



日総工産株式会社  
NISSO CORPORATION  
TSE PRM Code: 6569

FY 3/2023

## Financial Results Briefing Materials

May 15, 2023

**NISSO reached a record high in net sales since listing, and steadily increased the number of enrolled staff through efficient recruitment activities**

NISSO CORPORATION FY 3/2023 Financial Results

**NISSO CORPORATION**

6569 · Prime Market · Services

This is a transcript of NISSO CORPORATION's financial results for the fiscal year ended March 31, 2023, announced on May 15, 2023.

**Speaker**

Mr.Ryuichi Shimizu, Representative Director, President & CEO

**Sponsor**

NISSO CORPORATION

**Website**

<https://www.nisso.co.jp/en>

# Summary

## 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

**Mr. Ryuichi Shimizu (hereinafter "Shimizu"):** Good morning, everyone. Thank you very much for taking time out of your busy schedules today to attend the Nisso Group's financial results briefing.

The slide shows the summary of today's presentation. Each item will be explained in more detail later.

# FY 3/2023 Consolidated Financial Results Highlights

## 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
<b>Net sales</b>	<b>77,549</b>	100.0%	<b>90,827</b>	100.0%	<b>13,277</b>	17.1%
<b>Gross profit</b>	<b>12,950</b>	16.7%	<b>14,554</b>	16.0%	<b>1,604</b>	12.4%
<b>SG&amp;A expenses</b>	<b>10,863</b>	14.0%	<b>12,286</b>	13.5%	<b>1,423</b>	13.1%
<b>Operating profit</b>	<b>2,087</b>	2.7%	<b>2,268</b>	2.5%	<b>181</b>	8.7%
<b>Ordinary profit</b>	<b>2,369</b>	3.1%	<b>2,349</b>	2.6%	<b>(20)</b>	(0.9%)
<b>Profit attributable to owners of parent</b>	<b>1,696</b>	2.2%	<b>1,622</b>	1.8%	<b>(74)</b>	(4.4%)

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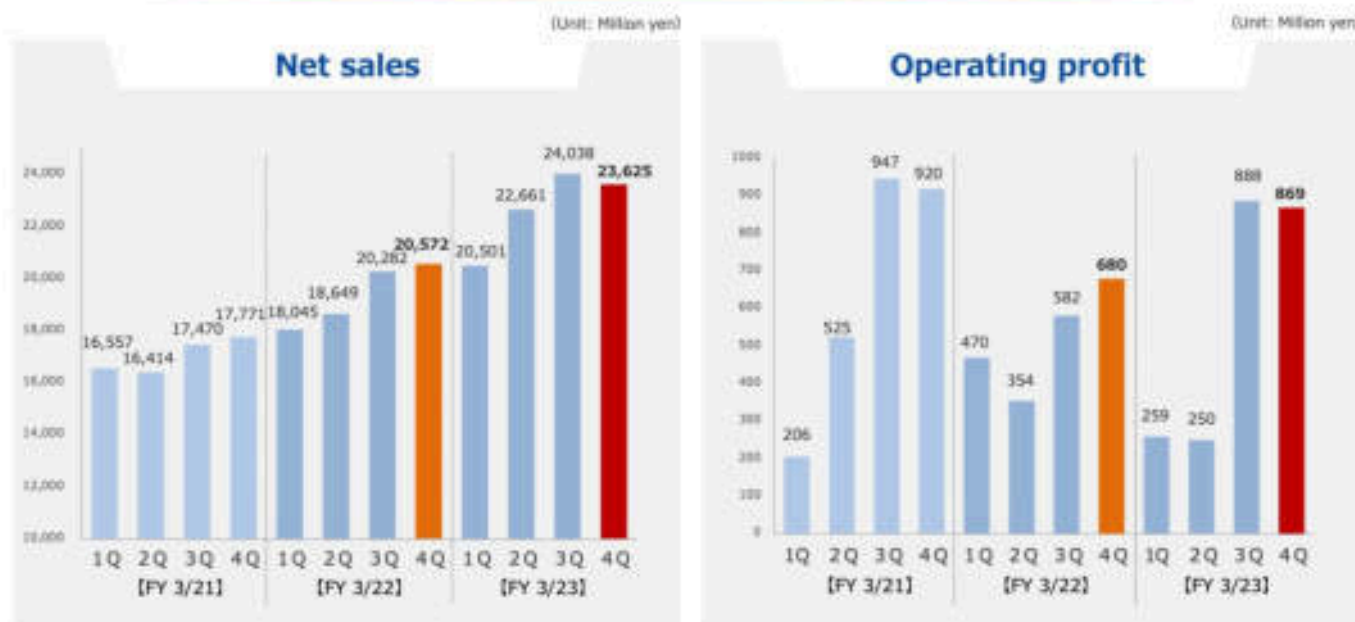
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These are the highlights of our consolidated financial results. Net sales increased 17.1% from the previous year. The key point here is that auto parts procurement started to become smoother in the fourth quarter. Although not back to normal yet, profitability has improved considerably, with the gross margin improving by 0.3 percentage points compared to the third quarter.

The nursing care business in Other Segments also posted increases in both revenue and profits.

# FY 3/2023 Quarterly Consolidated Financial Results

## FY 3/2023 Quarterly Consolidated Financial Results



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These are the trends of the quarterly consolidated financial results. As shown in the graphs on the slide, although gradual, the impact of the recovery in parts distribution, particularly among the automobiles-related parts industry's manufacturers, has been evident from the second half.

