



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

First Quarter of FY 3/2024

Financial Results Briefing Materials

August 9, 2023

NISSO's first quarter net sales and operating profit hit record highs since listing
Operating profit increased significantly by 92.9% year-on-year

Ryuichi Shimizu,
Representative Director, President & CEO
NISSO CORPORATION

FY 3/2024 1Q Results

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

Mr. Ryuichi Shimizu (hereinafter "Shimizu"):

Hello everyone. Thank you very much for taking time out of your busy schedules to join us today. Now, I will begin my financial results presentation.

The slide shows a summary of today's session. I will explain each item in detail later.

CONTENTS



- 1** FY 3/2024 1Q **Financial Results Summary**

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

- 3** **Financial Results by Segment**

- 4** **Future Prospects (FY 3/2024)**

- 5** **Shareholder Return Policy**

- 6** **Supplementary Materials**

I will follow this content in my presentation.



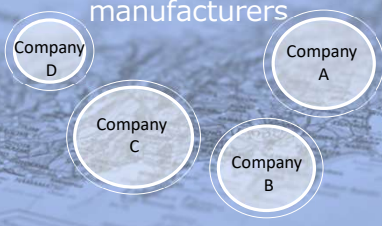

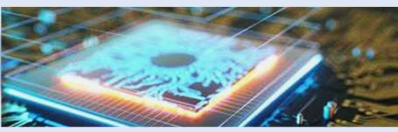

1

FY 3/2024 1Q Financial Results Summary

From Account Strategy to Industry Strategy



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

Account Strategy	Industry Strategy Industries driving Society 5.0	
<p>Top domestic manufacturers</p>  <p>Company D Company A Company C Company B</p>		<p>Automotive Industry</p> <p>Automobiles/ EV-related</p>
<p>To date, NISSO has adopted an account strategy that aims to contribute to the growth of Japanese <i>MONOZUKURI</i> by treating each client individually and intensively responding to the needs of our target clients.</p>		<p>Semiconductor Industry</p> <p>Semiconductors/ Semiconductor manufacturing equipment</p>
		<p>Electronics Industry</p> <p>Communications equipment/ Electronic components</p>
<p>In the future, as the industrial structure will change at an accelerated pace against the backdrop of technological innovation and environmental issues, NISSO will proactively and speedily respond to the needs of new clients through the development of human resources tailored to the needs of each industry that we are focusing on.</p>	<p>Copyright © 2023 NISSO CORPORATION All Rights Reserved</p>	

First, here is the financial results summary. As previously reported, we have made a major shift from an account strategy to an industry strategy. Since we have received some comments and questions about this, like "it's difficult to understand the difference," I would like to review this.

Since our listing, we have been developing and producing human resources while pursuing the quality and content that our clients are looking for, based on a "point strategy" in order to specifically meet the individual needs of our four Account Company Groups.

However, as the environment has changed dramatically due to technological changes and other factors, we have made a major shift in our industry strategy toward a "surface strategy" that meets the needs of companies representing each industry while developing human resources that combine the three industries.

Through these changes, we strongly felt that the game has changed drastically in less than a year. There is a big gap between the quality of human resources required for manufacturing operations in manufacturing-related human resources services and the quality of human resources that will be required in the future. We believe that for future growth, we need a system to develop and produce human resources for the next era.

I feel that we need to focus on investing in people over the long run rather than in our traditional operator-centered business. I will explain later on today how we are currently addressing these issues.

FY 3/2024 1Q Consolidated Financial Results Highlights

(Unit: Million yen)

Points

Operating profit increased by 92.9% YoY

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

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

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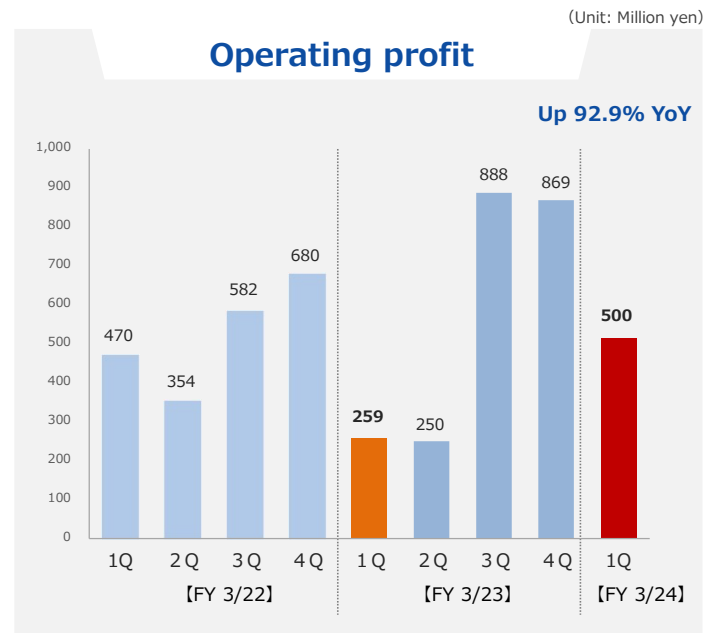
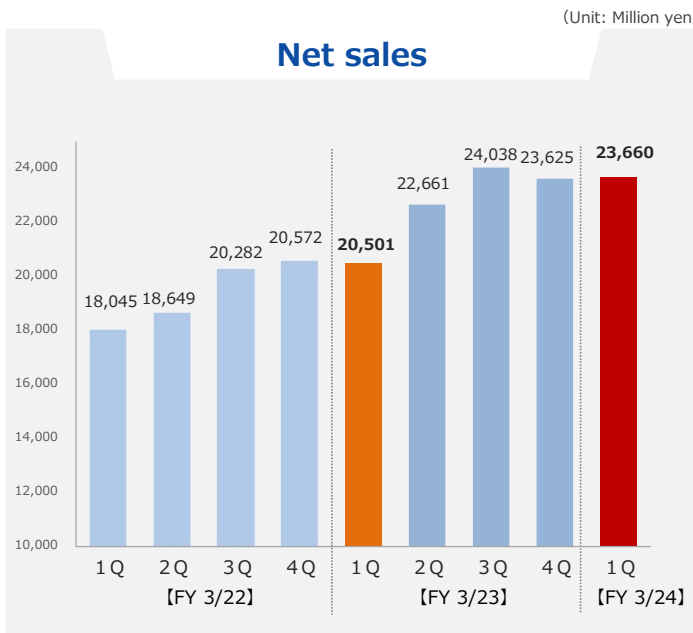
5

Here are the consolidated financial results highlights for the first quarter. Operating profit amounted to 500 million yen. I suspect that this has affected the current share price since it has been perceived by some investors as "500 million yen each quarter and 2 billion yen in total for the full year have no growth potential at all". However, the first quarter is the least profitable period of the year.

Recently, an increasing number of major manufacturers have been taking longer Golden Week holidays, and the effects of supply chain issues still remained in the first quarter. Normally, although the average monthly working hours per capita is 186 hours, the fact that it was 180 hours in the first quarter is one of the reasons for the deterioration in profits for the first quarter.

However, in terms of the figures for the first quarter, we were able to record profits not only in terms of sales but also in revenue.

FY 3/2024 Quarterly Consolidated Financial Results



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These graphs show the trends of consolidated financial results by quarter.

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

(Unit: Million yen)

Net Sales

Increase by 9.2% YoY due to recovery in operations

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

Expenses · Profits

Gross profit increased by 14.1%

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

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

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7

Now let me explain NISSO's non-consolidated highlights. With regard to the Automotive Industry (automobiles & EV-related), while some manufacturers got much closer to the normalcy in the first quarter, the recovery has been very slow in general mainly due to parts shortages, especially in power semiconductors.

