



*Nurturing and  
Bringing Out the  
Best in People*

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

First Quarter of FY 3/2023

## Financial Results Briefing Materials

August 8, 2022

**NISSO CORPORATION posted record-high 1Q net sales since our listing due to an increase in the number of enrolled staff and higher billing unit-costs, despite the continuing impact of parts shortages.**

NISSO CORPORATION FY 3/2023 1Q Financial Results

**NISSO CORPORATION**

6569 · Prime Market · Services

This is a transcript of NISSO CORPORATION's financial results for the first quarter of the fiscal year ending March 2023.

**Speaker** Ryuichi Shimizu, Representative Director, President & CEO, NISSO CORPORATION

**Sponsor** NISSO CORPORATION

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

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Mr. Ryuichi Shimizu : I will explain the review of the Medium-term Management Plan in line with the contents.

## Corporate Outline

### Corporate Outline



Thanks to you, NISSO CORPORATION celebrated our 50th Anniversary on February 3, 2021.



<b>Trade Name</b>	NISSO CORPORATION
<b>Japanese Co. Name</b>	日総工産株式会社
<b>Securities Code</b>	6569 (Prime Market, Tokyo Stock Exchange)
<b>URL</b>	<a href="http://www.nisso.co.jp/en/">http://www.nisso.co.jp/en/</a>
<b>Date Founded</b>	February 3, 1971
<b>Capital</b>	2,016 Million JPY (As of March 31, 2022)
<b>Net Sales</b>	71,697 Million JPY (As of FY 3/2022)
<b>Headquarters</b>	Nisso Kosan (NISSO) Shin Yokohama Bldg., 1-4-1 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033
<b>TEL</b>	(81)45-476-4121 (Main)
<b>FAX</b>	(81)45-476-4521
<b>Main Business Activities</b>	Manufacturing-related Human Resources Services (Manufacturing Dispatching, Manufacturing Contracting, Employment Placement, etc.)
<b>Registered License Number</b>	Temporary Staffing Business/派14-150048 Employment Placement Business/14-コ-150026

This is the Corporate Outline.

# Group Companies

## Group Companies



### Nisso Brain

Nisso Brain Co., Ltd.

Nisso Dai Ichi Building,  
28-26 Toyooka-chō,  
Tsurumi-ku, Yokohama, Kanagawa

#### ▶ Description of Business

Administrative Human Resources  
Services



人と向きあい 人に寄り添う  
日総ニフティ株式会社

Nisso Nifty Co., Ltd.

Nisso Kosan (NISSO) Shin Yokohama  
Bldg., 1-4-1 Shin Yokohama,  
Kohoku-ku, Yokohama, Kanagawa

#### ▶ Description of Business

Facility Nursing Care Business, Home  
Nursing Care Business

日総ひゅあ株式会社

Nisso Pure Co., Ltd.

Nisso Kosan (NISSO) Shin Yokohama  
Bldg., 1-4-1 Shin Yokohama,  
Kohoku-ku, Yokohama, Kanagawa

#### ▶ Description of Business

Light Work Contracting, Sale of Goods  
(NISSO CORPORATION's  
Special-purpose Subsidiary)

Vector Shinwa  
株式会社ベクトル伸和

Vector Shinwa Co., Ltd.

3-1 Ikehata, Chiryu City, Aichi

#### ▶ Description of Business

General Human Resources Services  
Business



株式会社ニコン日総プライム

Nikon Nisso Prime Corporation

Shin-Yokohama 214 Bldg. 3F, 2-14-2 Shin-Yokohama,  
Kohoku-ku, Yokohama, Kanagawa

#### ▶ Description of Business

Human resources dispatching · recruitment  
Human resources sharing business  
Consignment/entrustment · contracting business  
Planning, R&D, operation and support of structure development  
and opportunity creation for seniors' continued employment

NISSO 上海霓素人力资源服务有限公司

SHANGHAI NISSO HUMAN RESOURCES Co., Ltd.

Rm. 508, 36-7 Building 7, 36 Xuelin Road, Pudong New  
Area, Shanghai, China

#### ▶ Description of Business

Recruitment  
Human Resources Consulting



Leaf NxT

Leaf NxT Inc.

Honey Gotanda Dai 2 Bldg., 4F,  
1-4-1 Higashi Gotanda, Shinagawa-ku,  
Tokyo

#### ▶ Description of Business

Human resources dispatching business,  
development-type qualified personnel  
dispatching business, recruitment platform  
business, media direction business

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This is a list of companies of the Nisso Group.

## Significance of Existence of the Nisso Group

### Significance of Existence of the Nisso Group



#### Founding Philosophy

## Nurturing and Bringing Out the Best in People

We, the Nisso Group  
with Human Resources Solution Services that support the growth of companies and people

#### MISSION

We will fulfill our Mission of

## Creating opportunities and hopes for people to work

#### VISION

## To transform into a corporate group with high-growth potential

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This page describes the significance of existence of the Nisso Group. Aiming to become a human resources company that responds to this new era, we would like to return to our starting point of “Nurturing and Bringing Out the Best in People,” our founding philosophy.

## Determination of the Nisso Group

### Determination of the Nisso Group



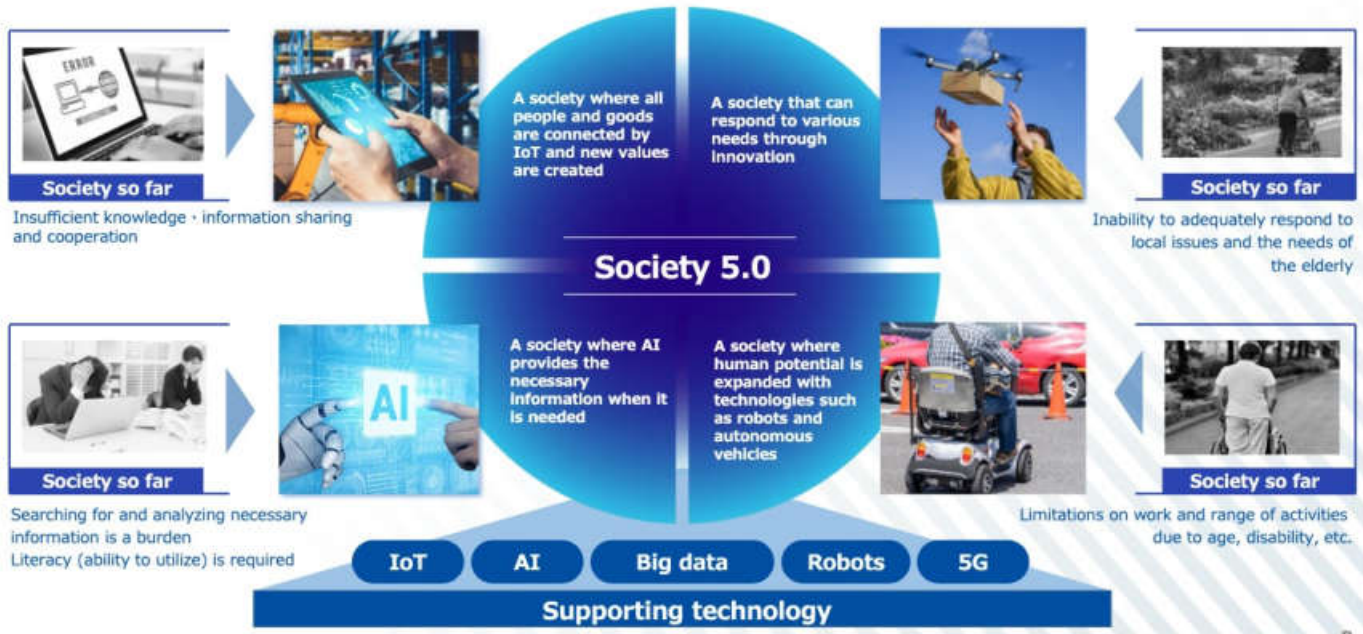
**Digital technology, human capital management, decarbonization, pandemics, and world affairs are changing at an unprecedented rate.**

**The Nisso Group will continue to promote reforms in order to continue to be an entity expected by society.**



Next is the determination of the Nisso Group. Although it states that the "Nisso Group will continue to promote reforms", the Nisso Group will transform in order to respond to changes in the social environment and the challenges we face.

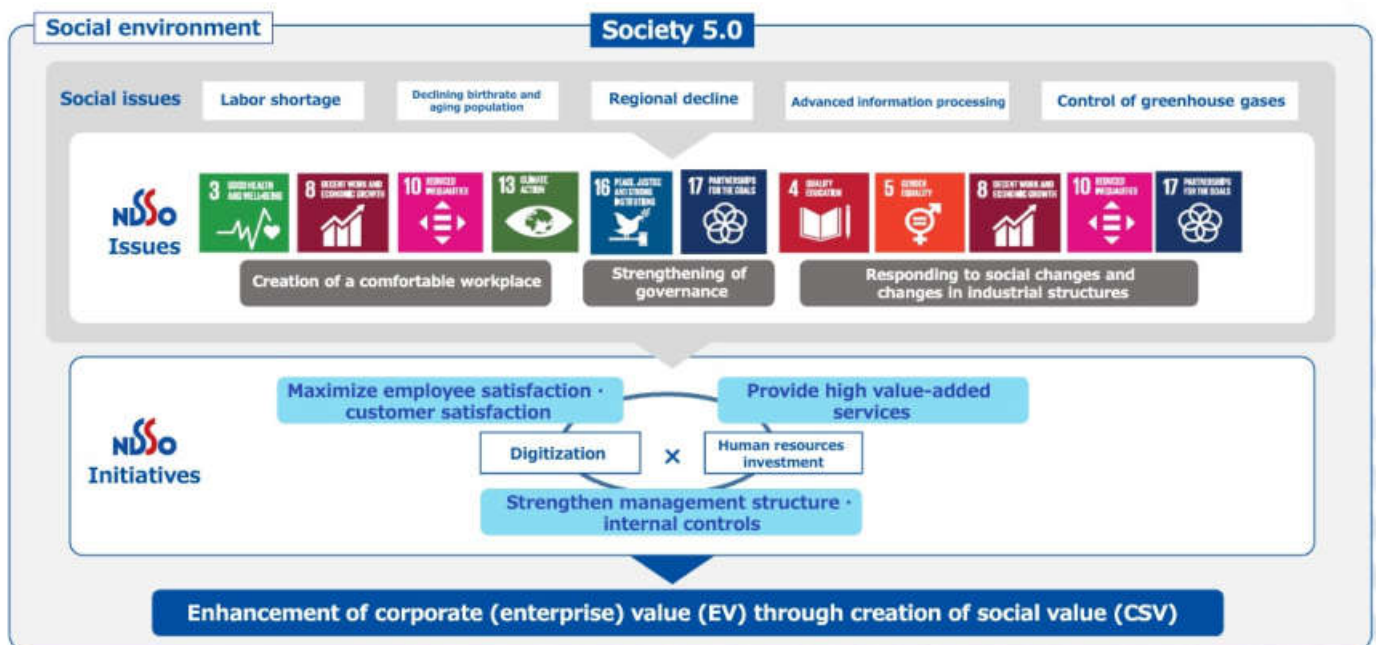
## Social Environment Awareness Society 5.0



