



*Making hardworking people,
happy.*

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

First Quarter of FY 3/2024

Financial Results Briefing Materials

August 9, 2023

FY 3/2024 1Q Results

- Both net sales and operating profit were the highest for 1Q since NISSO's listing
- Operating profit increased by 92.9% year-on-year
- The impact of inventory adjustments in the Semiconductor Industry (memory field, etc.) continued
- Although demand for components in the Electronics Industry was weak, it was on a recovery trend
- Engineering net sales increased steadily
- Full-scale assignment of new graduate engineers to start from July

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FY 3/2024 1Q

Financial Results Summary

From Account Strategy to Industry Strategy

NISSO will contribute to the industries that drive Society 5.0 through training and human resources development

Account Strategy

Top domestic manufacturers

Company D

Company A

Company C

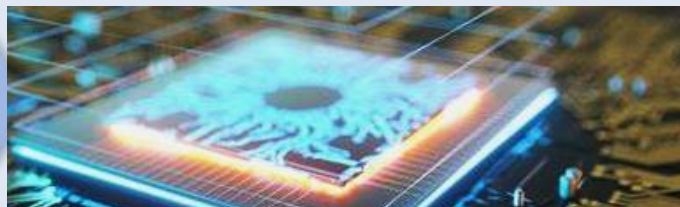
Company B

Industry Strategy Industries driving Society 5.0



Automotive Industry

Automobiles/
EV-related



Semiconductor Industry

Semiconductors/
Semiconductor manufacturing equipment



Electronics Industry

Communications equipment/
Electronic components

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 tailored to the needs of each industry that we are focusing on.

FY 3/2024 1Q Consolidated Financial Results Highlights

(Unit: Million yen)

Points

Operating profit increased by 92.9% YoY

- Net sales increased by 15.4%, partly due to an increase in the number of enrolled staff and a gradual recovery in operations in the Automotive Industry.
- Other Businesses (Nursing Care • Welfare Services) increased revenue and profits YoY.

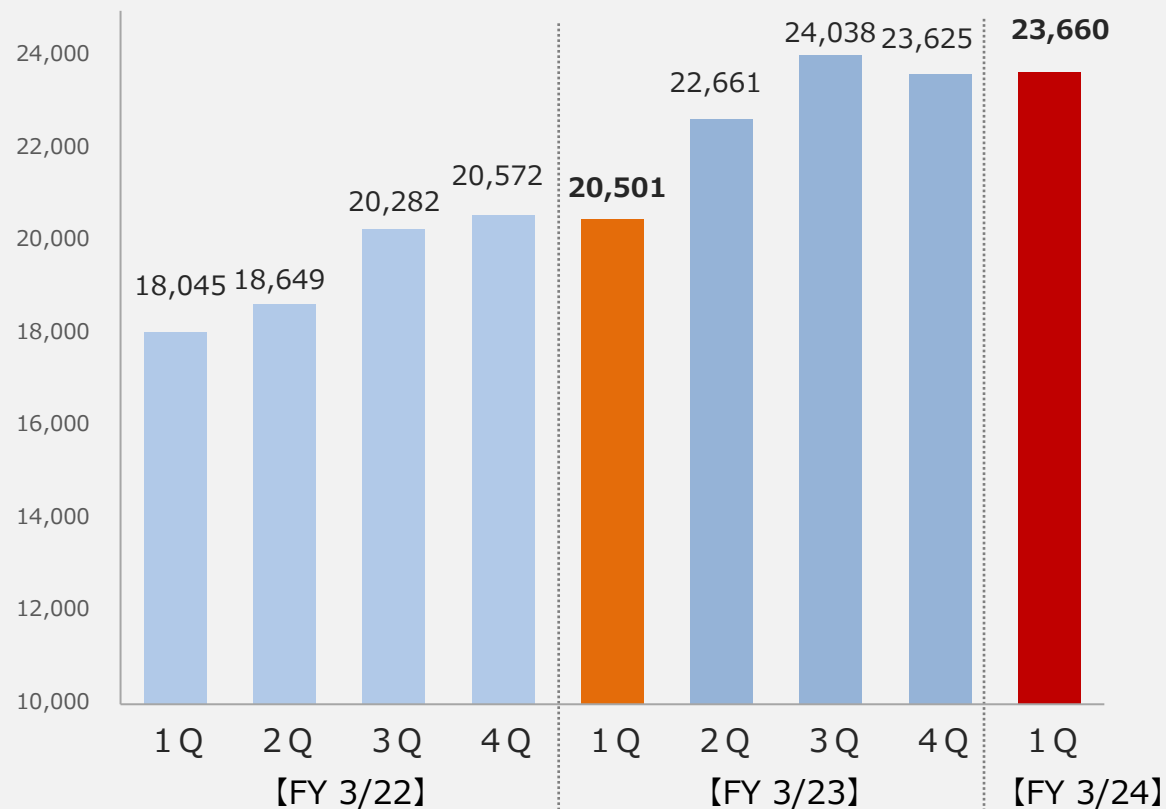
	FY 3/2023 1Q		FY 3/2024 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	20,501	100.0%	23,660	100.0%	3,158	15.4%
Gross profit	3,114	15.2%	3,722	15.7%	608	19.5%
SG&A expenses	2,854	13.9%	3,221	13.6%	367	12.9%
Operating profit	259	1.3%	500	2.1%	241	92.9%
Ordinary profit	313	1.5%	511	2.2%	197	62.9%
Profit attributable to owners of parent	182	0.9%	316	1.3%	134	73.8%

FY 3/2024 Quarterly Consolidated Financial Results



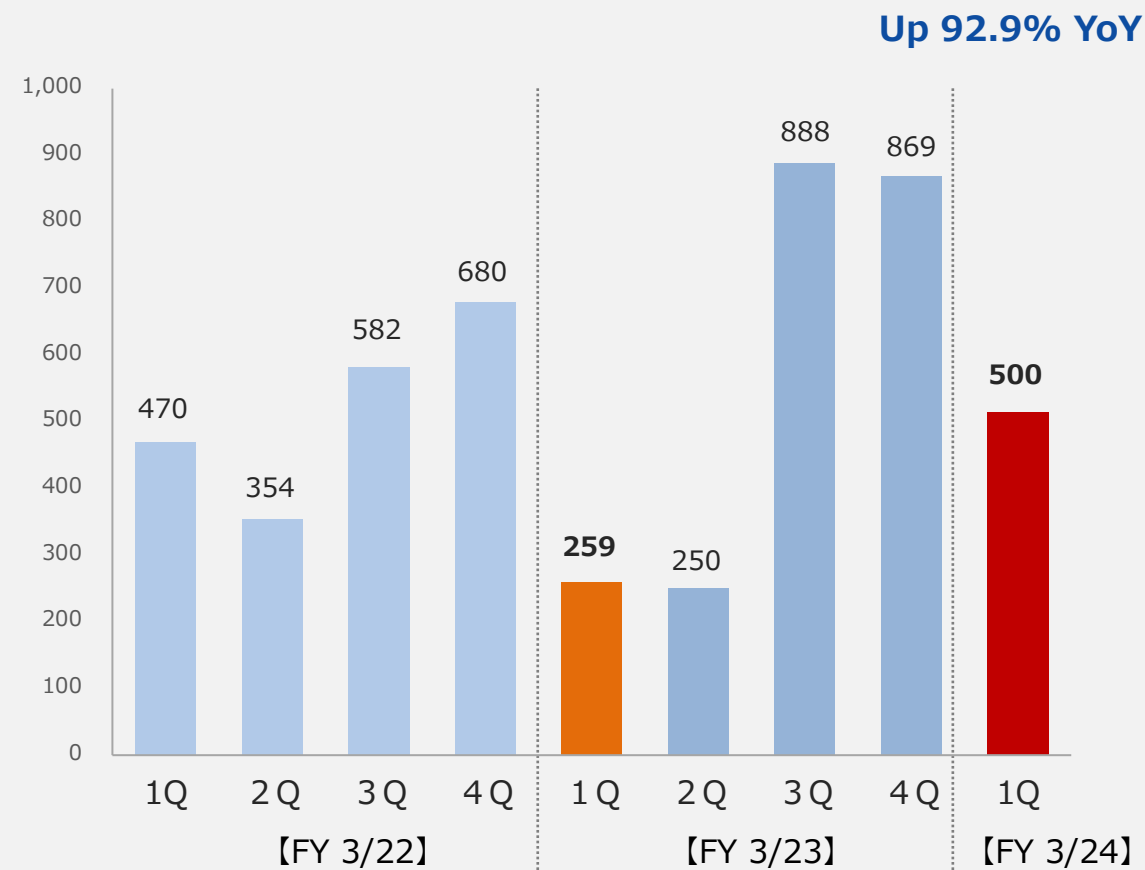
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



FY 3/2024 1Q Non-consolidated Financial Results Highlights

Net Sales

Increase by 9.2% YoY due to recovery in operations

- Net sales increased YoY, partly due to an increase in the number of enrolled staff and a gradual recovery in operations in the Automotive Industry.

Expenses · Profits

Gross profit increased by 14.1%

- Although the impact of parts shortages in the Automotive Industry continued to some extent, the gross profit margin improved by 0.7 percentage points YoY partly due to a gradual recovery in operations.
- Recruitment costs were made more efficient, and the SG&A ratio improved by 0.1 percentage points YoY.

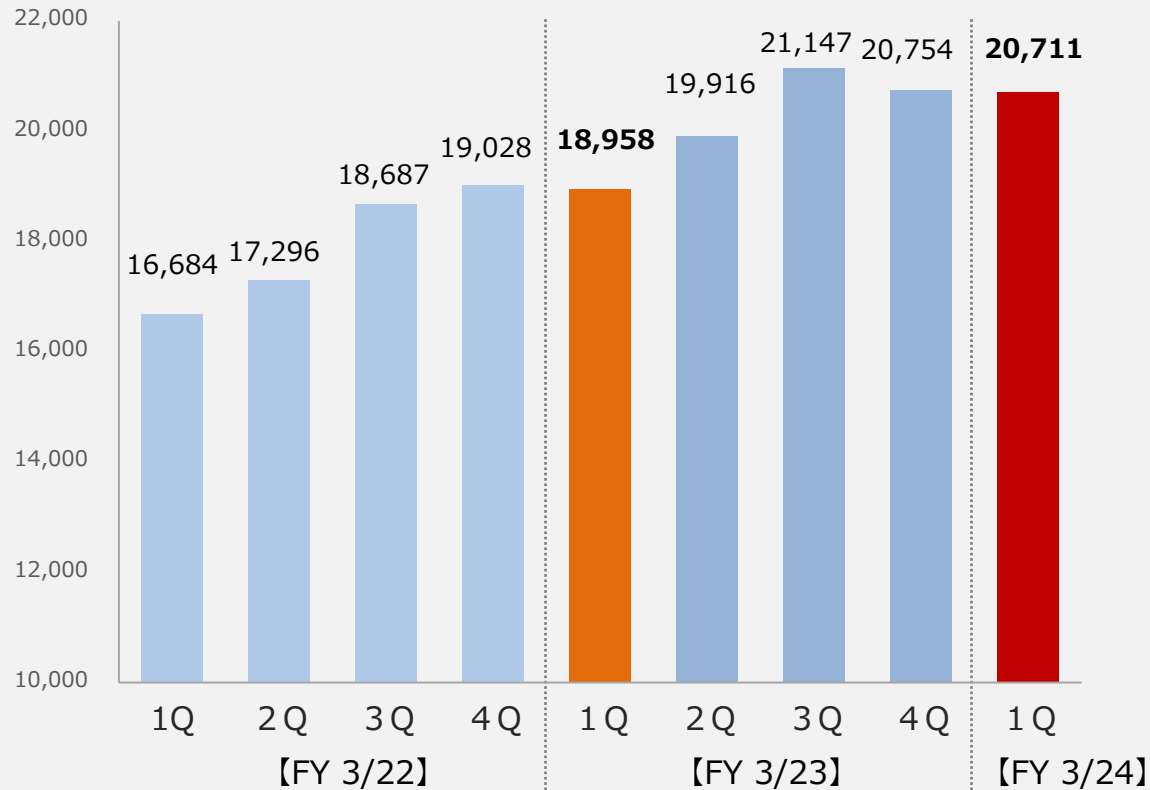
(Unit: Million yen)

