

To Our Shareholders

42nd Fiscal Year Interim Report
April 1, 2021 ~ September 30, 2021



NISSO CORPORATION

Securities Code 6569



Representative Director, President & CEO
Ryuichi Shimizu

Greetings

I would like to express my sincere gratitude to our shareholders for your continued support of the Nisso Group.

In addition, I would like to express my heartfelt sympathy to all those affected by the new coronavirus (COVID-19) infections, and I would like to express my heartfelt gratitude to the medical professionals and those who are committed to preventing the spread of infections.

The environment surrounding us has changed, with technological innovation and diverse work-styles. In addition, due to the effects of COVID-19, the speed of change is increasing. While the effects of COVID-19 are subsiding, the outlook for the economy remains uncertain due to global semiconductor shortages, the disruption of supply chains in Southeast Asia due to the effects of COVID-19, and problems of complex logistics.

However, in the automobiles and electronic components fields, production is scheduled to be restored in the future, and we believe that it is NISSO CORPORATION's mission to secure the necessary human resources in terms of both quality and quantity as a response to increased production. To that end, it is necessary to accurately grasp the needs of our clients and promptly assign the human resources who have been properly trained.

We, the Nisso Group, will uphold our mission of "Creating opportunities and hopes for people to work" by providing Human Resources Solution Services that support the growth of companies and people. In addition to providing opportunities to work, we believe that it is important how to live happily.

The new Medium-term Management Plan places particular emphasis on achieving the sense of well-being of the working people. Based on the belief that CS (client/customer satisfaction) cannot be realized without ES (employee satisfaction), we will promote the development of human resources in line with the new era and transform ourselves into a corporate group with high-growth potential.

Looking back on 2Q Financial Results

Resolute execution of recruitment·training, and recovery from the second half

Special Dialogue

Representative Director & President

Ryuichi Shimizu



Economic Analyst

Mariko Mabuchi



Q1 In the FY 3/2022 2Q financial results, did net sales increase with the increase in the number of enrolled staff?

While client manufacturers were making production adjustments, we were also required to prepare for upcoming recovery production, so we have been actively recruiting and training human resources even during the COVID-19 pandemic. As a result, we were able to



achieve a certain level of results in 2Q, with net sales of 36,694 million yen (up 11.3% year-on-year), and operating profit of 824 million yen (up 12.7% year-on-year), thanks to the cooperation of client manufacturers, such as receiving partial compensation for salaries.

Although recovery production was initial assumption, it seems that it will finally start in December. In order to recover from the delay, we be operating at full operational capacity, and although we will face a situation that I have not seen in the 30 years that I have spent in the industry, we will aim to achieve the production volume that client manufacturers desire while maintaining the motivation of the workers.

Q2 Are there any changes to the Medium-term Management Plan, since in 2Q, only a part of the profits shifted (to 3Q)?

Since the number of enrolled staff increased faster than expected, there is a possibility that the achievement time will be attained earlier. NISSO's business performance is made up of the number of staff actually working, and the "multiplication" of increasing the added value and increasing net sales per capita. However, in terms of added value, the number of "skilled staff" and "engineers" who have specialized training is steadily

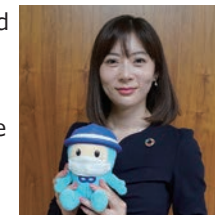
increasing, and the turnover rate is 3.8%, which is still below our target of 4%.

Recruitment is also going well. Although we planned to hire 1000 people per month during this fiscal year, due to the impact of people's self-restraint of refraining from going outside as a result of the COVID-19 pandemic, the average monthly number of hires was only about 750. However, since we started airing our TV commercial in October, the number rapidly increased to about 900 people in November.

Q3 It seems that some progress has been made in new businesses, right?

By using technology from Cross Compass, which we entered into a capital and business alliance with in September of last year, we completed a prototype model of a service that combines AI-equipped equipment with NISSO's human resources with several client manufacturers. In addition to chronic labor shortages, the COVID-19 pandemic is fueling the needs for automation and labor-saving at manufacturing sites. However, since there is a lack of essential data for the introduction of AI, we believe that NISSO's human resources and expertise, which have been acquired across multiple manufacturing sites, will be useful.

