



May 12, 2021

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Notice of Formulation of New Medium-term Management Plan

NISSO CORPORATION (hereinafter, the Company") hereby announces that it has reviewed its Medium-term Management Plan (FY 3/2020 to FY 3/2022) announced on May 10, 2019, and has formulated a New Medium-term Management Plan for FY 3/2022 to FY 3/2024 under its new management structure, at the Board of Directors' Meeting held on May 12, 2021.

1. Background of the Formulation of the New Medium-term Management Plan

In the Medium-term Management Plan (3-year Plan), which started in FY 3/2019, the Company has steadily achieved results under the basic policy of "Aiming to raise unit costs and improve profitability through the assignment of skilled staff to important clients, centering on Account Companies".

However, in FY 3/2021, the spread of the new coronavirus infections (hereinafter, "COVID-19") had a major impact on its business operations.

In addition, technological innovations such as DX, a decrease in the labor force due to the declining birthrate and aging population, changes in worker demand and the diversification of work-styles, etc., have led to rapid and complex changes in the business environment, and management decisions will be required to be expedited.

Under these circumstances, the Company has formulated a new Medium-term Management Plan (hereinafter, the "New Medium-term Management Plan") for 3 years from FY 3/2022 to FY 3/2024, in order to enhance corporate value over the medium- to long-term, and to transform into a corporate group with high-growth potential.

2. Outline of the New Medium-term Management Plan

<Mission>

In an environment where management decisions need to be expedited, the Nisso Group (hereinafter, the "Group") has formulated a mission with a look ahead to new growth.

- Mission-

Creating opportunities and hopes for people to work

Through its Human Resources Solution Services that support the growth of companies and people, the Group will create workplaces where employees can feel motivated and grow, and provide services that respond to social changes and changes in industrial structures.

<Business Environment>

In the 3 years under the New Medium-term Management Plan, the demands of companies and individuals will change and diversify, digital technologies that solve such problems will be developed, and the infiltration of new work-styles will accelerate due to the effects of the COVID-19 pandemic.

(1) Social Environment

(Recognition of challenges)

- Worker demand will change significantly due to a declining labor force and diversification of work-styles
- Companies will be required to respond to the utilization of diverse human resources and digital technologies

(Priority issues)

- Promote the introduction of new technologies and respond to diverse needs

(2) Business Environment

(Recognition of challenges)

- Although the market size exceeds 2 trillion yen, the manufacturing dispatching and contracting market is expected to decrease slightly
- The engineer dispatching market is expected to expand significantly

(The Company's stance)

- Acquire high-growth potential that is not affected by the economy, and formulate a management foundation where diverse human resources can flourish

<Priority Initiatives>

By taking advantage of the clutch of a rapidly changing business environment as an opportunity, the Company will implement the following initiatives:

(1) Expansion of Existing Areas

Strengthen the service supply system, and increase shares of Account Companies

FY 3/2024 Net Sales Target	Specific Measures
82.0 Billion JPY (33% increase vs. FY 3/2021)	<ul style="list-style-type: none">• Actively invest in promotions and increase the number of employees to be hired• Expand educational opportunities by leveraging new digital technologies• Place the right person in the right place using talent management tools

(2) Expansion of Engineering Area

Promote M&A and alliances, increase shares in existing areas, and provide new services

FY 3/2024 Net Sales Target	Specific Measures
17.4 Billion JPY (382% increase vs. FY 3/2021)	<ul style="list-style-type: none">• Promote new partners and the implementation of digital technologies• Provide new curriculums to more people• Create engineers capable of responding not only to existing areas but also to IT and AI

(3) Creation of New Businesses

Strengthen cooperation with existing partnerships and promote the building of new partnerships

FY 3/2024 Net Sales Target	Specific Measures
12.6 Billion JPY	<ul style="list-style-type: none">• Utilize the expertise cultivated thus far, and create services with synergies with the Group• Actively invest in the introduction of new digital technologies such as AI, and the building of new partnerships

3. Consolidated Medium-term Management Targets

(Unit: Million yen)

	FY/2021 (Results)	FY/2022 (Planned)	FY/2023 (Planned)	FY/2024 (Planned)
Net sales	68,213	76,000	90,800	115,000
Gross profit	11,787	13,600	16,100	21,000
(Gross profit margin)	17.3%	17.9%	17.7%	18.3%
Operating profit	2,599	3,000	4,000	6,700
(Operating profit margin)	3.8%	3.9%	4.4%	5.8%
Profit attributable to owners of parent	1,592	2,000	2,800	4,700

This plan will be explained at the Financial Results Briefing (for analysts • institutional investors) to be held on May 14, 2021. In addition, materials will be disclosed in a timely manner and posted on the Company's website.



