



*Nurturing and Bringing Out
the Best in People*

日総工産株式会社
NISSO CORPORATION

TSE 1 Code: 6569

FY 3/2021

Financial Results Briefing Materials

May 14, 2021

FY 3/2021 Results

- Decreased revenue and profits year-on-year
- Demand for electronic devices was strong
- Human resources needs recovered overall
- Impact of the earthquake and semiconductor shortages was limited

FY 3/2022 Consolidated Earnings Forecast

- Expected increase in revenue and profits due to recovery in human resources demand
- Will invest to transform into a high-growth corporate group

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FY 3/2021

Financial Results Summary

FY 3/2021 Consolidated Financial Results Highlights



(Unit: Million yen)

Points

- Revenue and profits decreased, partly due to a decrease in enrollment.
- Ordinary profit decreased by only 6.4%, partly due to subsidy income.
- Operations (number of working days, overtime hours, holiday work, etc.) stabilized, and net sales in 4Q alone increased from 3Q.
- In Other Businesses, the number of residents remained stable, resulting in increased revenue and profits.

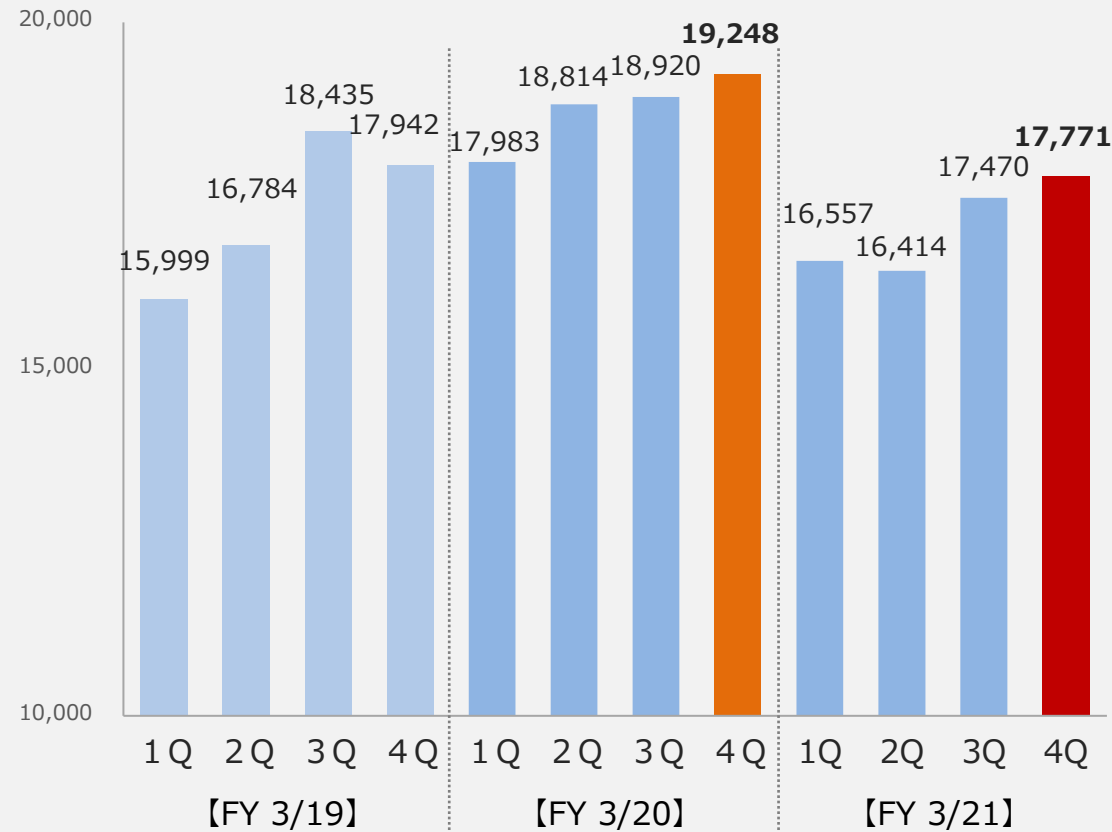
	FY 3/20		FY 3/21		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	74,966	100.0%	68,213	100.0%	(6,752)	(9.0%)
Gross profit	13,115	17.5%	11,787	17.3%	(1,328)	(10.1%)
SG&A expenses	10,054	13.4%	9,188	13.5%	(866)	(8.6%)
Operating profit	3,061	4.1%	2,599	3.8%	(461)	(15.1%)
Ordinary profit	3,149	4.2%	2,949	4.3%	(200)	(6.4%)
Profit attributable to owners of parent	2,033	2.7%	1,592	2.3%	(440)	(21.7%)

FY 3/2021 Quarterly Consolidated Financial Results



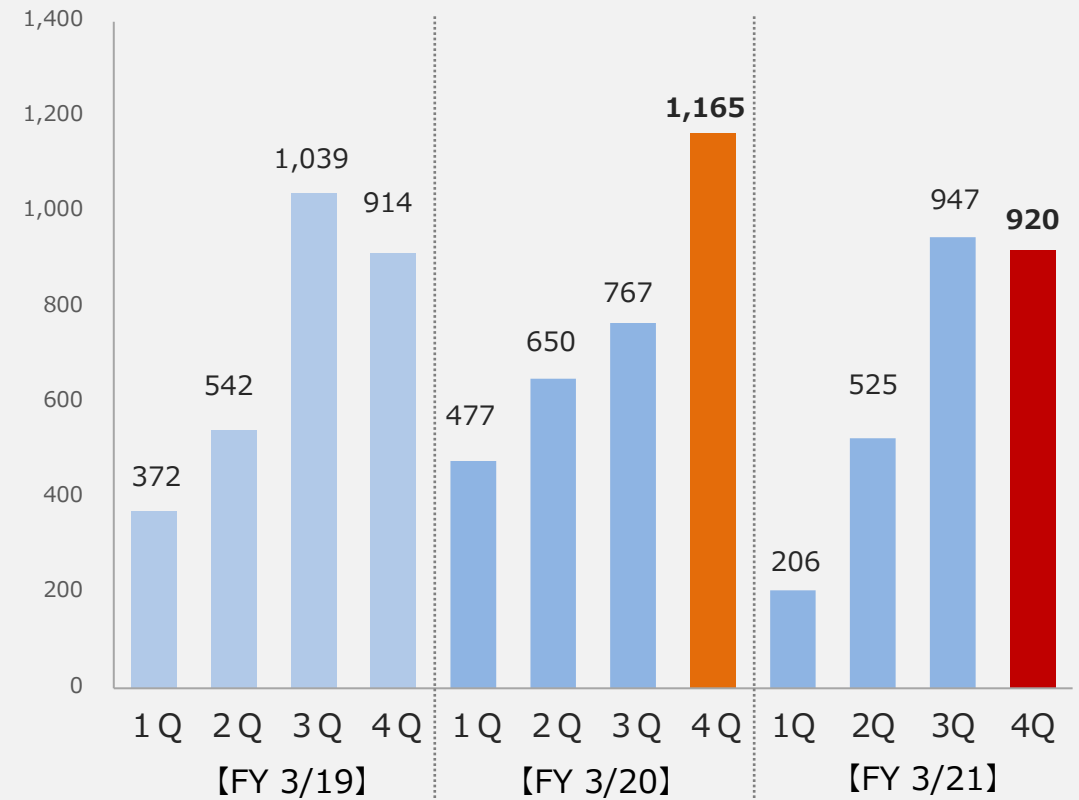
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



FY 3/2021 Non-consolidated Financial Results Highlights



(Unit: Million yen)

Net sales

- Net sales decreased by 9.6% partly due to a decrease in enrollment as a result of the effects of the new coronavirus (COVID-19) in 1H.
- Since 2H, enrollment has gradually recovered. Net sales were also on a recovery trend.

