



*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

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# Financial Results Briefing Materials

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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

•Please find the summary above.

# CONTENTS



**1** FY 3/2021 **Financial Results Summary**

---

**2** FY 3/2021 **Overview of Activities**

---

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

---

**4** **Shareholder Return Policy**

---

**5** **Supplementary Materials**

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**1**

**FY 3/2021  
Financial Results Summary**

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# 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%)

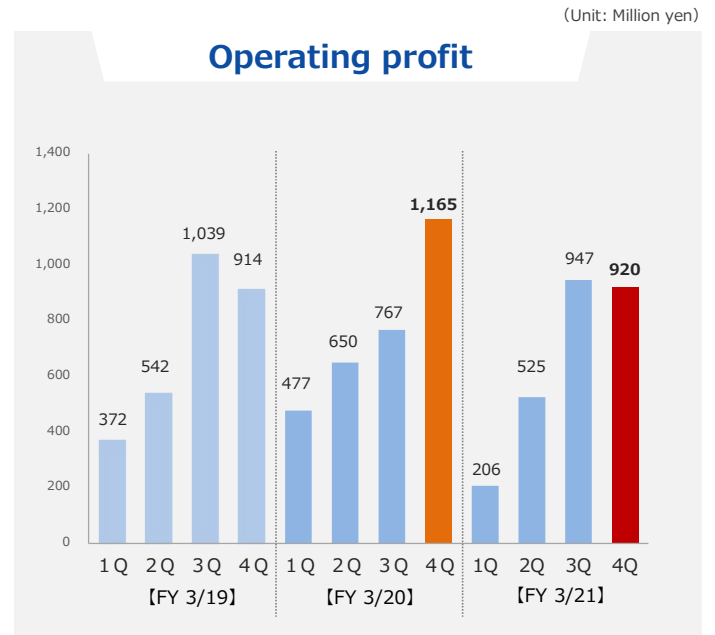
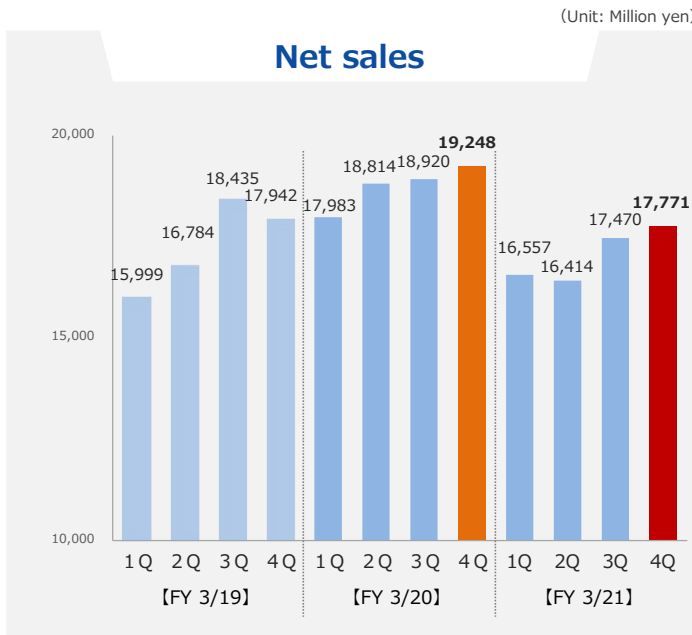
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4

•The following is the explanation of the Consolidated Financial Results for FY 3/2021.

- Net sales amounted to 68,213 million yen (down 6,752 million yen or -9.0% YoY)
  - Gross profit amounted to 11,787 million yen (down 1,328 million yen or -10.1% YoY)
  - SG&A (selling, general and administrative) expenses amounted to 9,188 million yen (down 866 million yen or -8.6% YoY)
  - Operating profit amounted to 2,599 million yen (down 461 million yen or -15.1% YoY)
  - Ordinary profit amounted to 2,949 million yen (down 200 million yen or -6.4% YoY)
  - Profit attributable to owners of parent amounted to 1,592 million yen (down 440 million yen or -21.7% YoY)
- Revenues and profits decreased, partly due to a decrease in the number of enrolled staff due to the effects of the new coronavirus (COVID-19) in 1H.
  - With regards to ordinary profit, income from subsidies for employment adjustment was 399 million yen for the entire Group, a decrease of 6.4% YoY.
  - In Other Businesses, the overall occupancy rate at nursing care facilities remained at around 95%, resulting in a profit for the full year.