# FY 3/2023 Non-consolidated Financial Results Highlights

## 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
<b>Net sales</b>	<b>71,697</b>	100.0%	<b>80,776</b>	100.0%	<b>9,078</b>	12.7%
<b>Gross profit</b>	<b>12,336</b>	17.2%	<b>13,445</b>	16.6%	<b>1,108</b>	9.0%
<b>SG&amp;A expenses</b>	<b>10,222</b>	14.3%	<b>11,177</b>	13.8%	<b>955</b>	9.3%
<b>Operating profit</b>	<b>2,114</b>	2.9%	<b>2,267</b>	2.8%	<b>153</b>	7.2%
<b>Ordinary profit</b>	<b>2,294</b>	3.2%	<b>2,337</b>	2.9%	<b>42</b>	1.8%
<b>Profit</b>	<b>1,607</b>	2.2%	<b>1,638</b>	2.0%	<b>30</b>	1.9%

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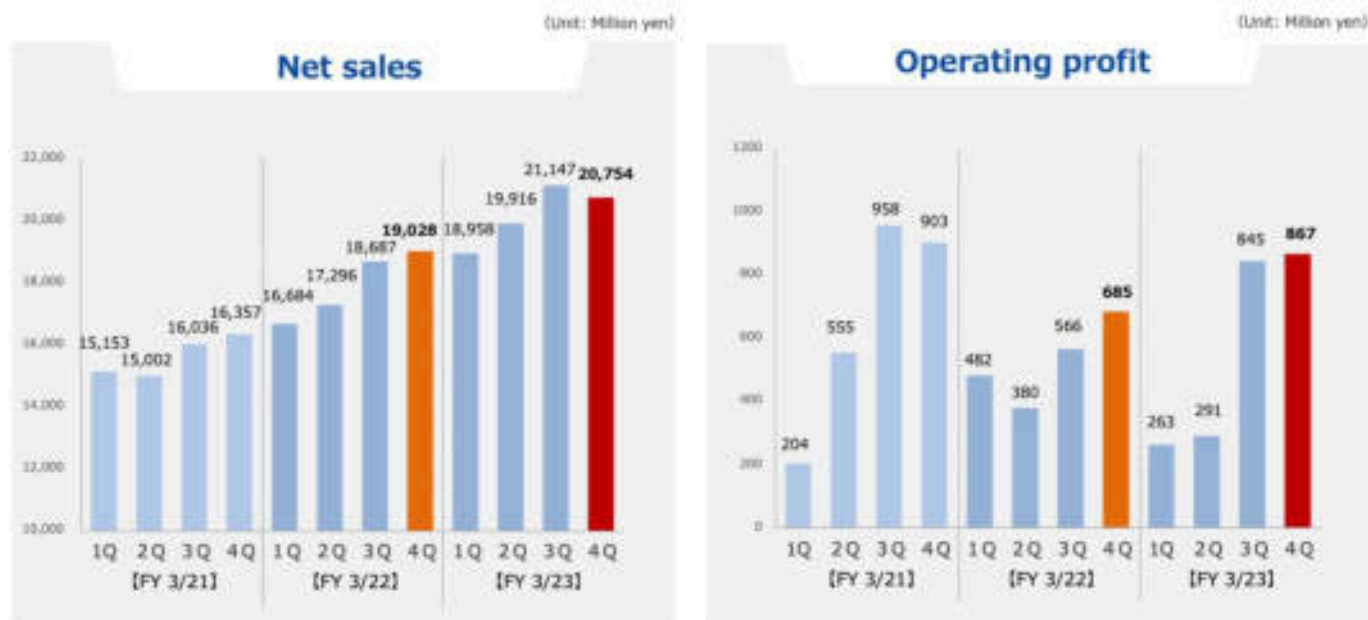
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I would like to explain the details of NISSO's non-consolidated Manufacturing • Production Human Resources Services, which account for approximately 90% of our total sales. Net sales increased 12.7% year-on-year.

As I just mentioned, the impact of the recovery in the automobiles-related parts industry's distribution has gradually emerged, and profitability has been improving every month. Gross profit has improved by 0.8 percentage points from the 15.8% posted in the first half.

# FY 3/2023 Quarterly Non-consolidated Financial Results

## FY 3/2023 Quarterly Non-consolidated Financial Results



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These are the trends of NISSO’s non-consolidated quarterly net sales and operating profit. Although net sales decreased slightly in the fourth quarter, human resources needs remained strong. In the fourth quarter, we exercised control with a focus on profitability rather than raising the top line, with an approach of prioritizing assignments to important clients.

Although our profit structure is usually 1:2 for the first and second half, it was 1:3 in FY 3/2023, which was somewhat extreme compared to a normal year. Please understand that for the past three years or so, due to the impact of COVID-19, operations and compensation for absence from work, etc., have been affected.

# FY 3/2023 Financial Results Summary

## 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

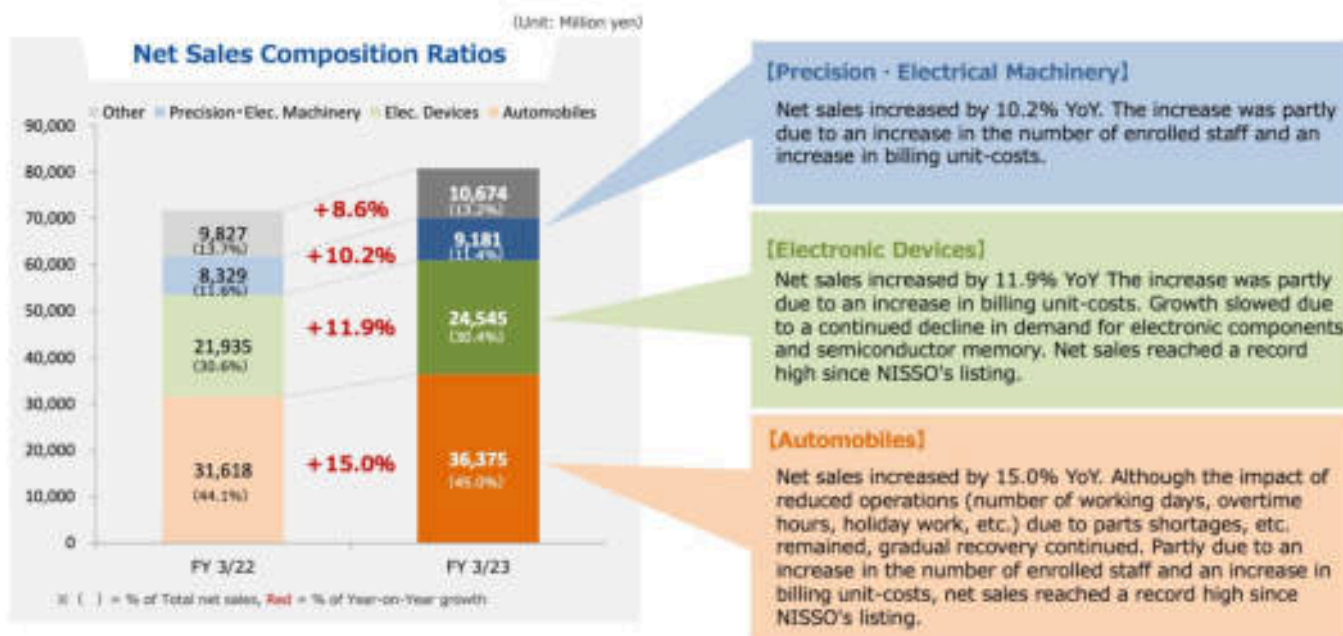
426 Thousand yen  
(+11 Thousand yen YoY)

· 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.