Vector Shinwa, which was acquired in August of this year, has transactions with semiconductor manufacturing equipment and measuring equipment manufacturers, and these are manufacturers that NISSO does not have a trading account with. In order to develop new Account Companies, we will develop them as a pillar next to automobiles.



Progress of the Medium-term Management Plan

The Nisso Group has formulated a Medium-term Management Plan with FY 3/2022 as the first year, and is promoting initiatives based on our "Mission" and "Vision" with an eye on new growth. The progress is reported below.

FY 3/2022 Progress of Full-year Targets (2Q)

76,000 Million yen

36,694 Million yen

Progress rate
48.3%

FY 3/2022 Progress of Net Sales Targets by Target Segment (2Q)

Existing Areas

68,400 Million yen

32,654 Million yen

Progress rate
47.7%

Engineering Area

4,100 Million yen

2,545 Million yen

Progress rate
62.1%

Other Businesses

3,000 Million yen

1,494 Million yen

Progress rate
49.8%

In the existing areas, production adjustments occurred due to a shortage of parts in the automobiles-related industry, while production in the electronic devices-related industry was strong, particularly in semiconductors. In the automobiles-related industry, production recovery is planned mainly by auto-body manufacturers, and we are actively investing in recruitment, such as airing TV commercials from October 1, 2021 to improve the name recognition of NISSO's recruitment site "Kojo Kyujin Navi". In addition, as the first step in our growth strategy for expanding the existing areas, on August 31, 2021, we acquired all shares of Vector Shinwa Co., Ltd., which focuses on contracting operations in the manufacturing industry of semiconductors and precision equipment. As a result, the net sales progress rate was 47.7%.

With regards to the engineering area, the number of engineers centered on equipment technology has increased by 901 as a result of the utilization of NISSO's own recruitment site "engineer works", which specializes in engineers, and promoting the reassignment of manufacturing-related human resources to engineers. As a result, the net sales progress rate was 62.1%.

As for Other Businesses (nursing care and welfare), the average occupancy rate remains high at 95.0%, as a result of measures to improve the quality of services provided at the "Sweetpea" nursing care facilities located in 6 locations in Yokohama. We are also working to improve operational efficiency and improve our management structure with the aim of building a stable revenue base. As a result, the net sales progress rate was 49.8%.

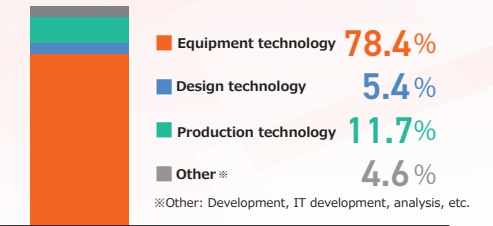
※Revisions to the full-year Consolidated Forecasts for FY 3/2022 have not been reflected.

Individual Strategy · Expansion of Engineering Area

Developing engineers who are strong in the AI and digital domains, centered on equipment technology

In our Medium-term Management Plan, we have positioned the "Engineering Area" as a growth engine, and are working to strengthen and expand our engineers by classifying them apart from other manufacturing-related human resources. Although there are 3 broadly divided industries, including equipment technology, production technology, and design technology, NISSO's strength lies in equipment technology, which accounts for 78.4% of our enrolled engineers. This field has a high affinity with manufacturing, and in addition to making use of the training expertise accumulated at NISSO, we have also developed a new educational curriculum related to digital technologies such as AI and VR. We will train high-quality IT and AI engineers to advance into new areas and increase our market share in existing areas.

FY 3/2022 2Q Composition Ratio of Enrollment by Industry (Unit: %)



① Expansion of Recruitment Channels

From August 2021, we opened "engineer works", a recruitment site specializing in engineers.

