



*Making hardworking people,
happy.*

日総工産株式会社

NISSO CORPORATION

TSE PRM Code: 6569

FY 3/2023

Financial Results Briefing Materials

May 15, 2023

Summary



FY 3/2023 Results

- Revenue and operating profit increased year-on-year
- Net sales reached a record high since NISSO's listing
- Automobiles industry profits increased due to recovery despite continued impact of parts shortages
- Demand for electronic devices continued to decline for electronic components and semiconductor memory
- Engineering net sales increased year-on-year

FY 3/2024 Consolidated Earnings Forecast

- Demand for components in the Electronics Industry is expected to recover gradually
- The impact of inventory adjustments in the Semiconductor Industry (memory field, etc.) is expected to continue
- Revenue and profits in the Automotive Industry are expected to increase due to recovery of operations, despite the remaining impact of parts shortages

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FY 3/2023

Financial Results Summary

FY 3/2023 Consolidated Financial Results Highlights



(Unit: Million yen)

Points

- Net sales increased by 17.1% partly due to an increase in the number of enrolled staff and an increase in billing unit-costs.
- Although the automobiles industry continued to be affected by parts shortages, operations recovered moderately, and the gross margin improved by 0.3 percentage points compared to 3Q.
- Other Businesses (nursing care · welfare services) increased revenue and profits.

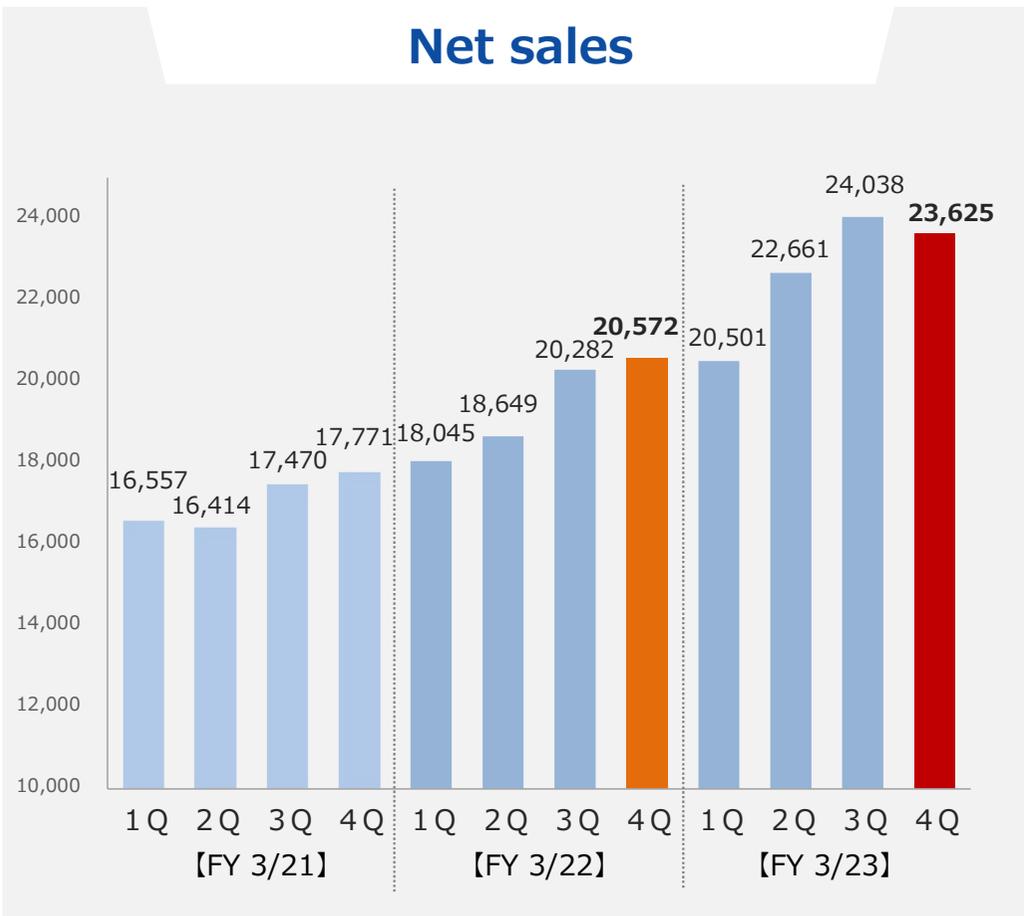
	FY 3/22		FY 3/23		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	77,549	100.0%	90,827	100.0%	13,277	17.1%
Gross profit	12,950	16.7%	14,554	16.0%	1,604	12.4%
SG&A expenses	10,863	14.0%	12,286	13.5%	1,423	13.1%
Operating profit	2,087	2.7%	2,268	2.5%	181	8.7%
Ordinary profit	2,369	3.1%	2,349	2.6%	(20)	(0.9%)
Profit attributable to owners of parent	1,696	2.2%	1,622	1.8%	(74)	(4.4%)

FY 3/2023 Quarterly Consolidated Financial Results



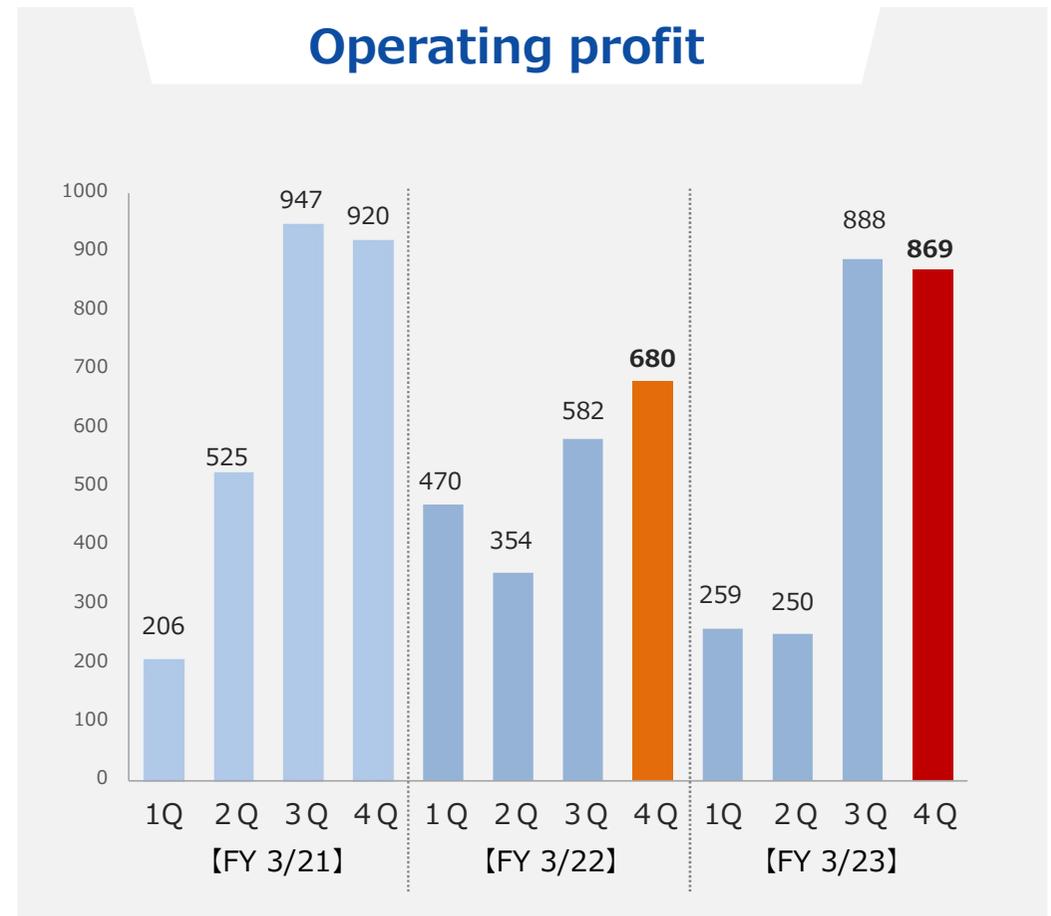
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



FY 3/2023 Non-consolidated Financial Results Highlights



Net sales

- Net sales increased by 12.7% partly due to an increase in the number of enrolled staff and an increase in billing unit-costs.

Expenses · Profits

- Although the automobiles industry continued to be impacted by parts shortages, gradual recovery in operations (number of working days, overtime hours, holiday work, etc.) continued, and the gross margin improved by 0.3 percentage points compared to 3Q.
- Demand for human resources was strong.
- Recruitment costs were streamlined, and the SG&A ratio improved year-on-year.