This is our financial results summary. By sales, the automobiles industry continued to perform strongly. On the other hand, growth in the electronic components industry has slowed due to inventory adjustments in semiconductor memory and a slight stagnation in non-semiconductor electronic components, mainly for communication equipment.

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

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



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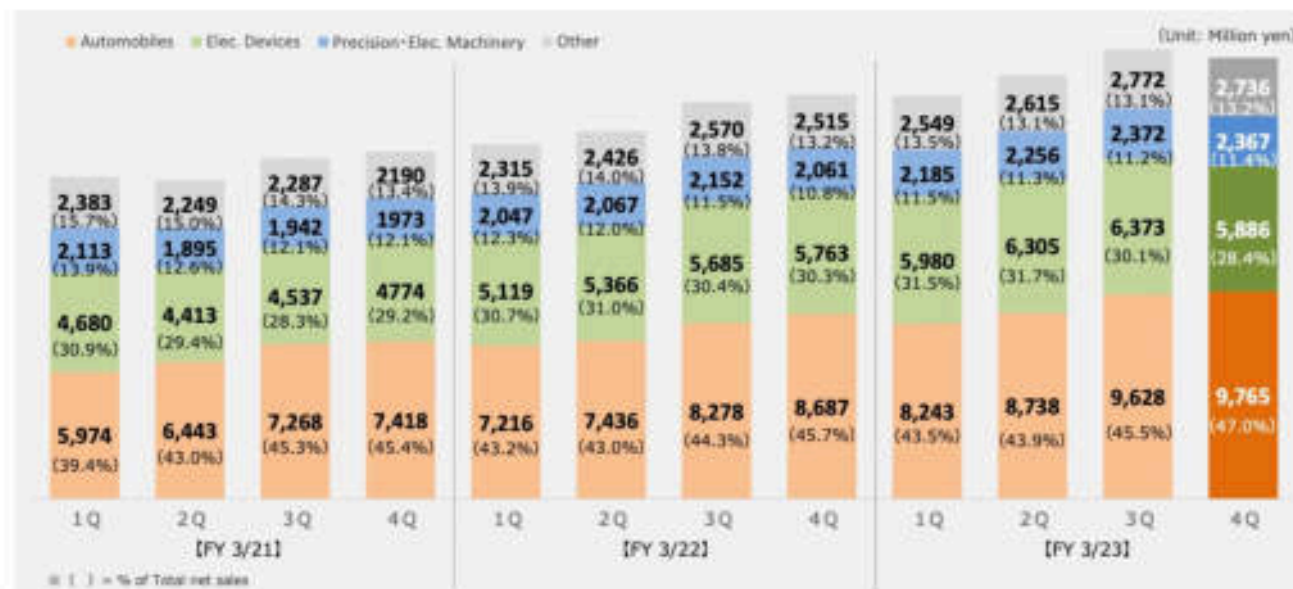
This is a year-on-year comparison of the net sales composition ratios. Currently, the operating conditions of auto body manufacturers in the fourth quarter have recovered to about 90% of normal.

On the other hand, in the electronic components field, devices for PC and communication equipment have been affected. Among them, specialized semiconductors such as power semiconductors have been performing very well, but we have yet to gain a solid foothold with those clients, due to the impact of memory. Therefore, it is affected by memory inventory adjustments.



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

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



This is the trend of the quarterly net sales by industry. As shown on the graph on the slide, the electronics and devices field grew compared to the previous quarter, while the pace slowed down.

# Account Companies (NISSO, Non-consolidated)

## Account Companies (NISSO, Non-consolidated)



### Point 1

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

### Point 2

- 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.



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Let me provide an explanation about our Account Companies. Looking at the graph on the slide, you may get the impression that our account strategy has not been working well.

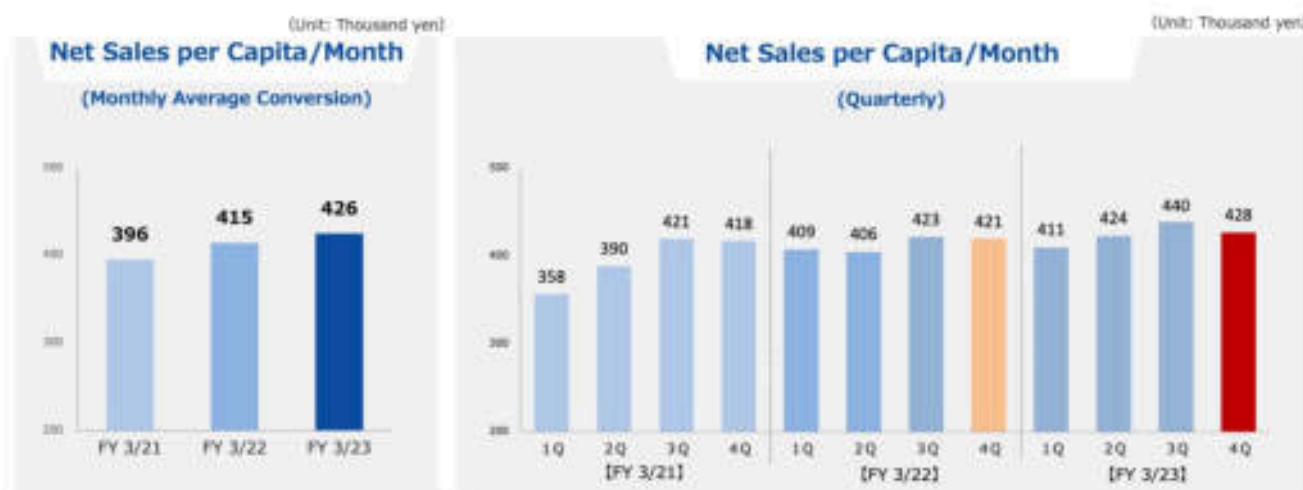
As a background to this, there are four groups of 50 Account Companies, but we have not changed this account structure at all since we went public. In addition, it is quite difficult for some accounts to grow in this era, especially in the second half of the year when the electronic components field has stagnated a bit, and the composition ratio as a whole of seems to be declining.

