



*Nurturing and  
Bringing Out the  
Best in People*

**日総工産株式会社**  
**NISSO CORPORATION**

TSE 1 Code: 6569

First Quarter of FY 3/2022

# Financial Results Briefing Materials

Scheduled for August 16, 2021

## FY 3/2022 1Q Results

- Increased revenue and profits year-on-year  
(※Increased revenue and profits vs. FY 3/2020)
- Strong demand for automobiles and electronic devices
- Some recovery not attained due to lack of semiconductors in automobiles-related industry
- Needs for engineers are strong

- Please find the summary above.
- Demand for automobiles and electronic components were strong, and revenue and profits have increased accordingly.
- Due to the shortage of semiconductors, some automobiles manufacturers have not been able to produce enough to meet original demands, and as a result, some manufacturers will start increasing production after 3Q.
- Due to the shortage of semiconductors, there has also been a slight impact on passive components.
- The needs for engineers are favorable.

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# **1** FY 3/2022 1Q Financial Results Summary

# FY 3/2022 1Q Consolidated Financial Results Highlights

(Unit: Million yen)

## Points

- Revenue and profits increased due to an increase in enrollment and increases in operations (number of working days, overtime hours, holiday work, etc.).
- Net sales and ordinary profit in 1Q were the highest since NISSO's listing.
- Revenue and profits also increased in Other Businesses.

	FY 3/2021 1Q		FY 3/2022 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	16,557	100.0%	18,045	100.0%	1,487	9.0%
Gross profit	2,360	14.3%	3,038	16.8%	677	28.7%
SG&A expenses	2,154	13.0%	2,568	14.2%	413	19.2%
Operating profit	206	1.2%	470	2.6%	263	127.9%
Ordinary profit	238	1.4%	524	2.9%	285	119.4%
Profit attributable to owners of parent	101	0.6%	345	1.9%	243	239.7%

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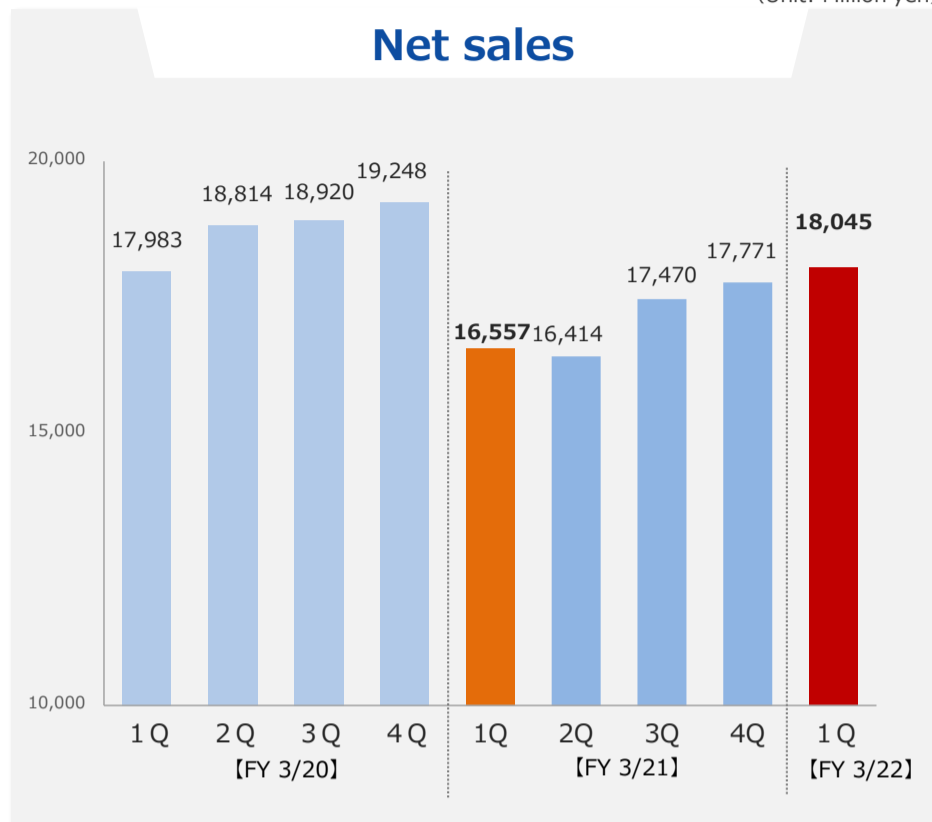
- The following is the explanation of the Consolidated Financial Results for FY 3/2022 1Q.
  - Net sales amounted to 18,045 million yen (up 1,487 million yen or 9.0% YoY)
  - Gross profit amounted to 3,038 million yen (up 677 million yen or 28.7% YoY)
  - SG&A (selling, general and administrative) expenses amounted to 2,568 million yen (up 413 million yen or 19.2% YoY)
  - Operating profit amounted to 470 million yen (up 263 million yen or 127.9% YoY)
  - Ordinary profit amounted to 524 million yen (up 285 million yen or 119.4% YoY)
  - Profit attributable to owners of parent amounted to 345 million yen (up 243 million yen or 239.7% YoY)
- Net sales and ordinary profit were at their highest in 1Q since NISSO's listing.
- The number of enrolled staff increased from 13,146 at the end of the previous fiscal year to 13,856 at the end of 1Q, which was an increase of 710 staff, and this is reflected in our business results.
- Other Businesses (nursing care business) became profitable with an increase in both revenue and profits in 1Q. However, due to the effects of COVID-19, it has become somewhat difficult to conduct facility preview events.

# FY 3/2022 Quarterly Consolidated Financial Results



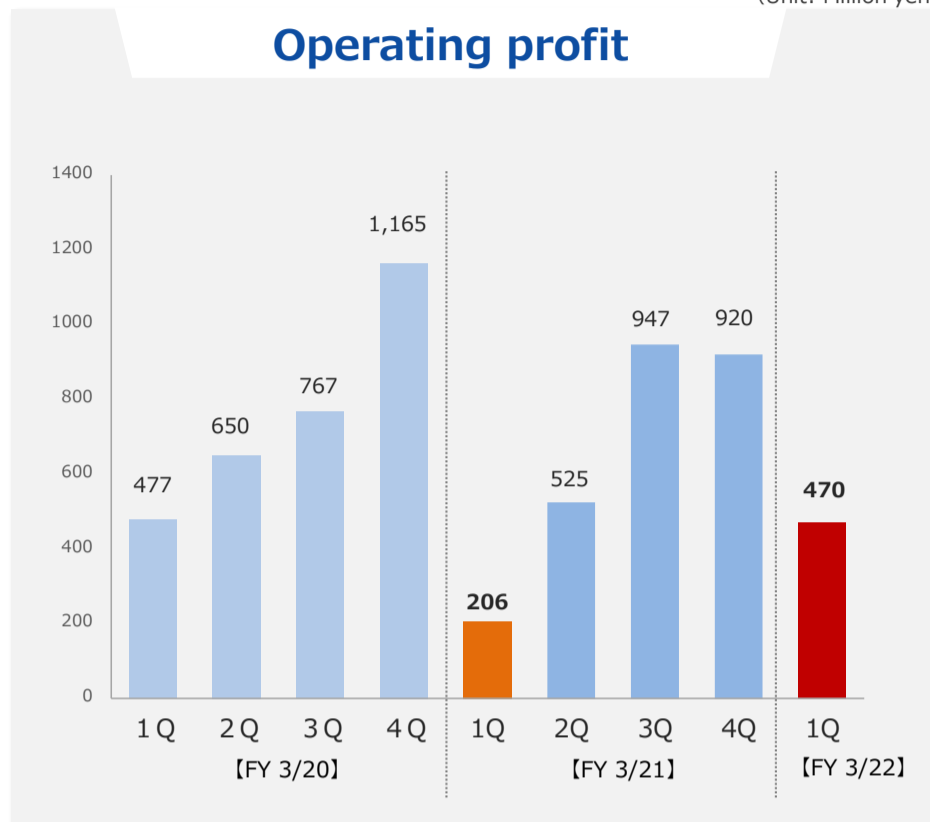
(Unit: Million yen)

## Net sales



(Unit: Million yen)

## Operating profit



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• Shown above are graphs of quarterly consolidated net sales and operating profit trends.

• Although net sales in 1Q were at its highest since NISSO's listing, operating profit did not quite reach the level of FY 3/2020 1Q.

# FY 3/2022 1Q Non-consolidated Financial Results Highlights

(Unit: Million yen)

## Net sales

- Net sales increased by 10.1%, partly due to the recovery in enrollment.
- Net sales in 1Q were the highest since NISSO's listing.

## Expenses · Profits

- Both operating profit and ordinary profit were also the highest since NISSO's listing.
- SG&A expenses increased due to the recovery of human resources needs.

	FY 3/2021 1Q		FY 3/2022 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>15,153</b>	100.0%	<b>16,684</b>	100.0%	<b>1,531</b>	10.1%
<b>Gross profit</b>	<b>2,232</b>	14.7%	<b>2,900</b>	17.4%	<b>667</b>	29.9%
<b>SG&amp;A expenses</b>	<b>2,028</b>	13.4%	<b>2,417</b>	14.5%	<b>389</b>	19.2%
<b>Operating profit</b>	<b>204</b>	1.4%	<b>482</b>	2.9%	<b>278</b>	135.7%
<b>Ordinary profit</b>	<b>219</b>	1.4%	<b>496</b>	3.0%	<b>277</b>	126.5%
<b>Profit</b>	<b>96</b>	0.6%	<b>319</b>	1.9%	<b>222</b>	229.7%

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- The following is the explanation of NISSO's Non-consolidated Financial Results for FY 3/2022 1Q.
  - Net sales amounted to 16,684 million yen (up 1,513 million yen or 10.1% YoY)
  - Gross profit amounted to 2,900 million yen (up 667 million yen or 29.9% YoY)
  - SG&A expenses amounted to 2,417 million yen (up 389 million yen or 19.2% YoY)
  - Operating profit amounted to 482 million yen (up 278 million yen or 135.7% YoY)
  - Ordinary profit amounted to 496 million yen (up 277 million yen or 126.5% YoY)
  - Profit amounted to 319 million yen (up 222 million yen or 229.7% year on YoY)
- Net sales, operating profit, and ordinary profit in 1Q were at their highest since NISSO's listing.
- However, SG&A expenses increased YoY, and the major factor contributing to this was recruitment costs.
  - In the corresponding period of the previous fiscal year, since there were only a few back orders, recruitment costs were 62 million yen. However, in 1Q of the current fiscal year, recruitment costs amounted to 290 million yen, an increase of 228 million yen YoY. As a result, although operating profit was at its highest since NISSO's listing, SG&A expenses also increased.

