



*Nurturing and Bringing Out
the Best in People*

日総工産株式会社
NISSO CORPORATION

TSE 1 Code: 6569

First Six Months of FY 3/2021

Financial Results Briefing Materials

November 10, 2020

FY 3/2021 2Q Results

- Decreased revenue and profits year-on-year
- The effects of the new coronavirus (COVID-19) has bottomed out overall
- The core automobiles-related industry has been on a recovery trend since June
- Equipment maintenance needs are strong

FY 3/2021 Consolidated Earnings Forecast

- Recovery is faster than originally planned, mainly for automobiles manufacturers
- Upward revision of previously announced forecasts based on recent business results

•Please find the summary above.

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First Six Months of FY 3/2021 (2Q) Financial Results Summary

FY 3/2021 2Q Consolidated Financial Results Highlights

(Unit: Million yen)

Points

- Due to the spread of COVID-19 infections, net sales in the General Human Resources Services Business decreased.
- Although SG&A expenses were restrained, operating profit declined by 35.2%.
- Ordinary profit decreased due to the recording of subsidy income under non-operating income.
- In Other Businesses, operating loss was recorded due to increased expenses, although revenues increased.

	FY 3/2020 2Q		FY 3/2021 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	36,797	100.0%	32,972	100.0%	(3,825)	(10.4%)
Gross profit	6,210	16.9%	5,093	15.4%	(1,117)	(18.0%)
SG&A expenses	5,082	13.8%	4,361	13.2%	(720)	(14.2%)
Operating profit	1,128	3.1%	731	2.2%	(396)	(35.2%)
Ordinary profit	1,154	3.1%	989	3.0%	(164)	(14.3%)
Profit attributable to owners of parent	785	2.1%	596	1.8%	(188)	(24.0%)

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•The following is the explanation of the Consolidated Financial Results for FY 3/2021 2Q.

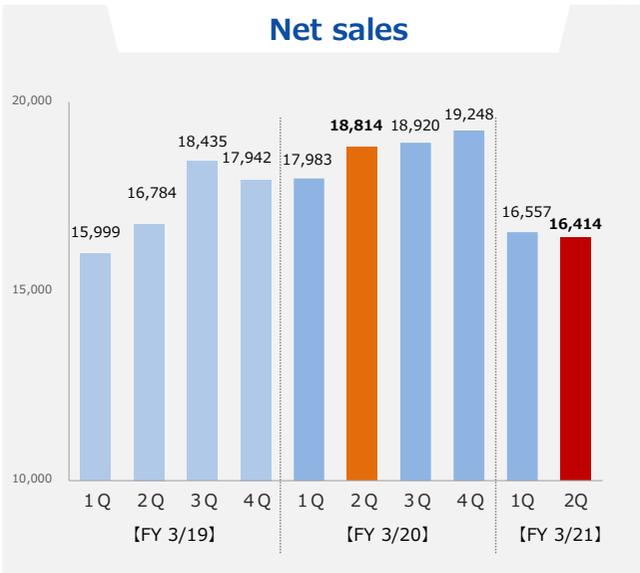
- Net sales amounted to 32,972 million yen (down 3,825 million yen or -10.4% YoY)
- Gross profit amounted to 5,093 million yen (down 1,117 million yen or -18.0% YoY)
- SG&A (selling, general and administrative) expenses amounted to 4,361 million yen (down 720 million yen or -14.2% YoY)
- Operating profit amounted to 731 million yen (down 396 million yen or -35.2% YoY)
- Ordinary profit amounted to 989 million yen (down 164 million yen or -14.3% YoY)
- Profit attributable to owners of parent amounted to 596 million yen (down 188 million yen or -24.0% YoY)
- Although operating profit improved to 35.2% in 2Q from 56.8% in 1Q, the situation continues to be severe.
- In the automobiles-related industry, although there were many non-working personnel on standby in 1Q, work shifts returned to normal and overtime work gradually recovered in 2Q, although not at the same rate as the previous year.
- Although NISSO operates with the maintenance of employment as the focus of our management policy, an employment adjustment subsidy of approximately 230 million yen for the maintenance of employment for employees was recorded under non-operating income.
- In Other Businesses, although revenues increased, operating losses increased due to increases in operating expenses such as personnel expenses.

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 2Q Non-consolidated Financial Results Highlights

(Unit: Million yen)

Net sales

- Overall net sales decreased by 11.2% year-on-year, mainly due to a decrease in enrolled staff, although production operations are on a recovery trend.

Expenses · Profits

- Due to the spread of COVID-19 infections, employee recruitment expenses continued to decline and SG&A expenses decreased by 14.2%.
- Subsidy income was recorded in non-operating income.

	FY 3/2020 2Q		FY 3/2021 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	33,955	100.0%	30,155	100.0%	(3,800)	(11.2%)
Gross profit	5,887	17.3%	4,839	16.0%	(1,048)	(17.8%)
SG&A expenses	4,756	14.0%	4,079	13.5%	(676)	(14.2%)
Operating profit	1,131	3.3%	760	2.5%	(371)	(32.8%)
Ordinary profit	1,136	3.3%	977	3.2%	(158)	(14.0%)
Profit	777	2.3%	605	2.0%	(171)	(22.0%)

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• The following is the explanation of NISSO's Non-Consolidated Financial Results for FY 3/2021 2Q.