(Unit: Million yen)

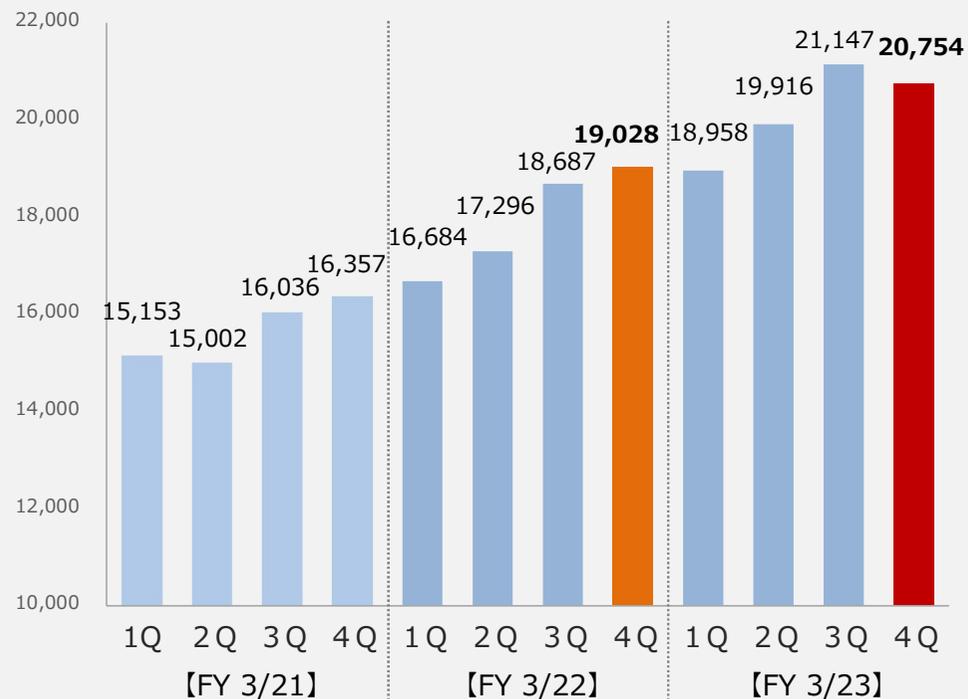
	FY 3/22		FY 3/23		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	71,697	100.0%	80,776	100.0%	9,078	12.7%
Gross profit	12,336	17.2%	13,445	16.6%	1,108	9.0%
SG&A expenses	10,222	14.3%	11,177	13.8%	955	9.3%
Operating profit	2,114	2.9%	2,267	2.8%	153	7.2%
Ordinary profit	2,294	3.2%	2,337	2.9%	42	1.8%
Profit	1,607	2.2%	1,638	2.0%	30	1.9%

FY 3/2023 Quarterly Non-consolidated Financial Results



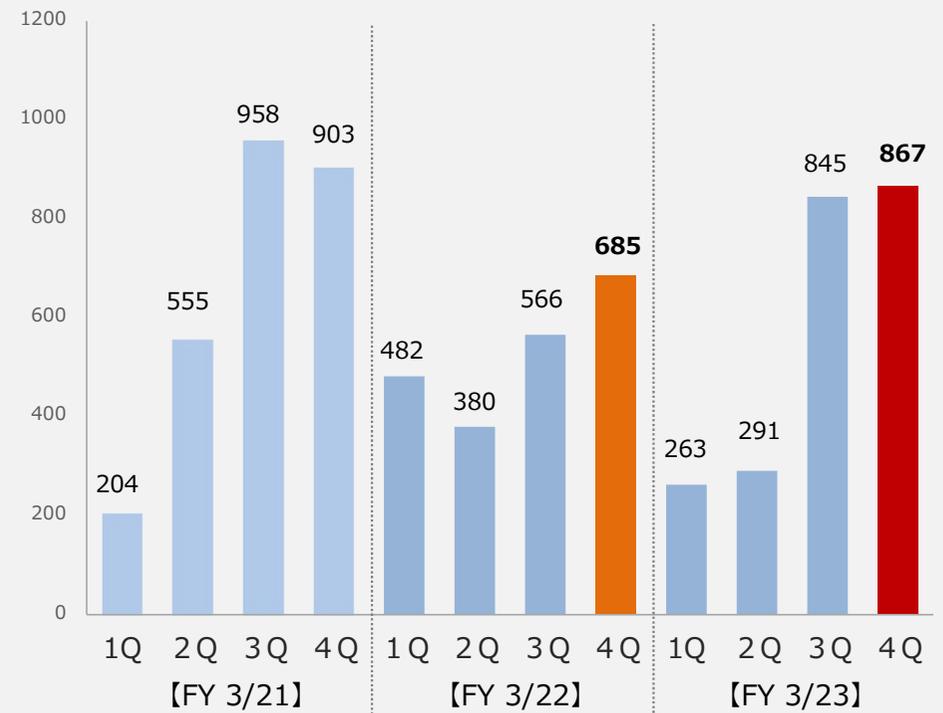
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit





2

FY 3/2023

Overview of Activities

FY 3/2023 Financial Results Summary



Consolidated Financial Results

Net Sales	90,827 Million yen	(13,277 Million yen / 17.1% YoY)
Operating Profit	2,268 Million yen	(181 Million yen / 8.7% YoY)

Non-consolidated Financial Results

● Net Sales by Industry (YoY)

Automobiles	... +15.0%
Electronic devices	... +11.9%

- In the automobiles-related industry, net sales increased by 15.0% YoY. Although the impact of the parts shortages remained, operations gradually recovered and net sales increased.
- In the electronic devices industry, net sales increased by 11.9% YoY. Growth slowed due to a continued decline in demand for electronic components and semiconductor memory, despite an increase in billing unit-costs.

● FY-end Number of Enrolled Staff

15,998 staff
(+1,053 staff from FY 3/22-end)

- The number of enrolled staff increased by 1,053 compared to FY 3/22-end. Human resources needs remained strong, and the number of enrolled staff increased YoY.

● Net Sales per Capita/Monthly

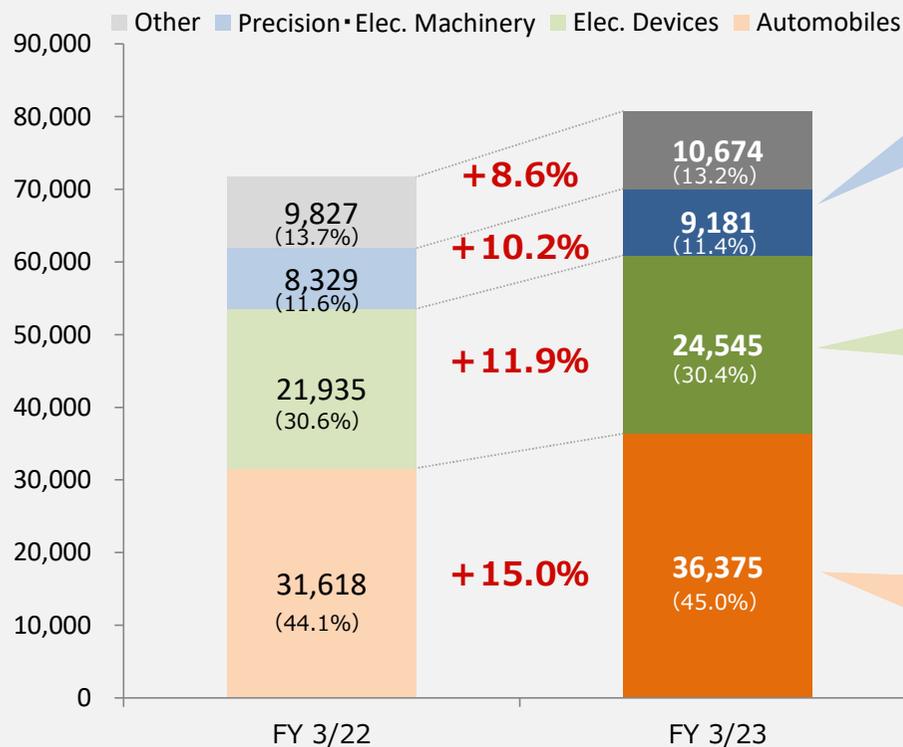
426 Thousand yen
(+11 Thousand yen YoY)

- Net sales per capita increased by 11 thousand yen YoY. The increase was partly due to factors such as an increase in billing unit-costs and a gradual recovery in operations in the automobiles industry.

FY 3/2023 Net Sales by Industry (NISSO, Non-consolidated)

(Unit: Million yen)

Net Sales Composition Ratios



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

【Precision · Electrical Machinery】

Net sales increased by 10.2% YoY. The increase was partly due to an increase in the number of enrolled staff and an increase in billing unit-costs.