# FY 3/2021 Quarterly Consolidated Financial Results



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

# 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%)

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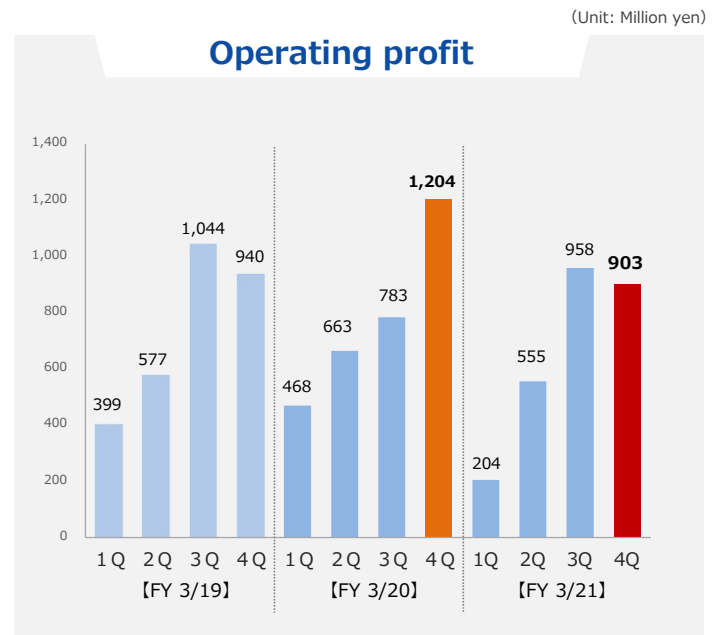
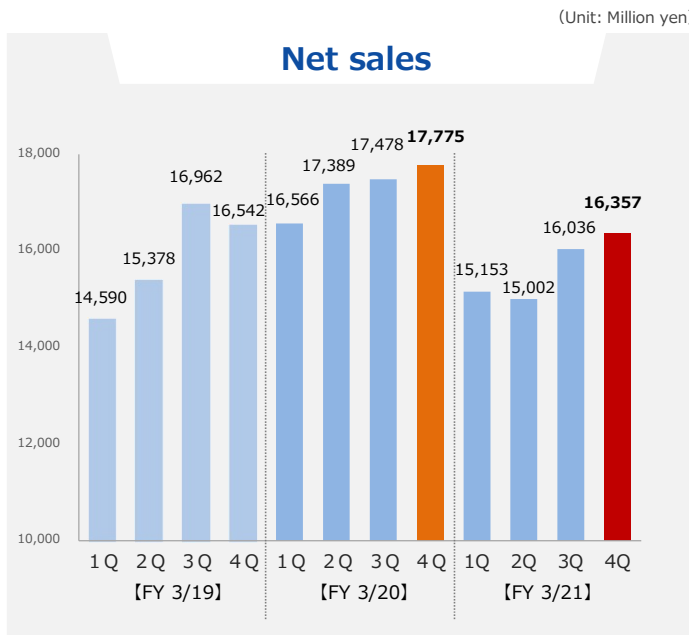
6

•The following is the explanation of NISSO's Non-Consolidated Financial Results for FY 3/2021.

- Net sales amounted to 62,549 million yen (down 6,659 million yen or -9.6% YoY)
- Gross profit amounted to 11,226 million yen (down 1,266 million yen or -10.1% YoY)
- SG&A expenses amounted to 8,603 million yen (down 769 million yen or -8.2% YoY)
- Operating profit amounted to 2,622 million yen (down 496 million yen or -15.9% YoY)
- Ordinary profit amounted to 2,863 million yen (down 260 million yen or -8.3% YoY)
- Profit amounted to 1,530 million yen (down 500 million yen or -24.6% YoY)

- Non-consolidated subsidy income amounted to 290 million yen, and the rate of decrease of ordinary profit was smaller than that of operating profit.
- In 1H, due to the effects of COVID-19, although NISSO responded by adjusting work shifts, overtime hours, etc., since 2H, work shifts have normalized, and overtime hours have also been higher YoY.
- Employee recruitment expenses decreased by 715 million yen YoY, and accounted for the majority of the decrease in SG&A expenses.