	FY 3/2023 1Q		FY 3/2024 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	18,958	100.0%	20,711	100.0%	1,753	9.2%
Gross profit	2,949	15.6%	3,365	16.3%	416	14.1%
SG&A expenses	2,685	14.2%	2,912	14.1%	226	8.4%
Operating profit	263	1.4%	453	2.2%	189	72.0%
Ordinary profit	310	1.6%	465	2.2%	154	49.9%
Profit	190	1.0%	299	1.4%	109	57.3%

FY 3/2024 1Q Quarterly Non-consolidated Financial Results

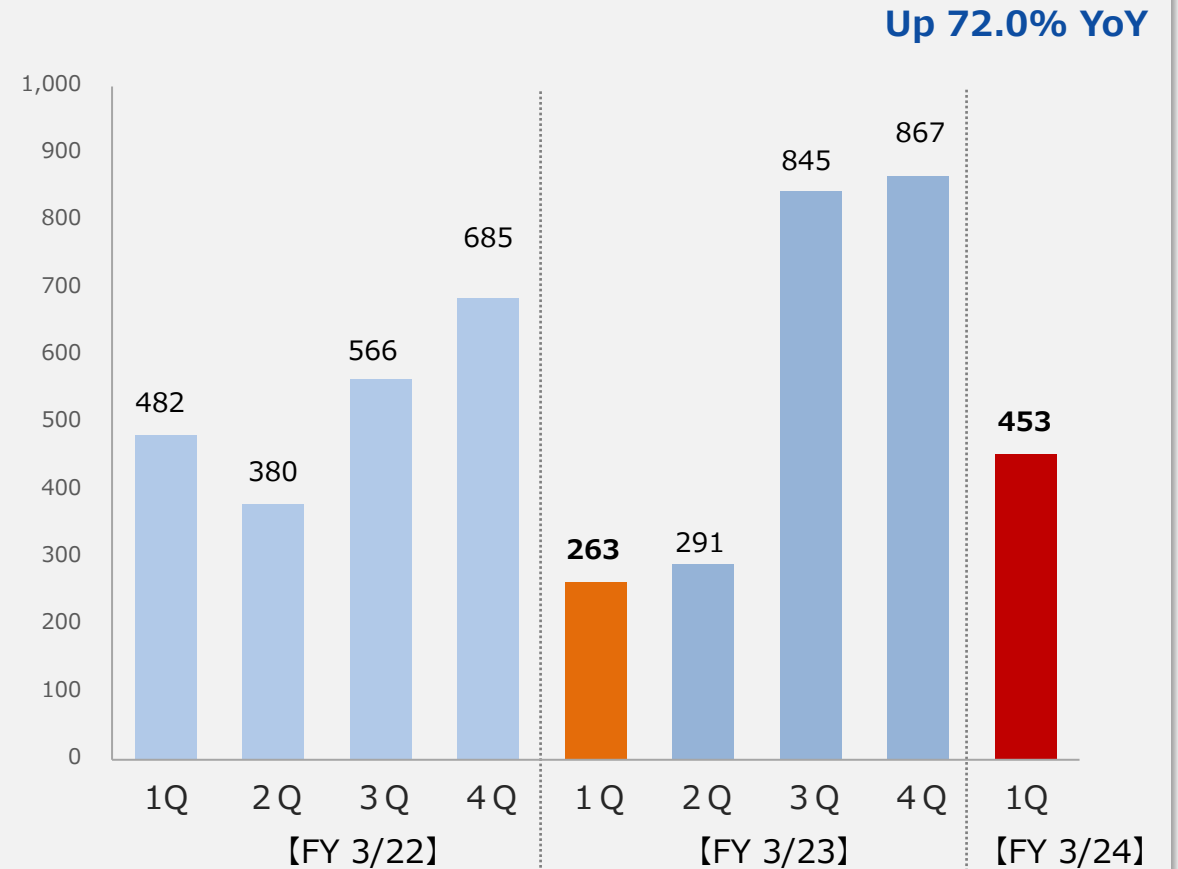
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit





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FY 3/2024 1Q Overview of NISSO's Activities

Non-consolidated Financial Results Summary

Net Sales	20,711 Million yen	(+1,753 Million yen / +9.2%)
Operating Profit	453 Million yen	(+189 Million yen / +72.0%)

Non-consolidated Indicator Summary

● Focused Industry Net Sales (YoY)

Focused Industries Total... **+8.1%**

※Total of Automotive, Semiconductor, and Electronics Industries

- Focused industry net sales, which are the sum of the Automotive, Semiconductor, and Electronics Industries, increased by 8.1% YoY.

● 1Q-end Number of Enrolled Staff

16,132 staff

(+862 staff YoY)

- The number of enrolled staff increased by 862 YoY.
- Enrollment increased, mainly in the Automotive Industry.

● Avg. Monthly Net Sales per Capita

427 Thousand yen

(+17 Thousand yen YoY)

- Average monthly net sales per capita increased by 4.0% YoY due in part to a gradual recovery in operations in the Automotive Industry and an increase in billing unit-costs.

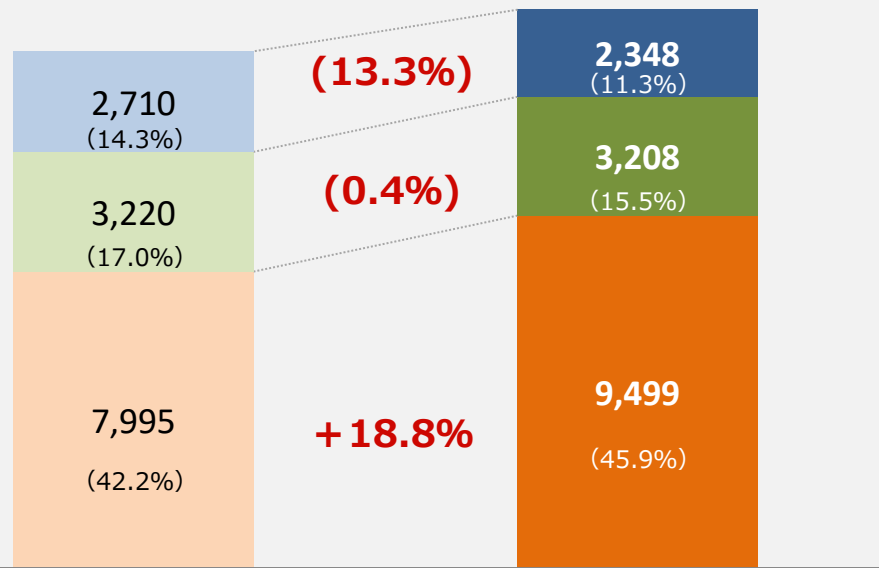
FY 3/2024 1Q Net Sales by Industry (NISSO, Non-consolidated)



(Unit: Million yen)