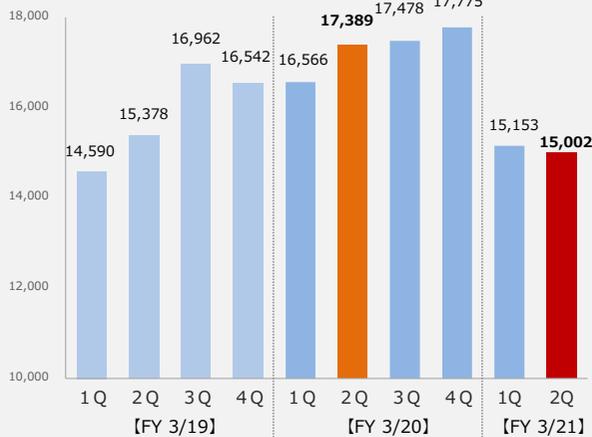
- Net sales amounted to 30,155 million yen (down 3,800 million yen or -11.2% YoY)
- Gross profit amounted to 4,839 million yen (down 1,048 million yen or -17.8% YoY)
- SG&A expenses amounted to 4,079 million yen (down 676 million yen or -14.2% YoY)
- Operating profit amounted to 760 million yen (down 371 million yen or -32.8% YoY)
- Ordinary profit amounted to 977 million yen (down 158 million yen or -14.0% YoY)
- Profit amounted to 605 million yen (down 171 million yen or -22.0% YoY)

- Net sales were down 11.2% YoY, partly due to the effects of a decrease in enrollment, rather than that of a full-scale recovery.
 - Operating profit decreased by 32.8% YoY to 371 million yen, which was an improvement from the 56.3% YoY decrease in 1Q. This was mainly due to a decrease of 676 million yen in SG&A expenses, mainly for employee recruitment.
 - Regarding SG&A expenses, employee recruitment expenses decreased by approximately 580 million yen from 727 million yen in 1H of the previous fiscal year to 148 million yen in the current fiscal year, which is the result of controlling the balance with back orders. In addition, the cost of activities decreased due to restrictions on activities as a result of the COVID-19 pandemic.
 - The total number of working days in 1H (April to September) decreased by 3.8 days (down 3.5%) compared to the corresponding period of the previous fiscal year, while overtime hours per month (overtime, holiday work) decreased by approximately 25% to 18.1 hours, from 24.2 hours in the corresponding period of the previous fiscal year.
- The paid leave acquisition rate (by employees) increased by approximately 38% compared to the corresponding period of the previous fiscal year, which had an impact on earnings.

FY 3/2021 2Q Quarterly Non-consolidated Financial Results

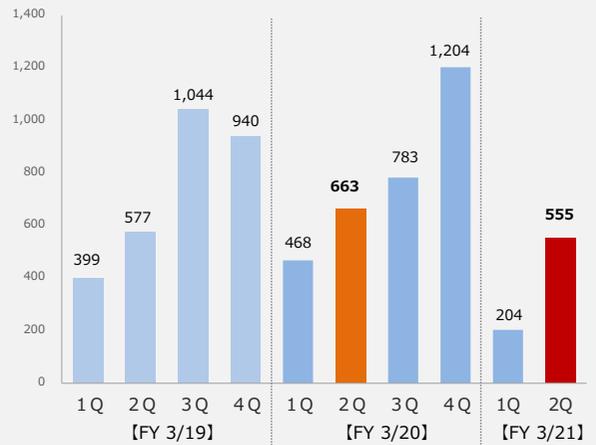
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



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

- Normally, NISSO's business can record profits at a ratio of 1 in 1H and 2 in 2H. However, due to a number of complicated factors in the current fiscal year, such as the impact of COVID-19 infections and changes in the situation in which enrollment has been increasing until recently, it is expected that it will not be in the aforementioned form of 1 in 1H and 2 in 2H. If the trend is as usual, operating profit is expected to amount to 2.2 to 2.3 billion yen for the full year, however, it will be explained later why this will not be the case for this fiscal year.

- Gross profit margin for 2Q improved by 2.6 percentage points from 1Q.



2 First Six Months of FY 3/2021 (2Q) Overview of Activities

FY 3/2021 2Q Financial Results Summary



Consolidated Financial Results

Net Sales **32,972 Million yen** (-3,825 Million yen/-10.4% YoY)
Operating Profit **731 Million yen** (-396 Million yen/-35.2% YoY)

● Net Sales by Industry (YoY)

Automobiles ... **(18.6%)**
Electronic devices ... **+4.6%**

• In the automobiles-related industry, although net sales increased on a quarterly basis, due to the effects of a decrease in the number of enrolled staff, it decreased by 18.6% YoY. In the electronic-devices related industry, although semiconductor-related net sales remained firm, it only increased by 4.6% YoY due to a slump in electronic components.

● 2Q-end Number of Enrolled Staff

12,524 staff
(-2,246 staff from FY 3/20-end)

• The number of enrolled staff decreased by 2,246 compared to FY 3/20-end, and although client needs for external human resources were on a recovery trend, enrollment did not increase.

● Net Sales per Capita/Monthly

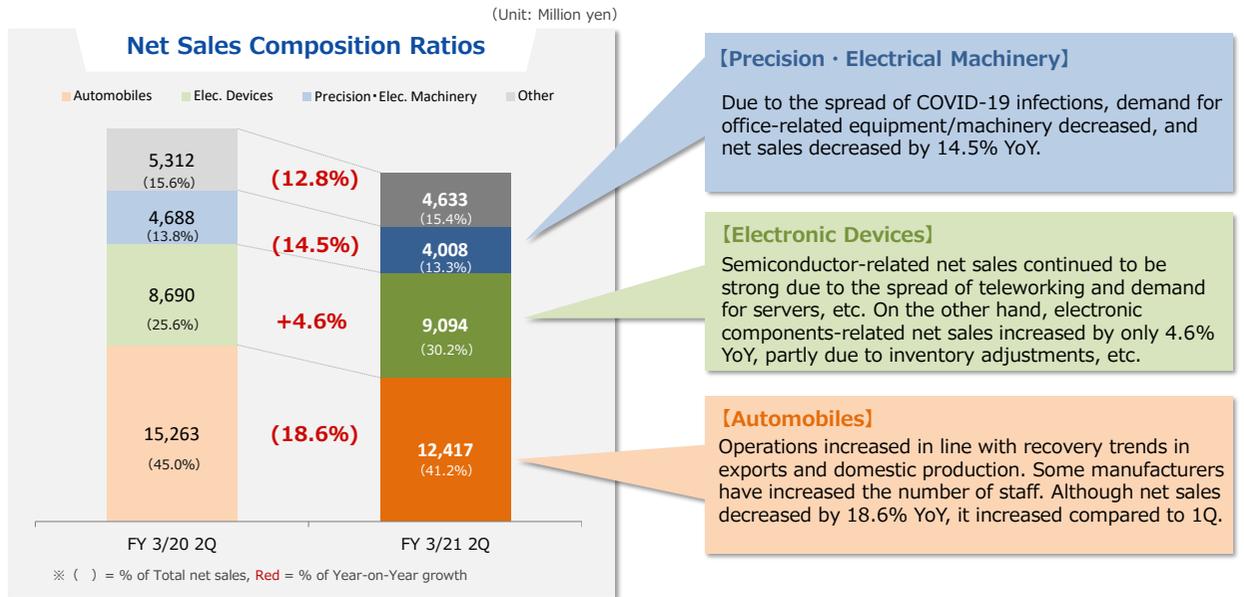
373 Thousand yen
(-20 Thousand yen YoY)