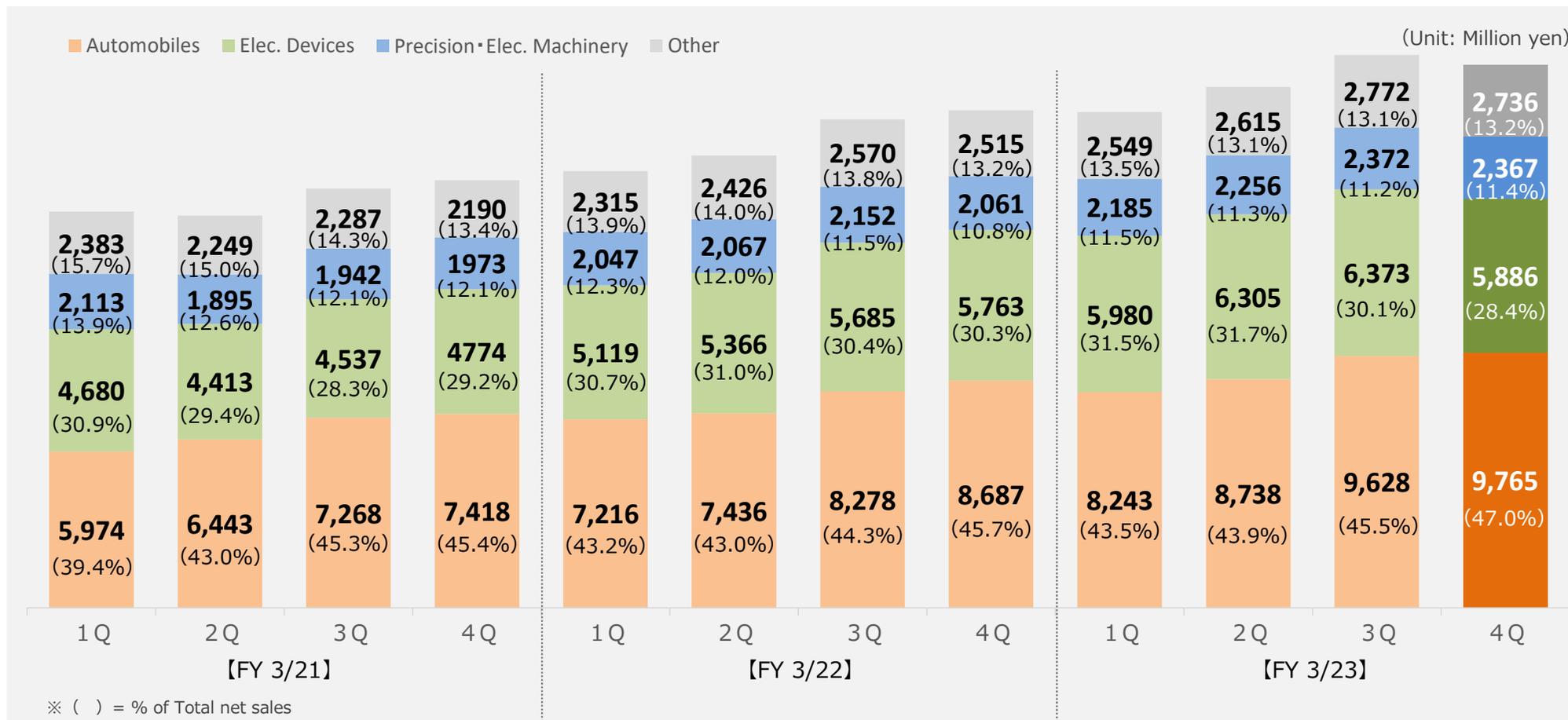
【Electronic Devices】

Net sales increased by 11.9% YoY. The increase was partly due to an increase in billing unit-costs. Growth slowed due to a continued decline in demand for electronic components and semiconductor memory. Net sales reached a record high since NISSO's listing.

【Automobiles】

Net sales increased by 15.0% YoY. Although the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) due to parts shortages, etc. remained, gradual recovery continued. Partly due to an increase in the number of enrolled staff and an increase in billing unit-costs, net sales reached a record high since NISSO's listing.

FY 3/2023 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



Account Companies (NISSO, Non-consolidated)



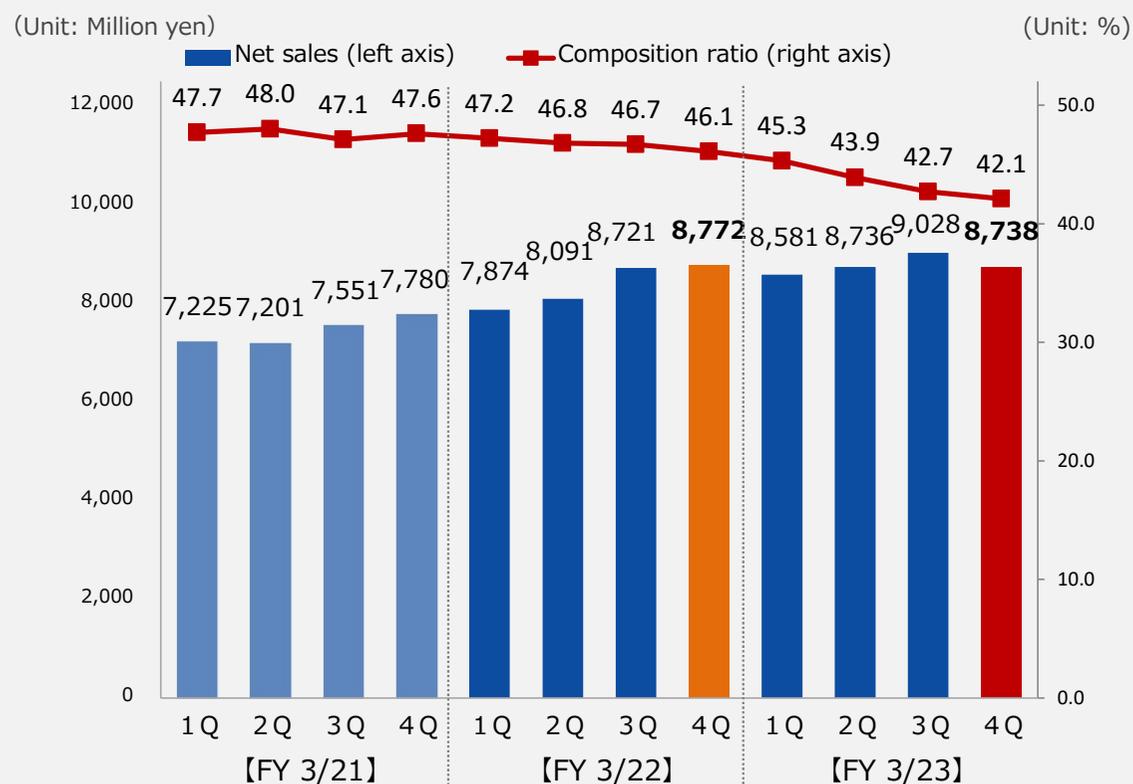
Point①

Account Company Groups net sales in 4Q decreased by 0.4% YoY.