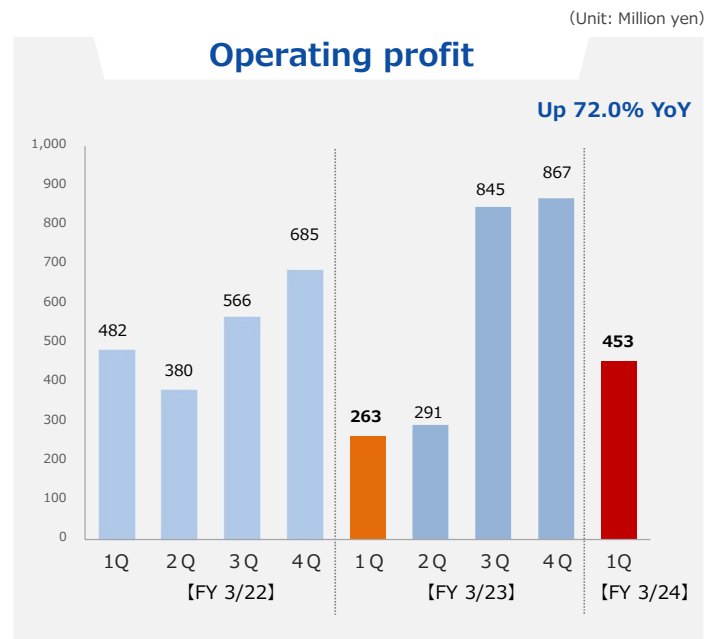
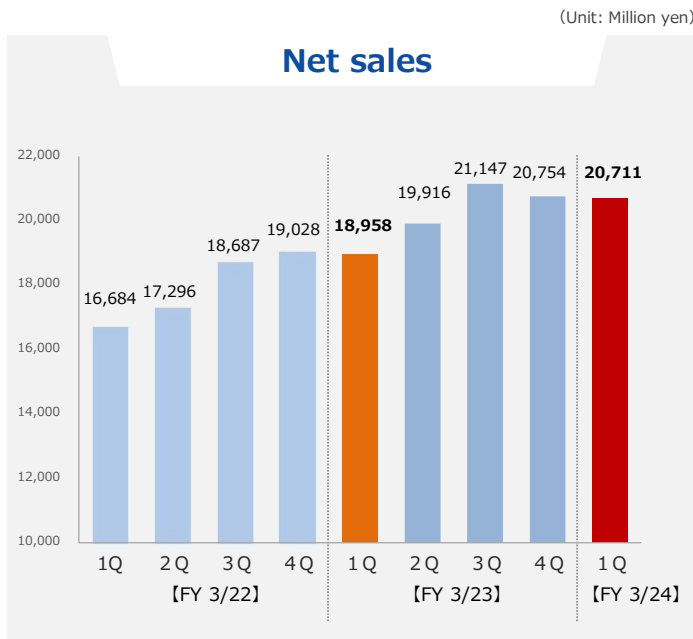
Furthermore, in the Semiconductor Industry (semiconductors & semiconductor manufacturing equipment-related), there has been a slight buildup in inventories, especially in memory, leading to inventory adjustments. In the Electronics Industry (communications equipment & electronic components), demand for communications equipment has been weak, and inventory adjustments have been made for some electronic components.

As you can see from the current growth in the number of enrolled staff, SG&A expenses have yet to fully recover, and the fact that we are operating while keeping recruitment costs down is one of the factors that has pushed down SG&A expenses overall.

The number of enrolled staff has increased by approximately 862 compared to last year, and the personnel expenses for those responsible for business management have increased.

With the end of the COVID-19 pandemic in sight, we are finally in a position to engage in real negotiations with our clients, and we are now spending more on the activities to ensure that we are able to have in-depth discussions with our clients about the future.

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



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These graphs show the trends of non-consolidated financial results by quarter.



2

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

Non-consolidated Financial Results Summary

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

Non-consolidated Indicator Summary

- **Focused Industry Net Sales (YoY)**

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

※Total of Automotive, Semiconductor, and Electronics Industries

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

- **1Q-end Number of Enrolled Staff**

16,132 staff

(+862 staff YoY)

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

- **Avg. Monthly Net Sales per Capita**

427 Thousand yen

(+17 Thousand yen YoY)

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

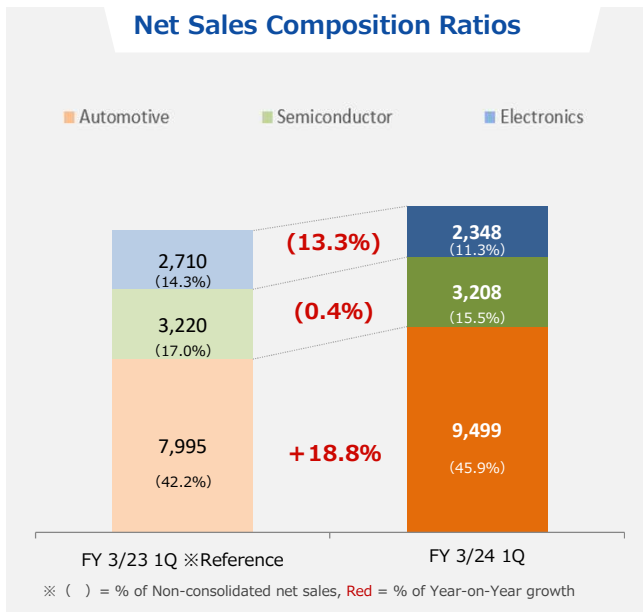
This is the non-consolidated financial results summary. I will explain this in detail later.

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



(Unit: Million yen)

Net Sales Composition Ratios



	Net Sales	Operational Trends	Personnel Trends
Electronics (Electronic equipment manufacturing industry)	Down 13.3% YoY	Sluggish but partly recovered	Sluggish but partly recovered
Semiconductor (Semiconductor manufacturing industry)	Down 0.4% YoY	Manufacturing equipment and semiconductor memory were sluggish, but power semiconductors were steady	Sluggish
Automotive (Automobile manufacturing · EV-related manufacturing industry)	Up 18.8% YoY	Some effects of parts shortages continued	Steady

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11

These are net sales by industry, which we started this fiscal year. The graph on the slide shows that while Automotive was expanding, Semiconductor and Electronics manufacturers were experiencing negative growth.

Operational trends are shown on the right side of the slide.

Industry Trends ※NISSO's own forecasts



		Automotive Industry (Automobile manufacturing · EV-related manufacturing industry)	Semiconductor Industry (Semiconductor manufacturing industry)	Electronics Industry (Electronic equipment manufacturing industry)
1 H	Capital Investment	Will gradually expand	Will expand	Will be flat
	Production Trends	Production growth will stall	Manufacturing equipment · memory will be sluggish Power semiconductors will be strong	Will be sluggish in conjunction with semiconductors
	Operational Trends	Impact of parts shortages will continue	Operations will be sluggish	Operations will be sluggish
	Personnel Trends	Will be steady	Will be sluggish	Will be sluggish
2 H	Capital Investment	Will expand	Will expand further	Will gradually expand
	Production Trends	Will be busy with parts shortages	Manufacturing equipment will recover moderately Memory will be sluggish	Will recover but slower than semiconductors
	Operational Trends	Operations will fully recover	Manufacturing equipment will recover moderately Memory will be sluggish	Will recover but slower than semiconductors
	Personnel Trends	Will be steady	Human resources needs will increase rapidly for next year	Will gradually increase following semiconductors

I will explain industry trends from the present to the end of the fiscal year. Our own forecasts are based on the information obtained from interviews with our clients. The situation is almost in line with the industry trend forecast we submitted in May 2023.

