

To Our Shareholders

42nd Fiscal Year Report

April 1, 2021 ~ March 31, 2022



NISso **NISSO CORPORATION**

Securities Code 6569

President's Message



Representative Director, President & CEO
Ryuchi Shimizu

Greetings

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

The effects of the new coronavirus (COVID-19) have been prolonged due to the re-expansion of infections by the Omicron strain. In addition, the economic outlook remains uncertain, with soaring crude oil prices and heightened geopolitical risks.

As the world environment changes drastically, we believe that the social needs of the human resources industry are major themes in fostering human resources who can respond to new market needs in line with the new era.

The key point will be to improve the business model and enhance the capabilities of the people who work there.

The subsidiary acquisition of Vector Shinwa Co., Ltd., which has technologies and skills specialized in semiconductor manufacturing equipment and measuring instruments, will lead to the development of human resources to meet future human resources needs, and the establishment of a joint venture with TSUNAGU GROUP HOLDINGS Inc. will lead to the optimization of human resources matching tailored to new markets.

The Nisso Group will continue to invest further in employees working in the Group with the aim of improving employee satisfaction and fostering engagement, as well as "creating comfortable workplaces" and "responding to social changes and changes in industrial structures". By making such investments, we aim to realize the Nisso Group's mission of "Creating opportunities and hopes for people to work".

We are now in an era where companies are required to contribute to society not only through sales and profits, but also through their business activities. The Nisso Group will also strive to enhance our corporate value by leveraging our strengths and working to resolve issues around the world.

Toward the expansion of the engineering area

We will continue to expand the engineering area, mainly in the field of equipment maintenance, where needs are expected to grow.

Current status of the engineering area

Expansion of the equipment technology field (equipment maintenance) which has a high affinity with manufacturing at the core

- Responding to the needs of existing business partners
- Sales/marketing to manufacturing business partners + new development

Environment of the engineering area

In the future, although it is expected that the number of simple operators will decrease with the expansion of factory automation, the need for equipment maintenance is high, and it is predicted that the need will increase further due to factory automation, and that AI·IT human resources will become insufficient as technological innovation (DX) advances.

Initiatives in the engineering area

Recruitment

- Continuation of investment in recruitment (new graduates, experienced personnel, etc.)
- Promotion of job changes to engineers
 - Implementation of internal recruitment utilizing "apses Portal", a tool for communicating with staff
 - Promotion of career changes from staff-skilled staff to engineers
- Utilization of NISSO's unique recruitment site "engineer works" specializing in engineers

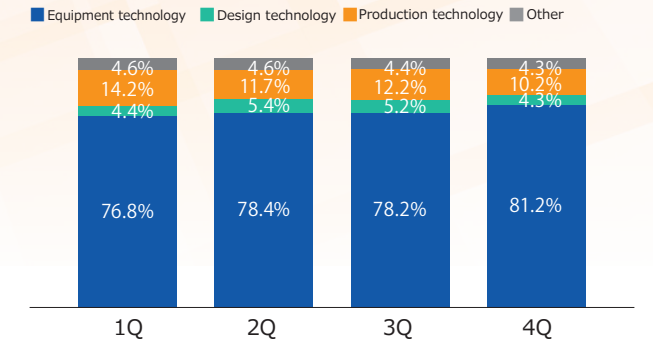
Education

- Expansion of the number of trainees (capacity expansion)
- Development of a practical education system utilizing the Nisso Group's contracting sites (development of work-ready human resources)
 - Classroom education at Technical Centers → practical training at contracting sites → assignment
- Expansion of educational content utilizing outsourcing
- Development of an educational curriculum for developing high-tech human resources Utilization of e-learning·VR, co-creation with JVs, etc.

