



*Nurturing and
Bringing Out the
Best in People*

日総工産株式会社
NISSO CORPORATION

TSE 1 Code: 6569

First Quarter of FY 3/2021

Financial Results Briefing Materials

August 7, 2020

FY 3/2021 1Q Results

- Consolidated results for FY 3/2021 1Q: Decreased revenue and profits year-on-year
- Automobiles-related net sales declined due to the spread of new coronavirus infections (COVID-19)
- Client needs for human resources utilization remained sluggish and enrollment decreased
- Share ratio increased in Account Company Group net sales in manufacturing-related human resources services
- The number of skilled staff increased, the needs for maintenance personnel are especially high

FY 3/2021 1Q Consolidated Earnings Forecast

- Entering 2Q, client manufacturers' production activities were on a recovery trend
- Production recovery is expected to continue after 2Q

•Please find the summary above.

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1 FY 3/2021 1Q Financial Results Summary

FY 3/2021 1Q Consolidated Financial Results Highlights

(Unit: Million yen)

General Human Resources Services Business

- Due to the sharp decrease in market demand as a result of the spread of COVID-19 infections, and the division of supply networks as a result of overseas lockdowns, net sales related to the automobiles-related industries, which are our main clients, declined.

Other Businesses

- The growth in the number of new residents have slowed down due to the suspension of facility preview events under the policy of preventing the spread of COVID-19 infections.

| | FY 3/2020 1Q | | FY 3/2021 1Q | | Year-on-Year | |
|---|--------------|------------|--------------|------------|---------------------|----------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change |
| Net sales | 17,983 | 100.0% | 16,557 | 100.0% | (1,425) | (7.9%) |
| Gross profit | 2,964 | 16.5% | 2,360 | 14.3% | (603) | (20.3%) |
| SG&A expenses | 2,486 | 13.8% | 2,154 | 13.0% | (331) | (13.3%) |
| Operating profit | 477 | 2.7% | 206 | 1.2% | (271) | (56.8%) |
| Ordinary profit | 490 | 2.7% | 238 | 1.4% | (251) | (51.3%) |
| Profit attributable to owners of parent | 357 | 2.0% | 101 | 0.6% | (255) | (71.6%) |

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• The following is the explanation of the Consolidated Financial Results for FY 3/2021 1Q.

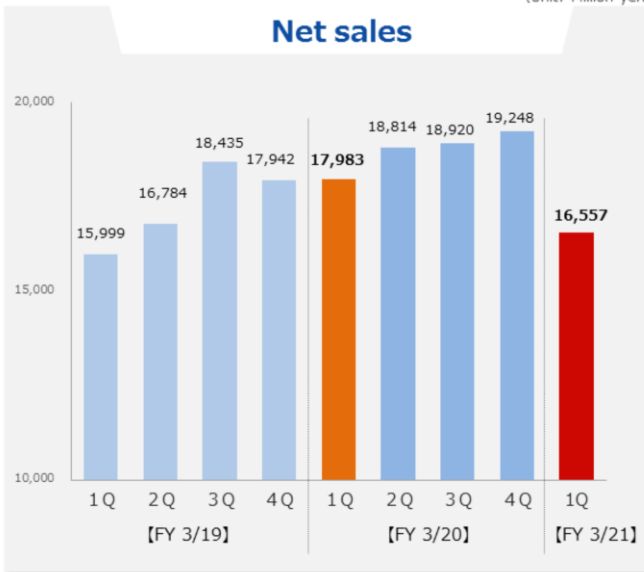
- Net sales amounted to 16,557 million yen (down 1,425 million yen or -7.9% YoY)
 - Gross profit amounted to 2,360 million yen (down 603 million yen or -20.3% YoY)
 - SG&A (selling, general and administrative) expenses amounted to 2,154 million yen (down 331 million yen or -13.3% YoY)
 - Operating profit amounted to 206 million yen (down 271 million yen or -56.8% YoY)
 - Ordinary profit amounted to 238 million yen (down 251 million yen or -51.3% YoY)
 - Profit attributable to owners of parent amounted to 101 million yen (down 255 million yen or -71.6% YoY)
- Net sales decreased by 7.9% and operating profit decreased by 56.8% YoY. The factors in the General Human Resources Services Business were a reduction in the number of people in operation, mainly in the automobiles-related industry, and a decrease in the hours of operation. In Other Businesses, due to the spread of COVID-19 infections, it was difficult for new potential residents to preview facilities, which led to the inability to promote new residents.

FY 3/2021 Quarterly Consolidated Financial Results



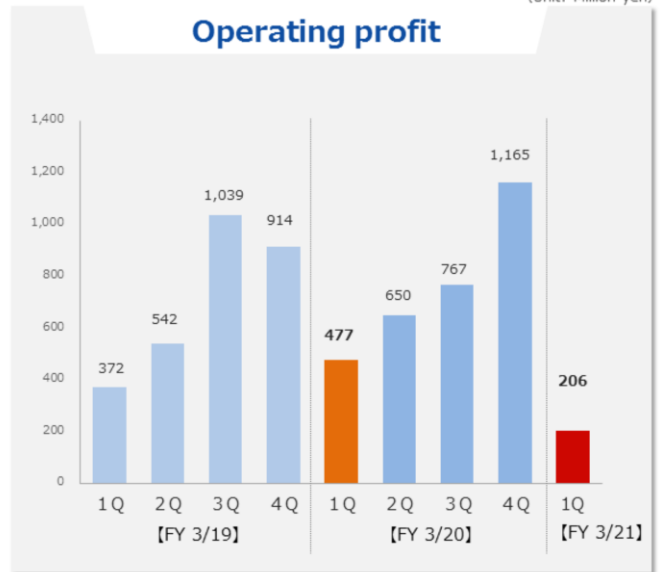
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



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

FY 3/2021 1Q Non-consolidated Financial Results Highlights

(Unit: Million yen)

Net sales

- Although net sales in the electronic devices industry remained strong, due to the spread of COVID-19 infections, in particular, a sharp decrease in domestic and overseas demand had a major impact on production cutbacks of auto-body manufacturers, resulting in an 8.5% YoY decrease.