Net Sales Composition Ratios

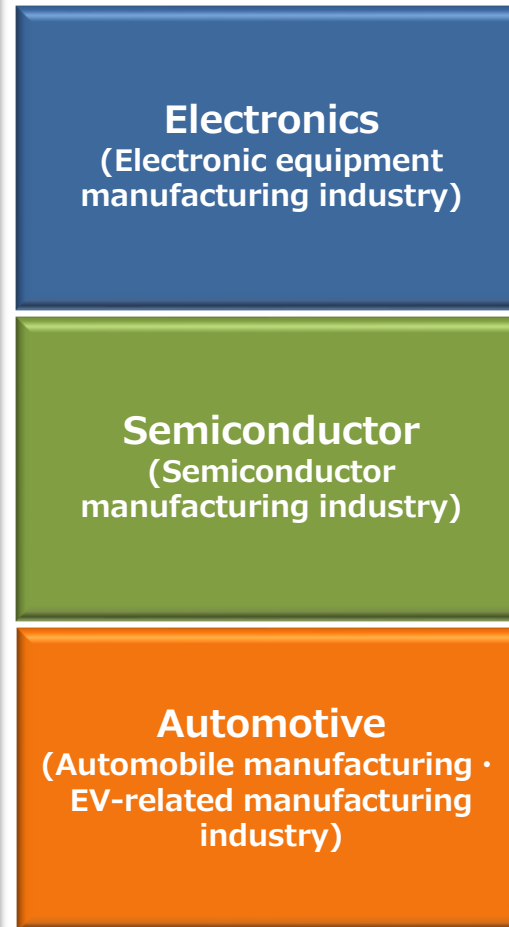
Automotive Semiconductor Electronics



FY 3/23 1Q ※Reference

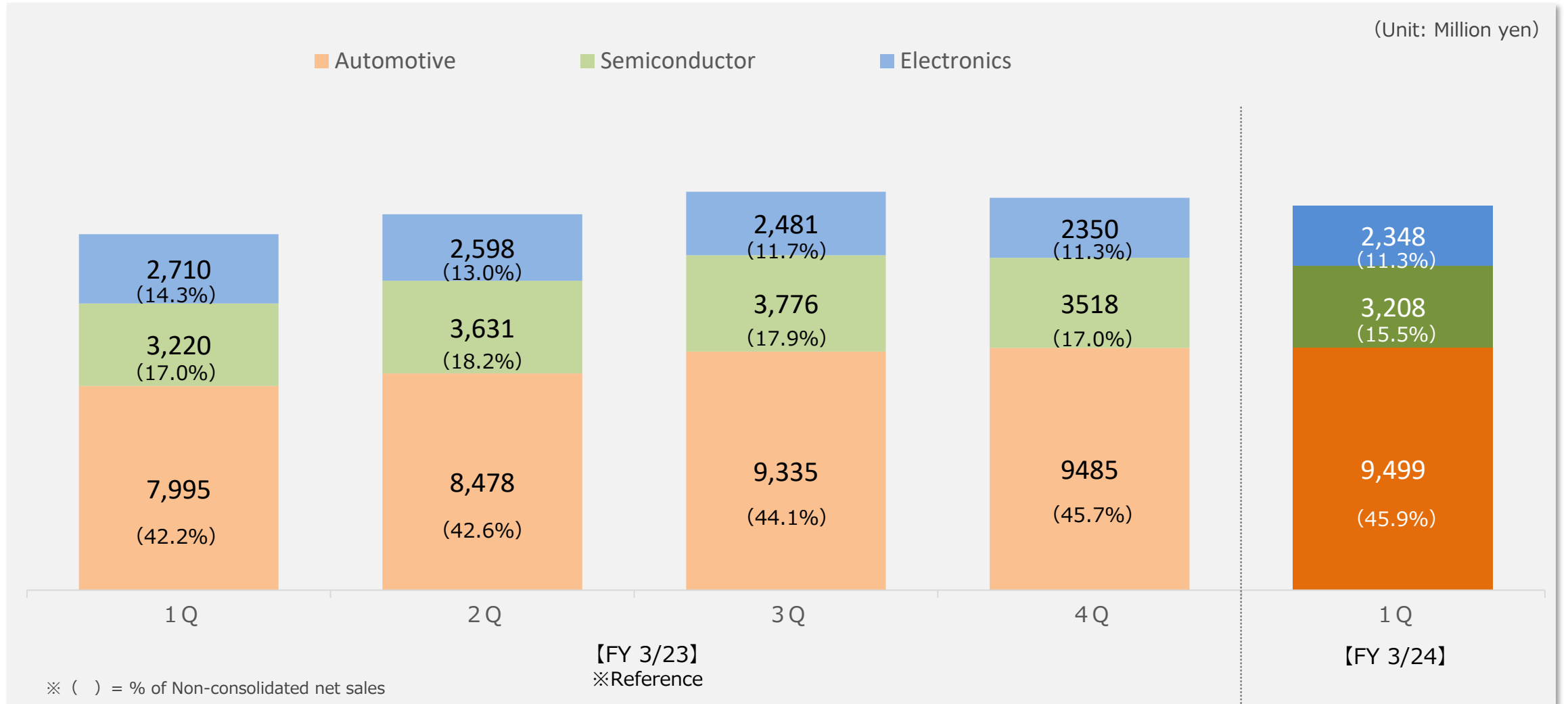
FY 3/24 1Q

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



Net Sales	Operational Trends	Personnel Trends
Down 13.3% YoY	Sluggish but partly recovered	Sluggish but partly recovered
Down 0.4% YoY	Manufacturing equipment and semiconductor memory were sluggish, but power semiconductors were steady	Sluggish
Up 18.8% YoY	Some effects of parts shortages continued	Steady

FY 3/2024 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



Average Monthly Net Sales per Capita (NISSO, Non-consolidated)

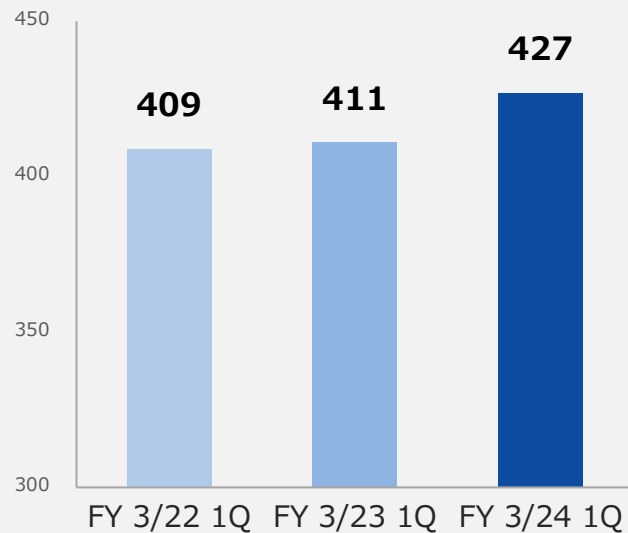


● FY 3/2024 1Q YTD Avg. monthly net sales per capita 427 Thousand yen (+17 Thousand yen YoY)

● The average monthly net sales per capita increased YoY, due in part to a gradual recovery of operations in the Automotive Industry and an increase in billing unit-costs.

(Unit: Thousand yen)

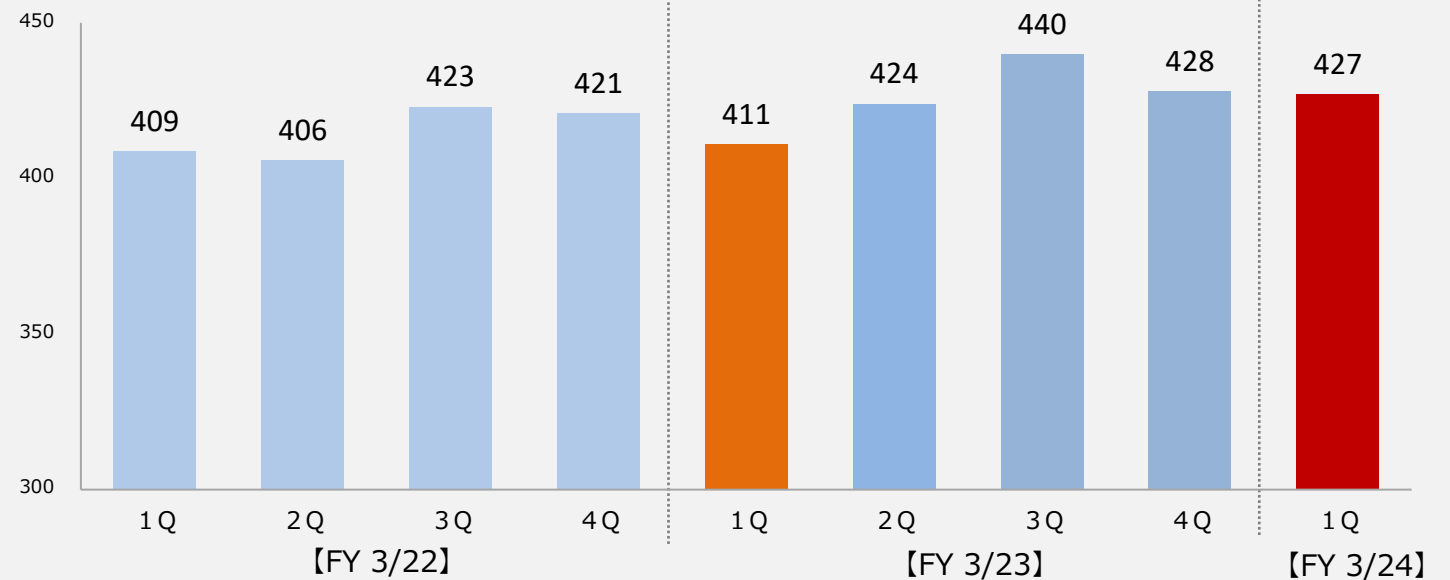
Avg. Monthly Net Sales per Capita



(Unit: Thousand yen)

Avg. Monthly Net Sales per Capita

(Quarterly)



Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Year-on-Year

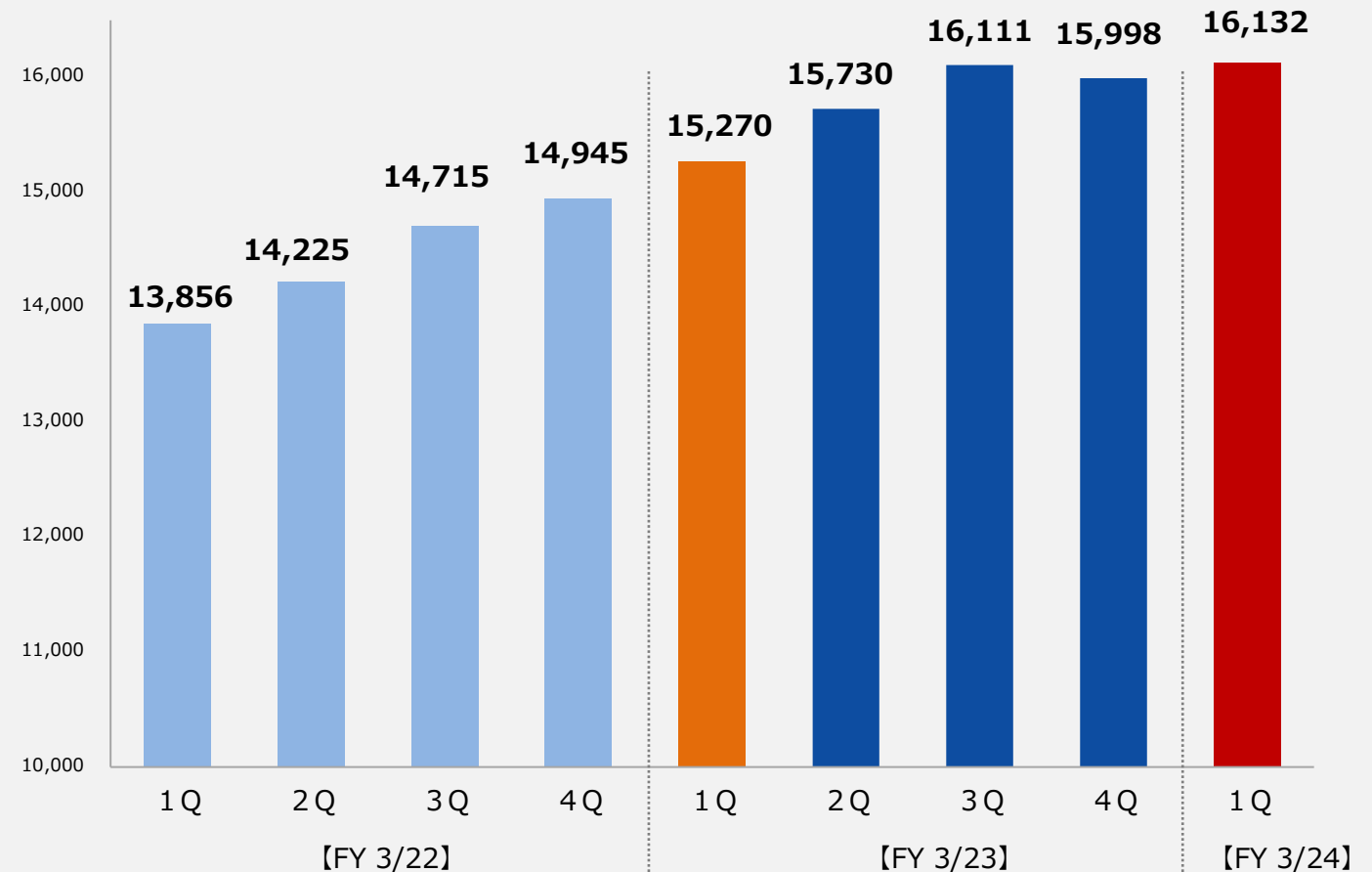
+862 staff (+5.6%)

Point

Highest enrollment achieved since NISSO's listing

- Due to the curbing of enrolled staff leaving NISSO, enrollment reached a record high since NISSO's listing.
- Human resources needs in the Automotive Industry were strong, which led to an increase in the number of enrolled staff.