• The assignment of skilled staff to high unit-cost workplaces continued to be promoted; there was also a recovery in hours of operation (number of working days, overtime hours, holiday work, etc.), and net sales per capita increased compared to 1Q.

• Shown above is the Financial Results Summary for FY 3/2021 2Q.

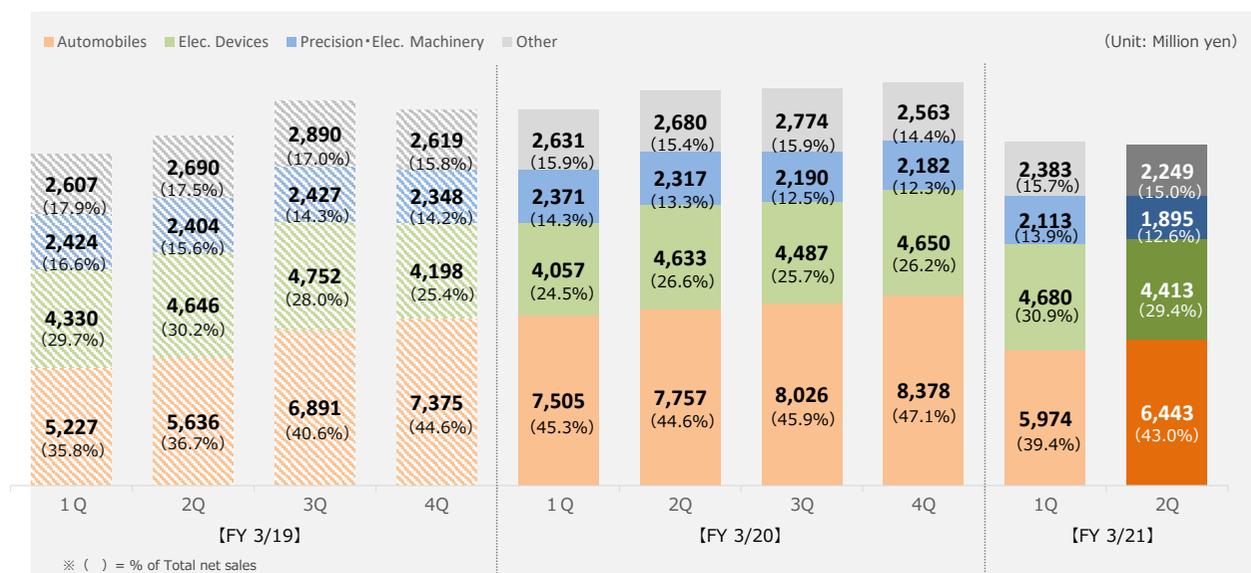
• Details will be explained in the following pages.

FY 3/2021 2Q Net Sales by Industry (NISSO, Non-consolidated)



- The following is the explanation of NISSO's non-consolidated net sales by industry.
- Other than in the electronic devices industry, net sales decreased YoY.

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



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- Shown above are the trends of NISSO's quarterly net sales by industry.

- Net sales in the automobiles industry recovered from about 79.6% YoY in 1Q to 83.1% YoY in 2Q. In September alone, net sales recovered to about 90.5% compared to the corresponding month of the previous fiscal year.

Although this was the result of the recovery of the automobiles Account Company, mainly by its auto-body manufacturers, the recovery of parts manufacturers and other automobiles-related manufacturers is still in progress.

- Net sales in the electronic devices industry decreased from 115% YoY in 1Q to 95.3% YoY in 2Q. This was due to slight 2Q production adjustments in the semiconductor industry, which continued to perform well, while looking at inventory conditions at the electronic components Account Company.

- In 2Q, net sales were approximately 82% YoY due to mainstream use of remote work as a result of the effects of the COVID-19 pandemic, which made it difficult for precision·electric machinery companies to sell expendable supplies needed in offices.

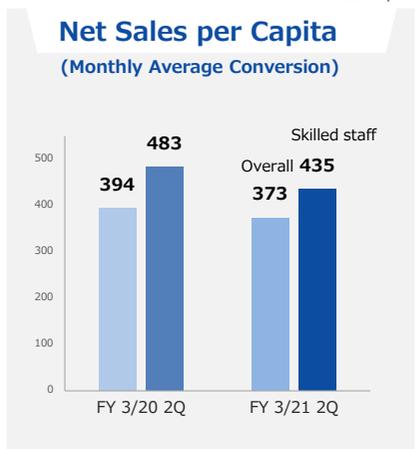
- Other industries include various industries such as housing-related materials, and net sales in 2Q decreased by approximately 15% YoY.