# FY 3/2021 Quarterly Non-consolidated Financial Results



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7

- Shown above are graphs of NISSO's quarterly non-consolidated net sales and operating profit trends.
- In 4Q, although profits have a tendency to increase compared to 3Q, with regards to results, gross profit decreased by 0.4% and the operating profit margin decreased by 0.5%. This was partly due to the fact that a considerable number of orders were received from major automobiles manufacturer groups, etc., and increases in expenses such as costs for strengthening recruitment, pre-assignment training, and for the start-up of dormitories.





**2**

**FY 3/2021**

## **Overview of Activities**

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# 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

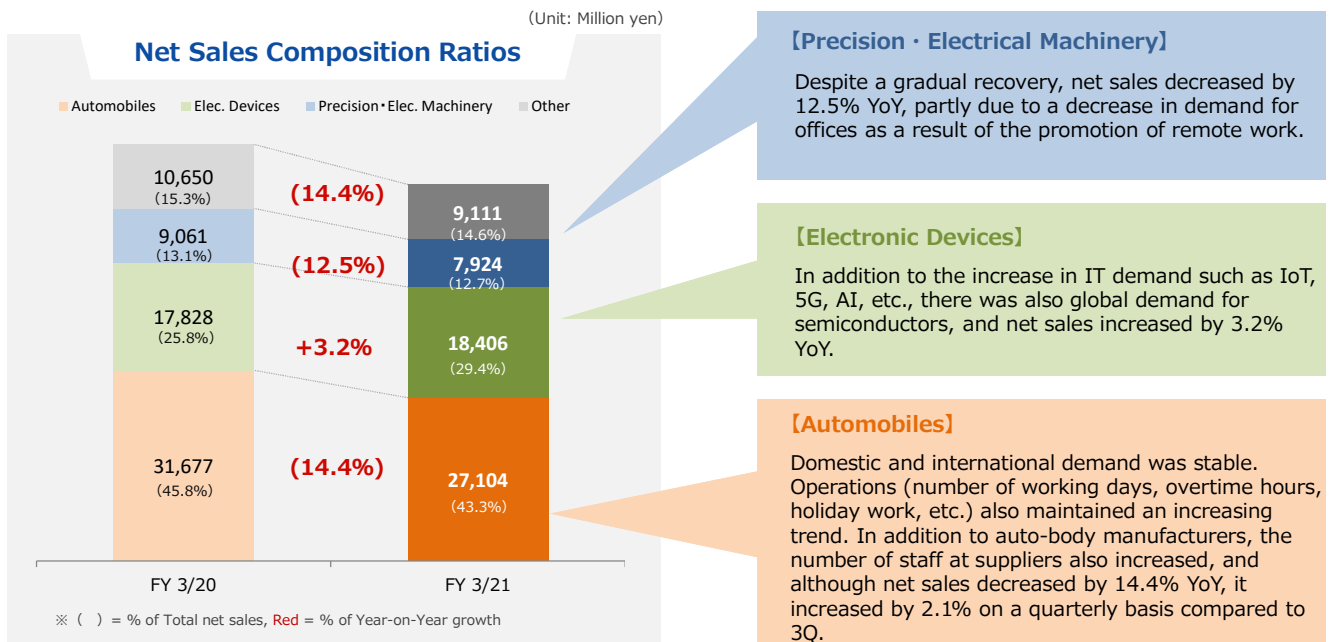
(-1 Thousand yen YoY)

• 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).

• Shown above is the Financial Results Summary for FY 3/2021.

• Details will be explained in the following pages.