# FY 3/2022 1Q Quarterly Non-consolidated Financial Results



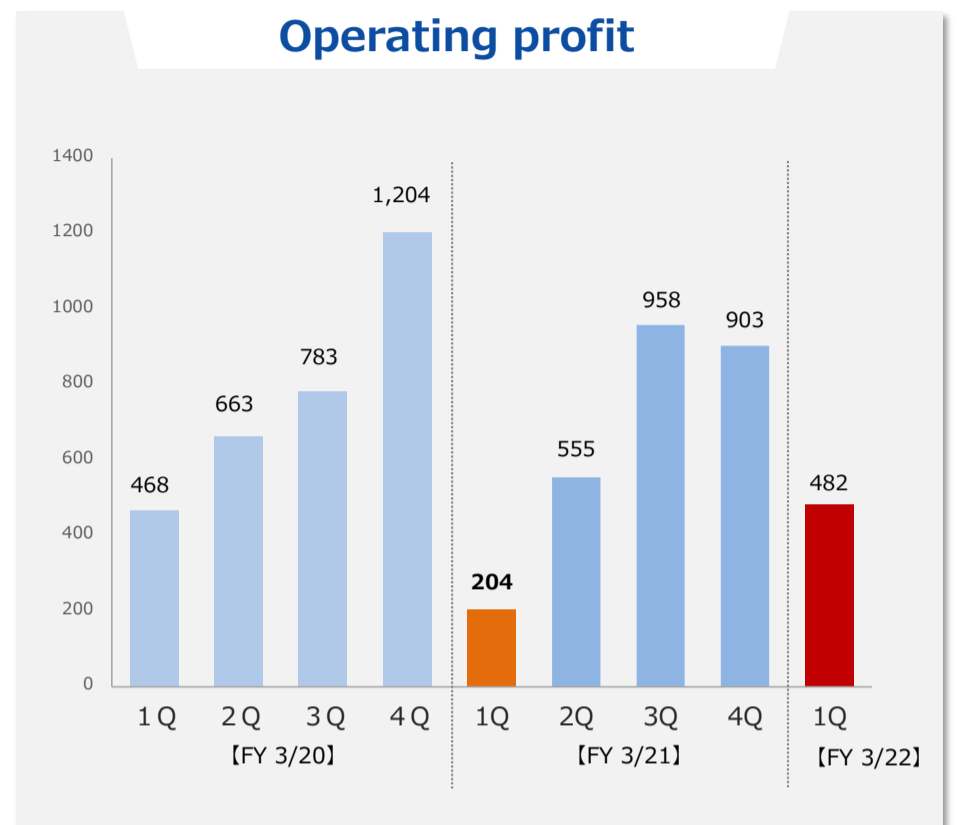
(Unit: Million yen)

## Net sales



(Unit: Million yen)

## Operating profit



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• Shown above are graphs of NISSO's quarterly non-consolidated net sales and operating profit trends.

• Compared to net sales of 16,566 million yen in 1Q of FY 3/2020, net sales in 1Q of the current fiscal year were 16,684 million yen, which were at its highest since NISSO's listing. Compared to the number of enrolled staff at FY 3/2020 1Q-end, which was 14,282, the number of enrolled staff at FY 3/2022 1Q-end was 13,856, which was a decrease of 426 staff, or -3%. On the other hand, a simple calculation of net sales per capita shows that net sales per capita in FY 3/2020 1Q were 1.16 million yen, while net sales per capita in FY 3/2022 1Q were 1.204 million yen, which reflects an increase of 3.8%.

Although the number of enrolled staff in 1Q did not reach the highest number since NISSO's listing as it did in FY 3/2020, net sales increased, which were due to an increase in unit-costs.





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## FY 3/2022 1Q Overview of Activities

# FY 3/2022 1Q Financial Results Summary



## Consolidated Financial Results

**Net Sales**            **18,045 Million yen** (+1,487 Million yen / +9.0% YoY)  
**Operating Profit**    **470 Million yen** (+263 Million yen / +127.9% YoY)

### ● Net Sales by Industry (YoY)

Automobiles            ... **+20.8%**  
Electronic devices    ... **+9.4%**

• In the automobiles-related industry, net sales increased by 20.8% YoY. Although demand was strong, some auto-body manufacturers, including suppliers, were affected by the shortage of semiconductors.  
• In the electronic devices-related industry, net sales increased by 9.4% YoY. In addition to strong demand for semiconductors, demand for electronic components also recovered.

### ● 1Q-end Number of Enrolled Staff

13,856 staff  
(+710 staff from FY 3/21-end)

• The number of enrolled staff increased by 710 compared to FY 3/21-end due to strong client needs for the utilization of external human resources, and the recovery trend continued.

### ● Net Sales per Capita/Monthly

409 Thousand yen  
(+51 Thousand yen YoY)

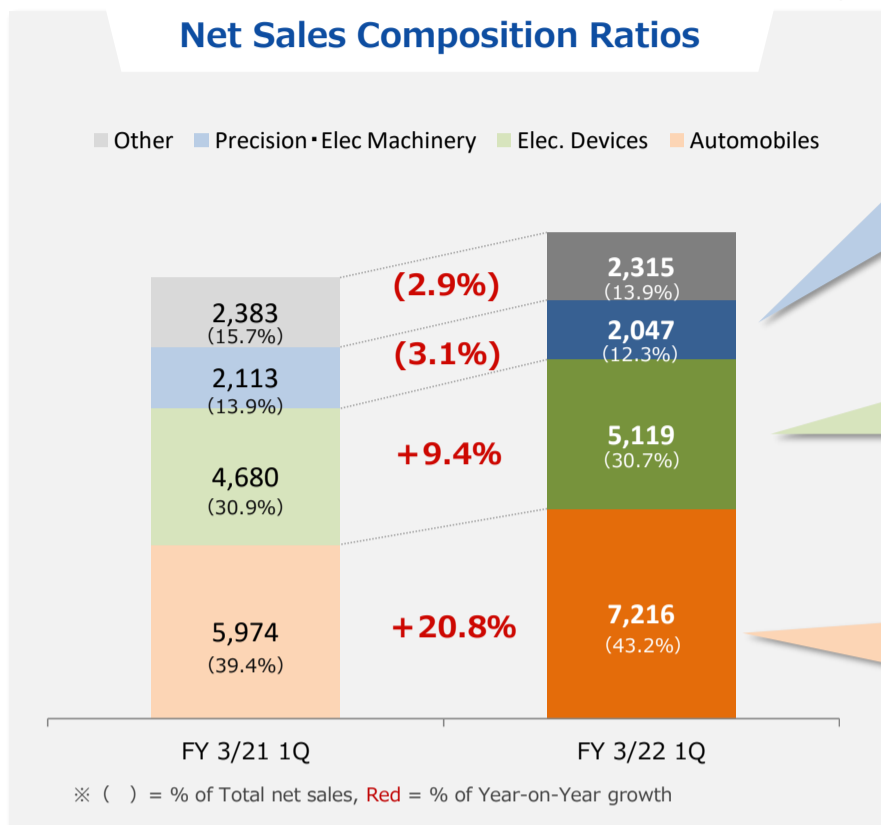
• Operations (number of working days, overtime hours, holiday work, etc.) increased YoY, and net sales per capita increased by 51 thousand yen YoY.

• Shown above is the Financial Results Summary for FY 3/2022 1Q.

• Details will be explained in the following pages.

# FY 3/2022 1Q Net Sales by Industry (NISSO, Non-consolidated)

(Unit: Million yen)



#### [Precision · Electrical Machinery]

Net sales decreased by 3.1% YoY, partly due to a decline in office demand as a result of the establishment of remote work. However, compared to FY 3/21 4Q, net sales increased and the recovery trend continued.

#### [Electronic Devices]

Net sales increased by 9.4% YoY. In addition to the steady demand for semiconductors, IT demand was also strong. In addition, due to the recovery in demand for electronic components, net sales in 1Q reached a record high since NISSO's listing.

#### [Automobiles]

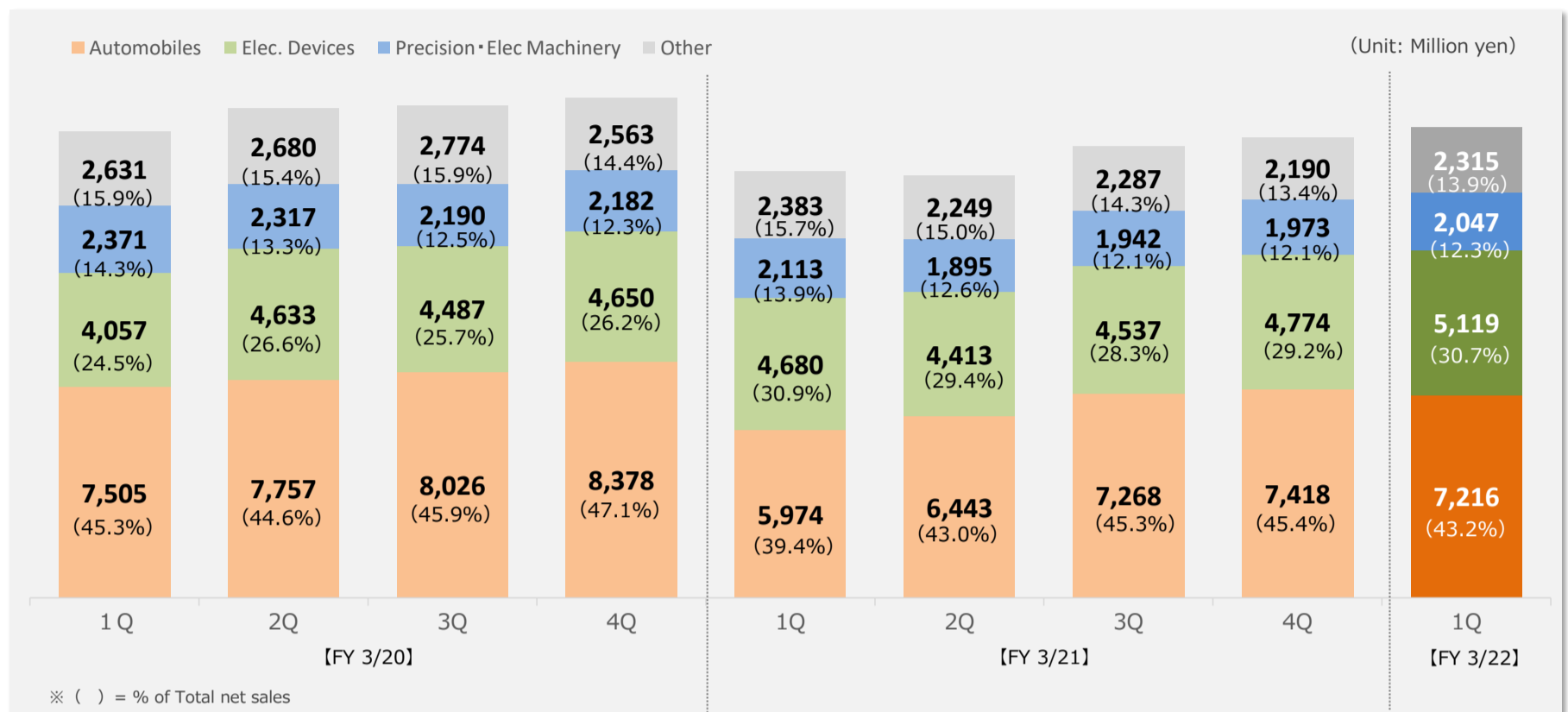
Net sales increased by 20.8% YoY. Demand for some auto-body manufacturers was strong. However, since some auto-body manufacturers were affected by the shortage of semiconductors, overall recovery has not been achieved.