*Nurturing and Bringing Out
the Best in People*

日総工産株式会社
NISSO CORPORATION

TSE 1 Code: 6569

FY 3/2022 - FY 3/2024

Medium-term Management Plan

May 12, 2021



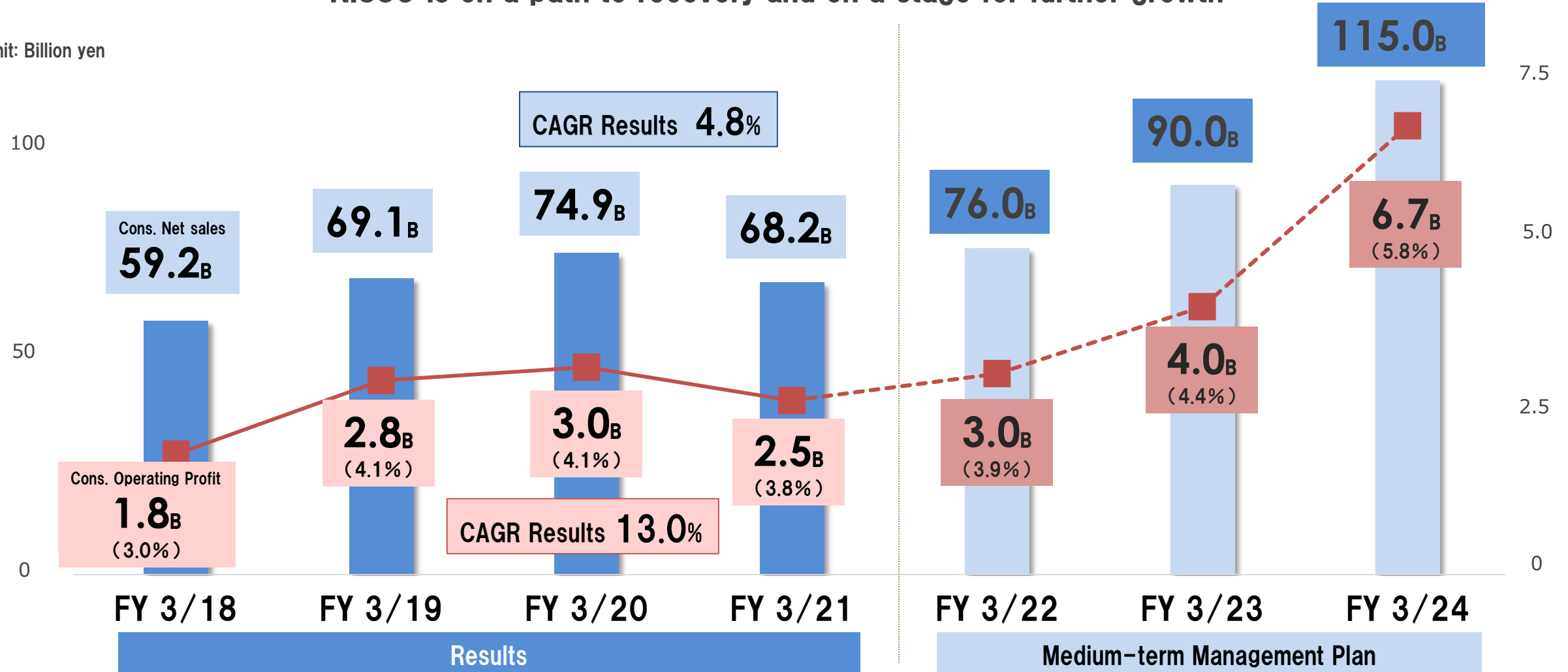
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Looking back so far

(Consolidated) Net Sales and Operating Profit Trends

Despite the impact of the new coronavirus (COVID-19),
NISSO is on a path to recovery and on a stage for further growth