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

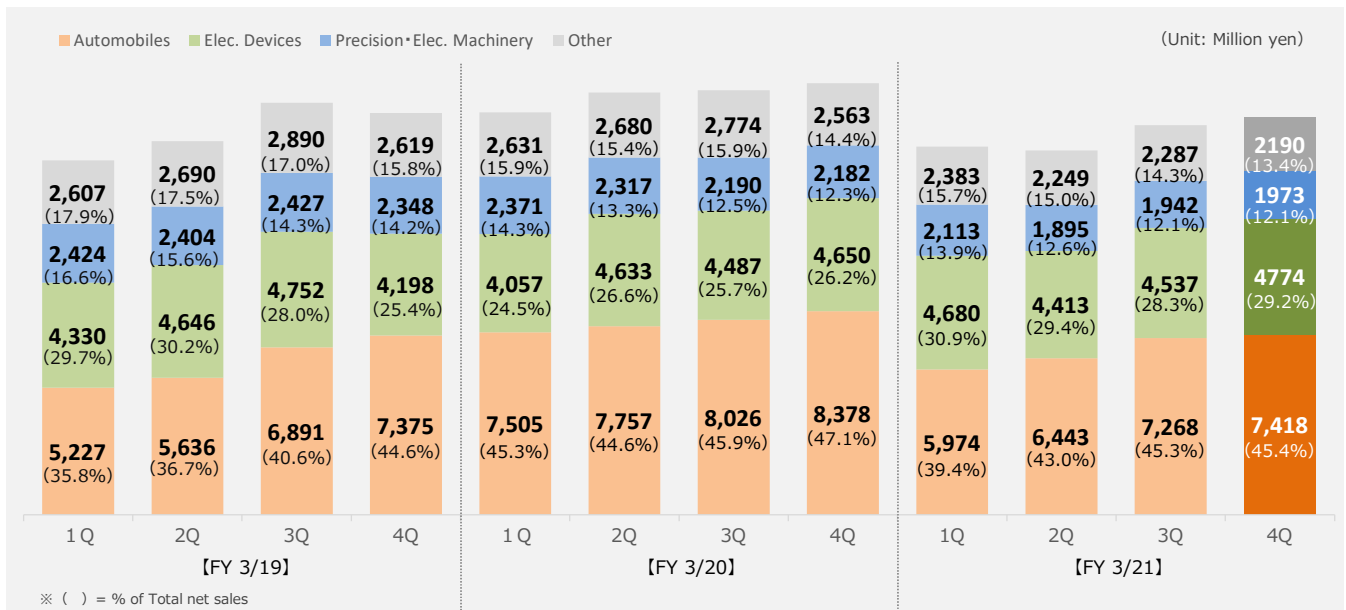


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10

- The following is the explanation of NISSO's non-consolidated net sales by industry.
- In the electronic devices industry, net sales increased by 3.2% YoY due to an increase in demand for 5G and IT. Although net sales of major manufacturers that manufacture capacitors decreased YoY, net sales in the semiconductor industry compensated for overall net sales by having received new orders in addition to existing ones.
- Although net sales in the automobiles industry decreased 14.4% YoY due to a decrease in enrollment, it increased by 2.1% on a quarterly basis compared to 3Q.

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



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11

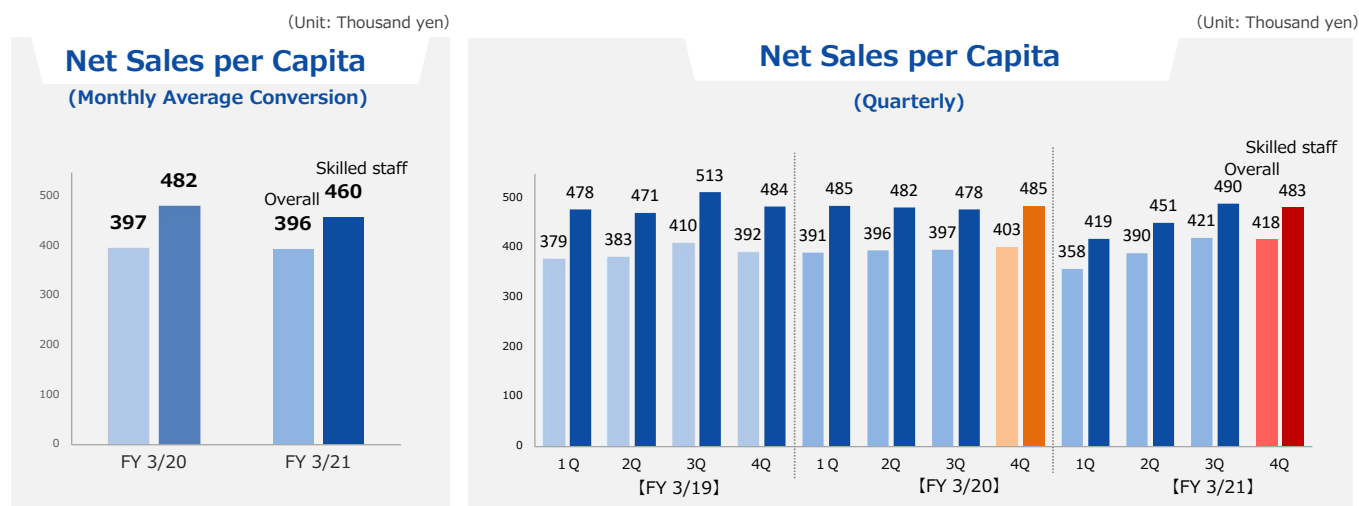
• Shown above are the trends of NISSO's quarterly net sales by industry.