Net Sales per Capita (NISSO, Non-consolidated)

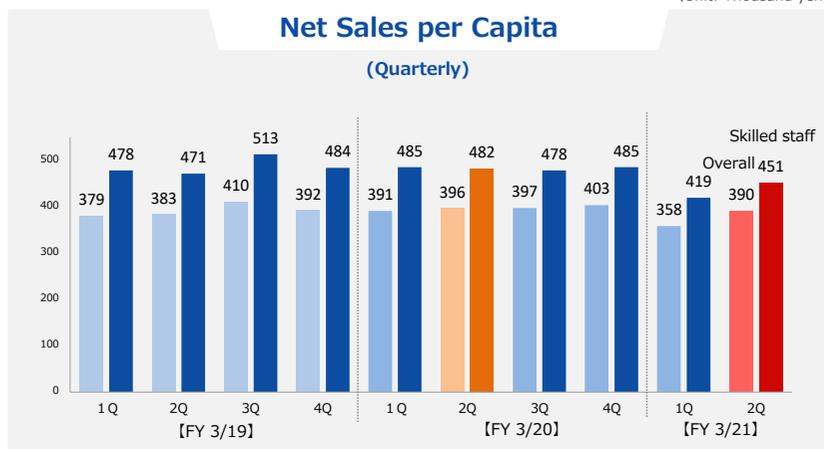


- FY 3/2021 2Q YTD <Overall net sales per capita> 373 Thousand yen (-20 Thousand yen YoY)
<Skilled staff net sales per capita> 435 Thousand yen (-48 Thousand yen YoY)
- Hours of operation (number of working days, overtime hours, holiday work, etc.) that had decreased due to the spread of COVID-19 infections have been on a recovery trend. Although they decreased YoY, they increased compared to 1Q. Billing unit-costs continued to increase.

(Unit: Thousand yen)



(Unit: Thousand yen)



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

- Overall net sales per capita decreased by 20,000 yen YoY, and skilled staff net sales per capita decreased by 48,000 yen YoY. Since overall net sales per capita in 1Q decreased by 33,000 yen YoY and by 66,000 yen YoY for skilled staff, although the figures are recovering, they are still considered to be inadequate.
- Although the average hourly billing unit-costs per hour increased by more than 50 yen from 2,220 yen in April to 2,273 yen in September, the reason for the decrease in net sales per capita YoY is due to the fact that operating conditions have not yet returned to their original state.
- Net sales per capita in September for the automobiles industry increased by approximately 10% compared to the corresponding month of the previous fiscal year. Although net sales per capita in the electronic devices industry also increased compared to the corresponding month of the previous fiscal year, while the semiconductors industry was very strong, electronic components companies accounted for only about 95% of the corresponding month of the previous fiscal year, which means that overtime hours have not yet returned to their previous state.
- Looking at net sales per capita in September by Account Company, it increased by 8.7% compared to the corresponding month of the previous fiscal year for the automobiles Account Company, and net sales per capita and the share ratio also increased from the previous fiscal year. It increased by 11.1% compared to the corresponding month of the previous fiscal year for the electrical machinery Account Company. Net sales per capita decreased by approximately 6% compared to the corresponding month of the previous fiscal year for the electronic components Account Company, partly due to the non-recovery of overtime hours.

Number of Enrolled Staff (NISSO, Non-consolidated)



Compared w. Previous FY-end

-2,246 staff (-15.2%)

Point①

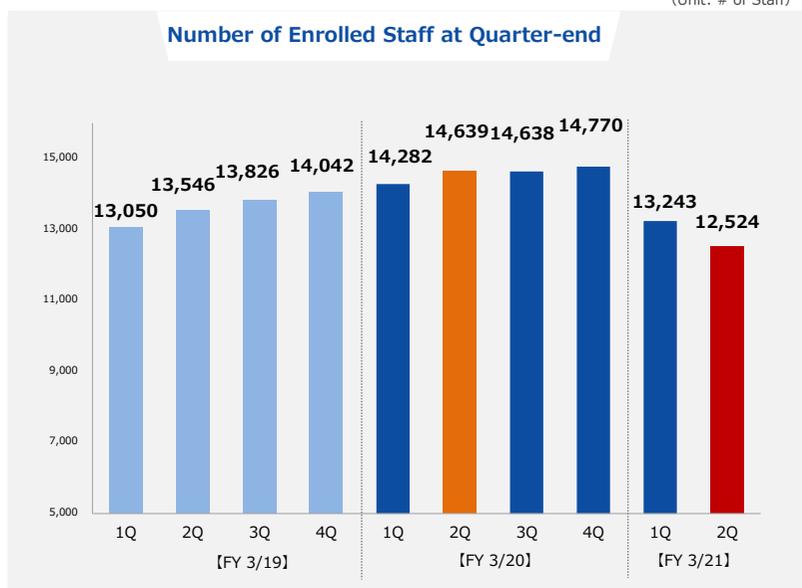
The effects of the spread of COVID-19 infections bottomed out in June, and the decline in the number of enrolled staff is beginning to come to a halt. The number of new enrolled staff has also increased from September.

Point②

The human resources needs of clients are on a recovery trend, especially in the automobiles-related industry. Some manufacturers have increased the number of staff.

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 2Q-end was 12,524, a decrease of 2,246 staff from the end of the previous fiscal year.
- Initially, although we expected to bottom out with a decrease of 1,527 staff at the end of June, compared to 14,770 at the end of the previous fiscal year, at the end of September, there was a further decrease of 719 staff from the end of June.
- One of the factors was that people who experienced terminations of contracts at the end of June at a certain auto parts manufacturer resigned without transferring to different worksites after July. Although NISSO had considered continuing to maintain their employment, approximately 150 staff resigned from that company alone. This situation bottomed out as of the Obon holidays in August, and enrollment has been increasing slightly since then.
- The number of enrolled staff at electronic components companies decreased by approximately 140 staff due to the effects of inventory adjustments.
- Other than the aforementioned situations, the number of enrolled staff decreased by approximately 400.