Expenses · Profits

- Regarding ordinary profit, the profit margin exceeded that of the previous FY, partly due to the recording of subsidy income from non-operating income.
- Investment in recruitment strengthened in 4Q as human resources needs recovered.

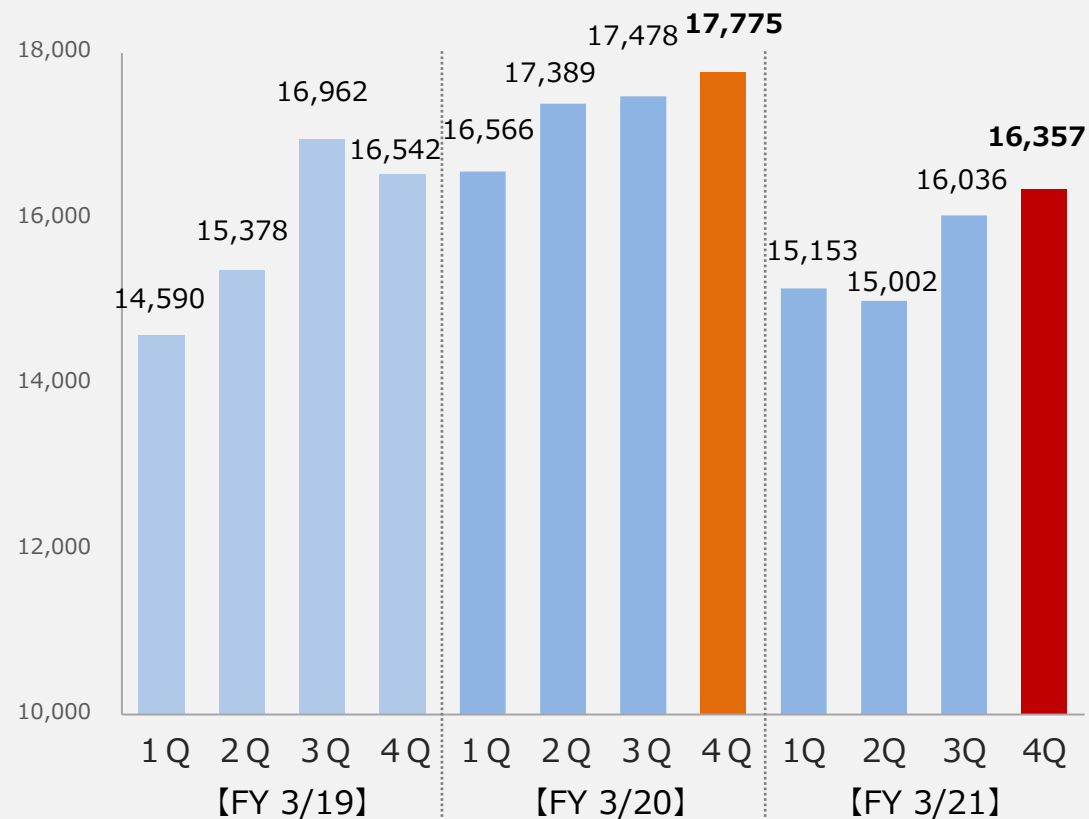
	FY 3/20		FY 3/21		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	69,209	100.0%	62,549	100.0%	(6,659)	(9.6%)
Gross profit	12,492	18.1%	11,226	17.9%	(1,266)	(10.1%)
SG&A expenses	9,373	13.5%	8,603	13.8%	(769)	(8.2%)
Operating profit	3,119	4.5%	2,622	4.2%	(496)	(15.9%)
Ordinary profit	3,124	4.5%	2,863	4.6%	(260)	(8.3%)
Profit	2,030	2.9%	1,530	2.4%	(500)	(24.6%)

FY 3/2021 Quarterly Non-consolidated Financial Results



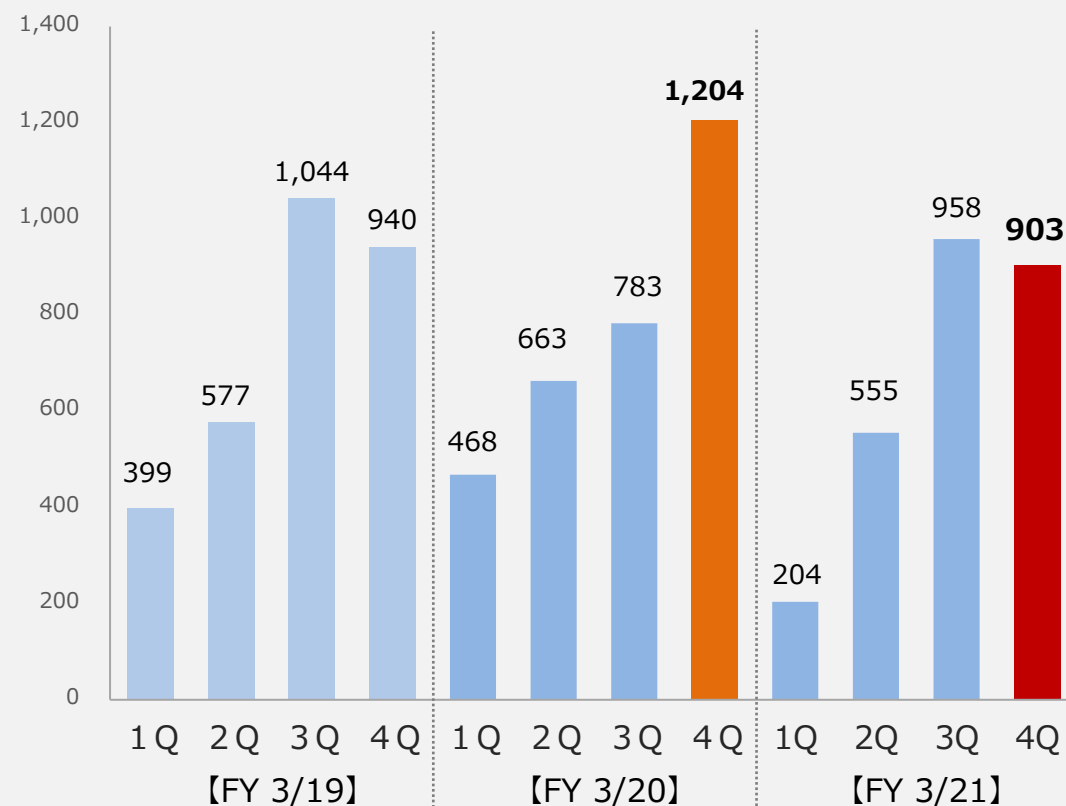
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit





2

FY 3/2021

Overview of Activities

FY 3/2021 Financial Results Summary

Consolidated Financial Results

Net Sales **68,213 Million yen** (-6,752 Million yen / -9.0% YoY)

Operating Profit **2,599 Million yen** (-461 Million yen / -15.1% YoY)

● Net Sales by Industry (YoY)

Automobiles ... **(14.4%)**

Electronic devices ... **+3.2%**

- In the automobiles-related industry, although net sales decreased by 14.4% YoY, it increased compared to 3Q. The impact of the earthquake and semiconductor shortages was limited.
- In the electronic devices-related industry, net sales remained firm, partly due to strong demand for semiconductors.

● 4Q-end Number of Enrolled Staff

13,146 staff

(-1,624 staff from FY 3/20-end)

(+454 staff from 3Q-end)

- Although the number of enrolled staff decreased by 1,624 compared to FY 3/20-end, it increased by 454 compared to 3Q-end, and the recovery trend continued.

● Net Sales per Capita/Monthly

396 Thousand yen

(-1 Thousand yen YoY)

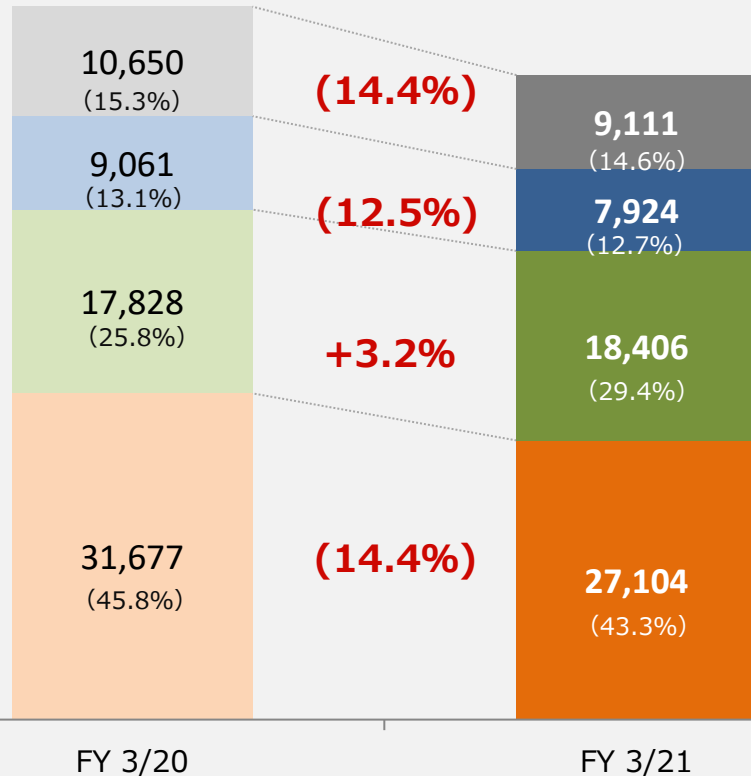
- Operations (number of working days, overtime hours, holiday work, etc.) stabilized, and net sales per capita recovered to levels close to the previous FY. The amount of decrease also improved from 3Q (which was at -6 Thousand yen).

FY 3/2021 Net Sales by Industry (NISSO, Non-consolidated)

(Unit: Million yen)

Net Sales Composition Ratios

Automobiles Elec. Devices Precision·Elec. Machinery Other



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

【Precision · Electrical Machinery】

Despite a gradual recovery, net sales decreased by 12.5% YoY, partly due to a decrease in demand for offices as a result of the promotion of remote work.