Number of Enrolled Staff at Quarter-end



Educational Achievements (NISSO, Non-consolidated)



Point

Although the overall number of participants decreased YoY due in part to a decrease in production of semiconductor memory and electronics, the number of participants each month was on an upward trend. The full-scale assignment of new graduates are scheduled from July.

● FY 3/2024 1Q Educational achievements (total # of participants)

(Unit: # of participants)

Classification	Training content	FY 3/23 1Q	FY 3/24 1Q	YoY Comparison
(Direct) Engineer training	Manufacturing equipment maintenance · manufacturing equipment technology Mechanical design · production technology Special education for industrial robots, etc.	515	402	78.1%
(Direct) Other training	<i>MONOZUKURI</i> (manufacturing) education Foreman education Hazard simulation education, etc.	4,808	4,037	84.0%
Indirect training	Business manners Career enhancement Life planning Semiconductor seminars, etc.	244	241	98.8%
	Total	5,567	4,680	84.1%

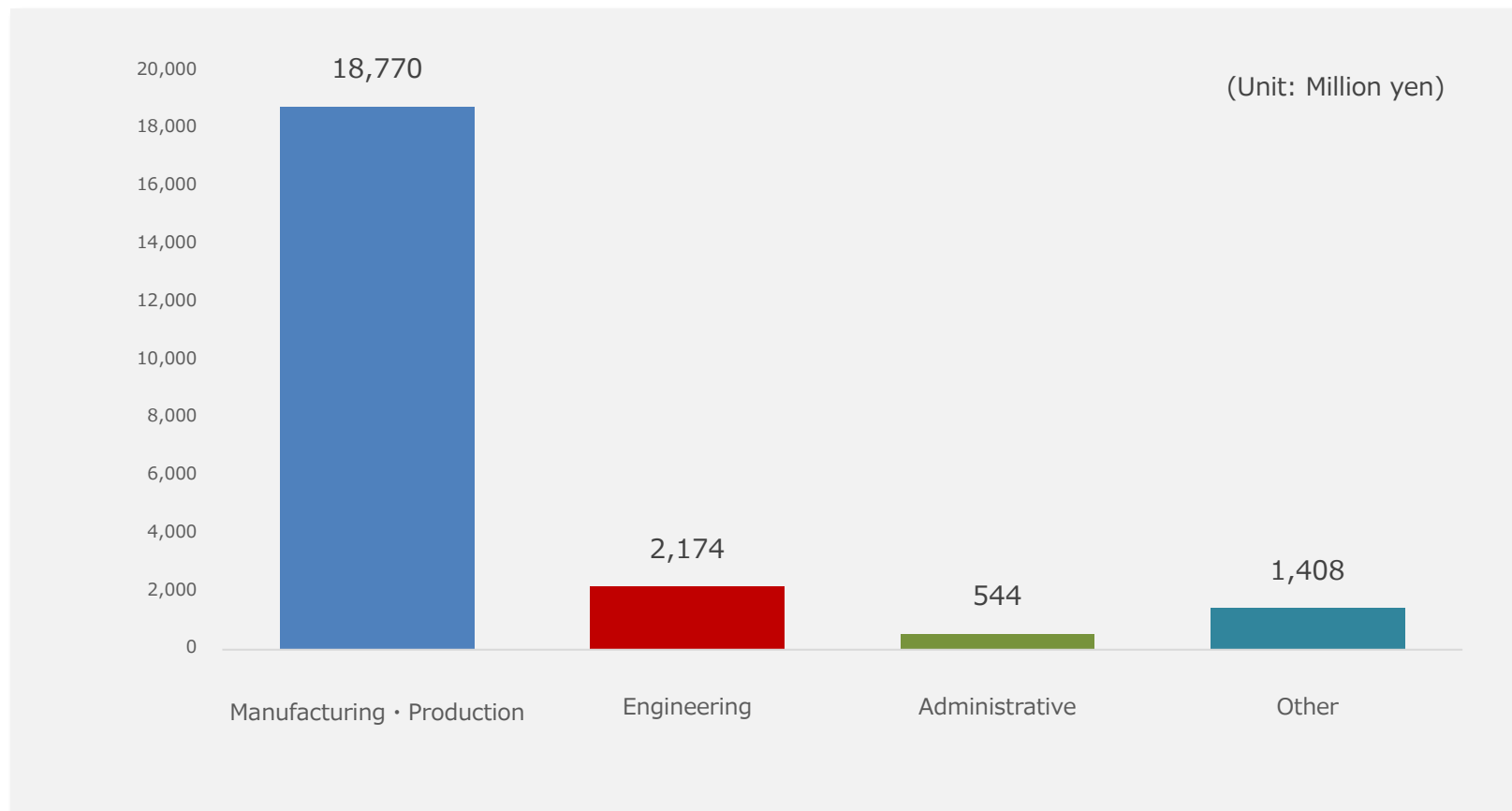


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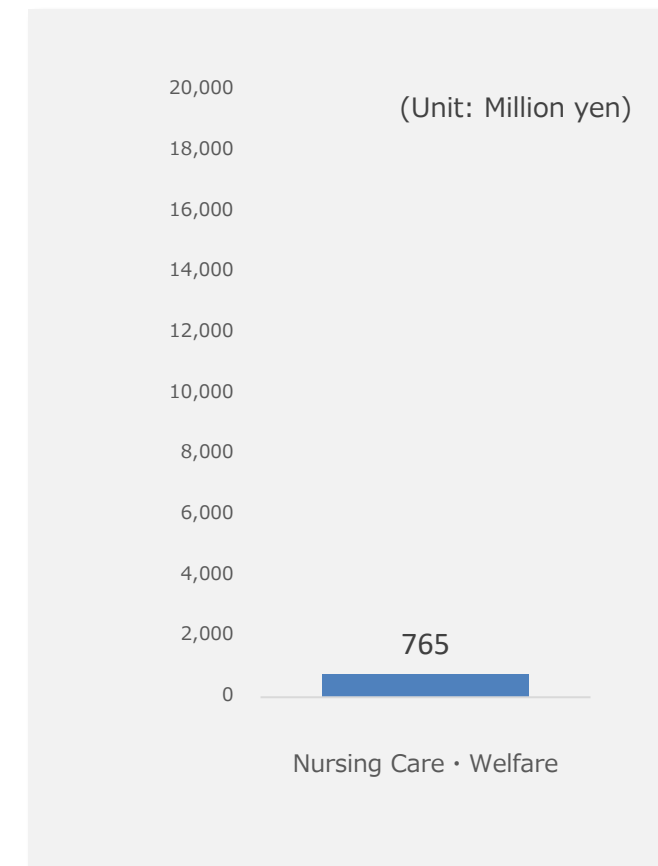
Financial Results by Segment **(FY 3/2024 1Q)**

Net Sales by Segment (Services)

FY 3/2024 1Q
General Human Resources Services Business



FY 3/2024 1Q
Other Businesses

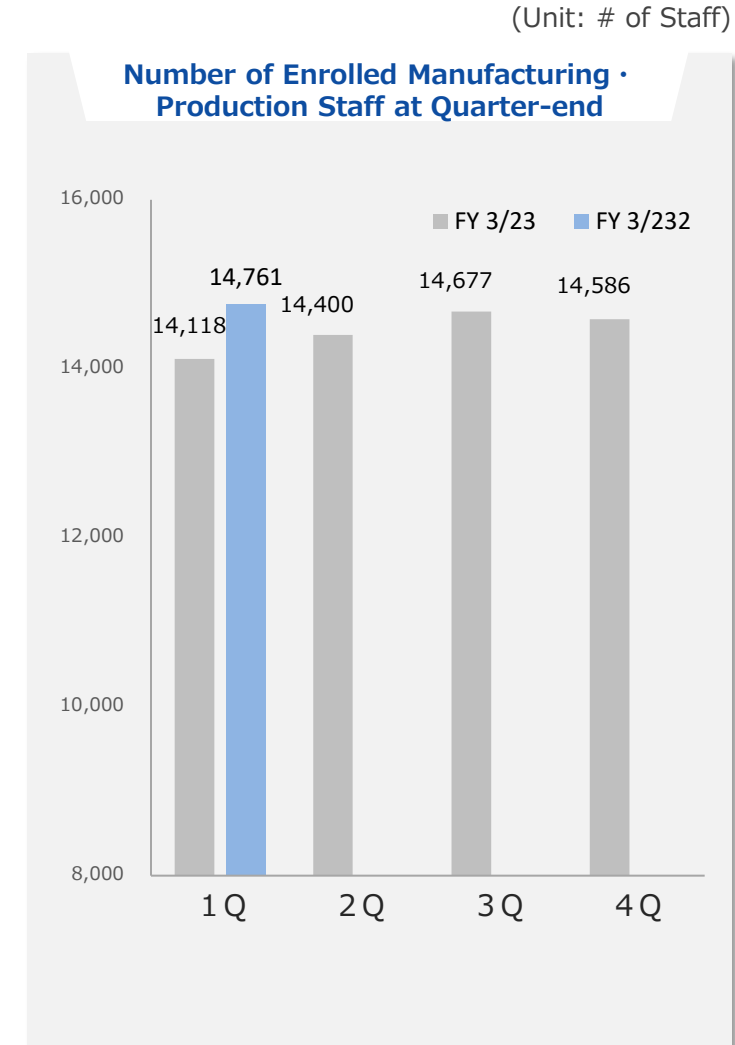
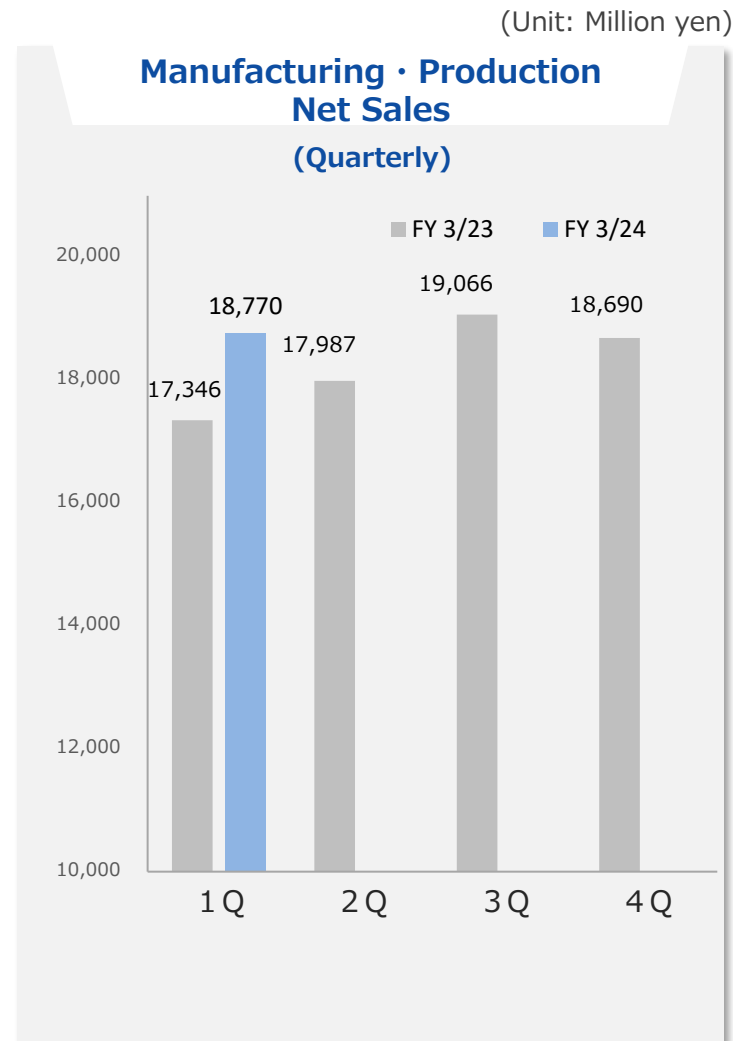


Net Sales

In 1Q, manufacturing · production net sales increased by 8.2% YoY, partly due to an increase in the number of enrolled manufacturing · production staff.