Expenses

- Along with the decrease in net sales, recruitment expenses and other expenses decreased, and SG&A expenses decreased 12.8% YoY.
- Although expenses were reduced, operating profits decreased by 56.6% YoY without absorbing the decline in net sales.

| | FY 3/2020 1Q | | FY 3/2021 1Q | | Year-on-Year | |
|------------------|--------------|------------|--------------|------------|---------------------|----------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change |
| Net sales | 16,566 | 100.0% | 15,153 | 100.0% | (1,412) | (8.5%) |
| Gross profit | 2,794 | 16.9% | 2,232 | 14.7% | (561) | (20.1%) |
| SG&A expenses | 2,325 | 14.0% | 2,028 | 13.4% | (297) | (12.8%) |
| Operating profit | 468 | 2.8% | 204 | 1.4% | (263) | (56.3%) |
| Ordinary profit | 469 | 2.8% | 219 | 1.4% | (250) | (53.3%) |
| Profit | 342 | 2.1% | 96 | 0.6% | (245) | (71.7%) |

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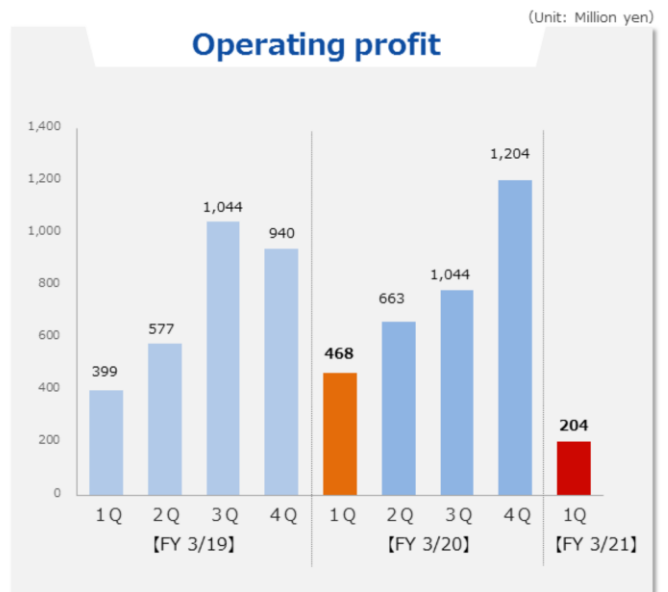
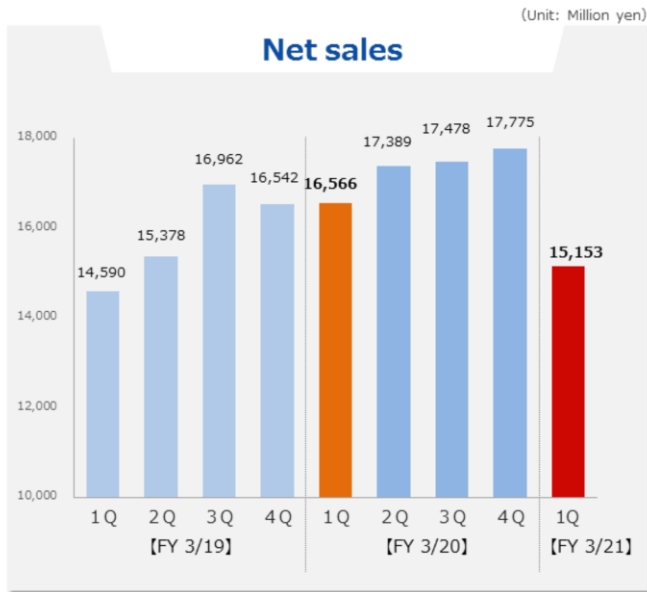
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• The following is the explanation of NISSO's Non-Consolidated Financial Results for FY 3/2021 1Q.

- Net sales amounted to 15,153 million yen (down 1,412 million yen or -8.5% YoY)
- Gross profit amounted to 2,232 million yen (down 561 million yen or -20.1% YoY)
- SG&A expenses amounted to 2,028 million yen (down 297 million yen or -12.8% YoY)
- Operating profit amounted to 204 million yen (down 263 million yen or -56.3% YoY)
- Ordinary profit amounted to 219 million yen (down 250 million yen or -53.3% YoY)
- Profit amounted to 96 million yen (down 245 million yen or -71.7% year on YoY)

• Regarding NISSO's non-consolidated financial results, although the impact was largely due to production adjustments related to the automobiles-related industry, we placed importance on securing employment, and supported work-sharing as much as possible. As a result, net sales per capita decreased.

FY 3/2021 1Q Quarterly Non-consolidated Financial Results



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



2 FY 3/2021 1Q **Overview of Activities**

FY 3/2021 1Q Financial Results Summary



Consolidated Financial Results

Net Sales **16,557 Million yen** (-1,425 Million yen/-7.9% YoY)
Operating Profit **477 Million yen** (-271 Million yen/156.8% YoY)

● Net Sales by Industry (YoY)

Automobiles ... **(20.4%)**
Electronic devices ... **+15.4%**

• In the automobiles-related industry, net sales decreased 20.4% YoY, partly due to production cutbacks as a result of sharp reductions in demand due to the spread of COVID-19 infections in Japan and abroad.
In the electronic devices-related industry, net sales increased by 15.4% YoY due to the impact of IT infrastructure investments.

● 1Q-end Number of Enrolled Staff

13,243 staff
(-1,527 staff from FY 3/20-end)

• The number of enrolled staff decreased by 1,527 compared to FY 3/20-end due to a sluggish need for external human resources by clients, and a decrease in the number of needed personnel to replenish the number of staff leaving the workplaces due to the occurrence of surplus personnel.