However, the future is still uncertain. In the future, we will continue to have in-depth discussions with clients, and as the situation changes from moment to moment, if necessary, we will make sure to disclose the changed information.

Now let me explain the trends by industry. In the Automotive Industry, although production is recovering moderately due to lingering supply chain issues, the need for human resources remains strong.

In addition, there remains the possibility that parts shortages will be resolved toward the second half of the year, and that we will return to normal or, in some cases, go into recovery production. Currently, in terms of overtime hours, if the conventional rate is 100%, it has recovered to about 80%.

As for batteries for EVs, which are expected to grow significantly in the future, we will finally start to invest human resources in the fall. I believe that the number of people working in this field will grow year after year, and we need a structure to respond to that.

In the area of the Semiconductor Industry, semiconductor manufacturers and semiconductor equipment manufacturers are currently adjusting their inventories due to sluggish memory performance. Although power semiconductors were strong, it is difficult to increase production of power semiconductors in a single leap.

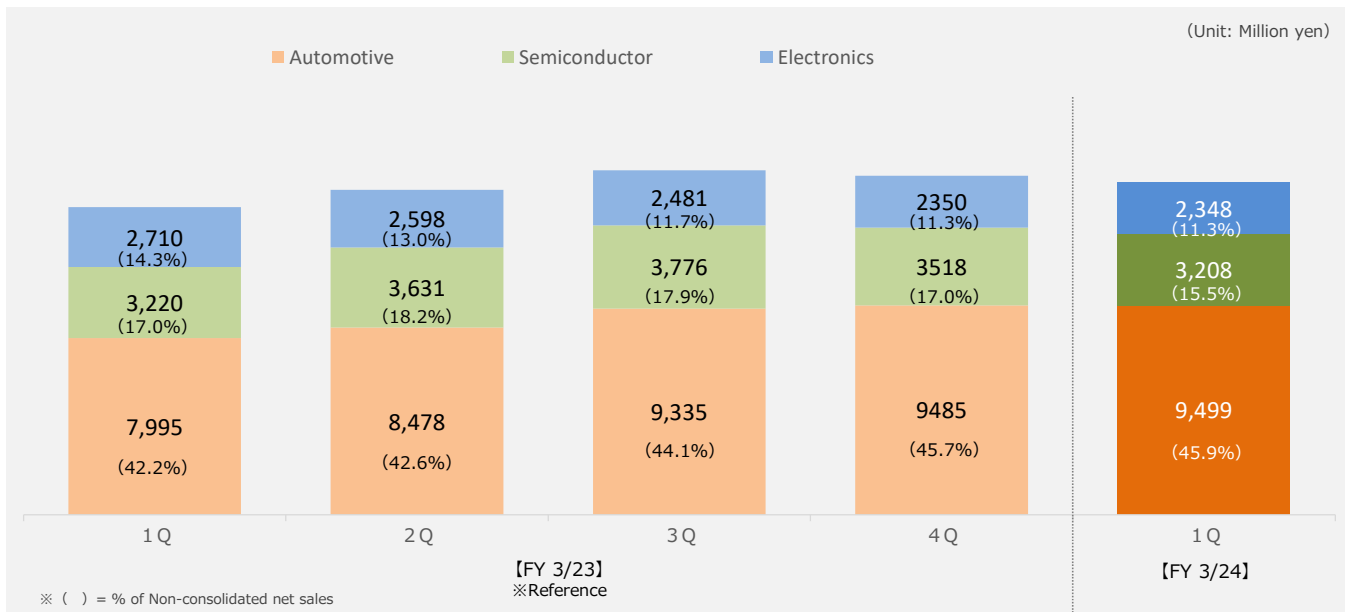
However, we expect a moderate recovery in the second half. Above all, the Kyushu area, centered on Kumamoto Prefecture, also has a need for human resources looking ahead to next year.

In the past, we focused on producing human resources that were biased towards semiconductor

memory. However, in the future, we will be firmly committed to the semiconductor areas other than memory, such as image sensors, power semiconductors, and the semiconductors required for new autonomous driving. We expect the peak to occur around FY 2026, so we intend to make steady progress to achieve that goal.

With the positioning of semiconductors as passive components, the Electronics Industry is very much linked to the Semiconductor Industry. We believe that the recovery will be somewhat slower than semiconductors, but since they are linked, we expect that production will gradually increase in the second half, following that of semiconductors.

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

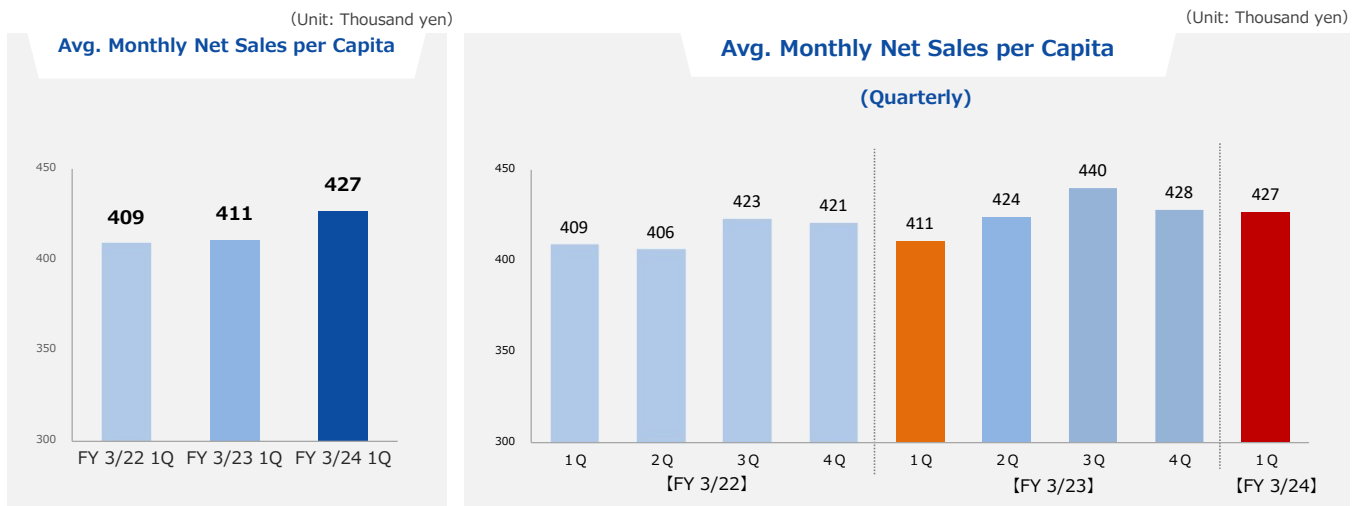


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Shown here is the trend of the quarterly net sales by industry.

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

- FY 3/2024 1Q YTD Avg. monthly net sales per capita 427 Thousand yen (+17 Thousand yen YoY)
- The average monthly net sales per capita increased YoY, due in part to a gradual recovery of operations in the Automotive Industry and an increase in billing unit-costs.



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13

These are the trends of average monthly net sales per capita. In the first quarter, net sales increased by 17,000 yen year-on-year. While the increase in unit-costs have had some impact, the biggest factor has been the recovery of the Automotive Industry, which has made a significant contribution.

While the Automotive Industry has yet to normalize, the first quarter reached a record high in the past several years, and unit-costs increases have progressed quite well.

Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Year-on-Year

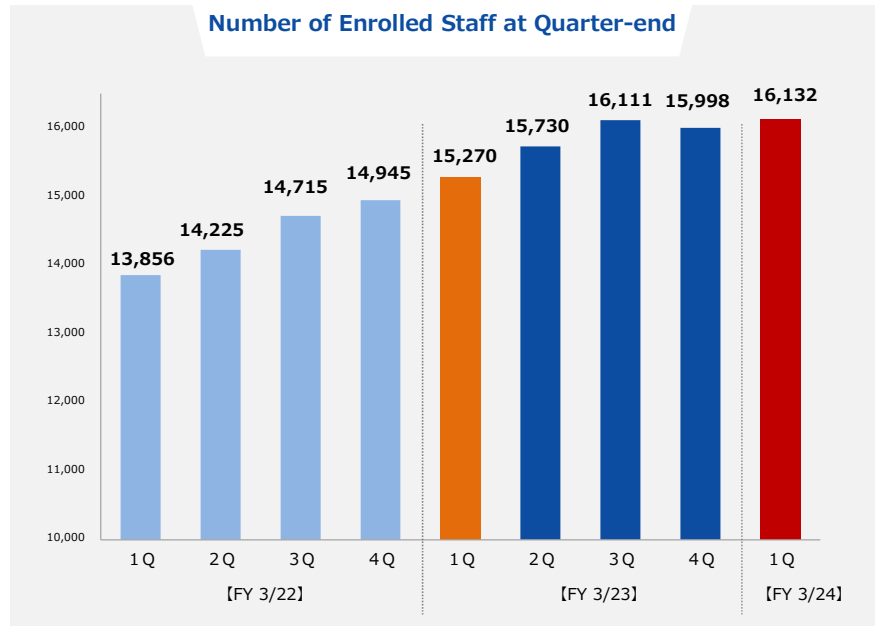
+862 staff (+5.6%)

Point

Highest enrollment achieved since NISSO's listing

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

Number of Enrolled Staff at Quarter-end



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14

This is the trend of the number of enrolled staff. It has remained almost unchanged at around 16,100.

Educational Achievements (NISSO, Non-consolidated)

Point

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

(Unit: # of participants)

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

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

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15

Here are our educational achievements. You can see the decline in engineer education, which is a very important second engine for our medium-term growth.

The decrease from 515 from in the first quarter of last year to 402 in the current first quarter is due to the slowdown in memory production, which led to a decline in attendance for the number of memory engineers and equipment engineers. In addition, another factor was that the brakes were slightly applied on semiconductor equipment production in the first quarter.

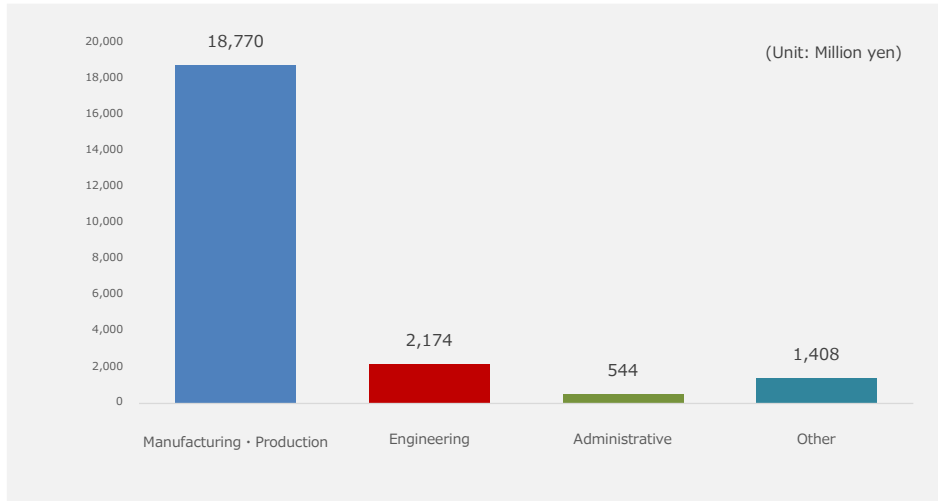
Furthermore, new graduates joined us in April. This change in the number of people reflects the fact that 128 of them received training over a longer span of time than the usual two-month training period. However, from July onwards, approximately 70 new graduates have started to be assigned as engineers, and we expect to progress toward normalization.



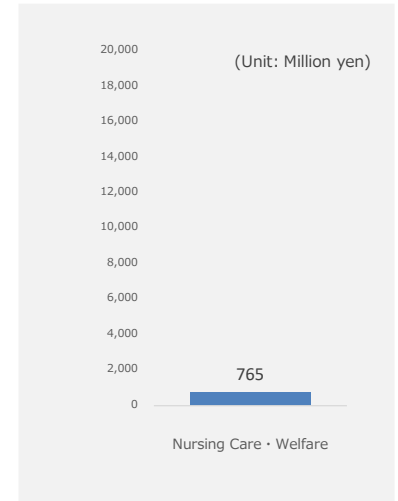
3 Financial Results by Segment (FY 3/2024 1Q)

Net Sales by Segment (Services)

FY 3/2024 1Q
General Human Resources Services Business



FY 3/2024 1Q
Other Businesses



Here are the net sales by segment. Our General Human Resources Services Business includes Manufacturing·Production, Engineering, Administrative, and Other Services, as well as Nursing Care·Welfare Services in our Other Businesses. I will now explain the graphs in detail from the next page.

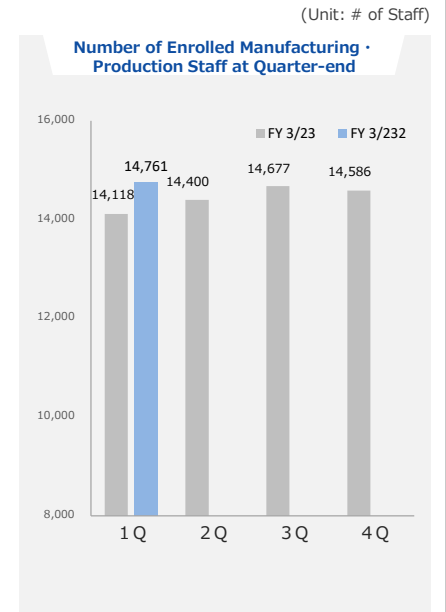
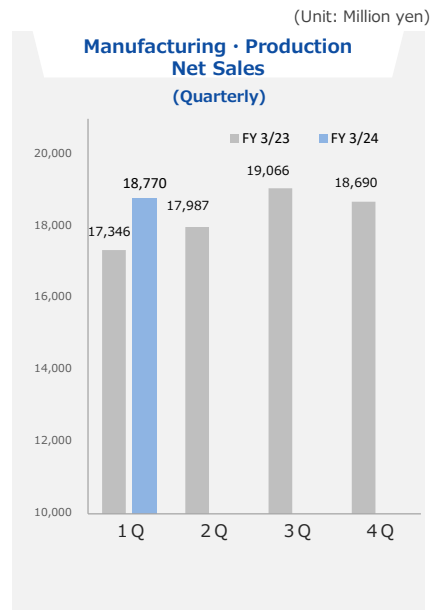
Manufacturing • Production Human Resources Services

Net Sales

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

Number of Enrolled Staff

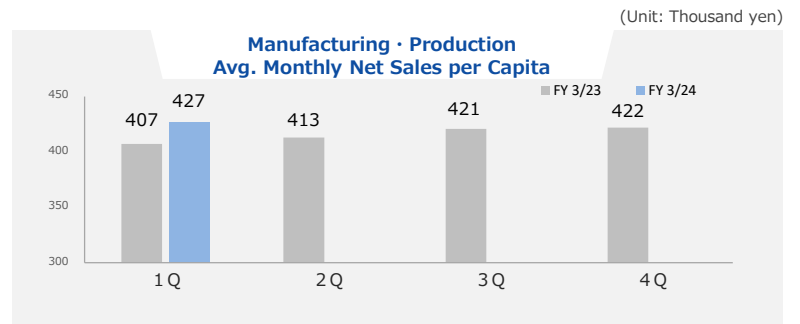
The number of enrolled manufacturing • production staff increase by 643 YoY.



