

FY 3/2024

Financial Results Briefing Materials

May 13, 2024



働きものを、幸せものに。

NISSOホールディングス

Making hardworking people, happy.

NISSO HOLDINGS

TSE Prime Market Code:9332

NISSO HD's net sales increased by 6.6% year-on-year and operating profit increased by 34.8% year-on-year. Expecting to increase revenue and profits this fiscal year, following FY 3/24.

Ryuichi Shimizu, Representative Director, President & CEO.

Naoki Hayakawa, Managing Director & CFO.

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Mr. Ryuichi Shimizu (hereinafter, “Shimizu”): This is Ryuichi Shimizu, President and CEO. I would like to express my sincere gratitude to all of you who are watching. Now, let’s proceed according to the contents on the slide.

1

Financial Results Summary (FY 3/2024)

Summary

FY 3/2024 Results

- Revenue and profits increased year-on-year
- Consolidated net sales increased by 6.6% year-on-year, consolidated operating profit increased by 34.8% year-on-year
- In the Automotive Industry, although net sales increased, growth slowed due to problems such as inspection irregularities
- Engineering Human Resources Services showed a sharp recovery in 4Q, due in part to the recovery of the Semiconductor Industry
- Nursing Care ・ Welfare Services also increased revenue and profits year-on-year

FY 3/2025 Consolidated Earnings Forecast

- Revenue and profits are expected to increase from the previous fiscal year
- In the Automotive Industry, although the impact of inspection irregularities may remain, operations are expected to recover
- Demand for components in the Semiconductor Industry (memory field, etc.) and the Electronics Industry is expected to grow steadily
- Continued investment is expected in training-related activities for the start of operations of new semiconductor and battery factories in 2026 and 2027

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Here is a summary of our financial results.

Details of the results for FY 3/2024 and the consolidated earnings forecast for FY 3/2025 will be explained later.

FY 3/2024 Consolidated Financial Results Highlights

(Unit: Million yen)

Points

Operating profit increased by 34.8% YoY

- Net sales increased by 6.6% YoY, partly due to an increase in the number of enrolled staff.
- Nursing Care・Welfare Services increased revenue and profits YoY.
- The SG&A expense ratio decreased by 0.1% YoY, partly due to net sales growth.

	FY 3/23		FY 3/24		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	90,827	100.0%	96,858	100.0%	6,031	6.6%
Gross profit	14,554	16.0%	16,014	16.5%	1,460	10.0%
SG&A expenses	12,286	13.5%	12,956	13.4%	670	5.5%
Operating profit	2,268	2.5%	3,058	3.2%	789	34.8%
Ordinary profit	2,349	2.6%	3,056	3.2%	707	30.1%
Profit attributable to owners of parent	1,622	1.8%	1,952	2.0%	329	20.3%

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Here are the consolidated financial results highlights. In particular, I would like to explain the changes from the third to the fourth quarter.

Although the end of the COVID-19 pandemic is in sight, the monthly operating hours did not increase significantly for various reasons, and remained almost at the same level as the fiscal year before last. However, as a result of a simple average unit-cost increase of approximately 2%, it has led to sales growth, gross margin improvement, and profit growth.

As indicated in the table on the slide, net sales increased by 6.6% year-on-year. Gross profit improved by 0.5 percentage points, and the SG&A ratio improved by 0.1%, resulting in an improvement in operating profit of 0.7 percentage points.

As you know, a lot of things happened in the last fiscal year. In May of last year, the status of COVID-19 under the Infectious Disease Act was downgraded to a Class 5 infectious disease. Normally, although we should have expanded the Automotive Industry (related to automobiles・EVs), various troubles occurred at automobiles manufacturers, and as a result, it was difficult to increase operations.

In addition, the Semiconductor Industry (related to semiconductors・semiconductor manufacturing equipment) and the Electronics Industry (communications equipment・electronic components) experienced a slower recovery than initially expected.

Under such circumstances, we have made a downward revision to our full-year consolidated earnings forecast because we believe that earnings will be significantly lower particularly due to the problem of inspection irregularities. Compared to the revised forecast of 2.8 billion yen, operating profit amounted 3.058 billion yen in the previous fiscal year, which was an increase of more than 250 million yen.

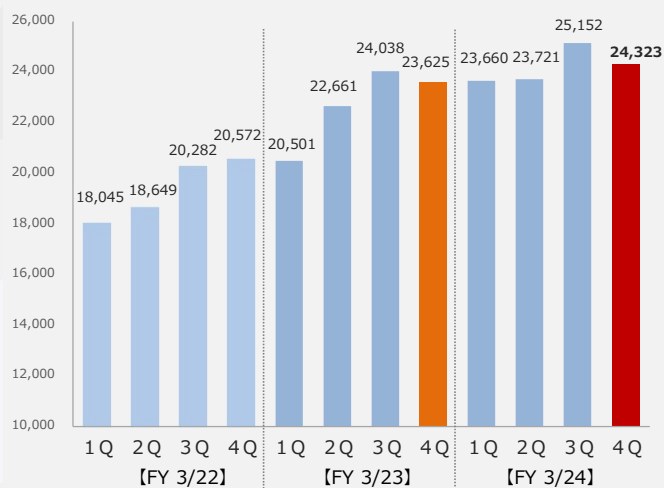
The first reason for this is that in the Automotive Industry, the impact of parts manufacturers was less than expected in the fourth quarter. Secondly, in the Semiconductor and Electronics Industries, which I mentioned earlier as having a "slow recovery", profits increased due to increased operations and sales in March.

Furthermore, the earnings of Nikon Nisso Prime Corporation, a joint venture between Nisso Nifty Co., Ltd. and Nikon Corporation, exceeded expectations by nearly 100 million yen compared to the initial plan.

FY 3/2024 Quarterly Consolidated Financial Results

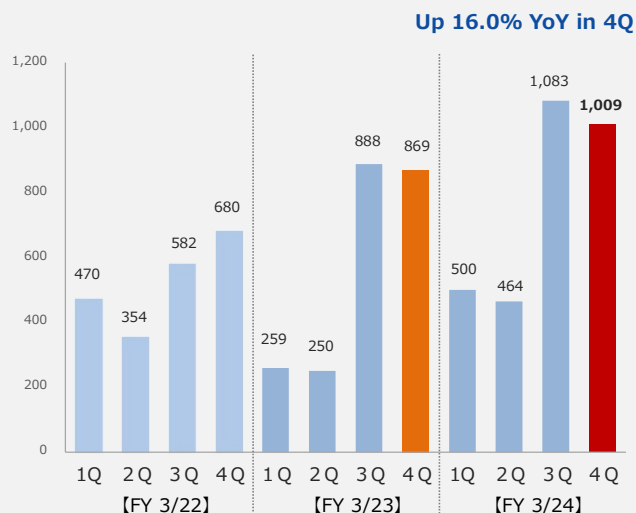
Net sales

(Unit: Million yen)



Operating profit

(Unit: Million yen)



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This slide shows the quarterly trends of net sales and operating profit. As you can see on the slide, net sales declined in the fourth quarter due to operational issues.

Operating profit was still heavily weighted toward the second half of the fiscal year. Although there were some problems in the Automotive Industry in the second half, looking at the first and second half, the ratio remained at 1 to 2.2 this year as well. Had there been no trouble, I believe we would have ended up with a revenue bias of 1 to 2.5 that I initially talked about.

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Financial Results by Service (FY 3/2024)

Contents of Nisso Group's Business



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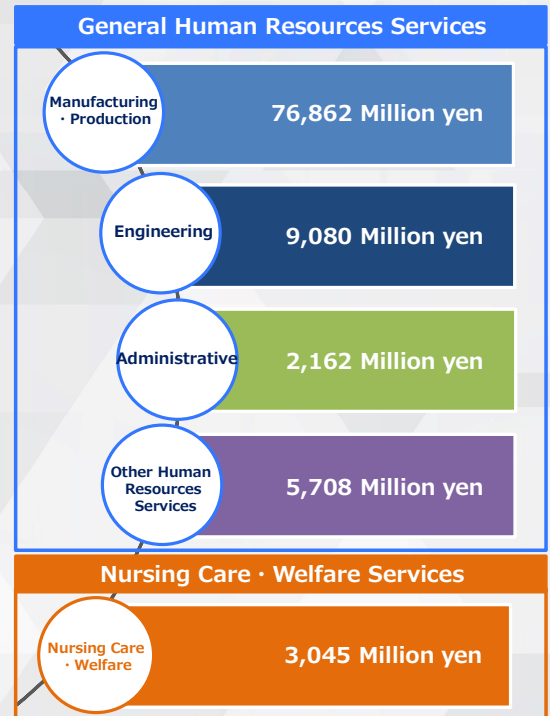
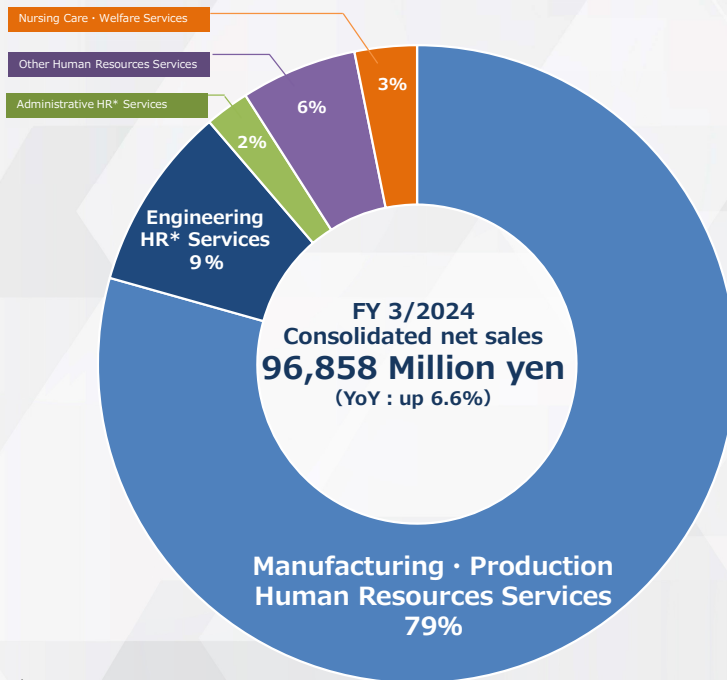
Next, let me explain our financial results by service. First of all, in terms of new content, EYE'S Co., Ltd. joined us as a new member at the end of January.