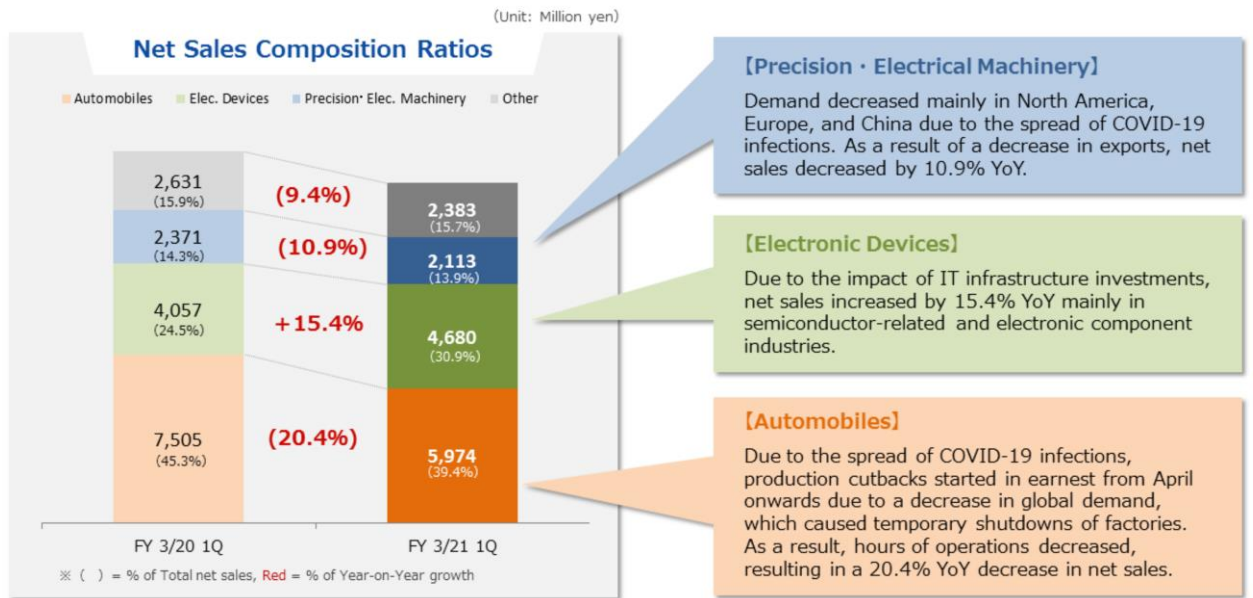
● Net Sales per Capita/Monthly

358 Thousand yen
(-33 Thousand yen YoY)

• Although the assignment of skilled staff to high unit-cost workplaces were promoted, net sales per capita decreased due to decreased hours of operation (number of working days, overtime hours, holiday work, etc.) as a result of reductions in the production activities of NISSO's clients.

- Shown above is the Financial Results Summary for FY 3/2021 1Q.
- Details will be explained in the following pages.

FY 3/2021 1Q Net Sales by Industry (NISSO, Non-consolidated)

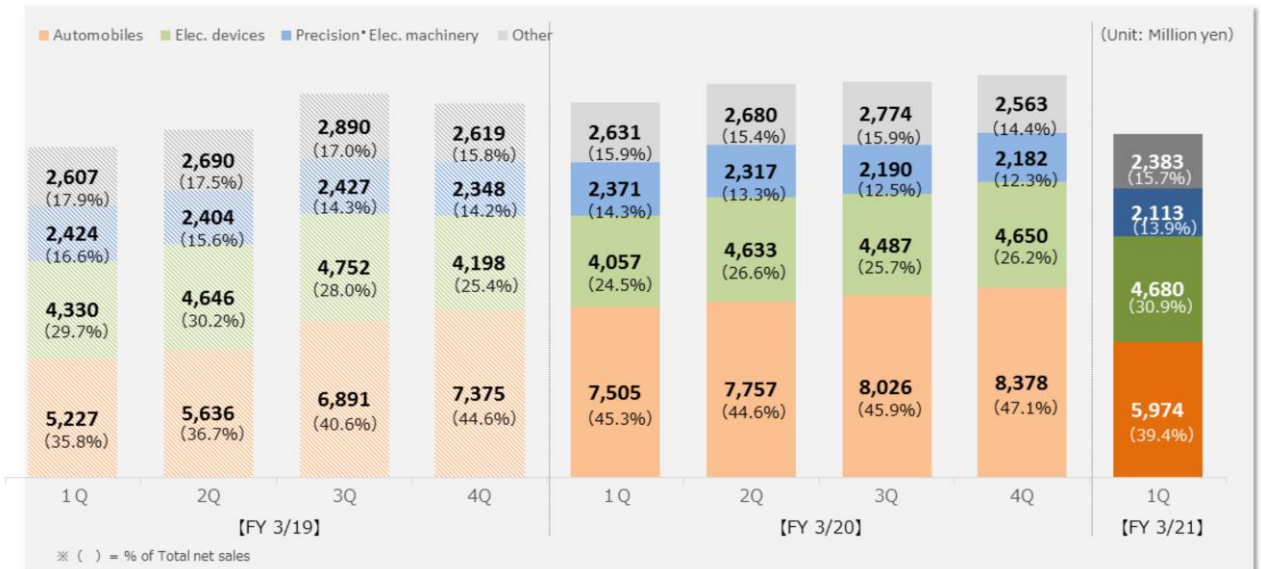


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- The following is the explanation of NISSO's non-consolidated net sales by industry.
- In the automobiles industry, net sales decreased by 20.4% YoY due to a decrease in operations as a result of the spread of COVID-19 infections.
- In the electronics devices industry, net sales remained strong and increased by 15.4% YoY due to IT infrastructure investments, including active investments in the so-called 5G-related sector.
- In the precision·electrical machinery industry, net sales decreased by 10.9% YoY due to a decline in demand for products such as multifunction machines (i.e., copier/printer/scanner/fax) as a result of the spread of COVID-19 infections.