Performance (expansion)

- Expansion to fields where equipment maintenance expertise can be applied, such as equipment maintenance at automobiles manufacturers, medical engineers, and building maintenance combining AI and robots, in addition to semiconductor manufacturing equipment

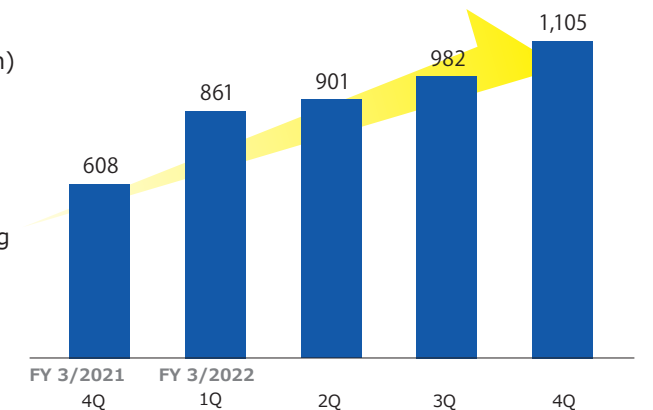
Engineering Area FY 3/2022 Composition Ratio of Engineer Enrollment by Industry



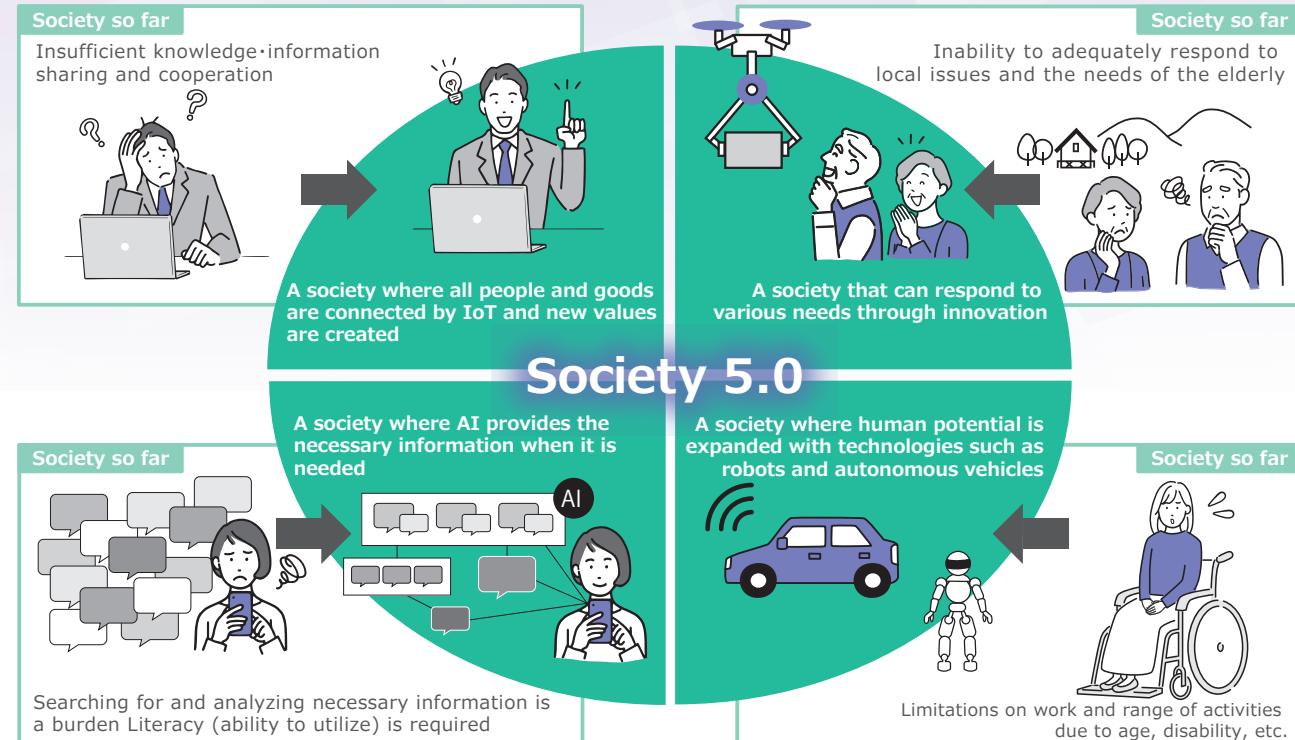
Vision of the engineering area

In order to accurately respond to the new needs of manufacturers accompanying changes in the environment and to further expand the engineering area, NISSO will strive to improve the ability of employees by establishing a system of recruitment (appointment) and education.