EYE'S provides human resources services in the manufacturing area similar to ours, and they also engage in business in areas that we hope to expand in the future, such as IT engineer dispatching, IT-related development contracting, and work related to manufacturing equipment, centered on machine tools.

In addition, Leaf NxT Inc. has originally been part of the Group, and its role is becoming extremely important. As we aim to recruit more efficiently, increase the number of hires, and scale up, I believe that Leaf NxT's recruitment support and human resources recruitment platform services will come into play, and will become very functional in the future.

The Nursing Care·Welfare Services I talked about earlier have achieved increased revenue and profits.

Net Sales by Service ※Internal transactions have been eliminated



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Here are the net sales by service. The weight of the Manufacturing · Production Human Resources Services, centered around NISSO CORPORATION, is considerably high. We believe that increasing the Engineer Human Resources Services will become one of the engines for growth in the future.

General Human Resources Services

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Net Sales

In 4Q, although manufacturing • production net sales increased by 2.4% YoY, partly due to an increase in the number of enrolled manufacturing • production staff and an increase in billing unit-costs, growth slowed due to problems such as inspection irregularities in the Automotive Industry.

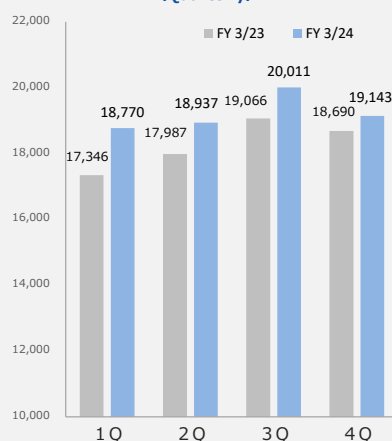
Number of Enrolled Staff

The number of enrolled manufacturing • production staff increased by 207 YoY.

Manufacturing • Production Net Sales

(Unit: Million yen)

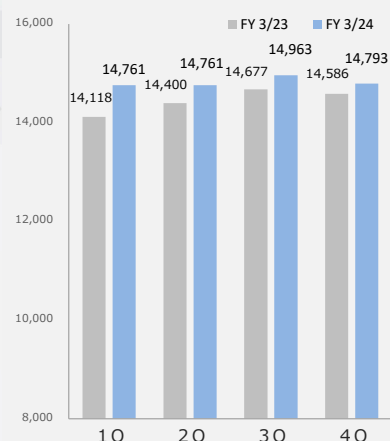
(Quarterly)



※Internal transactions have been eliminated

Number of Enrolled Manufacturing • Production Staff at Quarter-end

(Unit: # of Staff)



Now, let me explain our General Human Resources Services, starting with the Manufacturing • Production Human Resources Services. As shown in the graph on the right side of the slide, the number of enrolled manufacturing • production staff has not increased much in the last fiscal year.

As I have stated many times, the problem of inspection irregularities in the Automotive Industry within our Industry Strategy has affected growth, particularly in the second half of the fiscal year, as well as the slow recovery in the Semiconductor and Electronics Industries.

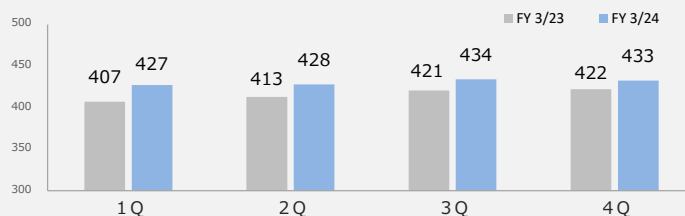
The number of enrolled manufacturing • production staff increased by 207 year-on-year. Originally, one of the goals in this field was to increase the number of enrolled staff by 1,000 per year, and I think you can see very clearly from this graph that the growth of the number of enrolled staff has slowed down.

Avg. Monthly Net Sales per Capita

Although manufacturing · production net sales per capita increased by 2.5% YoY, growth slowed due to problems such as inspection irregularities in the Automotive Industry.

Manufacturing · Production Avg. Monthly Net Sales per Capita

(Unit: Thousand yen)

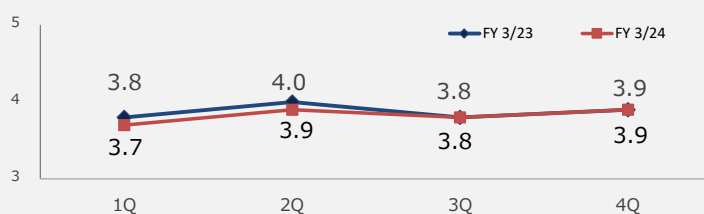


Turnover Rate

The manufacturing · production turnover rate remained at the same level YoY, and is the previous fiscal year, it remained below 4% for the full year.

Manufacturing · Production Trend of Turnover Rate (Monthly Avg.)

(Unit: %)



This slide shows the average monthly net sales per capita and turnover rate. As you can see in the graph in the upper part of the slide, the year-on-year increase in the average monthly net sales per capita in the fourth quarter was influenced by the factors that I mentioned earlier.

Looking at the past fiscal year, the Automotive Industry showed significant growth in business performance, increasing by nearly 600 staff. The most stagnant was the Semiconductor Industry, which scaled down by about 350 staff a year.

Although the Electronics Industry is said to be under tough conditions, orders from new clients have led to a slight increase, growing by about 200 staff.

I think it was very positive that we were able to keep the turnover rate at 3.9% in the fourth quarter.

Net Sales

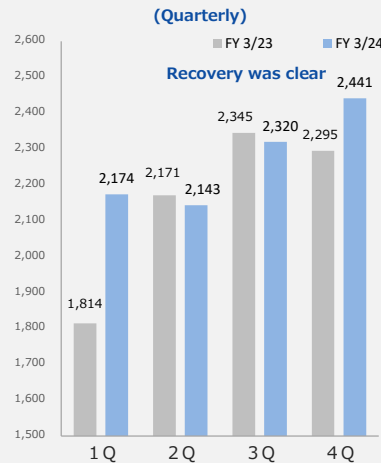
- In 4Q, engineering net sales increased by 6.4% YoY, showing a clear recovery.
- The cumulative total increased by 5.3% YoY.

Number of Enrolled Engineers

The number of enrolled engineers increased by 27 YoY, partly due to the gradual recovery of the Semiconductor Industry.

Engineering Net Sales

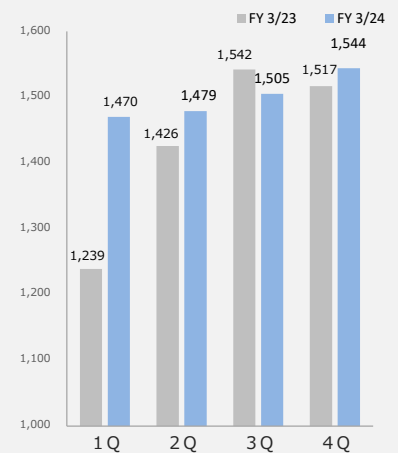
(Unit: Million yen)



※Internal transactions have been eliminated

Number of Enrolled Engineers at Quarter-end

(Unit: # of Engineers)



Next, let me provide an explanation about our Engineering Human Resources Services. This service was also affected by the large number of equipment engineers in the Semiconductor Industry. In particular, in the first half of the year, although the number of enrolled engineers was stagnant due to slow inventory adjustments in the memory field business, we were finally able to return to a record-high level.

I believe it is important to continue to increase the number of highly specialized engineers necessary for the new era.

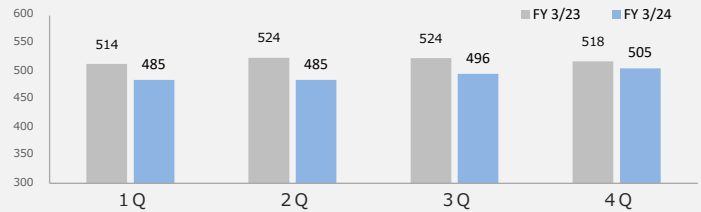
Although the Automotive Industry stagnated in the fourth quarter, if you look at the net sales graph on the left side of the slide, it shows a sharp increase in the fourth quarter. This clearly shows that operations increased in the fourth quarter, especially in March.

Avg. Monthly Net Sales per Capita

Although engineering net sales per capita decreased YoY, it has been on a recovery trend since 2Q.

Engineering Avg. Monthly Net Sales per Capita

(Unit: Thousand yen)

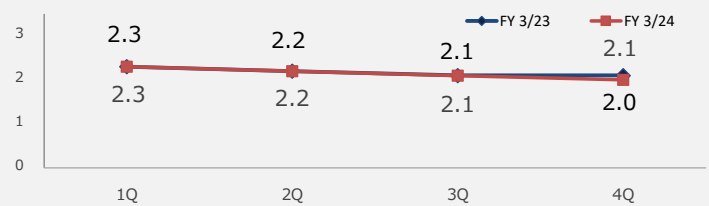


Turnover Rate

The engineering turnover rate improved by 0.1 percentage points YoY and was just below 2%.

Engineering Trend of Turnover Rate (Monthly Avg.)

(Unit: %)



This slide shows the average monthly engineering net sales per capita and turnover rate. Although it has not yet fully recovered, it can be said that it has been on a recovery trend, especially in the third and fourth quarters.

The turnover rate in the fourth quarter was 2%, which was an improvement of 0.1 percentage points year-on-year.

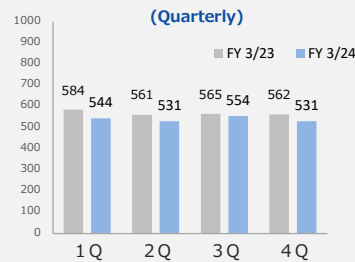
Administrative・Other Human Resources Services

Administrative Human Resources Services

In 4Q, administrative net sales decreased by 5.5% YoY, partly due to a decrease in the number of enrolled administrative staff.