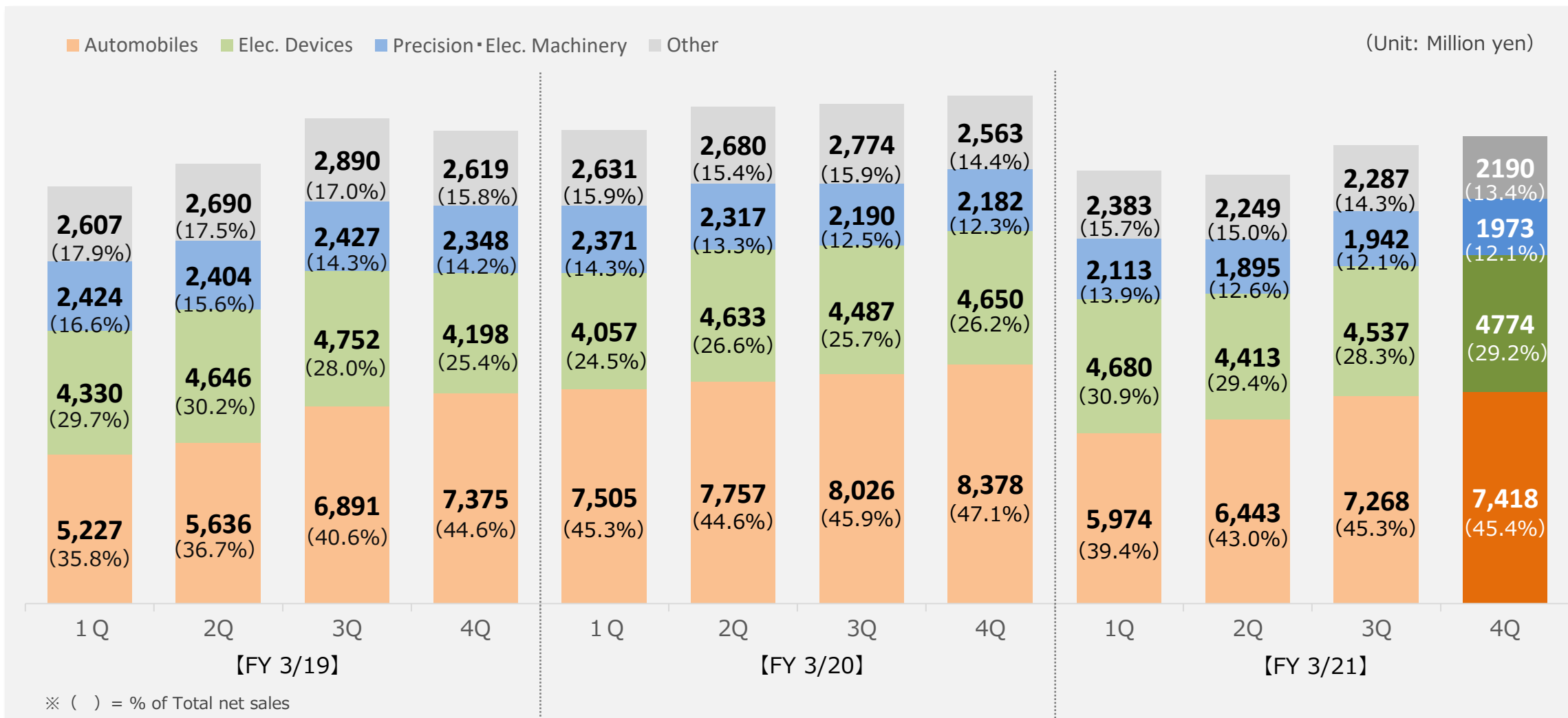
【Electronic Devices】

In addition to the increase in IT demand such as IoT, 5G, AI, etc., there was also global demand for semiconductors, and net sales increased by 3.2% YoY.

【Automobiles】

Domestic and international demand was stable. Operations (number of working days, overtime hours, holiday work, etc.) also maintained an increasing trend. In addition to auto-body manufacturers, the number of staff at suppliers also increased, and although net sales decreased by 14.4% YoY, it increased by 2.1% on a quarterly basis compared to 3Q.

FY 3/2021 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



Net Sales per Capita (NISSO, Non-consolidated)

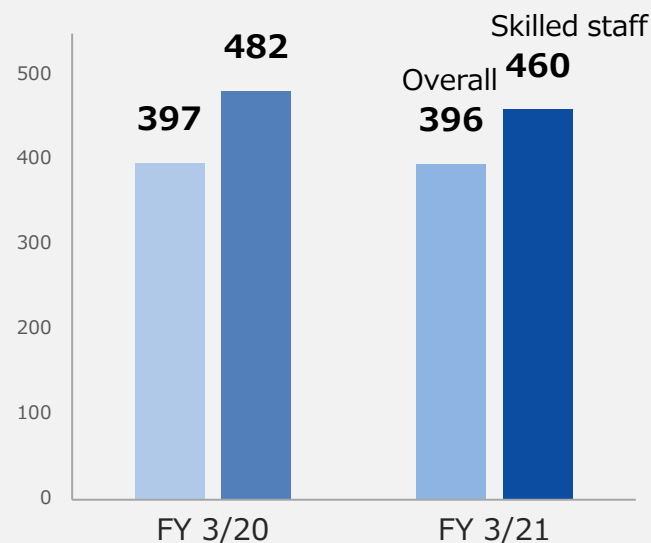


- FY 3/2021 Totals <Overall net sales per capita > 396 Thousand yen (-1 Thousand yen YoY)
<Skilled staff net sales per capita> 460 Thousand yen (-22 Thousand yen YoY)
- Although overall net sales per capita decreased YoY, on a quarterly basis, following 3Q, 4Q also increased YoY.

The number of skilled staff decreased YoY due to the influence of COVID-19 in 1H.

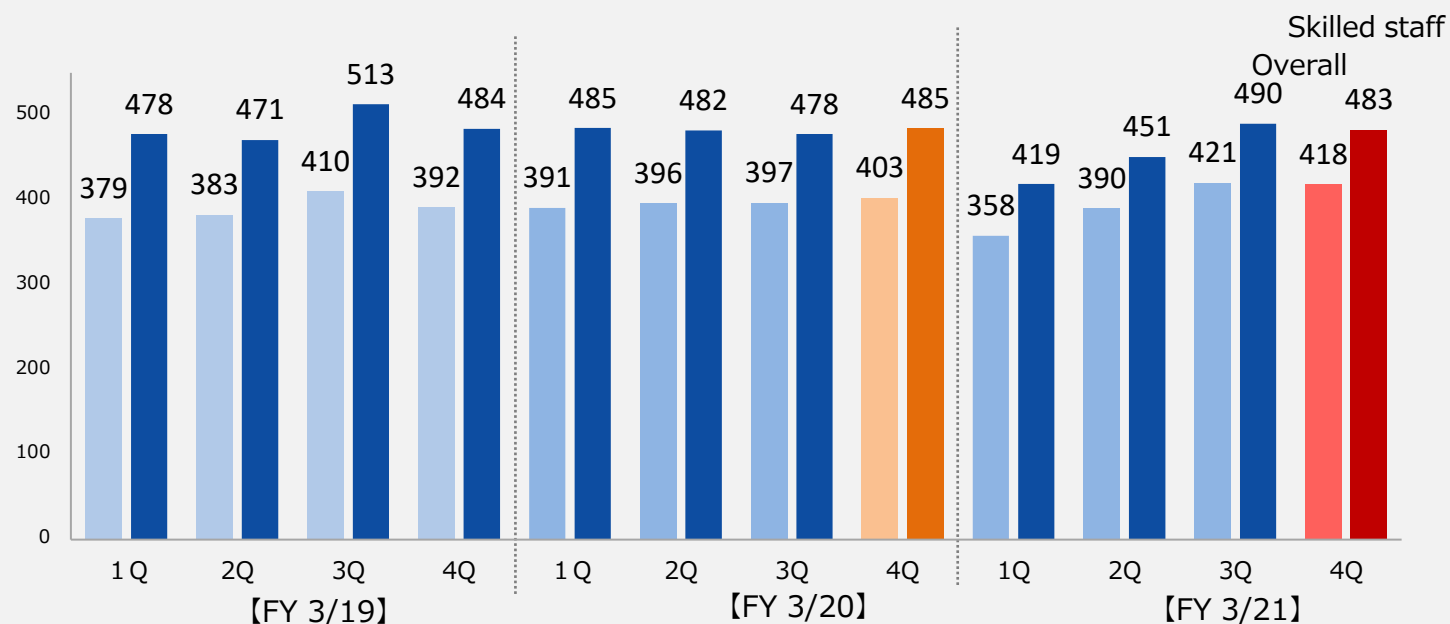
(Unit: Thousand yen)

Net Sales per Capita (Monthly Average Conversion)



(Unit: Thousand yen)

Net Sales per Capita (Quarterly)



Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Compared w. 3Q-end

+454 staff (+3.6%)