「engineer works」URL
<https://engineer-works.jp/>



(in Japanese only)

② Clarification and Expansion of Job Vacancies

MONOZUKURI*-related

- Mechanical design
- Circuit design
- Embedded control
- CAE analysis
- CAD operation
- Production technology, quality assurance
- Repair and maintenance
- R&D
- Analysis, evaluation, testing
- Other technology-related

IT-related

- PM, PMO
- System engineers
- Programmers
- Servers, networks
- System operation maintenance
- Testing, evaluation
- In-house SE, help desk
- AI-related
- Web design
- Other IT-related

② Training of AI Engineers

In September 2020, a new educational curriculum was started with Cross Compass Ltd., an AI technology company that entered into a capital and business alliance agreement with NISSO. By leveraging the strengths and expertise of both companies, we aim to create high value-added services for the manufacturing industry, referred to as "Worksite Solutions by Humans and AI".

▶ Collaboration with Cross Compass



Worksite solutions by Humans and AI

Challenges·needs of manufacturing worksites



"Vector Shinwa", a manufacturing human resources company in the semiconductor and precision machinery fields, was newly added to the Group.



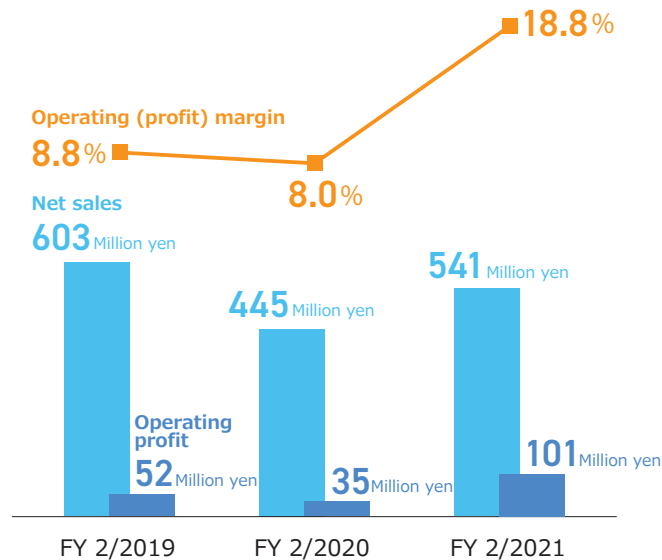
On August 31, 2021, NISSO welcomed Vector Shinwa Co., Ltd. as a group company as the first step in our growth strategy of "Expansion of Existing Areas" set forth in our Medium-term Management Plan. Based on the common philosophy of valuing "people" and valuing human resources development, we will bring together the strengths of the Group to realize growth.

Realize business expansion by creating group synergies

Based in Aichi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture, Vector Shinwa Co., Ltd. focuses on human resources development with a slogan of "Minority Elite", and engages in a wide range of operations such as designing, developing and manufacturing jigs and various production equipment, dispatching human resources, and recruitment. The main pillar of Vector Shinwa's business is contracting operations in the manufacturing industry, such as for semiconductors and precision equipment. With assembly technology cultivated over many years through transactions with semiconductor manufacturing equipment manufacturers and a track record of responding to a wide variety of products, Vector Shinwa has earned a high level of trust from manufacturers as a company capable of providing high value-added services that cannot be replaced.

By becoming a member of the Nisso Group and utilizing our resources, such as the nationwide recruitment of human resources through our recruitment site "Kojō Kyūjin Navi" and human resources development at our training facilities, we will be able to expand our business performance by responding to new orders and strengthening our business management structure. We aim to expand our business by creating group synergies.

▶ Vector Shinwa Results



Strengths of Vector Shinwa

- High profitability and growth through business contracting and human resources dispatching in the semiconductor manufacturing field
- Strong business relationships with semiconductor manufacturing equipment manufacturers that boast high global market shares
- Advanced technology in semiconductor manufacturing equipment assembly

Nisso Group's CSR Activities

CSR Report 2021

https://www.nisso.co.jp/en/ir/esg/esg_13.html



The Nisso Group aims to create a workplace where working people can grow with a sense of satisfaction and contribute to the growth of client companies, in accordance with our founding philosophy of "Nurturing and Bringing Out the Best in People". In order to further enhance corporate value, we are conducting CSR activities to realize a sustainable society with a view to the SDGs.

Sustainability Policy

In order to achieve our mission of "Creating opportunities and hopes for people to work", we, the Nisso Group, aim to achieve sustainable business growth and realize a sustainable society by establishing policies on human rights, labor, the environment, health and safety, and ethics, and advancing initiatives to solve social issues through the provision of Human Resources Solution Services that support the growth of companies and people.

