



工場求人に、
愛と希望を。

Nisso Group Business Overview ・ Growth Strategy

March 18, 2022

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- 2 . About NISSO
- 3 . About the Medium-term Management Plan
- 4 . Future Prospects (FY 3/2022)
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1. Overview of Nisso Group

About Nisso Group

【General Human Resources Business】

NISSO CORPORATION

Manufacturing dispatching・contracting businesses
Conducts business with major domestic manufacturers



日総工産株式会社

Nisso Pure Co., Ltd.

Promotes employment of people with disabilities
NISSO CORPORATION's special-purpose subsidiary



日総ひゅあ株式会社

Nisso Brain Co., Ltd.

General office work dispatching business
Business centers around Yokohama



Nisso Brain
いつも「ありがとう!」のとなり。

Vector Shinwa Co., Ltd.

Manufacturing contracting・dispatching businesses
Contract manufacturing of jigs・tools and development of original products



※As of August 31, 2021

Vector Shinwa
株式会社ベクトル伸和

【Other Businesses】

Nisso Nifty Co., Ltd.

Home・facility nursing care businesses
Operates 6 facilities in Yokohama



人と向き合い 人に寄り添う
すいとびー 日総ニフティ株式会社

FY 3/2021 Sales by Segment

General Human Resources Services Business, 95.6%
65,250 Million yen

Other Businesses, 4.4%
2,972 Million yen

Profile

■ Founding Philosophy “Nurturing and Bringing Out the Best in People”

■ Nisso Group's "Mission" and "Vision"

We, the Nisso Group

with Human Resources Solution Services that support the growth of companies and people

Mission (will fulfill our Mission of)

Creating opportunities and hopes for people to work

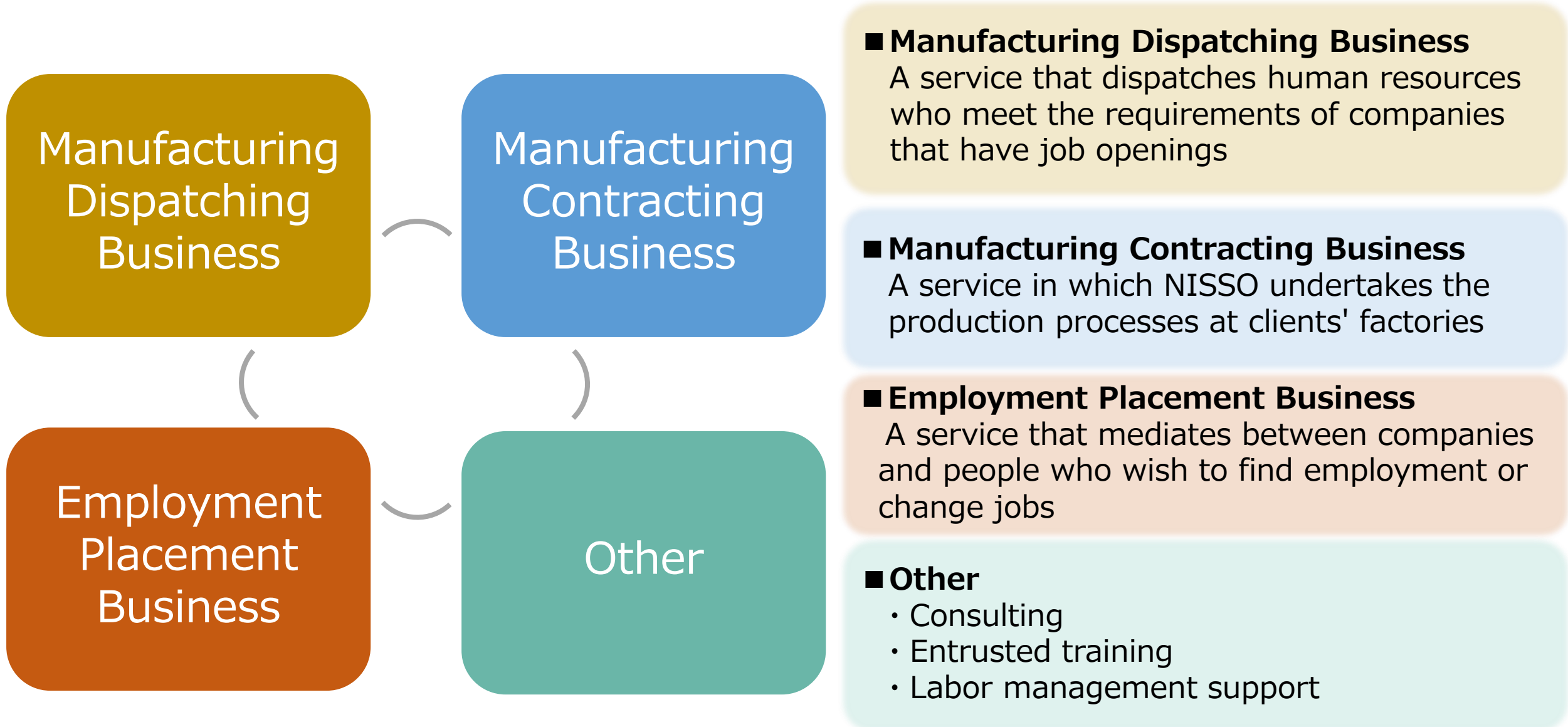
Vision (What we should aim for in 3 years)