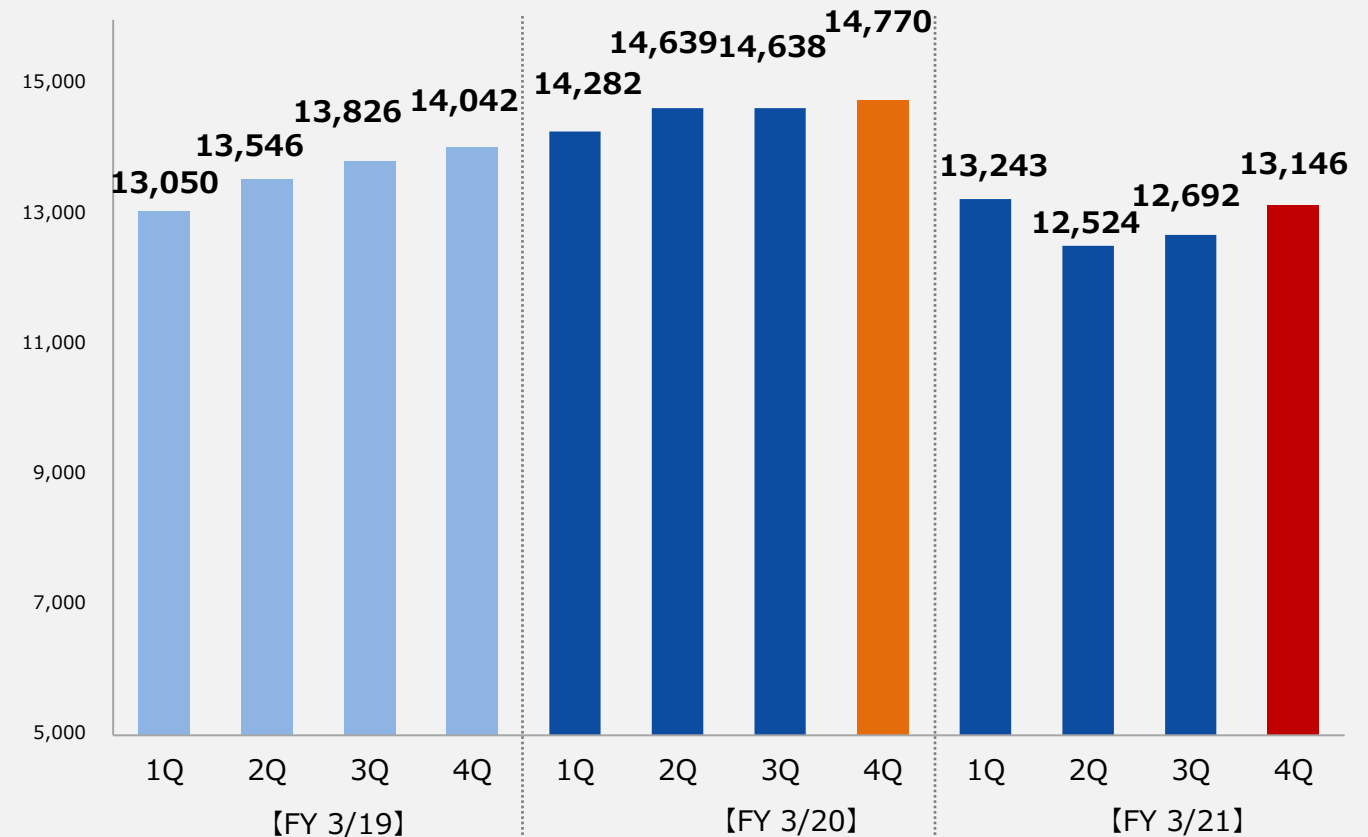
Point①

New hires recovered to the same level as the end of the previous FY. Also, the trend of increases was maintained, partly due to an improvement in the turnover rate as a result of the curbing of enrolled staff leaving NISSO.

Point②

In addition to the automobiles-related industry, the need for human resources in the electronic devices-related industry increased.

Number of Enrolled Staff at Quarter-end



Number of Skilled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Point①

The number of skilled staff increased YoY (up 186 from the end of the previous FY), despite the impact of production cuts at some manufacturers.

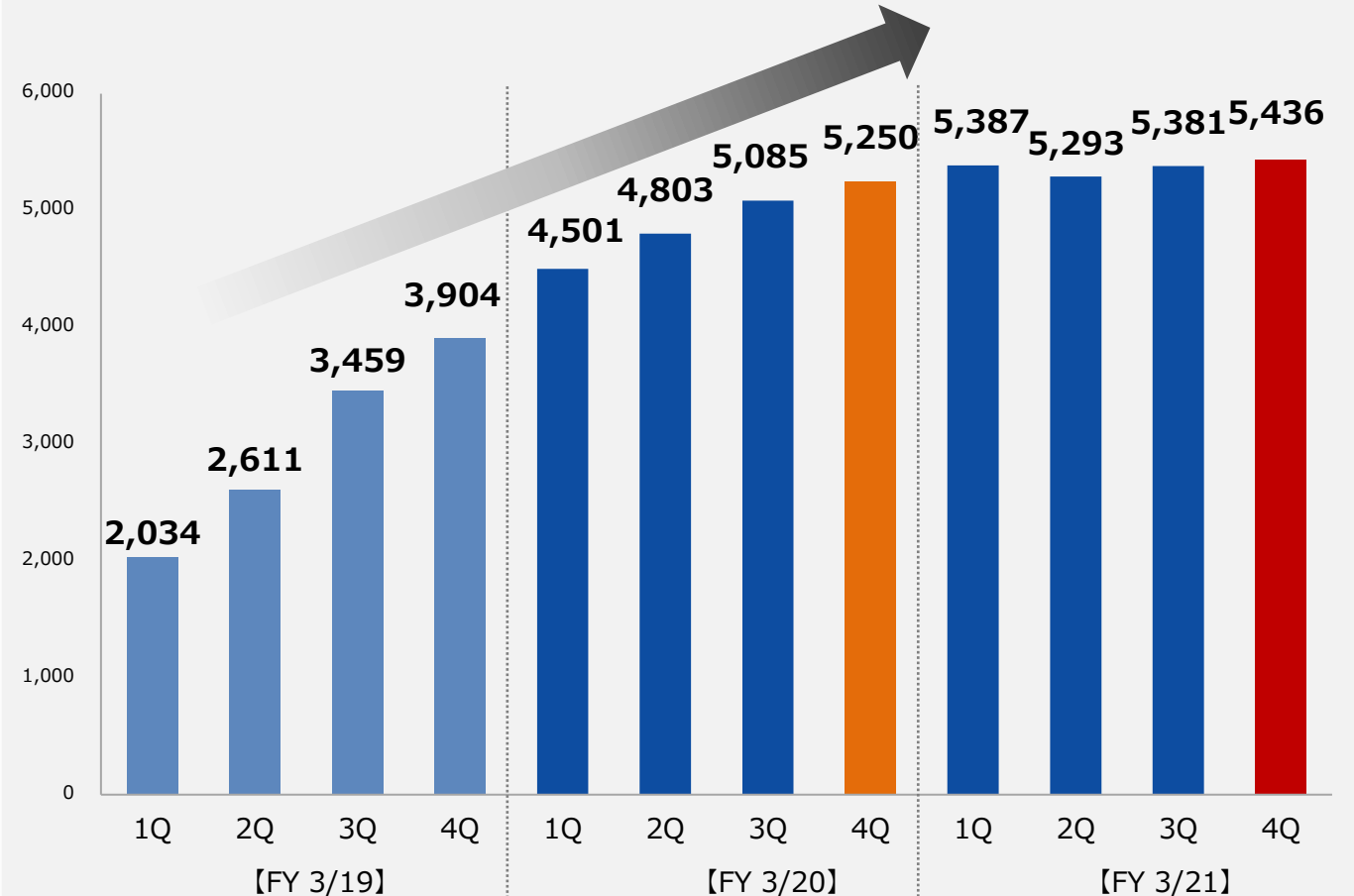
Point②

In addition to a strong presence in the automobiles industry, the number of skilled staff increased mainly in the Account Company Groups due to the recovery in supplier demand.