Number of Skilled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Point①

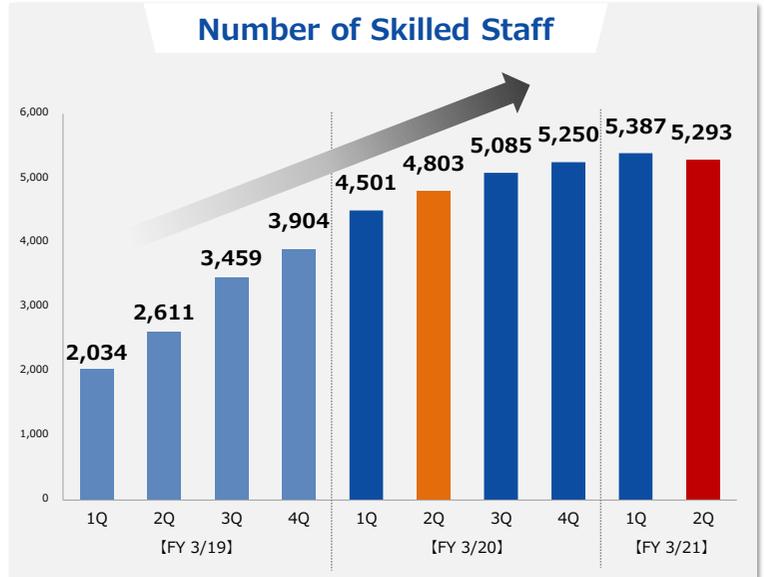
The number of resignees increased due to the impact of reduced production by some suppliers. Due to the effects of the spread of COVID-19 (difficulty in transferring/moving out of the prefecture, etc.), the number of skilled staff decreased.

Point②

In the semiconductor-related industry, the number of skilled staff continues to increase, and client needs are also high.

Point③

Although the number of skilled staff decreased, the ratio of skilled staff to NISSO's total enrolled staff increased to 42.3%. (FY 3/2021 1Q: 40.7%)



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•The following is the explanation of NISSO's skilled staff.

- This is the first time that the number of skilled staff has decreased. The biggest factor was that approximately 150 staff who worked at the aforementioned auto parts manufacturer were not able to be transferred to different worksites and resigned.
- As previously explained, during the COVID-19 pandemic, when it comes to (skilled) staff moving/transferring across prefectures, they must wait 2 weeks before being assigned to clients from one prefecture to another, and since skilled staff are considered to be regular employees, they are able to receive transfers to different workplaces. However, the failure of skilled staff who commuted to work from home to respond to transfers that involved relocation led to a decrease in the number of skilled staff.
- In the semiconductors industry, NISSO continues to receive strong inquiries about equipment maintenance, and approximately 30 skilled staff are assigned to various workplaces per month.
- The ratio of skilled staff to NISSO's total enrolled staff increased to 42.3%, which was due to the decrease in parameters as a result of the decrease in the total enrolled staff due to the resignation of fixed-term employees.

Account Companies (NISSO, Non-consolidated)

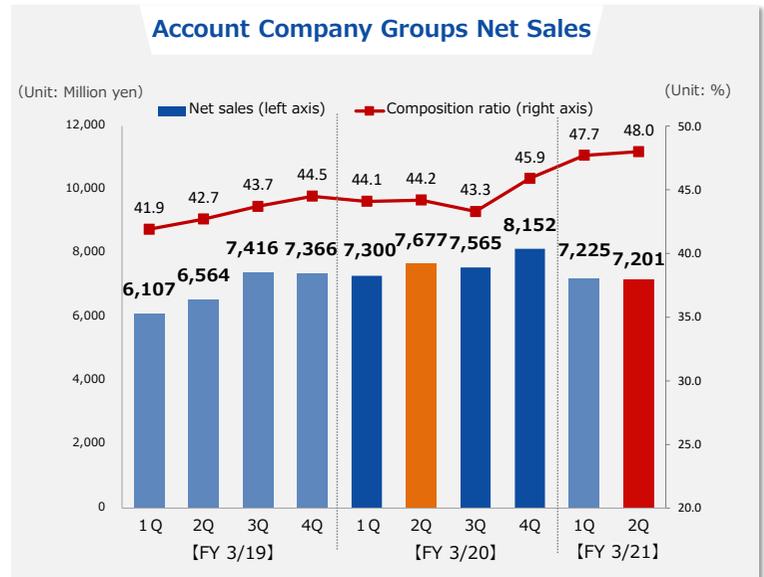


Point①

The net sales share ratio of Account Company Groups in FY 3/2021 2Q increased to 48.0%. (FY 3/2021 1Q: 47.7%)

Point② (Year-on-Year)

- Although net sales of NISSO decreased by 11.2% YoY, Account Company Group net sales decreased by only 6.2% YoY.
- In 2Q alone, net sales increased YoY in the automobiles and electronics Account Company Groups.
- In the electronic components Account Company Group, net sales decreased YoY due to a delay in recovery.



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

- Among the Account Companies, the auto body manufacturers of the automobiles Account Company, and the semiconductor manufacturers of the electrical machinery Account Company have performed very well from the previous fiscal year. The automobiles Account Company net sales increased by 10% YoY, and the electrical machinery Account Company net sales increased by 17% YoY.
- The electronic components Account Company net sales decreased by approximately 20% compared to the corresponding period of the previous fiscal year.
- The ratio of Account Company Group net sales to NISSO's company-wide net sales is increasing, with company-wide net sales down 11.2% YoY, while total Account Company Group net sales decreased by only 6.2% YoY. However, the reason why Account Company Group net sales decreased by 6.2% YoY was due to the effects of inventory adjustments at some electronic components companies.