To transform into a corporate group with high-growth potential

■ Corporate Profile

Company Name (in Japanese)	NISSO CORPORATION (日総工産株式会社)
Representative	Ryuichi Shimizu
Listed Stock Market	First Section, Tokyo Stock Exchange (Securities Code 6569) (April 2022 Prime Market (Scheduled))
Date of Listing	March 16, 2018
Capital	2,015 Million JPY (As of December 31, 2021)
Number of Employees	2,165 (As of December 31, 2021)
History	Feb. 1971 Nisso Koei Co., Ltd. was established (Predecessor company) Aug. 1980 NISSO CORPORATION was established Mar. 2018 Was listed on the First Section of the Tokyo Stock Exchange Feb. 2021 50th Anniversary of our founding

Business Overview

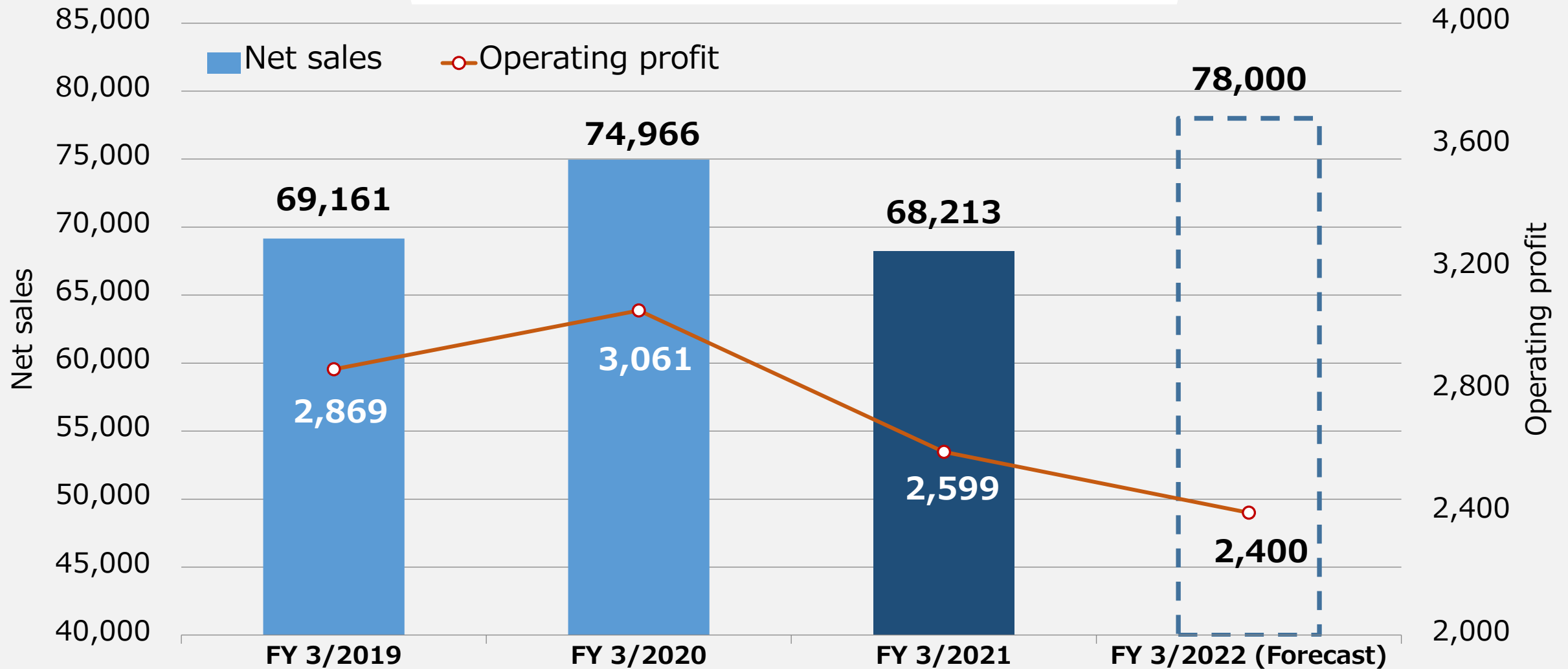


Consolidated Financial Results Trends



(Unit: Million yen)