This page is about our Manufacturing • Production Human Resources Services. As shown in the graph on the slide, the number of enrolled staff increased by 643 year-on-year, and net sales increased by 8.2%. The growth rate of net sales is greater than that of the number of enrolled staff, which indicates that our operations are gradually returning to normal.

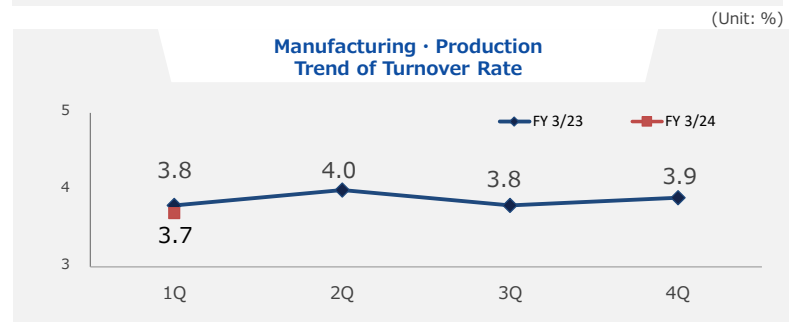
Avg. Monthly Net Sales per Capita

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



Turnover Rate

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



The graph on the top of the slide shows the average monthly net sales per capita for Manufacturing·Production Human Resources Services, and the graph on the bottom shows the turnover rate. At 3.7%, I believe that we are controlling the turnover rate relatively well. Net sales increased by 4.9% year-on-year. As I mentioned earlier, you can see that unit-costs and operating status are having a positive effect.

Engineering Human Resources Services

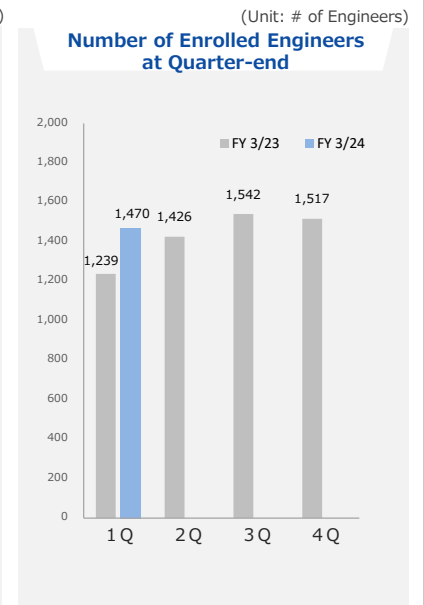
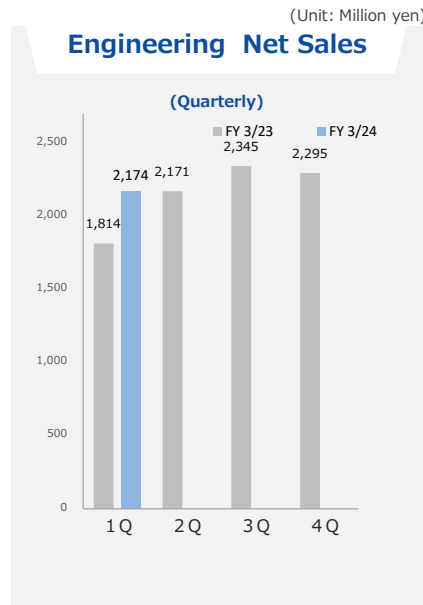


Net Sales

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

Number of Enrolled Engineers

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



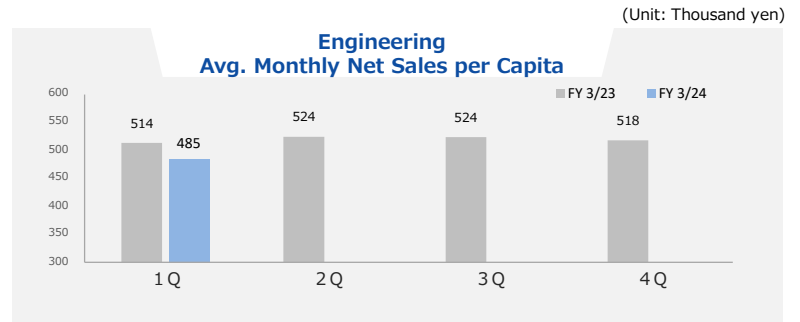
This page is about our Engineering Human Resources Services. The graph on the right of the slide shows the number of enrolled engineers, and the graph on the left shows net sales. Despite the year-on-year growth, a slowdown in the fourth quarter of last year has impacted the sluggish growth of net sales and the number of enrolled staff.

Engineering Human Resources Services



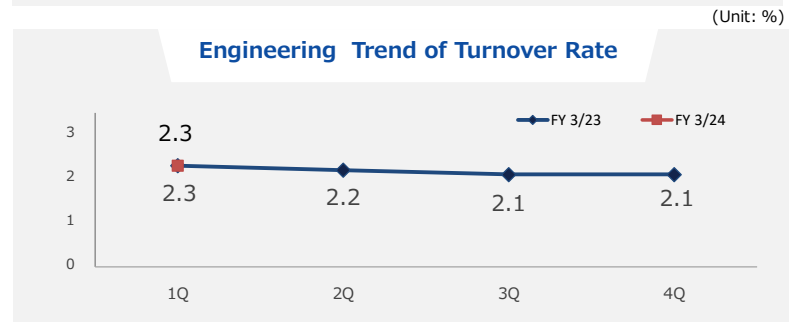
Avg. Monthly Net Sales per Capita

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



Turnover Rate

The engineering turnover rate remained at the same level YoY.