- Net sales in the electronic devices industry increased YoY, and while net sales in the automobiles industry increased on a quarterly basis, it decreased YoY.
- With regards to the precision•electrical machinery industry, demand for offices decreased YoY due to the infiltration of new work-styles such as remote work.
- However, orders from all manufacturers have recovered since entering 4Q, and the overall level has been rising.

# 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 effects of COVID-19 in 1H.



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12

- The following is the explanation of NISSO's net sales per capita.
- The net sales per capita totals were as follows: overall was at 396 thousand yen, and skilled staff was at 460 thousand yen, both of which decreased YoY. However, although overall net sales per capita in 1Q and 2Q were lower than in the corresponding periods of the previous fiscal year, in 3Q and 4Q, they were significantly higher than in the corresponding periods of the previous fiscal year. This was mainly due to an increase in overtime hours per capita compared to the corresponding periods of the previous fiscal year.
- Although the net sales per capita of skilled staff seem to be stagnant, this was due to problems in the procurement of semiconductors for automobiles, and the impact of the earthquake in the Tohoku region in 4Q.

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



(Unit: # of Staff)

## Compared w. 3Q-end

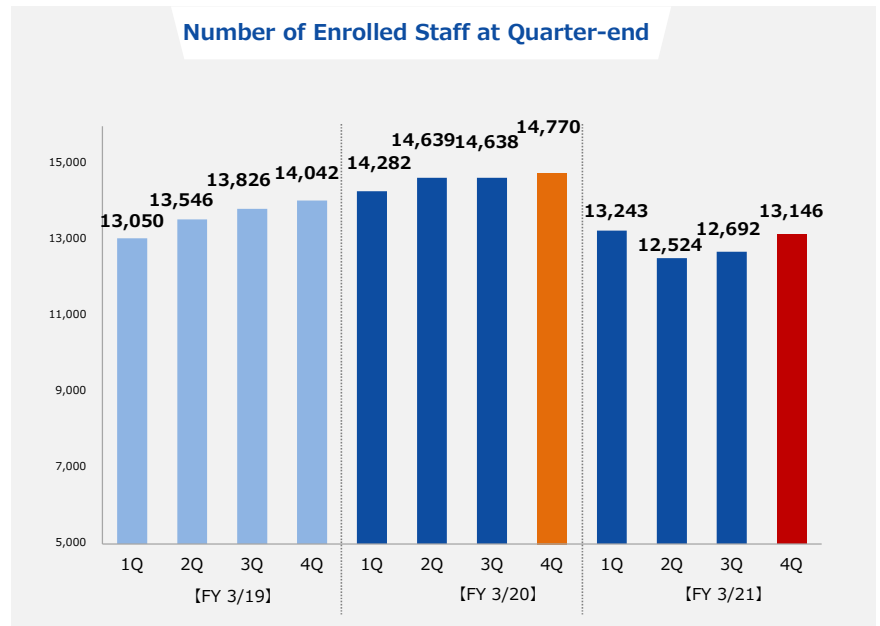
+454 staff (+3.6%)

### 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.



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13

- The following is the explanation of NISSO's quarter-end enrollment on a quarterly basis.
- Despite the effects of COVID-19 in 1H, the number of enrolled staff increased by 454 compared to the end of 3Q as a result of upfront investment in recruitment in 4Q.
- In addition to the recovery of orders in the automobiles and semiconductor industries, an increase in the number of new hires and the improvement in the overall turnover rate contributed to the increase in enrollment.