Point②

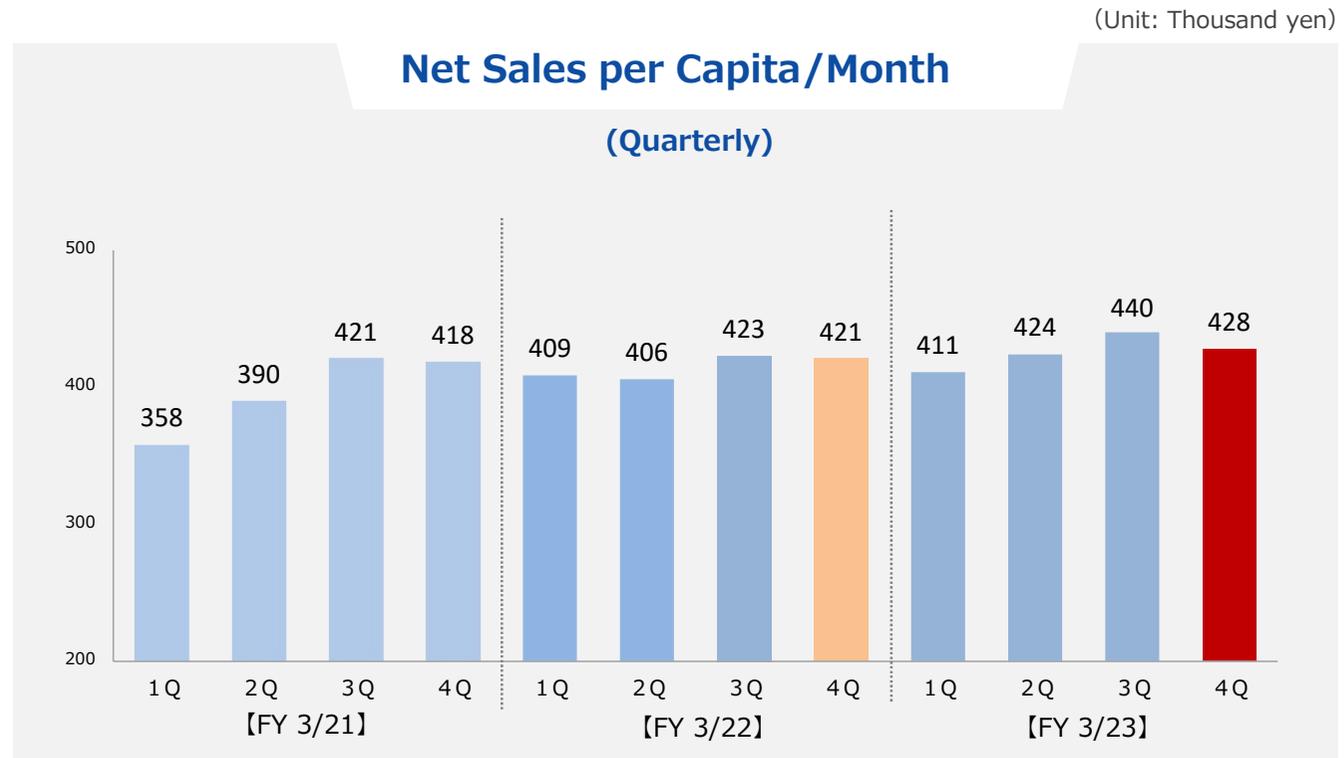
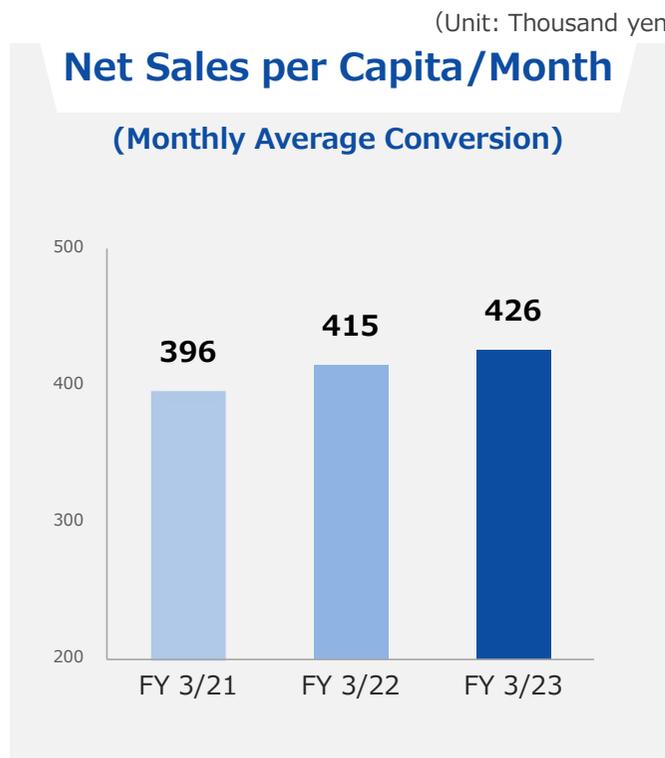
- In the automobiles-related company group, although the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) due to parts shortages, etc. remained, operations continued to recover gradually.
- In the electronic devices-related company group, demand for electronic components and semiconductor memory continued to decline.
- Due to an increase in other fields, the composition ratio decreased YoY.

Account Company Groups Net Sales



Net Sales per Capita/Month (NISSO, Non-consolidated)

- FY 3/2023 Total <Overall net sales per capita> 426 Thousand yen (+11 Thousand yen YoY)
- Net sales per capita increased YoY due in part to factors such as an increase in billing unit-costs and a gradual recovery in operations in the automobiles industry.



Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Compared w. Previous FY-end

+ 1,053 staff (+7.0%)

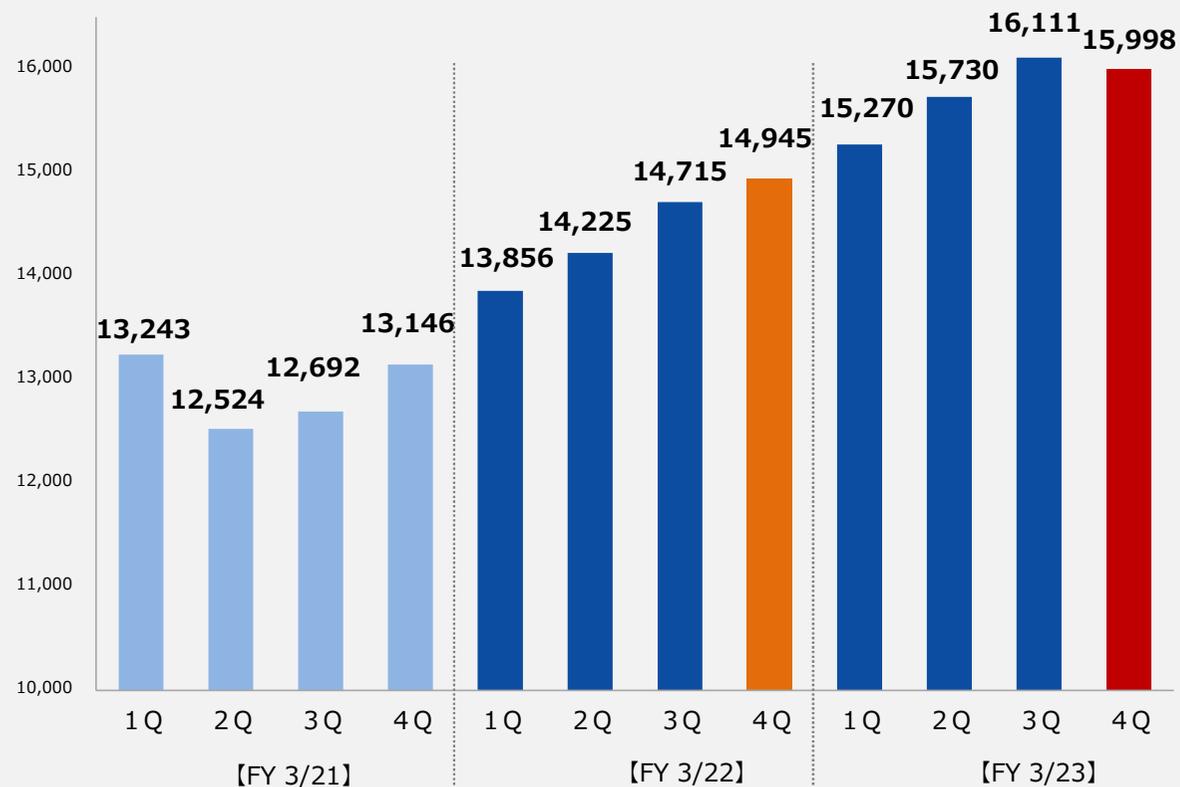
Point①

Human resources needs remained strong, and the number of enrolled staff increased from the end of the previous FY.

Point②

Although human resources needs remained strong, the number of enrolled staff temporarily decreased compared to 3Q due to inventory adjustments in electronic components and semiconductor memory.

Number of Enrolled Staff at Quarter-end



Educational Achievements (NISSO, Non-consolidated)



- FY 3/2023 Main course-specific educational achievements
(total # of participants)

(Unit: # of participants)

Point①

Main course-specific educational achievements increased YoY.

Point②

Partly due to the expansion and strengthening of engineers, the number of participants in engineer education increased by 452 YoY.

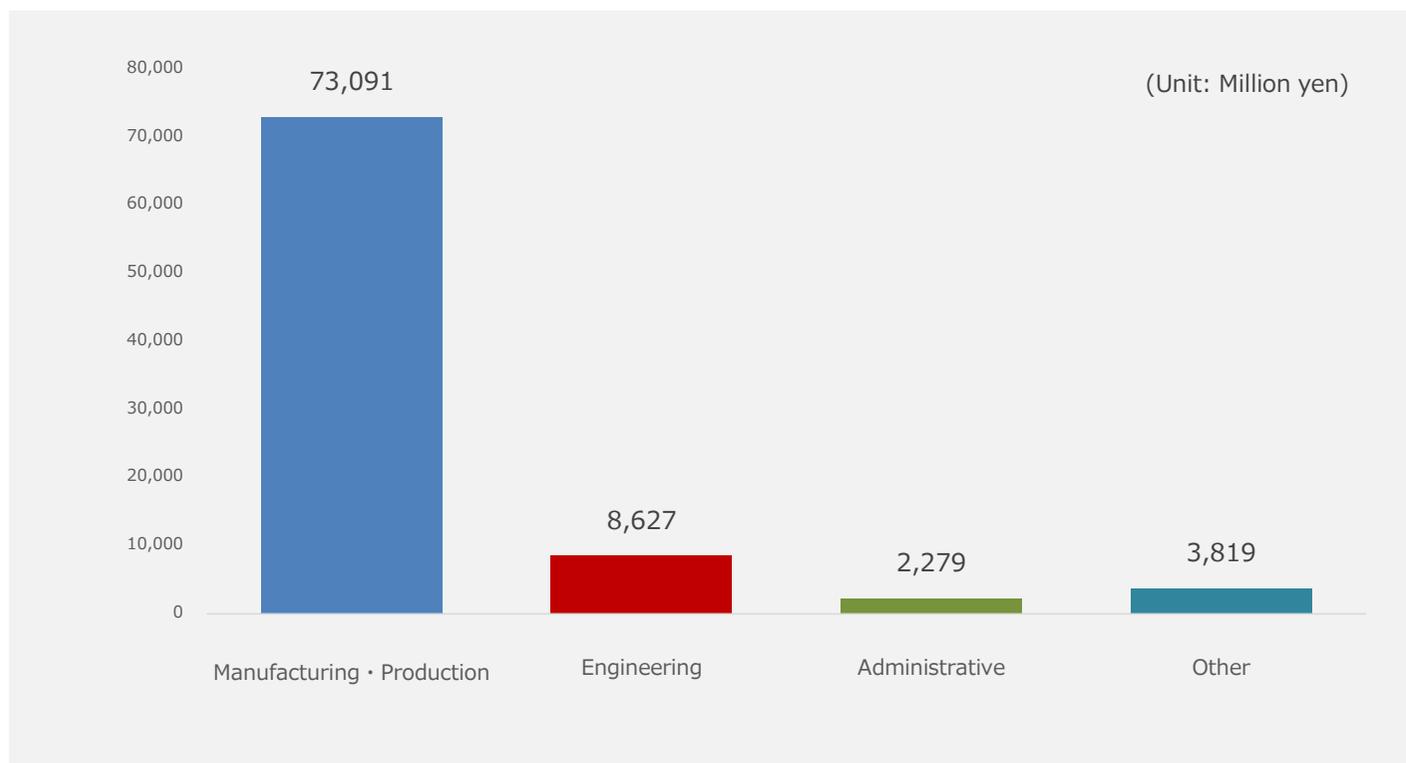
Training course name	Contents	FY 3/22	FY 3/23	Year-on-Year Increase (Decrease)
Basic equipment maintenance education	Basic equipment maintenance education	290	362	+ 72
Engineer education	Manufacturing equipment maintenance · manufacturing equipment technology Mechanical design · production technology SEAJ education (safety education specializing in semiconductors)	418	870	+ 452
Manufacturing education	<i>MONOZUKURI</i> (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	5,396	6,059	+ 663
	Total	6,104	7,291	+ 1,187