Materiality

Materiality 1: Creation of a comfortable workplace

What is needed for employees to keep working vigorously



Materiality 2: Responding to social changes and changes in industrial structures

What is needed to continue to respond to changes in social thinking and the evolution of technology



Materiality 3: Strengthening of governance

What is needed to keep up with the way things should be as times continue to change



Initiatives for Employment of People with Disabilities at Nisso Pure

Nisso Pure Co., Ltd. has established the "Nisso Pure Training Policy" to nurture and support employees with various disabilities (physical, intellectual, and mental) as "challenging people". Based on this policy, employees with disabilities are referred to as Challenged Staff (CS), and staff who provide guidance and support to those employees are referred to as Servant Staff (SS). Going forward, we will continue to expand the range of work areas in order to utilize the work-styles and possibilities that suit each individual's abilities and aptitudes, and will continue to train them for their success.

Support for local sports and co-sponsorship of Yokohama DeNA BayStars

With the aim of contributing to the revitalization of local communities and the development of the next generation through our support for sports, since 2018, we have signed a co-sponsorship agreement with "Yokohama DeNA BayStars". In FY 3/2022, as part of our community contribution activities, we donated the "NISSO Party Sky Deck 2021 Season Tickets" to the Yokohama Rubber Baseball Association, providing opportunities for local children to see the activities of professional baseball players up close.

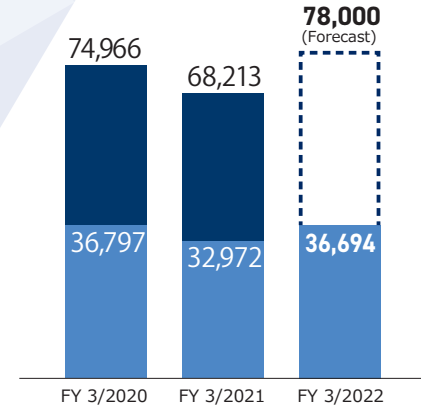


Performance Highlights

Consolidated

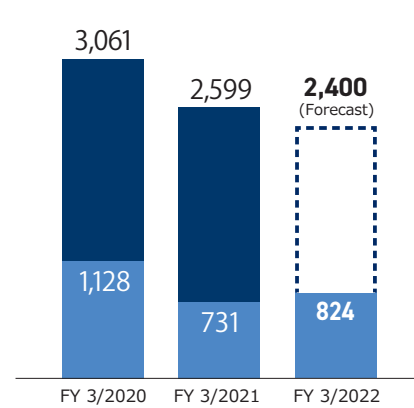
Net sales (Million yen)

■ 2Q YTD ■ Full-year



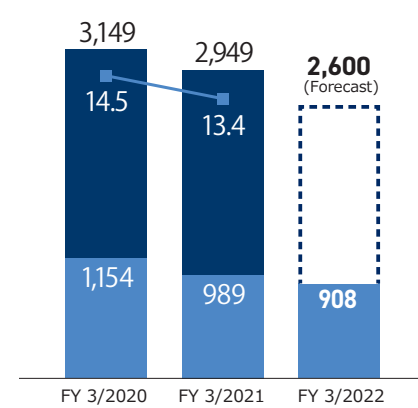
Operating profit (Million yen)

■ 2Q YTD ■ Full-year



Ordinary profit (Million yen) / ROA[※] (%)

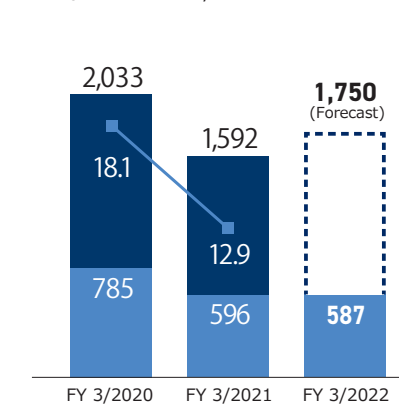
■ 2Q YTD ■ Full-year



※Return on Assets

Profit attributable to owners of parent (Million yen) / ROE[※] (%)