Next is our social environment awareness. Aiming to support a society in which new values are created, we would like to work on the sophistication of services and the development of human resources by utilizing new technologies while focusing on Society 5.0.

## Story of Mission Achievement

### Story of Mission Achievement



This is our story of mission achievement. With the "creation of a comfortable workplace", "responding to social and environmental changes", and "strengthening and awareness of governance" as key challenges, we will make great efforts to "maximize employee and customer satisfaction," "provide high value-added services," and "strengthen management structure and internal controls" to enhance corporate value through the creation of social value.

## Progress of Consolidated Management Target Values

### Progress of Consolidated Management Target Values



- Despite the COVID-19 pandemic, net sales were achieved in response to strong demand for human resources
- NISSO was unable to absorb the impact of reduced operations due to a shortage of parts and the impact of the COVID-19 pandemic, resulting in unachieved profits



The graphs on the slide show the progress of consolidated management target values. Despite the COVID-19 pandemic, we were able to achieve the net sales target by meeting the strong demand for human resources from our clients. On the other hand, we were unable to achieve our profit target as a result of the significant impact of reduced operations due to a shortage of semiconductors and various supply chain issues.

## Review of Key KPIs 1 (NISSO, Non-consolidated)

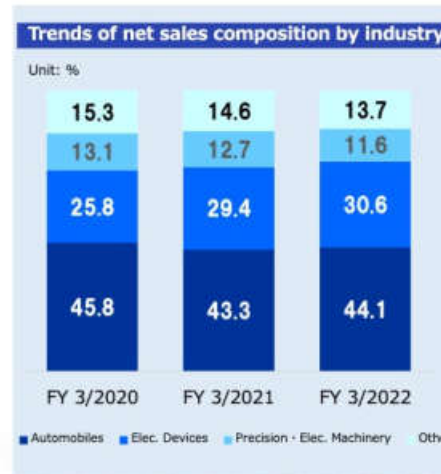
## Review of Key KPIs 1 (NISSO, Non-consolidated)



By focusing on expanding existing areas, year-end enrollment and net sales became record highs since NISSO's listing



**NISSO is organic and grew to a scale that exceeds the pre-COVID-19 pandemic**



**NISSO continues to acquire orders by strengthening business relationships with major automobiles and electronic devices-related manufacturers**



**Steady growth in transaction scale of Account Companies**

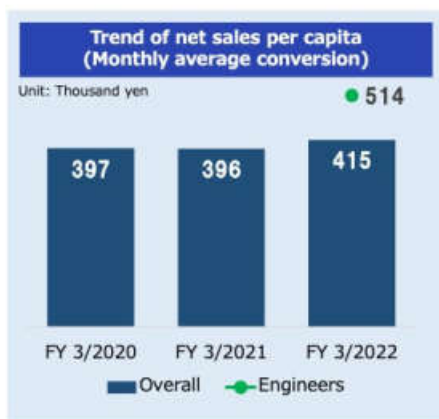
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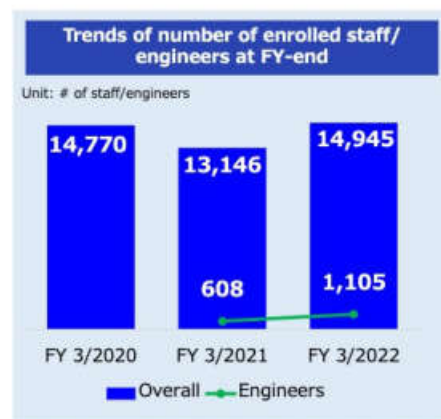
This is a review of our key KPIs. NISSO is organic and has grown to a scale that exceeds that of the pre-COVID-19 pandemic. We were also able to continue to acquire orders by strengthening business with major automobiles and electronic devices-related manufacturers. Furthermore, the transaction scale of Account Companies has been steadily growing. This has also had a significant impact on market share growth.

## Review of Key KPIs 2 (NISSO, Non-consolidated)

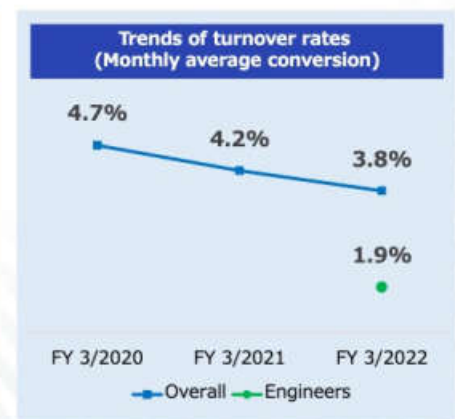
### Review of Key KPIs 2 (NISSO, Non-consolidated)



**Increase in average unit-costs** due to increases in the number of Account Company assignments, engineer enrollment, etc. contributed



The total number of enrolled staff **increased by 1,799** from the end of the previous FY. The number of enrolled engineers **increased by 497** from the previous FY due to the promotion of conversion to engineers



NISSO has been able to **decrease the turnover rate year by year**

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The first graph on the slide indicates that increases in the number of Account Company assignments and engineer enrollment, etc., has contributed to the increase in average unit-costs. Next, the number of enrolled staff at the end of the FY increased by 1,799 from the end of the previous FY, and the number of enrolled engineers increased by 497 due to the promotion of conversion to engineers. In addition, we have been able to decrease the turnover rate year by year.

## Initiatives for FY 3/2023

### Initiatives for FY 3/2023



Individual strategies		Results
Items	Measures	
<b>Expand the base of core areas</b>	<ul style="list-style-type: none"> <li>● Strengthen the service provision system</li> </ul>	<ul style="list-style-type: none"> <li>● Made Vector Shinwa a subsidiary</li> </ul>
<b>Expand the business portfolio</b>	<ul style="list-style-type: none"> <li>● Strengthen cooperation with existing partnerships</li> <li>● Build new partnerships</li> </ul>	<ul style="list-style-type: none"> <li>● Collaborated with "TASUKI Annotation" (Launched AI-related services) (<a href="https://tsk-pf.com/">https://tsk-pf.com/</a> (in Japanese only))</li> <li>● Established a joint venture company with TSUNAGU HD (Leaf NxT)</li> </ul>
<b>Enhance nursing care · welfare services</b>	<ul style="list-style-type: none"> <li>● Build a system to accept foreign caregivers</li> </ul>	<ul style="list-style-type: none"> <li>● Acceptance started in June 2022</li> </ul>
<b>Strengthen the management base</b>	<ul style="list-style-type: none"> <li>● Reform systems, introduce IT tools</li> </ul>	<ul style="list-style-type: none"> <li>● Expanded Web interviews</li> <li>● Introduced a staff portal application that connects companies and staff (Career counseling, open recruitment, in-house scouting, etc.)</li> <li>● Strengthened the cloud tool usage environment</li> <li>● Improved the talent management system environment</li> </ul>

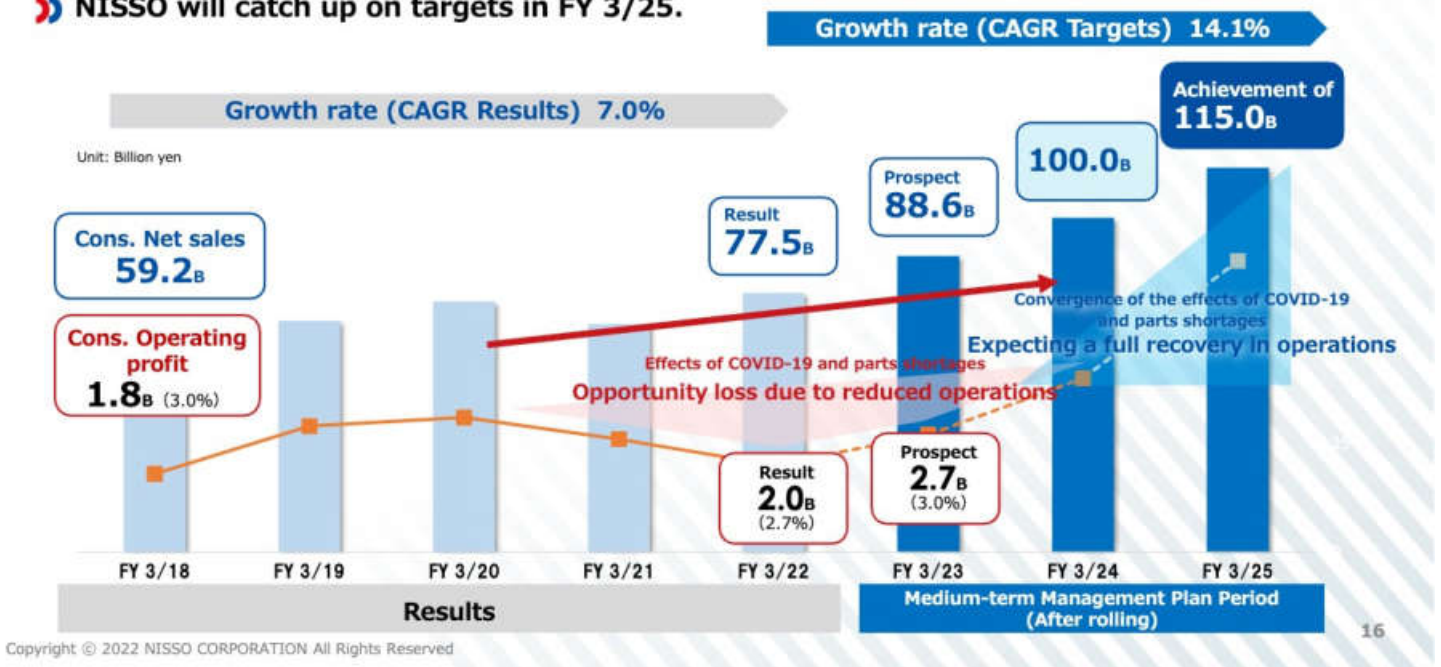
Regarding initiatives for FY 3/2022, first of all, in "Expand the base of core areas", we made Vector Shinwa a subsidiary. Next, in "Expand the business portfolio", we started offering a new AI service called "TASUKI Annotation". As for the creation of a new partnership, we established Leaf Nxt, a joint venture company with TSUNAGU GROUP HOLDINGS, to make a mark in the HR Tech area.