Engineering Area Number of Enrolled Engineers



Market·Environment



What is Society 5.0?

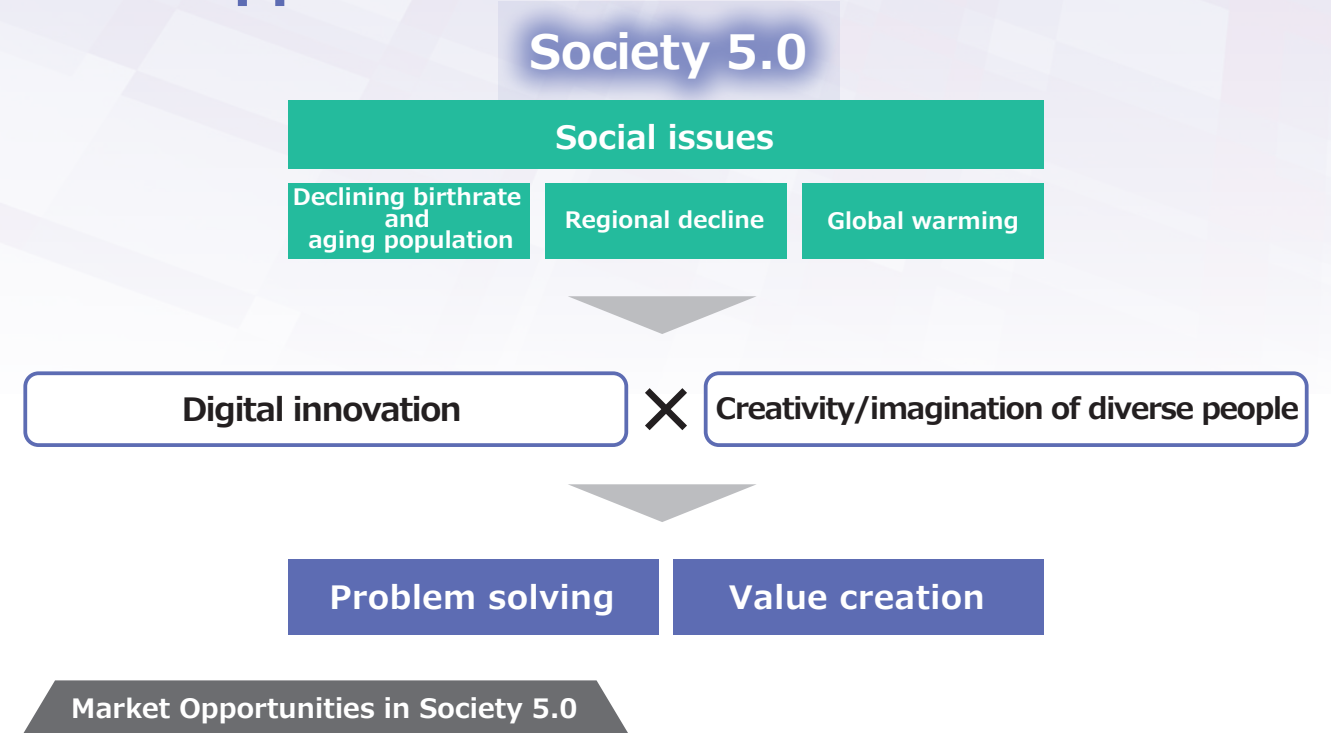
The term refers to a new society following the hunting society (Society 1.0), agrarian society (Society 2.0), industrial society (Society 3.0), and information society (Society 4.0), and refers to a human-centered society that achieves both economic development and the resolution of social issues through a system that highly integrates cyberspace (virtual space) and physical space (real space).

In the information society (Society 4.0) so far, knowledge and information have not been shared, and there has been a problem of insufficient cross-sectoral cooperation. The society to be realized by Society 5.0 will advance digital innovation

(digital transformation) by connecting all people and goods through IoT (Internet of Things), and by sharing various knowledge and information, it will fundamentally change the way society should be including personal life, administration, industrial structure, employment, etc., and create new value that has never been seen before.