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



(Unit: # of Staff)

## Point①

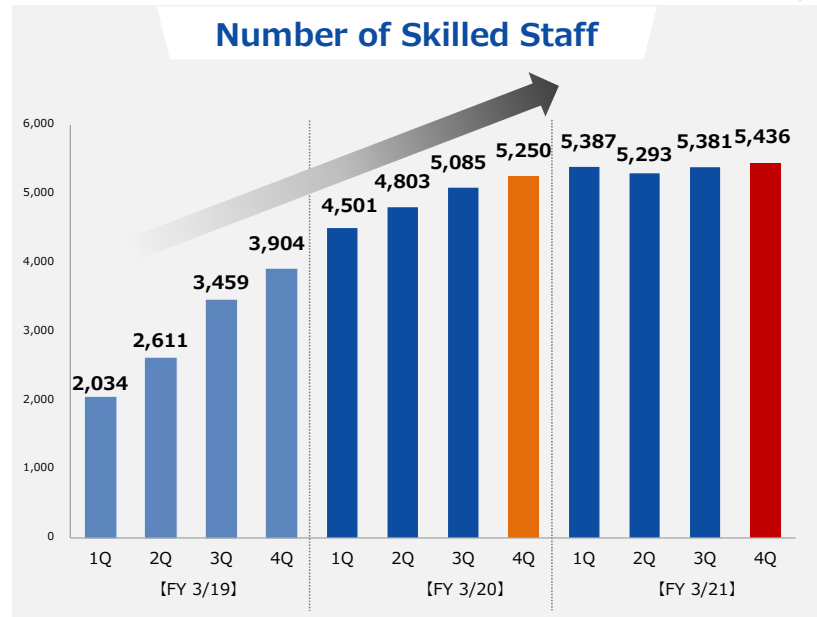
The number of skilled staff increased YoY (up 186 from the end of the previous FY), despite the impact of production cuts at some manufacturers.

## 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%)



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14

- The following is the explanation of NISSO's skilled staff.

- The number of skilled staff was affected by COVID-19 in 1H, and although there was a reduction of about 150 staff at some auto-parts manufacturers, it is currently on a recovery trend. For the full year, the number of skilled staff increased by 186, and the number of staff is expected to continue to increase, mainly at Account Companies.

# Account Companies (NISSO, Non-consolidated)

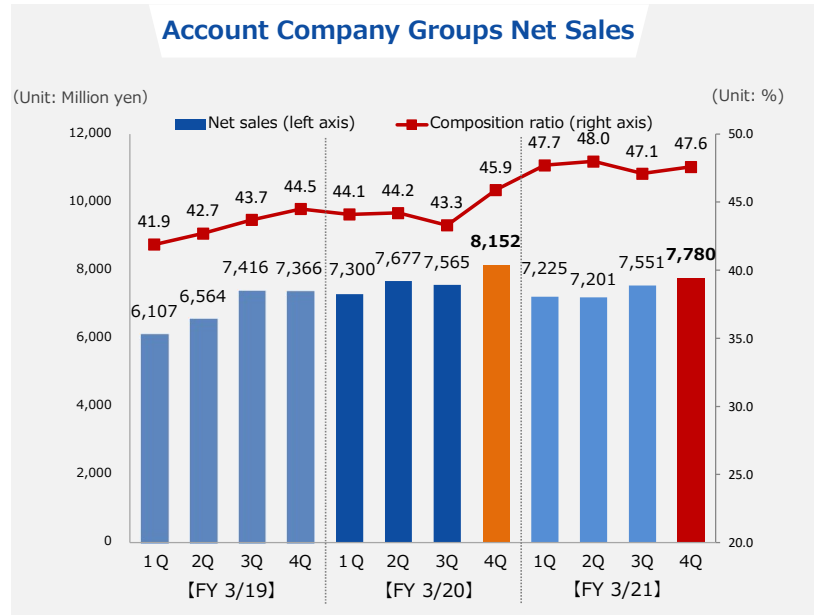


## Point①

Total net sales of Account Company Groups were -3.1% YoY, despite the effects 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.



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15

•The following is the explanation of NISSO's Account Companies.

- While NISSO's net sales decreased by 9.6% YoY, total net sales of Account Companies decreased by only 3.1%, and remained relatively steady even in the wake of the COVID-19 pandemic.
- In the automobiles Account Company Group, while results were temporarily higher in 3Q YoY, they were slightly lower in 4Q YoY.
- Although net sales decreased YoY in the electronic components Account Company Group, the electronics Account Company Group made significant progress, with semiconductors remaining firm.
- Although the precision•electrical machinery Account Company Group, which manufactures multifunction machines and other products, has finally bottomed out, it has remained at a horizontal level.