In addition, in "Enhance nursing care · welfare services", we built a system for accepting foreign caregivers last fiscal year and started accepting them in June 2022 to respond to the shortage of nursing care staff. "Strengthen the management base" is as shown in the slide.

## Review of the Medium-term Management Plan



NISSO will catch up on targets in FY 3/25.



This page is about the review of our Medium-term Management Plan. As indicated by the red arrow in the graph, we were greatly affected by the COVID-19 pandemic. As a result, although the original business plan was unfortunately pushed back one year, we will strive to catch up with this postponed business plan and achieve net sales of 115 billion yen in the fourth year, which was originally planned for the third year.

## Business Environment • Market Opportunities

### Business Environment • Market Opportunities

Expansion of human resources market opportunities due to decline in labor force population

- Human resources mobility will accelerate, and the need to eliminate employment mismatches will increase
- Opportunities for utilization of diverse human resources such as middle-aged and elderly human resources, global human resources, and people with disabilities will expand
- Diverse work opportunities that are not limited to full-time will expand
- Awareness of QoL (Quality of Life) will increase and awareness of work will become more diverse.

**MONOZUKURI**

- Growing maintenance needs due to the introduction of automation/AI
- Substitution of related technologies and parts due to the spread of EVs and CASE
- Market expansion in semiconductor-related areas through industrial policy

**Administrative**

- Further expansion of demand for IT human resources due to technological innovation
- Expansion of demand in the BPO area due to the review of non-core operations

**Light work**

Due to the expansion of the EC market, although the utilization of new technologies such as AI and IoT, unmanned delivery, supply chain rationalization and labor saving are promoted, there is a serious shortage of labor (manpower).

**Healthcare**

- Health management and well-being are attracting more attention, and the healthcare-related market is expanding further.
- Healthcare x DX advances the enhancement of telemedicine

**Nursing care • welfare**

- Demand for nursing care is increasing, and there is a constant shortage of nursing care personnel
- Technological innovation in the nursing care technology area is advancing, and the need for human resources with IT literacy is increasing

I will provide an explanation about our business environment and market opportunities. As shown on the slide, although the decline in the labor force population is not a positive situation for us, on the contrary, we believe that opportunities for the human resources market will expand in this situation. The factors are listed on the slide. In each of these fields, we will develop human resources to promote new human resources services and technologies.

## Image of the Nisso Group Growth Cycle



This is an image of the Nisso Group's growth cycle. Our approach is to first raise customer/client satisfaction (CS) with employee satisfaction (ES) as a starting point, realize shareholder satisfaction (SS), and further develop our business by collaborating closely with local communities and the government. As you can see on the slide, the idea is that we will become a company that is suitable for a sustainable society and that we will also grow as a company.

## Management Strategies

Management Strategies

» Business Strategy

- Business Portfolio Strategy : Combine "deepening" of core areas and "exploring" of new areas
- Business Portfolio Strategy : Promote high quality · high value-added to core area business domains
- Provide services in response to changing *MONOZUKURI* (manufacturing)
- Strategies by business (Group Initiatives)

» Infrastructure Strengthening Strategy

- Practice of human capital management (Active investment in human resources management, education and training, and career development)
- Response to human resources mobility
- Realization of business transformation by digitizing business operations
- Strengthening of governance

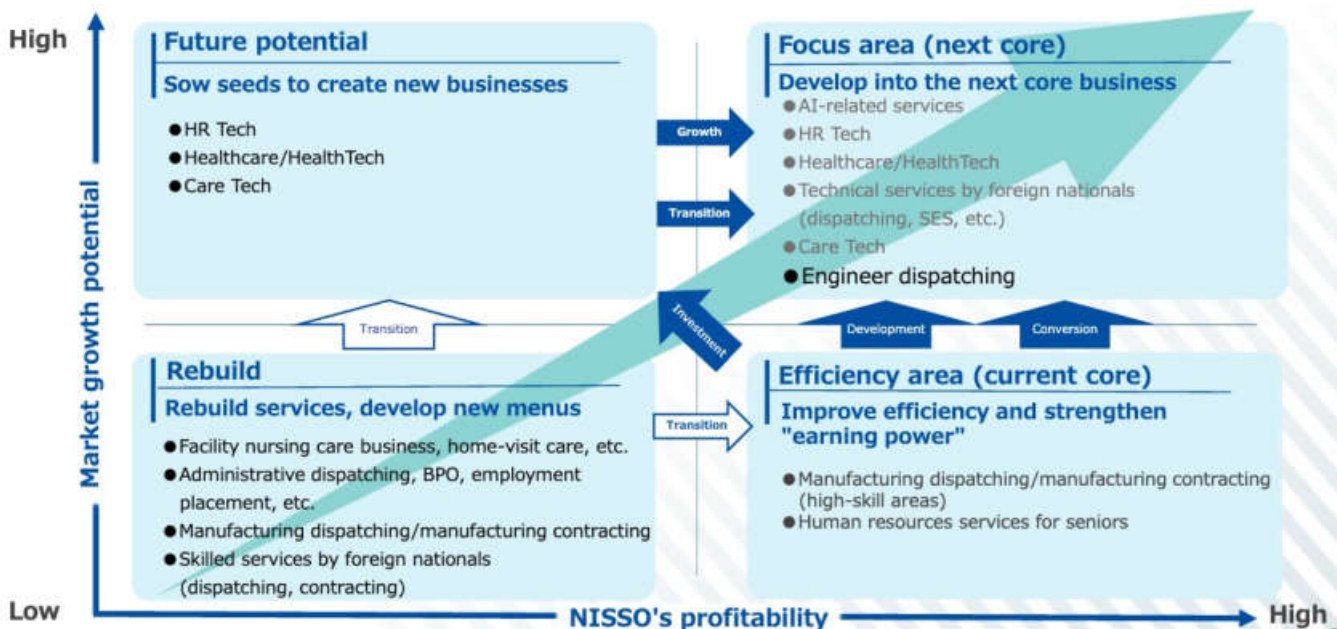
Our management strategies consist of two pillars: "Business Strategy" and "Infrastructure Strengthening Strategy". Our Business Portfolio Strategies, in particular, are to "combine 'deepening' of core areas and 'exploring' of new areas" and "promote high quality · high value-added to core area business domains", and we will continue to grow our business while implementing these strategies.

## Business Portfolio Strategy

Business Strategy



### Business Portfolio Strategy



Our Business Portfolio Strategy is as shown on the slide. Our current core is the "Efficiency area" on the bottom right of the slide. By further advancing our business and developing human resources, we will take on the challenge of the next-generation core, the "Focus area" on the upper right.

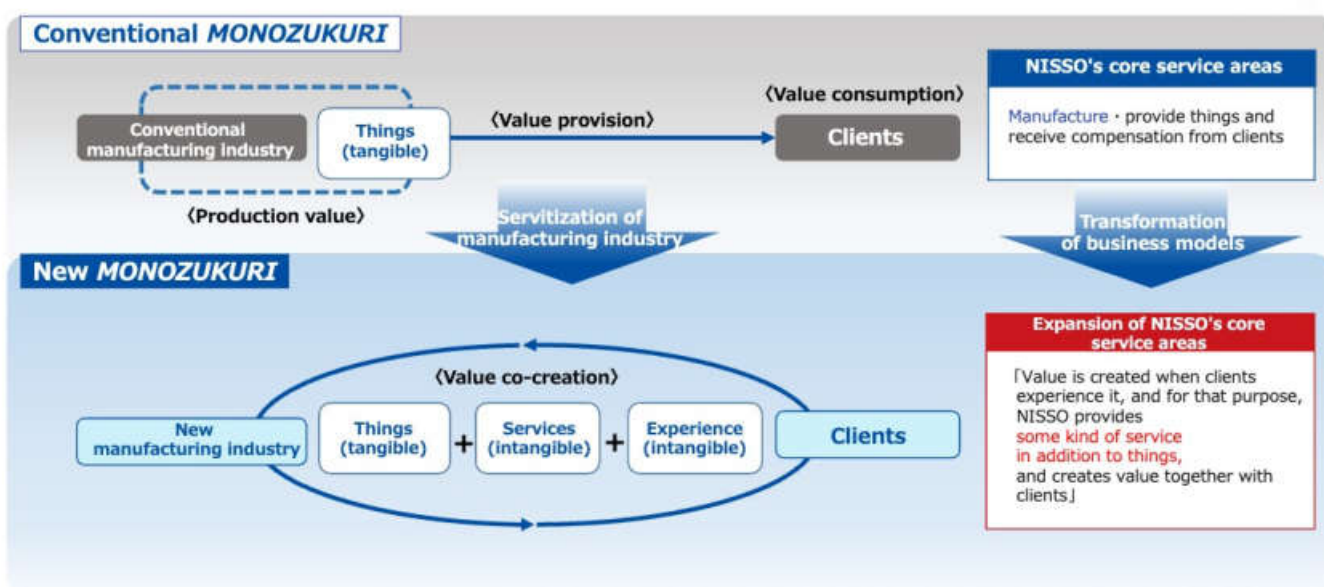
Then, as shown on the bottom left, there is the area of "Rebuild" within our business. By "rebuilding services" and "developing new menus" here, we will transition to the "Efficiency area" and "Future potential" on the upper left to develop our business into the next generation.