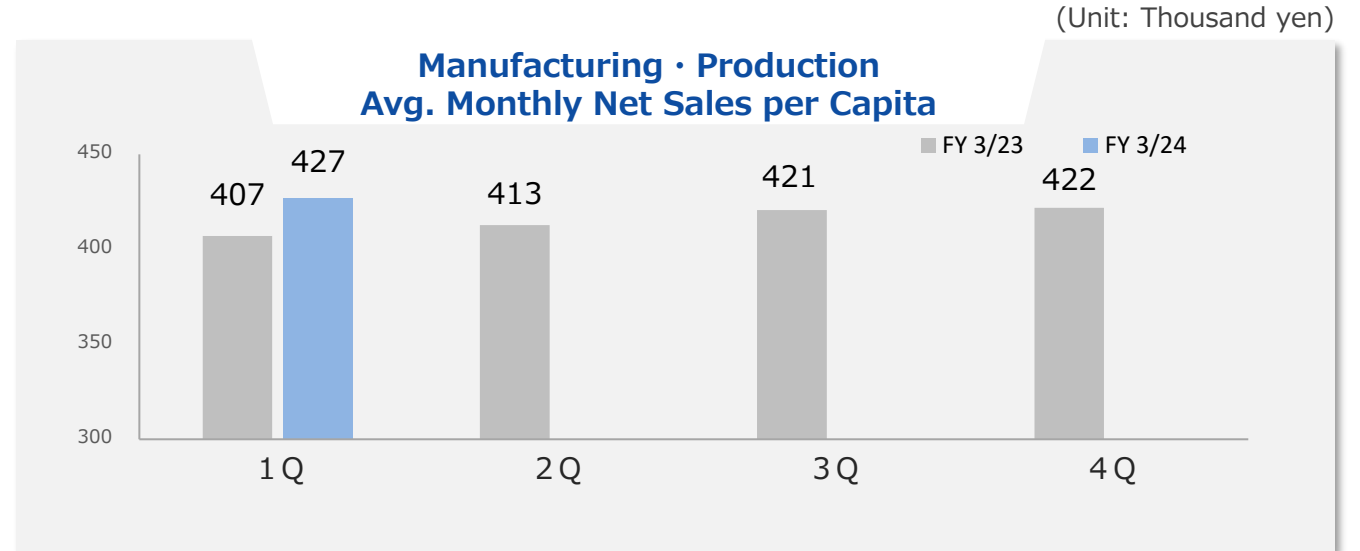
Number of Enrolled Staff

The number of enrolled manufacturing · production staff increase by 643 YoY.



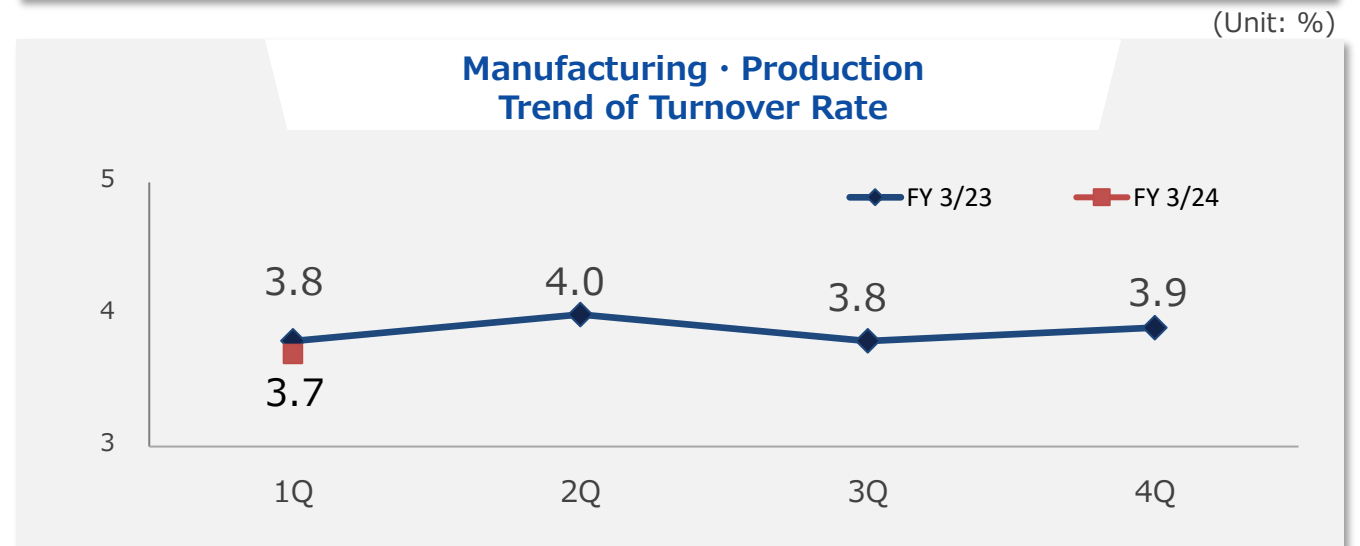
Avg. Monthly Net Sales per Capita

Manufacturing · production net sales per capita increased by 4.9% YoY.



Turnover Rate

The manufacturing · production turnover rate improved by 0.1 percentage points YoY, and remained below 4%.



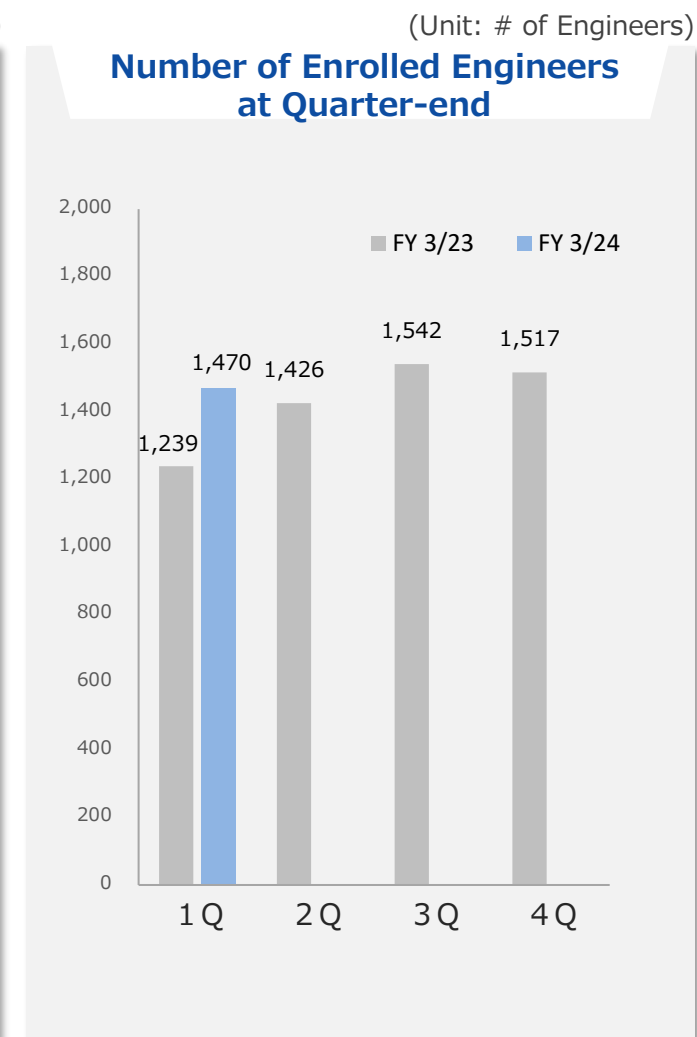
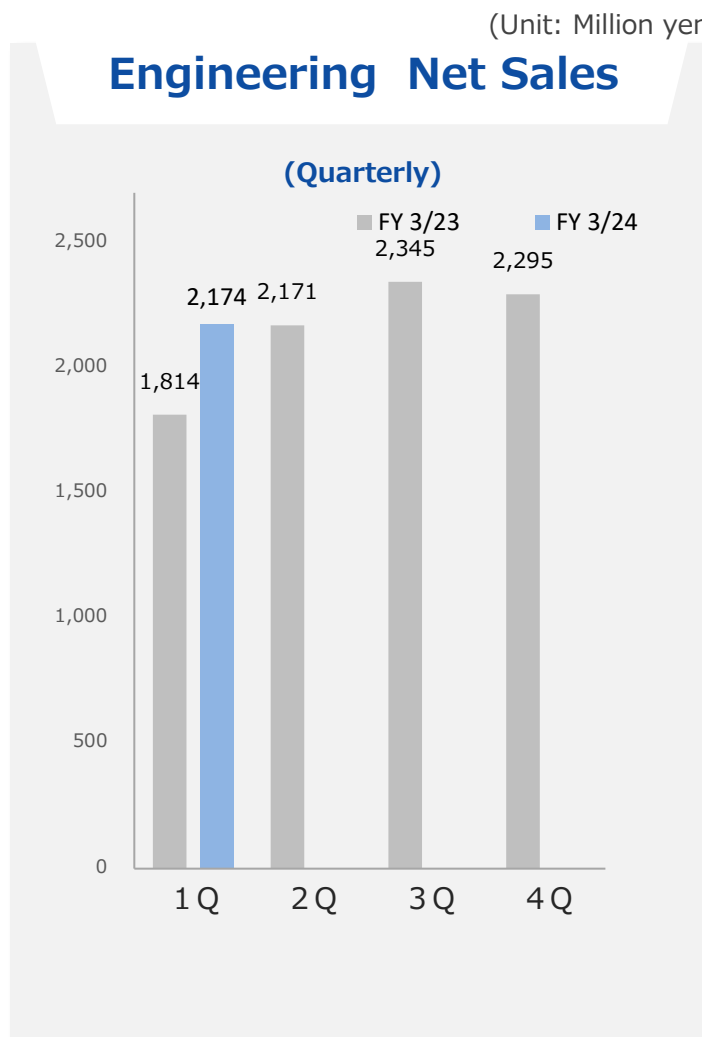
Engineering Human Resources Services

Net Sales

In 1Q, engineering net sales increased by 19.8% YoY, partly due to an increase in the number of enrolled engineers.