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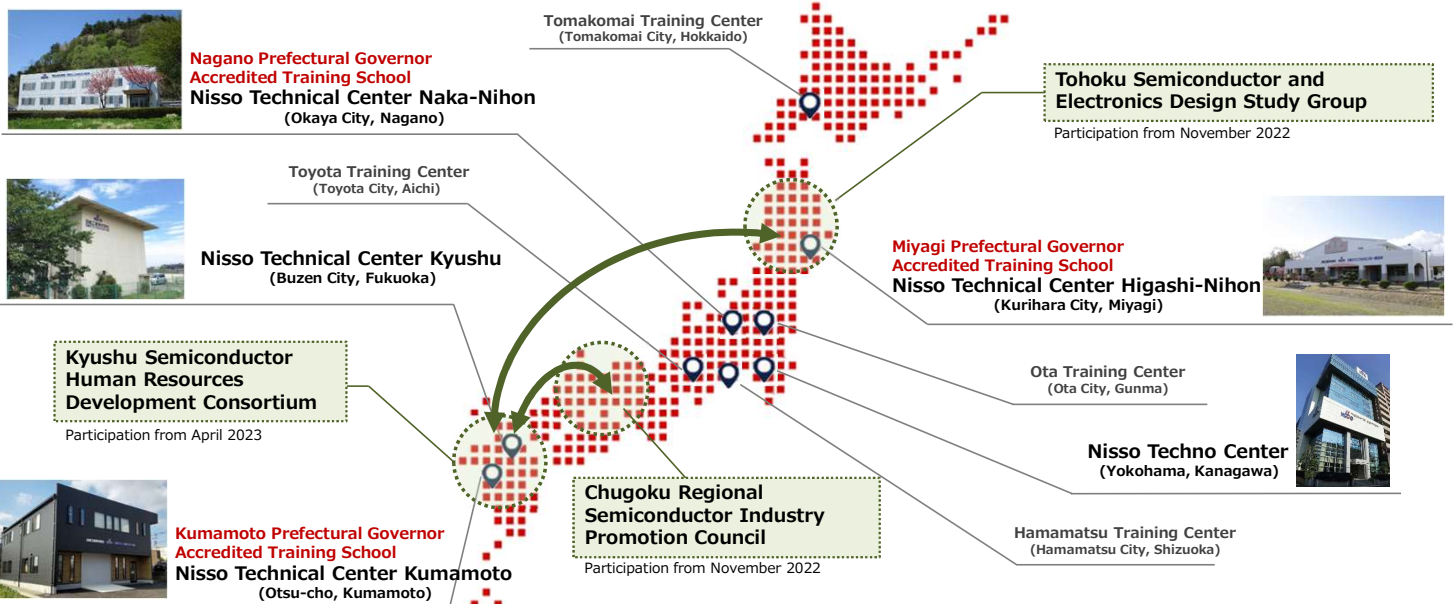
21

Shown here are net sales per capita and the turnover rate. As shown in the graph on the top of the slide, net sales per capita have decreased. It can be seen that the operating status in semiconductor memory and semiconductor devices have affected the technical area as well.

The turnover rate is at about the same level as last year. Going forward, we will take measures to prevent the turnover rate from increasing by firmly assigning personnel to new fields other than semiconductor memory.

Toward the Growth of Engineering Human Resources Services

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



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22

This diagram shows the locations of our nationwide research facilities and how we are developing a consortium of industry-government-academia around them to grow our Engineering Human Resources Services, which is one of the major pillars of our industry strategy.

The reason we are pursuing an industry strategy is because we believe that there will be a game change in MONOZUKURI (manufacturing) in the future. Let me explain a little bit about how we think. We strongly feel from the needs of our clients that the key to capturing the success of our industry strategy are equipment engineers.

The reason for this is that while the needs for people working in manufacturing are high, as the population decreases due to the declining birthrate and aging population, automation and automated machines are increasing in large numbers.

In the semiconductor area, for example, the more cutting-edge the semiconductors become, the less dust and debris they can withstand. When it comes to minimizing the number of people entering the worksite, the equipment maintenance staff play a key role in ensuring that the equipment is properly maintained.

With regard to EV batteries in the Automotive Industry, which I mentioned earlier, as you know, Japan is said to be lagging behind the rest of the world in terms of EVs. However, plans are emerging to up to set up new battery factories across the country.

The front-end process of battery manufacturers is called the cell process, but the process of making the cells that go inside batteries is actually very similar to the maintenance of semiconductors.

We are currently redirecting the members trained for semiconductor maintenance to this area. However, from now on, we hope to gain the trust of our clients and will establish a dedicated Technical Center for this process.

The Technical Center in Kumamoto Prefecture is a facility created to develop human resources for semiconductors. Although it was just opened in April, it has become clear that the needs of our clients exceeded our training capabilities. For now, I would like to tell you that

we are planning to increase the number of such facilities for next year.

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

Point

In order to strengthen the ability to develop high value-added human resources, NISSO has developed an e-learning system for manufacturing education and engineer training as new educational content for our employees. With the key phrase "knowing makes it possible", NISSO is promoting DX in the education field. By utilizing this system, educational opportunities will be expanded. After in-house operation of this system for employee education, NISSO is considering selling it to the general public.



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This page is about the next steps related to human resources development toward the growth of our Engineering Human Resources Services. First, we will improve the efficiency of human resources development through the in-house e-learning system we developed.

If you look around the world, there are surprisingly only a few e-learning systems in the area of MONOZUKURI (manufacturing) or engineering. That is why we decided to develop it in-house.

There are two reasons why we have an advantage. First, we have a Technical Center that provides real education with actual equipment housed there. The one major point is that we have machines for teaching at our disposal.

Second, our training is unique in that we create a curriculum to develop the human resources we will need in the future while ascertaining the needs of our clients. This allows us to constantly listen to the needs of our clients and provide education that is appropriate for them. It also has the advantage of being able to update the content according to their needs.

We have decided to develop the system, using it in-house, and then selling or opening it to the general public as the next step. I hope you will understand that we have strong intentions to carry out our new "education" business in the process of recruiting, training, and managing people on-site over the medium-term.

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

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

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



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Here is the second step toward the growth of our Engineering Human Resources Services. Mitsubishi Research Institute's (MRI) "JOBMINES™" is a human resources matching service we were also involved in developing.

Until now, there hasn't been much that can visualize people's skills. Although there are systems out there to manage skills, they are very rough. Frankly, those alone are not useful in the manufacturing and technical areas.

"JOBMINES™" is a system that breaks down the elements of skills needed to flourish as an engineer in each area. For example, when we talk about reskilling people working in different places, we can clearly see which skill they have and which skill they lack.

Our strength is that we teach the skills the staff may lack at our Technical Centers while providing our clients with staff that have the right amount of skills they need at the worksites. Until now, even if clients requested an engineer with particular skills, we have only been able to match the clients and staff abstractly.

However, by thoroughly analyzing the factors, it is less likely that a gap between the clients and what we assume will occur. As a result, the matching accuracy is improved, and there is a tremendous benefit of fulfilling the needs of our clients.

We are currently digging deeper into the semiconductor area. However, as we continue to work closely with Mitsubishi Research Institute, we will delve deeper into the areas of batteries and industries that will become necessary in the future.

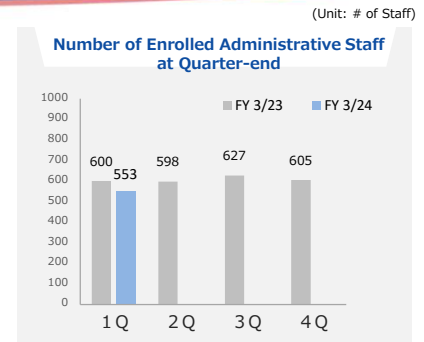
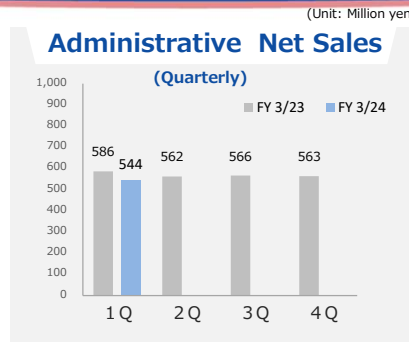
At this very moment, our approach is to respond to the national challenges of reskilling and to smooth the flow of employment mobility.