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- The following is the explanation of NISSO's non-consolidated net sales by industry.
- The graph above shows the net sales composition ratio by industry. It is classified into 4 industry categories: automobiles-related, electronic devices, precision·electrical machinery, and others.
- With regards to the automobiles industry, net sales increased by 20.8% YoY. Although net sales in the previous fiscal year decreased significantly due to the effects of COVID-19, they were steady in the current fiscal year, mainly at some auto-body manufacturers. However, due to the shortage of semiconductors, they have not yet recovered to the levels before COVID-19.
- With regards to the electronic devices industry, net sales increased by 9.4% YoY. Net sales in 1Q were at its highest since NISSO's listing. Although the corporate group for multilayer capacitors has not yet recovered to previous levels, semiconductor and semiconductor equipment manufacturers remained active, which led to such a result.

# FY 3/2022 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



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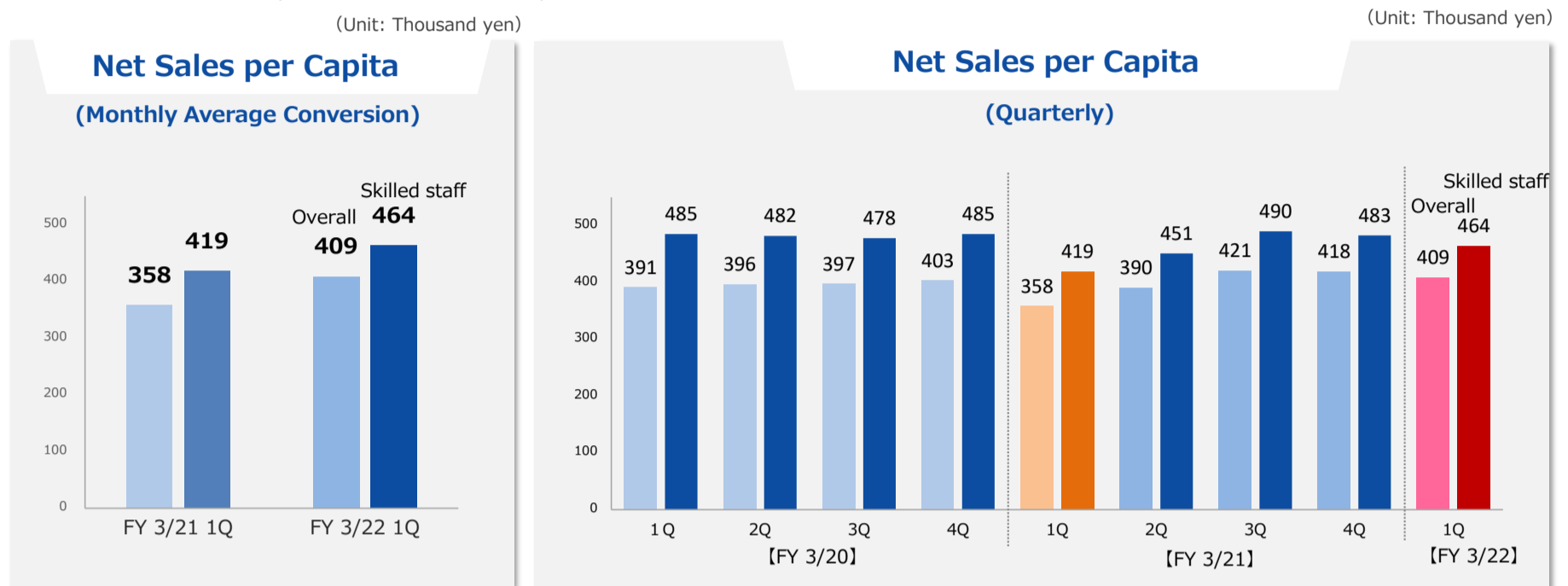
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- Shown above are the trends of NISSO's quarterly net sales by industry.
- With regards to the automobiles industry, although net sales in FY 3/2022 1Q approached record highs, they were approximately 300 million yen short of net sales in FY 3/2020 1Q, which were the highest since NISSO's listing.
- With regards to the electronic devices industry, net sales were at its highest since NISSO's listing on a quarterly basis.

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



- FY 3/2022 1Q YTD <Overall net sales per capita> 409 Thousand yen (+51 Thousand yen YoY)  
<Skilled staff net sales per capita> 464 Thousand yen (+45 Thousand yen YoY)
- Overall net sales per capita increased YoY. Net sales per capita in 1Q were the highest since NISSO's listing. Although net sales per capita of skilled staff also increased YoY, since some manufacturers were affected by the shortage of semiconductors, they have not returned to pre-COVID-19 levels.



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- The following is the explanation of NISSO's net sales per capita.
- In the corresponding period of the previous fiscal year, due to the effects of COVID-19, overall net sales per capita were 358 thousand yen, and skilled staff net sales per capita were slightly abnormal at 419 thousand yen. However, overall net sales per capita in 1Q of the current fiscal year remained at a high level of 409 thousand yen.
- With regards to skilled staff, the hours of operation of skilled staff for the automobiles industry have not reached original, or rightful levels, nor have they reached previous levels of net sales per capita.
- However, unit-costs for incoming orders increased from 30 yen to 50 yen compared to the corresponding period of the previous fiscal year, although there were monthly variations.
- With regards to extra-time hours, although they did not reach the level of 4Q in the previous fiscal year, they remained around 22 hours (monthly average per capita) in 1Q, which was one of the factors that contributed to the increase in net sales per capita.

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



(Unit: # of Staff)

## Compared w. Previous FY-end

+710 staff (+5.4%)

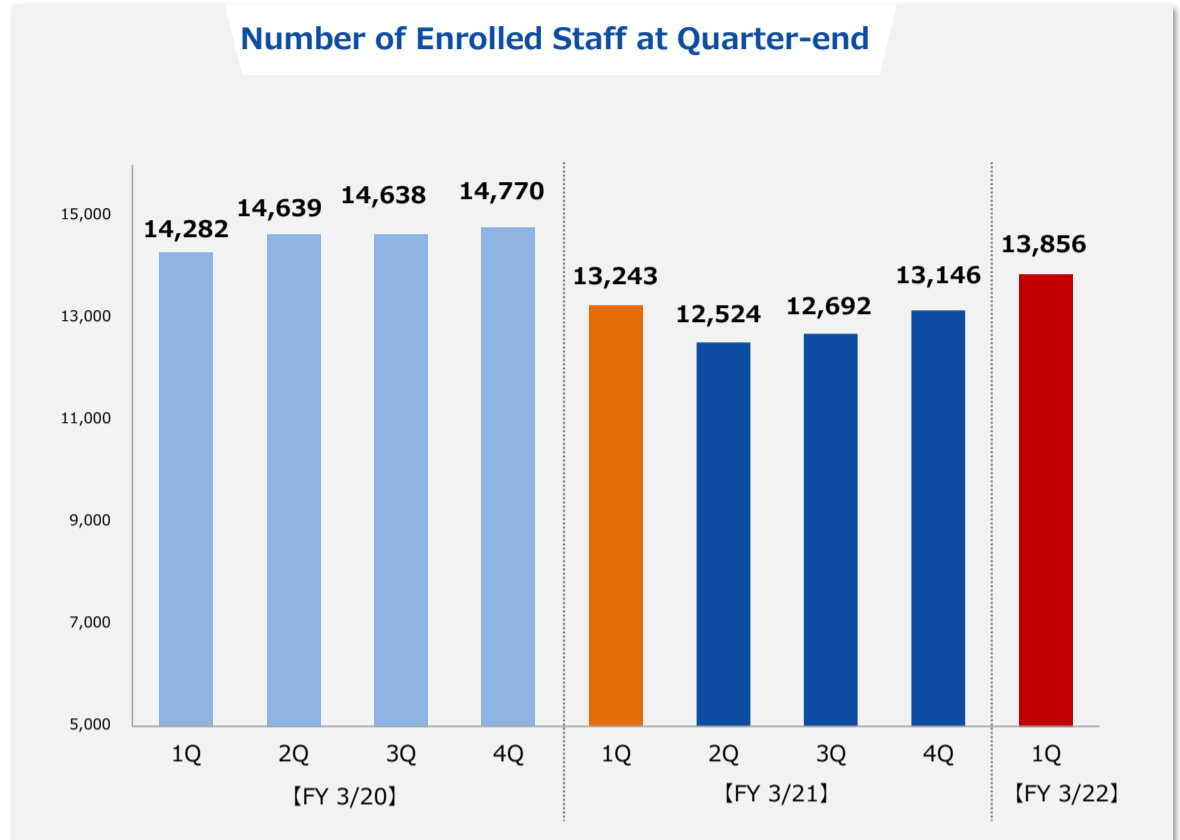
### Point①

The number of new hires increased YoY. In addition, turnover rates also improved due to the curbing of enrolled staff leaving NISSO, and the number of enrolled staff increased.

### Point②

Human resources needs for the automobiles and electronic devices industries were strong. Human resources needs also recovered in the precision · electrical machinery industry and other industries.

## Number of Enrolled Staff at Quarter-end



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- The following is the explanation of NISSO's quarter-end enrollment on a quarterly basis.
- From the end of the previous fiscal year to the end of June, the number of enrolled staff increased by 710, or 5.4%. Although this was partly due to an increase in the number of new hires, the significant reduction in turnover rates in 1Q had a positive effect.
- By industry, enrollment in the automobiles and electronic devices industries increased, and these 2 industries drove business performance.