Net Sales · Operating Profit Trends





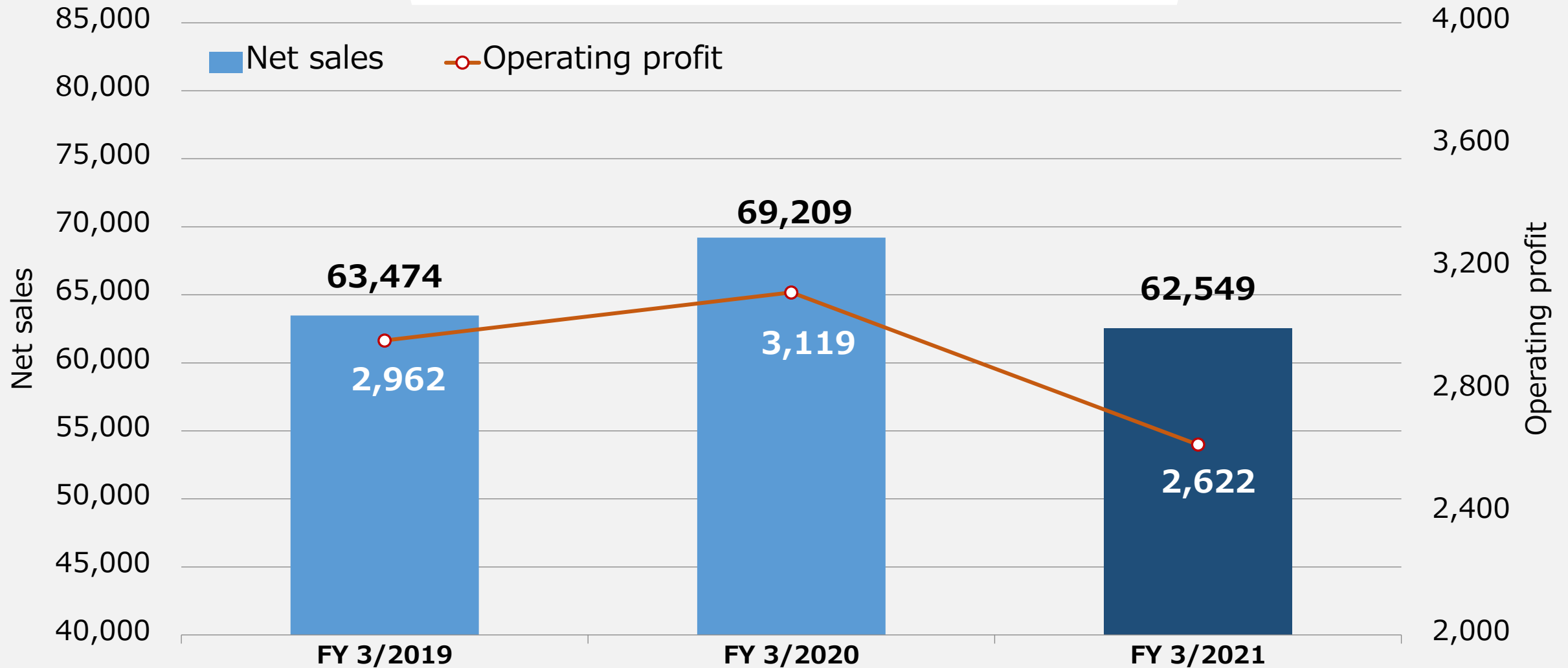
2. About NISSO

Non-consolidated Financial Results Trends



(Unit: Million yen)

Net Sales · Operating Profit Trends

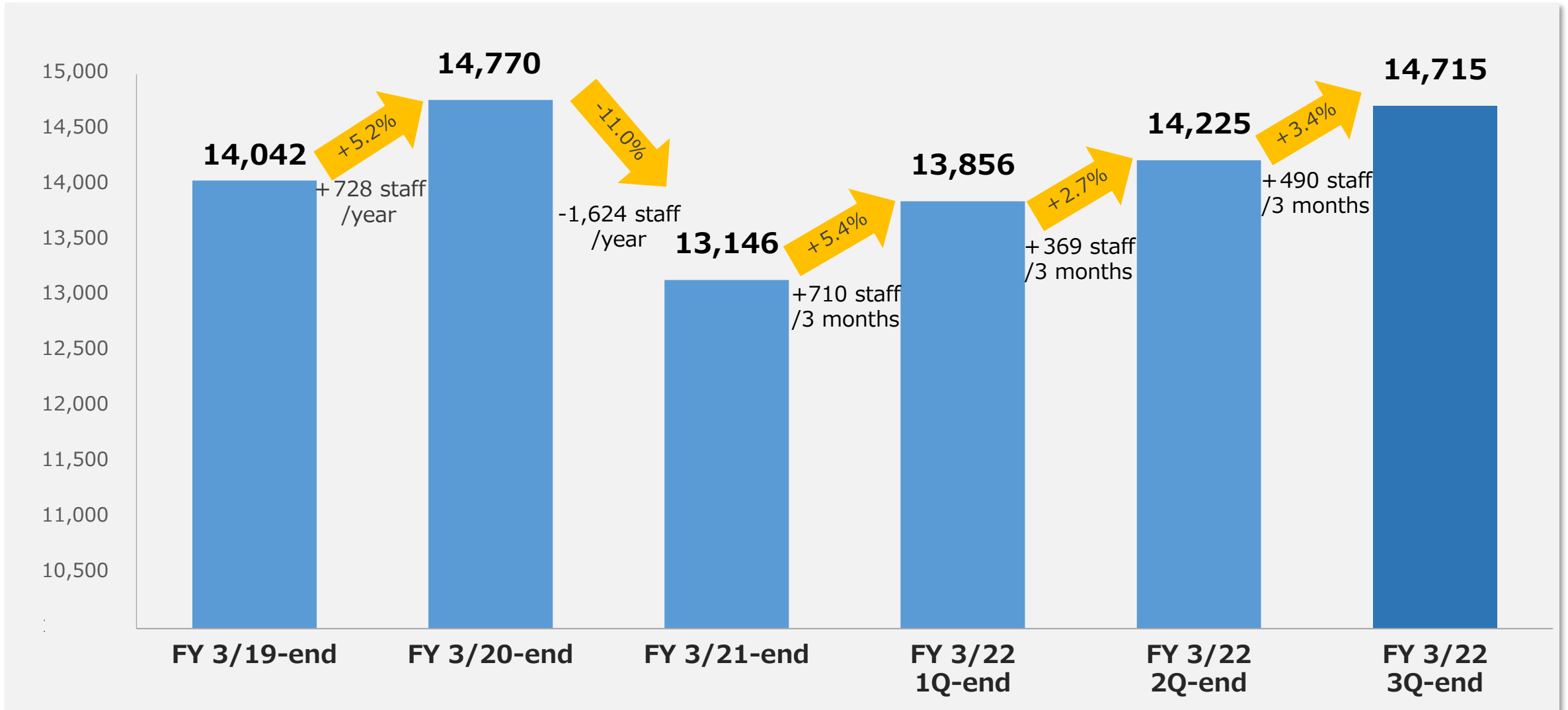


Trend of Enrolled Staff (NISSO, Non-consolidated)



