and conducting the research and development of a structure that enables older people in society to continue working, Nikon Nisso Prime Corporation aims to create a "social platform that allows anyone with a desire to work to adapt to changes in the social environment and continue to work".

Nikon Nisso Prime will strive to contribute as a member of society that creates a better future.

[Company Overview]

Company name	Nikon Nisso Prime Corporation (Japanese: 株式会社ニコン日総プライム)
Head office location	Shin-Yokohama 214 Bldg. 8F, 2-14-2 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa
Representative	President Masahiko Yoshida
Shareholders	Nikon Corporation (TSE1 7731) 51% NISSO CORPORATION (TSE1 6569) 49%
Capital	50 Million JPY
Main Businesses	Comprehensive HR Services, Outsourcing Business Planning, R&D, operation and support of structure development and opportunity creation for seniors' continued employment
URL	https://www.n-prime.co.jp



- The following is the explanation of "Nikon Nisso Prime Corporation".
- Nikon Nisso Prime Corporation was launched on January 6, 2020.
- Since NISSO had been considering to make full use of our extensive experience in the human resources business to create a place where middle-aged and elderly people in Japan's major manufacturers could play active roles, with this initiative with Nikon, we will build a structure and promote its expansion to other manufacturers.

NISSO was selected as First Place for the 2nd consecutive year in the Oricon Customer Satisfaction® ranking 2020 for "Manufacturing Dispatching"

In addition, NISSO was ranked #1 in all 6 pre-set evaluation items

Evaluation Items... "Ease of Registration·Contract", "In-house Training", "Welfare Programs", "Response of Contact Personnel", "Information Provided", and "Negotiating Capability"

[Survey Overview]

Survey period: 9/11/2019~9/17/2019 Updated date: 1/6/2020 # of samples: 1,155 people Minimum # 50+ people of people: # of companies evaluated: 22	Survey respondents Gender : No specification Age : 18+ yrs. old Region : Nationwide Conditions : Persons dispatched from dispatching companies within the past 7 years with manufacturing-related work experience
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- NISSO was selected as First Place for the second consecutive year in the Oricon Customer Satisfaction® ranking 2020 for "Manufacturing Dispatching".
- NISSO received a #1 ranking in all 6 evaluation items. ("Ease of Registration·Contract", "In-house Training", "Welfare Programs", "Response of Contact Personnel", "Information Provided", and "Negotiating Capability")
- NISSO will actively provide information on this achievement to the labor market and utilize it in our recruitment activities.

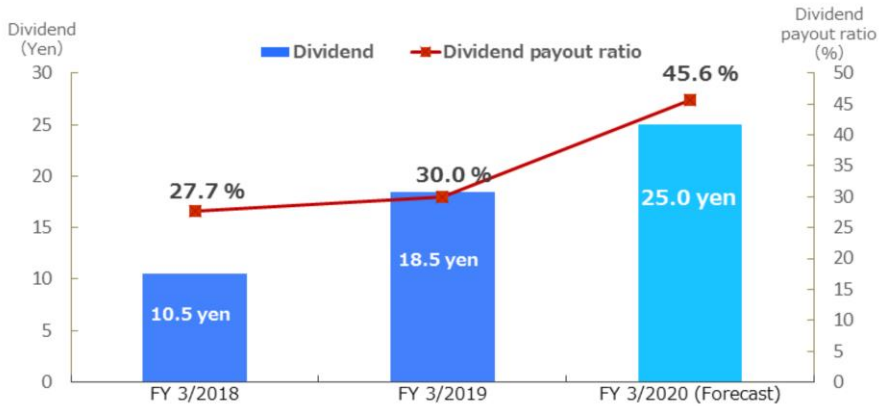
4. Shareholder Return Policy

•The following is the explanation of Shareholder Returns.

Shareholder Return Policy



- NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues, taking into consideration the balance between securing funds for growth investments and strengthening the corporate structure that can respond to changes in the business environment, and our basic policy is to continue to steadily redistribute profits to all of our shareholders.
- Regarding the year-end dividend for FY 3/2020, although the full-year consolidated results have been downwardly revised, the dividend amount per share (25.00 yen) announced on May 10, 2019 in the "Summary of Consolidated Financial Results for FY 3/2019 [Japanese GAAP] (Consolidated) Dividend Forecast" is not scheduled to change.



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

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- The following is the explanation of the Shareholder Return Policy.
- Regarding dividends, there are no changes to NISSO's concept of increasing dividends in a stable manner.
- The dividend amount per share of 25 yen announced on May 10, 2019 is not scheduled to change.

5. Supplementary Materials

Consolidated Balance Sheet



(Unit: Million yen/%)

	Mar. 2019-end		Dec. 2019-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	14,174	67.4	14,318	68.2	143
Cash and deposits	5,633	26.8	5,564	26.5	(69)
Notes and accounts receivable-trade	7,757	36.9	7,901	37.6	143
Non-current assets	6,844	32.6	6,671	31.8	(173)
Property, plant and equipment	4,942	23.5	4,944	23.6	1
Intangible assets	359	1.7	400	1.9	40
Investments and other assets	1,542	7.3	1,327	6.3	(215)
Total assets	21,019	100	20,989	100	(29)
Current liabilities	9,161	43.6	8,480	40.4	(681)
Accrued expenses	4,751	22.6	4,859	23.2	108
Income taxes payable	742	3.5	192	0.9	(549)
Provision for bonuses	738	3.5	440	2.1	(298)
Non-current liabilities	1,312	6.2	1,307	6.2	(4)
Long-term loans payable	750	3.6	658	3.1	(92)
Total liabilities	10,474	49.8	9,788	46.6	(686)
Shareholders' equity	10,535	50.1	11,236	53.5	701
Total net assets	10,544	50.2	11,201	53.4	656
Total liabilities and net assets	21,019	100	20,989	100	(29)

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 payments for (corporate) income taxes and bonuses

③ Overall

As a result of the above and the recording of profits, liabilities decreased and net assets increased

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

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