Point③

The ratio of skilled staff to NISSO's total enrolled staff remained at 41.4%, partly due to the increase in overall enrollment.
(FY 3/2021 3Q: 42.4%)

Number of Skilled Staff



Account Companies (NISSO, Non-consolidated)



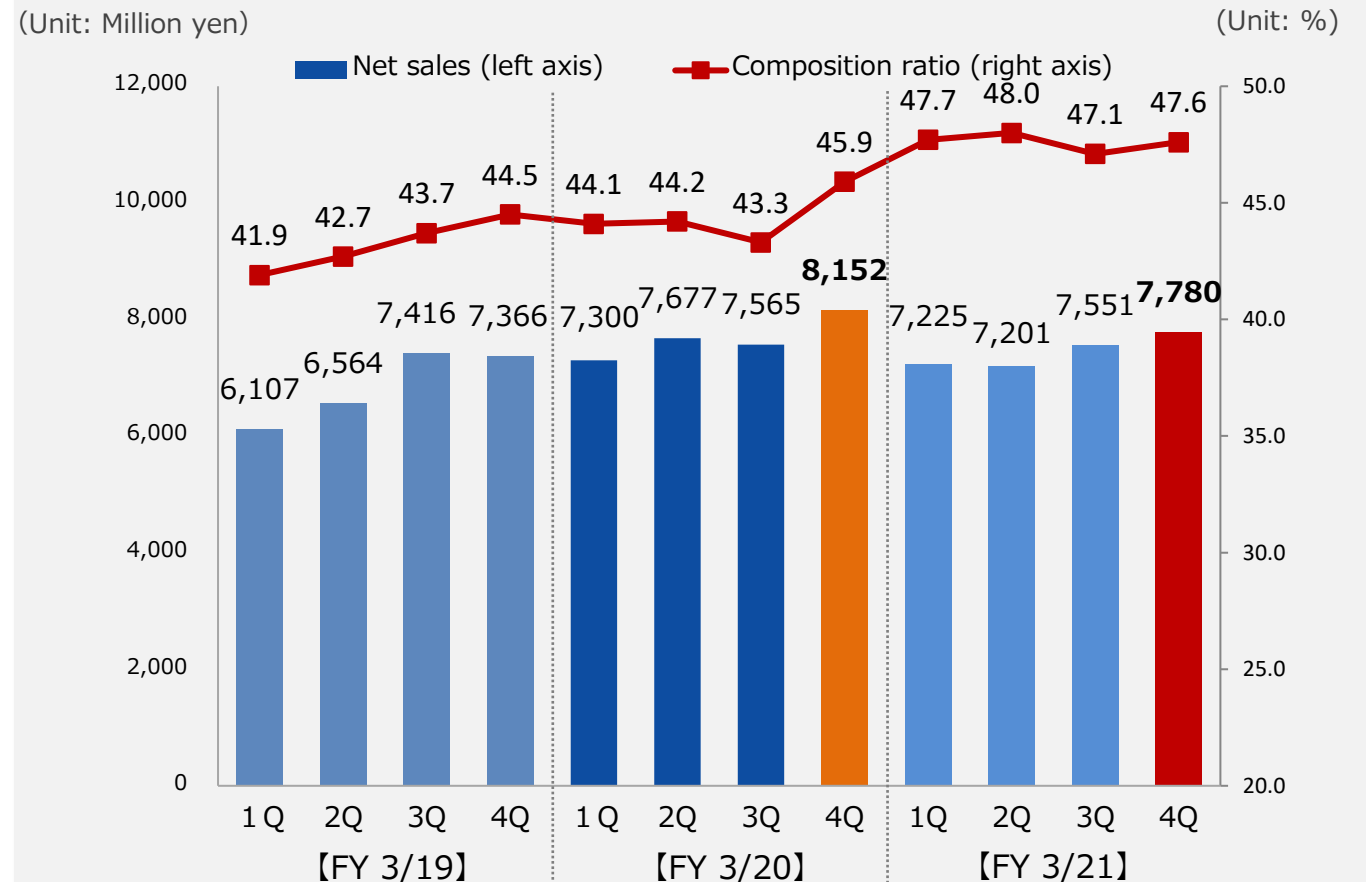
Point①

Total net sales of Account Company Groups were -3.1% YoY, despite the impact of COVID-19 in 1H.

Point②

Total net sales of the electronics Account Company Group increased significantly YoY. The automobiles Account Company Group recovered to near the previous FY.

Account Company Groups Net Sales



Turnover Rates (NISSO, Non-consolidated)

FY 3/2021 Results

Overall turnover rate

4.2%

(-0.5 pts vs. FY 3/2020)