Number of Enrolled Engineers

The number of enrolled engineers increased by 231 YoY. Partly due to decreased production of semiconductor memory and electronics, the growth in the number of enrolled engineers slowed.

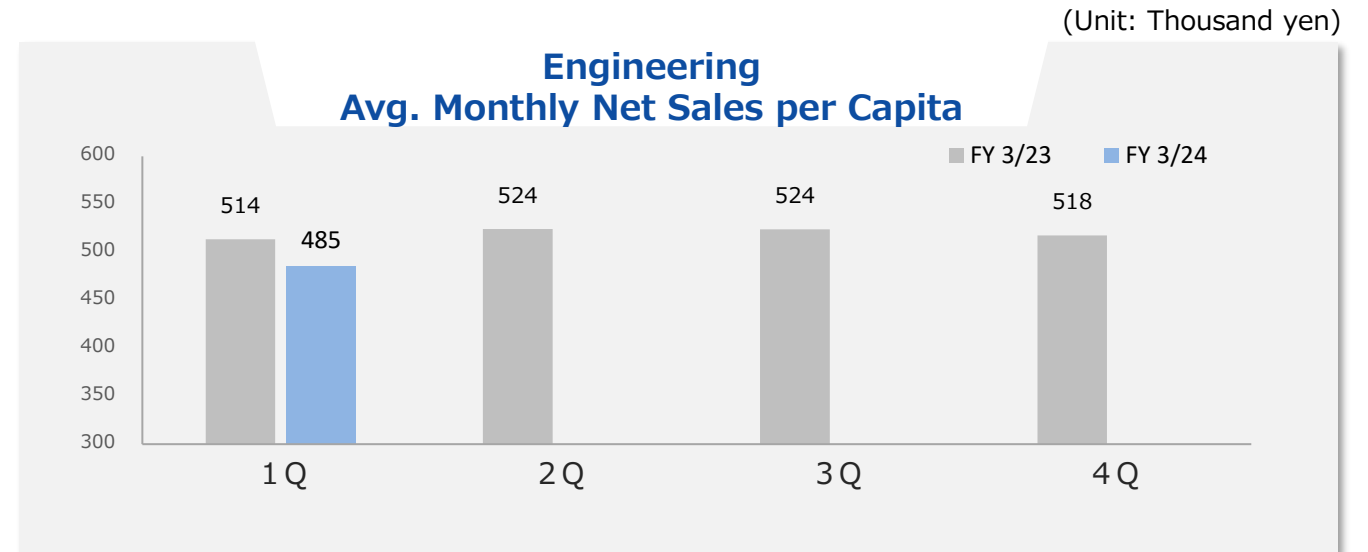


Engineering Human Resources Services



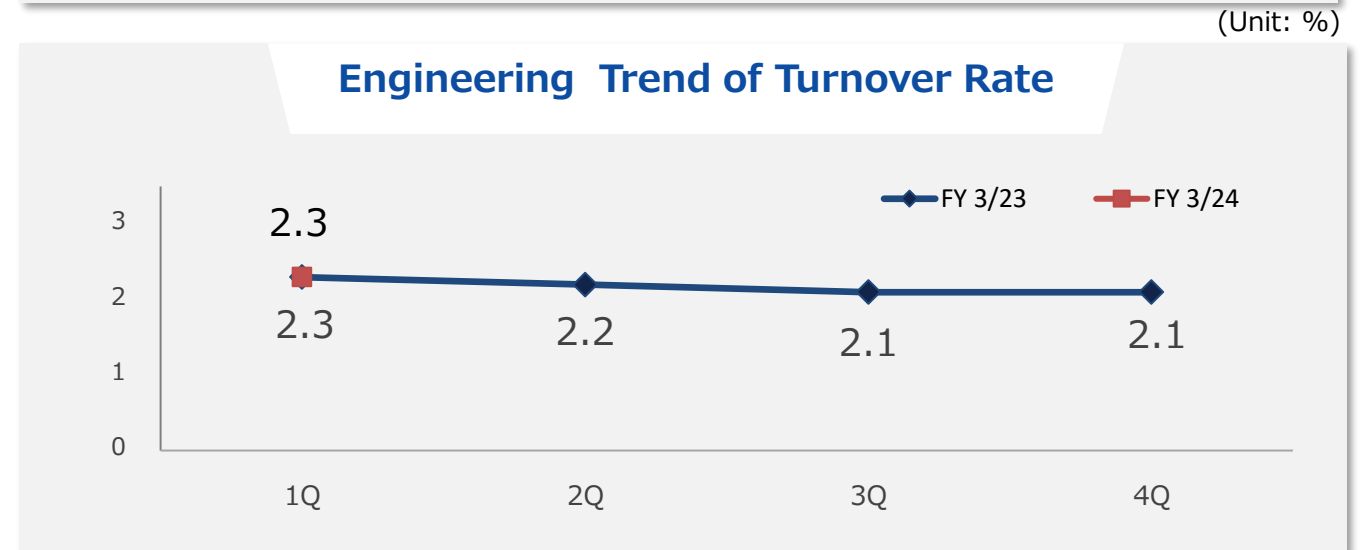
Avg. Monthly Net Sales per Capita

Engineering net sales per capita decreased by 5.5% YoY as a result of decreases in overtime and holiday work, partly due to a slowdown in semiconductor memory.



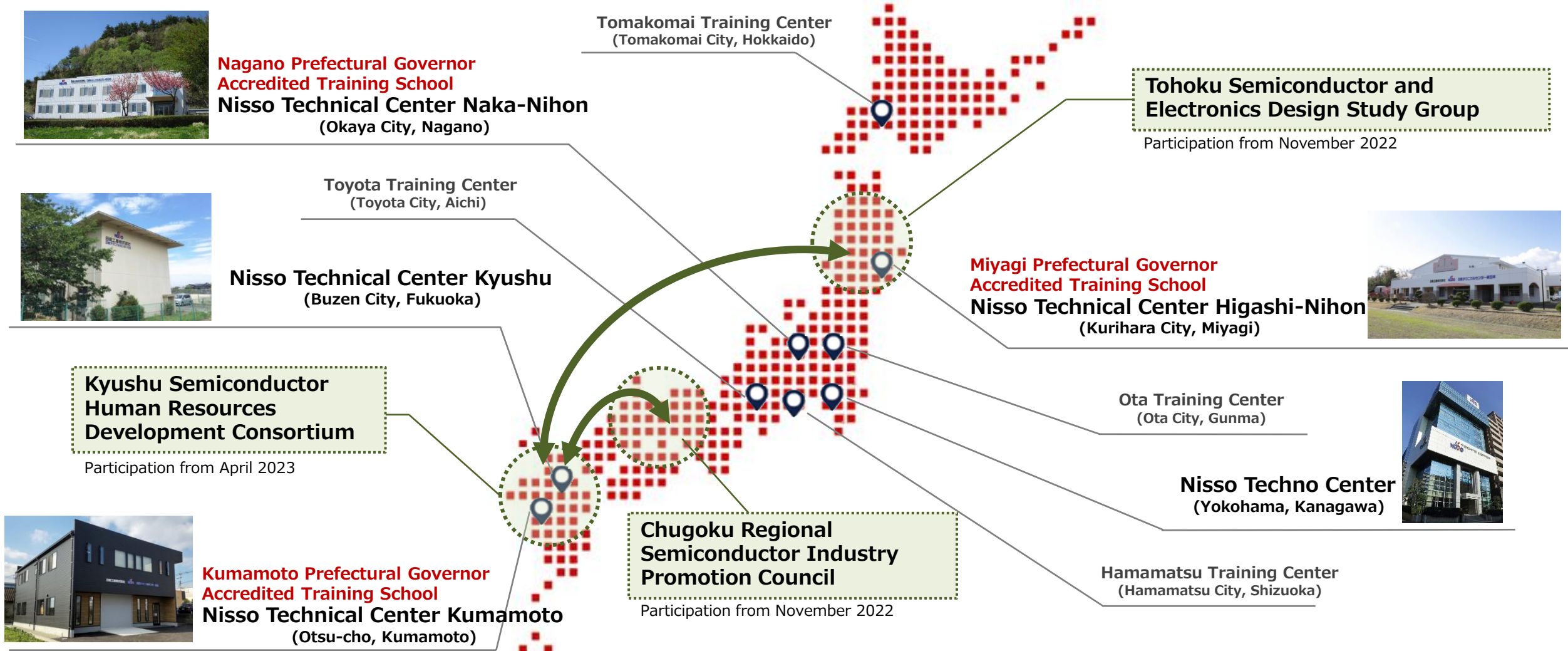
Turnover Rate

The engineering turnover rate remained at the same level YoY.



Toward the Growth of Engineering Human Resources Services

Producing high value-added human resources through nationwide expansion of in-house training facilities and industry-government-academia collaboration



Highly efficient human resources development through in-house developed e-learning system

Point

In order to strengthen the ability to develop high value-added human resources, NISSO has developed an e-learning system for manufacturing education and engineer training as new educational content for our employees.

With the key phrase "knowing makes it possible", NISSO is promoting DX in the education field. By utilizing this system, educational opportunities will be expanded.

After in-house operation of this system for employee education, NISSO is considering selling it to the general public.

Start engineer教材 > 機械基礎コース

測定器講座

30%

本講座では、機械測定における基礎知識、測定方法を学習します。製品・部品の精密な寸法測定、また機械の点検に使用するノギス、マイクロメータ、ハイトゲージについて、その種類や構造、使用方法を順番に...

2023/04/10 18:00 -

Start engineer教材 > 機械基礎コース

工具講座

12%

本講座では、ドライバ(類)、レンチ類、プライヤ類など20種類以上の工具の知識を網羅しています。本講座を受講することで、ドライバ(類)、レンチ類、プライヤ類などの工具を使えるようになります。 &...

2023/04/10 18:00 -

Start engineer教材 > 機械基礎コース

潤滑講座

0%

2023/04/10 18:00 -

Start engineer教材 > 半導体基礎コース

半導体プロセス講座

0%

本講座では、半導体製造の前工程を作業順に学びます。工程や用語、使用する機器などの基礎知識を身に付けるための講座です。講座内容の理解度を確認する「理解度テスト」、受講開始1か月後になったら...

2023/04/20 09:00 -

Start engineer教材 > 半導体基礎コース

半導体前工程概要講座

0%

本講座では半導体製造における前工程の概要を学びます。各工程のプロセス・フローやメカニズムを理解するための講座です。講座内容の理解度を確認する「理解度テスト」、受講開始1か月後になったら受講で...

2023/04/20 09:00 -

Start engineer教材 > 半導体基礎コース

半導体前工程詳細講座

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2023/04/20 09:00 -

Toward the Growth of Engineering Human Resources Services

Promoting the Development · Supply of Semiconductor Manufacturing Human Resources in collaboration with Mitsubishi Research Institute

By utilizing the human resources matching service "JOBMINES™" of Mitsubishi Research Institute, Inc. (MRI), NISSO will jointly promote the development and supply of engineer human resources in the semiconductor manufacturing field and other fields.