FY 3/2021 1Q Quarterly Net Sales by Industry (NISSO, Non-consolidated)



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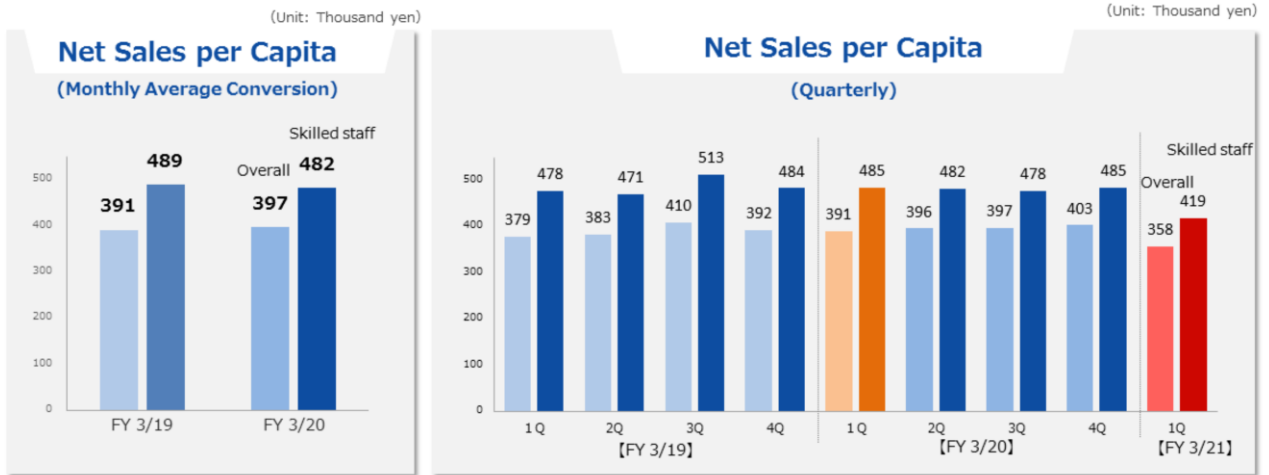
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- Shown above are the trends of NISSO's quarterly net sales by industry.
- Although the automobiles industry led NISSO's business performance in FY 3/2020, due to sluggish sales of automobiles worldwide as a result of the effects of the spread of COVID-19 infections from around the end of FY 3/2020 4Q and the beginning of FY 3/2021 1Q, net sales in the automobiles industry decreased in FY 3/2021 1Q.
- Net sales in the electronic devices industry have been firm since the previous fiscal year. In FY 3/2021 1Q, although IT infrastructure investments were on the rise, demand for automotive products was severe.

Net Sales per Capita (NISSO, Non-consolidated)



- FY 3/2021 1Q YTD <Overall net sales per capita> 358 Thousand yen (-33 Thousand yen YoY)
<Skilled staff net sales per capita> 419 Thousand yen (-66 Thousand yen YoY)
- Although billing unit-costs were on the rise, net sales per capita decreased YoY due to a decrease in the hours of operation (number of working days, overtime hours, holiday work, etc.) as a result of production cutbacks due to the spread of COVID-19 infections



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- The following is the explanation of NISSO's net sales per capita.
- Compared to the previous fiscal year, although billing unit-costs increased by more than 100 yen per hour, net sales per capita decreased due a decrease in the hours of operation.
- As an example, at a certain auto parts manufacturer, the average number of working days from April to June in 1Q decreased by 3.2 days YoY, and overtime operations decreased by 70%, or 20 hours per month. In addition, many automobiles-related clients employ skilled staff with high unit-costs, which is a major factor in the decline in net sales per capita.
- Due to decreases of about 1.5 days per month in the number of working days company-wide and about 9 hours per month in overtime, net sales per capita decreased by 33,000 yen YoY, and due to the large number of employees in the automobiles-related industry, net sales per capita decreased by 66,000 yen YoY for skilled staff.

Number of Enrolled Staff (NISSO, Non-consolidated)



Compared w. Previous FY-end

-1,527 staff (-10.3%)

Point①

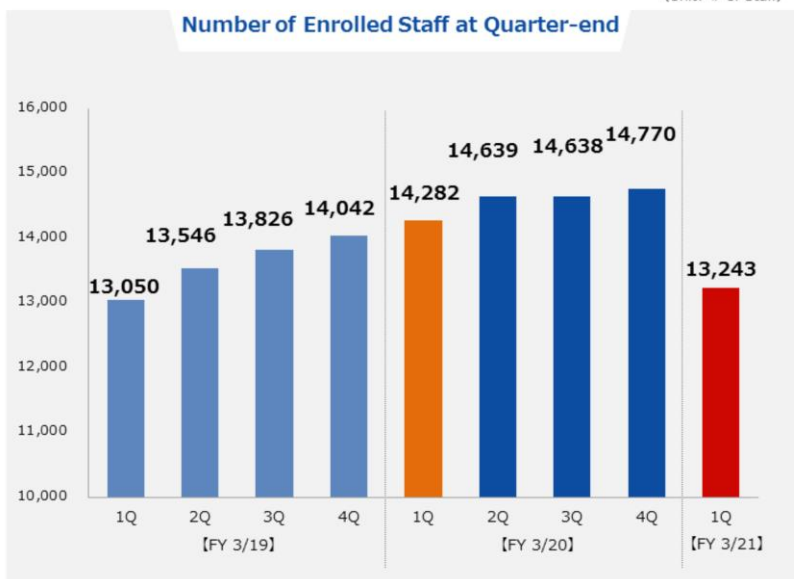
New orders (needed personnel) have decreased significantly due to a decline in global demand as a result of the spread of COVID-19 infections. In addition, the number of needed personnel to replenish the staff leaving the workplaces also decreased due to the occurrence of surplus personnel.

Point②

Since April, the number of resigned personnel due to the expiration of contracts increased, peaking in June. Despite efforts for the continued employment of staff, enrollment will decline due to factors of Point ①.

Number of Enrolled Staff at Quarter-end

(Unit: # of Staff)



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- The following is the explanation of NISSO's quarter-end enrollment on a quarterly basis.
- The number of enrolled staff at FY 3/2021 1Q-end was 13,243, a decrease of 1,527 staff from the end of the previous fiscal year. This decrease in enrollment was also one of the factors for the significant decrease in net sales compared to the corresponding period of the previous fiscal year.
- Due to a significant decrease in production at auto parts manufacturers, enrollment decreased due to the lack of replenishment of employees who resigned as a result of contract maturity or personal reasons. Although enrollment at auto body manufacturers has not decreased as much as that of auto parts manufacturers, the hours of operation have decreased due to work-sharing for production adjustments.