# Turnover Rates (NISSO, Non-consolidated)



(Unit: %)

## FY 3/2021 Results

Overall turnover rate

**4.2%**

(-0.5 pts vs. FY 3/2020)

Skilled staff turnover rate

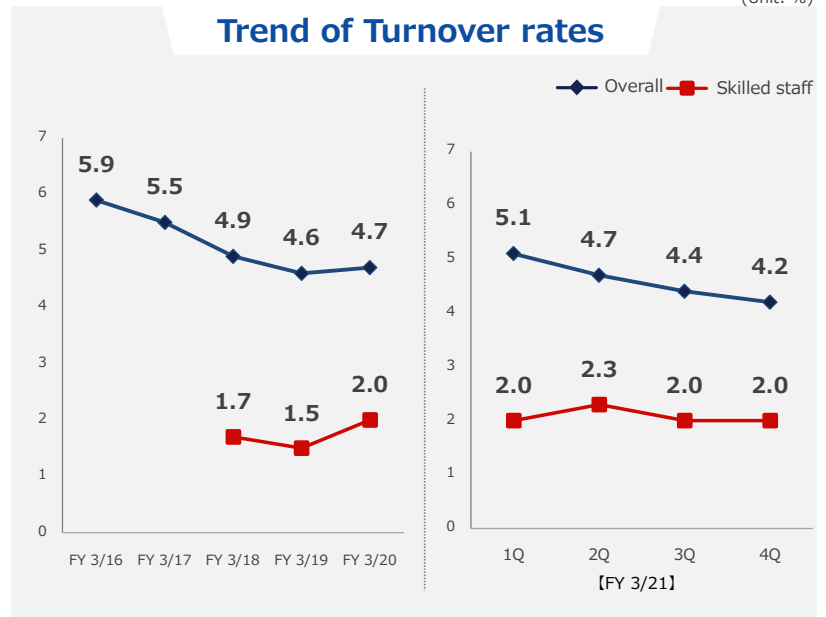
**2.0%**

(±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



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16

• The following is the explanation of NISSO's turnover rates.

- Although the overall turnover rate was difficult to control in 1H, it was 4.2% for the full year, an improvement of 0.5 percentage points from the previous fiscal year.
- On a quarterly basis, NISSO has been able to maintain a turnover rate of less than 4% in both 3Q and 4Q.
- Although the turnover rate of skilled staff worsened in 1H, NISSO was able to return it to the same level as the previous fiscal year at 2.0% for the full year.

# 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
<b>Total</b>	<b>1,836</b>		<b>7,111</b>	<b>10,407</b>

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17

- The following is the explanation of NISSO's educational achievements.
- In terms of training achievements, the needs for equipment maintenance personnel remained firm.
- Due to the effects of COVID-19, real training was conducted after implementing infection control measures. Meanwhile, by trying out new forms of education using the Web, forms of training other than real training are taking root.
- NISSO will also continue to work on e-learning and new types of training using VR in the future.

# 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%.

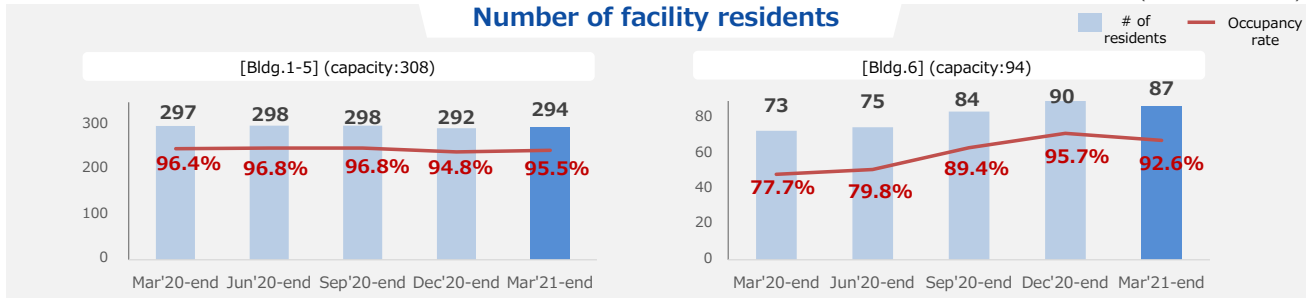
## ● Results of Other Businesses

(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)



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18

- The following is the explanation of Other Businesses.
- The occupancy rate of all nursing care facilities has been maintained at an average of about 95%, and this business has also become profitable.