# Number of Skilled Staff · Engineers (NISSO, Non-consolidated)

(Unit: # of SS · Engineers)

## Point①

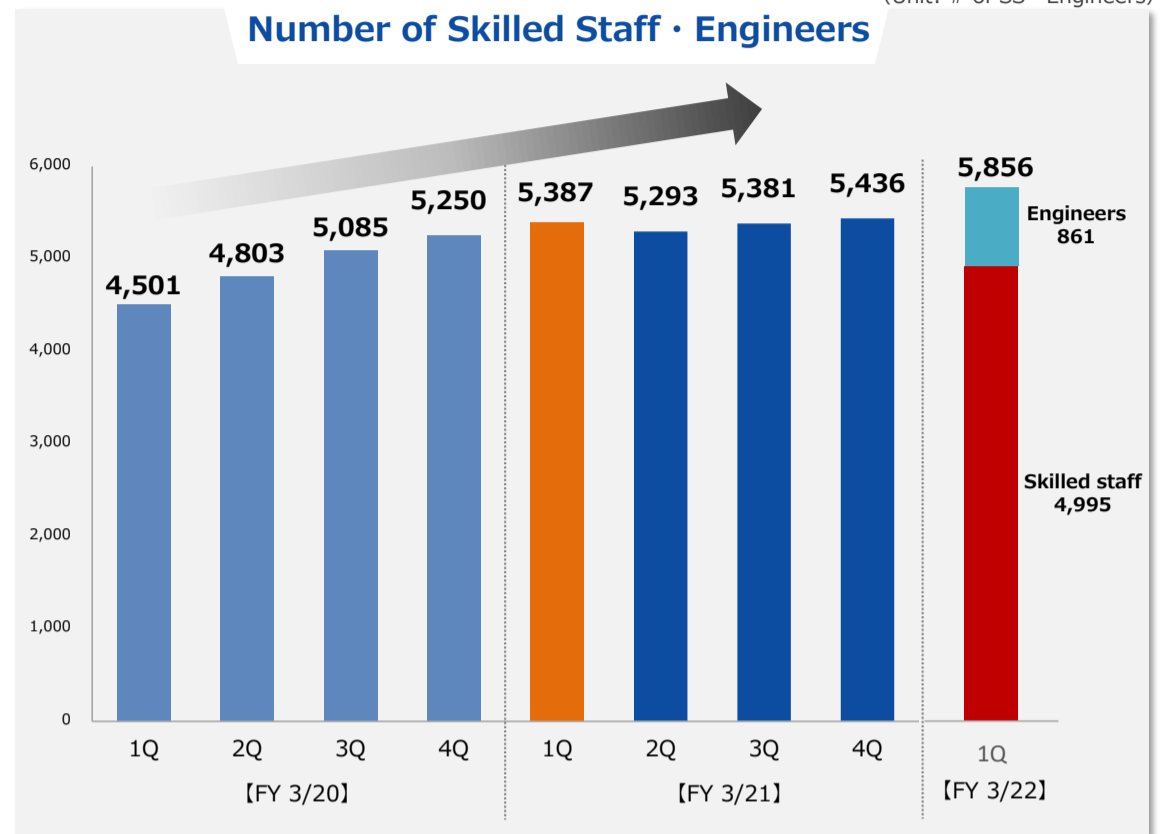
From this FY, skilled staff and engineers will be shown separately. The total number of skilled staff and engineers increased steadily (+420 from the end of the previous FY).

## Point②

In addition to steady performance in the semiconductor industry, their numbers increased mainly in Account Companies and in-vehicle product manufacturers.

## Point③

The ratio of skilled staff and engineers to NISSO's total enrolled staff was 42.3% (FY 3/2021 4Q: 41.4%).



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- The following is the explanation of NISSO's skilled staff.
- Compared to 5,436 skilled staff at the end of the previous fiscal year, the number of skilled staff increased by 420 to 5,856 at the end of 1Q.
- As stated in our Medium-term Management Plan, from this fiscal year, manufacturing-related skilled staff and engineers will be shown separately.
- The ratio of skilled staff and engineers to NISSO's total enrolled staff increased by 0.9% to 42.3% compared to 4Q of the previous fiscal year.
- With regards to fields in which skilled staff are increasing, they are increasing in the automobiles-related industry and at equipment manufacturers.

# Account Companies (NISSO, Non-consolidated)

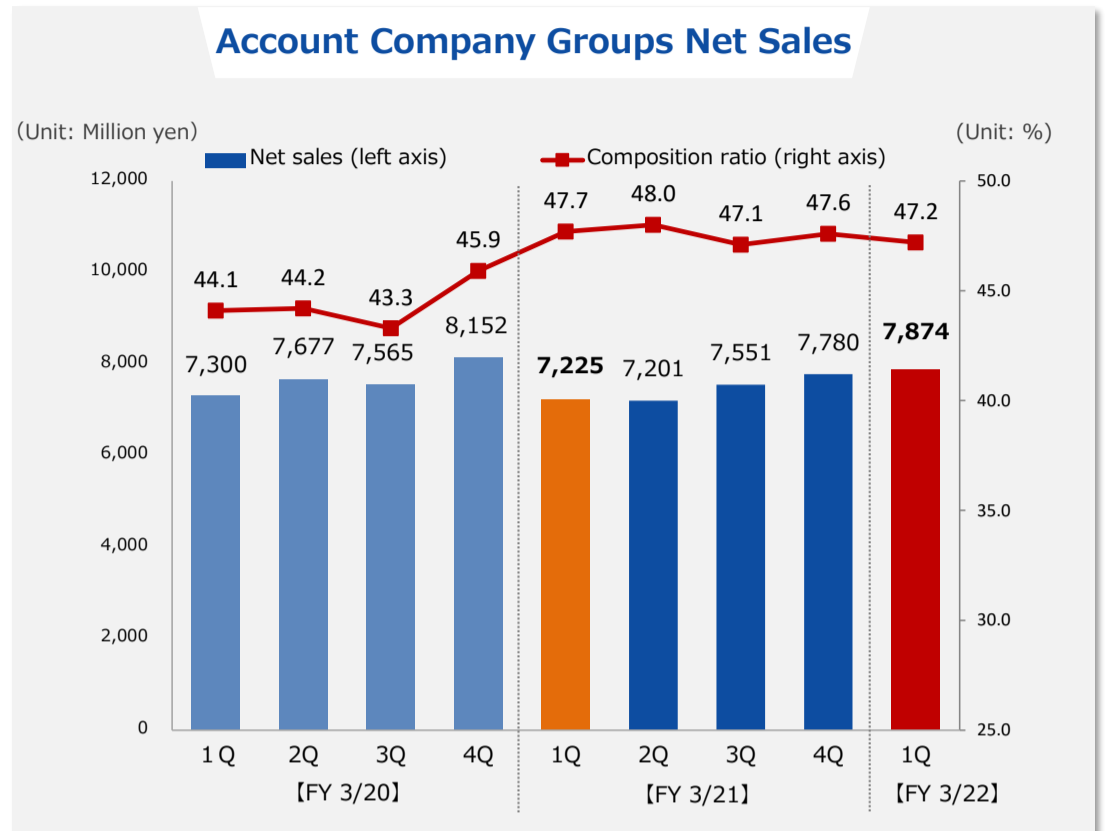


## Point①

- Net sales of Account Company Groups increased 9.0% YoY.
- In particular, net sales of the automobiles-related Account Company Group increased.

## Point②

Due to the increase in overall net sales, although the composition ratio decreased YoY, net sales in 1Q were the highest since NISSO's listing.



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- The following is the explanation of NISSO's Account Companies.
- Although the overall composition ratio appears to be falling, this was due to an increase in overall net sales.
- With regards to the automobiles manufacturer group, although net sales in 1Q of 4,283 million yen approached record highs, net sales of 4,395 million yen (FY 3/2021 4Q) were the highest since NISSO's listing. On a monthly basis, net sales have exceeded the highest levels since NISSO's listing.
- The net sales composition ratio of the Account Company in this group was 54.4%.
- With regards to the major multilayer capacitor group, due to the insufficient supply of semiconductors, although production systems were in place, full-scale recovery has not yet occurred. However, with the recovery of semiconductors, production of capacitors and passive components have been gradually increasing.
- The net sales composition ratio of this group was 25%.
- With regards to the major electronics group, although its scale is still small, it is expected to expand since it has consistently responded to increased production.
- The net sales composition ratio of the account was 12.1%.
- With regards to the group that manufactures multifunction devices, although it has recovered little by little, since demand is mainly in offices, it has not yet reached full-scale recovery.



# Turnover Rates (NISSO, Non-consolidated)



## FY 3/2022 1Q Results

Overall turnover rate

**3.5%**

(Improvement of 0.7 pts vs. FY 3/2021)

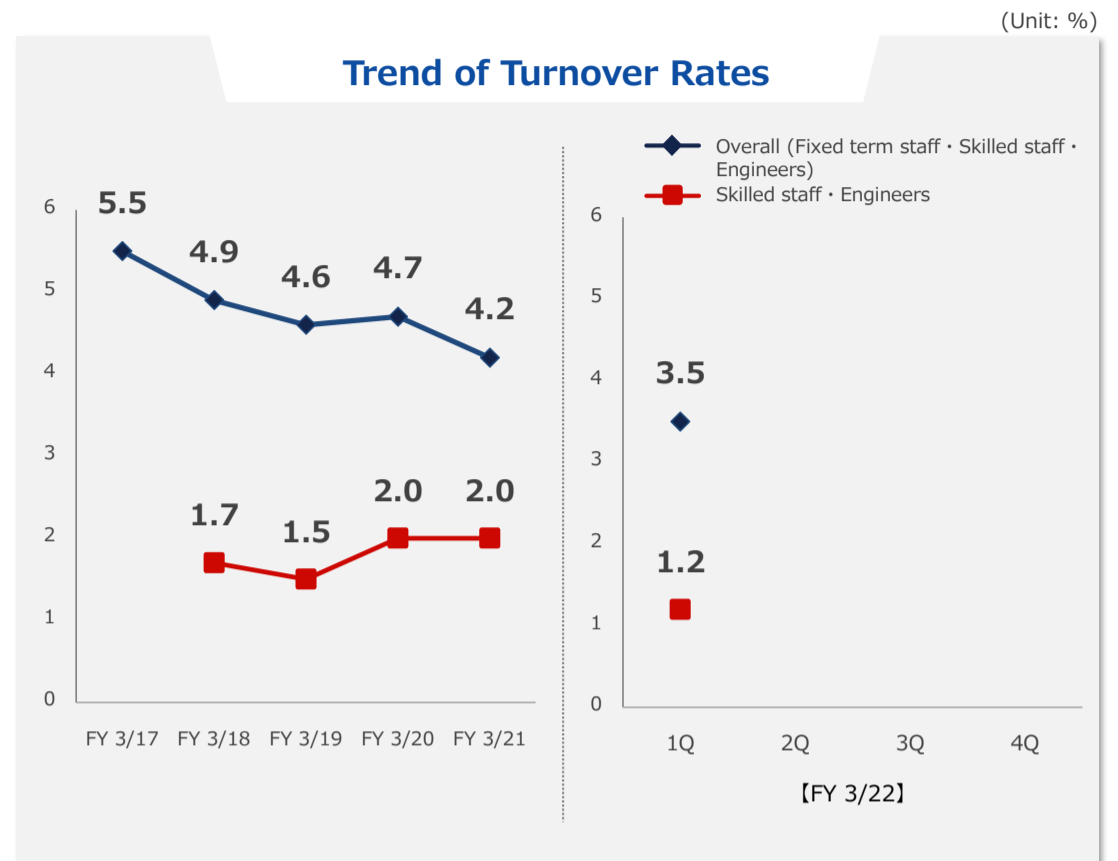
Skilled staff · Engineers turnover rate

**1.2%**

(Improvement of 0.8 pts vs. FY 3/2021)