Unit: Billion yen



Review of Basic Strategy

Leads to the acquisition of certain market shares in Account Companies,
which are important clients

Personnel Strategy

Skilled Staff

High quality
personnel

Dispatch as indefinite-
term employees



Consideration •
compensation according
to skills



Client Strategy

**Account
Companies**
Expand transactions

- Region- • industry-restricted indefinite-term employees **5,436 staff**
- Oricon Customer Satisfaction Ranking
1st Place for 3 consecutive years

- Account Company transaction ratio
+ 8.6% increase
- Continue to expand market share by improving client
satisfaction



Looking ahead to new growth

2

Mission · Vision

Nisso Group's "Mission" & "Vision"



- **We, the Nisso Group**
with **Human Resources Solution Services that support the growth of companies and people**
- **will fulfill our Mission of**
Creating opportunities and hopes for people to work
- **Vision** (What we should aim for in 3 years)
To transform into a corporate group with high-growth potential
 - (To become a corporate group with high-growth potential)
 - **Creation of a comfortable workplace**
 - **Responding to social changes and changes in industrial structures**
 - **Strengthening of governance**

Priority Implementation Items to Achieve Our Vision

■ Materiality (Key Issues)

Materiality 1

Creation of a comfortable workplace

Understand the characteristics of the business, clarify what a "rewarding workplace" is, and make improvements



■ Initiatives to be implemented

- Respect for human rights
- Practice of "Decent Work"
- Promotion of employee health and safety
- Strengthening of cooperation between business activities and the global environment

Materiality 2

Responding to social changes and changes in industrial structures

Aim to change to business structures that are resistant to economic fluctuation
In addition, we will accelerate investments in rapidly changing business environments such as diversity and DX



- Development of human resources capable of responding to change
- Support for the active participation of diverse human resources
- Promotion and coexistence of local community activities

Materiality 3

Strengthening of governance

In order to conduct management with an eye on sustainable growth, we will strengthen corporate governance, promote compliance management, and establish a risk management structure



- Practice of sustainability management
- Strengthening of corporate governance
- Strengthening of compliance management
- Practice of risk management

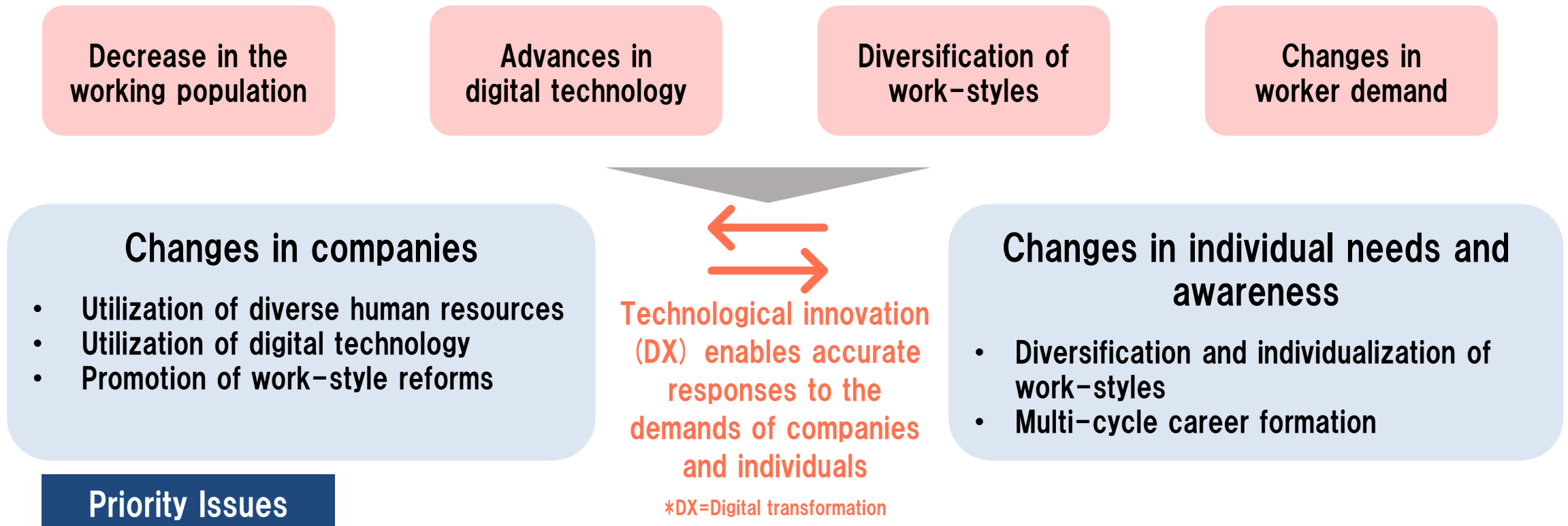
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Medium-term Management Plan