Number of Skilled Staff (NISSO, Non-consolidated)



Point①

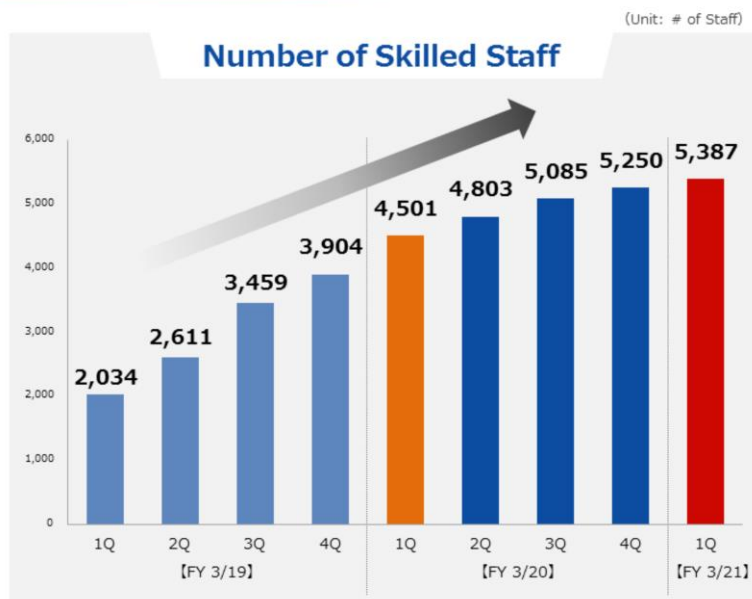
Although client production trends are severe, NISSO will continue the assignments of skilled staff centering on Account Companies, which is our basic strategy.

Point②

Demand for telecommunications-related IT infrastructure investments increased, which will increase among Account Companies and business partners centering on semiconductors. In total, the number of skilled staff increased by 137 compared to FY 3/2020 4Q.

Point③

The number of skilled staff continues to increase, and the ratio of skilled staff to NISSO's total enrolled staff is 40.7%. (FY 3/2020 4Q: 35.5%)



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- The following is the explanation of NISSO's skilled staff.
- Although there was a sense of slowdown in the recession phase, as a result of continued promotion, the assignment of highly-skilled staff, to mainly Account Companies, which are the pillars of NISSO's growth strategy in our medium-term management plan, increased by 137 staff at FY 3/2021 1Q-end from FY 3/2020 4Q-end.
- In FY 3/2021 1Q, NISSO assigned skilled staff to workplaces for mainly equipment maintenance for the electronic devices industry and the launch of new automobiles models.
- As a result, the share ratio of skilled staff at FY 3/2021 1Q-end increased from 35.5% to 40.7% compared to FY 3/2020 4Q-end.

Account Companies (NISSO, Non-consolidated)



Point①

The net sales share ratio of Account Companies in FY 3/2021 1Q was 47.7%.
(FY 3/2020 4Q: 45.9%)

Point② (Year-on-Year)

Net sales of NISSO decreased by 8.5% YoY, while Account Company Group net sales decreased by only about 1% YoY. By Account Company Groups, although the impact of production cutbacks in the automobiles-related industry was significant, the range of reduction was small compared to that of all of NISSO. In addition, net sales in the electronic devices-related industry have increased, and are steady.



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- The following is the explanation of NISSO's Account Companies.
- Although NISSO's company-wide net sales decreased by 8.5% YoY, when limited to Account Companies, the decline was only about 1%.
- Among Account Companies, a large number of staff are employed at a major automobiles manufacturer group, and although net sales decreased due to work-sharing, etc., overall Account Companies net sales decreased by about 1% YoY. As just described, NISSO and Account Companies have a stronger relationship than with our other clients.
- The net sales share ratio of Account Companies in FY 3/2021 1Q increased from 45.9% in FY 3/2020 4Q to 47.7%, which was due to a decrease in net sales at other clients.

Turnover Rates (NISSO, Non-consolidated)



FY 3/2021 1Q Results

Overall turnover rate

5.1%

(+0.4 pts vs. FY 3/2020)

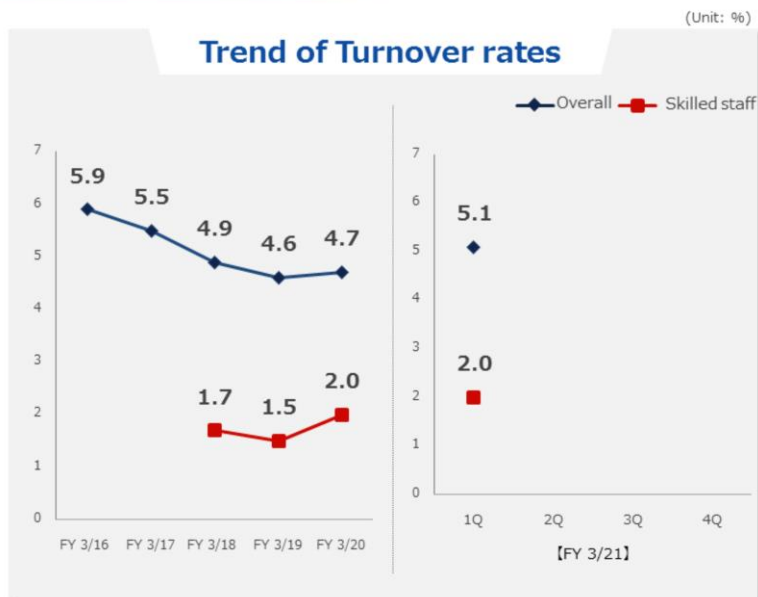
Skilled staff turnover rate

2.0%

(±0.0 vs. FY 3/2020)

Point

Due to increases in the number of personnel who resigned as a result of contract expiration, although efforts were made to have them continue employment, because of restrictions on regional mobility, the overall turnover rate increased.