Since this "Future potential" will sow the seeds for the creation of new businesses, our approach is to "create and grow new businesses while leading them to the next core area". In addition, as I mentioned earlier, although we may shift to the next core area through development, since the volume of our business is extremely large, we believe that this is an area where we will increase efficiency and strengthen our earning power.

## Provision of Services that Respond to Changing MONOZUKURI (Manufacturing)

Business Strategy 

### Provision of Services that Respond to Changing MONOZUKURI (Manufacturing)



This page is about the provision of services that respond to changing MONOZUKURI. The manufacturing industry has undergone a major change from the era of simply making hardware and selling it to customers. Under such circumstances, we must also transform our business model.

As shown in the slide, if the model is to increase customer/client satisfaction through services or experiences in addition to providing tangible goods as in the past, we must naturally respond to new services and high quality services that respond to new values for customers/clients, not just "how we

manufacture". By doing so, we will further earn the trust of our customers/clients and expand our business.

## Strategies by Business (Initiatives by Group)

### Strategies by Business (Initiatives by Group)

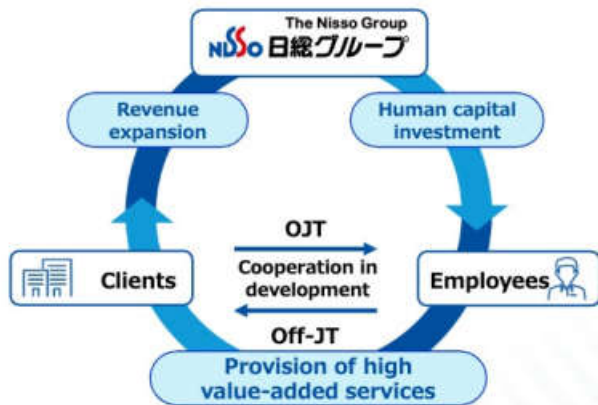
Area	Operating Company	Directionality	Initiatives	Possibility of MA, JV, etc.
General Human Resources Services Business	Manufacturing ・ Production 	<ul style="list-style-type: none"> <li>Improve efficiency and strengthen "earning power"</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen service provision system</li> <li>Increase share of account clients</li> </ul>	○
	Engineering 	<ul style="list-style-type: none"> <li>Develop into the next core business</li> <li>Expand high value-added areas</li> </ul>	<ul style="list-style-type: none"> <li>Expand educational venues</li> <li>Expand SES services</li> <li>Expand enrollment</li> </ul>	◎
	Administrative 	<ul style="list-style-type: none"> <li>Rebuild services</li> <li>Develop new menus</li> </ul>	<ul style="list-style-type: none"> <li>Pursue business opportunities</li> </ul>	-
	Other 	<ul style="list-style-type: none"> <li>Create synergies</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen cooperation with existing partnerships</li> </ul>	○
Other Businesses	Nursing Care ・ Welfare 	<ul style="list-style-type: none"> <li>Rebuild services</li> <li>Develop new menus</li> </ul>	<ul style="list-style-type: none"> <li>Improve facility occupancy rates</li> <li>Diversify business opportunities</li> </ul>	-
	Other 	<ul style="list-style-type: none"> <li>Sow seeds to create new value</li> </ul>	<ul style="list-style-type: none"> <li>Build new partnerships</li> </ul>	○

This page is about our strategies by business (initiatives by group). The table on the slide shows how our group companies respond to each business area.

Some of the new initiatives are described in the table, but among them, we will place special emphasis on the engineering area as a high value-added area.

## Practice of Human Capital Management

## Practice of Human Capital Management



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This page is about our practice of human capital management. This is one of our Infrastructure Strengthening Strategies.

As shown in the slide, the basis of our management strategy is to operate a virtuous cycle in which we invest firmly in human capital, expand earnings by providing high value-added services to our clients, and then reinvest such expanded earnings back into human capital.

## Response to Human Resources Mobility

## Response to Human Resources Mobility

- Discover and visualize the abilities of workers and corporate needs, and achieve both human resources discovery and business opportunity expansion
- In career development, we will expand our strengths and complement the deficiencies in the areas that are lacking, leading to the placement of the right person in the right place

Improve matching rate · job conversion rate/  
supply of human resource to growth business

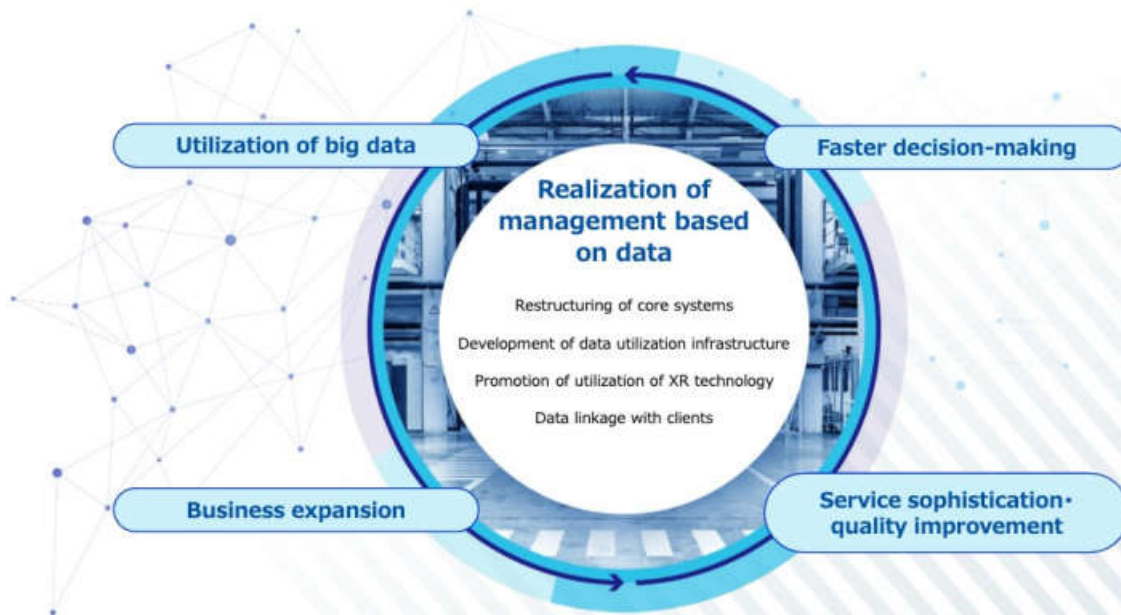


Please allow me to explain our response to human resources mobility, which is the second of our Infrastructure Strengthening Strategies. We will discover and visualize the abilities of workers and corporate needs, and achieve both human resources discovery and business opportunity expansion.

In career development, we aim to further develop our strengths, complement areas where we are lacking, and place the right people in the right jobs. The concept is as illustrated in the diagram on the slide.

## Realization of BX (Business Transformation) by Digitizing Business Operations

## Realization of BX (Business Transformation) by Digitizing Business Operations



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This page is about the realization of BX (business transformation) by digitizing business operations, the third of our Infrastructure Strengthening Strategies.

By promoting digitization, we will realize management based on data. We believe that by implementing the specific measures described on the slide, we will be able to expand our business and improve our earnings by improving the sophistication and quality of our business.

## Strengthening of Governance



## Strengthening of Governance



The fourth of the Infrastructure Strengthening Strategies is the strengthening of governance. As shown on the slide, will strive to strengthen our management structure and internal controls by faithfully and concretely carrying out activities based on the "Fundamentals of Governance", the "5 Principles of Governance", and "Promotion Measures".

## Consolidated Management Target Values<sup>①</sup>

### Consolidated Management Target Values<sup>①</sup>

	FY 3/2023			FY 3/2024			FY 3/2025		
	Amount	Increase (decrease)	Growth rate	Amount	Increase (decrease)	Growth rate	Amount	Increase (decrease)	Growth rate
Net sales	88,600	+11,050	+14.2%	100,000	+11,400	+12.9%	115,000	+15,000	+15.0%
Operating profit	2,700	+613	+29.4%	4,000	+1,300	+48.1%	6,700	+2,700	+67.5%
Operating profit margin	3.0%	+0.3pts	-	4.0%	+1.0pts	-	5.8%	+1.8pts	-

※Increase (decrease) and growth rate are YoY

These are quantitative target values. As shown on the slide, we are determined to achieve our target values, despite the ongoing struggles due to the impact of COVID-19.

## Consolidated Management Target Values②



### Consolidated Management Target Values②

Management Indicators		Management Targets
Growth potential	Net sales growth rate (CAGR)	Growth rate above industry standards
Profitability	Operating profit margin	5.8% or more
Efficiency	ROE	20% or more
Soundness	Financial leverage	2.5 times or more
Shareholder returns	Dividend payout ratio	30% or more

This table shows our consolidated management target values. We will proceed with the idea of achieving each of these items under our revised Medium-term Management Plan.