- Ability to select engineer candidates and reskilling candidates based on their work experience.
- By improving matching accuracy and developing human resources, NISSO will be able to address the social issue of human resources mobility.



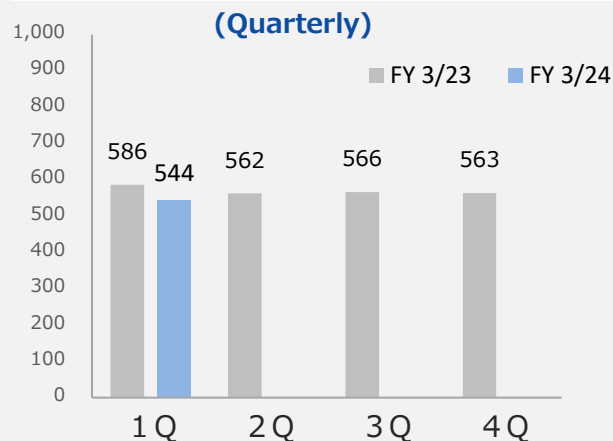
Administrative • Other Human Resources Services

Administrative Human Resources Services

In 1Q, administrative net sales decreased by 7.1% YoY, partly due to a decrease in the number of enrolled administrative staff.

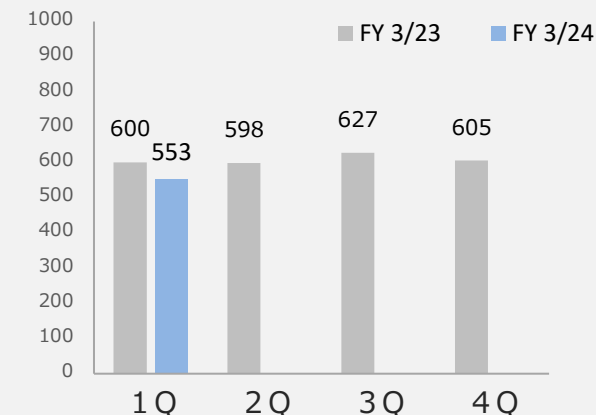
Administrative Net Sales

(Unit: Million yen)



Number of Enrolled Administrative Staff at Quarter-end

(Unit: # of Staff)

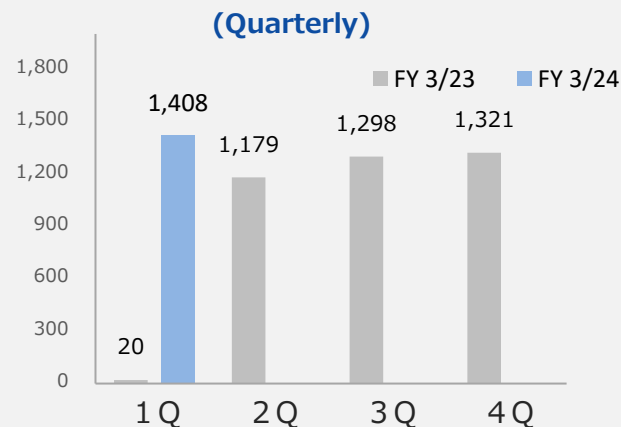


Other Human Resources Services

- Nikon Nisso Prime Corporation supports the active participation of senior employees.
- The number of senior employees was 622.
- Nisso Pure Co., Ltd. has created a workplace environment where diverse human resources can flourish.
- The number of employees with disabilities was 223.

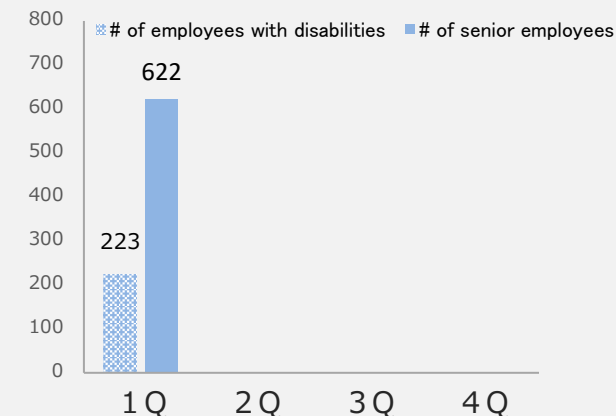
Other Net Sales

(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 remained high at 94.5%.
- Net sales increased by 3.8% YoY.

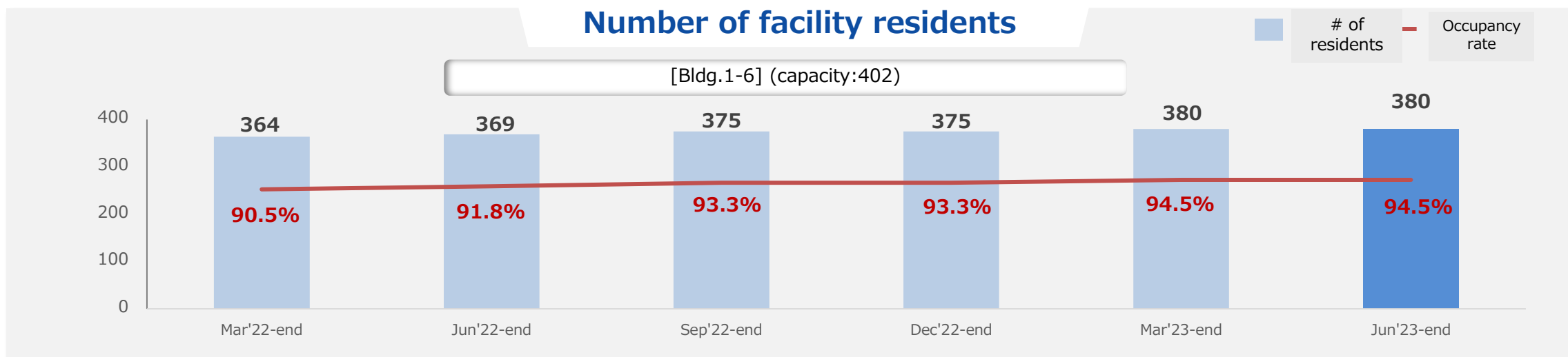
● Results of Nursing Care · Welfare Services

(Unit: Million yen)

	FY 3/23 1Q	FY 3/24 1Q	Year-on-Year	
	Results	Results	Increase (Decrease)	% Change
Net sales	737	765	28	3.8%

Number of facility residents

(Unit: # of residents)



Recruitment Initiatives

NISSO's Recruitment Site

A specialized site that is an absolute customer attraction tool

"Kyoto Kyujin Navi" is attracting more customers as a recruitment site specializing in the manufacturing industry.

NISSO will continue to enhance usability in the future.

URL: <https://www.717450.net/> (in Japanese only)

"engineer works" expands and enhances the range of occupations listed from manufacturing engineers to IT engineers.

URL: <https://www.717450.net/special/engineerworks.html> (in Japanese only)



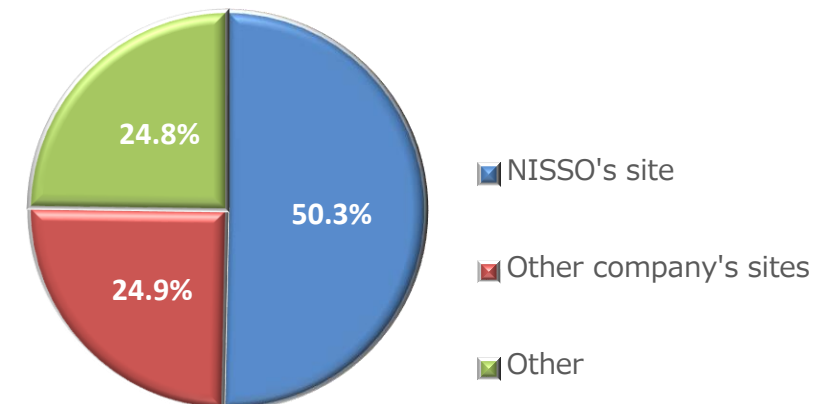
Media Channels and Characteristics

Owned media share: 50% or more

Efficient recruitment with reduced recruitment costs is implemented through media management centered on NISSO's own recruitment site.

About 50% or more of the application share in 1Q was attracted by owned media.

Application Share (FY 3/2024 1Q)



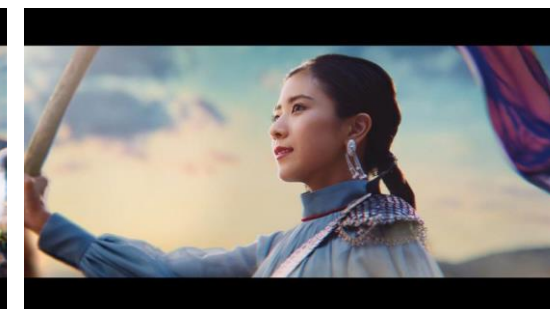
Recruitment Initiatives

TV Commercial Promotion

In order to raise awareness of NISSO's recruitment site "Kojo Kyujin Navi", we continued to conduct promotional activities through TV commercials featuring actress Yuina Kuroshima.

As a result, the number of users of has expanded. (Up 29% YoY)

URL: <https://www.717450.net/cm/> (in Japanese only)



Hybrid Recruitment Interviews

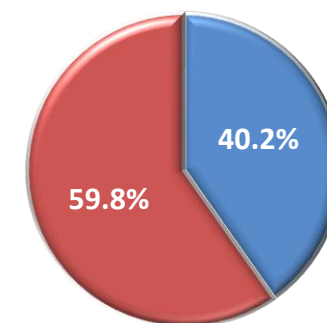
In order to meet the needs of job seekers, NISSO uses both in-person (real) interviews and online interviews.

In order to improve the interview utilization rate, NISSO trains and assigns interviewers who can respond to various needs.

Branding Strategy SNS utilization, etc.

NISSO is enhancing recognition and strengthening application acquisition by utilizing SNS and video content. NISSO disseminates information that makes the best use of the characteristics of each SNS.

Interview ratio (FY 3/2024 1Q)



■ Real interviews
■ Web interviews

YouTube



Facebook



twitter



TikTok



LINE



First Exhibition at Manufacturing World Japan 2023

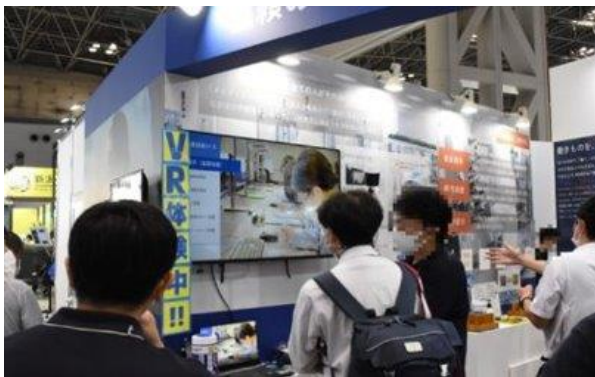


Exhibited at the 1st *MONOZUKURI* (Manufacturing) ODM/EMS Exhibition

With the aim of promoting understanding of NISSO's business, we exhibited at the 1st MONOZUKURI ODM/EMS Exhibition of Manufacturing World Japan 2023, which was held at Tokyo Big Sight from June 21 (Wed.) to June 23, 2023 (Fri.), for the purpose of business expansion.