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- The following is the explanation of NISSO's turnover rates.
- Although the reduction of turnover rates YoY was considered and promoted as one of our growth strategies, the overall turnover rate for FY 3/2021 1Q was at 5.1%, which was an increase from FY 3/2020. Looking at the turnover rate for each month, it was at 5.9% in April, 3.8% in May, and 5.0% in June, and has fluctuated greatly.
- NISSO's management policy is to protect the employment of those who are enrolled as much as possible, in order to give workers a sense of security. However, in the current situation with the spread of COVID-19 infections, it has been very difficult to move/transfer personnel across prefectures, since it is necessary to have a waiting period of about 2 weeks before assigning them to clients from one prefecture to another. As a result, the number of resignees, as well as the turnover rate, have increased.
- Although the turnover rate for skilled staff in FY 3/2021 1Q was at 2.0%, on a monthly basis, it was at 2.7% in April, 1.7% in May, and 1.5% in June, and the situation is gradually beginning to settle down.
- There is a sense that the market has bottomed out at the end of June, mainly in the automobiles industry. Since NISSO is gradually starting to receive orders from clients, as the choices for staff increase, it will become possible to assign them to workplaces without having them cross prefectures, so we anticipate that turnover rates will decrease hereafter.

Educational Achievements (NISSO, Non-consolidated)

Point①

Orders from semiconductor manufacturers were strong, and since client needs for maintenance personnel are high, demand is expected to continue.

Point②

Facilities have been expanded from the previous FY to meet the needs of clients. Technical Center Higashi-Nihon is now able to support maintenance education, and the scale of acceptance is expanding.

Point③

The curriculum will be enhanced so that high-quality training can be conducted to provide new services such as production technology.

● FY 3/2021 1Q Course-specific educational achievements (total # of participants)

(Unit: # of participants)

| Training course name | 1Q (Apr - Jun) | Contents | FY 3/20 1Q |
|--|-------------------|---|--------------|
| Skilled staff education | 259 | Standard skilled staff education | 393 |
| Basic maintenance education | 69 | Basic equipment maintenance education | 39 |
| Accredited vocational training education | 9 | Accredited vocational training school (Miyagi · Nagano Prefectures) | 72 |
| Manufacturing education | 796 | MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education | 312 |
| Safety education | 592 | Danger · risk simulation education | 162 |
| Employee education | 134 | New graduate/mid-career entry/ mid-level employee training, newly appointed chief education, on-site supervisor education | 184 |
| Other education | 44 | Entrusted education from external sources | 28 |
| Total | 1,903 | | 1,190 |

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- The following is the explanation of NISSO's educational achievements.
- Regarding basic maintenance education, demand for equipment maintenance by semiconductor and electronic component manufacturers have been increasing strongly even during the current COVID-19 pandemic. In order to respond to this situation, compared to the 39 participants in FY 3/2020 1Q, there were 69 participants in FY 3/2021 1Q, and NISSO is actively promoting the development of equipment maintenance personnel.
- In FY 3/2021 1Q, there were 137 new skilled staff, compared to approximately 600 in the corresponding period of the previous fiscal year. Under normal circumstances, although the number of educational participants should have increased, due to the sluggish economy and the longer training course periods in order to further enhance the skills of skilled staff, the number of participants who attended skilled staff education has decreased.
- Regarding future developmental training, NISSO plans to further strengthen the training of engineers in the production technology domain, in addition to equipment maintenance. As we discuss with clients about the post-COVID-19 production sites, since NISSO expects that the needs of human resources in areas close to production technology will increase in comparison with regular equipment operators, we are in the process of developing a training curriculum for these types of personnel, and will continue to increase the number of participants for this type of education.

Other Businesses Business Revenue



Points

- Net sales increased YoY due to an increase in the number of residents in Building 6.
- Due to the spread of COVID-19 infections, facility previews have been suspended, and the growth in the number of residents has slowed.
- The cost of sales increased due to the introduction of helpers to stabilize the services provided, and operating loss amounted to 18 million yen.

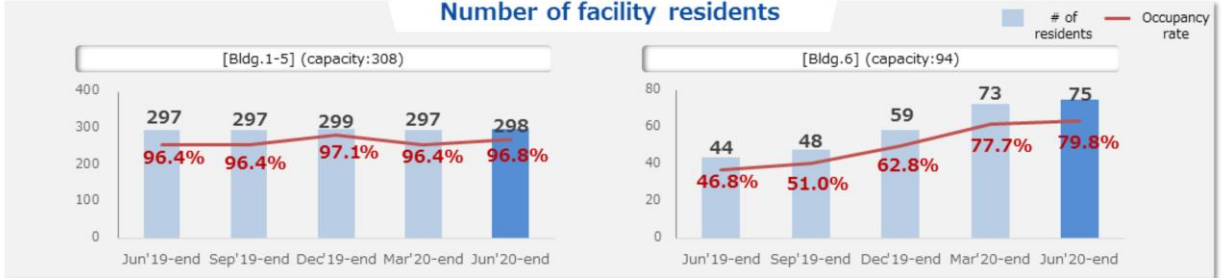
● Results of Other Businesses

(Unit: Million yen)

| | FY 3/20 1Q | | FY 3/21 1Q | | Year-on-Year | |
|-------------------------|------------|------------|------------|------------|---------------------|----------|
| | Results | % of Total | Results | % of Total | Increase (Decrease) | % Change |
| Net sales | 673 | 100.0% | 720 | 100.0% | 47 | 7.0% |
| Expenses | 663 | 98.7% | 738 | 102.6% | 74 | 11.3% |
| Operating profit (loss) | 9 | 1.3% | (18) | (2.6%) | (27) | - |

Number of facility residents

(Unit: # of residents)



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•The following is the explanation of Other Businesses.