Turnover Rates (NISSO, Non-consolidated)



FY 3/2021 2Q Results

Overall turnover rate

4.7%

(±0.0 vs. FY 3/2020)

Skilled staff turnover rate

2.3%

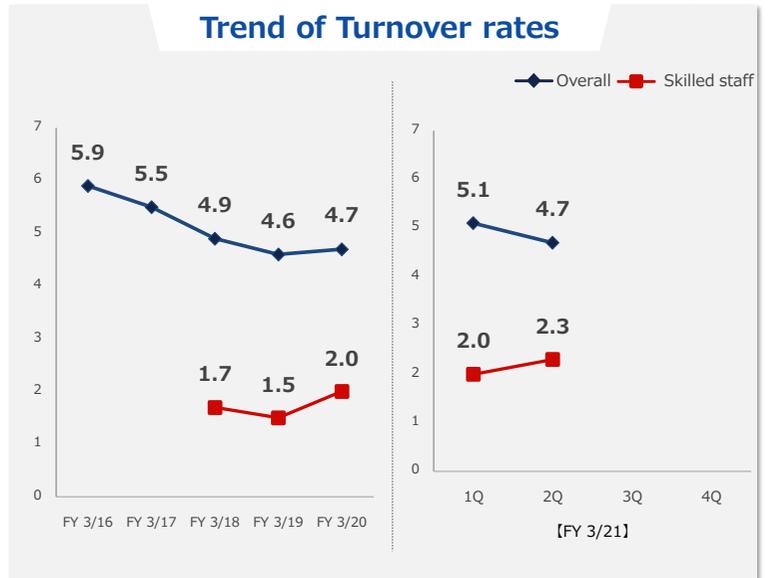
(+0.3 pts vs. FY 3/2020)

Points

- The turnover rate for skilled staff increased by 0.3 points due to the spread of COVID-19 infections.
- The overall turnover rate improved by 0.4 points to 4.7%, recovering to the same level as the previous FY.

Trend of Turnover rates

(Unit: %)



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

- Although the overall turnover rate was 4.7% for 2Q YTD and down from 5.1% in 1Q, the skilled staff turnover rate increased from 2.0% in 1Q to 2.3% in 2Q YTD. The major factor, as previously mentioned, was the resignation of approximately 150 staff from a certain auto parts manufacturer in 2Q.
- In 2Q alone (July ~ September), turnover rates were 4.3% overall, and 2.6% for skilled staff.

Educational Achievements (NISSO, Non-consolidated)

Point①

The number of new employees/staff decreased and the number of participants was limited as part of measures to prevent the spread of COVID-19 infections, and the number of actual participants decreased.

Point②

Orders from semiconductor manufacturers continue to be strong, and client needs for equipment maintenance are high.

Point③

On-line contents and video educational materials that can be taken in remote locations have been enriched.

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

(Unit: # of participants)

Training course name	2Q (Jul - Sep)	Contents	FY 3/20 2Q
Skilled staff education	202	Standard skilled staff education	483
Basic maintenance education	84	Basic equipment maintenance education	65
Accredited vocational training education	16	Accredited vocational training school (Miyagi · Nagano Prefectures)	57
Manufacturing education	559	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	717
Safety education	507	Danger · risk simulation education	1,182
Employee education	107	New graduate/mid-career entry/ mid-level employee training, newly appointed chief education, on-site supervisor education	115
Other education	—	Entrusted education from external sources	—
Total	1,475		2,619

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

- Overall, the number of people assigned to workplaces has decreased, as well as the number of course participants, in order to prevent COVID-19 infections.
- In basic maintenance education, although it is possible for 30+ course participants to receive training, due to the COVID-19 pandemic, training was conducted for less than 30 participants each month to avoid crowding.
- As a new effort, training contents have been expanded on-line. Although remote education and classroom learning are the main focus, the structure has become well organized.

Other Businesses Business Revenue



Points

- Net sales increased YoY as the number of residents in Building 6 increased.
- Buildings 1~5 continue to maintain a high occupancy rate.
- Operating loss amounted to 39 million yen due to an increase in costs associated with the stabilization of services provided.

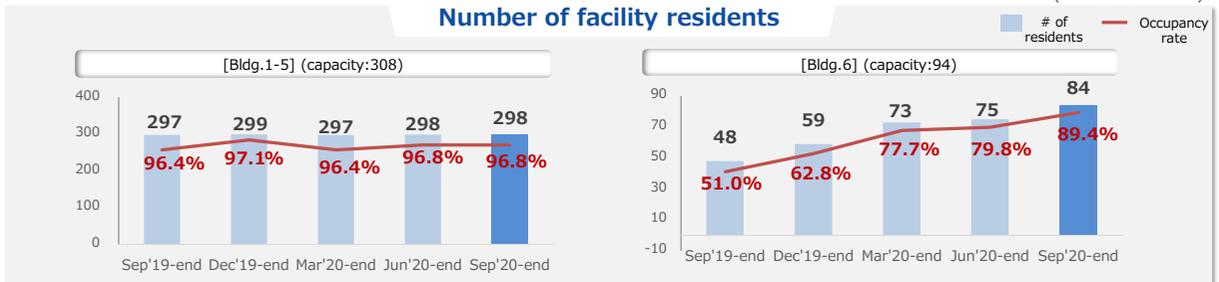
● Results of Other Businesses

(Unit: Million yen)

	FY 3/20 2Q		FY 3/21 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	1,369	100.0%	1,461	100.0%	91	6.7%
Expenses	1,367	99.8%	1,500	102.7%	133	9.7%
Operating profit (loss)	2	0.2%	(39)	(2.7%)	(41)	-

Number of facility residents

(Unit: # of residents)



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•The following is the explanation of Other Businesses.