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

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## FY 3/2022 Full-year Consolidated Forecasts



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

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

(Unit: Million yen)

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

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20

•The following is the explanation of the Full-year Consolidated Forecasts.

- Due to low profits on net sales, we plan to invest about 500 million yen or so in promotions of our own recruitment website and new businesses in anticipation of the future.
- Although we hire more than 50% of all new employees on NISSO's own website, we are considering investing about 300 million yen in the promotion of this site. By doing so, we plan to curb monthly recruitment expenses from 2H onward to just over 100 million yen even if orders expand.
- In addition, NISSO would like to focus on securing and developing human resources to expand the technical area. By utilizing e-learning and VR, it is our hope that many people will consider converting into engineers.
- Together with existing and new partners, NISSO would like to create new businesses that utilize digital technologies such as AI.



## **4** Shareholder Return Policy

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# Shareholder Return Policy



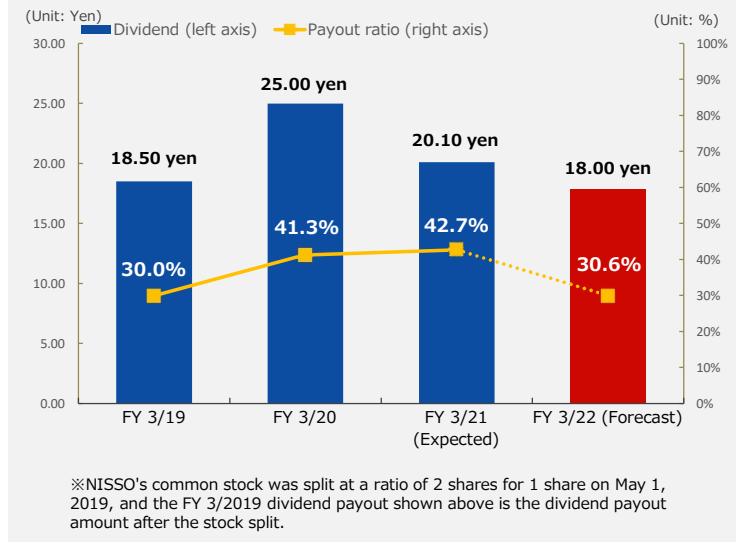
## Basic Policy

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

## FY 3/2021 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



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22

•The following is the explanation of the Shareholder Return Policy.

- With regards to the year-end dividend per share, NISSO plans to pay a dividend of 20.10 yen per share, which includes an ordinary dividend of 15.10 yen in addition to a 50th Anniversary commemorative dividend of 5.00 yen.
- With regards to the next dividend per share, NISSO expects a payout of 18.00 yen with a payout ratio of 30% or more as a guide.



## **5** Supplementary Materials

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# Consolidated Balance Sheet



(Unit: Million yen, %)

	Mar. 2020-end		Mar. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
<b>Current assets</b>	<b>15,622</b>	<b>69.5</b>	<b>14,813</b>	<b>68.5</b>	<b>(808)</b>
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)
<b>Non-current assets</b>	<b>6,871</b>	<b>30.5</b>	<b>6,817</b>	<b>31.5</b>	<b>(54)</b>
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
<b>Total assets</b>	<b>22,494</b>	<b>100</b>	<b>21,631</b>	<b>100</b>	<b>(862)</b>
<b>Current liabilities</b>	<b>9,279</b>	<b>41.3</b>	<b>8,178</b>	<b>37.8</b>	<b>(1,100)</b>
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)
<b>Non-current liabilities</b>	<b>1,319</b>	<b>5.9</b>	<b>689</b>	<b>3.2</b>	<b>(629)</b>
Long-term loans payable	623	2.8	-	-	(623)
<b>Total liabilities</b>	<b>10,598</b>	<b>47.1</b>	<b>8,868</b>	<b>41.0</b>	<b>(1,730)</b>
<b>Shareholders' equity</b>	<b>11,974</b>	<b>53.2</b>	<b>12,744</b>	<b>58.9</b>	<b>770</b>
<b>Total net assets</b>	<b>11,895</b>	<b>52.9</b>	<b>12,763</b>	<b>59.0</b>	<b>867</b>
<b>Total liabilities and net assets</b>	<b>22,494</b>	<b>100</b>	<b>21,631</b>	<b>100</b>	<b>(862)</b>

## 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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25



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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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