## Summary

## FY 3/2023 1Q Results

- Increased revenue and decreased profits year-on-year
- Needs for manufacturing-related human resources remained high, and the number of enrolled staff increased
- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued
- Engineering net sales increased steadily

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Next, let me explain our financial results. The summary is as shown on the slide. I will explain each of the points later.

## FY 3/2023 1Q Consolidated Financial Results Highlights

### FY 3/2023 1Q Consolidated Financial Results Highlights

(Unit: Million yen)

#### Points

- Revenue increased due to an increase in the number of enrolled staff and an increase in billing unit-costs.
- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued, and gross margin declined.
- SG&A expenses increased due to an increase in the number of enrolled staff, and profits decreased due to reduced operations.

	FY 3/2022 1Q		FY 3/2023 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	18,045	100.0%	20,501	100.0%	2,455	13.6%
Gross profit	3,038	16.8%	3,114	15.2%	75	2.5%
SG&A expenses	2,568	14.2%	2,854	13.9%	286	11.1%
Operating profit	470	2.6%	259	1.3%	(210)	(44.8%)
Ordinary profit	524	2.9%	313	1.5%	(210)	(40.1%)
Profit attributable to owners of parent	345	1.9%	182	0.9%	(162)	(47.2%)

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As for the consolidated financial results highlights for the first quarter, since they were greatly influenced by NISSO, I will talk about it in detail in the explanation about NISSO later on.

# FY 3/2023 1Q Non-consolidated Financial Results Highlights

## FY 3/2023 1Q Non-consolidated Financial Results Highlights

### Net sales

Net sales increased by 13.6% due to an increase in the number of enrolled staff and an increase in billing unit-costs.

### Expenses · Profits

- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) continued.
- Human resources needs for automobiles and electronic devices remained strong, and SG&A expenses increased due to an increase in the number of enrolled staff.

(Unit: Million yen)

	FY 3/2022 1Q		FY 3/2023 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	16,684	100.0%	18,958	100.0%	2,273	13.6%
Gross profit	2,900	17.4%	2,949	15.6%	49	1.7%
SG&A expenses	2,417	14.5%	2,685	14.2%	268	11.1%
Operating profit	482	2.9%	263	1.4%	(219)	(45.4%)
Ordinary profit	496	3.0%	310	1.6%	(185)	(37.5%)
Profit	319	1.9%	190	1.0%	(128)	(40.4%)

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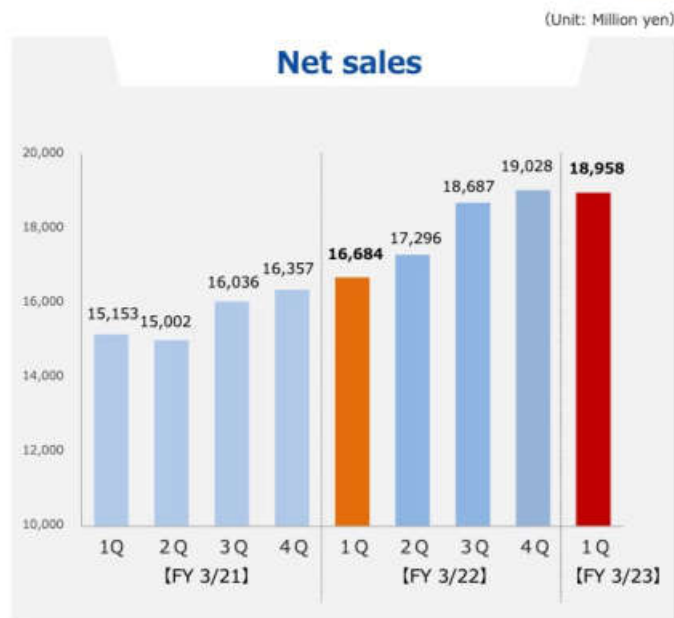
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Net sales increased by 13.6% year-on-year due to an increase in the number of enrolled staff and an increase in unit-costs. In addition, comparing the enrollment at the end of the same period in June, there were 13,856 enrolled staff in the previous fiscal year and 15,270 enrolled staff in the current fiscal year, an increase of 1,414 enrolled staff

Regarding profits, we were strongly affected by the significant decrease in operating hours due to the shortage of semiconductors and major logistical problems in the supply chain caused by lockdowns in China.

On the other hand, demand from clients were very strong, not only in the automobiles industry, but also in the semiconductor industry in particular. Therefore, we plan to continue to further increase the number of enrolled staff, and will incur some costs, mainly recruiting expenses, in the future as well.

## FY 3/2023 1Q Quarterly Non-consolidated Financial Results



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Please refer to the graphs on the slide. Compared to the first quarter of last year, it seems that profits have dropped significantly. However, in the first quarter of last year, since supply chain problems caused by COVID-19 had settled down, the operation rate was relatively high, and a profit of 482 million yen was generated. On the other hand, this year, unfortunately, it was 263 million yen, showing a year-on-year increase in revenue and a decrease in profits.

## FY 3/2023 1Q Financial Results Summary

### FY 3/2023 1Q Financial Results Summary

#### Consolidated Financial Results

**Net Sales**                    **20,501 Million yen** (2,455 Million yen / 13.6%)  
**Operating Profit**           **259 Million yen** ( -210 Million yen / -44.8%)

#### Non-consolidated Financial Results

##### ● Net Sales by Industry (YoY)

Automobiles                ... **+14.2%**  
 Electronic devices        ... **+16.8%**

- In the automobiles-related industry, net sales increased by 14.2% YoY. Due to the shortage of semiconductors and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued. Net sales increased due to an increase in the number of enrolled staff and an increase in billing unit-costs.
- In the electronic devices-related industry, net sales increased by 16.8% YoY, partly due to strong demand for semiconductors.

##### ● 1Q-end Number of Enrolled Staff

15,270 staff  
 (+325 staff from FY 3/22-end)

- The number of enrolled staff increased by 325 compared to FY 3/22-end. The number of enrolled staff increased mainly in the electronic devices industry.

##### ● Net Sales per Capita/Monthly

411 Thousand yen  
 (+2 Thousand yen YoY)

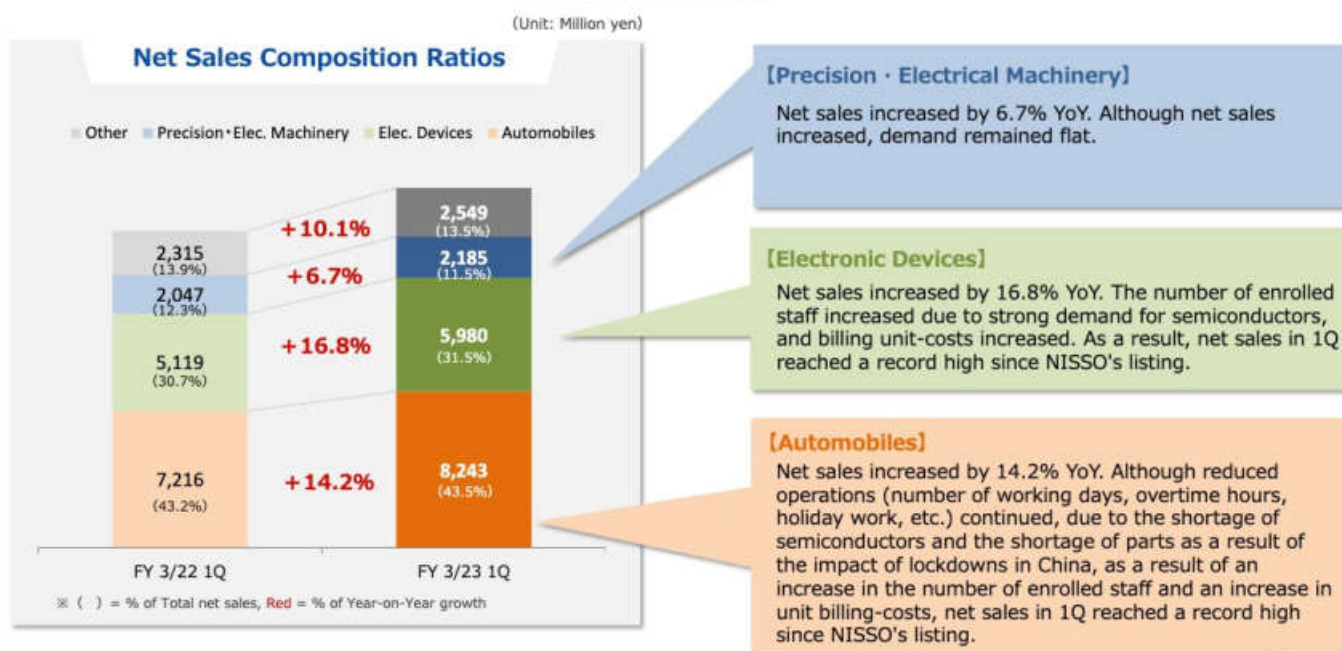
- Net sales per capita continued to be affected by the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China. Net sales growth slowed despite the rise in billing unit-costs.

This is our financial results summary for the first quarter of FY 3/2023. I will provide an explanation for each of the sections hereafter.