- The occupancy rate of existing facilities (Buildings 1 ~ 5) have an occupancy rate of more than 96%.
- Although the number of residents in Building 6, which has been an issue, increased to 84 residents (capacity: 94 residents), since it is a newer facility, due to problems related to the retention of nursing care staff, and increased expenses related to its operation, it has recorded a deficit.
- In the current fiscal year, it is our plan to recover the deficit of 1H in 2H so that we are able to set the operating profit/loss at ± zero for the full year.



3 Future Prospects (FY 3/2021)

FY 3/2021 Revision of Full-year Consolidated Forecasts

Based on recent performance trends, NISSO has revised the Full-year Consolidated Forecast for FY 3/2021 (April 1, 2020~March 31, 2021), which was announced on August 7, 2020.

■ FY 3/2021 Full-year Consolidated Forecast (April 1, 2020~March 31, 2021)

(Unit: Million yen)

	Previous Forecast		Present Revised Forecast		Change from Previous Forecast		FY 3/20 Results	
	Forecast	% of Total	Forecast	% of Total	Increase (Decrease)	% Change	Results	% of Total
Net sales	64,000	100.0%	67,000	100.0%	3,000	4.7%	74,966	100.0%
Operating profit	1,500	2.3%	1,800	2.7%	300	20.0%	3,061	4.1%
Ordinary profit	1,750	2.7%	2,100	3.1%	350	20.0%	3,149	4.2%
Profit attributable to owners of parent	1,050	1.6%	1,300	1.9%	250	23.8%	2,033	2.7%

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•The following is the explanation of the Full-year Consolidated Forecasts.

- As for the background of the current revision, with regard to the automobiles industry, auto body manufacturers have been recovering, especially in the Account Company. However, recovery has not yet reached the suppliers, so we look forward to their recovery and the recovery of other parts manufacturers in the future. NISSO will continue to aim for a strong recovery by increasing our market share, centered on auto body manufacturers and suppliers of the Account Company.
- In the electronic devices industry, semiconductors continue to be strong. In the electronic components industry, inventory adjustments, etc., have been completed. In addition, NISSO expects that the recovery of automotive devices, and the gradual spread of 5G will contribute to the recovery of the telecommunications equipment area.
- The number of enrolled staff is expected to gradually recover from the 12,500 staff in September, and net sales have been calculated based on the assumption of having 13,000 staff at the end of the fiscal year.
- However, net sales is likely to exceed the forecasted 67 billion yen if overtime hours and holiday work increase in the future. In addition, from 3Q onwards, unless, for example, a new problem regarding a further spread of COVID-19, or if the U.S.-China problem worsens, although specific figures have not yet been calculated, operating profit is expected to increase considerably.
- The reason for forecasting operating profit to be 1.8 billion yen are: 1) the number of enrolled staff decreased significantly in the current fiscal year, and 2) we have recorded expenses of 300 million yen for the development of human resources necessary for the new era, and for actively promoting M&A in the remaining half year (3Q & 4Q), which we would like to kindly ask the readers to understand. In addition, since we have nearly secured a partner for M&A, although the situation is still fluid, we have recorded a research expense.



4 Topics

Capital and Business Alliance with Cross Compass Ltd.



NISSO resolved to enter into a capital and business alliance agreement with Cross Compass Ltd. at the Board of Directors' Meeting held on September 15, 2020, and concluded the capital alliance and business alliance agreement on September 17, 2020.

Content of Business Alliance

The two companies will implement the business alliance mainly related to the following matters:

- Sales expansion/promotion of services utilizing both client bases and sales networks
- Joint development of platforms for the manufacturing industry
- Human resources exchanges for the purpose of training/development
- Other contents discussed by both parties that will contribute to the enhancement of corporate value

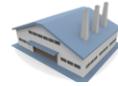
[Content of Capital Alliance]

Cross Compass issued common shares to NISSO through a third-party allotment of shares, which NISSO underwrote.

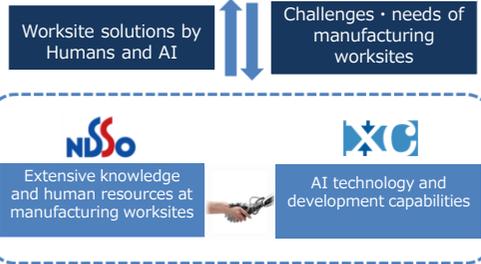
(1) No. of shares held before change	0 shares (No. of voting rights: 0) (Percentage of voting rights held: 0.0%)
(2) No. of shares acquired	100,000 shares (No. of voting rights: 100,000) (Percentage of voting rights held: 19.9%)
(3) Acquisition value	300 million yen
(4) No. of shares held after change	100,000 shares

※For more information, please refer to the "(Progress of Disclosure Items) Notice of Conclusion Capital Alliance Agreement and Business Alliance Agreement with Cross Compass Ltd." announced on September 17, 2020.

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Factories



• The following is the explanation of the contents of the business alliance with Cross Compass Ltd.

- NISSO is finally beginning to propose the so-called "Worksite solutions by Humans and AI" that specifically involve clients.
- First of all, we recently had business discussions with representatives of a certain Account Company of NISSO, and we are planning to launch completely new services that we have not provided so far to them by the end of the year. While creating a proto-type model, we plan to actively market it to other Account Companies, or clients of Cross Compass, and we will actively invest in engineers and/or training in this business area.
- In the medium term, NISSO will aim to differentiate ourselves from other companies by actively hiring and training engineers who specialize in AI for the manufacturing industry, rather than just AI engineers in the field of AI.

Nisso Group CSR Report 2020



Release of CSR Report 2020

- In order to enhance the corporate value of the Nisso Group, we respect laws and social rules, and carry out CSR activities toward the realization of a sustainable society. The CSR Report was released on NISSO's website in October 2020 (Japanese version only, English version to follow).
- Based on the perspective of ESG (Environment, Social {Society}, and Governance), the Nisso Group believes that it is of the utmost importance to respond to the demands of society by implementing the "Sustainable Development Goals" that SDGs strive for.
- Based on stakeholder engagement, the Nisso Group aims to solve social issues by setting concrete plans and targets.
- Going forward, we will continue to engage in corporate activities with the aim of contributing to the resolution of social issues through our business, and achieving sustainable growth together with society. In addition, we will strive to enhance corporate value by promoting human development in line with the new era, and will continue to take on challenges to contribute to the growth of the working people and the future of Japan.