Skilled staff turnover rate

2.0%

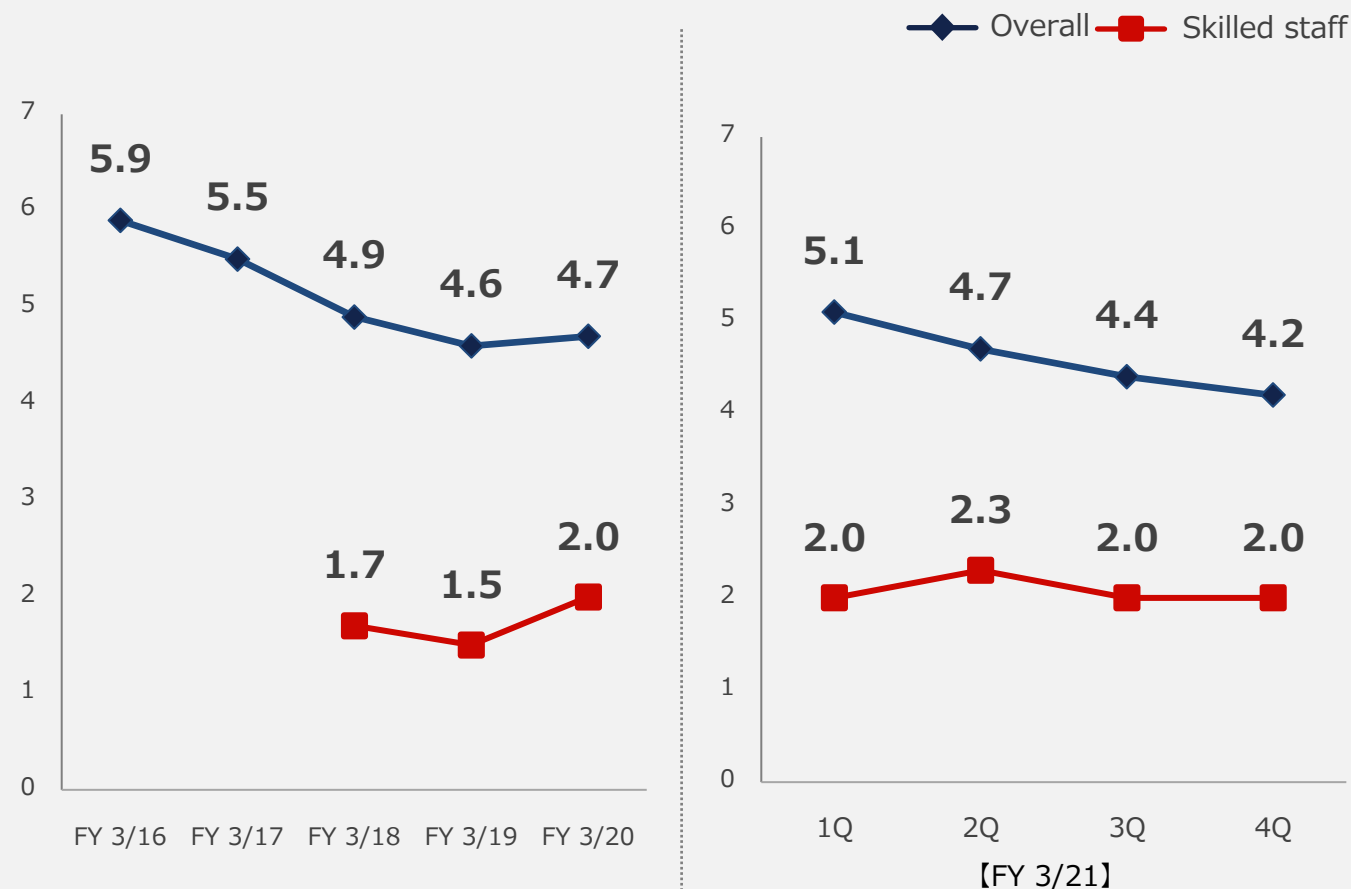
(±0.0 pts vs. FY 3/2020)

Points

- The overall turnover rate improved by 0.5 points to 4.2%, down from the previous FY.
- The turnover rate of skilled staff remained at the same level of the previous FY at 2.0%, despite the impact of production cuts at some manufacturers.

Trend of Turnover rates

(Unit: %)



Educational Achievements (NISSO, Non-consolidated)



- FY 3/2021 4Q Course-specific educational achievements
(total # of participants)

(Unit: # of participants)

Point①

The overall number of participants decreased YoY due to the limit on the number of participants as a result of COVID-19.

Point②

Equipment maintenance needs centered on semiconductor manufacturers were strong, and training was in full operation.

Point③

Employee education increased YoY partly due to the enhancement of online training using the Web.

Training course name	4 Q (Jan - Mar)	Contents	FY 3/21 Total	(Reference) FY 3/20 Total
Skilled staff education	251	Standard skilled staff education	970	1,960
Basic maintenance education	55	Basic equipment maintenance education	259	373
Accredited vocational training education	7	Accredited vocational training school (Miyagi · Nagano Prefectures)	68	200
Manufacturing education	819	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	2,840	3,895
Safety education	561	Danger · risk simulation education	2,348	3,455
Employee education	143	New graduate/mid-career entry/ mid-level employee training, newly appointed chief education, on-site supervisor education	582	496
Other education	—	Entrusted education from external sources	44	28
Total	1,836		7,111	10,407

Other Businesses Business Revenue

Points

- Achieved full-year profit by stabilizing the number of residents in all facilities.
- The number of residents in nursing care facilities Buildings 1~5 has increased since the end of December Building 6 has also maintained an occupancy rate of more than 90%.

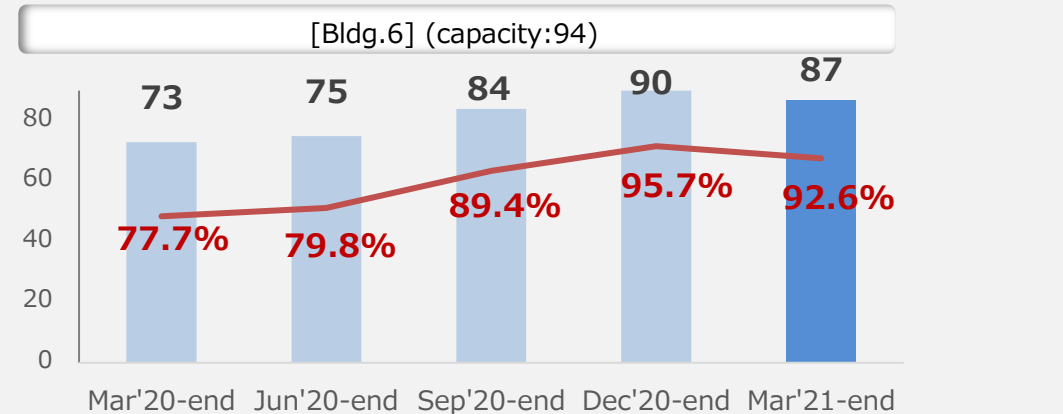
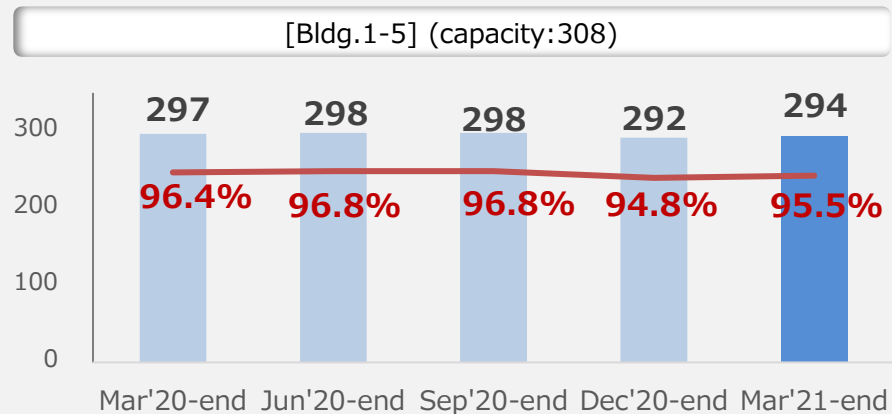
● Results of Other Businesses

(Unit: Million yen)

	FY 3/20		FY 3/21		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	2,796	100.0%	2,972	100.0%	176	6.3%
Expenses	2,850	101.9%	2,949	99.2%	99	3.5%
Operating profit (loss)	(54)	(1.9)	23	0.8%	77	—