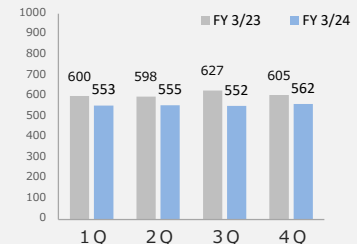
Administrative Net Sales

(Unit: Million yen)



Number of Enrolled Administrative Staff at Quarter-end

(Unit: # of Staff)



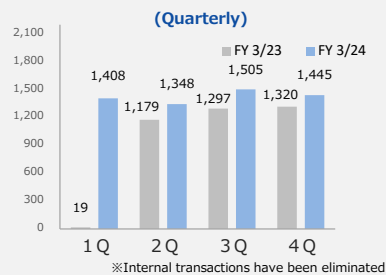
Other Human Resources Services

- Nikon Nisso Prime Corporation supports the active participation of Prime employees, and the number of Prime employees in 4Q was 697.
- Nisso Pure Co., Ltd. has created a workplace environment where diverse human resources can flourish, and the number of employees with disabilities in 4Q was 227.

※Prime employees: Senior employees

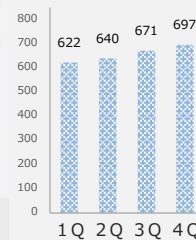
Other Net Sales

(Unit: Million yen)



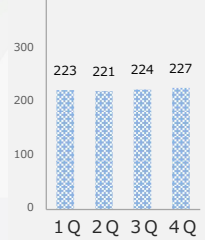
Prime Employees

(Unit: # of Employees)



Employees w/ Disabilities

(Unit: # of Employees)



Now, let me explain our Administrative・Other Human Resources Services. As I have said before, I believe that the area that will be most replaced by AI and other technologies in this new era will be the area of general office work. As a result, the number of enrolled staff has continued to decline.

As for Other Human Resources Services, we have been able to steadily increase the number of so-called Prime human resources. In addition, while being particularly conscious of the employment rate of people with disabilities, the number of employees with disabilities has remained almost unchanged, although it has increased slightly.

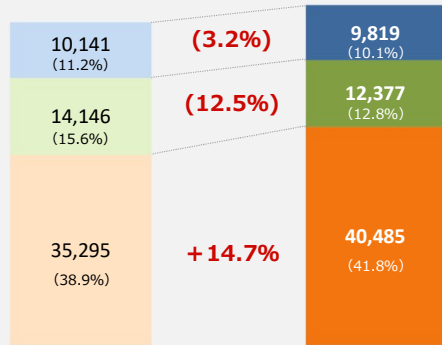
Results of Industry Strategy for Expansion of General Human Resources Services

FY 3/2024 Net Sales by Industry

Consolidated Net Sales Composition Ratios

(Unit: Million yen)

Automotive Semiconductor Electronics



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

		Automotive Industry (Automobile manufacturing · EV-related manufacturing industry)	Semiconductor Industry (Semiconductor manufacturing industry)	Electronics Industry (Electronic equipment manufacturing industry)
4TH QUARTER TRENDS	NET FULL-YEAR SALES	Up 14.7% YoY	Down 12.5% YoY	Down 3.2% YoY
	OPERATIONAL PERSONNEL	Operations did not increase due to certification issues, etc.	Manufacturing equipment and semiconductor memory were on a recovery trend · power semiconductors were steady	Recovered gradually
		Decreased due to certification issues, etc.	Recovered gradually	Recovered gradually

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Next, let me talk about the results of our Industry Strategy aimed at expanding our General Human Resources Services. The table on the right side of the slide shows the status of each industry in the fourth quarter.

The Automotive Industry has been on an upward trend. Although there was some stagnation due to certification fraud issues at our largest transaction group, there has been a gradual recovery in the fourth quarter. I think that it is very encouraging that the gradual recovery trend continued in April.

Earlier, I mentioned that the number of staff in the Automotive Industry increased by about 600. Despite the slight impact of factory shutdowns, net sales in the Automotive Industry increased by 14.7% year-on-year.

In the Semiconductor Industry, the decrease in the number of staff and very low operating conditions in the first half of the year are reflected. Although the Electronics Industry was under tough conditions, it has started to increase slightly from being almost flat.

Nursing Care • Welfare Services

Nursing Care・Welfare Services are centered on facility nursing care and home-based nursing care

Facility Nursing Care

In Yokohama, Kanagawa, we operate 6 fee-based nursing homes and provide nursing care services to residents.
With the motto of providing high-quality services, the occupancy rate at the facilities remain at a high level.

Home-based Nursing Care

We have 1 nursing care station in Yokohama, Kanagawa Prefecture, 2 in Iwaki City, Fukushima, and 2 outpatient care facilities in Iwaki City, Fukushima.

Human Resources Development

Aiming for high-quality nursing care, we focus on human resources development.

Sweetpea Shin Yokohama



Sweetpea Konandai mio



Sweetpea Kanazawa Hakkei



Sweetpea Honmoku Sankeien



Sweetpea Mitsukyo



Sweetpea Higashi Totsuka



Regarding our Nursing Care・Welfare Services, as I have mentioned before, we operate 6 fee-based nursing homes mainly in Yokohama, Kanagawa. As I will explain later, the occupancy rate remains high at just under 95%.

For home-based nursing care, we operate nursing care stations in Yokohama, Kanagawa, and Iwaki City, Fukushima, as well as 2 outpatient care facilities in Iwaki City, Fukushima.

As a human resources company operating Nursing Care・Welfare Services, we are focusing on the development of human resources with the aim of providing high-quality nursing care.

Points

- The overall occupancy rate of nursing care facilities remained at a high level of 94.8%.
- Net sales increased slightly YoY.
- Total sales increased by 7.9% YoY.
- Started participation in Kanagawa Prefecture's Healthcare New Frontier Policy. Promoting individual collaboration with related industry- academia-government-related organizations.

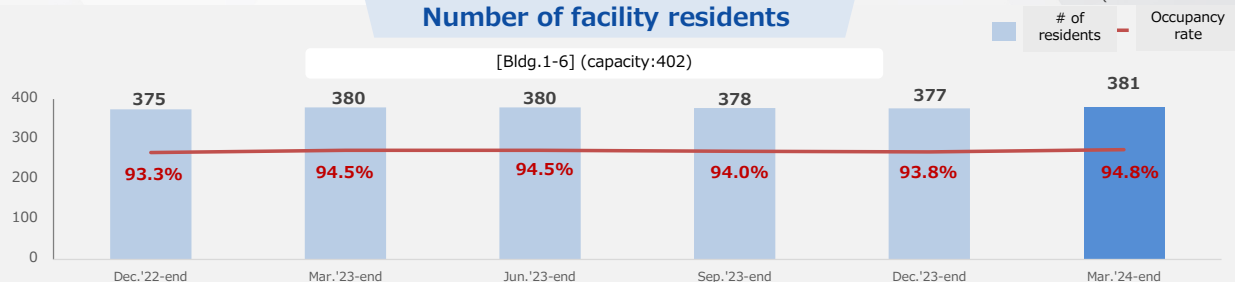
● Results of Nursing Care · Welfare Services

※Internal transactions have been eliminated
(Unit: Million yen)

	FY 3/23	FY 3/24	Year-on-Year	
	Results	Results	Increase (Decrease)	% Change
Net sales	3,017	3,045	28	0.9%
Gross profit	307	332	24	7.9%

Number of facility residents

(Unit: # of residents)



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This slide shows the status of occupancy rates, net sales, and gross profit. As shown in the table, both net sales and gross profit have increased slightly and improved.

What I would like to tell you here is that we are participating in the "Healthcare New Frontier Policy" promoted by Kanagawa Prefecture. Since the industry environment is struggling with a shortage of workers, we are promoting nursing care tech and digital transformation (DX) in nursing care using a variety of images.



3

Toward the Growth of the Nisso Group

Nisso Group Growth Cycle Image



Let me explain our initiatives for the growth of the Nisso Group. This slide depicts the image of our growth cycle. We will grow by creating and implementing action plans based on the 8 perspectives listed on both sides of the diagram.

**Continuing our Industry Strategy to expand Manufacturing · Production Human Resources Services
and Engineering Human Resources Services as a growth engine**

Industry Strategy Industries driving Society 5.0

	Automotive Industry	Automobiles/ EV-related
	Semiconductor Industry	Semiconductors/ semiconductor manufacturing equipment
	Electronics Industry	Communication equipment/ electronic components



**Actively approaching areas that will
become the next pillars of growth**

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Now, regarding our Industry Strategy. For each industry, we thoroughly discuss with our clients the growth strategies and challenges faced by manufacturers who are expected to grow in the future, and we dig deep into the solutions necessary for growth.