- Since there are elderly people and people with various types of illnesses in nursing care facilities, due to the spread of COVID-19 infections, outsiders, including relatives, have not been allowed to enter the facilities for nearly 3 months. This has affected the promotion of residence in Building 6 (Sweetpea Higashi Totsuka), and after the lifting of the state of emergency declaration in June, the number of residents increased slightly through 1st floor-only visits and facility previews via the web, resulting in 82 residents as of the end of July. Since Building 6 has a capacity of 94, we will continue to increase the number of residents and strive to make our Other Businesses profitable hereafter.



3 Future Prospects (FY 3/2021)

FY 3/2021 Full-year Consolidated Forecasts



General Human Resources Services Business

In the automobiles-related industry, operational adjustments are currently eliminated due to the recovery of domestic and overseas demand. Production activity is expected to recover moderately in the future. For the electronic devices-related industry, IT-related demand is expected to remain firm.

Other Businesses

Net sales increased due to an increase in the number of residents of Sweetpea Higashi Totsuka (Bldg. 6). The number of facility previewers also recovered from June, and the operating loss is expected to be eliminated during the current FY.

(Unit: Million yen)

| | FY 3/20 | | FY 3/21 Forecast | | Year-on-Year | |
|---|---------|------------|------------------|------------|---------------------|----------|
| | Results | % of Total | Forecast | % of Total | Increase (Decrease) | % Change |
| Net sales | 74,966 | 100.0% | 64,000 | 100.0% | (10,966) | (14.6%) |
| Operating profit | 3,061 | 4.1% | 1,500 | 2.3% | (1,561) | (51.0%) |
| Ordinary profit | 3,149 | 4.2% | 1,750 | 2.7% | (1,399) | (48.4%) |
| Profit attributable to owners of parent | 2,033 | 2.7% | 1,050 | 1.6% | (983) | (48.4%) |

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- The following is the explanation of the Full-year Consolidated Forecasts.
- In the full-year consolidated forecast, operating profit nearly halved compared to the previous fiscal year. In calculating the forecast, although it seems that the automobiles-related industry bottomed out in June, it is expected to recover gently from July onwards. In addition to the demand from current IT infrastructure investments in the electronic devices industry, although demand for automobiles-related products is expected to recover, NISSO has calculated the year-end earnings forecast based on the expectation that this would be a smooth recovery similar to that of the automobiles industry. In addition, in Other Businesses, the year-end earnings forecast has been calculated with the expectation that Building 6 will stabilize within the current fiscal year. However, the recovery trend of automobiles makers in July and August is moving ahead of NISSO's expectations. In light of this situation, although the profit plan is conservative, the impact of the spread of COVID-19 infections in the future is uncertain, and at this time, these figures are being used as the earning forecasts for the end of the fiscal year.



4 Topics

1. Top Meetings with Account Company Management Executives
(On-line interviews)
 - Collection of accurate information on future trends and issues
 - Changes in manufacturing worksites and new needs during/after COVID-19
 - Establishment of a structure to solve problems and respond to new needs
2. Reducing infection risks•ensuring safety for all employees
 - Establishment of the "COVID-19 Countermeasures Headquarters"
(March 2, 2020)
 - Recommendation of staggered work schedules and teleworking
(environmental improvements)
 - Implementation of on-line training
 - Thorough implementation of infection prevention measures for recruitment
offices and on-line interviews

- The following is the explanation of "Work-styles with a Focus on the 'New Normal'".
- NISSO, especially recently, has been focused on utilizing the web, which we are utilizing in 2 pillars. One is to actively conduct interviews to secure new human resources, or for education-related activities similar to classroom lectures after interviews. The other is for actively conducting web interviews with management executives at mainly Account Companies, since April.
- In these interviews with clients, there are 2 main things that have been identified after confirming the needs and current situation of NISSO's clients.
The first is that since factories have a large number of working staff, we must take thorough measures against COVID-19 infections. In addition to taking the temperatures of all workers before they enter factories, we will also provide guidance on daily life, etc., to respond to the requests of our clients to prevent workers from becoming infected. In addition, we have declared to our clients that as NISSO, we can do something socially beneficial in this era, and that we will continue to protect the employment of those who want to work. Furthermore, when the production structure of the clients return, we will be recognized by our clients for returning the workers to a workplace where they have as much experience as possible.
- Secondly, we have received various suggestions from our clients regarding how manufacturing sites will actually change after the COVID-19 pandemic. Although NISSO has expected that new technological innovations, such as the so-called IoT, AI, and robots, will increase productivity and quality by entering manufacturing sites, in an environment where COVID-19 infections have spread, clients would like to further promote labor saving and automation in order to reduce the risks of such infections.

Capital and Business Alliance with Cross Compass Ltd.



NISSO would like to announce that it has resolved to conclude a basic agreement for a capital and business alliance with Cross Compass Ltd. (Cross Compass) and to begin cooperative discussions, at the Board of Directors' Meeting held on August 7, 2020.

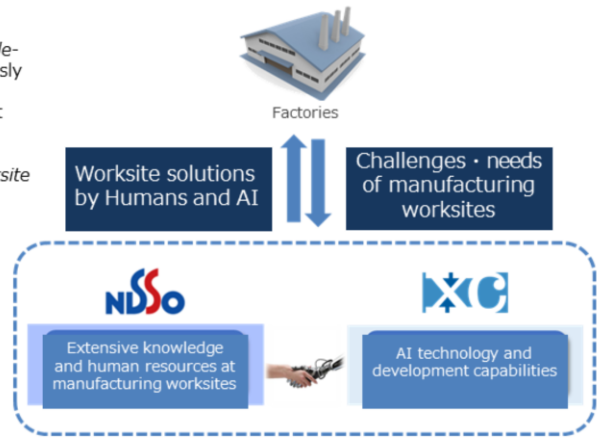
Purpose and Reason for Capital and Business Alliance

Based on NISSO's vision of "To Be the Finest Professional Organization Supporting Made-in-Japan", we have aimed to provide high-quality services that enables us to continuously grow as a company. On the other hand, with the vision of "AI Closer to You", Cross Compass is engaged in the development and technical consulting of AI mainly aimed at solving problems for clients in the manufacturing sector. By taking advantage of the strength of both companies, we have reached this basic agreement with the aim of creating high value-added services for the manufacturing industry referred to as "Worksite Solutions by Humans and AI".