Trend of Number Enrolled at FY-end

(Unit: # of staff)



Basic Strategies

【 2 Keywords】

Personnel Strategy

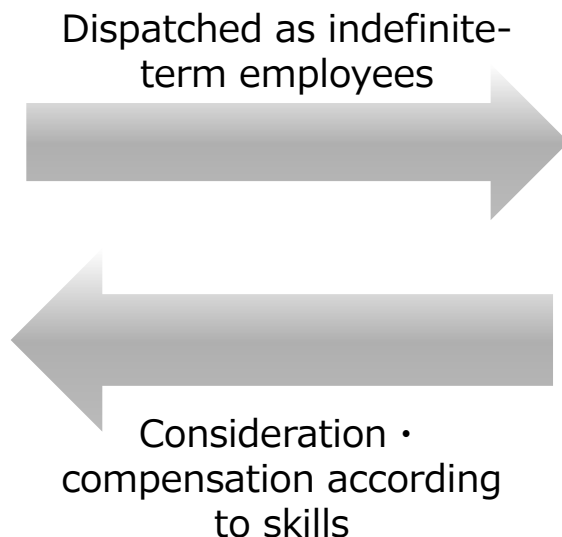
Skilled Staff

High quality
personnel

Client Strategy

**Account
Companies**

Expand
transactions



Aiming to raise unit costs and improve profitability through assignment of skilled staff to important clients, centering on Account Companies

Client Companies



Number of
Client Companies
632

(as of March 2021-end)



Main Industries

Automobiles



Electronic
Devices

Account Companies

World-renowned corporate
groups of automobiles/
electronic components/
precision machinery/
electrical machinery industries

Net sales ratio of
Account Companies

46.7% (FY 3/22 3Q)

Skilled Staff · Engineers

[Skilled Staff] ※Regular employees

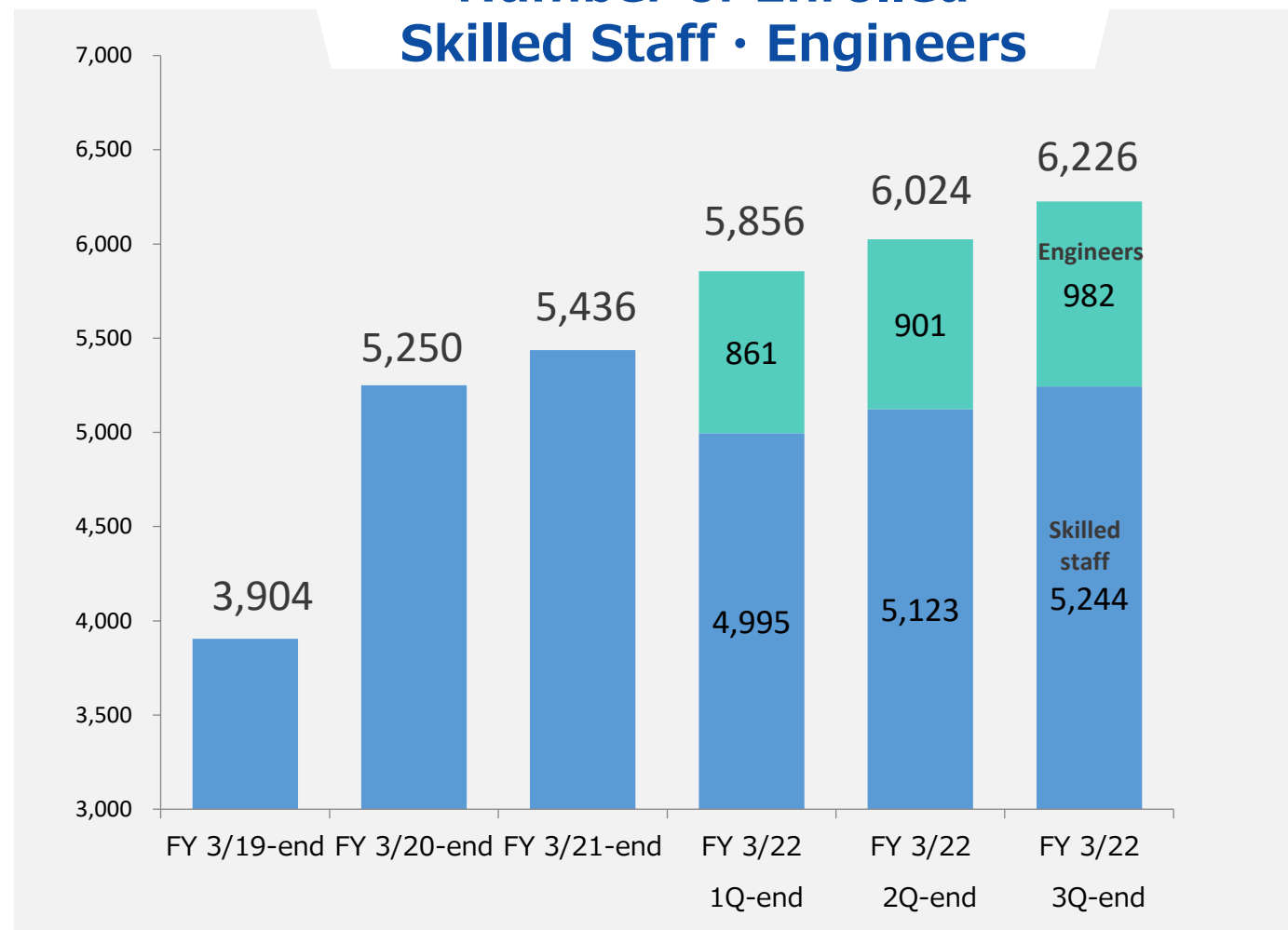
- Highly skilled human resources
- Industries include automobiles, electronic devices, precision · electrical machinery, and others
- High composition ratio in automobiles and electronic devices industries