## Point

Decreases in turnover rates contributed to the increase in enrollment.



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- The following is the explanation of NISSO's turnover rates.
- Although the overall turnover rate was 4.2% in the previous quarter, it was 3.5% in 1Q, resulting in a significant decrease.
- Even for skilled staff, the turnover rate has been reduced to 1.2%.
- Decreases in turnover rates have contributed to the increase in enrollment, and cost efficiency has also increased.

# Educational Achievements (NISSO, Non-consolidated)



## Point①

The number of participants increased as the number of skilled staff and engineers increased.

## Point②

- NISSO specializes in basic equipment maintenance education that focuses on quality.
- In the future, NISSO will engage in efficient training practices by simultaneously conducting online and real training.

## Point③

Highly specialized education is provided in the engineer education course.

## ● FY 3/2022 1Q Main course-specific educational achievements (total # of participants)

(Unit: # of participants)

Training course name	1Q (Apr - Jun)	Contents	FY 3/21 1Q
Skilled staff education	448	Standard skilled staff education	259
Basic equipment maintenance education	28	Basic equipment maintenance education	69
Engineer education	39	Manufacturing equipment maintenance · manufacturing equipment technology Mechanical design · production technology SEAJ education (safety education specializing in semiconductors)	9
Manufacturing education	1,331	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	796
<b>Total</b>	<b>1,846</b>		<b>1,133</b>

•The following is the explanation of NISSO's educational achievements.

•With regards to basic equipment maintenance education, although it seems that the number of participants has decreased compared to the corresponding period of the previous fiscal year, NISSO has been increasing the number of equipment maintenance personnel as equipment engineers.

In contrast to basic education, the contents of engineer education has been enhanced to include equipment maintenance education and manufacturing equipment technology.

•In addition, we are reviewing the curriculum for basic education on equipment maintenance, and are making efforts to enhance the skills of our staff at worksites by improving their proficiency levels.

•Even during the COVID-19 pandemic, we will continue to advance our online training that does not require participants to gather, as well as e-learning which we are currently preparing. For the next step, we are planning training using VR.



### **3** Financial Results by Target Segment (FY 3/2022 1Q)

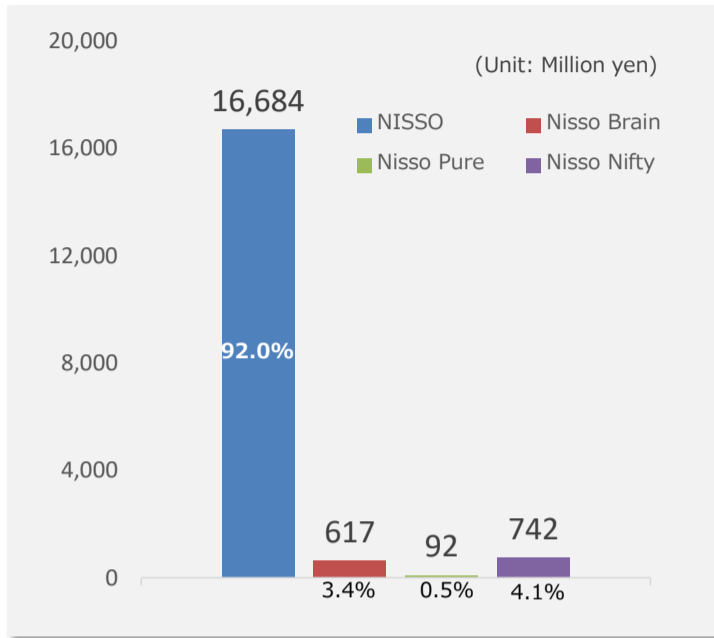
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•The following is the explanation of the financial results by target segment.

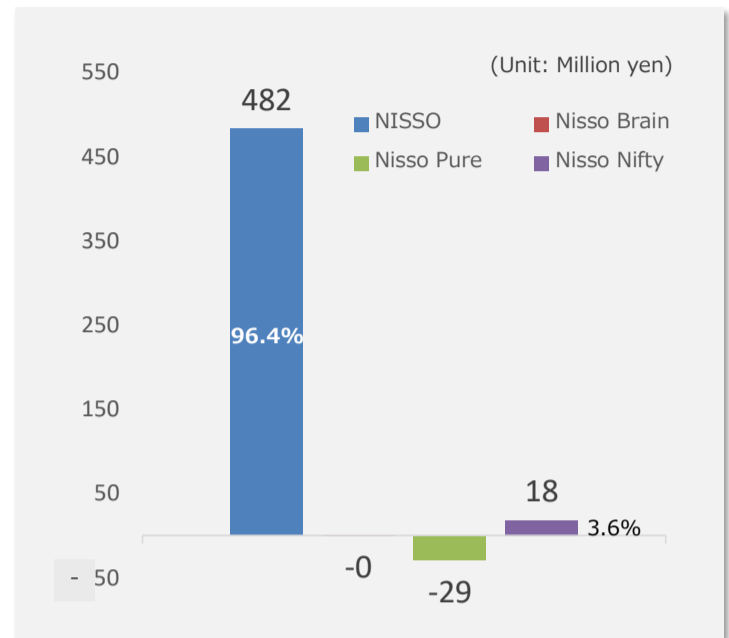
# Net Sales · Operating Profit Ratio by Company



FY 3/2022 1Q  
Net Sales by Company



FY 3/2022 1Q  
Operating Profit by Company



90% or more of net sales and operating profit are composed of NISSO's non-consolidated business results

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- The following is the explanation of the net sales·operating profit ratio by company.
- Shown above are graphs classified by company.
- NISSO's net sales accounted for 92% of the total.

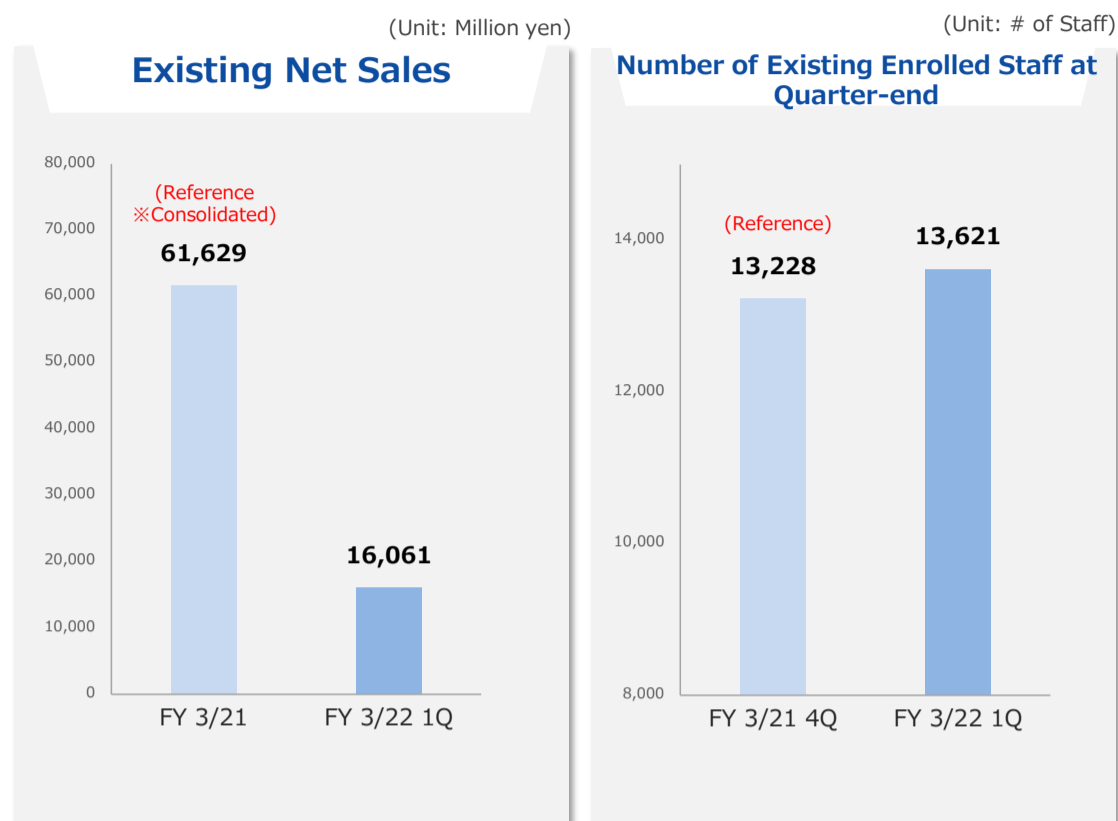
# Existing Areas

## Existing Net Sales

- Net sales excluding Other Businesses (nursing care · welfare) and Engineering Business from consolidated net sales.
- Since existing areas have been classified into 1 of 3 business categories from this FY, the figure for net sales in existing areas (existing net sales) for FY 3/21 is provided for reference.

## Existing Enrolled Staff

- The number of existing enrolled staff is the number of enrolled manufacturing staff (excluding engineers) and administrative dispatched staff.
- Similar to the above, the FY 3/21 figure is provided for reference.