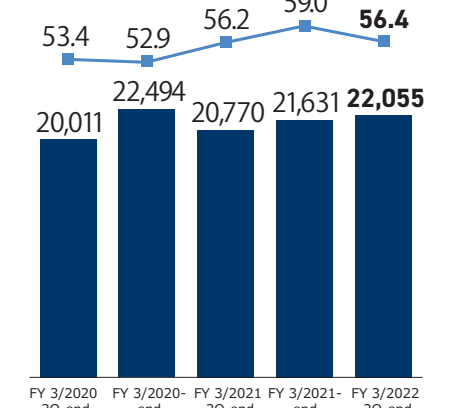
■ 2Q YTD ■ Full-year



※Return on Equity

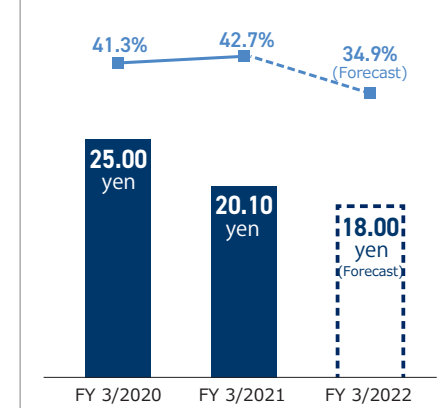
Total assets (Million yen) / Equity ratio (%)

■ 2Q YTD ■ Full-year



Dividend per share / Consolidated dividend payout ratio

■ Dividend per share ■ Consolidated dividend payout ratio

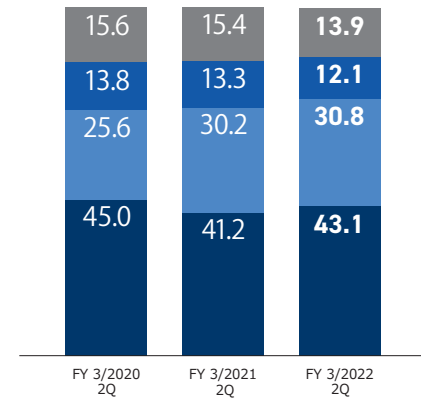


NISSO's common stock was split at a ratio of 2 shares for 1 share on May 1, 2019, and the FY 3/2019 dividend payout shown above is the dividend payout amount after the stock split.

Non-consolidated (NISSO)

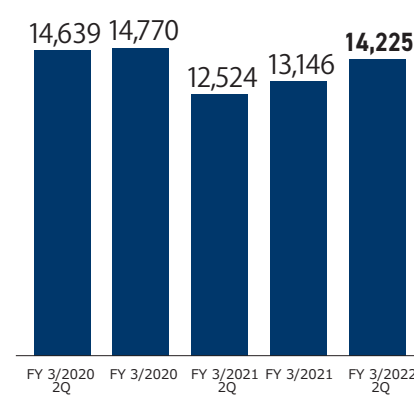
Trend of Net Sales Composition Ratios by Industry (NISSO) (%)

■ Automobiles ■ Elec. Devices ■ Precision·Elec. Machinery ■ Other



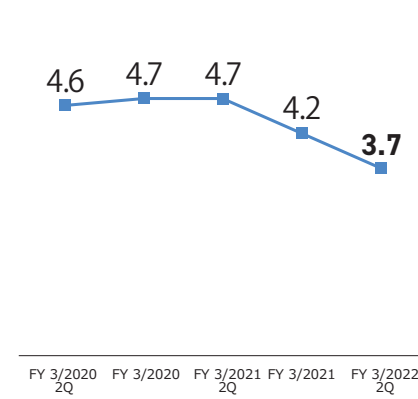
Trend of Number of Enrolled Staff (# of staff)

■ (# of staff)



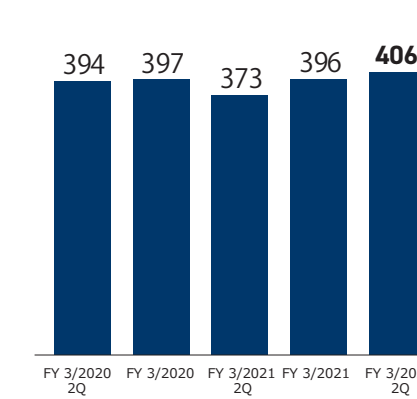
Trend of Turnover Rates (%)