Administrative · Other Human Resources Services



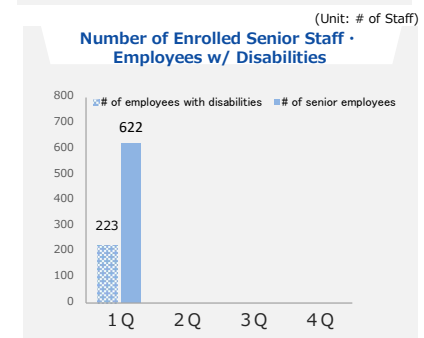
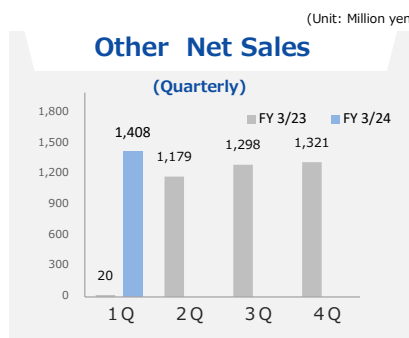
Administrative Human Resources Services

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



Other Human Resources Services

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



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25

This page is about our Administrative·Other Human Resources Services. As you can see from graphs on the slide, both net sales and the number of enrolled administrative staff decreased year-on-year. Call centers and computation centers, which used to be very common as dispatching destinations for administrative staff, are increasingly being replaced by new technologies. Therefore, we do not think that we can expect much growth with our traditional business model.

We would like to face growth while creating the administrative areas and functions necessary for the new era, as well as a structure that properly develops foreign nationals and enables them to flourish.

Other Human Resources Services, include support for the success of what we call prime human resources, who are commonly referred to in Japan as "silver (senior employees)", and people with disabilities. Nikon Nisso Prime conducts product development that enable senior workers to flourish, while Nisso Pure carries out ability development for people with disabilities and the development of workplaces where such people can also flourish.

Nursing Care · Welfare Services



Points

- The overall occupancy rate of nursing care facilities remained high at 94.5%.
- Net sales increased by 3.8% YoY.

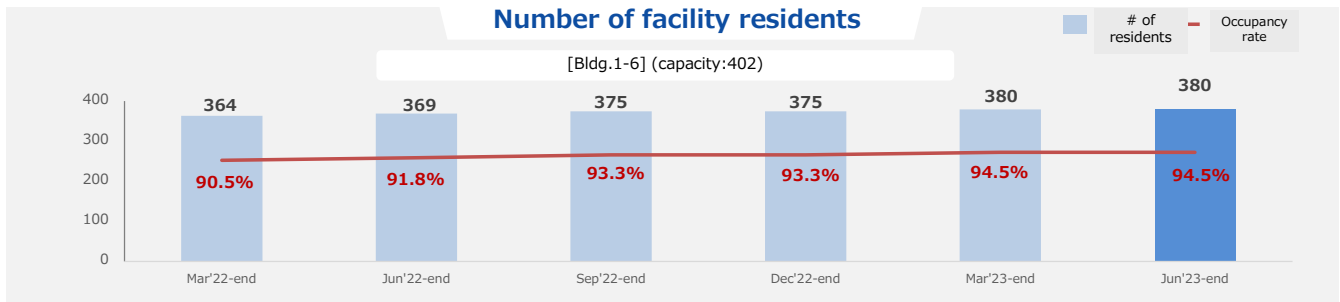
● Results of Nursing Care · Welfare Services

(Unit: Million yen)

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

Number of facility residents

(Unit: # of residents)



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26

The following is about our Nursing Care·Welfare Services. The occupancy rate has been maintained at a high level of 94.5%, contributing to sales and profits as a result. Although it is tens of millions of yen, I hope you will understand that this segment supports only a portion of our consolidated operating profit that I mentioned at the beginning of this presentation.

Recruitment Initiatives

NISSO's Recruitment Site

A specialized site that is an absolute customer attraction tool

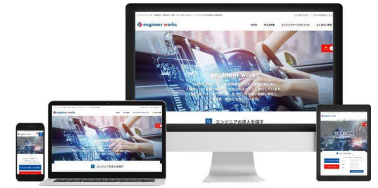
"Kyoto Kyujin Navi" is attracting more customers as a recruitment site specializing in the manufacturing industry.

NISSO will continue to enhance usability in the future.

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

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

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



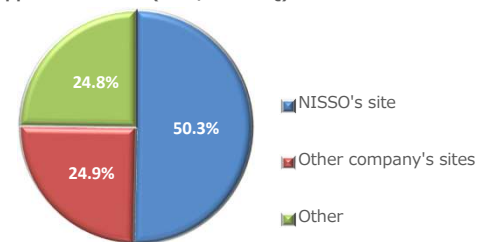
Media Channels and Characteristics

Owned media share: 50% or more

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

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

Application Share (FY 3/2024 1Q)



This page is about our recruitment initiatives. Traditionally, although the human resources industry has been able to attract large numbers of people, the difficulty of attracting people is increasing with each passing day.

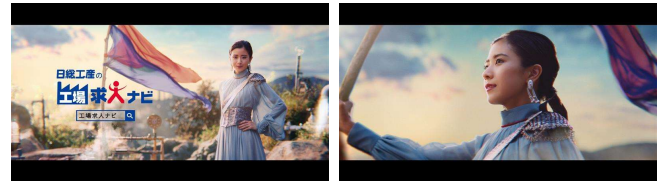
However, even in this current difficult situation, half of our hires have come through our own website. In the future, when differentiating ourselves from other companies, we believe that we will have the advantage of being more efficient in recruiting and being able to provide detailed explanations on our own website, which will make mismatches less likely to occur.

About one-quarter of our hires have joined the company from other companies' websites. In the future, with our new recruitment methods, we will actively recruit "silver (senior)" workers, people with disabilities, and foreign nationals, as I mentioned earlier, and revitalize our recruitment efforts.

Recruitment Initiatives

TV Commercial Promotion

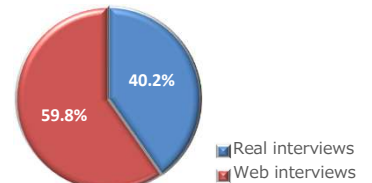
In order to raise awareness of NISSO's recruitment site "Kojo Kyujin Navi", we continued to conduct promotional activities through TV commercials featuring actress Yuina Kuroshima. As a result, the number of users of has expanded. (Up 29% YoY)
 URL: <https://www.717450.net/cm/> (in Japanese only)



Hybrid Recruitment Interviews

In order to meet the needs of job seekers, NISSO uses both in-person (real) interviews and online interviews. In order to improve the interview utilization rate, NISSO trains and assigns interviewers who can respond to various needs.

Interview ratio (FY 3/2024 1Q)



Branding Strategy SNS utilization, etc.

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

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As for TV commercials, the number of users increased by 29% year-on-year due to the promotion featuring Yuina Kuroshima.

In addition, in the wake of the COVID-19 pandemic, we have started to implement hybrid recruitment interviews. Currently, online interviews account for 60% and in-person (real) interviews for 40%. Although it may seem like in-person interviews still account for as much as 40%, we conduct them in a hybrid manner in order to meet the needs of job seekers.

As for our branding strategy, we are making full use of SNS and video content, including TV commercials.

First Exhibition at Manufacturing World Japan 2023



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

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

Approximately 1,000 people, mainly technical manufacturers, visited. NISSO plans to continue exhibiting at exhibitions in the future in order to expand the high value-added areas that we are aiming for.