[Engineers] ※Regular employees

- Human resources who are active in highly specialized fields
- Industries include equipment technology, design technology, production technology, and others
- Highest composition ratio in equipment technology industry

Number of Enrolled Skilled Staff · Engineers

(Unit: # of SS · Engineers)



Net Sales per Capita (NISSO, Non-consolidated)

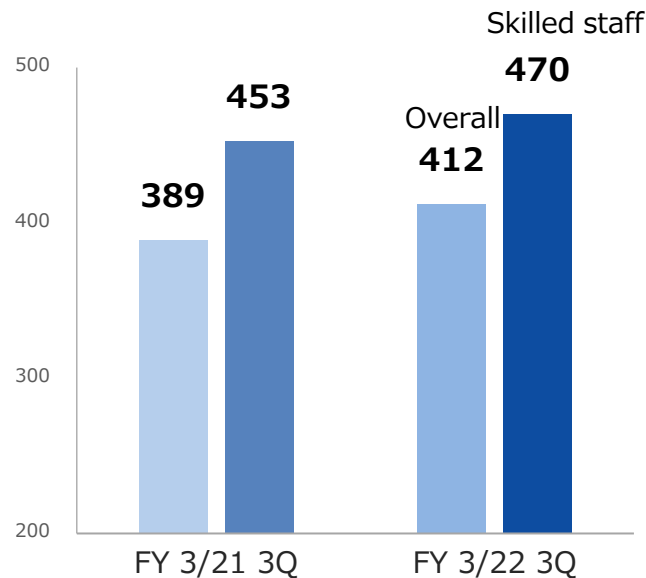


- FY 3/2022 3Q YTD <Overall net sales per capita> 412 Thousand yen (+24 Thousand yen YoY)
<Skilled staff net sales per capita> 470 Thousand yen (+17 Thousand yen YoY)
- Overall and skilled staff net sales per capita increased YoY. Although billing unit-costs rose and increased, the effect of the decrease in operations due to shortages of semiconductor and parts supplies in the automobiles-related industry continued.

Net Sales per Capita

(Monthly Average Conversion)

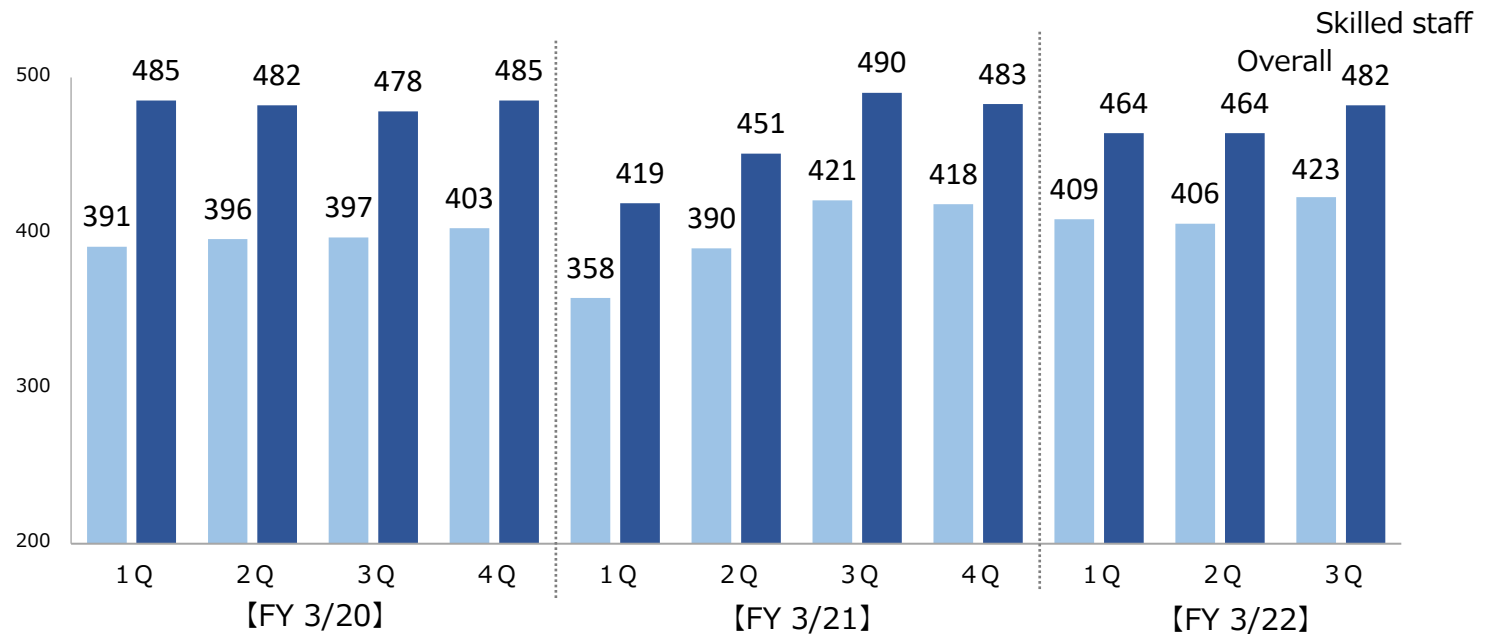
(Unit: Thousand yen)