However, please understand that as a result of growth in the fields that are expected to grow in the future, the net sales composition ratio of our Account Company Groups has been relatively declining.

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

## 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.



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These are graphs of average monthly net sales per capita broken down by fiscal year on the left side, and by quarter on the right side. In FY 3/2023, although net sales per capita increased by 11,000 yen from the previous fiscal year, it is not surprising that they may have actually increased even more.

As a background to this, although unit-costs have been revised by about 100 yen from the previous fiscal year, overtime hours are slightly different. In FY 3/2022, monthly overtime per capita was 22.4 hours, while in FY 3/2023, it decreased by 2.8 hours to 19.6 hours. Nevertheless, please also understand that a major factor for the increase in net sales per capita was the increase in the unit-costs of orders.

# Number of Enrolled Staff (NISSO, Non-consolidated)

## Number of Enrolled Staff (NISSO, Non-consolidated)



### Compared w. Previous FY-end

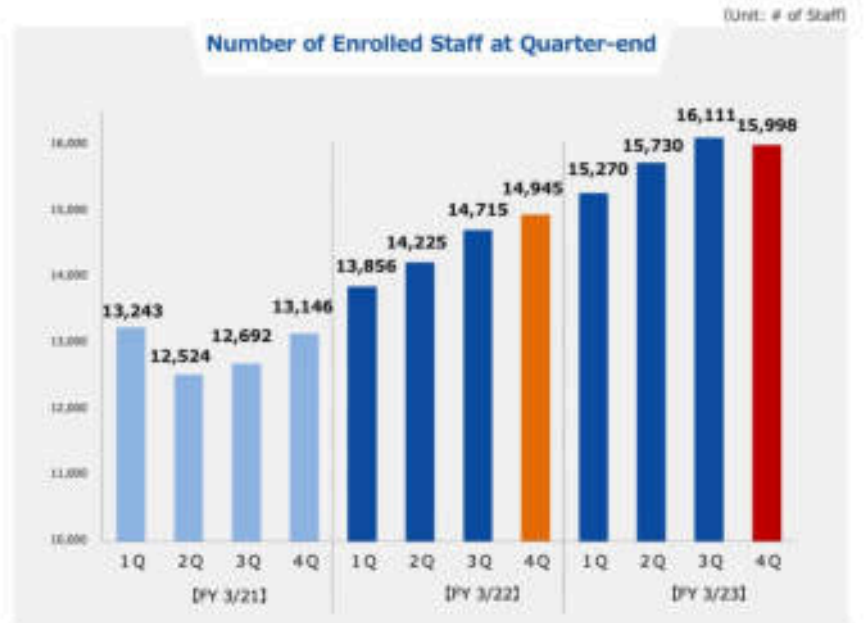
+1,053 staff (+7.0%)

#### Point 1

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

#### Point 2

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.



This is the trend of the number of enrolled staff. From the fourth quarter, we have been assigning people, especially to important Account Companies, since we want to carefully consider profitability while holding on to back orders.

Although the number of enrolled staff in the fourth quarter decreased by 113 compared to the end of the third quarter, we believe that it actually trended at the same level because many people resigned at the end of the fiscal year. Please understand that this was due to the impact of the semiconductor and electronic components fields where engineers and skilled staff are assigned.

Overall, the number of enrolled staff at the end of FY 3/2023 increased by 1,053 compared to the end of the previous year, which was an increase of 7%. Although some people may think that sales will slow down this year, with automobiles continuing to recover despite the impact of electronic components, I believe we can fully expect an annual growth of about 10%.

# Educational Achievements (NISSO, Non-consolidated)

## Educational Achievements (NISSO, Non-consolidated)



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

(Unit: # of participants)

**Point ①**

Main course-specific educational achievements increased YoY.

**Point ②**

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	MONDZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	5,396	6,059	+663
	<b>Total</b>	<b>6,104</b>	<b>7,291</b>	<b>+1,187</b>

Regarding our educational achievements, I would like for you to pay particular attention to engineering education. I will show you how the number of engineers is increasing later, but since we were determined to focus on firmly training engineers in order to achieve our Medium-term Management Plan, our educational achievements have more than doubled from the previous year.

We are also focusing on the three content areas of manufacturing education in order to focus on assigning high value-added human resources.

In order to achieve our Medium-term Management Plan, we would like to actively promote a development-type model while differentiating ourselves from other companies. In addition, we will continue to make firm investments in education in the current fiscal year, which we hope will make a significant contribution to earnings in the next fiscal year and beyond.

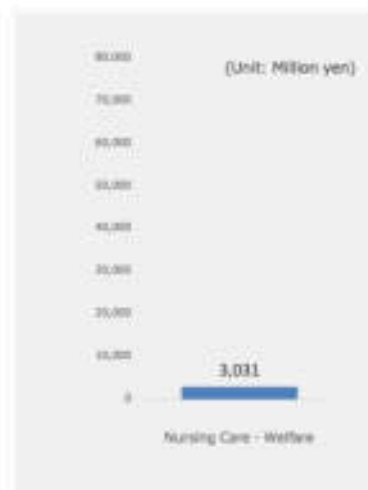
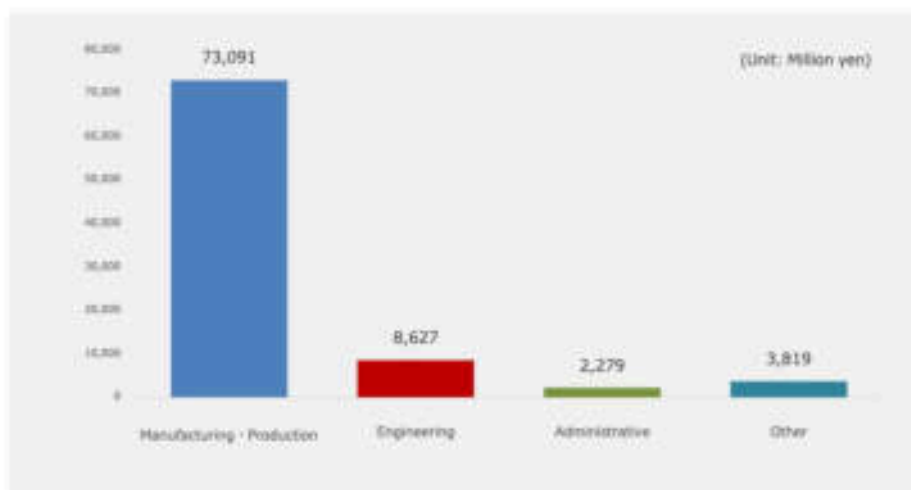
# Net Sales by Segment (Services)