- NISSO released the Nisso Group CSR Report on our website in October 2020. (Japanese version only, English version to follow)



5 Shareholder Return Policy

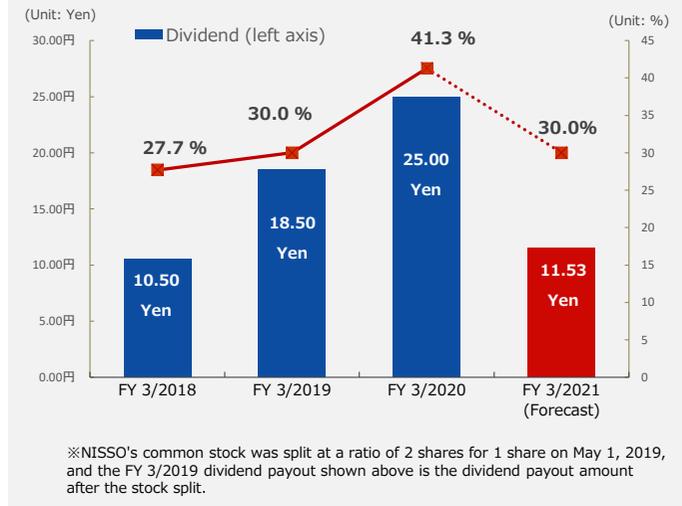
Basic Policy

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

Regarding the year-end dividends for FY 3/2021, due to an upward revision of the Full-year Consolidated Forecast, the expected dividend per share (9.32 yen) of the "Summary of Consolidated Financial Results for the First Quarter of FY 3/2021 [Japanese GAAP] Dividend Forecast" announced on August 7, 2020, has been revised to 11.53 yen.

Dividend and Payout Ratio



- The following is the explanation of the Shareholder Return Policy.
- The dividend forecast for the current fiscal year has been changed from the pre-adjusted dividend payout ratio of 30% and 9.32 yen to 11.53 yen as a result of the same dividend payout ratio of 30% for the revised profit.
- As mentioned earlier, NISSO plans to actively invest in new businesses, especially in the current fiscal year and in the next, so the dividend payout ratio has been set at 30% for the current fiscal year for the time being.



6 Supplementary Materials

Consolidated Balance Sheet



(Unit: Million yen, %)

	Mar. 2020-end		Sep. 2020-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	15,622	69.5	13,583	65.4	(2,038)
Cash and deposits	6,365	28.3	5,570	26.8	(794)
Notes and accounts receivable - trade	8,434	37.5	7,241	34.9	(1,192)
Non-current assets	6,871	30.5	7,186	34.6	314
Property, plant and equipment	4,754	21.1	4,730	22.8	(24)
Intangible assets	377	1.7	389	1.9	12
Investments and other assets	1,739	7.7	2,066	9.9	326
Total assets	22,494	100	20,770	100	(1,723)
Current liabilities	9,279	41.3	7,802	37.6	(1,476)
Accrued expenses	4,648	20.7	4,318	20.8	(329)
Income taxes payable	812	3.6	485	2.3	(327)
Provision for bonuses	879	3.9	992	4.8	113
Non-current liabilities	1,319	5.9	1,302	6.3	(16)
Long-term loans payable	623	2.8	555	2.7	(68)
Total liabilities	10,598	47.1	9,105	43.8	(1,492)
Shareholders' equity	11,974	53.2	11,742	56.5	(232)
Total net assets	11,895	52.9	11,664	56.2	(230)
Total liabilities and net assets	22,494	100	20,770	100	(1,723)

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Point

① Reduction due to reduced operations

Due to the reduction of operations of manufacturing-related human resources services, "notes and accounts receivable (trade)", etc., of current assets and "accrued expenses", etc., of current liabilities decreased.

② Investments

Due to equity investment associated with the business alliance, "investments and other assets" of non-current assets increased.

③ Tax payments

Due to income taxes and other tax payments, "income taxes payable", etc., of current liabilities decreased.

④ Dividends

Shareholders' equity decreased due to dividend payments.

⑤ Overall

As a result of the above, total assets decreased by 7.7%, total liabilities decreased by 14.1%, total net assets decreased by 1.9%, and equity ratio increased by 3.3% to 56.2% compared to the end of the previous fiscal year.

Quarterly Consolidated Statements of Cash Flows



(Unit: Million yen, %)

	FY 3/20 2Q YTD	FY 3/21 2Q YTD	Increase (Decrease)
	Amount	Amount	
Cash flows from operating activities	(361)	547	909
Cash flows from investing activities	24	(398)	(422)
Cash flows from financing activities	(786)	(944)	(158)
Net increase (decrease) in cash and cash equivalents	(1,122)	(794)	327
Cash and cash equivalents at beginning of period	5,633	6,365	731
Cash and cash equivalents at end of period	4,510	5,570	1,059

Point

① Cash flows from operating activities

In the current quarter, tax payments such as income taxes, consumption taxes, etc., and expenditures, etc., due to a decrease in accrued expenses were absorbed by revenues, etc., due to decreases in profit from income taxes and accounts receivable (trade), which amounted to 547 million yen in revenues.

② Cash flows from investing activities

In the current quarter, expenditures amounted to 398 million yen due to stock investments associated with the business alliance, and capital investment for core systems.

③ Cash flows from financing activities

Due to scheduled payments of loans payable and payment of dividends, etc., expenditures amounted to 944 million yen.



*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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