[Company Overview]

| | |
|---------------------------|---|
| (1) Company name | Cross Compass Ltd. |
| (2) Location | 2-9-11-9F Shinkawa, Chuo-ku, Tokyo |
| (3) Representative | CEO Katsunobu Suzuki |
| (4) Business description | Digital technology consulting for manufacturing industry centered on artificial intelligence Development and provision of products |
| (5) Capital | 134 Million JPY |
| (6) Date of establishment | April 10, 2015 (Founded: October 17, 2011) |

※For more information, please refer to the "Notice of Conclusion of Basic Agreement for Capital and Business Alliance with Cross Compass Ltd." announced today (August 7, 2020).



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- The following is the explanation of the capital and business alliance with Cross Compass.
- In light of the introduction of new technologies at manufacturing sites described previously, NISSO has concluded a basic agreement with Cross Compass for a capital and business alliance, and will proceed with discussions.
- Although NISSO provides human resources dispatching and contracting services, we believe that a new business model for solving problems at post-COVID-19 manufacturing sites are necessary. By joining hands with Cross Compass, who has much strength in the development of AI in the manufacturing sector, we aim to realize a new model through the fusion of people and AI, and have reached a basic agreement with Cross Compass towards a capital and business alliance.



5 Shareholder Return Policy

Basic Policy

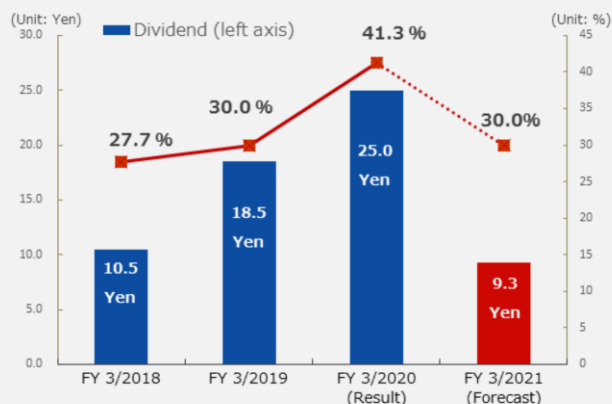
NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues, taking into consideration the balance between securing funds for growth investments and strengthening the corporate structure that can respond to changes in the business environment. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of its shareholders.

FY 3/2021 Dividend Forecast

NISSO forecasted the dividend per share (9.3 yen) announced in the "Summary of Consolidated Financial Results for the First Quarter of FY 3/2021 [Japanese GAAP] Dividend Forecast" on August 7, 2020.

In the current FY, the dividend payout ratio is set at 30%, in consideration of investments for growth in the next FY and beyond.

Dividend and Payout Ratio



※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.

- The following is the explanation of the Shareholder Return Policy.
- NISSO's basic philosophy is to continue to invest in growth for the next fiscal year onwards, even during the current COVID-19 pandemic. This investment is not only for investment in education and training in order to increase the added value of our employees, but also for the proactive investment towards a collaboration with companies that have the expertise that NISSO does not have, such as in the previously mentioned case with Cross Compass.
- Based on these points, as a basic idea, since NISSO has set a dividend payout ratio of 30% as a general standard for redistributing profits to our shareholders, we have forecasted the dividend per share based on this dividend payout ratio of 30%.



6 Supplementary Materials

Consolidated Balance Sheet



| | Mar. 2020-end | | Jun. 2020-end | | Increase (Decrease) |
|---|---------------|-------------|---------------|-------------|------------------------|
| | Amount | % of Total | Amount | % of Total | |
| Current assets | 15,622 | 69.5 | 13,273 | 66.3 | (2,348) |
| Cash and deposits | 6,365 | 28.3 | 5,363 | 26.8 | (1,002) |
| Notes and accounts receivable - trade | 8,434 | 37.5 | 7,071 | 35.3 | (1,362) |
| Non-current assets | 6,871 | 30.5 | 6,757 | 33.7 | (113) |
| Property, plant and equipment | 4,754 | 21.1 | 4,750 | 23.7 | (3) |
| Intangible assets | 377 | 1.7 | 344 | 1.7 | (32) |
| Investments and other assets | 1,739 | 7.7 | 1,662 | 8.3 | (77) |
| Total assets | 22,494 | 100 | 20,031 | 100 | (2,462) |
| Current liabilities | 9,279 | 41.3 | 7,573 | 37.8 | (1,705) |
| Accrued expenses | 4,648 | 20.7 | 4,283 | 21.4 | (364) |
| Income taxes payable | 812 | 3.6 | 72 | 0.4 | (739) |
| Provision for bonuses | 879 | 3.9 | 512 | 2.6 | (366) |
| Non-current liabilities | 1,319 | 5.9 | 1,305 | 6.5 | (13) |
| Long-term loans payable | 623 | 2.8 | 589 | 2.9 | (34) |
| Total liabilities | 10,598 | 47.1 | 8,879 | 44.3 | (1,719) |
| Shareholders' equity | 11,974 | 53.2 | 11,230 | 56.1 | (743) |
| Total net assets | 11,895 | 52.9 | 11,152 | 55.7 | (743) |
| Total liabilities and net assets | 22,494 | 100 | 20,031 | 100 | (2,462) |

Point

- ① **Reduction due to reduced operations**
Due to the reduction of operations of the manufacturing-related human resources services, "notes and accounts receivable (trade)" of current assets and "accrued expenses" of current liabilities decreased.
- ② **Tax payments**
Income taxes and other tax payments made at the end of May reduced current liabilities such as "income taxes payable".
- ③ **Bonus payments**
Due to the payment of summer bonuses at the end of June, "provision for bonuses" of current liabilities decreased.
- ④ **Dividends**
Shareholders' equity decreased due to dividend payments in June.
- ⑤ **Overall**
As a result of the above, total assets decreased by 10.9%, total liabilities decreased by 16.2%, net assets decreased by 6.2%, and equity ratio increased by 2.8% to 55.7%.



*Nurturing and Bringing Out the
Best in People*

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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