(FY 3/2022 ~ FY 3/2024)

The demands of companies and individuals are changing and diversifying, and digital technologies that solve them are developing. Also, the infiltration of new work-styles during the COVID-19 pandemic is accelerating.




■ Social Issues



- Promote the introduction of new technologies and respond to diverse needs

Business Environment Awareness



■ Manufacturing Dispatching・Contracting		<ul style="list-style-type: none">• The market size in 2023 is expected to be 2.37 trillion yen※• Expected to decrease slightly to -7.1% compared to FY 2019
■ Engineer Dispatching		<ul style="list-style-type: none">• The market size in 2023 is expected to be 1.29 trillion yen※• Expected to increase significantly to +27.2% compared to FY 2019
■ Mutual		<ul style="list-style-type: none">• An era in which the business environment will drastically change due to the reorganization of the Tokyo Stock Exchange in 2022 and the spread of COVID-19

※Source: Current Status and Prospects of Human Resources Business
2020 Edition (Yano Research Institute Ltd.)

Priority Issues

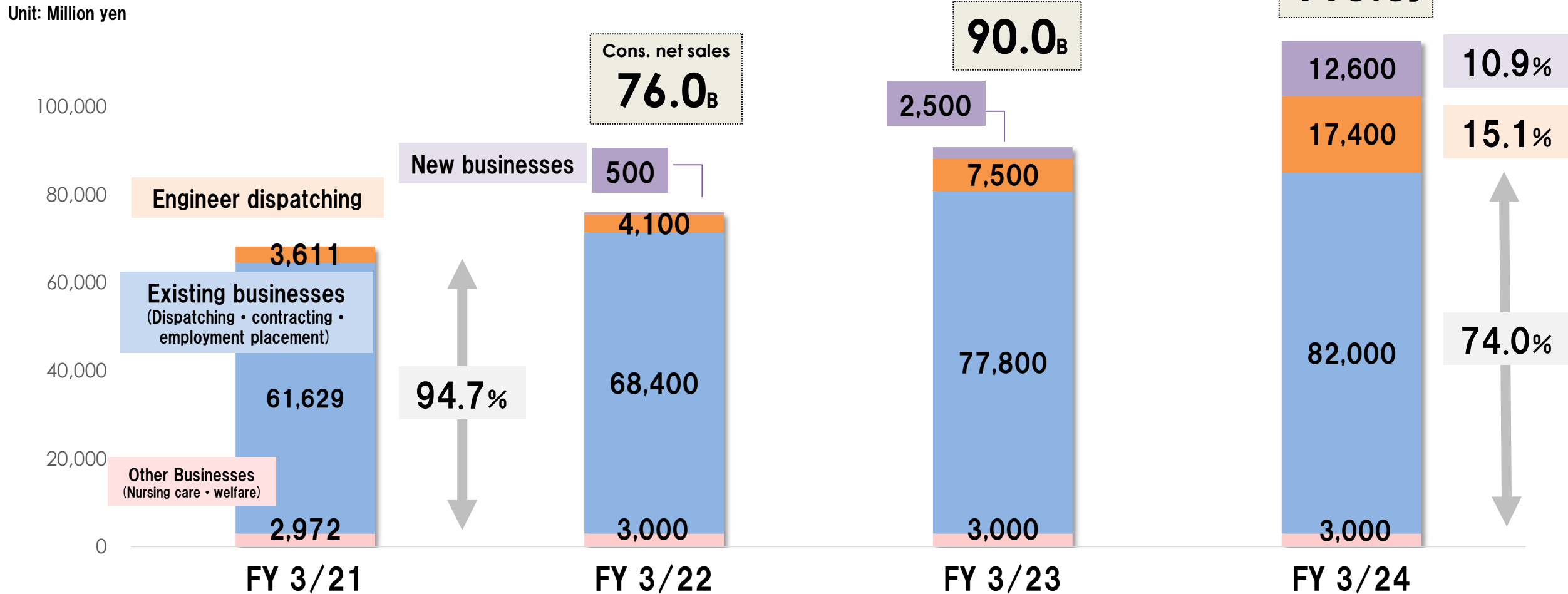
**Taking advantage of the clutch of a rapidly changing business environment
as an opportunity**