■ (%)



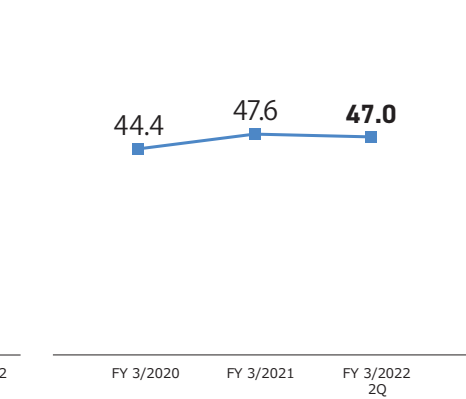
Trend of Net Sales per Capita (Monthly average conversion)

■ (Thousand yen)



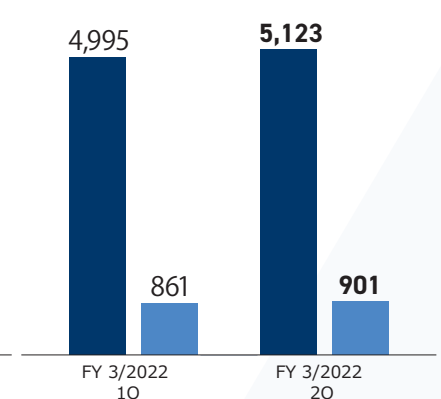
Ratio of Account Company Groups Net Sales to NISSO Total (%)

■ (%)



Number of Skilled Staff·Engineers (# of SS·Engineers)

■ Skilled staff ■ Engineers



TV Commercial for NISSO's Recruitment Site "Kojo Kyujin Navi" Starts

In order to achieve the goals of our Medium-term Management Plan・FY 3/2022 ~ FY 3/2024, we must provide valuable human resources who meet the needs of our client companies. As part of these efforts, we started broadcasting TV commercials in October in order to raise the name recognition of NISSO and our own recruitment site "Kojo Kyujin Navi".

What is NISSO's recruitment site "Kojo Kyujin Navi"?

- NISSO's own recruitment site for manufacturing-related human resources services
- More than 60% of human resources* who join NISSO are hired via "Kojo Kyujin Navi"

*manufacturing staff・dispatched staff

TV Commercial overview

Featuring: Yuina Kuroshima

Broadcast start date: October 1, 2021 (Friday)

Broadcast area: Nationwide

※The making of the commercial and its original version are also available on NISSO's website (in Japanese only)

URL <https://www.nisso.co.jp/en/ir/>



Corporate Outline /Status of Shares

(As of September 30, 2021)

Corporate Outline

Trade Name	NISSO CORPORATION (Japanese Co. Name 日総工業株式会社)
Securities Code	6569
Date Founded	February 3, 1971
Headquarters	Nisso Kosan (NISSO) Shin Yokohama Bldg., 1-4-1 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033
Number of Employees (Consolidated)	2,099
Manufacturing Staff・Dispatched Staff	13,928 (Avg. during FY)
Capital	2,015 Million yen
Main Business Activities	Manufacturing-related Human Resources Services (Manufacturing Dispatching, Manufacturing Contracting, Employment Placement, etc.)
Corporate Officers	Representative Director, President & CEO Ryuichi Shimizu Managing Director, Managing Executive Officer & COO Toshiyasu Udagawa Managing Director (External) Shin Monzawa Managing Director (External) Miki Ohno Full-time Audit & Supervisory Board Member (External) Akira Ishida Audit & Supervisory Board Member (External) Ryuta Hasegawa Audit & Supervisory Board Member (External) Hideo Sakano