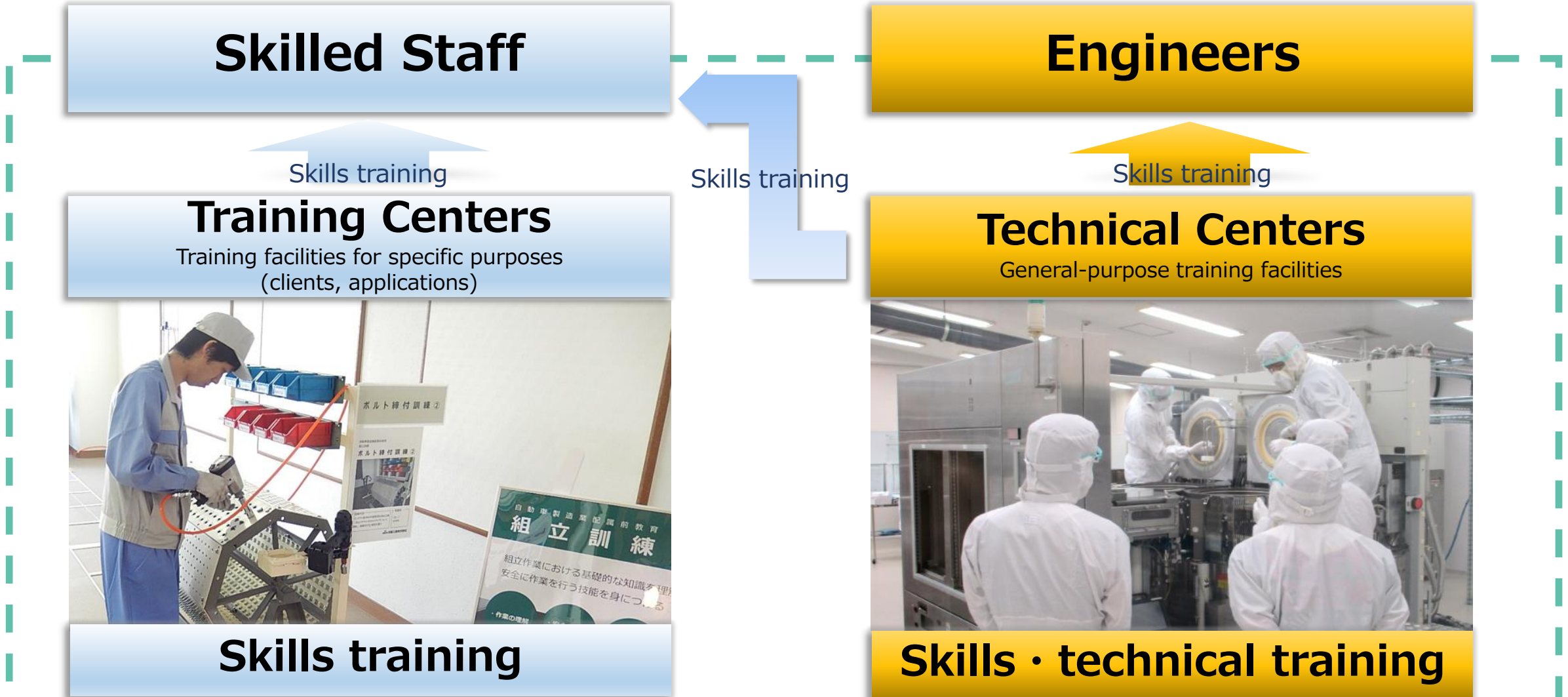


Net Sales per Capita

(Quarterly)

(Unit: Thousand yen)





Training Facilities

Nisso Technical Center Higashi-Nihon (Miyagi)
Opened in April 2016



Headquarters Techno Center (Kanagawa)



Nisso Technical Center Kyushu (Fukuoka)
Opened in July 2017



Nisso Technical Center Naka-Nihon (Nagano)
Opened in May 2018



Training Centers

- **Ota**
(Gunma)
Opened in December 2015
- **Toyota**
(Aichi)
Opened in July 2017
- **Tomakomai**
(Hokkaido)
Opened in December 2018
- **Hamamatsu**
(Shizuoka)
Opened in January 2019