## Net Sales by Segment (Services)

FY 3/2023  
General Human Resources Services Business

FY 3/2023  
Other Businesses



The following is an explanation of the financial results by segment. It will be about our Manufacturing • Production Services, Engineering Services, Administrative Services, and Other Services of our General Human Resources Services Business. Other Services refers to our Nursing Care • Welfare Services.

# Manufacturing • Production Human Resources Services

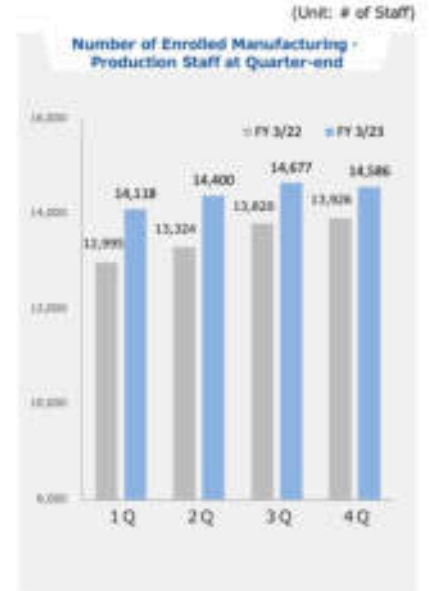
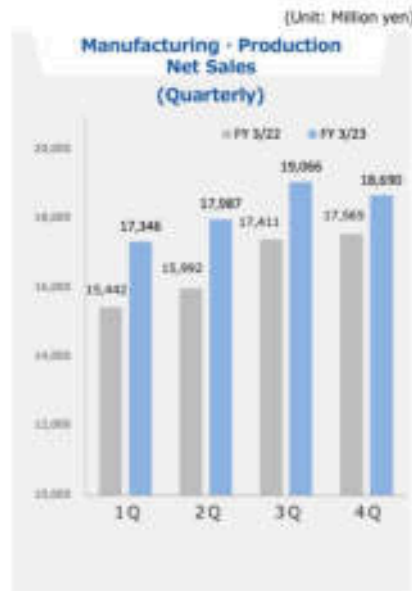
## Manufacturing • Production Human Resources Services

### Net Sales

Manufacturing • production net sales in 4Q 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.



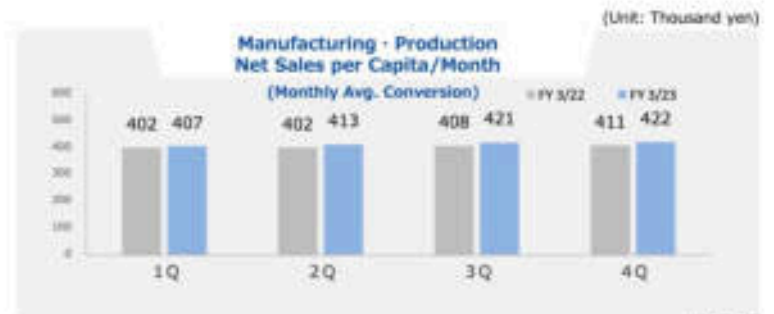
Net sales for the Manufacturing • Production Services segment increased by 6.4% year-on-year. The graph on the right side of the slide shows the trends in the number of enrolled staff, which also increased by 4.7% year-on-year. While holding on to back orders from clients, this segment has been performing well.

# Manufacturing • Production Human Resources Services

## Manufacturing • Production Human Resources Services

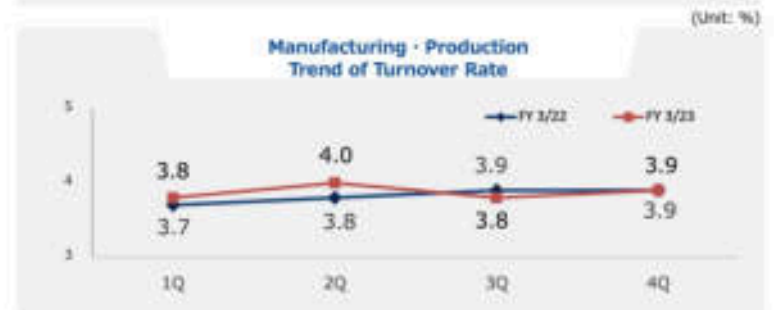
### Net Sales per Capita/Month

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.



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This is the trend of net sales per capita. In the fourth quarter, net sales increased by 2.7% year-on-year. The turnover rate, which had been a slight concern in the first half, was reduced to the same level in one year as in FY 3/2022, and we were able to achieve our target of less than 4%.



# Engineering Human Resources Services

## Engineering Human Resources Services

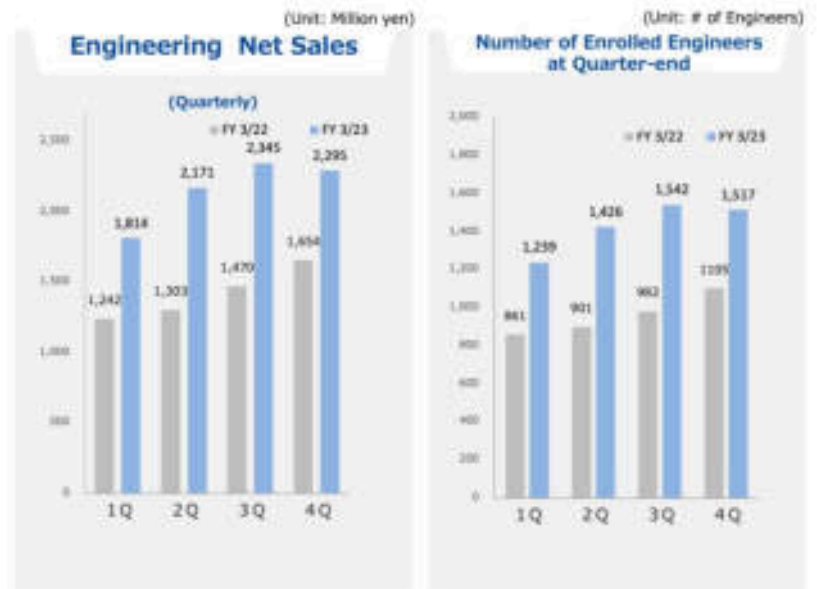


### Net Sales

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.