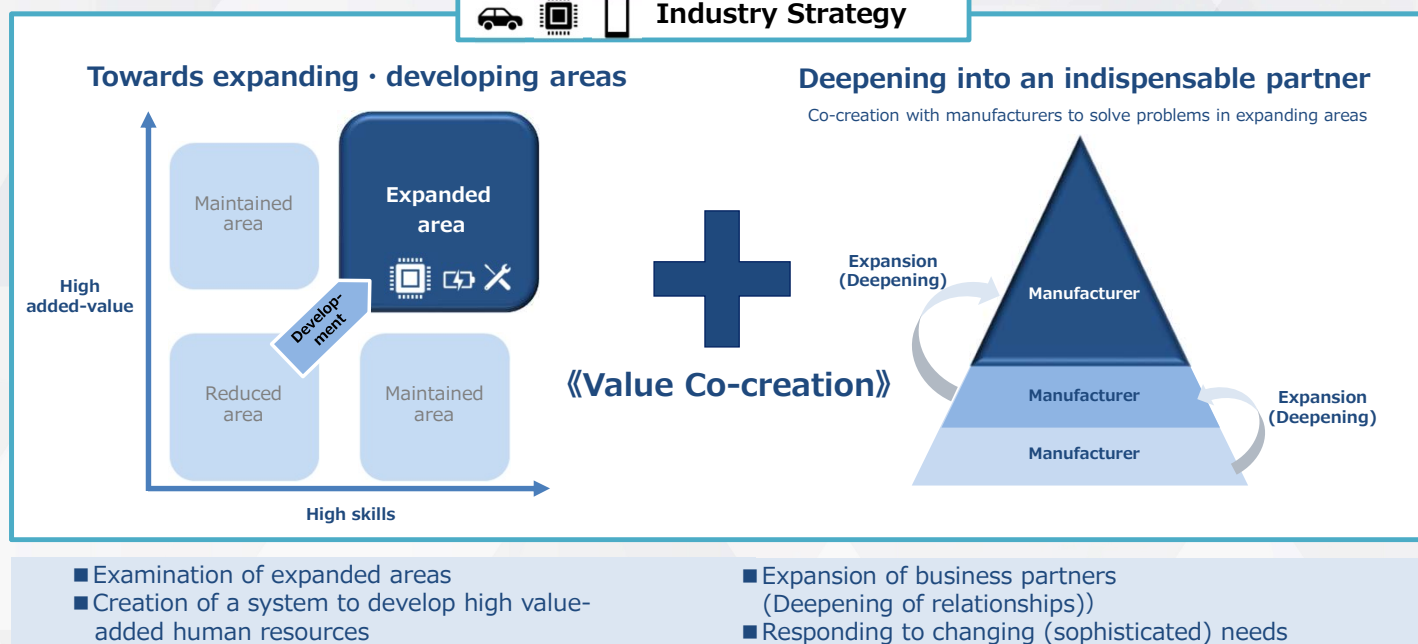
While discussing "How to secure both the quantity and quality of human resources" with our clients, which is often talked about these days, we have created a structure to secure them in advance, and are digging deeper with our clients and exploring these issues together.

What I would like to emphasize in particular here is that there will be a large number of large-scale battery projects in Japan around 2026 and 2027 centered on semiconductors and EV batteries. We are currently having discussions on the formulation of plans necessary to secure large orders during this period, and the steady implementation of the plans by putting them into the schedule.

To give you some concrete examples of our strategy, we are currently creating a digital recruitment platform that is necessary to secure both quantity and quality of human resources. We have been conducting a consortium for several years, which includes multiple stakeholders, including human resources companies, and we hope that this will help us to acquire an even greater quantity of human resources.

Toward the Expansion of General Human Resources Services (Deepening the Industry Strategy)

Industry Strategy



Realizing sustainable business growth by deepening the quality and content of the services provided

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Now, let me explain the deepening of our Industry Strategy for the expansion of our General Human Resources Services. As shown in the diagram on the left side of the slide under “Expanding areas,” we view this expansion area along two axes: providing high-skill services and providing high value-added services.

Among them, the key areas covered include semiconductor-related factories, projects for EV and stationary battery factories, which are expected to see a major surge from 2026. We aim to meet not only the human resources needs but also various other client needs as we move forward.

To provide context, Japan is experiencing a severe labor shortage due to a declining birthrate and an aging population. Upcoming projects for large factories, etc., that will emerge in the future are very conscious of labor-saving and unmanned operations.













As a result, the demand for traditional operators at manufacturing sites and assembly line workers will decline. Instead, there will be an increasing need for people who can skillfully control equipment in the production technology area, such as engineers and other highly specialized staff who can maintain robots that effectively maintain equipment. I can tell you that this is for certain.

Another recent observation from our discussions with clients who are major manufacturers is that HR managers at these companies have extensive experience in managing a system to regularly recruit and train new graduates.

However, in recent years, we have found that hiring and training plans for people with diverse employment types, such as contract employees other than regular employees, dispatching and contracting of external labor, and, in the future, foreign nationals, have become one of the problems.

In fact, we have seen a significant demand from HR managers at major manufacturers asking for support in these areas. Therefore, we have already started to address some of these needs, but we would like to further strengthen our response to these needs as we look ahead to 2026 and 2027.

FY 3/2025 Industry Strategy Trends ※NISSO HOLDINGS' own forecasts

	Automotive Industry (Automobile manufacturing · EV-related manufacturing industry)		Semiconductor Industry (Semiconductor manufacturing industry)		Electronics Industry (Electronic equipment manufacturing industry)	
Capital Investment	Clear & sunny 	Will expand	Clear & sunny 	Will expand	Sunny 	Will gradually expand
Production Trends	Cloudy, then sunny 	Will increase gradually Will be busy in 2H	Cloudy, then sunny 	Manufacturing equipment · memory will recover Power semiconductors will be strong	Cloudy 	Will be linked with semiconductors
Operational Trends	Sunny 	Will normalize Will be busy in 2H	Sunny 	Will normalize Will be busy in 2H	Cloudy, then sunny 	Will normalize
Personnel Trends	Clear & sunny 	Will be vigorous	Sunny 	Will recover Will be busy in 2H	Sunny 	Will recover

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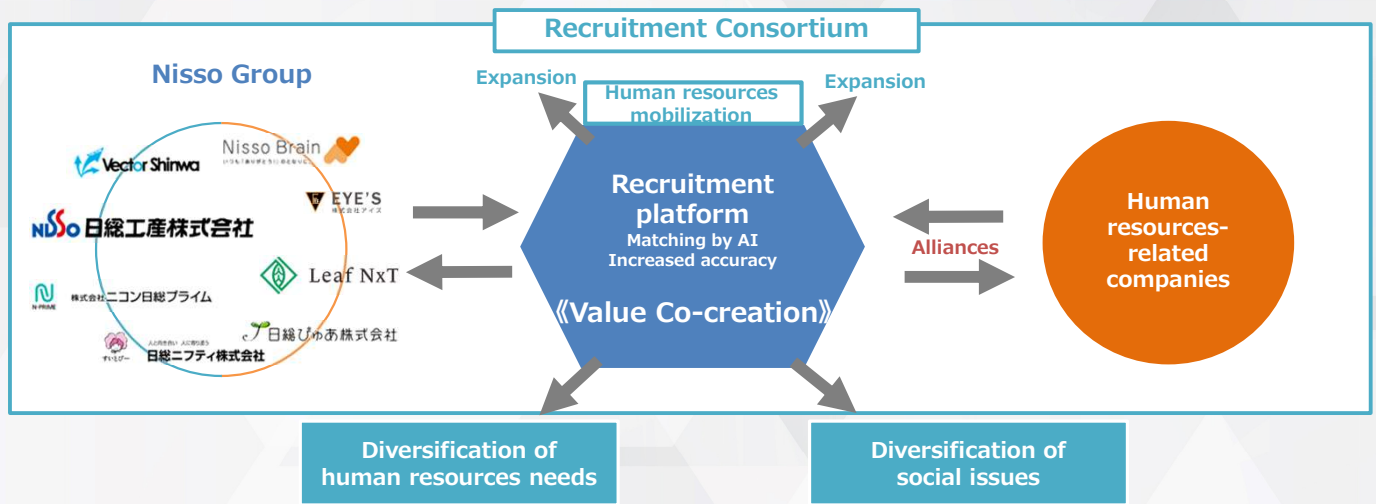
24

Next, let me talk about our strategy trends for each industry for FY 3/2025. Our forecasts previously were often "cloudy" or "rainy", but are now "sunny" or "clear". This fiscal year, I feel that we will be able to finally show our strengths.

Based on these considerations, we believe that in order to ensure steady growth over the medium to long term, it is necessary to make solid investments this fiscal year to increase sales, and at the same time, to thoroughly develop and assign human resources that our clients are looking for.

Strengthening the Recruitment Structure (Solving Recruitment Difficulties with New Initiatives)

Establishment and expansion of a recruitment consortium centered on the Nisso Group



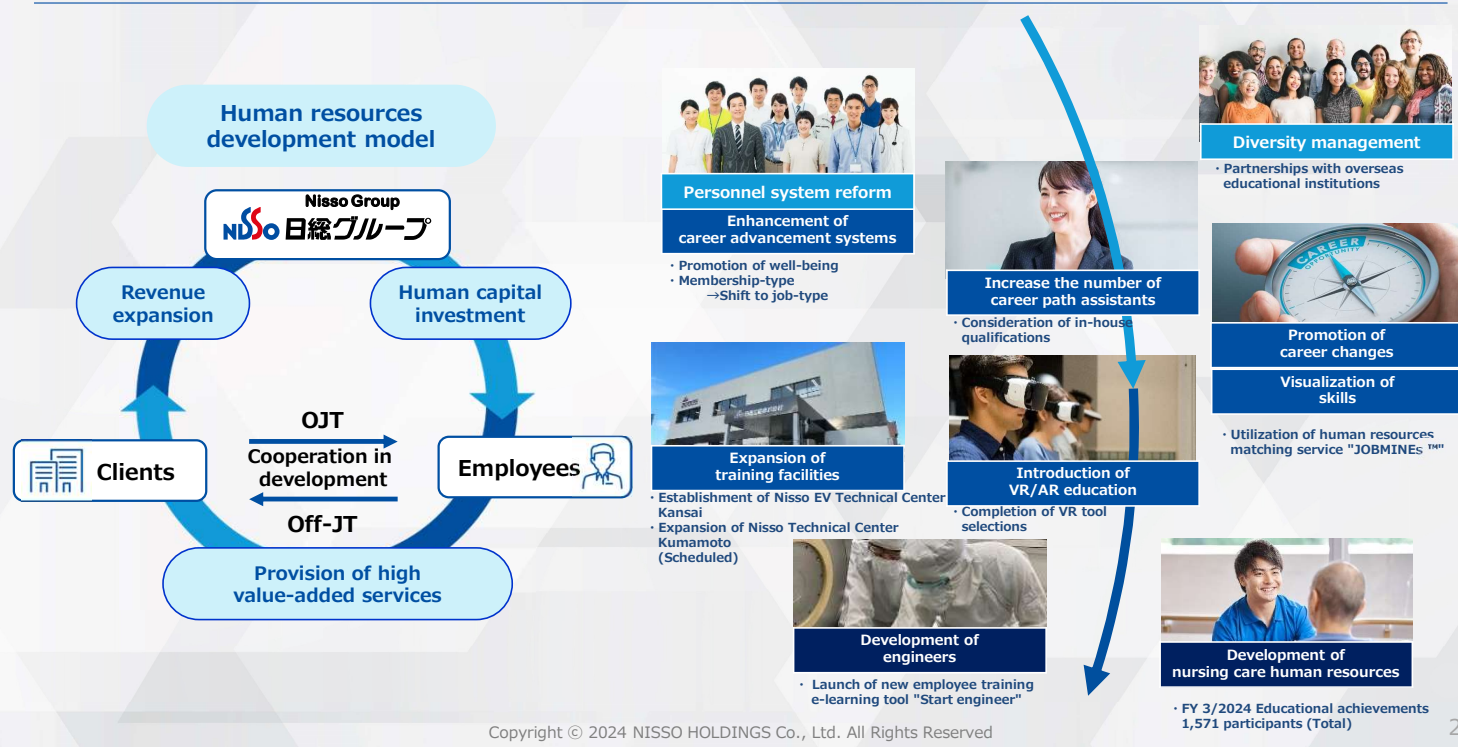
In response to diversifying social issues and human resources needs, we will build and develop a recruitment platform that leverages Group synergies to lead to business expansion