In addition, this will lead to the resolution of various issues not only in Japan but also around the world, and will also lead to the achievement of the "Sustainable Development Goals (SDGs)" of the United Nations, and therefore, corporate initiatives toward SDGs will be increasingly emphasized in the future.

The Nisso Group's Business Environment and Market Opportunities



In the manufacturing process, progress in IoT and AI technologies will accelerate labor saving, and as a result, maintenance needs to ensure stable operation of manufacturing equipment are expected to expand. In addition, as a measure to deal with environmental problems, the widespread use of EV vehicles is expected to increase the manufacturing needs for core components such as motors, batteries, and semiconductors. In the digital field, the presence of IT in society will further increase, and the demand for IT human resources is expected to further expand. These changes provide market opportunities to expand the existing and engineering areas that NISSO is addressing.

The business model for buying and selling goods and services on the Internet (EC market) is expected to continue expanding, and the volume of distribution is expected to increase further. We would like to respond to the human resources needs in this expanding market through the provision of services at

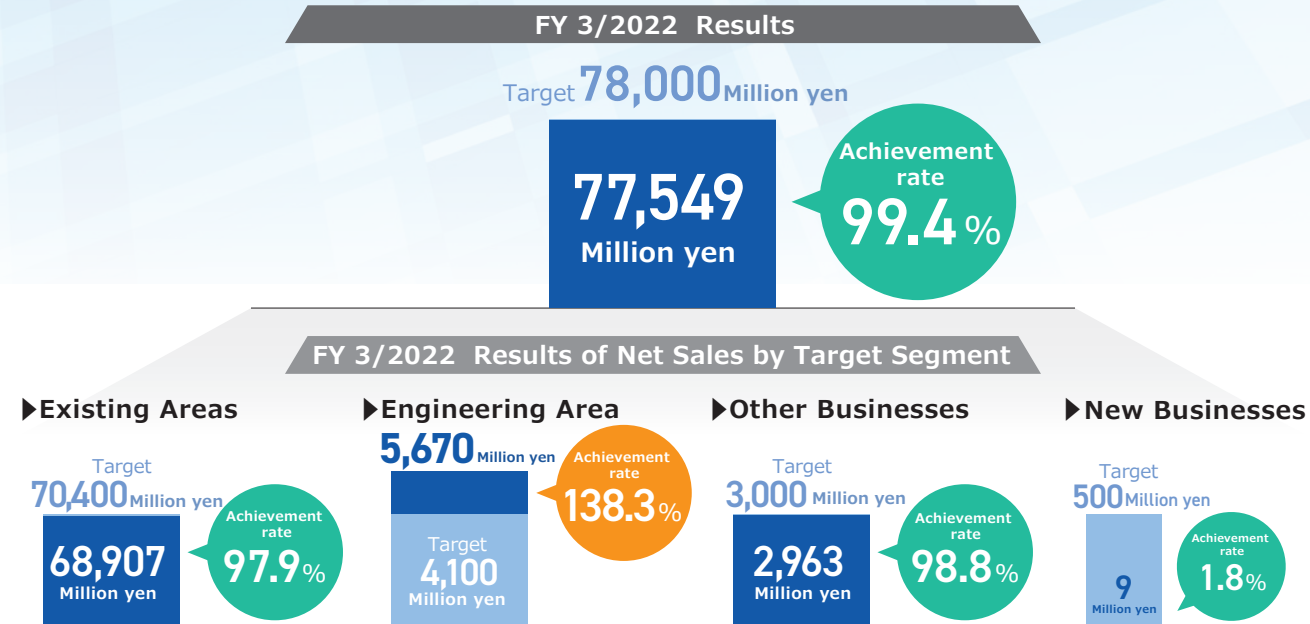
Leaf Nxt Inc., a joint venture company with TSUNAGU GROUP HOLDINGS Inc.

In the healthcare-related market, the need for utilization of diverse human resources is expected to increase due to the expansion of healthcare services as a result of heightened awareness of well-being and quality of life, and the growing need for diverse work opportunities that are not limited to full-time work, such as global human resources, middle-aged and elderly human resources, and people with disabilities, will expand in terms of work-styles. In addition, with the acceleration of the aging of the population, the demand for nursing care will increase, and the need for a shortage of nursing care personnel is also expected to expand. We believe that such changes will lead to market opportunities in Other Businesses (nursing care·welfare).