These are the trends of net sales and the number of enrolled engineers in our Engineering Human Resources Services. The number of enrolled engineers in the fourth quarter increased by 37.3% year-on-year to 412. However, as I mentioned earlier, since we have been focusing on assigning our engineers to semiconductor memory clients, enrollment remained flat compared to the previous quarter.

Considering that NISSO was still in the investment phase until FY 3/2023, I believe that we will be able to make a solid contribution to our earnings from FY 3/2024 onwards.

# Engineering Human Resources Services

## Engineering Human Resources Services



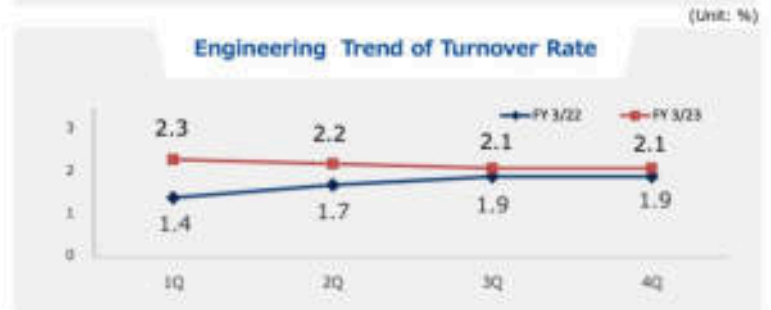
### Net Sales per Capita/Month

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.



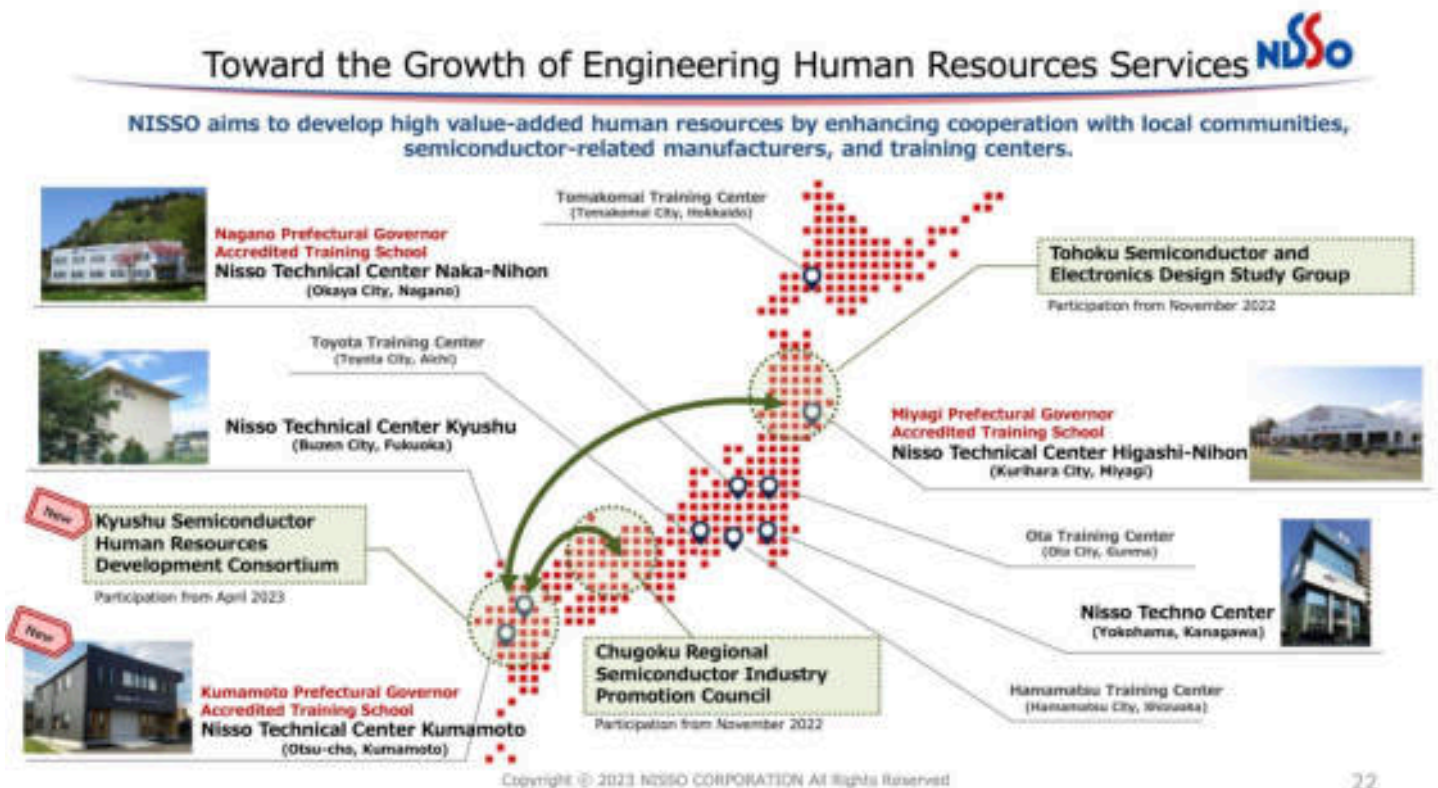
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These are the trends of our engineering net sales per capita and turnover rate. The turnover rate has gradually improved from 2.3% in the first quarter to 2.1 percentage points in the fourth quarter. We are now able to maintain the status quo, moving one step closer to our target of being below 2%.

Net sales per capita appear to have slowed down in the third and fourth quarters. This was due to the decrease in the number of operating hours of engineers as a result of the impact of the business environment for semiconductor memory and some electronic components that I mentioned earlier.