Regarding our recruitment strategy, as previously mentioned, I will provide an explanation on the "establishment and expansion of a recruitment consortium centered on the Nisso Group".

This slide shows various human resources services provided by the Nisso Group on the left, and the diversified human resources needs and issues at the bottom.

In the past, NISSO CORPORATION and other human resources-related companies formed an alliance and introduced people to each other. This time, we are planning to take a slightly larger stance by building and developing a recruitment platform for the entire Nisso Group.

Toward the Practice of Human Capital Management



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Next is about our initiatives toward the practice of human capital management. As shown on the slide, we will continue to invest in human capital while improving the environment in various ways, including various training structures in our human resources development model and the personnel systems that support such people.

We aim to create a cycle in which workers increase client satisfaction while providing high-quality services, raise their own salaries, and expand our profits.

As a concrete measure, for example, as shown on the right side of the slide, we are considering partnerships with overseas educational institutions as an initiative for diversity management. As for this, the recovery from the COVID-19 pandemic was slower than expected, and there was a period when overseas travel was difficult, so although the start of the program has been delayed, we began forming alliances with various universities, mainly in Asia, in the latter half of the previous fiscal year.

This year, we would like to speed up our efforts so that we can respond to the large-scale projects that are expected in 2026 and 2027.

In addition, we are currently expanding our training facilities, introducing VR/AR education to enhance our training programs, and opening a site called "Start engineer" where we will sell our training expertise that we have cultivated thus far to external parties.

The human resources matching service to improve matching efficiency, which is shown on the far right of the slide, is being promoted in collaboration with Mitsubishi Research Institute, and we will improve matching accuracy by utilizing a service called "JOBMINES". In addition, since last fiscal year, we have started initiatives to motivate workers while transitioning to a job-type system for optimal treatment.

Toward the Practice of Human Capital Management

Nisso Group's Educational Achievements

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

Points

- We aim to provide high value-added services and expand educational opportunities for the entire Nisso Group.
- The need for external employee training (entrusted) is expanding. We provide customized training content based on client needs.

Classification	Training content	FY 3/24 Cumulative Total
(Direct) Engineer training	Manufacturing equipment maintenance ・ manufacturing equipment technology Mechanical design ・ production technology Special education for industrial robots, etc.	1,370
(Direct) Manufacturing ・ production training	MONOZUKURI (manufacturing) education Foreman education Hazard simulation education, etc.	16,613
(Direct) Other training	Regular compliance education Career support training Qualification (enhancement) training, etc.	1,485
Nursing care ・ welfare training	Elder abuse prevention ・ physical restraint abolition training Accident prevention risk management training Infectious disease ・ food poisoning prevention training, etc.	1,571
Total		21,039
External employee training (Entrusted)	Fundamentals of mechanical maintenance Fundamentals of manufacturing equipment Hazard simulation education, etc.	187

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The results of last fiscal year's training toward the practice of human capital management are shown in the table on the slide. In the last fiscal year, the number of engineers trained and assigned to client companies was extremely sluggish, particularly in the semiconductor field, so the total number of training participants in FY 3/2024 did not increase. However, as long as we take into account the needs of our clients and move forward, this training must be activated this fiscal year.

In addition, with regard to external employee training (entrusted), we have begun to provide entrusted training for new employees of major manufacturers, as well as employees of existing manufacturers.

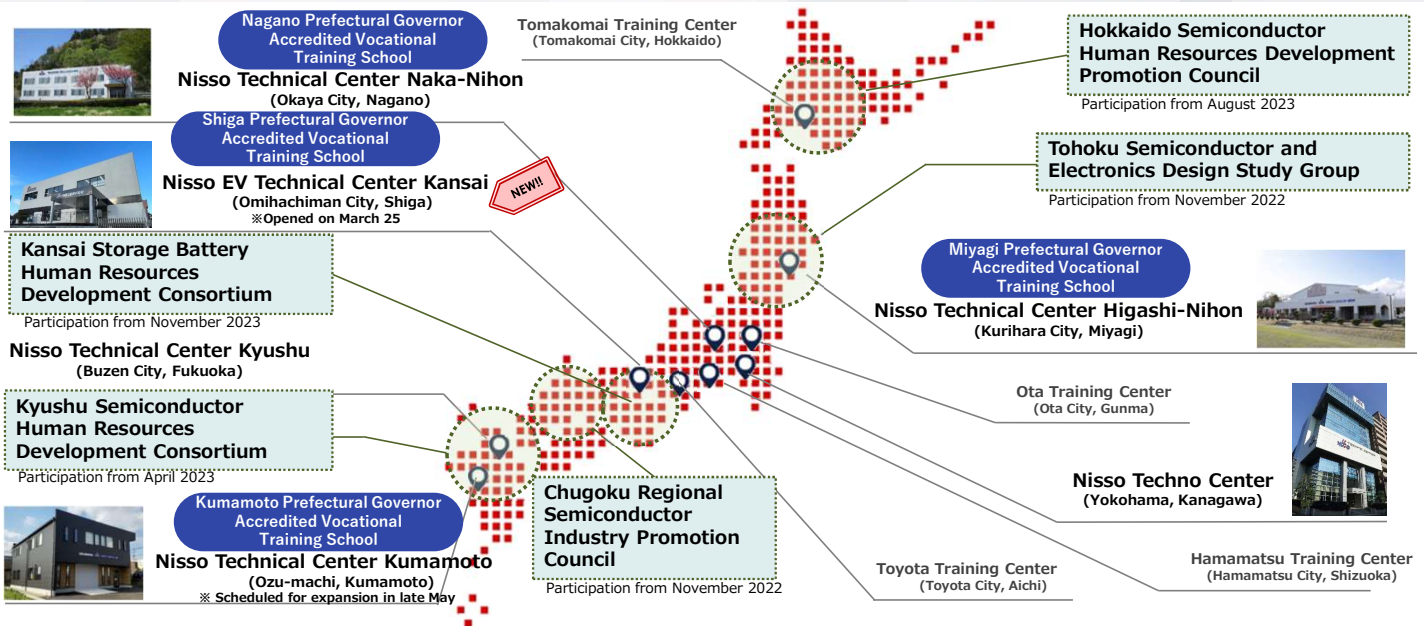
This service supports a part of the so-called human resources function, for example, where a major semiconductor manufacturer replaces it because it is too busy to provide the training themselves.

We believe that this entrustment will be beneficial to us by carefully digging deeper into the question of "How to develop the human resources development curriculum that our clients are looking for". Going forward, we aim to further expand our business by closely co-creating with our clients to understand "What kind of human resources they are looking for, and what kind of curriculum is necessary?" to achieve this.

As a result, we believe that this external employee training will become a viable business in the future, and would also like to utilize the expertise we have gained here for the development of human resources in our company.

Toward the Practice of Human Capital Management

Expanding training facilities and promoting industry-government-academia collaboration for the development of high value-added human resources



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This slide depicts the expansion of our training facilities as part of the practice of human capital management. As a new topic, we have started our participation in the "Kansai Storage Battery Human Resources Development Consortium" from November 2023, and will work together with the Kansai (Kinki) Bureau of Economy, Trade and Industry to create a human resources development system for EVs. In March, we opened the Nisso EV Technical Center Kansai in Omihachiman City, Shiga, a training facility for developing equipment engineers for batteries.

In addition, we would like to further expand our training facilities sequentially to differentiate ourselves from other companies, while gaining a better understanding of what kind of human resources are needed in each field in each area, through the "Hokkaido Semiconductor Human Resources Development Promotion Council" and other councils.

【ACTION】 "Expansion" of Nisso Technical Center Kumamoto

Environment surrounding the Kumamoto training facility

Saga Prefecture

- Silicon wafers
- Silicon single crystal wafers
- Fine ceramic parts, etc.

Nagasaki Prefecture

- MOS IC, CMOS image sensors
- High-purity silicon wafers

Kumamoto Prefecture

- Semiconductor contract manufacturing
- System LSI
- CMOS image sensors
- Semiconductor manufacturing equipment
- CMP equipment

Fukuoka Prefecture

- Power devices
- Power modules
- System LSI, image sensors
- SiC power devices, etc.