Going forward, we will continue to strive to enhance corporate value by taking on the various changes we anticipate as market opportunities.

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 a view to new growth. The progress is reported below.



In the Existing Business area, net sales amounted to 68,907 million yen due to an increase in the number of enrolled staff and an increase in billing unit-costs, reflecting the need for human resources at auto-body manufacturers for recovery production and strong demand for semiconductors in the electronic devices industry. As a result, the net sales achievement rate was 97.9%. In the Engineering area, the number of engineers increased due to the utilization of NISSO's unique recruitment site "engineer works" specializing in engineers, and the promotion of career changes from skilled staff to engineers in order to increase the number of engineers, resulting in net sales of 5,670 million yen. As a result, the net sales achievement rate was 138.3%. In the New Businesses area, NISSO participated in the "TASUKI" project operated by SB Innoventure Corp. (Head office: Minato-ku, Tokyo) which has built an annotation platform, and started

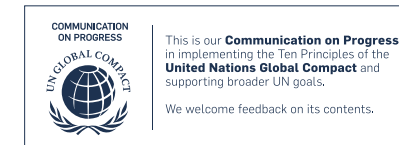
annotation operations. In addition, TSUNAGU HC SUPPORT Inc. (company name changed to "Leaf Nxt Inc." on March 1, 2022), a consolidated subsidiary of TSUNAGU GROUP HOLDINGS Inc., became a joint venture company, and NISSO plans to provide a variety of sustainable and cyclical services in the human resources area. Net sales in New Businesses amounted to 9 million yen, and the net sales achievement rate was 1.8%. In Other Businesses (nursing care·welfare), under measures to improve the quality of services provided at "Sweetpea" nursing care facilities located in 6 locations in Yokohama, the occupancy rates of nursing care facilities remained high at 90.5%, and net sales were 2,963 million yen. As a result, the net sales achievement rate was 98.8%.

Nisso Group's Sustainability Initiatives

The Nisso Group believes that it is important to contribute to society and the environment through our business activities in order to realize our mission of "Creating opportunities and hopes for people to work".

Participation in the United Nations Global Compact

On March 18, 2019, NISSO began our participation in the United Nations Global Compact, a global initiative to achieve sustainable growth in the international community. We will contribute to the realization of a sustainable society by supporting and putting into practice the 10 principles of UNGC, which consists of the 4 areas of "Human Rights·Labor·Environment·Anti-corruption" advocated by the United Nations.



Activities at the Global Compact Network Japan

NISSO participates in activities carried out by the "Global Compact Network Japan" (GCNJ), Japan's local network of the United Nations Global Compact. GCNJ conducts themed subcommittee activities to discuss · exchange information on sustainability concepts and initiatives, learning from the practices of other companies and academic experts.



Human Resources Development Initiatives

Based on our Sustainability Policy, the Nisso Group has identified materiality (key issues) with the aim of achieving both social and corporate value.

We believe that contributing to society through human resources is the most important aspect of environment, social, and governance (ESG), and we aim to create a comfortable working environment where employees can work with a peace of mind and with motivation. In addition, we have established a Human Resources Development Policy to address the materiality of "Responding to social changes and changes in industrial structures". We will continue to invest in human resources under this policy.

Human Resources Development Policy (Basic View)

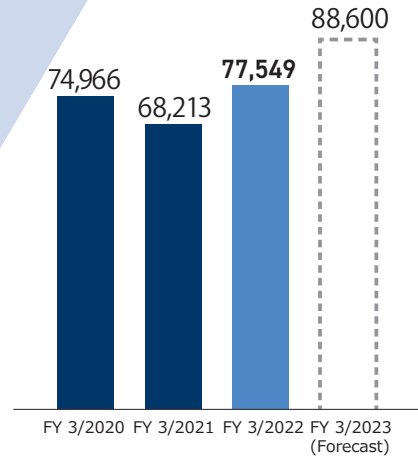
Believing in the potential of each person and bringing out such potential are thoughts that have been consistently included in our philosophy since our foundation, and they are fundamental concepts for promoting human resources development. The Nisso Group will develop human resources who challenge all possibilities in all fields in order to achieve sustainable business growth and realize a sustainable society.

