

NISSO CORPORATION

【Main Q&A Explanation of Financial Results for FY 3/2020】

Announced on May 12, 2020

The following content contains the main questions and answers from the questions received after the announcement. In addition, some revisions and corrections have been made to make the content easier to understand.

Q1: Please tell us the reason why NISSO's operating profit grew significantly higher in FY 3/2020 4Q compared to that of 3Q.

A1: Net sales increased due to strong demand from the automobiles and semiconductor companies within the Account Company Groups, and the limited effects of the spread of the new coronavirus (COVID-19). Operating profit exceeded 3Q as a result of controlling SG&A expenses by analyzing the order status of our clients and controlling recruitment expenses, etc.

Q2: Although it was explained that the effects of COVID-19 were limited in FY 3/2020, will its effects occur during FY 3/2021 1Q? In addition please tell us about NISSO's future prospects.

A2: Although some of our business partners have temporarily suspended their business operations, the impact on business performance is limited since for the most part, NISSO receives business-suspension compensation from them. In addition, there has not been any terminations of transactions at this time due to the spread of COVID-19. However, due to the prolonged spread of COVID-19, if business partners are further affected, it may result in the reduction in the sizes of transactions and/or terminations of transactions. Although future prospects are undecided since the effects of the spread of COVID-19 are unknown at this time, NISSO will explain the extent of these effects again when they are known.

Q3: Regarding Other Businesses, operating loss increased in FY 3/2020 4Q, and it was in the red for the full-year in FY 3/2020. Please tell us about the outlook for the current fiscal year.

A3: In FY 3/2020 4Q, operating loss increased due to the investment in nursing care workers aimed at stabilizing services as a result of an increase in the number of residents at Sweetpea Higashi Totsuka (Bldg. 6).

With regard to the current fiscal year, there were 73 residents out of a capacity of 94, and although there were some delays, such as the cancellation of facility

previewers due to the spread of COVID-19, NISSO will strive to continue to increase the number of residents in order to make the business profitable.

Q4: There are reports that automobile production volumes will decrease in the current fiscal year. Please tell us about the impact of this decrease in production.

A4: Predicting the future trends of manufacturers is difficult since the effects of the spread of COVID-19 is unknown. NISSO believes that even if the production volumes decrease, we will be able to suppress such effects by developing skilled staff, which is one of our mid- to long-term strategies, and actively promoting their assignments in order to increase our market shares.

Q5: Although it was explained that the recovery period for the trend of the electronic devices industry has been delayed, what are NISSO's thoughts about the current outlook?

A5: Although NISSO initially expected the recovery of the electronic devices industry to start in FY 3/2021 2Q, due to the spread of COVID-19, we expect that the recovery time will be delayed, and we are in the process of collecting and closely examining information in order to determine when a specific recovery period may be. Since we anticipate that the demand for 5G-related products and services will grow when the electronic devices industry recovers, we are promoting the development of human resources, including equipment maintenance personnel, in order to be able to respond to the orders from our client companies.

Q6: NISSO has not yet announced the Full-year Consolidated Earnings Forecast for FY 3/2021 or the Medium-term Management Plan. When will they be announced?

A6: Currently, we are collecting information on the effects of the spread of COVID-19 internally. Based on the information that we are able to collect, we would like to announce the Full-year Consolidated Earnings Forecast for FY 3/2021 and the Medium-term Management Plan by the time of the FY 3/2021 1Q financial results announcement at the latest.