## FY 3/2023 1Q Net Sales by Industry (NISSO, Non-consolidated)



FY 3/2023 1Q Net Sales by Industry (NISSO, Non-consolidated)



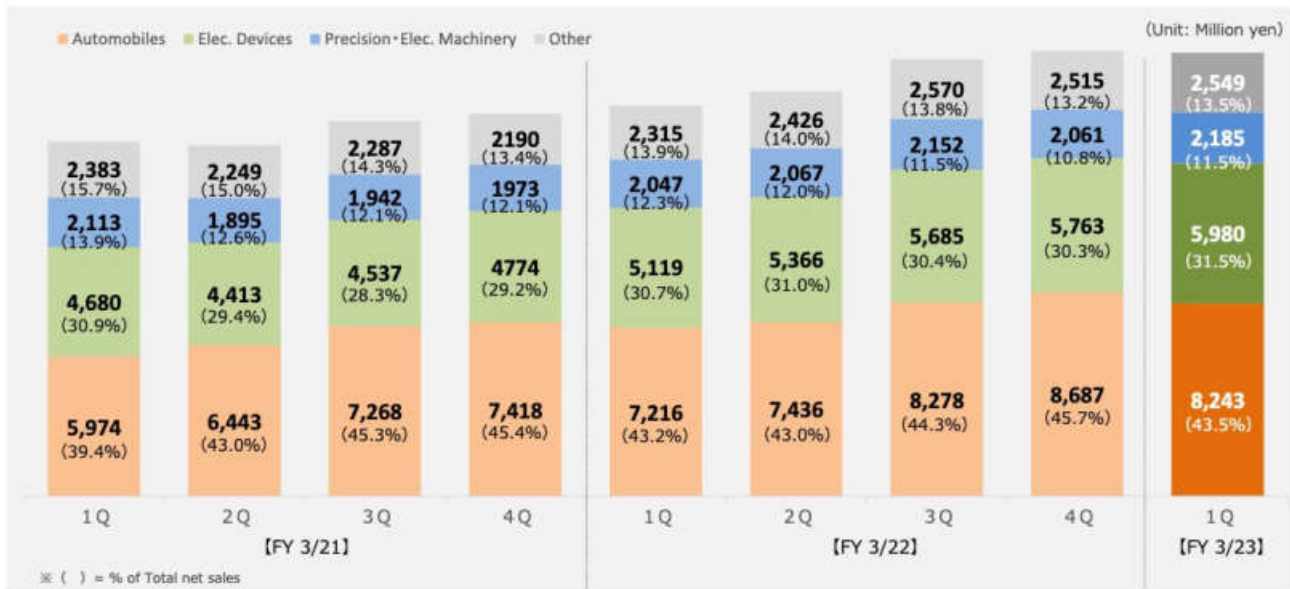
As shown on the slide, the electronic devices industry made the most progress in the first quarter compared to last year, up 16.8% year-on-year. This was followed with a year-on-year increase of 14.2% in the automobiles industry. As you can see, the net sales composition ratio of each industry has also risen.

Regarding the precision and electrical machinery industry, although net sales increased by 6.7%, the production situation remained almost flat.

Regarding the electronic devices industry, these results indicate that demand for semiconductors were extremely strong and has expanded significantly, and operating conditions have remained at a relatively high level.

Regarding the automobiles industry, although sales should have increased even more, due to the impact of the supply chain and other factors, operating conditions were not favorable. Among them, the increase in the number of enrolled staff and the increase in unit-costs have led to these results.

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



As you can see in the graph of quarterly net sales by industry, while the electronic components industry continues to set record highs, although the number of enrolled staff in the automobiles-related industry has grown, operations have not been favorable and has not yet reached the level to renew record highs.

## Account Companies (NISSO, Non-consolidated)

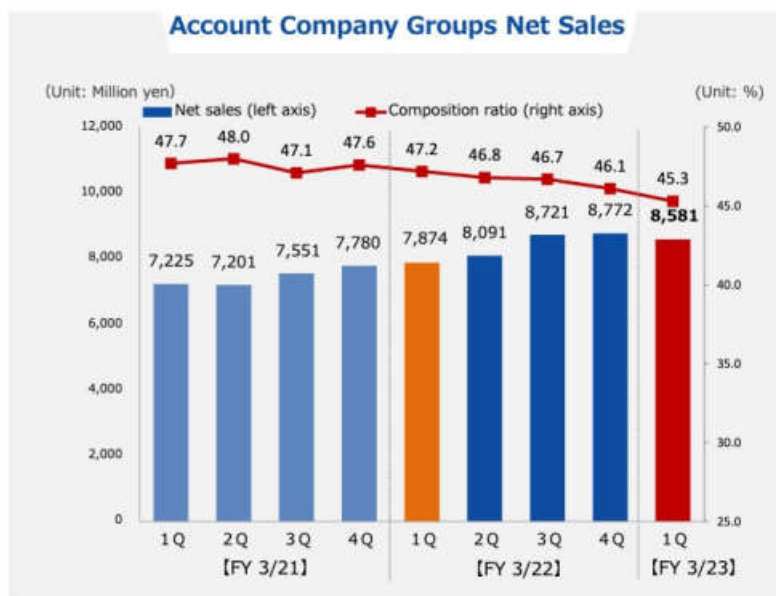
### Account Companies (NISSO, Non-consolidated)

**Point①**

Account Company Group net sales in 1Q reached a record high since NISSO's listing.

**Point②**

In addition to an increase in the number of staff in the automobiles and semiconductor-related industries, net sales increased due to an increase in billing unit-costs. Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) continued, and the composition ratio decreased YoY.



This page reflects the net sales of the Account Company Groups. Although net sales in the first quarter reached a record high since NISSO's listing, sales have not increased sufficiently compared to the second, third, and fourth quarters of the previous fiscal year. As I mentioned earlier, this is due to the fact that operating conditions in the automobiles-related industry were not necessarily favorable.

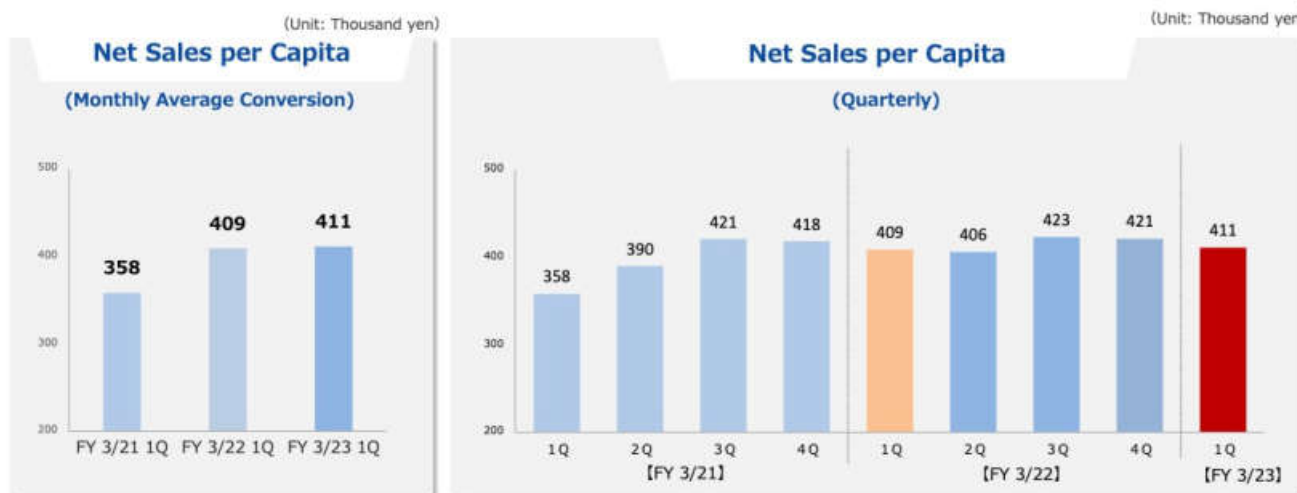
Also, one cause for concern I would like to mention here is the impact of the so-called semiconductor shortage on the telecommunications equipment sector, including mobile devices. Since production was unfavorable at our business partners who manufacture passive components, or capacitors, we will continue to monitor future trends in this regard.

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



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

- FY 3/2023 1Q YTD <Overall net sales per capita> 411 Thousand yen (+2 Thousand yen YoY)
- Net sales per capita increased YoY as a result of the continued impact of reduced operations due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, as well as an increase in billing unit-costs.



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As described on the slide, compared to last year, it may appear that "net sales per capita have increased by 2,000 yen per month, but in fact, operating conditions were not as good as last year. At the unit-cost level, the simple average of the hourly rate per capita has increased by about 100 yen, which pushed up monthly sales per capita, which means that sales will seemingly grow even more when operations return to original levels.

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



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

## Compared w. Previous FY-end

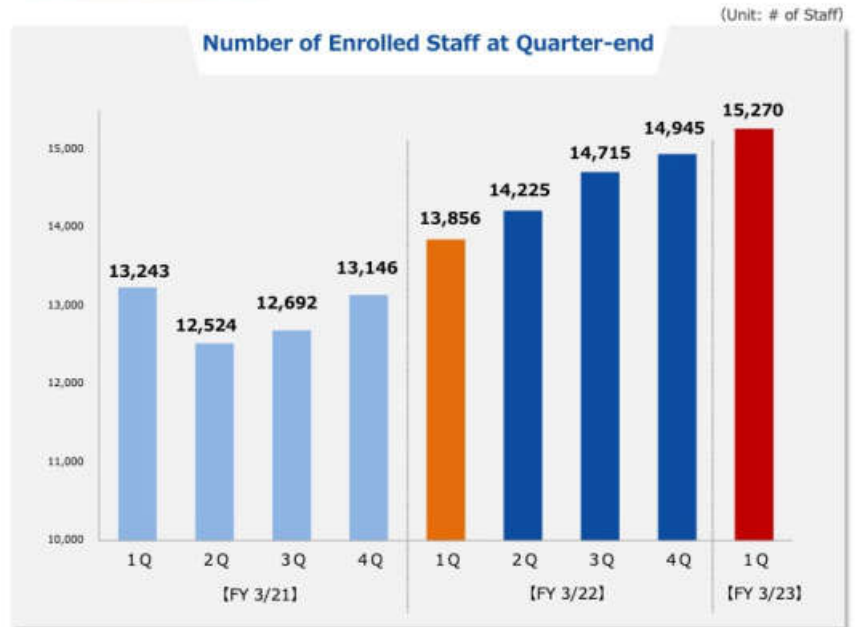
+325 staff (+2.2%)

### Point①

Human resources needs were strong. Due to the curbing of enrolled staff leaving NISSO, the number of enrolled staff reached a record high since NISSO's listing.