- We provide educational opportunities that aim to improve the growth and engagement of each employee
- We provide educational opportunities in response to social changes so that diverse human resources can play an active role in a diverse society
- By providing educational opportunities, we foster independence and willingness to take on challenges, and support the realization of career visions

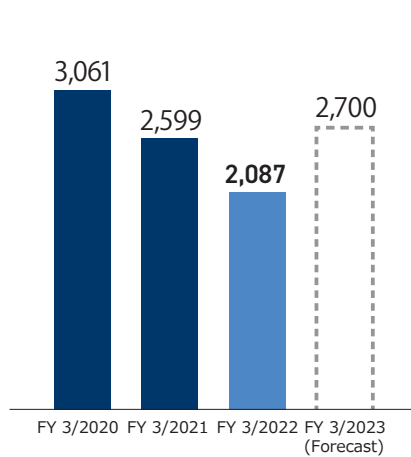
Performance Highlights

Consolidated

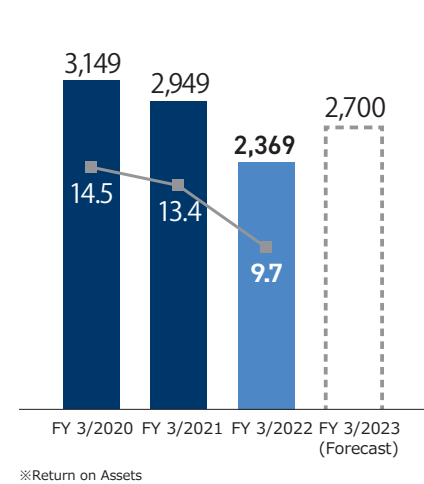
Net sales (Million yen)



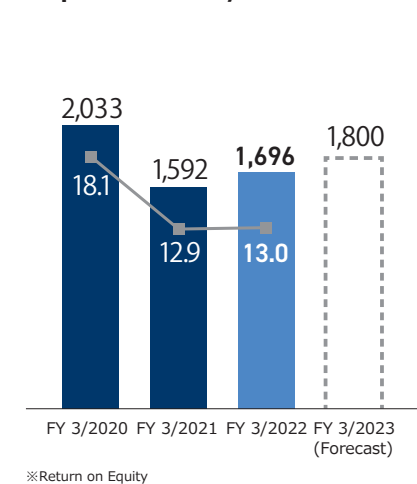
Operating profit (Million yen)



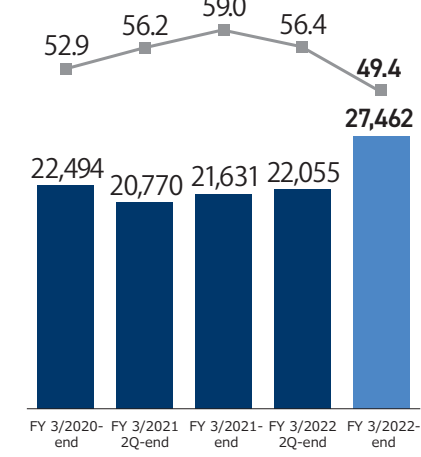
Ordinary profit (Million yen)/ROA[※] (%)



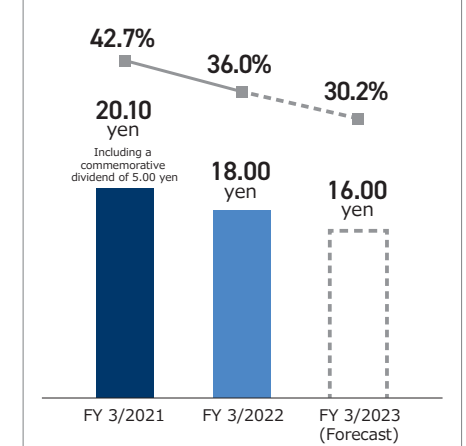
Profit attributable to owners of parent (Million yen)/ROE[※] (%)