Number of facility residents

(Unit: # of residents)





3

Future Prospects (FY 3/2022)

FY 3/2022 Full-year Consolidated Forecasts

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

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

(Unit: Million yen)

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



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Shareholder Return Policy

Shareholder Return Policy

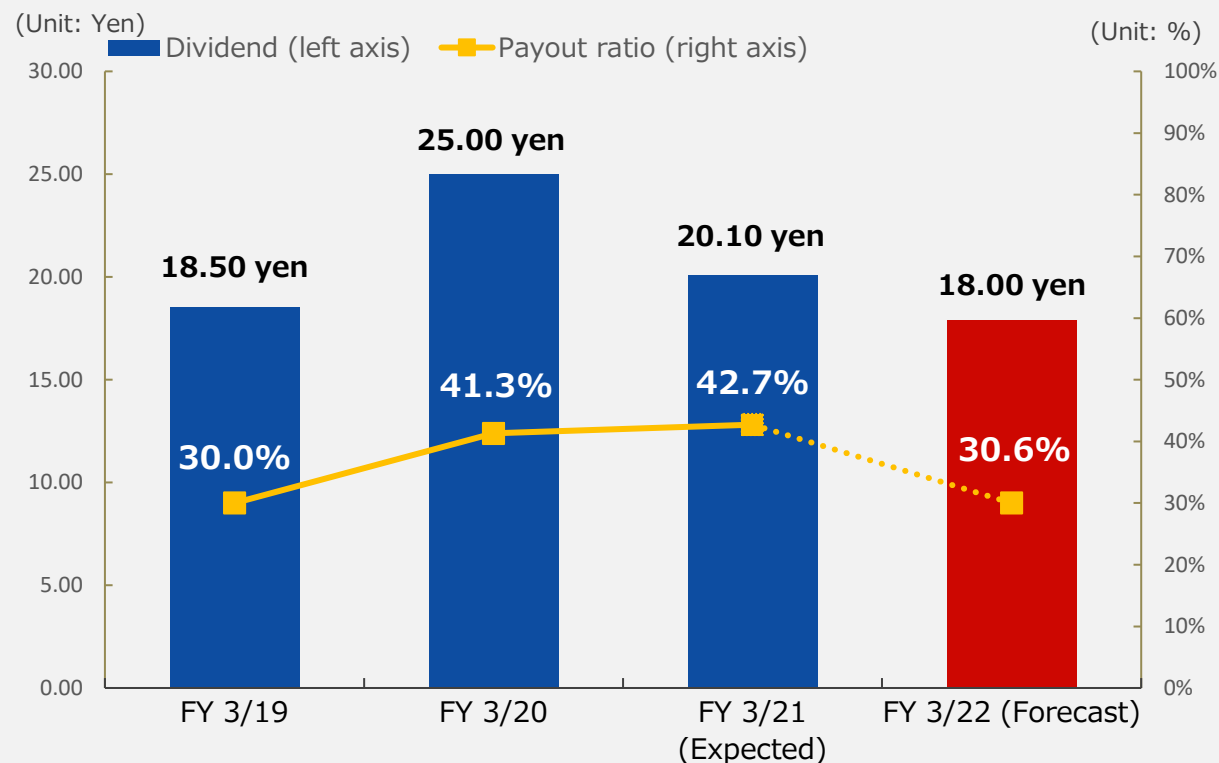
Basic Policy

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% as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our shareholders.

FY 3/2021 Dividend (Expected)

- NISSO plans to pay a dividend of 20.10 yen per share (ordinary dividend of 15.10 yen, commemorative dividend of 5.00 yen) as announced in the "Notice of Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2021 (50th Anniversary Commemorative Dividend)" on February 8, 2021.

Dividend and Payout Ratio



※NISSO's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019, and the FY 3/2019 dividend payout shown above is the dividend payout amount after the stock split.



5 Supplementary Materials

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2020-end		Mar. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	15,622	69.5	14,813	68.5	(808)
Cash and deposits	6,365	28.3	5,873	27.2	(491)
Notes and accounts receivable - trade	8,434	37.5	8,094	37.4	(339)
Non-current assets	6,871	30.5	6,817	31.5	(54)
Property, plant and equipment	4,754	21.1	4,654	21.5	(99)
Intangible assets	377	1.7	305	1.4	(71)
Investments and other assets	1,739	7.7	1,857	8.6	117
Total assets	22,494	100	21,631	100	(862)
Current liabilities	9,279	41.3	8,178	37.8	(1,100)
Accrued expenses	4,648	20.7	4,541	21.0	(106)
Income taxes payable	812	3.6	494	2.3	(317)
Accrued consumption taxes	1,904	8.5	1,163	5.4	(741)
Non-current liabilities	1,319	5.9	689	3.2	(629)
Long-term loans payable	623	2.8	-	-	(623)
Total liabilities	10,598	47.1	8,868	41.0	(1,730)
Shareholders' equity	11,974	53.2	12,744	58.9	770
Total net assets	11,895	52.9	12,763	59.0	867
Total liabilities and net assets	22,494	100	21,631	100	(862)

Point

① Decreases due to reduced operations

Due to the reduction of operations in the manufacturing-related human resources services, "notes and accounts receivable - trade", etc., of current assets and "accrued expenses", etc., of current liabilities decreased.

② Accrued taxes

Due to a decrease in net sales, etc., "income taxes payable" and "accrued consumption taxes", etc., of current liabilities decreased.

③ Repayment of loans payable

As a result of lump sum repayment of long-term loans payable, the balance of "long-term loans payable" of non-current liabilities has been reduced to zero.

④ Overall

As a result of the above, total assets decreased by 3.8% YoY, total liabilities decreased by 16.3% YoY, total net assets increased by 7.3% YoY, and equity ratio increased by 6.1% YoY to 59.0%.

Consolidated Statements of Cash Flows



(Unit: Million yen)

	FY 3/20	FY 3/21	Increase (Decrease)
	Amount	Amount	
CF from operating activities	1,922	1,672	(249)
CF from investing activities	(289)	(496)	(206)
CF from financing activities	(901)	(1,668)	(766)
Net increase (decrease) in cash and cash equivalents	731	(491)	(1,222)
Cash and cash equivalents at beginning of period	5,633	6,365	731
Cash and cash equivalents at end of period	6,365	5,873	(491)

Point

① Cash flows from operating activities

In the current FY, revenues amounted to 1,672 million yen. Tax payments such as income taxes · consumption taxes, and expenses, etc., due to a decrease in accrued expenses were absorbed by revenues, etc., as a result of decreases in profit before income taxes and accounts receivable - trade.

② Cash flows from investing activities

In the current FY, expenditures amounted to 496 million yen, mainly due to stock investments associated with business alliances and capital investments for core systems.

③ Cash flows from financing activities

Payments such as the lump-sum repayment of loans payable and the payment of dividends resulted in expenditures of 1,668 million yen.



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

For future IR-related inquiries

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