Turnover Rates (Overall · Skilled Staff · Engineers)

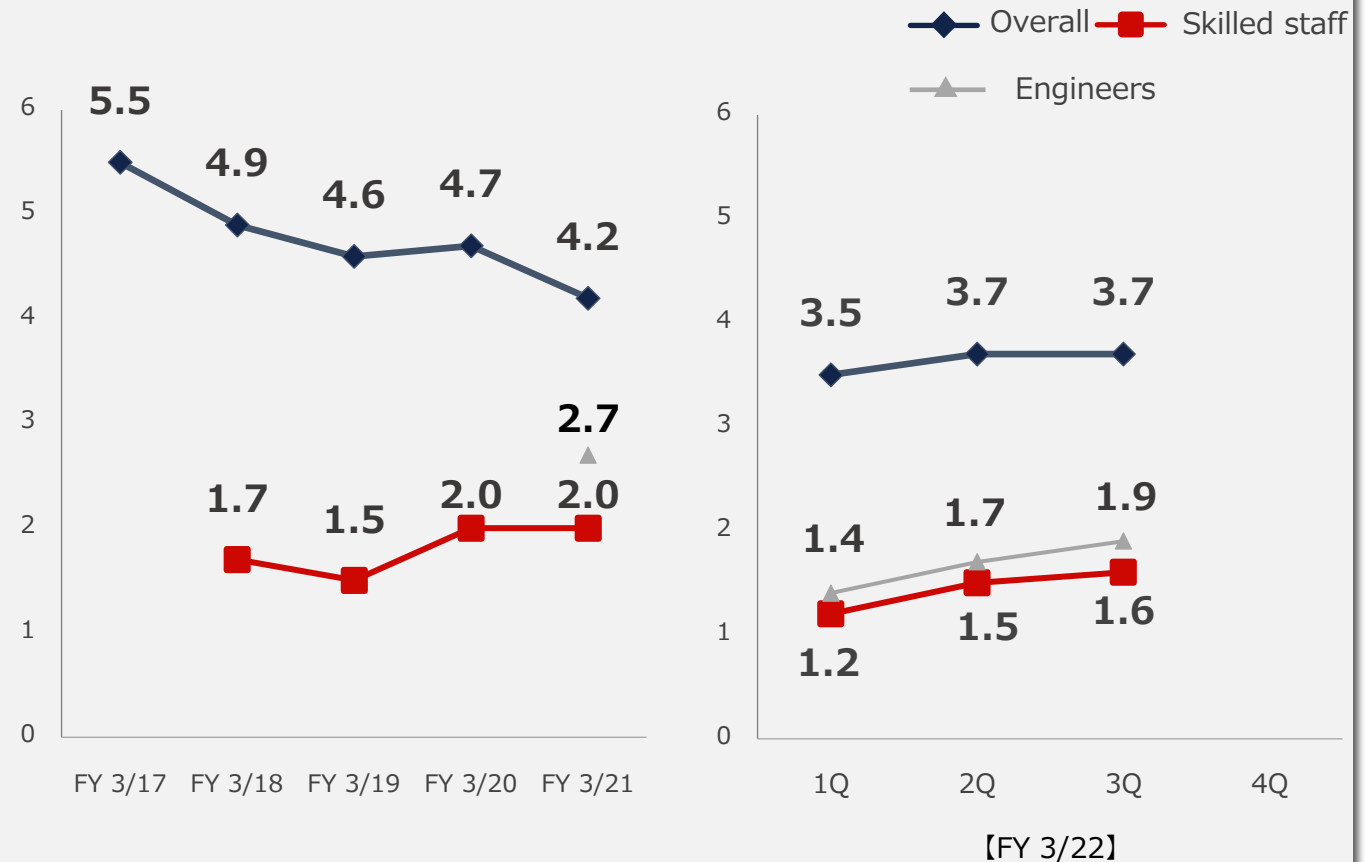
Point

- **Stability of employment**
- **Enhancement of educational opportunities**
- **Further development of skills**
- **Work in advanced jobs**
- **Improvement of treatment**
- **Promotion of sense of satisfaction**

※Skilled staff can stably provide higher-quality services to clients by improving retention and increasing their skills in a stable employment environment.

Furthermore, by training highly specialized engineers, we are able to respond to the new needs of our clients, and improve the treatment of engineers by improving their skills.

Trend of Turnover Rates (Unit: %)



Recruitment Activities

■ Use of NISSO's Recruitment Site

- Efficient recruitment activities with reduced hiring costs

Company-entrance rate from
"NISSO sites"
58.2%

※As of December 2021

- Strengthening customer attraction through "engineer works" a recruitment site dedicated to engineers

■ Promotional Activity by TV Commercial

TV commercial for "Kojo Kyujin Navi", featuring actress **Yuina Kuroshima**, started airing nationwide from October 1



※Also posted on NISSO's IR site* : <https://www.nisso.co.jp/ir/>

■ Nationwide Network

Recruitment activities are carried out at 71 locations nationwide + special venues