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



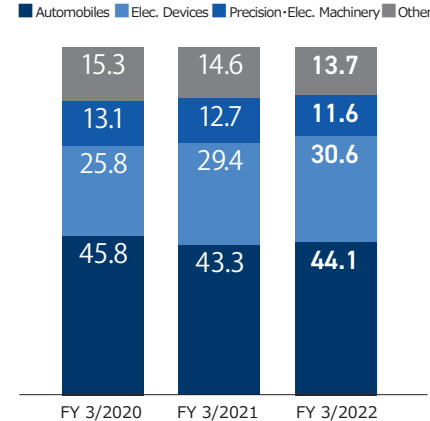
Dividend per share / Consolidated dividend payout ratio



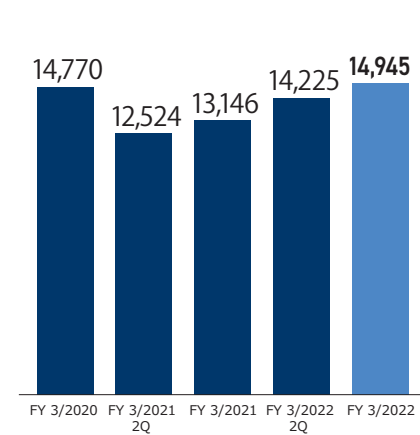
NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues. In addition, by setting the consolidated dividend payout ratio of 30% or more as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all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

Non-consolidated (NISSO)

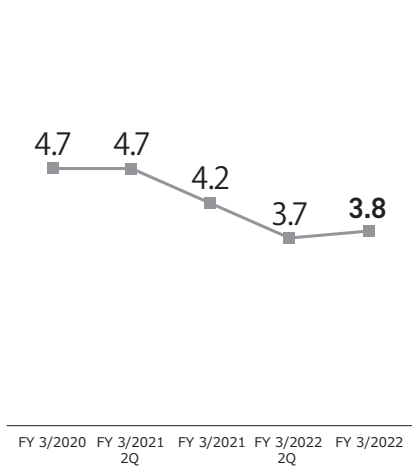
Trend of Net Sales Composition Ratios by Industry (NISSO) (%)



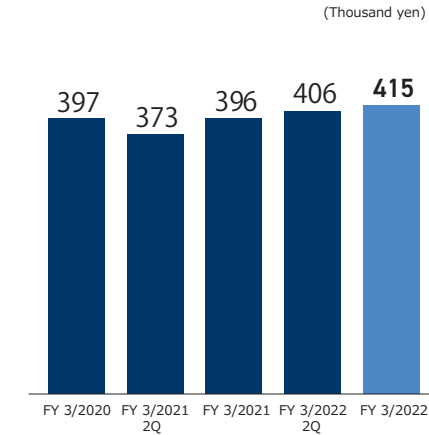
Trend of Number of Enrolled Staff (# of staff)



Trend of Turnover Rates (%)



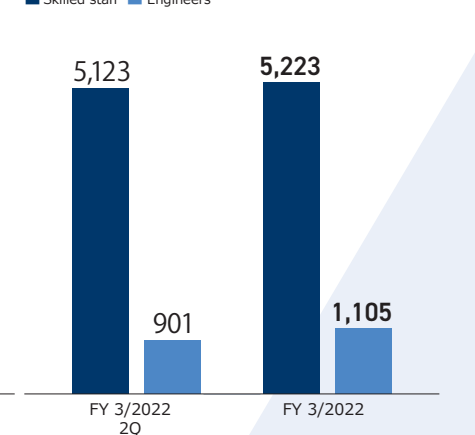
Trend of Net Sales per Capita (Monthly average conversion) (Thousand yen)



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



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



Corporate Outline /Status of Shares

(As of March 31, 2022)

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	14,434 (Avg. during FY)
Capital	2,016 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