- Acquisition of high-growth potential that is not affected by economic fluctuations
- Formulation of a management foundation where diverse human resources can flourish

Net Sales Target by Segment

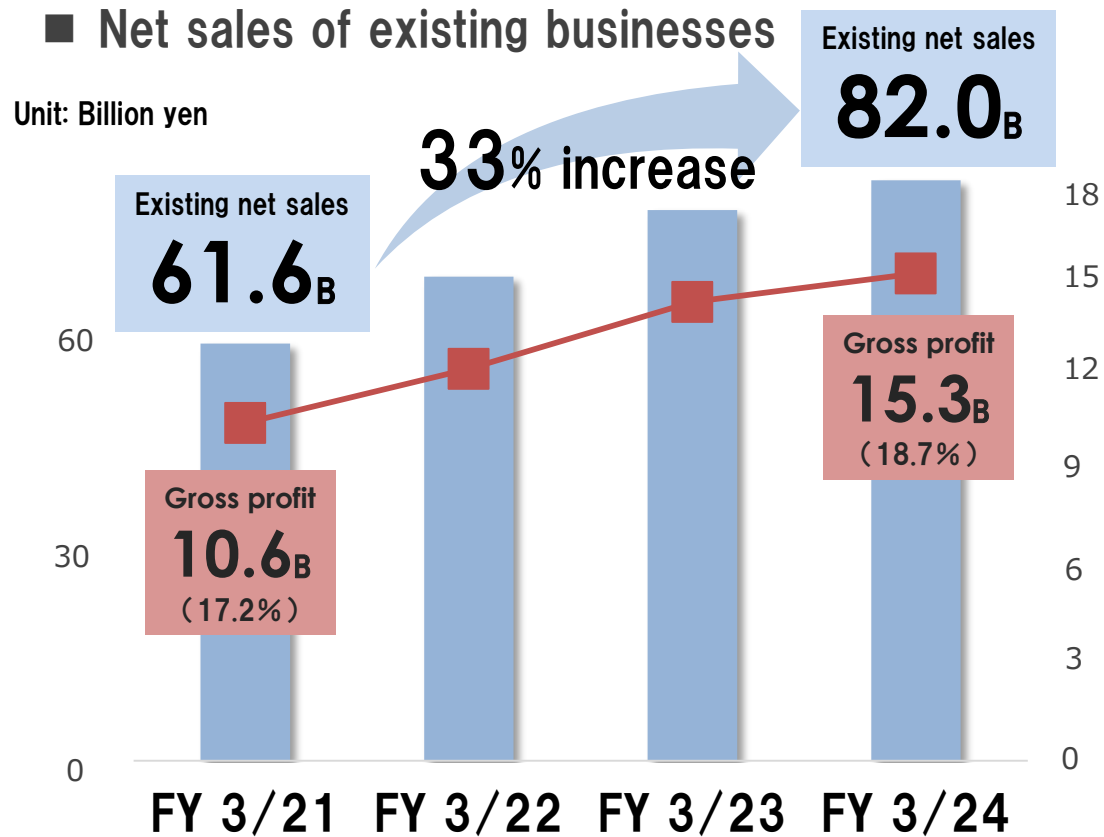


Improve the quality of service of existing businesses and invest in the engineering business and new services provided



※FY 3/21 Inter-segment transactions -10 included

Individual Strategy: Expansion of Existing Areas



(Improving quality of services)