Oita Prefecture

- Logic LSI
- Industrial MOS IC, LSI assembly

Miyazaki Prefecture

- Hall elements
- Silicon wafers
- Communication LSI
- SiC power semiconductors
- SiC wafers

Kagoshima Prefecture

- Semiconductor components
- Liquid crystal color filters
- Semiconductor manufacturing equipment
- Multilayer ceramic capacitors

Nisso Technical Center Kumamoto



To meet growing human resources needs

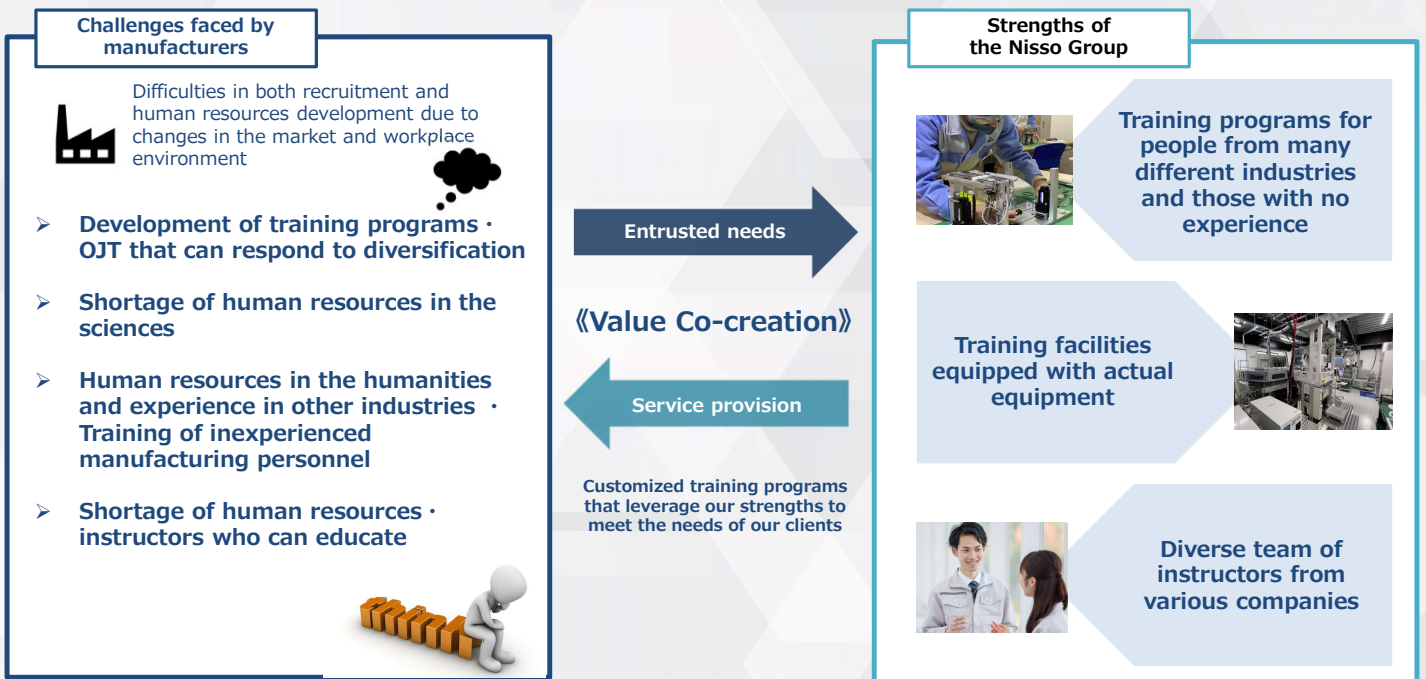
- Nisso Technical Center Kumamoto to be expanded in May
- Providing "reskilling" opportunities for human resources working in other industries and occupations
- Promoting career shifts to the semiconductor industry
- Responding to the human resources development needs of not only our own employees but also employees of manufacturers (Education and training entrustment services)
- Working with the public and private sectors to develop human resources capable of the mass-production of semiconductors

As I mentioned earlier, we opened the "Nisso Technical Center Kumamoto" in April 2023. We are conducting training with actual equipment, and in May 2024, we will open the "Nisso Technical Center Kumamoto No. 2", which will double our training capacity.

As to why there is such a heavy emphasis in this Kumamoto area, for example, there is JASM, a subsidiary of TSMC. As you can see from the "Environment surrounding the Kumamoto training facility" slide, Kyushu is becoming an area where various semiconductor supply chains are concentrated.

Originally, although we built a base for the development of human resources in the Kumamoto area, due to the strong demand from the surrounding areas, we decided to prepare a second facility with three times the training capacity in the central Kumamoto area.

We have expanded the training facility to accommodate around 300 training participants, compared to the previous capacity of about 100 per year, in order to meet client needs and assist them with reskilling. In addition, we would like to promote industry-government-academia collaboration, by providing basic education to those who have been active in fields other than semiconductors and assigning them to positions that will enable them flourish in the semiconductor field.

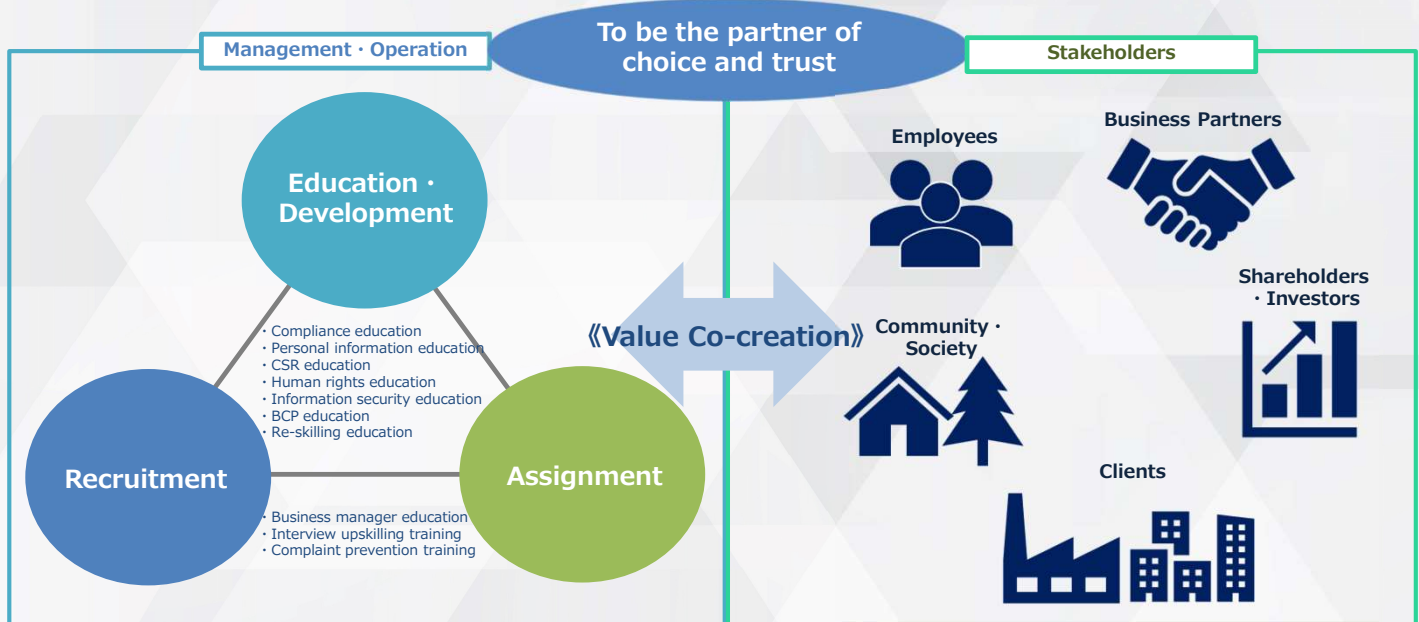


Now, let me talk about the development of our education and training entrustment services, which I briefly mentioned earlier. The so-called Off-JT (off-the-job training) is a training program that can respond to the diversification of human resources, which is a problem that personnel departments at manufacturers are struggling with. Major manufacturers face the challenge of a lack of established Off-JT programs and/or the inability to effectively integrate OJT (on-the-job training) with Off-JT.

Although companies want to recruit and develop many STEM (science, technology, engineering, or mathematics) graduates, there is a limited amount STEM universities and graduates in Japan, which creates the need to develop human resources in the humanities and experience in other industries. In addition, companies are often too busy to allocate their experienced staff to training, posing a further challenge.

In response to these current issues, we will provide services that accurately meet the needs of our clients while leveraging the strengths of the expertise that we have accumulated thus far. This will not only increase the level of client satisfaction, but our education and training will serve as one of the major points of differentiation, and we see this as a business model with the potential to drive future growth.

【ACTION】 Aiming to be a Trusted Partner



As a corporate group with strengths in human resources development, we will implement educational programs to maintain governance and continue our efforts to earn the trust of our stakeholders.

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Our philosophy is "To become a company that is chosen and trusted by our partners".

In order to be recognized by our clients as "dependable" and "trustworthy", the most important thing is for our employees and staff to choose NISSO and "feel motivated to thrive within NISSO".

In order to achieve this, it will be necessary to further enhance the necessary education systems and to assign employees to workplaces that provide an environment in which they can demonstrate their abilities.

Furthermore, in recent years, manufacturers who use human resources companies are also very concerned about the issue of whether or not their compliance levels are adequate. As laws continue to change, they are particularly conscious about whether or not we can effectively respond to compliance challenges.