# Toward the Growth of Engineering Human Resources Services



Next is about how to promote our Engineering Human Resources Services. In addition to the automobiles-related fields, which account for half of our net sales, the electronic components field is our second area, and we are determined to develop and assign high value-added human resources to this area. To that end, we will continue to develop human resources for semiconductors and work closely with semiconductor and equipment manufacturers.

In each region of Japan, there is a movement to establish mass production of semiconductors through industry, government, and academia by focusing on semiconductors as a strategic item for economic security. The Tohoku and Chugoku regions have been participating in these initiatives since November 2022, and the Kyushu region since April 2023.

This initiative aims to develop high value-added human resources while enhancing cooperation with local communities, semiconductor-related manufacturers, and our training centers. The background to this is that the foundation for human resources development is extremely important in establishing mass production technology in each district. We are participating in this industry-government-academia collaboration with the idea that we will play a part in building the foundation for human resources development.

As a foundation for this, we have finally created a system to train semiconductor engineers in Kumamoto Prefecture, in addition to Miyagi and Nagano Prefectures, where we already have accredited training schools. From here, we will continue to thoroughly develop our engineers.

## Toward the Growth of Engineering Human Resources Services

### 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 Huro, 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

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As one of our Topics, the training facility in Kumamoto, which we opened in April, is shown. A very important point is that we have a system for developing human resources who are familiar with practical work that other companies do not do.

In addition to improving initial retention and enabling them to acquire skills from inexperience, it is a practical program that provides a structure to train our engineers by implementing cutting-edge semiconductor manufacturing equipment. This has been very highly evaluated by semiconductor and equipment manufacturers, and will enable us to build a solid pillar and deeper relationships in the field of semiconductors in the future.

However, there is a limit to the number of human resources that can be trained there, so we will strive to increase the number of human resources who can be trained by using technologies such as e-learning and VR/AR at our existing training facilities. Furthermore, while creating such training facilities in necessary areas, we would like to further increase our presence and broaden our horizons in the semiconductor field, which is expected to grow in the future.

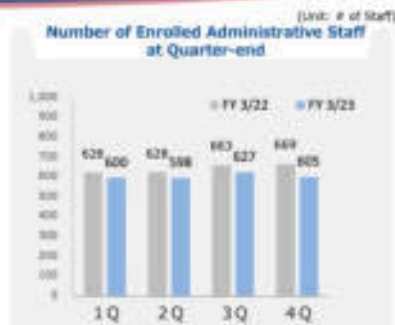
# Administrative • Other Human Resources Services



## Administrative • Other Human Resources Services

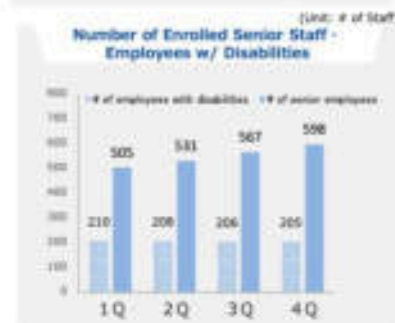
### Administrative Human Resources Services

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



### 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.



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I would like to provide an explanation about our Administrative • Other Human Resources Services. As for the Administrative data at the top of the slide, although we are in the process of transitioning to high value-added administrative fields that utilize AI, this is not yet sufficient. I believe that we can shift to the high value-added white-collar field as needs for the traditional administrative dispatching field are being replaced by various new technologies.

As for seniors and people with disabilities at the bottom of the slide, Nisso Pure is working to develop the abilities of people with disabilities as they flourish. From the second quarter of FY 3/2023, net sales have been increasing rapidly due to the impact of the change in majority of Nikon Nisso Prime. In the future, we plan to create more opportunities for seniors to flourish while engaging in career challenges and reskilling.

# Nursing Care • Welfare Services



## 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%

### Number of facility residents

(Unit: # of residents)



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Next is about our Nursing Care • Welfare Services. Although net sales increased only slightly because we did not make significant investments, both revenue and profits increased. Regarding trends in the occupancy rate, it increased to 94.5% at the end of FY 3/2023, and efforts have been made to improve the efficiency of the facilities.

# FY 3/2024 Full-year Consolidated Forecasts

## 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%

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Now, I would like to talk about our future prospects. The slide shows the forecast for FY 3/2024. In the Medium-term Management Plan, although we have forecasted net sales of 100 billion yen and an operating profit of 4 billion yen, in this forecast, operating profit has been set at 3.6 billion yen.

The reason for this is that we revised our Medium-term Management Plan in August 2022, and at that time, we expected the automobiles industry to return to normal in FY 3/2024. However, although FY 3/2023 was not as severely affected as FY 3/2022, the shortage of parts, particularly in power semiconductors, has not yet been completely resolved.

In addition, we believe that inventory adjustments in semiconductor memory will continue at least through the first half of the current fiscal year, and we expect a gradual recovery from there. Furthermore, this forecast is based on the fact that electronic devices other than semiconductors, which are linked to semiconductors, will be affected as well, at least in the first half of the fiscal year.

# From Account Strategy to Industry Strategy

## 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.



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Since our listing, we have told you that we will implement our account strategy to increase our market share by delivering high value-added human resources, mainly our skilled staff, to our four Account Company Groups, which are our most important clients. However, we have decided to switch our account strategy to one with a slightly higher and broader perspective.

Traditionally, although we viewed each Account Company as "points", new technologies in recent years are rapidly changing the form of operations and the quality of human resources required in each industry. With this in mind, we are trying to understand the industry in terms of "surfaces", thoroughly talking with our clients to confirm what kind of human resources have high market value for each industry, and while developing such human resources, we are trying to assign them with an emphasis in three fields.



# Industry Trends

## Industry Trends INNESSO's own forecasts



		<b>Automotive Industry</b> (Automobile manufacturing- EV-related manufacturing industry)	<b>Semiconductor Industry</b> (Semiconductor manufacturing industry)	<b>Electronics Industry</b> (Electronic equipment manufacturing industry)
<b>1 H</b>	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
<b>2 H</b>	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

In the "Automotive Industry," "Semiconductor Industry," and "Electronics Industry" shown on the slide, we will conduct sufficient negotiations with our top-tier business partners, especially those that are expected to grow in the future, and assign the necessary human resources. In this regard, you may think, "Isn't this going to break the strong ties that you've had with your Account Companies?", but that is not the case.