- Strengthening the service supply system
- Increasing shares of account clients

Expansion of business performance

M&A

- Expansion of existing areas

Improvement of retention rates

- Placement of the right person in the right place using talent management tools

Expansion of Educational Opportunities

- Utilization of digital technology to expand educational opportunities

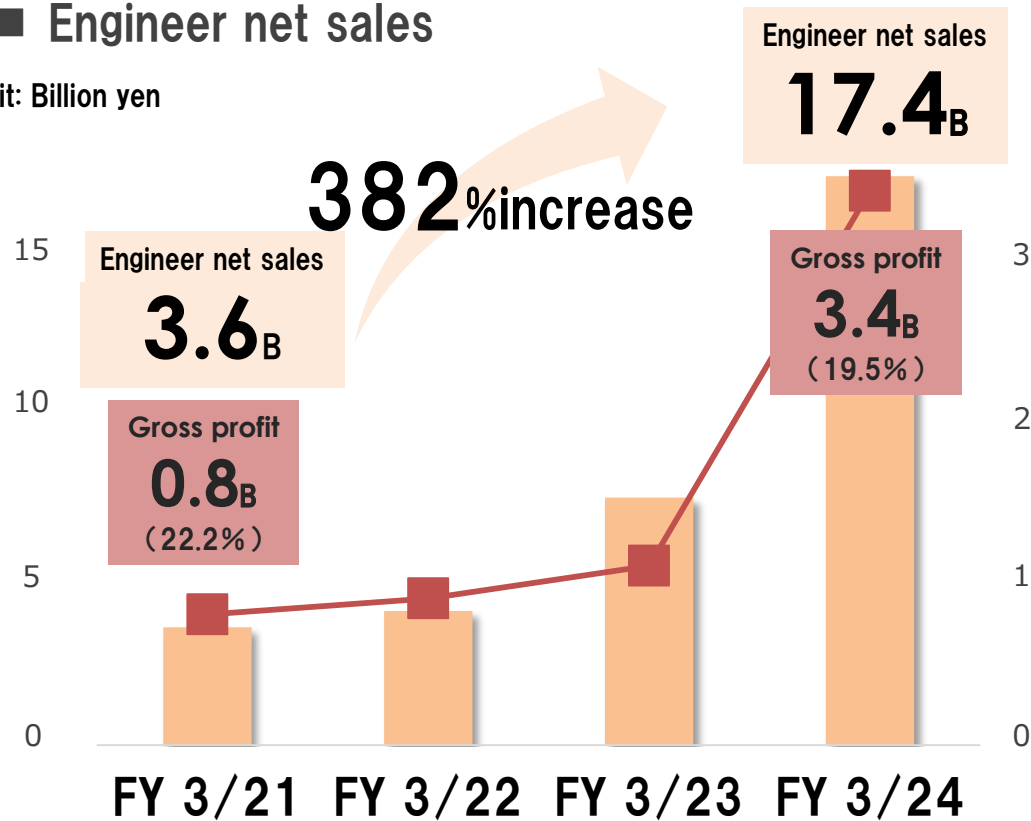
Expansion of Recruitment

- Investment in proactive promotions

Individual Strategy: Expansion of Engineering Area