Approximately 1,000 people, mainly technical manufacturers, visited.

NISSO plans to continue exhibiting at exhibitions in the future in order to expand the high value-added areas that we are aiming for.



Exhibition Overview | Content

Nisso Technical Center Higashi-Nihon VR

Promotion of NISSO's strengths in education
Tour of the training facility via VR without actually visiting the site



AI

Information on AI services NISSO is working on
Enabled booth visitors to experience foreign object detection with AI



Seminars

Two themes, the "Labor Market" and the "Dispatching Market" were prepared, and seminars were held alternately once an hour



Toward the Realization of the Nisso Group Growth Cycle

- Rapid changes in the client environment -



Responding to EVs and DX

Active industry-government-academia collaboration

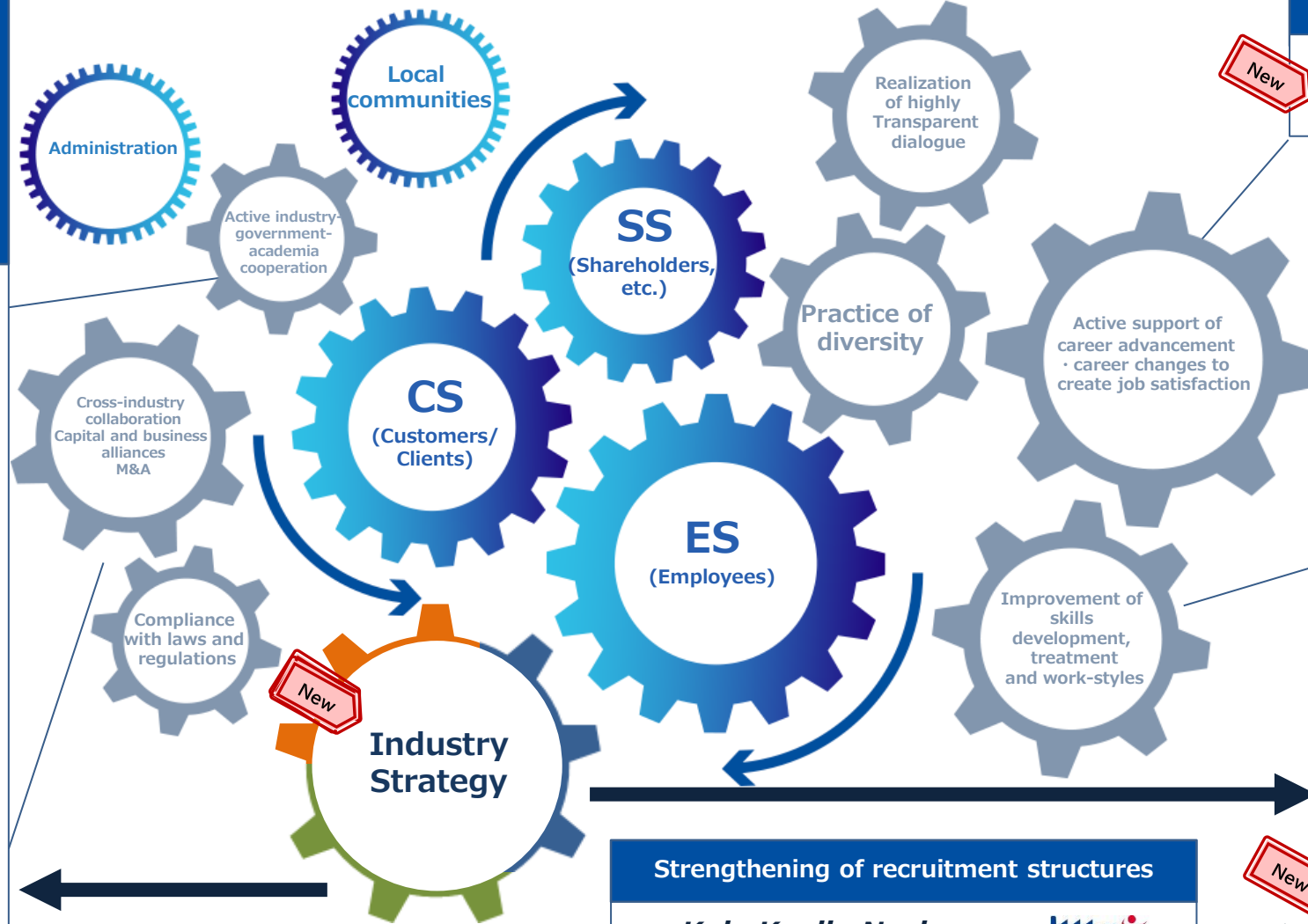
- **Tohoku Semiconductor and Electronics Design Study Group**
- **Chugoku Regional Semiconductor Industry Promotion Council**
- **Kyushu Semiconductor Human Resources Development Consortium**

Acquisition of new points of contact

- **Exhibition at Manufacturing World Japan 2023**
(Promotion of understanding of NISSO's business)

Collaboration with other industries

- **Capital and business alliance with DOCTORS Co., Ltd.**
- **Investment and partnership agreement with Interstellar Technologies Inc.**



Responding to Human Resources Mobility

- **Joint research with MRI**

Advanced human resources development

Development of semiconductor human resources

- Miyagi Prefectural Governor Accredited Training School **Nisso TC* Higashi-Nihon**
- Nagano Prefectural Governor Accredited Training School **Nisso TC Naka-Nihon**
- Kumamoto Prefectural Governor Accredited Training School **Nisso TC Kumamoto**

Other human resources development facilities

- **6 locations nationwide**

Streamlining of human resources development

- **Development of e-learning system**
(Consideration of sales to the general public)

Strengthening of recruitment structures

- **Kojo Kyujin Navi**
- **engineer works**



*TC=Technical Center



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%

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

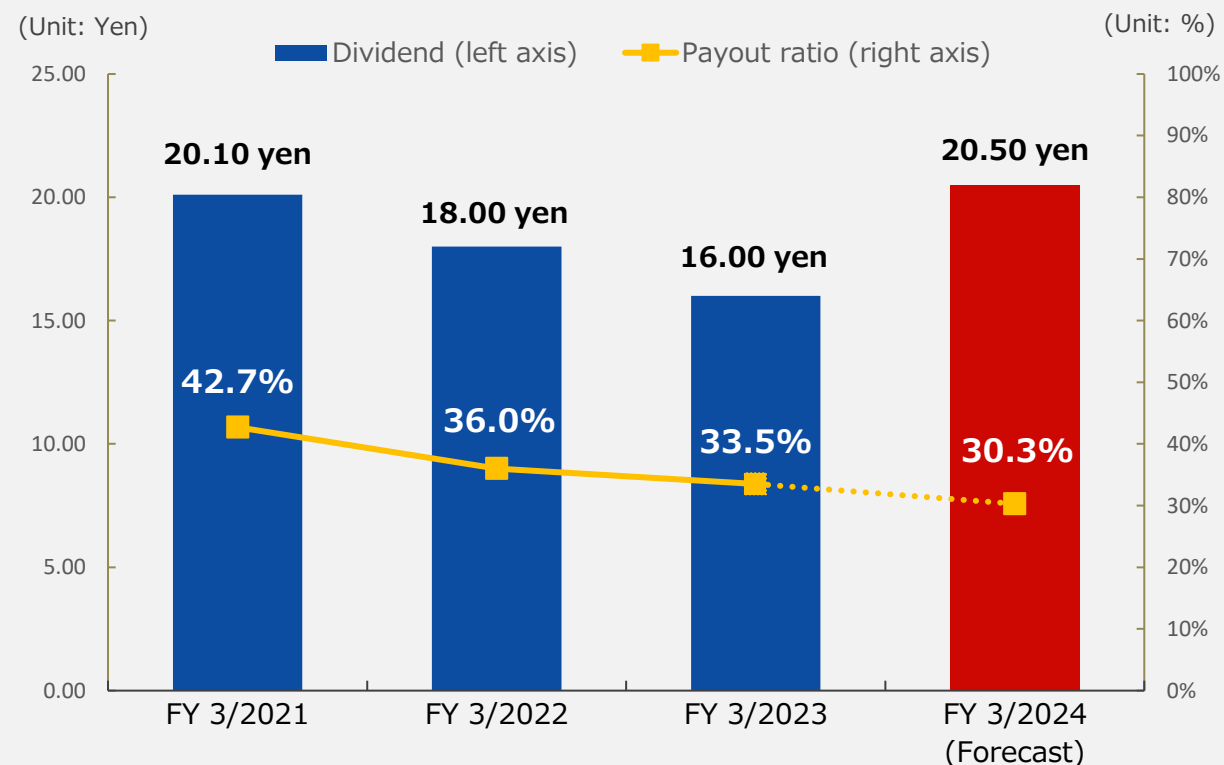
Basic Policy

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 3/2024 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. 2023-end		Jun. 2023-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	21,747	72.3	21,371	72.3	(375)
Cash and deposits	9,800	32.6	8,673	29.3	(1,126)
Accounts receivable - trade	10,986	36.5	11,515	39.0	529
Non-current assets	8,344	27.7	8,184	27.7	(160)
Property, plant and equipment	4,660	15.5	4,682	15.8	21
Intangible assets	1,514	5.0	1,467	5.0	(46)
Investments and other assets	2,169	7.2	2,034	6.9	(134)
Total assets	30,092	100.0	29,556	100.0	(536)
Current liabilities	12,187	40.5	11,946	40.4	(240)
Accrued expenses	6,119	20.3	6,504	22.0	384
Income taxes payable	555	1.8	81	0.3	(473)
Provision for bonuses	1,395	4.6	772	2.6	(623)
Non-current liabilities	3,097	10.3	3,022	10.2	(74)
Long-term loans payable	2,019	6.7	1,896	6.4	(122)
Total liabilities	15,284	50.8	14,969	50.6	(315)
Shareholders' equity	14,563	48.4	14,336	48.5	(227)
Non-controlling interests	239	0.8	245	0.8	5
Total net assets	14,807	49.2	14,586	49.4	(220)
Total liabilities and net assets	30,092	100.0	29,556	100.0	(536)

Point

① Increase due to expansion of operating personnel

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

② Tax payments

"Income taxes payable" of current liabilities decreased due to the payment of income taxes and other taxes at the end of May.

③ Bonus payments

Due to the payment of summer bonuses at the end of June, "provision for bonuses" of current liabilities decreased.

④ Dividends

Shareholders' equity decreased due to dividend payments in June.

⑤ Overall

As a result of the above, total assets decreased by 1.8%, total liabilities decreased by 2.1%, and total net assets decreased by 1.5%, resulting in an equity ratio was at 48.5% compared to the end of the previous fiscal year.



*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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