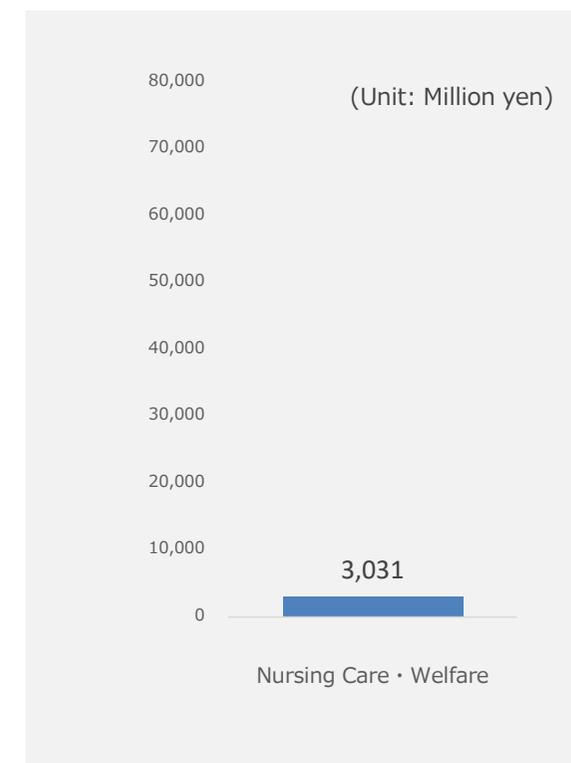
3 Financial Results by Segment (FY 3/2023)

Net Sales by Segment (Services)

FY 3/2023
General Human Resources Services Business



FY 3/2023
Other Businesses



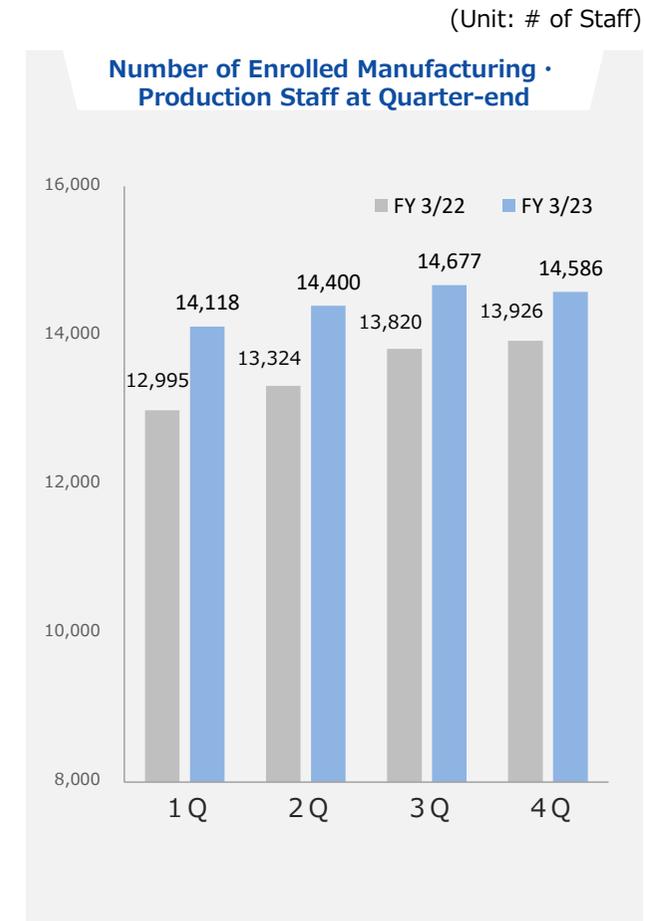
Manufacturing · Production Human Resources Services

Net Sales

Manufacturing · production net sales in 4 Q increased by 6.4% YoY, partly due to an increase in the number of enrolled staff and an increase in billing unit-costs.

Number of Enrolled Staff

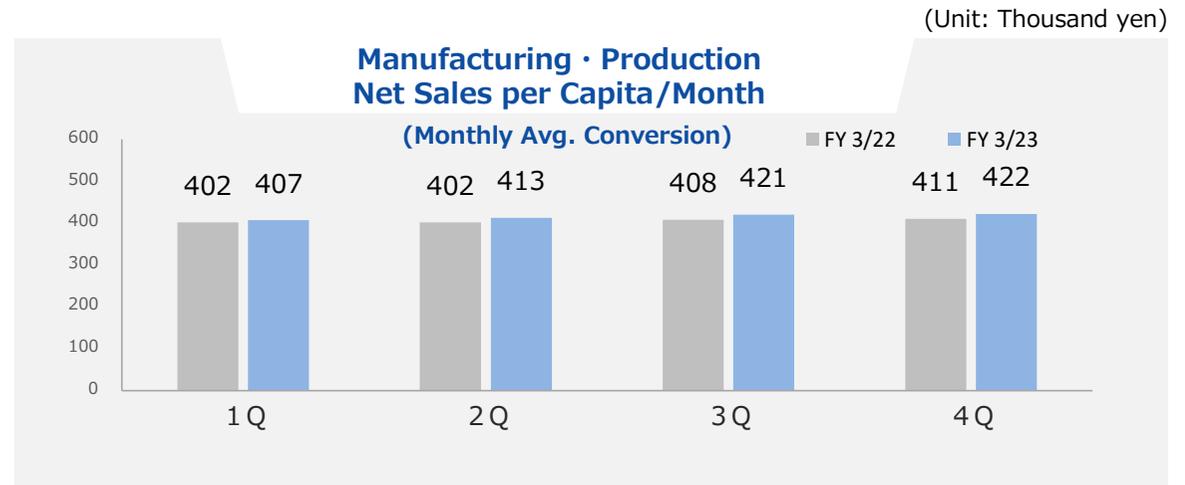
The number of enrolled manufacturing · production staff increased by 660 YoY in response to steady human resources needs.



Manufacturing · Production Human Resources Services

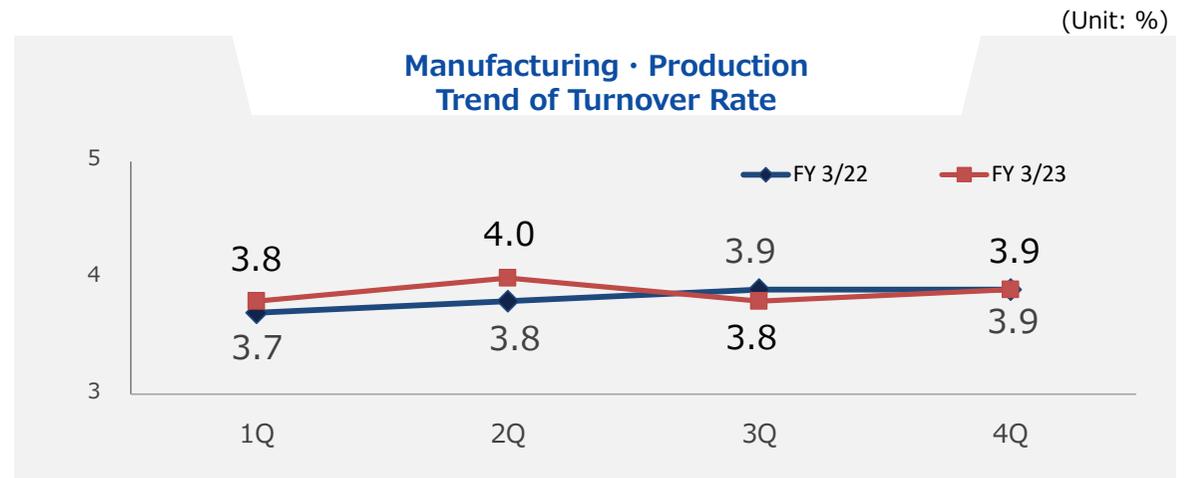
Net Sales per Capita/Month

Manufacturing · production net sales per capita increased by 2.7% YoY.