- The following is the explanation of the existing areas.
- These are graphs of the existing areas shown in our Medium-term Management Plan.
- The combined number of manufacturing staff and administrative staff make up the number of existing enrolled staff.  
In addition, these net sales figures are shown in the graph above.
- The progress rate of existing net sales was 23.5% in 1Q, reflecting steady growth.
- In comparison with the reference value (same category), the number of enrolled staff increased by 393.

# Acquisition of Shares of Vector Shinwa Co., Ltd. (Subsidiary Acquisition)

## Toward the Expansion of Existing Areas

As a first step in our growth strategy to expand existing areas, NISSO has decided to acquire all shares of Vector Shinwa Co., Ltd. (subsidiary acquisition). By combining our resources, we will be able to strengthen our service supply system and expand our business, meeting not only the needs of both companies, but also a wider range of client needs.

## About Vector Shinwa Co., Ltd.

- The main pillar of Vector Shinwa's business is contracting operations in the manufacturing industry, such as for semiconductors and precision equipment.
- Their business includes a wide range of operations such as designing, developing and manufacturing jigs and various production equipment, dispatching human resources, and recruitment.

## 【Company Overview】

(1) Company name	Vector Shinwa Co., Ltd.	
(2) Location	3-1 Ikehata, Chiryu City, Aichi	
(3) Representative	President & Representative Director Masao Kanemoto	
(4) Business description	General Human Resources Services Business	
(5) Capital	78.25 Million JPY	
(6) Date of establishment	June 24, 2004	
(7) Relationship between listed company and company concerned	Capital ties	Not applicable.
	Personal relations	Not applicable.
	Business relations	Not applicable.
	Applicable status to related parties	Not applicable.

※For more information, please refer to "Notice of Acquisition of Shares of Vector Shinwa Co., Ltd. (Subsidiary Acquisition)" announced on August 10, 2021.

•The following is the explanation of NISSO's acquisition of shares of Vector Shinwa Co., Ltd. (subsidiary acquisition).

•Although their scales is not so large, Vector Shinwa is deeply involved with the manufacturers of semiconductor equipment and semiconductor measuring devices, and is a company that possesses technology and skills.

•In the future, we would like to delve deeper into this field, and by making it a subsidiary, we hope to be able to make it an opportunity to strengthen relations with certain semiconductor equipment and semiconductor measurement manufacturers.

# Engineering Area (Financial Results)

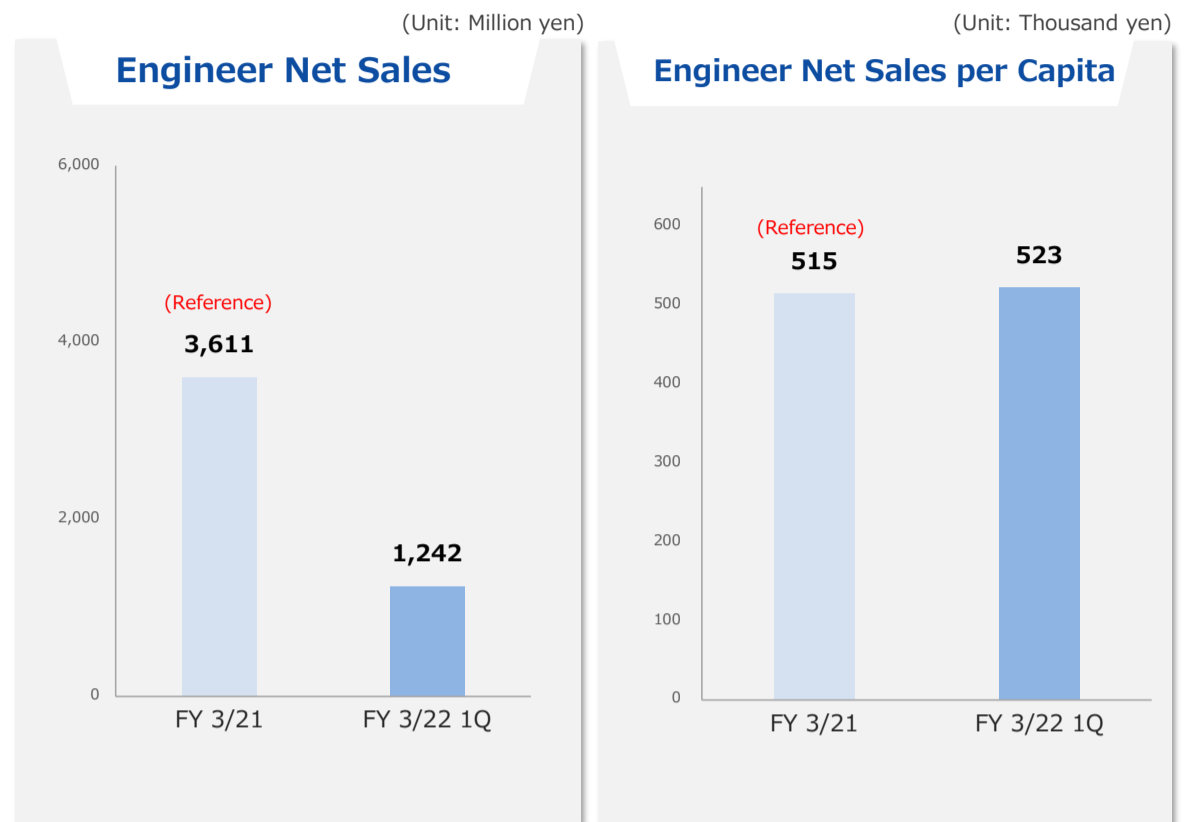


## Net sales

- Net sales in 1Q remained steady against the target for this FY.
- Since the engineering area has been classified into 1 of 3 business categories from this FY, the figure for net sales in the engineering area (engineer net sales) for FY 3/21 is provided for reference.

## Net sales per capita

- The net sales per capita of engineers are high at 523 thousand yen/month, compared to that of overall (409 thousand yen/month) and skilled staff (464 thousand yen/month).
- Similar to the above, the FY 3/21 figure is provided for reference.



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- The following is the explanation of the engineering area.
- The engineering area has been classified into 1 of 3 business categories from this fiscal year. For reference, engineer net sales in the previous fiscal year amounted to 3,611 million yen, and sales in 1Q of the current fiscal year amounted to 1,242 million yen, reflecting a steady progress rate of 30.3% against the full-year target.
- Net sales per capita increased from 515 thousand yen in the previous fiscal year to 523 thousand yen in 1Q of the current fiscal year, which was faster than originally planned.

# Engineering Area: Number of Enrolled Engineers

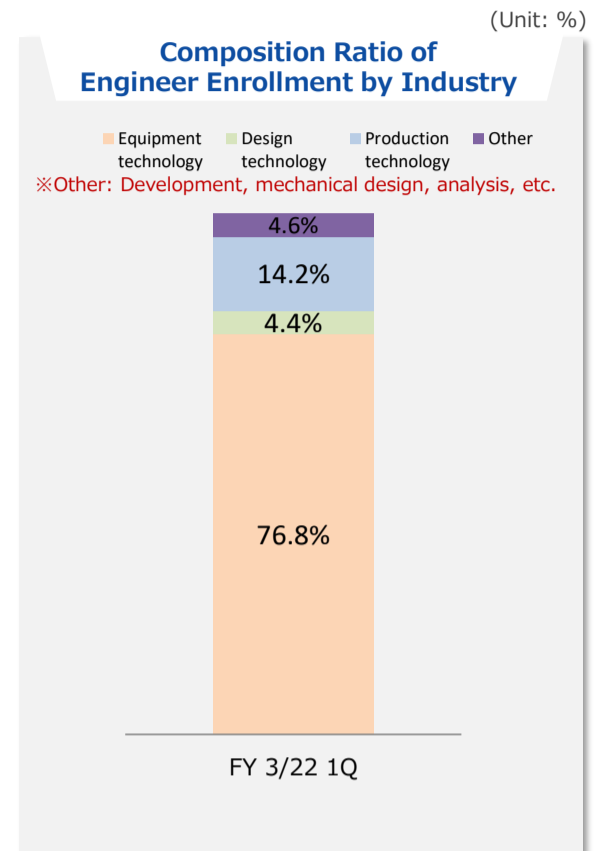
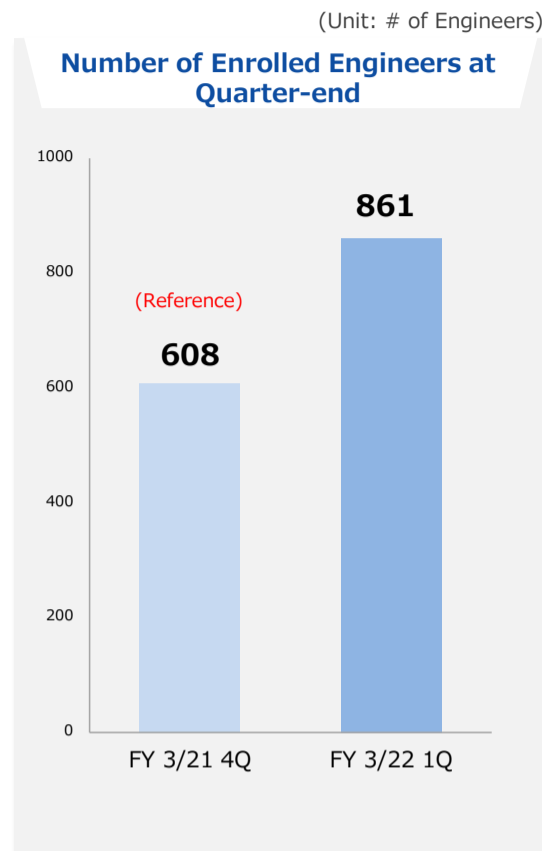


## Enrolled Engineers at Quarter-end

- From this FY, human resources who are engaged in engineering work will be classified.
- As previously mentioned, since the engineering area has been classified into 1 of 3 business categories from this FY, the figure for the number of enrolled engineers for FY 3/21 is provided for reference.

## Engineer Industry Classification

- Among engineer enrollment by industry, the largest number of engineers are engaged in equipment technology, with the main focus on equipment maintenance operations.



- The following is the explanation of the number of enrolled engineers in the engineering area.
- Regarding the engineering area, since NISSO is a newcomer, we must have distinctive features and strengths compared to other companies, so we are putting the utmost effort into equipment technology. As shown in the graph above, equipment technology accounted for 76.8%, and production technology for 14.2%.
- Since this field has a high affinity with manufacturing, and NISSO has a large number of human resources who form the basis for the development of human resources in this field, we plan to develop and expand these human resources into engineers.