Status of Shares

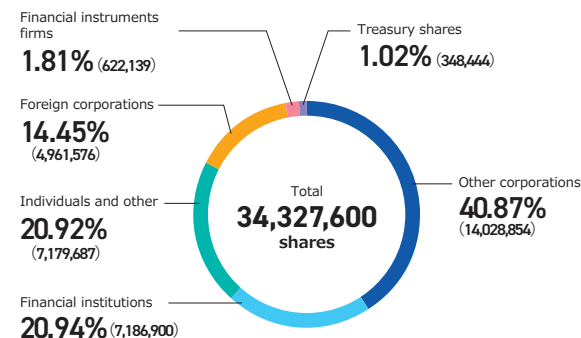
Total number of authorized shares	102,400,000 shares
Total number of outstanding shares	34,327,600 shares
Number of shareholders	4,012

Status of Major Shareholders

Name / Company Name	Number of Shares Held (shares)	Percentage (%)
NS Holdings Co., Ltd.	13,917,400	40.96
Custody Bank of Japan, Ltd. (Trust Account)	2,819,400	8.30
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,498,900	7.35
Tadao Shimizu	1,022,600	3.01
Custody Bank of Japan, Ltd. (Trust Account 9)	992,300	2.92
Chikako Shimizu	974,000	2.87
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	767,444	2.26
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	569,900	1.68
MSIP CLIENT SECURITIES	514,005	1.51
Shoichi Iwashige	433,800	1.28

※The percentage figures listed above are rounded off to the second decimal point.

Status of breakdown by shareholder-type (Percentage, No. of Shares Held)



Shareholder memo

Fiscal Year	April 1 to March 31 of the following year
Ordinary General Meetings of Shareholders	Late June of each year
Record Dates	Voting rights at the Ordinary General Meeting of Shareholders March 31 of each year Year-end dividend March 31 of each year Interim dividend September 30 of each year
Method of Public Notices	Public notices will be posted at the following address on NISSO's website: https://www.nisso.co.jp/en/ir/notice/ However, if electronic public notices cannot be made due to accidents or other unavoidable reasons, they will be published in the Nihon Keizai Shimbun (Nikkei Newspaper).
Stock Exchange Listing	First Section of the Tokyo Stock Exchange (Securities Code 6569)
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
Mailing Address	2-8-4 Izumi, Suginami-ku, Tokyo 168-8507 Japan
Telephone inquiries	Stock Transfer Agency (Business Planning) Department Mizuho Trust & Banking Co., Ltd. TEL. 0120-288-324 (Toll-free, in Japanese only) (9:00~17:00 excluding Saturdays, Sundays and public holidays)

Shareholder Report Questionnaire Report of Results

Thank you for your cooperation in filling out the questionnaire requested in the 41st Fiscal Year Report "To Our Shareholders". This time, we would like to introduce some of the most common opinions that we received from you.

The opinions of our shareholders are introduced below.

Shareholder



Please strive to further increase stock prices and enhance our dividends. Also, please consider shareholder benefits.

Shareholder



I became a shareholder because I thought NISSO was a good company with growth potential, but I feel that the company is still not well known to the general public. I look forward to NISSO's future endeavors.

Since stock prices are determined by market evaluations, we will continue to focus on enhancing corporate value and our IR activities, and promote the investment value of NISSO's shares to investors. With regards to dividends, although we have set the dividend payout ratio at 30.0%, based on investments for growth in the next fiscal year and beyond, in the future, we will consider dividends exceeding 30% based on the balance with investments. In addition, we are currently preparing for the introduction of the Shareholder Benefits Program with the aim of realizing it in the next fiscal year.

NISSO



We believe that enhancing the corporate value of the Nisso Group and our growth are important factors for increasing our name recognition. In addition, in order to further respond to the needs of our client manufacturers and to enhance the name recognition of "NISSO CORPORATION" and "Kajo Kyujin Navi", we started broadcasting a TV commercial nationwide of NISSO's recruitment site, "Kajo Kyujin Navi", featuring actress Yuina Kuroshima from October.

NISSO



Official Mascot Character



Nice to meet you!
My name is "Tsukurin"!



In the year commemorating the 50th Anniversary of NISSO's founding, the mascot character "Tsukurin" has joined the ranks! She came from faraway in space to protect the safe and comfortable workplaces of people who work in factories with Seizo-kun.

From now on, together with Seizo-kun and Peta, she will support Japan's MONOZUKURI.