Exhibition Overview | Content

Nisso Technical Center Higashi-Nihon VR

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



AI

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



Seminars

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



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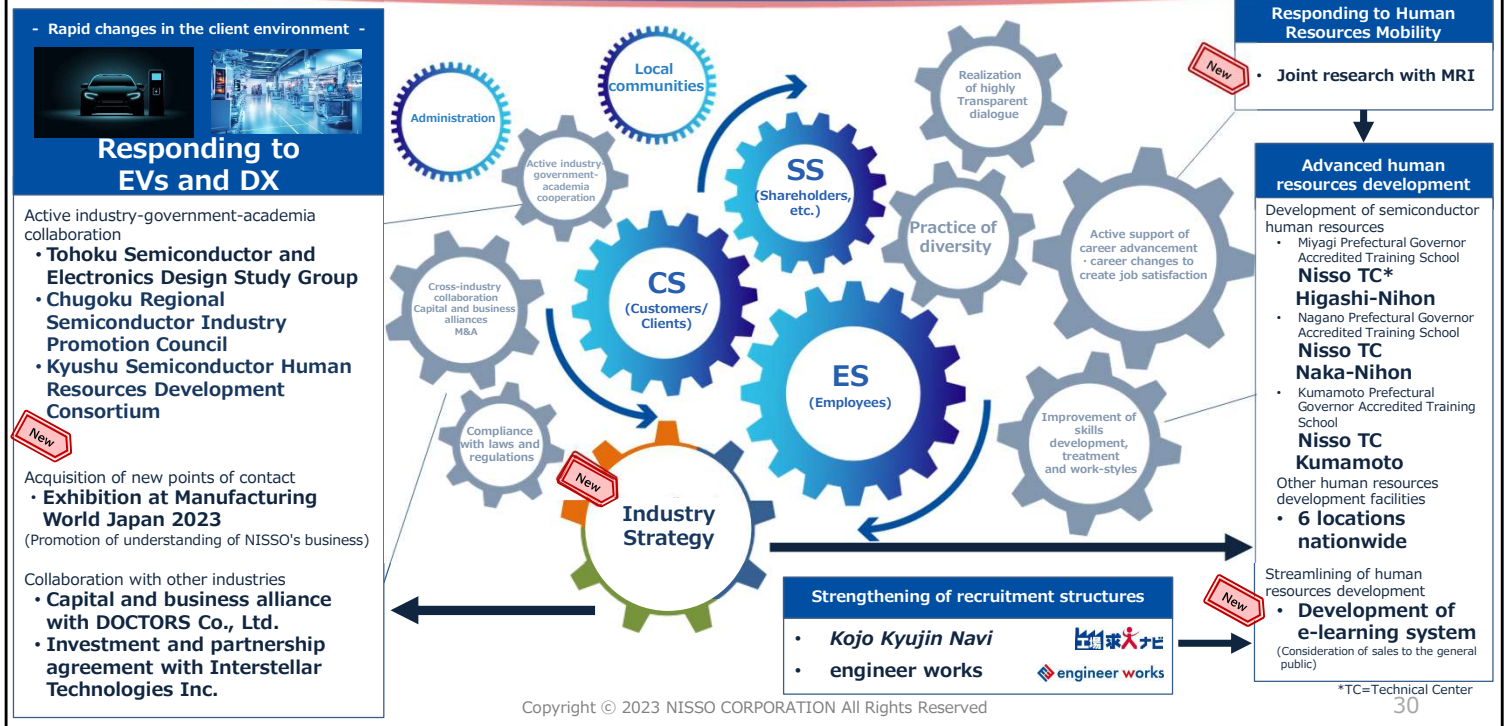
29

Since it is closely linked to our industry strategy, we exhibited for the first time at "Manufacturing World Japan 2023". It was held at Tokyo Big Sight, our booth was visited by more than 1,000 people, mainly people from the technical areas of manufacturers.

In addition to a VR tour of Nisso Technical Center Higashi-Nihon and the experience of detecting foreign objects using AI, which we are working on, we held several seminars.

Our aim in participating this event was not only to promote our company, but also to increase client contacts to find out what kind of human resources will be needed in each industry in the future. We intend to further refine the effectiveness of our industry strategy by delving deeper into the needs of our clients.

Toward the Realization of the Nisso Group Growth Cycle



This is an update of our Medium-term Management Plan, including the contents of the current plan. This time, we have added industry strategy as a new major gear.

In order to increase the level of satisfaction of our clients, employees, and shareholders, we must ensure that all related important issues are properly addressed. We hope to realize the growth cycle by specifically incorporating various elements.



4 Future Prospects (FY 3/2024)

FY 3/2024 Full-year Consolidated Forecasts



In the full-year consolidated forecasts, in addition to the recovery of operations in the automobiles industry, demand for components related to PCs and communication equipment is expected to gradually recover. Furthermore, in the semiconductor memory field, etc., although the impact of inventory adjustments remain, NISSO expects revenue and profits to increase.

■ FY 3/2024 Full-year Consolidated Forecast (April 1, 2023 ~ March 31, 2024)

(Unit: Million yen)

	FY 3/23 Results		FY 3/24 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	90,827	100.0%	100,000	100.0%	9,172	10.1%
Operating profit	2,268	2.5%	3,600	3.6%	1,331	58.7%
Ordinary profit	2,349	2.6%	3,600	3.6%	1,250	53.2%
Profit attributable to owners of parent	1,622	1.8%	2,300	2.3%	677	41.8%

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32

Here are our future prospects. We believe that we have maintained our prospects for the end of the current fiscal year based on what we announced in May. The reason, as I mentioned earlier, is that there are many uncertainties. We would like to disclose it promptly as soon as the situation becomes more clear.



5 Shareholder Return Policy

Shareholder Return Policy



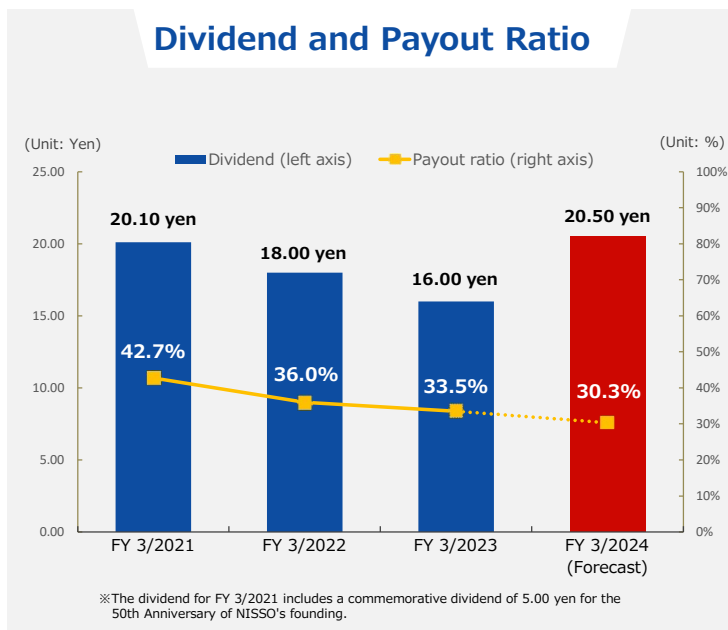
Basic Policy

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

FY 3/2024 Dividend Forecast

NISSO expects to pay a dividend of 20.50 yen per share (consolidated dividend payout ratio of 30.3%).

Dividend and Payout Ratio



This is our shareholder return policy. This time, we plan to pay a dividend of 20.50 yen per share.

However, we do not consider this dividend to be at a high level. We will fully consider raising the dividend payout ratio when we are in a situation where we can expect further growth, or while monitoring the status of our internal reserves.



6 Supplementary Materials

Consolidated Balance Sheet



(Unit: Million yen, %)

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

Point

① Increase due to expansion of operating personnel

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

② Tax payments

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

③ Bonus payments

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

④ Dividends

Shareholders' equity decreased due to dividend payments in June.

⑤ Overall

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

37

Our consolidated balance sheet is included here as supplemental material. Please refer to the points on the right side of the slide at your own convenience.

This concludes my presentation.



*Making hardworking people,
happy.*

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

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