Turnover Rate

The manufacturing · production turnover rate was 3.9%, and remained below 4% as in the previous FY.



Engineering Human Resources Services

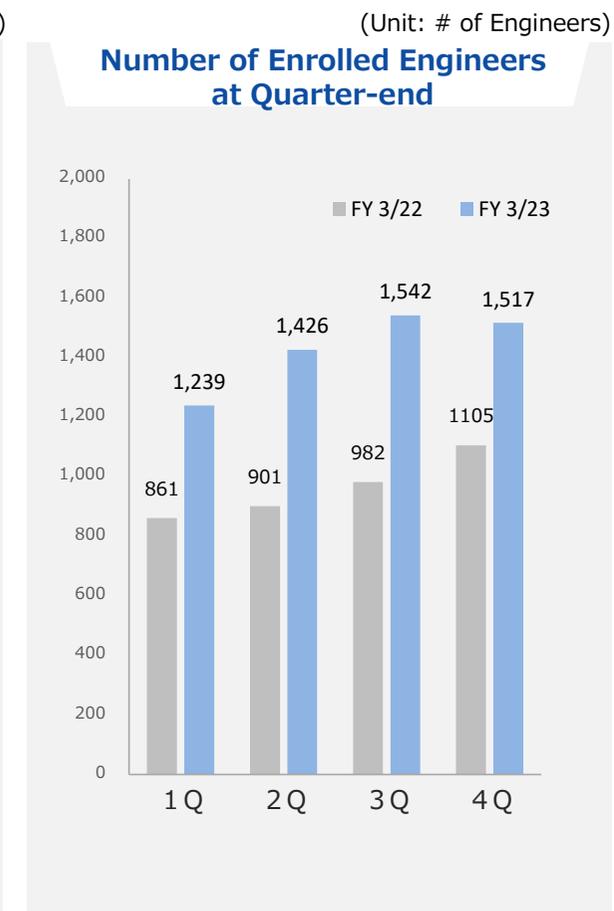
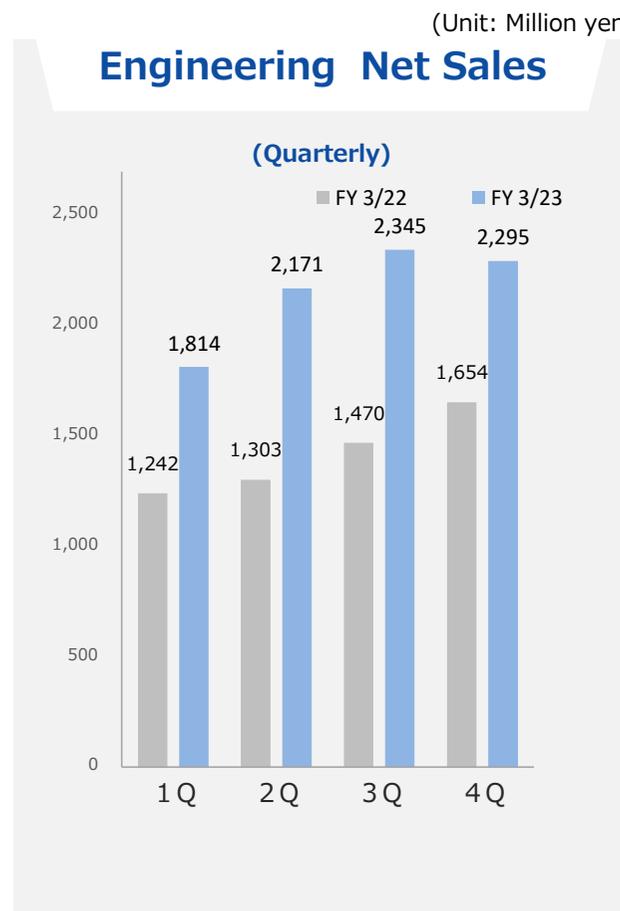


Net Sales

Engineering net sales in 4Q increased by 38.8% YoY.

Number of Enrolled Engineers

- The number of enrolled engineers increased by 412 YoY.
- Partly due to inventory adjustments in semiconductor memory, the number of enrolled engineers temporarily decreased slightly compared to 3Q.

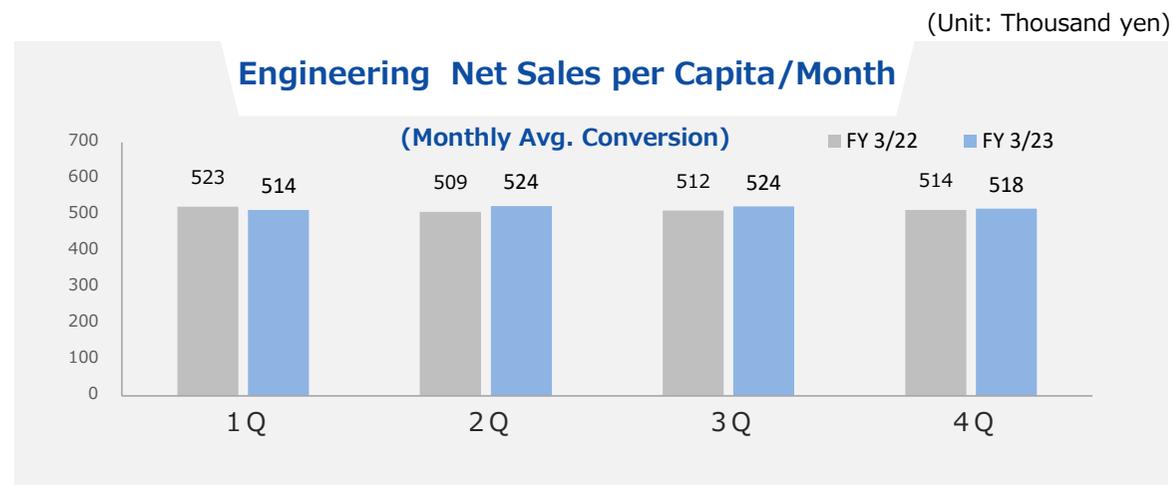


Engineering Human Resources Services



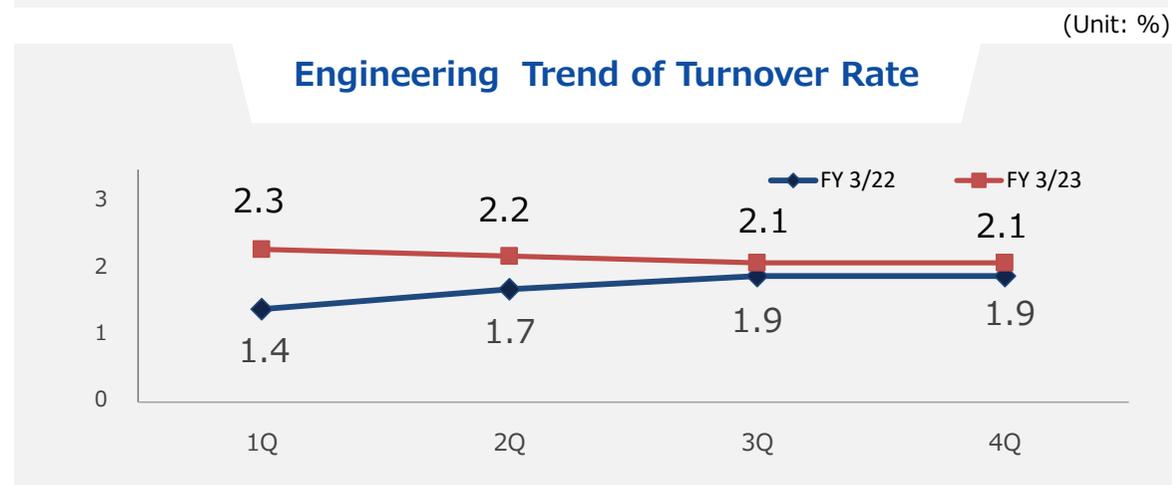
Net Sales per Capita/Month

Engineering net sales per capita increased by 0.7% YoY.



Turnover Rate

Although the engineering turnover rate increased by 0.2 percentage points YoY, it remained unchanged from 3Q.