■ Engineer net sales

Unit: Billion yen

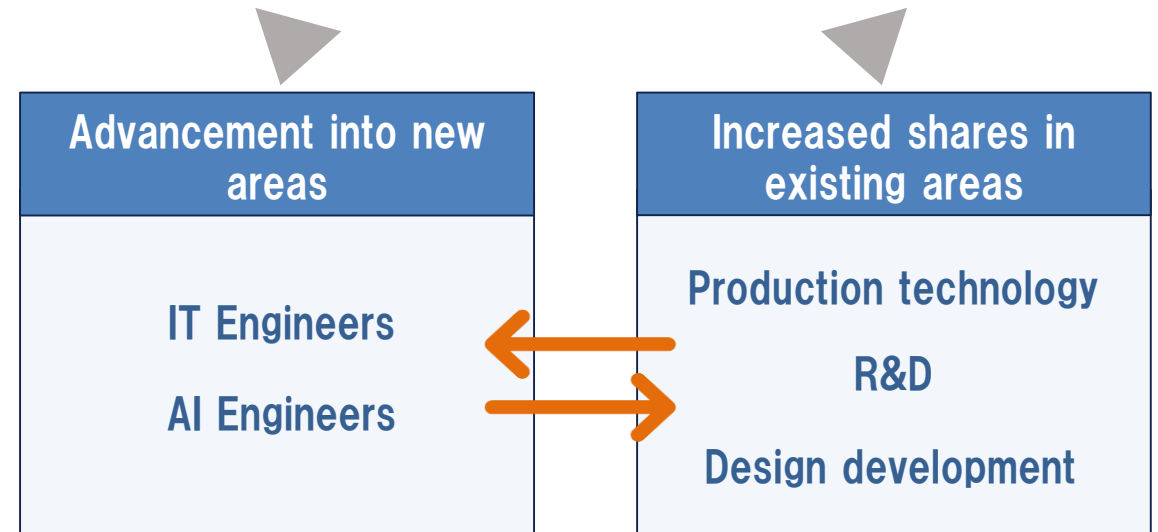


(Advancing into new areas)

- Promoting M&A and alliances
- Providing new services such as SES
- Increasing shares in existing areas



- Provision of new curriculums to
- More people than ever before

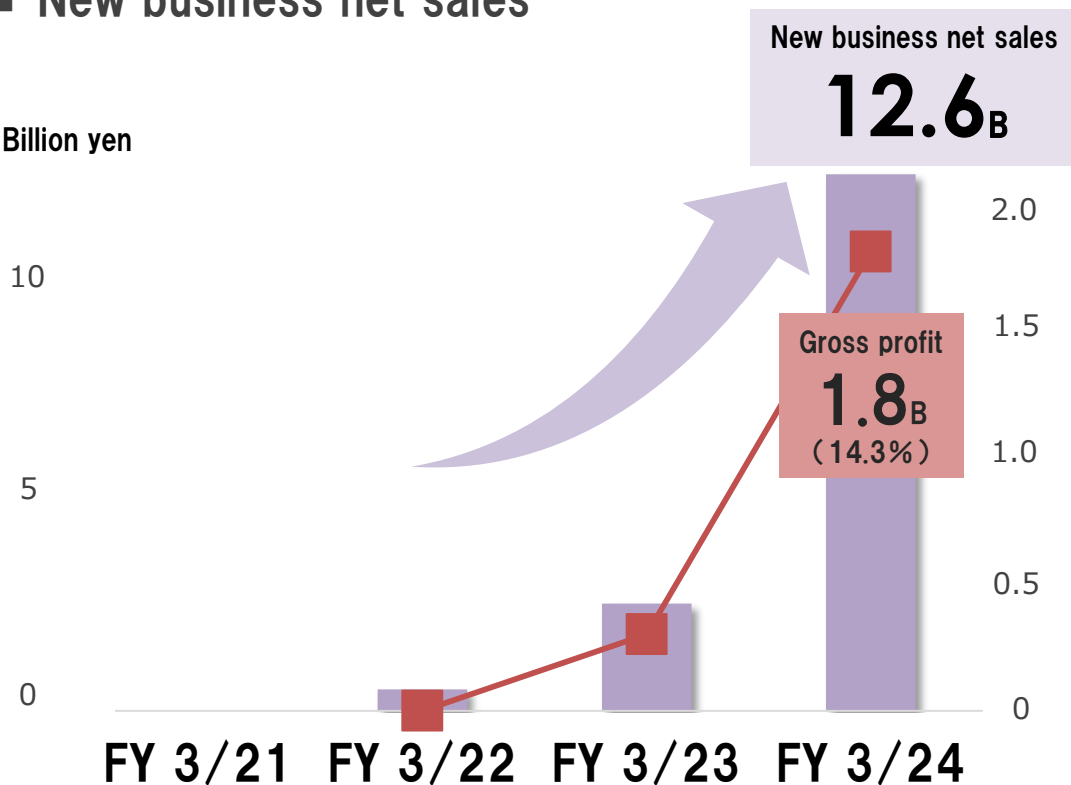


Individual Strategy: Creation of New Businesses



■ New business net sales

Unit: Billion yen



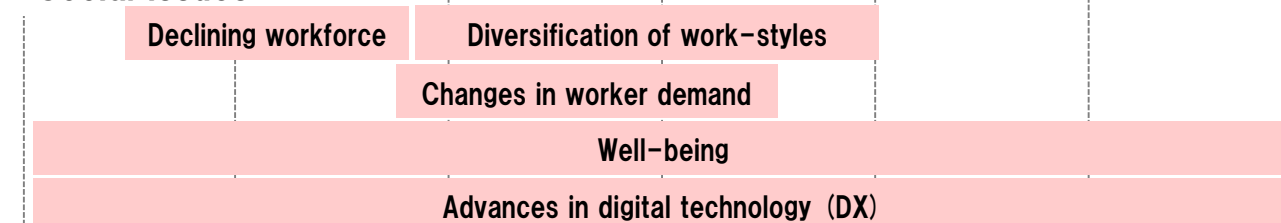
(Building a second pillar)