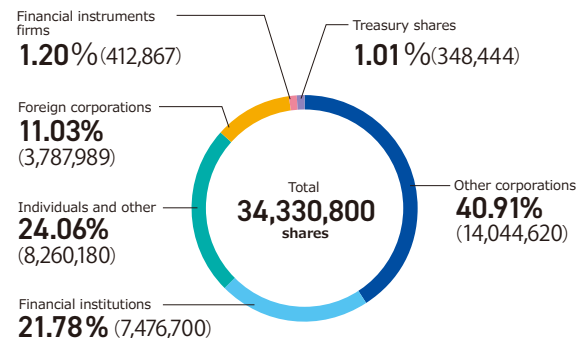
Total number of authorized shares	102,400,000 shares
Total number of outstanding shares	34,330,800 shares
Number of shareholders	4,670

Status of Major Shareholders

Name / Company Name	Number of Shares Held (shares)	Percentage (%)
NS Holdings Co., Ltd.	13,917,400	40.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,490,500	10.27
Custody Bank of Japan, Ltd. (Trust Account)	3,128,300	9.21
Tadao Shimizu	1,022,600	3.01
Chikako Shimizu	974,000	2.87
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	743,100	2.19
STATE STREET BANK AND TRUST COMPANY 505103	463,800	1.36
Shoichi Iwashige	433,800	1.28
NISSO CORPORATION Employee Shareholding Association	358,000	1.05
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	344,400	1.01

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

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



NISSO Brand Movie 『Dream, Together』



Please visit the NISSO YouTube channel (in Japanese only)



<https://www.youtube.com/watch?v=p3Y16F3zi-4>

In order to introduce NISSO to as many people as possible, we have released the NISSO Brand Movie 『Dream, Together』 on NISSO's YouTube channel. Please access NISSO's YouTube channel from the QR code @ or URL on the upper right corner and watch it!

※The QR code is a registered trademark of DENSO WAVE INCORPORATED

Shareholder Report Questionnaire Report of Results

Thank you for your cooperation in filling out the questionnaire requested in the 42nd Fiscal Year Interim 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



I look forward to your company's approach of "Nurturing and Bringing Out the Best in People".

Shareholder



Turnover rates seem to be improving. What kind of initiatives are you taking?

Since NISSO's founding, we have valued the philosophy of "Nurturing and Bringing Out the Best in People". In order to realize this philosophy, in addition to balancing "OFF-JT education" and "OJT education" to provide work experience, we are also strengthening "recurrent education" to enhance expertise while grasping the changes of the times. In the *MONOZUKURI* (manufacturing) workplace, we are actively engaged in training using actual equipment such as semiconductor manufacturing equipment and automobile assembly tools in order to practically improve the necessary skills and techniques. We have established educational and training facilities at 8 locations nationwide as a foundation to support this education.

NISSO



We have assigned on-site supervisors to each business partner to ensure follow-up after staff join the company. In addition, we provide workers with practical training in assembly, painting and inspection using actual machines that are similar to those at production sites. We believe that these efforts have accelerated on-site work proficiency, reduced mismatches, and improved turnover rates.

NISSO



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	Prime Market 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	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency (Business Planning) Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507 Japan
Telephone inquiries	TEL. 0120-288-324 (Toll-free, in Japanese only) (9:00~17:00 excluding Saturdays, Sundays and public holidays)

Redeem points from over 5,000 types of complimentary products!

Products can be exchanged according to the shareholder benefits points.

About the Shareholder Benefits Program

We would like to thank our shareholders for their daily support, and have introduced a shareholder benefits program with the aim of enhancing the attractiveness of investing in our shares and increasing the number of shareholders who can hold our shares over the medium to long term.

Benefit points presented based on the number of shares held

300~499 shares	▶	3,000 points
500~699 shares	▶	6,000 points
700~899 shares	▶	10,000 points
900~999 shares	▶	15,000 points
1,000~1,999 shares	▶	20,000 points
2,000 + shares	▶	50,000 points

Presentation conditions

To be listed as a shareholder holding 300 shares or more in the register of shareholders at the end of March every year from 2022.

Carry-over conditions

Points can be carried over only if shareholders are listed with the same shareholder number twice consecutively in the register of shareholders as of the end of March of the following year, and hold 3 share units (300 shares) or more (once only). Points will expire if the number of shares is reduced to less than 3 share units (300 shares) or if the shareholder number is changed by the vesting date at the end of March.