### Point②

The number of staff continued to increase due to strong demand for semiconductors, contributing to an increase in the number of enrolled staff.



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This page is about the trends in the number of enrolled staff. As indicated on the slide, the number of enrolled staff increased by 325 from the end of the previous fiscal year, an increase of 1,414 compared to the first quarter of the previous year. Although it is becoming very difficult to hire staff, the fact that we have been able to hire as planned and that we have been able to keep turnover rates under control have led to the continued increase in the number of enrolled staff.

## Educational Achievements (NISSO, Non-consolidated)

# Educational Achievements (NISSO, Non-consolidated)

### Point①

As the number of engineers increased, the number of engineer-related participants increased.

### Point②

In basic equipment maintenance education, classroom learning and education/training using actual equipment were conducted in separate locations, and training facilities were utilized efficiently.

- FY 3/2023 1Q Main course-specific educational achievements (total # of participants)

(Unit: # of participants)

Training course name	1Q (Apr - Jun)	Contents	FY 3/22 1Q
Basic equipment maintenance education	114	Basic equipment maintenance education	28
Engineer education	192	Manufacturing equipment maintenance · manufacturing equipment technology Mechanical design · production technology SEAJ education (safety education specializing in semiconductors)	39
Manufacturing education	1,675	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	1,331
<b>Total</b>	<b>1,981</b>		<b>1,398</b>

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Next, I would like to explain about our educational achievements. As shown in "Point ①" and "Point ②" on the slide, in order to actively increase the number of staff who change their careers to engineers, we have established a system to train significantly more engineers compared to last year.

In addition, regarding education of equipment maintenance, which is in high demand, we have traditionally conducted classroom learning and practical skills training together. However, the number of participants in the first quarter shows that efficiency has improved by establishing a system to conduct classroom learning outside the Technical Centers, where practical skills training is conducted.

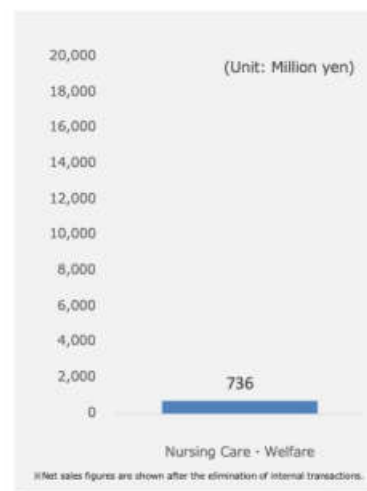
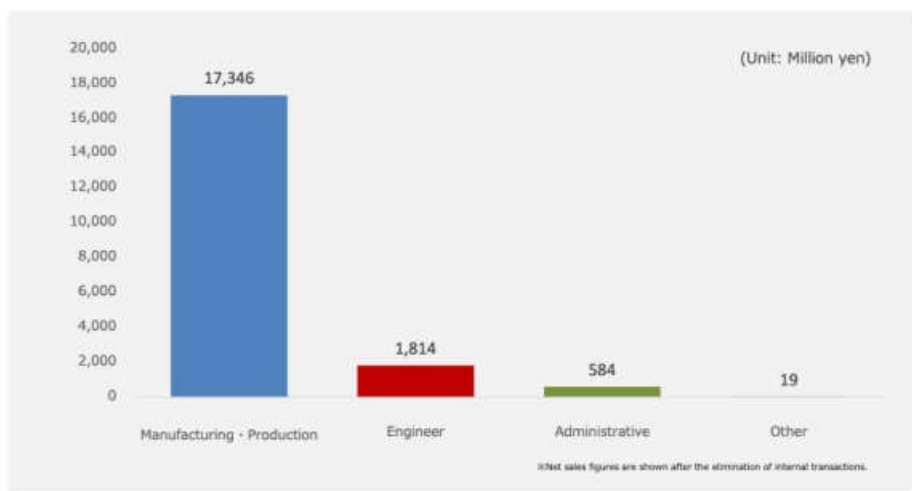
## Net Sales by Segment (Services)



### Net Sales by Segment (Services)

FY 3/2023 1Q  
General Human Resources Services Business

FY 3/2023 1Q  
Other Businesses



This page is about net sales by segment. These graphs show Manufacturing · Production, Engineer, Administrative, and Other in the General Human Resources Services Business, and Nursing Care · Welfare in Other Businesses.

## Manufacturing · Production Human Resources Services

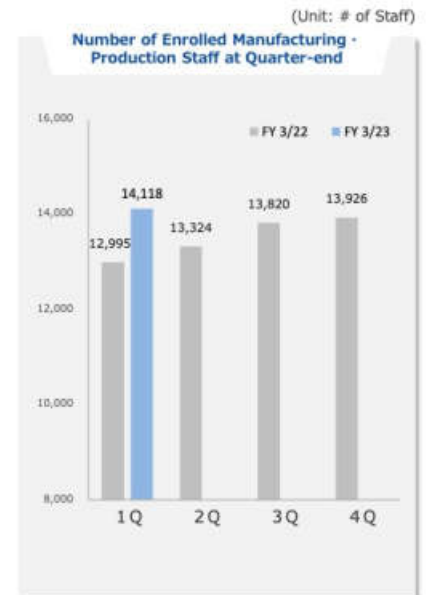
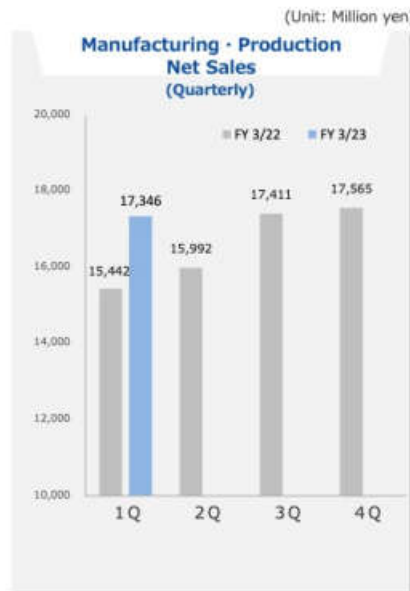
Manufacturing • Production Human Resources Services are mainly human resources services for manufacturing dispatching and manufacturing contracting provided by NISSO and Vector Shinwa Co., Ltd.

## Net Sales

Manufacturing • production net sales increased by 12.3% YoY, partly due to an increase in the number of enrolled staff.

## Number of Enrolled Staff

The number of enrolled manufacturing • production staff increased by 1,123 YoY. Needs for manufacturing • production human resources were strong, and increased mainly in the automobiles and electronic devices industries.

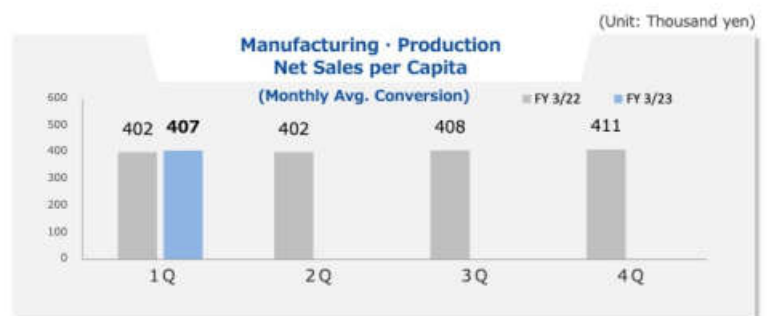


The trends of net sales and the number of enrolled staff in the Manufacturing • Production Human Resources Services are shown here. As shown on the slide, net sales increased by 1.904 million yen, or 12.3%, compared to last year. The number of enrolled staff increased by 1,123 compared to last year. It is our belief that we will continue to respond to the steady human needs of our clients and continue to grow in the future.

## Manufacturing • Production Human Resources Services

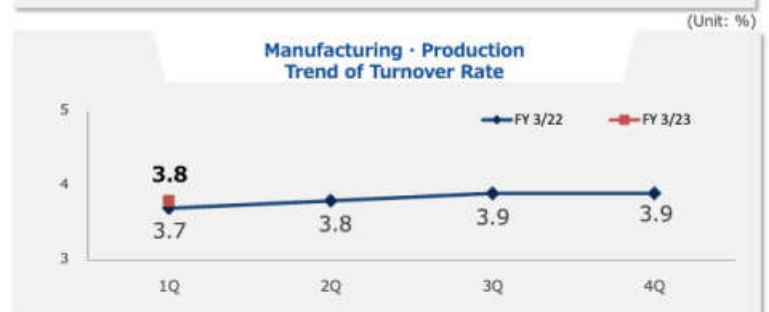
## Net Sales per Capita

Manufacturing • production net sales per capita increased by 1.3% YoY.



## Turnover Rate

The manufacturing • production turnover rate remained below 4%, even though it increased by 0.1pts YoY.



This is page is about the net sales per capita for the Manufacturing • Production Human Resources Services. Net sales per capita increased by 1.3% year-on-year. Despite the low operating hours per capita, unit-costs have increased more than enough to offset them, and you can see that net sales per capita have increased as a result.

We have also been able to maintain the turnover rate below 4%. In the future, we believe that by further increasing either the ratio of skilled staff or engineers, we will be able to reduce the overall turnover rate.