- Strengthening cooperation with existing partnerships
- Building new partnerships

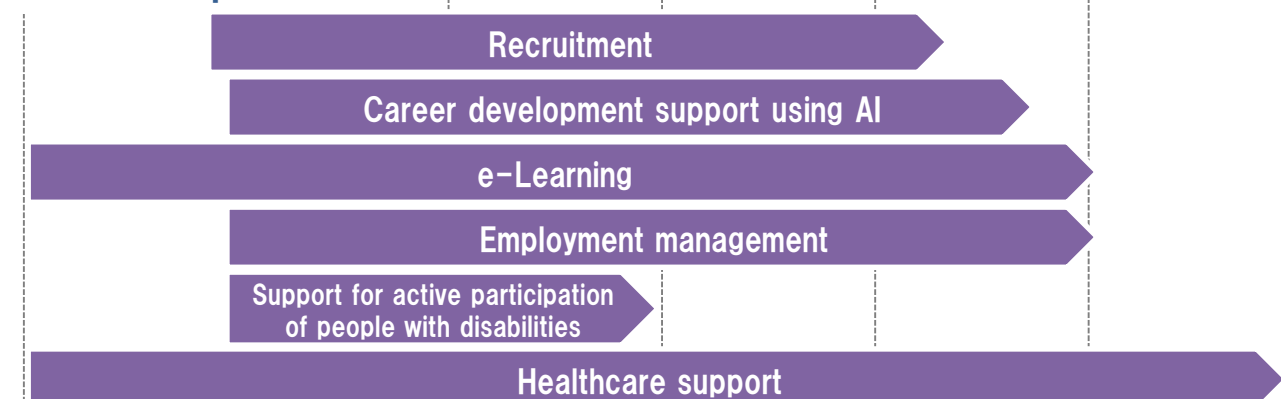
■ Life stage of "people"



■ Social issues



■ Services provided



- Value creation partners
 - Cross Compass (AI)
 - CrossLink (IT)
 - Nisso Pure
 - New partnerships (HR-Tech, HealthTech)
- Nikon Nisso Prime
- Nisso Nifty

Strengthening competitiveness with "Business IT"

- Introduction of talent management system
- Active introduction of cloud services
- DX promotion and new business development by digitizing existing operations

Strengthening the management foundation with "Corporate IT"

- Diverse and flexible work-style selection
- Clarification of career paths, career consulting functions
- Development of education•training systems
- Strengthening of on-site management (in collaboration with CrossLink)

Investment Policy

(Aggressive investment)

**Evolution of existing businesses and
creation of new businesses**

(Defensive investment)

Improving the efficiency • convenience of internal operations

Financial Policy

(Efficient operation of resources)

3-year average ROE: 20% or more

(Securing investments and a stable financial foundation required for growth)

Financial leverage: 2.5 times or less

(Consolidated) Management Target Values



Unit: Million yen

	FY 3/2022			FY 3/2023			FY 3/2024		
	Amount	Increase (Decrease)	Growth rate	Amount	Increase (Decrease)	Growth rate	Amount	Increase (Decrease)	Growth rate
Net sales	76,000	+7,786	+11.4%	90,800	+14,800	+19.5%	115,000	+24,200	+26.7%
Gross profit	13,600	+1,900	+16.2%	16,100	+2,500	+18.4%	21,000	+4,900	+30.4%
	17.9%			17.7%			18.3%		
Operating profit	3,000	+400	+15.4%	4,000	+1,000	+33.3%	6,700	+2,700	+67.5%
	3.9%			4.4%			5.8%		
Profit attributable to owners of parent	2,000	+407	+25.6%	2,800	+800	+40.0%	4,700	+1,900	+67.9%
	2.6%			3.1%			4.1%		



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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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