As we increase the number of clients we will need to support and follow up with in terms of our sales strategy, it will be necessary to further strengthen it. In other words, we will increase the number of clients with whom we have strong relationships, and in this context, we will stabilize our management base while strengthening the development of human resources tailored to the characteristics of each industry. In this way, I would appreciate it if you could understand that we are making a major shift in our strategy for growth. This idea is consistent with the creation of a new pillar in the field of semiconductors.

In addition, we have expanded in the traditional automotive field, focusing on auto body manufacturers. However, from the perspective of economic security related to China, we must focus on batteries. Therefore, in our industry strategy, we would like to create a pillar in the field of batteries

by differentiating ourselves from other companies in the industry and developing the human resources necessary, especially in the process of making battery cells.

“NISSO's own forecasts” has been written next to the title on the slide. Since we are not a think tank, we listened to what our clients had to say and analyzed how these three industry fields would transition in the first and second half of the year.

Of these, only the automotive field remained strong throughout the year. The semiconductor and electronics fields were sluggish in the first half, and despite a gradual recovery in the second half, they were still sluggish. This table will help you understand why our forecast for FY 3/2024 is as shown earlier.

And what we should not be overlooked is that we are now at a major turning point. Currently, some semiconductor manufacturers, including memory, are undergoing inventory adjustments. There are talks of Samsung expanding, and that a second factory will be built by a joint venture between semiconductor manufacturers and Taiwan in the revitalized Kumamoto area. There is also talk of a very national, state-of-the-art semiconductor manufacturer called Rapidus setting up a plant in Hokkaido, which has been said will finally happen in the second half of the current fiscal year.

In line with this, it is very important that we enhance our ability to develop the human resources deemed to be necessary in that field. As such, we will continue to be in an investment trend in the current fiscal year, and from the next fiscal year onwards, we will achieve significant results from those investments. Since we are very serious in our analysis, we will respond to the changes in the market while grasping them accurately.

# 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.

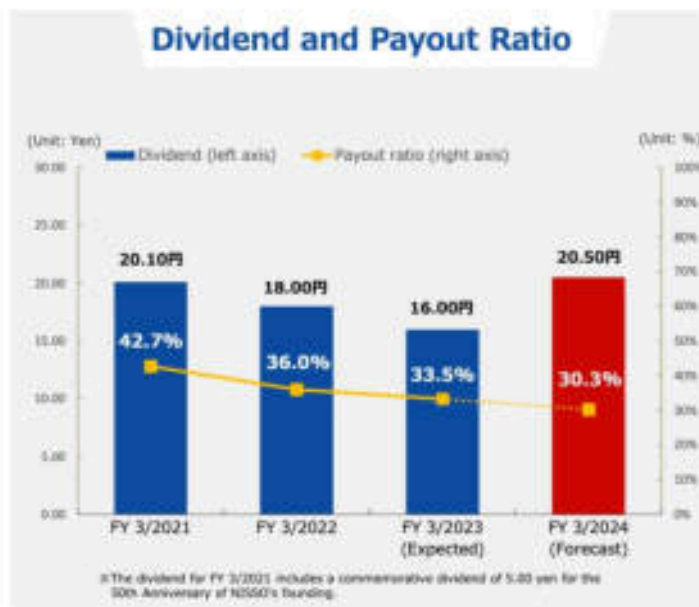
### FY 3/2023 Dividend (Expected)

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



Now, I would like to talk about our shareholder return policy. The dividend per share for FY 3/2023 will be 16 yen, and the consolidated dividend payout ratio will be 33.5%. For FY 3/2024, we plan to achieve a dividend payout ratio of 30.3% and a dividend amount of 20.50 yen. Since we are now just one step away from reaching 25 yen, the highest amount since we went public, we will all work together to ensure that we can achieve a dividend amount that rewards our investors each year.

We have also received feedback from investors that we should increase the dividend payout ratio even more. However, we have M&As and new businesses, which will go into full swing in the near future, as well as the development of the semiconductor field I mentioned earlier. We would like to grow the company and raise our share price while making sufficient investments in these areas.

# Consolidated Balance Sheet



## Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2022-end		Mar. 2023-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
<b>Current assets</b>	<b>19,068</b>	<b>69.4</b>	<b>21,747</b>	<b>72.3</b>	<b>2,679</b>
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
<b>Non-current assets</b>	<b>8,394</b>	<b>30.6</b>	<b>8,344</b>	<b>27.7</b>	<b>(49)</b>
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
<b>Total assets</b>	<b>27,462</b>	<b>100.0</b>	<b>30,092</b>	<b>100.0</b>	<b>2,629</b>
<b>Current liabilities</b>	<b>10,411</b>	<b>37.9</b>	<b>12,187</b>	<b>40.5</b>	<b>1,776</b>
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
<b>Non-current liabilities</b>	<b>3,492</b>	<b>12.7</b>	<b>3,097</b>	<b>10.3</b>	<b>(394)</b>
Long-term loans payable	2,509	9.1	2,019	6.7	(490)
<b>Total liabilities</b>	<b>13,903</b>	<b>50.6</b>	<b>15,284</b>	<b>50.8</b>	<b>1,381</b>
<b>Shareholders' equity</b>	<b>13,540</b>	<b>49.3</b>	<b>14,563</b>	<b>48.4</b>	<b>1,023</b>
<b>Non-controlling interests</b>	-	-	<b>239</b>	<b>0.8</b>	<b>239</b>
<b>Total net assets</b>	<b>13,559</b>	<b>49.4</b>	<b>14,807</b>	<b>49.2</b>	<b>1,248</b>
<b>Total liabilities and net assets</b>	<b>27,462</b>	<b>100.0</b>	<b>30,092</b>	<b>100.0</b>	<b>2,629</b>

### 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%.

This slide shows our consolidated balance sheet.

# Consolidated Statements of Cash Flows

## 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.

Next are the consolidated statements of cash flows. From your point of view as investors, we may seem cash-rich. Although we cannot talk about the current fiscal year as a definitive matter because we have partners to deal with, all of us at NISSO are fully committed to achieving M&As. We would very much appreciate your continued support.