# Topics: Engineering Area



## Expansion of Recruitment Channels

- A recruitment site, "**engineer works**", specializing in engineers is scheduled to be launched (in August).

## Clarification and Expansion of Job Vacancies

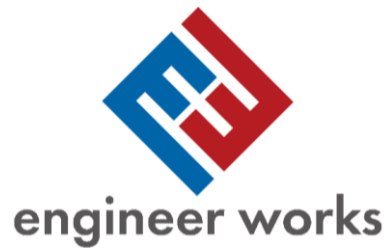
- Expansion to a total of 20 occupations, including 10 *MONOZUKURI* (manufacturing)-related and 10 IT-related occupations.

## AI · IT Engineers

- Started the training of AI engineers in collaboration with Cross Compass.
- Started contracted work for infrastructure design and construction by IT engineers.

## External Sales of Engineer Education

- Entrusted with education for business partner employees, centered on maintenance education



### (*MONOZUKURI*-related)

- Mechanical design · circuit design · embedded control · CAE analysis
- CAD operation · production technology, quality assurance
- Repair and maintenance · R&D
- Analysis, evaluation, testing · other technology-related

Recruitment of experienced personnel

New graduate recruitment

Global Engineers

### (IT-related)

- PM, PMO · system engineers
- Programmers · servers, networks
- System operation maintenance · testing, evaluation
- In-house SE, help desk · AI-related
- Web design · other IT-related

•The following is the explanation of the topics in the engineering area.

- In order to expand our recruitment channels, we will launch NISSO's own recruitment site called "engineer works" in August.
- Engineers will be classified into 10 manufacturing-related and 10 IT-related occupations, and strategies will be divided and launched.

- In the area of AI·IT, which we have not focused on until now, we started training AI engineers with Cross Compass, with whom NISSO entered into a capital and business alliance with in September of last year.
- We aim to develop the necessary human resources while consulting with clients and equipment manufacturers who are trying to implement AI so that it will be useful when AI is implemented in manufacturing equipment in the future.

- In addition, we have been entrusted with and started the infrastructure design construction of a major electronics manufacturer.

- In the future, we will continue to expand such activities and enter the AI·IT fields.

- With regards to equipment technology engineers, we will actively promote the training/development of client employees (external sales of education) since clients also need such human resources.

# Turnover Rates (Existing • Engineering Areas)



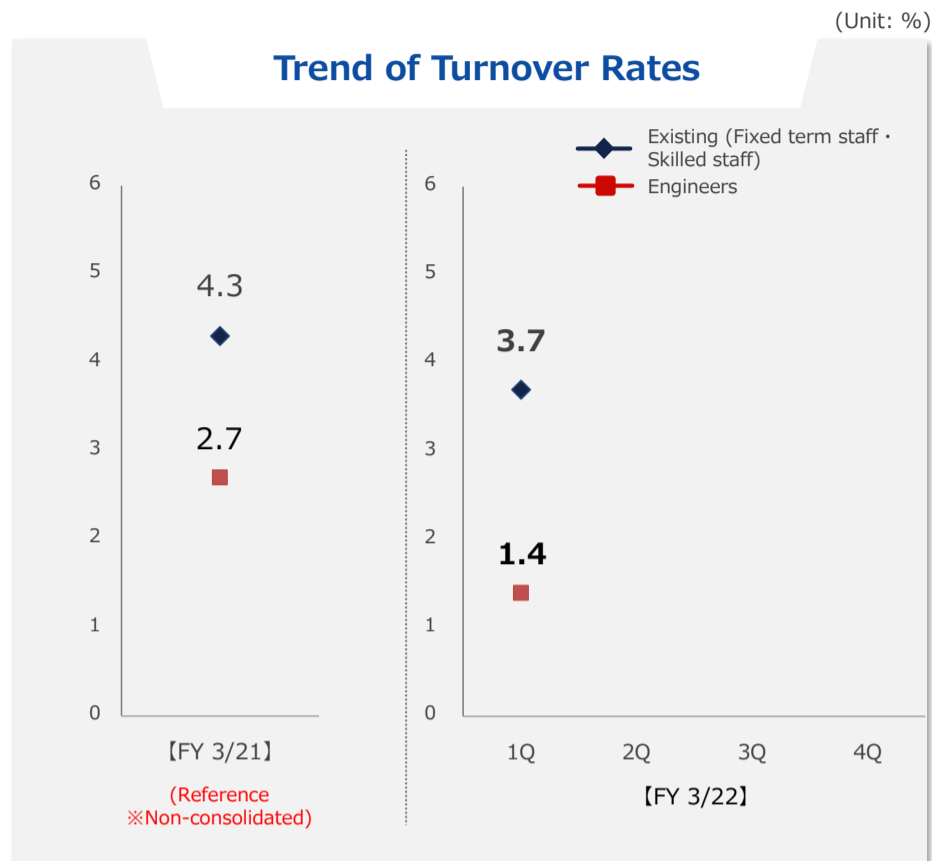
## FY 3/2022 1Q Results

Existing area (non-consolidated) turnover rate  
**3.7%**  
 (Improvement of 0.6 pts vs. FY 3/2021 reference)

Engineering area (non-consolidated) turnover rate  
**1.4%**  
 (Improvement of 1.3 pts vs. FY 3/2021 reference)

## Points

- The turnover rate of engineers is low at 1.4%.
- Since different areas have been classified into 3 business categories from this FY, the turnover rates (for existing and engineering areas) for FY 3/21 are provided for reference. (for above)



- The following is the explanation of the turnover rates in the existing•engineering areas.
- The turnover rate for engineers decreased from 2.7% in the previous fiscal year to 1.4% in 1Q of the current fiscal year.
- In addition, the turnover rate excluding engineers (from the overall turnover rate) is also shown above.
- Although the turnover rate of engineers was relatively low compared to the overall level, as an issue, there have been some cases where engineers who have started working found it difficult to keep up with the needs of clients and resigned. In response to this, we aim to further reduce the turnover rate by expanding the curriculum and strengthening our support system.

# New Business Areas

## HR Cross (Web-based Human Resources Dispatching Management System)

- Started the trial operation of a human resources dispatching management system (a system that can easily use complicated administrative tasks such as ordering, contract management, evaluation of dispatched staff, attendance management, etc.) provided by CrossLink, a partnership company.
- Orders from NISSO's business partners have been decided.

### System feature①

#### \*DX conversion (Paper material-free)

- Forms, attendance, and invoices can be created and managed in a form tailored to each dispatching company
- CSV data such as attendance data, etc., can be converted from an external system for HR Cross
- Historical information retrieval and output are possible

\*DX = Digital transformation

### System feature②

#### Easy and reliable evidence · evaluation

- Evidence such as evaluations, etc. can be recorded online, and the dispatch company will be able to confirm data at any time
- A unified evaluation format with industry standards that enables on-site and general affairs personnel to input data more smoothly
- ※Different formats can be selected and can also be used for independent evaluation

### System feature③

#### Responding to the Dispatch Law, which is periodically revised

Revisions of the Dispatch Law and various laws that are revised every few years can be appropriately updated as a benefit/advantage of cloud services

## AI · IT Engineers

- Started the training of AI engineers in collaboration with Cross Compass.
- Started contracted work for infrastructure design and construction by IT engineers.

- The following is the explanation of the new business areas.
- Please find below the explanation of HR Cross in new businesses.
- From April 1, we have been conducting a trial operation of a system (HR Cross) for contract management, employment management, and skill management for dispatching created by a company in which 8 companies in the same industry have invested in.  
Full-scale operation is targeted for October 1.
- For our clients, by going paperless, they will be free from the hassle of managing the contents of contracts, and we will be able to help manage such people in the same way. For those who are working, we will be able to obtain unit-costs according to their skills from our clients, and reflect it in the treatment for the workers, making it a system that is of benefit for all 3 parties.
- The features of the system are as described above.
- With regards to AI·IT engineers, it will be as explained earlier.
- The explanation of how e-learning will lead to new businesses, how we are trying to build a platform for recruiting, and HR Tech, etc., will be disclosed when it becomes possible to over time.

# Other Businesses Business Revenue



## Points

- Although the occupancy rate of nursing care facilities Bldgs.1-5 decreased by 2.6 pts, the occupancy rate of Bldg. 6 increased by 2.1 pts.
- As a result of efficient management, operating profit was 18 million yen.

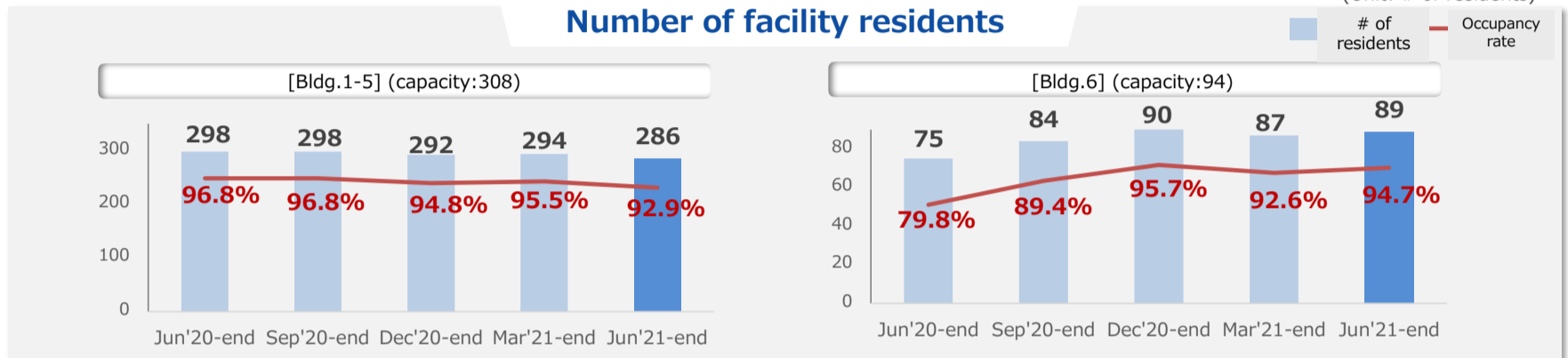
## ● Results of Other Businesses

(Unit: Million yen)

	FY 3/21 1Q		FY 3/22 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	720	100.0%	742	100.0%	22	3.1%
Expenses	738	102.6%	723	97.5%	(14)	(2.0%)
Operating profit (loss)	(18)	(2.6%)	18	2.5%	36	-

## Number of facility residents

(Unit: # of residents)