## Engineering Human Resources Services



### Engineering Human Resources Services

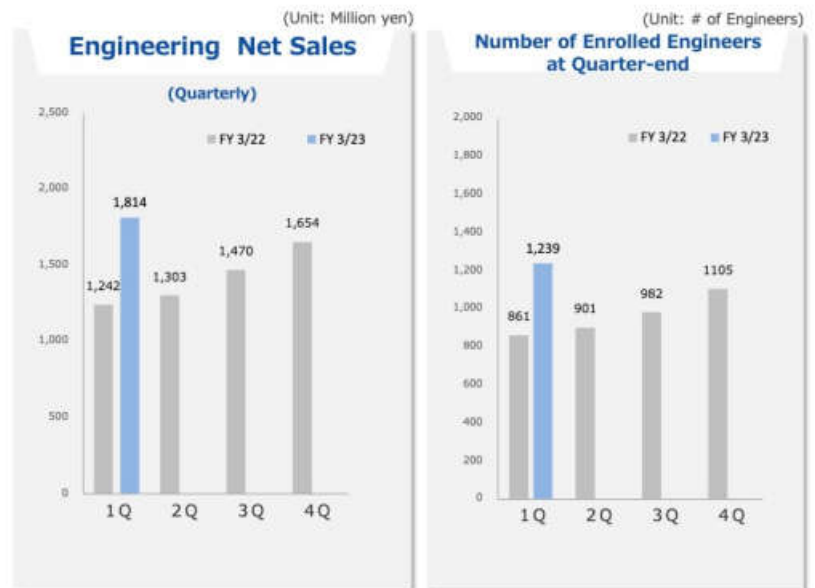
Engineering Human Resources Services are human resources services for SES (System Engineering Service) which dispatches engineers mainly in the manufacturing industry provided by NISSO and Vector Shinwa Co., Ltd.

#### Net Sales

Engineering net sales increased by 46.1% YoY. Human resources needs were high, mainly for equipment maintenance, the number of enrolled engineers increased, and net sales also increased.

#### Number of Enrolled Engineers

The number of enrolled engineers increased by 378 YoY. NISSO will continue to actively promote career changes to engineers.

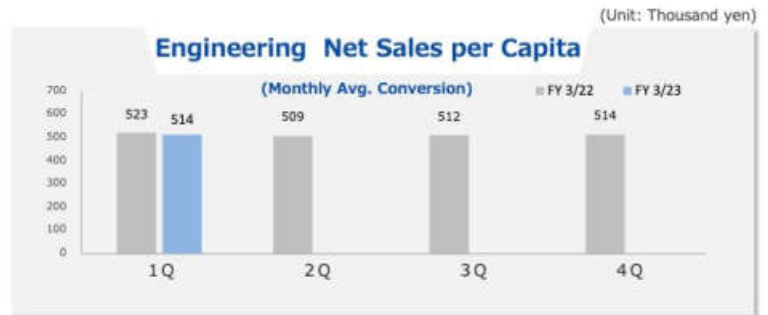


Next, I would like to explain about our Engineering Human Resources Services. As shown in the graph on the slide, net sales increased by 572 million yen, or 46.1%, compared to the previous fiscal year. This result is due to the extremely high customer needs, especially for equipment maintenance, and the fact that we have been gradually increasing our training capabilities, which has been an issue for us. The number of enrolled engineers has also increased by 378 compared to last year.

## Engineering Human Resources Services

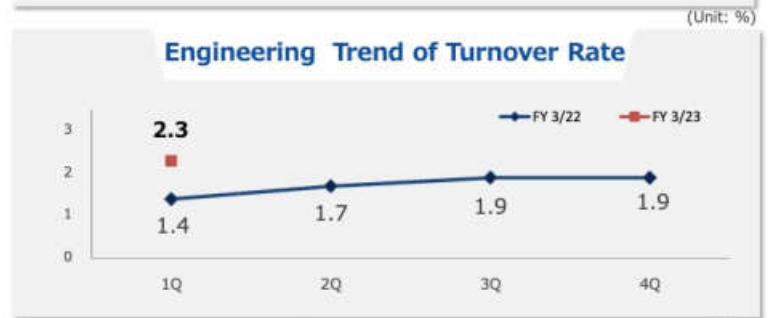
## Net Sales per Capita

Engineering net sales per capita decreased by 1.7% YoY partly due to a decrease in overtime and holiday work.



## Turnover Rate

The engineering turnover rate increased by 0.9 pts YoY. Partly due to the increase in the number of enrolled engineers, the number of resignees temporarily increased.



This page is about the net sales per capita for engineers. Although net sales per capita were down, due to a slight decrease in operating hours and because we have increased the number of engineers significantly, the fact that there are still a large number of people with beginner-level skills has pushed down overall net sales.

The turnover rate of engineers is slightly higher than the previous fiscal year, which is unavoidable to some extent due to our strategy of increasing the number of enrolled engineers. However, while further continuing to improve our training structure, we would like to reduce the turnover rate to less than 2%, which we have been aiming for thus far.

## Administrative•Other Human Resources Services

## Administrative Human Resources Services

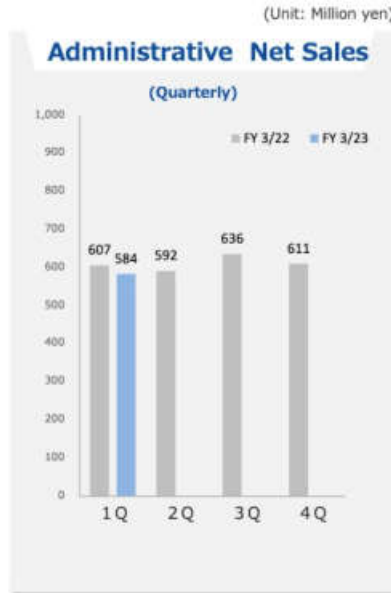
Administrative Human Resources Services are human resources services for general office work dispatching and BPO (Business Process Outsourcing) provided by Nisso Brain Co., Ltd.

## Net Sales

Administrative net sales decreased by 3.7% YoY, partly due to a decrease in the number of enrolled administrative staff.

## Other Human Resources Services

Other Human Resources Services are human resources services for light work contracting and sale of goods business utilizing human resources with disabilities provided by Nisso Pure Co., Ltd.



This page is about our Administrative • Other Human Resources Services. Nisso Brain Co., Ltd. plays a central role in this segment. However, since general administrative work faces a difficult future, we are considering expanding into fields that can replace this one, such as the annotation field that I explained earlier, where we expect needs to increase in the future. Please refer to the details later at your own convenience.

## Nursing Care • Welfare Services

### Nursing Care • Welfare Services

Nursing Care • Welfare Services include facility nursing care and home-based nursing care provided by Nisso Nifty Co., Ltd.

## Points

- The occupancy rate of nursing care facilities overall decreased YoY, but recovered from the end of the previous fiscal year.
- Net sales decreased by 0.8% YoY, partly due to a decrease in the number of residents.

## Results of Nursing Care • Welfare Services

(Unit: Million yen)

Points	FY 3/22 1Q	FY 3/23 1Q	Year-on-Year	
	Results	Results	Increase (Decrease)	% Change
Net sales	742	736	(6)	(0.8%)



This page is about our Nursing Care · Welfare Services. As you can see on the slide, the occupancy rate was 91.8% compared to 93.3% in the first quarter of last year. The result shows that the occupancy rate has decreased slightly due to the impact of the COVID-19 and other factors.

## FY 3/2023 Full-year Consolidated Forecasts

### FY 3/2023 Full-year Consolidated Forecasts



In the full-year consolidated forecast, although NISSO expects the effects of semiconductor and parts shortages to continue to some extent, we expect both revenue and profits to increase.

■ FY 3/2023 Full-year Consolidated Forecast (April 1, 2022 ~ March 31, 2023)

(Unit: Million yen)

	FY 3/22 Results		FY 3/23 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	77,549	100.0%	88,600	100.0%	11,050	14.2%
Operating profit	2,087	2.7%	2,700	3.0%	612	29.4%
Ordinary profit	2,369	3.1%	2,700	3.0%	330	13.9%
Profit attributable to owners of parent	1,696	2.2%	1,800	2.0%	103	6.1%

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We would like to leave our consolidated forecasts unchanged as previously explained. It's quite possible that these numbers could change depending on what happens in the future after COVID-19. However, at the moment, we do not believe that all risk factors have been eliminated yet, so we would like to leave these figures unchanged and disclose information in a timely manner in the event that the situation changes.

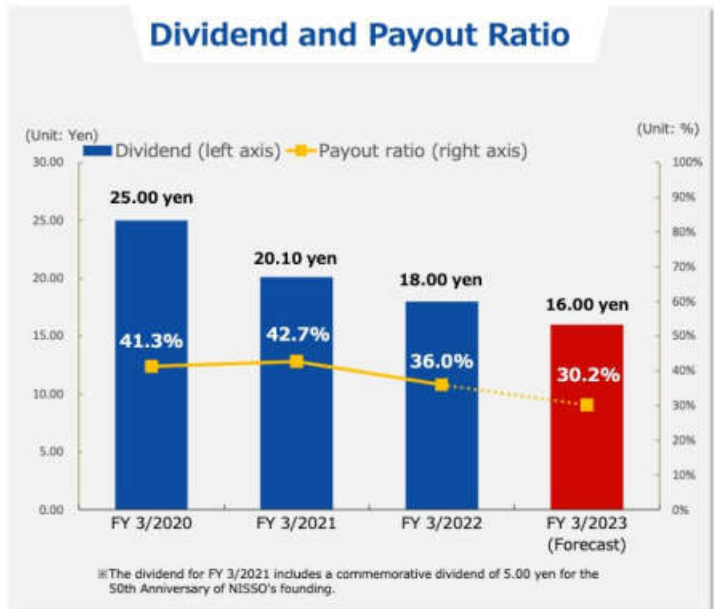
## Shareholder Return Policy

## Basic Policy

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

## FY 3/2023 Dividend Forecast

NISSO forecasts a dividend of 16.00 yen per share (consolidated dividend payout ratio of 30.2%).



This is our Shareholder Return Policy. As you can see on the slide, the graph appears to be on a steady downward decline. However, we are aiming for a dividend payout ratio of 30% or more, and taking into consideration the figures at the end of the fiscal year, we will leave it unchanged at 16 yen, which is 30.2%. All of our employees will work together to increase our profits as much as possible, and strive to return the dividend to 18 yen as in the previous fiscal year.

That is all for now. Thank you very much for your undivided attention.