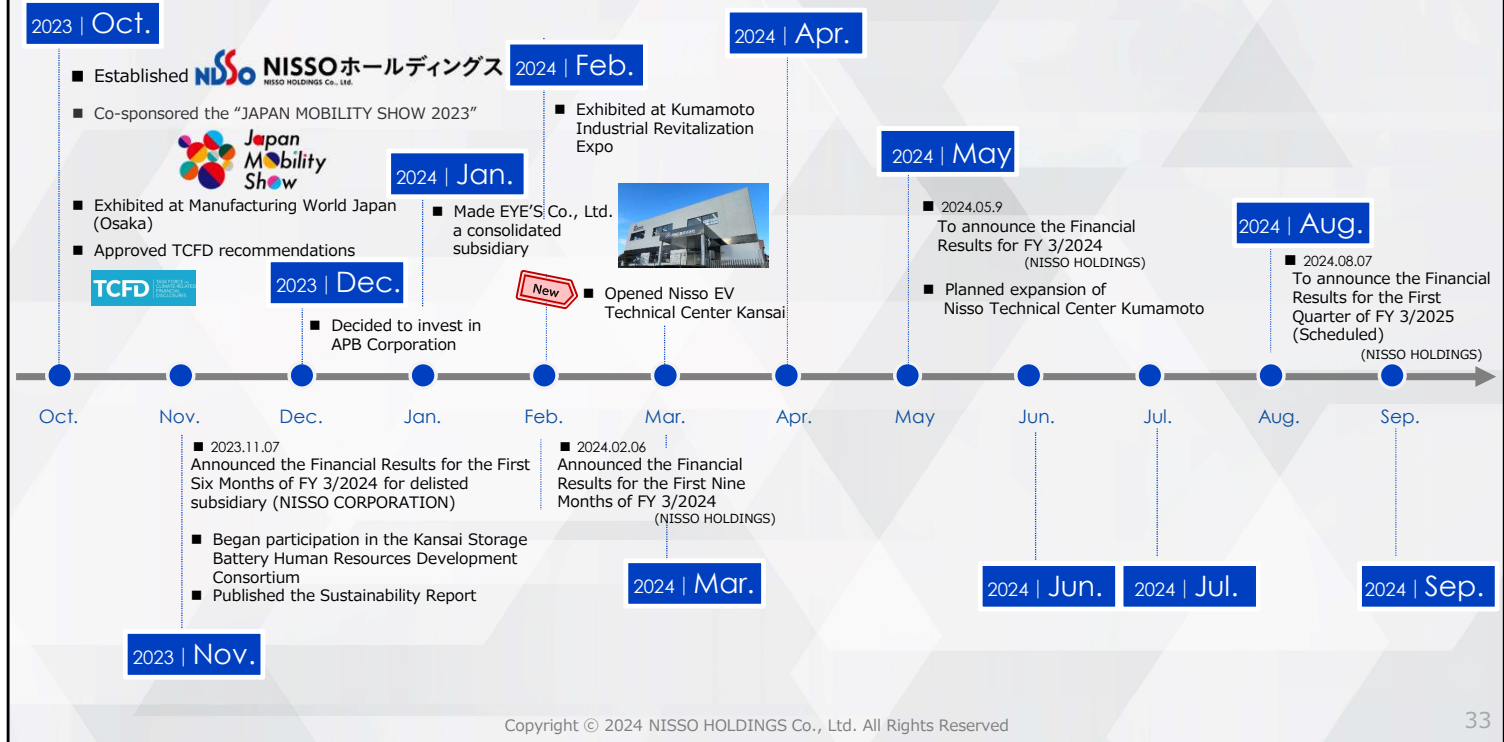
Therefore, it is crucial for us to not only develop skills for compliance measures, but also to continuously enhance the skills of our front-line staff. We would like to emphasize this point as we move forward.

As a result, we firmly believe that these efforts will significantly contribute to the local community and to our shareholders through the expansion of our business performance.

4

Nisso Group Topics

Topics



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Here are the latest topics from the Nisso Group. We have updated some details since the establishment of the holding company in October 2023.

Our policy is to enhance our growth potential in line with our intentions to establish the holding company. We will actively promote measures such as inviting new partners to participate and investing in training systems.



Outsourcing
アウトソーシング

Engineering
エンジニアリング



Business Solution
ビジネスソリューション



Factory Automation
ファクトリーオートメーション



"EYE'S Co., Ltd." joins the Nisso Group

- EYE'S will provide business process solutions, its field of expertise, to the client base of the Nisso Group.
- We will expand our services by integrating the IT engineering services of EYE'S with the engineering area of the Nisso Group.
- EYE'S is currently developing a service called "FREE AID" that matches freelance mechanical and electrical engineers with projects and tasks that require their skills.



"Nisso EV Technical Center Kansai" opens

- NISSO CORPORATION opened the "Nisso EV Technical Center Kansai" on March 25, 2024.
- Established as a core training base for developing storage battery human resources in the Kansai region.
- Participated in the "Kansai Storage Battery Human Resources Development Consortium" established by the Kansai (Kinki) Bureau of Economy, Trade and Industry and strengthened cooperation.

In such a situation, as I explained earlier, EYE'S Co., Ltd. has joined our group, becoming our new partner.

In addition, another major topic is the opening of the "Nisso EV Technical Center Kansai" in March 2024.

5

Future Prospects (FY 3/2025)

FY 3/2025 Full-year Consolidated Forecasts

In the full-year consolidated (earnings) forecast, in our core General Human Resources Services Business, we expect revenue and profits to increase, based on the assumption that in addition to the recovery of operations in automobiles, the semiconductor memory field, etc., will remain strong, and demand for components related to PCs and communications equipment will also recover.

● FY 3/2025 Full-year Consolidated Forecast (April 1, 2024 ~ March 31, 2025)

(Unit: Million yen)

	FY 3/24 Results		FY 3/25 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	96,858	100.0%	106,000	100.0%	9,141	9.4%
Operating profit	3,058	3.2%	3,800	3.6%	741	24.3%
Ordinary profit	3,056	3.2%	3,800	3.6%	743	24.3%
Profit attributable to owners of parent	1,952	2.0%	2,400	2.3%	447	22.9%

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Now, I would like to talk about our future prospects, taking into account the situation in the previous fiscal year. Our full-year consolidated forecasts for FY 3/2025 project net sales of 106 billion yen and operating profit of 3.8 billion yen.

Although we saw an exit from the COVID-19 pandemic last fiscal year, the recovery in the Semiconductor and Electronics Industries was very slow. At the same time, the Automotive Industry, which was originally expected to experience considerable growth, also faced significant difficulties.

Although our original goal was to have over 2,000 engineers by the end of last fiscal year, since we were unable to even assign new graduate employees, the numbers have actually slightly decreased. Therefore, one of our goals for this fiscal year is to continue to make investments while steadily increasing the speed of development of our staff.

In particular, this fiscal year, we will actively invest in creating a consortium and platform for recruitment, as well as further promoting the content of education and re-creating it into something more substantial and supported by our clients.

Due to the impact of the COVID-19 pandemic, some of the things we originally wanted to do have been delayed, and investments that have been delayed have been pushed back into this fiscal year. Although we are considerably behind the profitability of our current Medium-term Management Plan, in order to make up for this lag, we will make steady efforts this fiscal year with an eye to the future.

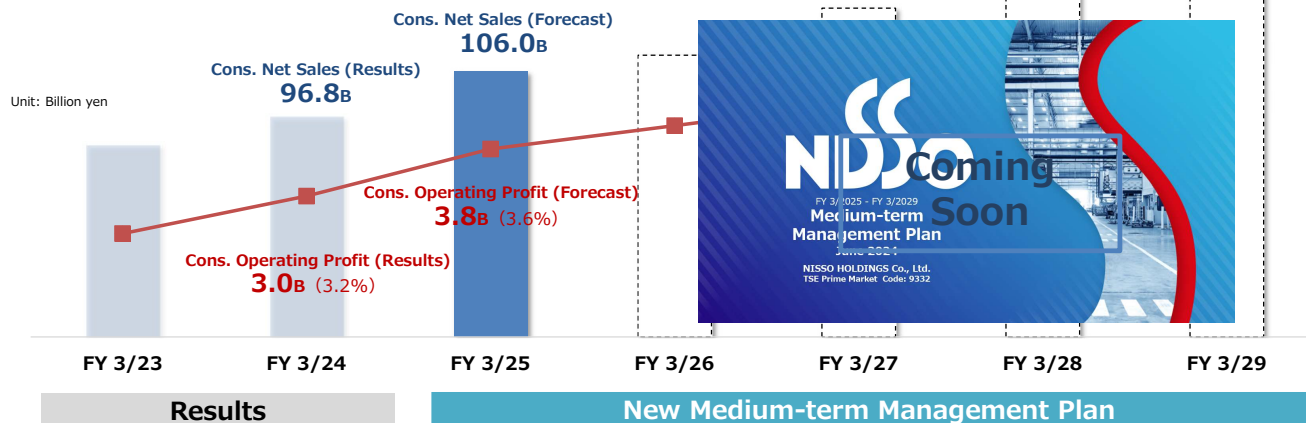
NISSO Sustainable Growth for the Future "New Medium-term Management Plan" to be announced

We will accelerate growth investments and strive to enhance corporate value while working to resolve social issues in the area of human resources.

Next-generation Growth Stage Towards Value Co-creation

Development model X Co-creation = Strengthening our earning power through the diversification of our business portfolio

- ✓ Creating human resources together: Human resources development such as enhancing career and skills
- ✓ Creating business together: Recruiting and placing the right people to the right jobs according to client needs
- ✓ Creating solutions together: Responding to diverse work-styles and changes in *MONOZUKURI* (manufacturing)



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Let me explain our new Medium-term Management Plan. As shown on the slide, over the next 5 years starting from the current fiscal year, we are implementing various measures to realize an ideal Nisso Group that will have achieved sales growth and greatly improved profitability through large-scale projects by FY 3/2028.

From this fiscal year, next fiscal year, and the third fiscal year, around FY 3/2027, we would like to ensure that we can achieve significant results in FY 3/2028, while continuing to make investments and increasing our profits at an accelerated pace as we continue to generate the effects of our investments.

We hope to explain our specific plans to you relatively early in the current fiscal year.

6

Shareholder Return Policy

Basic Policy

NISSO HOLDINGS 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 HOLDINGS' basic policy is to continue to steadily redistribute profits to all of our shareholders.