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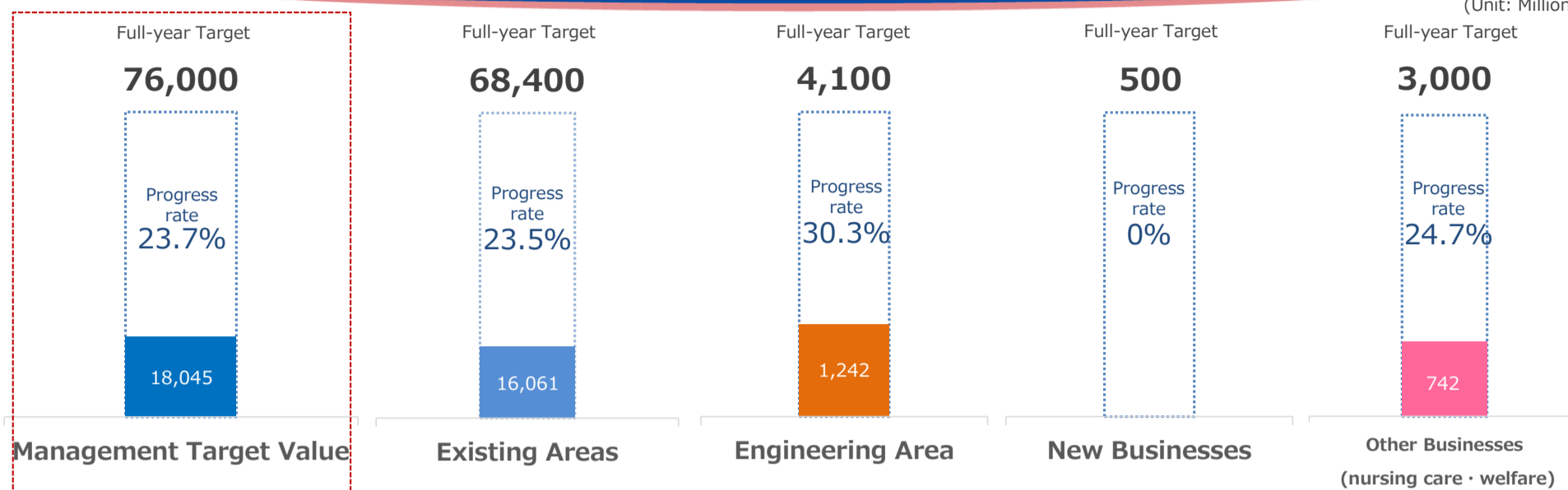
•The following is the explanation of Other Businesses.

•With regards to nursing care facilities, although there was a slight impact of COVID-19 on facility previews, etc., profitability is steadily progressing.

## Summary (Progress of Net Sales Target by Target Segment)



(Unit: Million yen)



	FY 3/22 Management Target Value (Consolidated)			FY 3/22 Existing Areas			FY 3/22 Engineering Area			FY 3/22 New Businesses			FY 3/22 Other Businesses		
	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate
<b>Net sales</b>	<b>76,000</b>	<b>18,045</b>	23.7%	<b>68,400</b>	<b>16,061</b>	23.5%	<b>4,100</b>	<b>1,242</b>	30.3%	<b>500</b>	<b>0</b>	0%	<b>3,000</b>	<b>742</b>	24.7%

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- The following is the explanation of the progress of net sales targets by target segment.
- The graphs above show how far each target segment has progressed toward the full-year targets.
- Overall, although the engineering area in particular has been performing steadily, since this area will be a major engine for growth, we would like to expand it ahead of schedule.



## **4** Future Prospects (FY 3/2022)

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## FY 3/2022 Full-year Consolidated Forecasts



In the full-year consolidated forecast, NISSO expects increased revenue and profits. This forecast includes investments for growth.

■ FY 3/2022 Full-year Consolidated Forecast (April 1, 2021 ~ March 31, 2022)

(Unit: Million yen)

	FY 3/21 Results		FY 3/22 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	<b>68,213</b>	100.0%	<b>76,000</b>	100.0%	<b>7,786</b>	11.4%
Operating profit	<b>2,599</b>	3.8%	<b>3,000</b>	3.9%	<b>400</b>	15.4%
Ordinary profit	<b>2,949</b>	4.3%	<b>3,000</b>	3.9%	<b>50</b>	1.7%
Profit attributable to owners of parent	<b>1,592</b>	2.3%	<b>2,000</b>	2.6%	<b>407</b>	25.6%

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- The following is the explanation of the Full-year Consolidated Forecasts.
- The consolidated forecast has not been revised because there are various factors such as what will happen to the impact of COVID-19, the status of semiconductor procurement, and the status of parts procurement occurring in Asia.  
If we determine that a revision is necessary in the future, it will be promptly disclosed.
- Although it is not mentioned here, we would like to state that NISSO has decided to submit an application for selection in the new market category, "Prime Market".



## **5** Shareholder Return Policy

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# Shareholder Return Policy

## Basic Policy

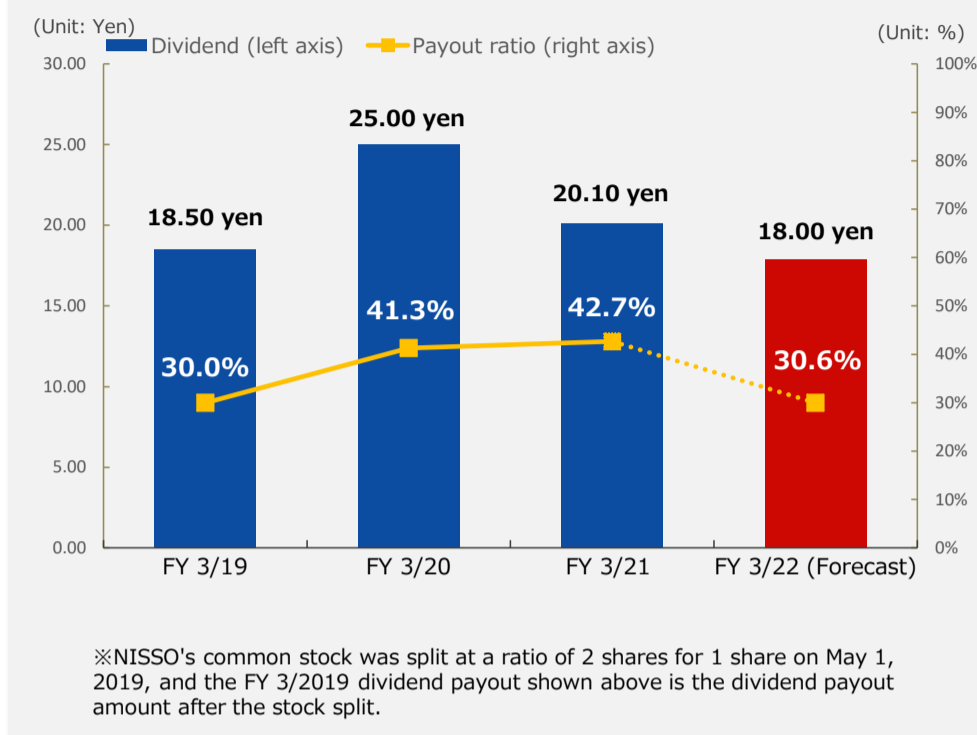
NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our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

## FY 3/2022 Dividend Forecast

NISSO forecasted the dividend per share (18.00 yen) announced in the "Consolidated Financial Results for FY 3/2021 [Japanese GAAP] Dividend Forecast" on May 12, 2021.

In the current FY, the dividend payout ratio is set at 30.6%, in consideration of investments for growth in the next FY and beyond.

## Dividend and Payout Ratio



- The following is the explanation of the Shareholder Return Policy.
- Under NISSO's Medium-term Management Plan, we intend to actively invest and grow, and we forecast dividend per share to be 18.00 yen for the current fiscal year, with a dividend payout ratio of 30.6%.



## **6** Supplementary Materials

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# Consolidated Balance Sheet



(Unit: Million yen, %)

	Mar. 2021-end		Jun. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
<b>Current assets</b>	<b>14,813</b>	<b>68.5</b>	<b>14,680</b>	<b>68.7</b>	<b>(133)</b>
Cash and deposits	5,873	27.2	5,624	26.3	(249)
Notes and accounts receivable - trade	8,094	37.4	8,162	38.2	67
<b>Non-current assets</b>	<b>6,817</b>	<b>31.5</b>	<b>6,681</b>	<b>31.3</b>	<b>(136)</b>
Property, plant and equipment	4,654	21.5	4,659	21.8	4
Intangible assets	305	1.4	280	1.3	(25)
Investments and other assets	1,857	8.6	1,740	8.1	(116)
<b>Total assets</b>	<b>21,631</b>	<b>100</b>	<b>21,361</b>	<b>100</b>	<b>(269)</b>
<b>Current liabilities</b>	<b>8,178</b>	<b>37.8</b>	<b>8,449</b>	<b>39.6</b>	<b>271</b>
Accrued expenses	4,541	21.0	4,755	22.3	213
Income taxes payable	494	2.3	96	0.5	(398)
Provision for bonuses	950	4.4	530	2.5	(419)
<b>Non-current liabilities</b>	<b>689</b>	<b>3.2</b>	<b>722</b>	<b>3.4</b>	<b>32</b>
Net defined benefit liability	345	1.6	388	1.8	43
<b>Total liabilities</b>	<b>8,868</b>	<b>41.0</b>	<b>9,171</b>	<b>42.9</b>	<b>303</b>
<b>Shareholders' equity</b>	<b>12,744</b>	<b>58.9</b>	<b>12,173</b>	<b>57.0</b>	<b>(570)</b>
<b>Total net assets</b>	<b>12,763</b>	<b>59.0</b>	<b>12,189</b>	<b>57.1</b>	<b>(573)</b>
<b>Total liabilities and net assets</b>	<b>21,631</b>	<b>100</b>	<b>21,361</b>	<b>100</b>	<b>(269)</b>

## Point

### ① Increase due to expansion of operations

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

### ② Tax payments

Income taxes and other tax payments made at the end of May reduced current liabilities such as "income taxes payable".

### 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 1.2%, total liabilities increased by 3.4%, net assets decreased by 4.5%, and equity ratio decreased by 1.9% to 57.1%.



*Nurturing and Bringing Out  
the Best in People*

The forward-looking statements and performance forecasts contained in this document are forecasts determined by NISSO based on information available at the time of preparation, and include potential risks and uncertainties. Therefore, please be aware that the actual results may differ greatly from the forward-looking statements described due to changes in various factors.

**For future IR-related inquiries**

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