Toward the Growth of Engineering Human Resources Services

NISSO aims to develop high value-added human resources by enhancing cooperation with local communities, semiconductor-related manufacturers, and training centers.



**Nagano Prefectural Governor
Accredited Training School
Nisso Technical Center Naka-Nihon**
(Okaya City, Nagano)

Tomakomai Training Center
(Tomakomai City, Hokkaido)

**Tohoku Semiconductor and
Electronics Design Study Group**

Participation from November 2022



Nisso Technical Center Kyushu
(Buzen City, Fukuoka)

Toyota Training Center
(Toyota City, Aichi)

**Miyagi Prefectural Governor
Accredited Training School
Nisso Technical Center Higashi-Nihon**
(Kurihara City, Miyagi)



New

**Kyushu Semiconductor
Human Resources
Development Consortium**

Participation from April 2023

Ota Training Center
(Ota City, Gunma)



Nisso Techno Center
(Yokohama, Kanagawa)

New

**Kumamoto Prefectural Governor
Accredited Training School
Nisso Technical Center Kumamoto**
(Otsu-cho, Kumamoto)

**Chugoku Regional
Semiconductor Industry
Promotion Council**

Participation from November 2022

Hamamatsu Training Center
(Hamamatsu City, Shizuoka)

Toward the Growth of Engineering Human Resources Services



With the aim of fostering semiconductor-related "equipment technology engineers", NISSO opened the "Nisso Technical Center Kumamoto", our 9th training center in Japan.



**Kumamoto Prefectural Governor
Accredited Training School**
Nisso Technical Center Kumamoto

Location: 259-2 Muro, Ozu-machi Kikuchi-gun, Kumamoto
Facility: Simulated clean room, classrooms, office
※March 2023: Certified as a Kumamoto Prefectural Governor
accredited vocational training school

("Opening Ceremony" held on April 13, 2023)



Developing high value-added human resources



Practical programs for the
"improvement of initial retention"
and
"acquisition of skills from inexperience"



12-inch
"state-of-the-art semiconductor manufacturing equipment"
installed in a simulated clean room

Administrative · Other Human Resources Services

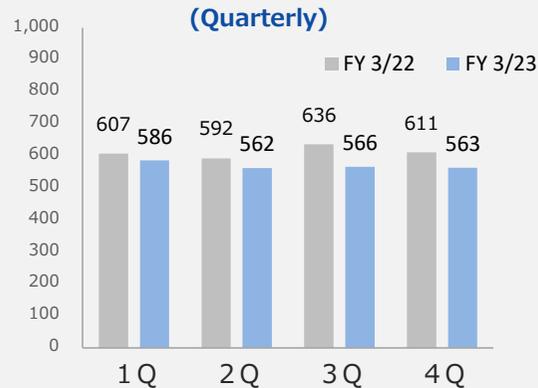


Administrative Human Resources Services

Administrative net sales in 4Q decreased by 7.8% YoY partly due to sluggish growth in the number of registrants.

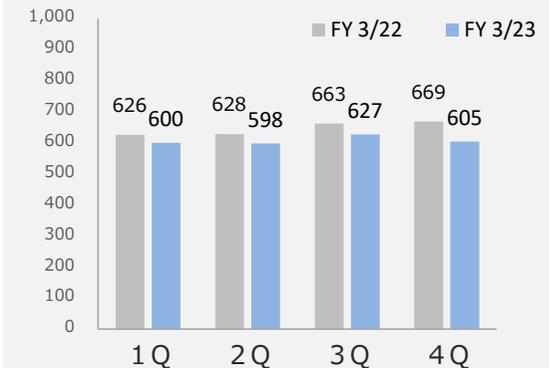
Administrative Net Sales

(Unit: Million yen)



Number of Enrolled Administrative Staff at Quarter-end

(Unit: # of Staff)



Other Human Resources Services

- Nikon Nisso Prime Corporation supports the active participation of senior employees. The number of senior employees increased by 31 compared to 3Q.
- Nisso Pure Co., Ltd. is in the process of developing a work environment where diverse human resources can flourish.
- The number of employees with disabilities was 205.

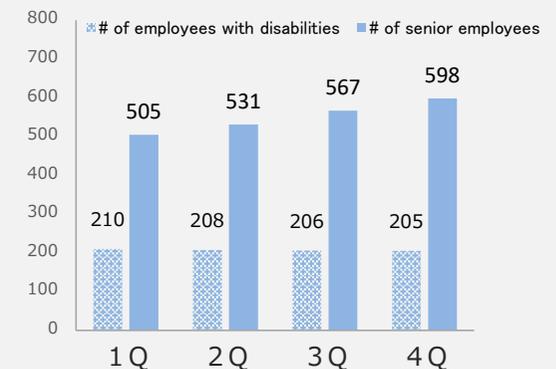
Other Net Sales

(Unit: Million yen)



Number of Enrolled Senior Staff · Employees w/ Disabilities

(Unit: # of Staff)



Nursing Care · Welfare Services

Points

- The overall occupancy rate of nursing care facilities increased to 94.5%.
- Net sales increased by 2.3% YoY.

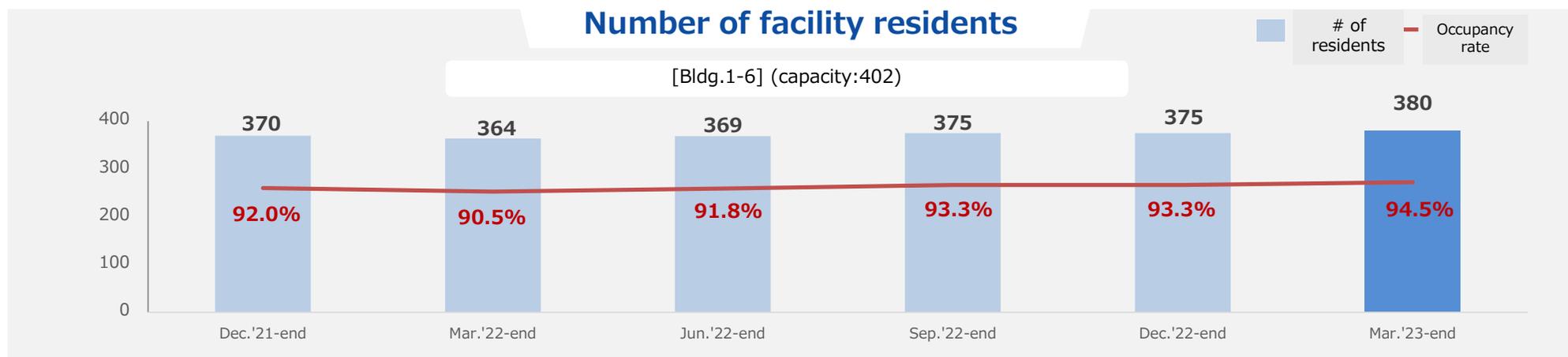
● Results of Nursing Care · Welfare Services

(Unit: Million yen)

	FY 3/22	FY 3/23	Year-on-Year	
	Results	Results	Increase (Decrease)	% Change
Net sales	2,963	3,031	68	2.3%

(Unit: # of residents)

Number of facility residents





4 Future Prospects (FY 3/2024)

FY 3/2024 Full-year Consolidated Forecasts



In the full-year consolidated forecasts, in addition to the recovery of operations in the automobiles industry, demand for components related to PCs and communication equipment is expected to gradually recover. Furthermore, in the semiconductor memory field, etc., although the impact of inventory adjustments remain, NISSO expects revenue and profits to increase.

■ FY 3/2024 Full-year Consolidated Forecast (April 1, 2023 ~ March 31, 2024)

(Unit: Million yen)

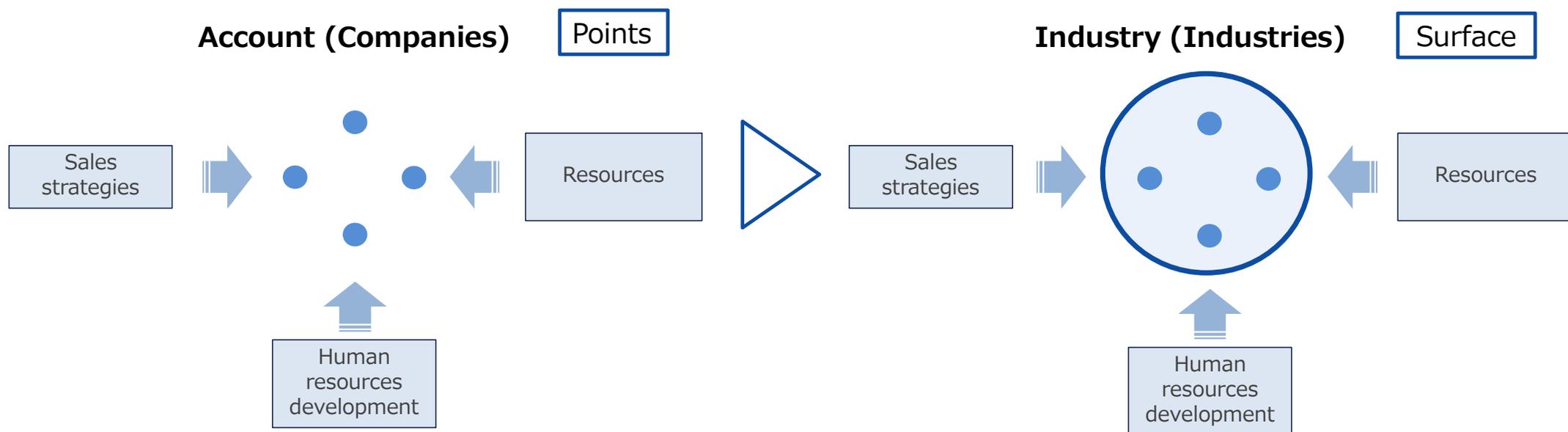
	FY 3/23 Results		FY 3/24 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	90,827	100.0%	100,000	100.0%	9,172	10.1%
Operating profit	2,268	2.5%	3,600	3.6%	1,331	58.7%
Ordinary profit	2,349	2.6%	3,600	3.6%	1,250	53.2%
Profit attributable to owners of parent	1,622	1.8%	2,300	2.3%	677	41.8%