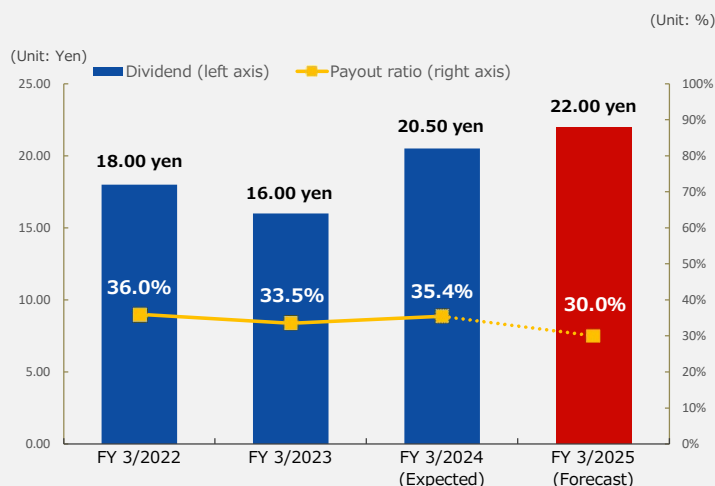
FY 3/2024 Expected Dividend

NISSO HOLDINGS expects to pay a dividend of 20.50 yen per share (consolidated dividend payout ratio of 35.4%).

FY 3/2025 Dividend Forecast

NISSO HOLDINGS expects to pay a dividend of 22.00 yen per share (consolidated dividend payout ratio of 30.0%).

Dividend and Payout Ratio



※Until FY 3/2023, the figures for NISSO CORPORATION before the holding company structure are presented.

Let me explain our shareholder return policy. Although it is not significantly different from our previous approach, we believe that the redistribution of profits to shareholders is a very important issue for companies.

You may still criticize us by saying, "You still have a consolidated dividend payout ratio of 30%". However, for the time being, we have determined that we still need to make investments in our growth strategy. While we are making these investments, we would like to proceed with the dividend payout ratio of 30% as a standard. For this fiscal year, we expect to pay a dividend of 22 yen per share, corresponding to a payout ratio of 30% of our profit plan.

Regarding our financial situation, we are planning to implement a new approach to finance from this year. CFO Hayakawa will provide further details from here.

7

Financial Condition (FY 3/2024)

Financial indicators related to management are as follows:

Classification	KPI	FY 3/24 Results	Indicator Purpose
Capital profitability	Operating profit margin	3.2%	Profitability • efficiency management
	ROE	13.2%	
	ROIC	11.6%	
Capital structure	Financial leverage	2.1	Financial soundness

NISSO HOLDINGS will closely monitor our own cost of capital (cost of equity and weighted average cost of capital (WACC)) and will strive to pursue earning power and improve capital efficiency by using return on equity (ROE) and return on invested capital (ROIC) as key management indicators. In addition, we will strive to enhance corporate value by realizing a structure in which ROIC exceeds the cost of capital (weighted average cost of capital (WACC)) in a stable manner. Moreover, in FY 3/2024, ROIC exceeded the cost of capital (weighted average cost of capital (WACC)).

Mr. Naoki Hayakawa (hereinafter, “Hayakawa”): I am Naoki Hayakawa, Managing Director and CFO. I will explain our financial condition. The capital profitability, capital structure, and results at the end of the previous fiscal year are as shown on this slide.

Operating profit margin, ROE, and financial leverage are the three items that we have announced as KPIs (key performance indicators) in our past Medium-term Management Plans. The results for the previous fiscal year were an operating profit margin of 3.2%, ROE of 13.2%, and financial leverage of 2.1 times.

First of all, although there is still a gap between the operating profit margin and the figures set forth in the Medium-term Management Plan, we would like to increase it to 3.6% this fiscal year. We also intend to improve ROE in line with our profit growth.

Regarding financial leverage, as Shimizu mentioned earlier, we have started proactive investments in human resources development since last fiscal year. Although the leverage figure has been rising, it has not yet reached the figure we have set forth. Here, too, we intend to achieve our target while fully considering financial discipline.

We have also begun to address the issue of capital cost management, which was also raised in the Corporate Governance Code, which has been under discussion since the previous fiscal year.

What we have included in our Corporate Governance Report is as shown in the slide. “NISSO HOLDINGS will closely monitor our own cost of capital (cost of equity and weighted average cost of capital (WACC)) and will strive to pursue earning power and improve capital efficiency by using return on equity (ROE) and return on invested capital (ROIC) as key management indicators. In addition, we will strive to enhance corporate value by realizing a structure in which ROIC exceeds the cost of capital (weighted average cost of capital (WACC)) in a stable manner.”

For the previous fiscal year, ROIC was 11.6%. Therefore, ROIC ended up exceeding the internal WACC.

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. '23-end		Mar. '24-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	21,747	72.3	21,899	69.8	151
Cash and deposits	9,800	32.6	9,641	30.7	(159)
Notes and accounts receivable - trade	10,986	36.5	11,238	35.8	252
Non-current assets	8,344	27.7	9,455	30.2	1,110
Property, plant and equipment	4,660	15.5	5,072	16.2	411
Intangible assets	1,514	5.0	1,611	5.1	96
Investments and other assets	2,169	7.2	2,771	8.8	602
Total assets	30,092	100.0	31,354	100.0	1,261
Current liabilities	12,187	40.5	13,360	42.6	1,172
Accrued expenses	6,119	20.3	6,553	20.9	434
Income taxes payable	555	1.8	795	2.5	240
Provision for bonuses	1,395	4.6	1,479	4.7	83
Non-current liabilities	3,097	10.3	2,660	8.5	(436)
Long-term loans payable	2,019	6.7	1,550	4.9	(468)
Total liabilities	15,284	50.8	16,021	51.1	736
Shareholders' equity	14,563	48.4	14,939	47.6	375
Non-controlling interests	239	0.8	275	0.9	35
Total net assets	14,807	49.2	15,333	48.9	525
Total liabilities and net assets	30,092	100.0	31,354	100.0	1,261

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, "notes and accounts receivable (trade)" of current assets and "accrued expenses" of current liabilities increased.

② Repayments

As a result of contractual repayment of loans payable, "long-term loans payable" of non-current liabilities decreased.

③ Business combination

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

④ Overall

As a result of the above, total assets increased by 4.2%, total liabilities increased by 4.8%, and total net assets increased by 3.4% compared to the end of the previous fiscal year, resulting in an equity ratio of 48.0%.

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Here is our consolidated balance sheet. The key points are as described on the right side of the slide. Due to the expansion of the number of staff in operation in the manufacturing human resources services, accounts receivable (trade) and accrued expenses of current liabilities have increased. As for loans payable, due to progress in contractual repayments, long-term loans payable have decreased.

In addition, as President Shimizu mentioned at the beginning, the addition of EYE'S Co., Ltd. to our group has resulted in respective increases in assets and liabilities.

As a result, total assets increased by 4.2%, total liabilities increased by 4.8%, and total net assets increased by 3.4%, resulting in an equity ratio of 48%.

Consolidated Statements of Cash Flows

(Unit: Million yen)

	FY 3/23	FY 3/24	Increase (Decrease)
	Amount	Amount	
CF from operating activities	2,285	3,230	944
CF from investing activities	(146)	(1,289)	(1,142)
CF from financing activities	(1,112)	(2,100)	(987)
Net increase (decrease) in cash and cash equivalents	1,026	(159)	(1,185)
Cash and cash equivalents at beginning of period	8,773	9,800	1,026
Cash and cash equivalents at end of period	9,800	9,641	(159)

Point

①Cash flows from operating activities

Proceeds from profit before income taxes amounted to 3,056 million yen, absorbing expenditures such as income taxes paid of 865 million yen, resulting in proceeds of 3,230 million yen.

②Cash flows from investing activities

Expenditures for the purchase of securities amounted to 300 million yen, while expenditures for the purchase of property, plant and equipment amounted to 650 million yen, resulting in expenditures of 1,289 million yen.

③Cash flows from financing activities

Expenditures for the purchase of treasury shares amounted to 1,062 million yen, and cash dividends paid of 544 million yen resulted in expenditures of 2,100 million yen.

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Consolidated cash flows are as explained earlier. Notably, cash flows from investing activities include APB Corporation, with which we concluded a business and capital alliance in the previous fiscal year. We are also actively promoting the Technical Center in Kumamoto as part of our investment.

Regarding the financial activities of Point③, last fiscal year, since we transitioned to a holding company structure and amortized our existing treasury shares, we repurchased our own shares in the second half of the previous fiscal year. These activities are reflected in the cash flows.

[END]

8

Glossary

Glossary (Repost)

Word/Term	Explanation
Manufacturing dispatching	Manufacturing dispatching is conducted in accordance with the "Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers", and dispatching services are provided to manufacturers including automobiles manufacturing, semiconductor manufacturing, and electronic equipment manufacturing. The right to instruct and order the work lies with the manufacturer, which is the dispatching destination, and the employer is the dispatching company. Procedures related to labor management, such as recruitment and payroll, are carried out by the employer, the dispatching company.
Manufacturing contracting	Manufacturing contracting provides services to manufacturers including automobiles manufacturing, semiconductor manufacturing, and electronic equipment manufacturing. The contracting company uses part or all of the manufacturer's processes・equipment to establish production, quality control, labor management, and workplace management systems. In response to orders from the ordering party (manufacturers), the contracting company conducts manufacturing, processing and inspections under a management system, and delivers the finished products (deliverables) to the ordering party upon completion.
Human Resources Development Model	A model for developing high value-added human resources. By developing human resources using the Nisso Group's unique advanced Off-JT, we provide our clients with human resources who can quickly acquire skills and establish themselves after being assigned to a workplace.
Industry Strategy	A strategy for proactively and speedily responding to the needs of each industry that the Nisso Group focuses on, in order to expand our General Human Resources Services business.
Turnover rate	The cumulative (YTD) number of resignations divided by the total average number of enrolled staff each month. It represents the average withdrawal rate for the relevant period.
Nisso Technical Centers	Large-scale education and training facilities that educate highly specialized technical staff in various industries such as automobiles, electricity, and semiconductors. The Technical Centers provide a wider range of education than the Training Centers, and can also provide contracted training services.
Nisso Training Centers	Education and training facilities that provide specialized skills education for specific industries. Education and training are provided on the premise of assignment to specific manufacturers.



The forward-looking statements and performance forecasts contained in this document are forecasts determined by NISSO HOLDINGS 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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