From Account Strategy to Industry Strategy

NISSO will continue to contribute to the growth of Japanese *MONOZUKURI* (manufacturing) by responding not only to individual needs, but also to the needs of each industry.

To date, NISSO has adopted an account strategy that aims to contribute to the growth of Japanese *MONOZUKURI* by treating each client individually and intensively responding to the needs of our target clients.

In the future, as the industrial structure will change at an accelerated pace against the backdrop of technological innovation and environmental issues, NISSO will proactively and speedily respond to the needs of new clients through the development of human resources specialized for each industry.



Industry Trends ※NISSO's own forecasts



		Automotive Industry (Automobile manufacturing· EV-related manufacturing industry)	Semiconductor Industry (Semiconductor manufacturing industry)	Electronics Industry (Electronic equipment manufacturing industry)
1 H	Capital Investment	Will gradually expand	Will expand	Will be flat
	Production Trends	Production growth will stall	Manufacturing equipment · memory will be sluggish Power semiconductors will be strong	Will be sluggish in conjunction with semiconductors
	Operational Trends	Impact of parts shortages will continue	Operations will be sluggish	Operations will be sluggish
	Personnel Trends	Will be steady	Will be sluggish	Will be sluggish
2 H	Capital Investment	Will expand	Will expand further	Will gradually expand
	Production Trends	Will be busy with parts shortages	Manufacturing equipment will recover moderately Memory will be sluggish	Will recover but slower than semiconductors
	Operational Trends	Operations will fully recover	Manufacturing equipment will recover moderately Memory will be sluggish	Will recover but slower than semiconductors
	Personnel Trends	Will be steady	Human resources needs will increase rapidly for next year	Will gradually increase following semiconductors



5 Shareholder Return Policy

Shareholder Return Policy

Basic Policy

NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues. In addition, by setting the consolidated dividend payout ratio of 30% or more as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our shareholders.

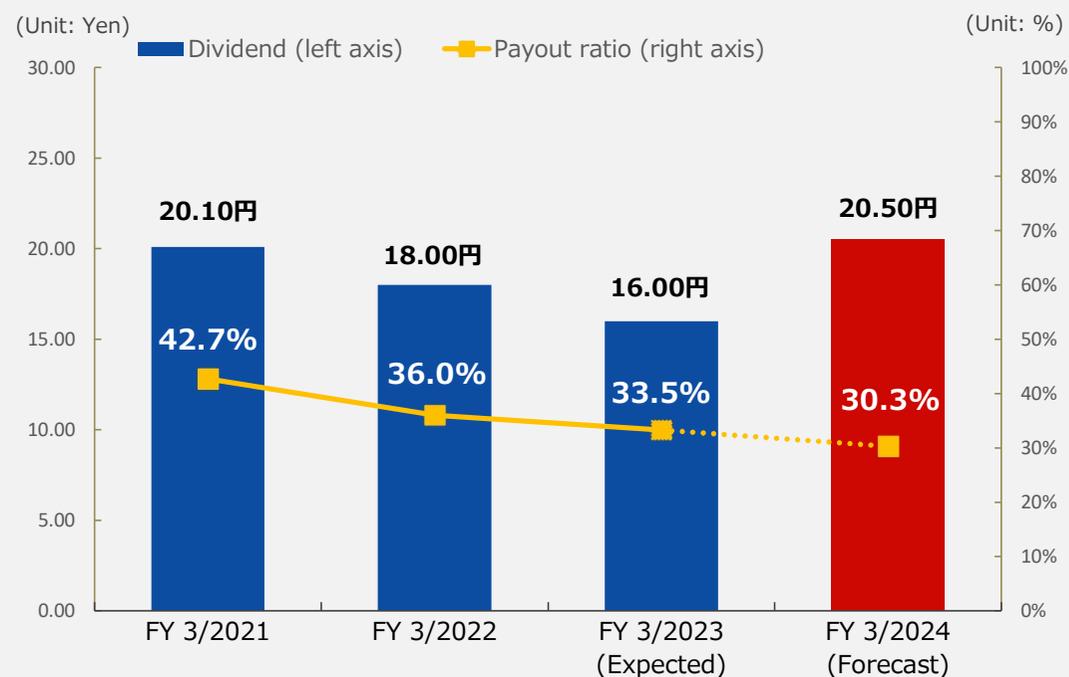
FY 3/2023 Dividend (Expected)

NISSO expects to pay a dividend of 16.00 yen per share (consolidated dividend payout ratio of 33.5%).

FY 3/2024 Dividend Forecast

NISSO expects to pay a dividend of 20.50 yen per share (consolidated dividend payout ratio of 30.3%).

Dividend and Payout Ratio



※The dividend for FY 3/2021 includes a commemorative dividend of 5.00 yen for the 50th Anniversary of NISSO's founding.



6 Supplementary Materials

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2022-end		Mar. 2023-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	19,068	69.4	21,747	72.3	2,679
Cash and deposits	8,779	32.0	9,800	32.6	1,020
Accounts receivable - trade	9,324	34.0	10,870	36.1	1,546
Non-current assets	8,394	30.6	8,344	27.7	(49)
Property, plant and equipment	4,578	16.7	4,660	15.5	82
Intangible assets	1,667	6.1	1,514	5.0	(152)
Investments and other assets	2,149	7.8	2,169	7.2	19
Total assets	27,462	100.0	30,092	100.0	2,629
Current liabilities	10,411	37.9	12,187	40.5	1,776
Accrued expenses	5,381	19.6	6,119	20.3	737
Income taxes payable	395	1.4	555	1.8	159
Provision for bonuses	1,058	3.9	1,395	4.6	336
Non-current liabilities	3,492	12.7	3,097	10.3	(394)
Long-term loans payable	2,509	9.1	2,019	6.7	(490)
Total liabilities	13,903	50.6	15,284	50.8	1,381
Shareholders' equity	13,540	49.3	14,563	48.4	1,023
Non-controlling interests	-	-	239	0.8	239
Total net assets	13,559	49.4	14,807	49.2	1,248
Total liabilities and net assets	27,462	100.0	30,092	100.0	2,629

Point

① Increase due to expansion of the number of staff in operation

Due to the expansion of the number of staff in operation in the manufacturing-related human resources services, etc., "accounts receivable (trade)" of current assets and "accrued expenses" of current liabilities increased.

② Business combination

Assets and liabilities increased due to an increase in the number of consolidated subsidiaries accompanying the acquisition of additional shares.

③ Overall

As a result of the above, total assets increased by 9.6%, total liabilities increased by 9.9%, total net assets increased by 9.2% compared to the end of the previous fiscal year, resulting in an equity ratio of 48.4%.

Consolidated Statements of Cash Flows



(Unit: Million yen)

	FY 3/22	FY 3/23	Increase (Decrease)
	Amount	Amount	
CF from operating activities	2,273	2,285	11
CF from investing activities	(1,538)	(146)	1,391
CF from financing activities	2,164	(1,112)	(3,276)
Net increase (decrease) in cash and cash equivalents	2,899	1,026	(1,873)
Cash and cash equivalents at beginning of period	5,873	8,773	2,899
Cash and cash equivalents at end of period	8,773	9,800	1,026

Point

① Cash flows from operating activities

Proceeds from profit before income taxes, etc., absorbed expenditures such as an increase in notes and accounts receivable (trade), resulting in proceeds of 2,285 million yen.

② Cash flows from investing activities

Expenditures from purchase of securities and purchase of property, plant and equipment could not be absorbed by proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation, resulting in an expenditure of 146 million yen.

③ Cash flows from financing activities

Expenditures such as cash dividends paid and repayments of long-term loans payable amounted 1,112 million yen.



*Making hardworking people,
happy.*

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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