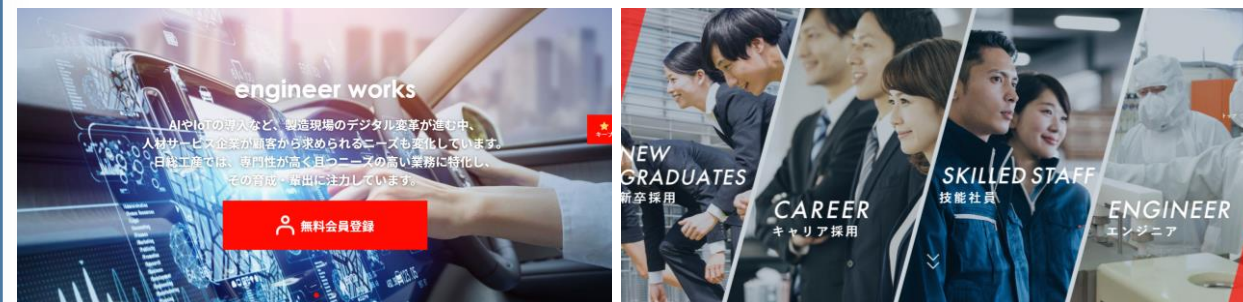
NISSO's Recruitment Site 【Kojo Kyujin Navi*】



engineer works

Recruit

日総工産採用情報



*in Japanese only

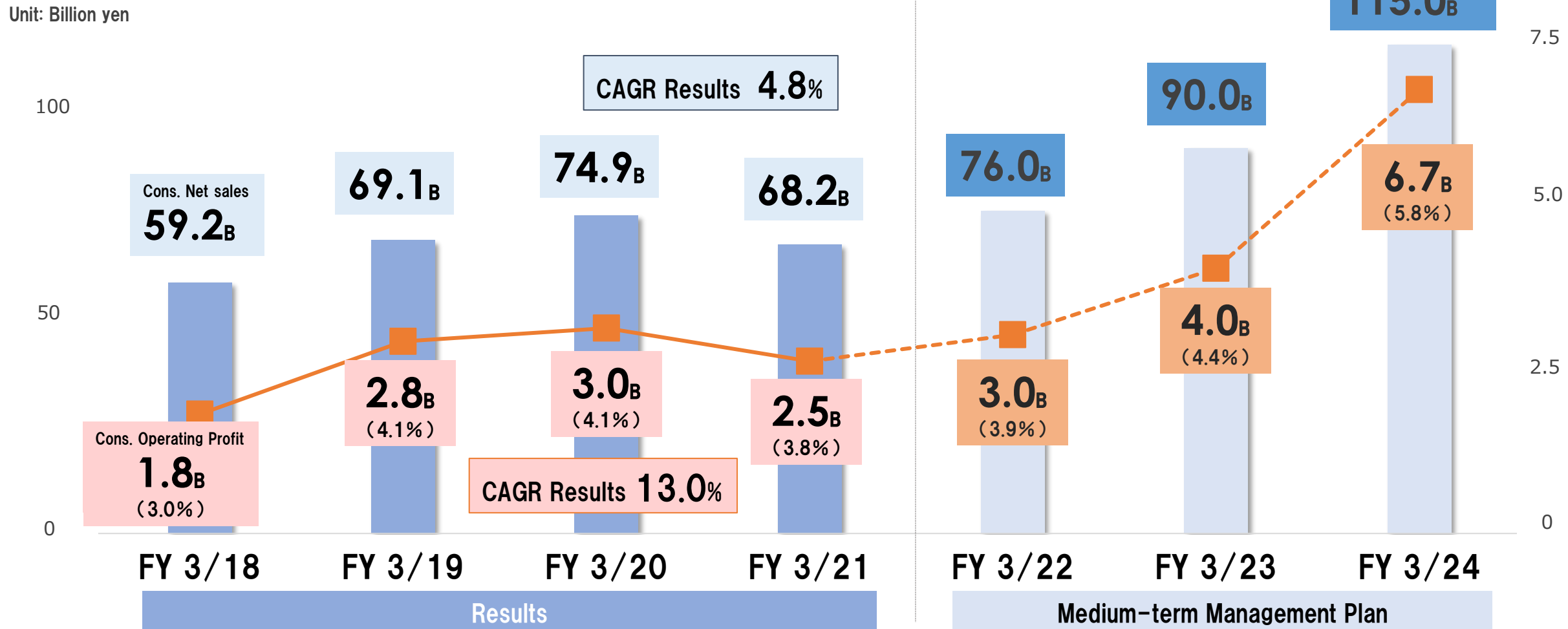


3. About the Medium-term Management Plan (FY 3/2022~FY 3/2024)




(Consolidated) Net Sales and Operating Profit Trends



Despite the impact of the new coronavirus (COVID-19), NISSO is on a path to recovery and on a stage for further growth



Business Environment Awareness

<ul style="list-style-type: none"> ■ Manufacturing Dispatching・Contracting 		<ul style="list-style-type: none"> • The market size in 2023 is expected to be 2.37 trillion yen* • Expected to decrease slightly to -7.1% compared to FY 2019
<ul style="list-style-type: none"> ■ Engineer Dispatching 		<ul style="list-style-type: none"> • The market size in 2023 is expected to be 1.29 trillion yen* • Expected to increase significantly to +27.2% compared to FY 2019
<ul style="list-style-type: none"> ■ Mutual 		<ul style="list-style-type: none"> • An era in which the business environment will drastically change due to the reorganization of the Tokyo Stock Exchange in 2022 and the spread of COVID-19

*Source: Current Status and Prospects of Human Resources Business 2020 Edition (Yano Research Institute Ltd.)

Priority Issues

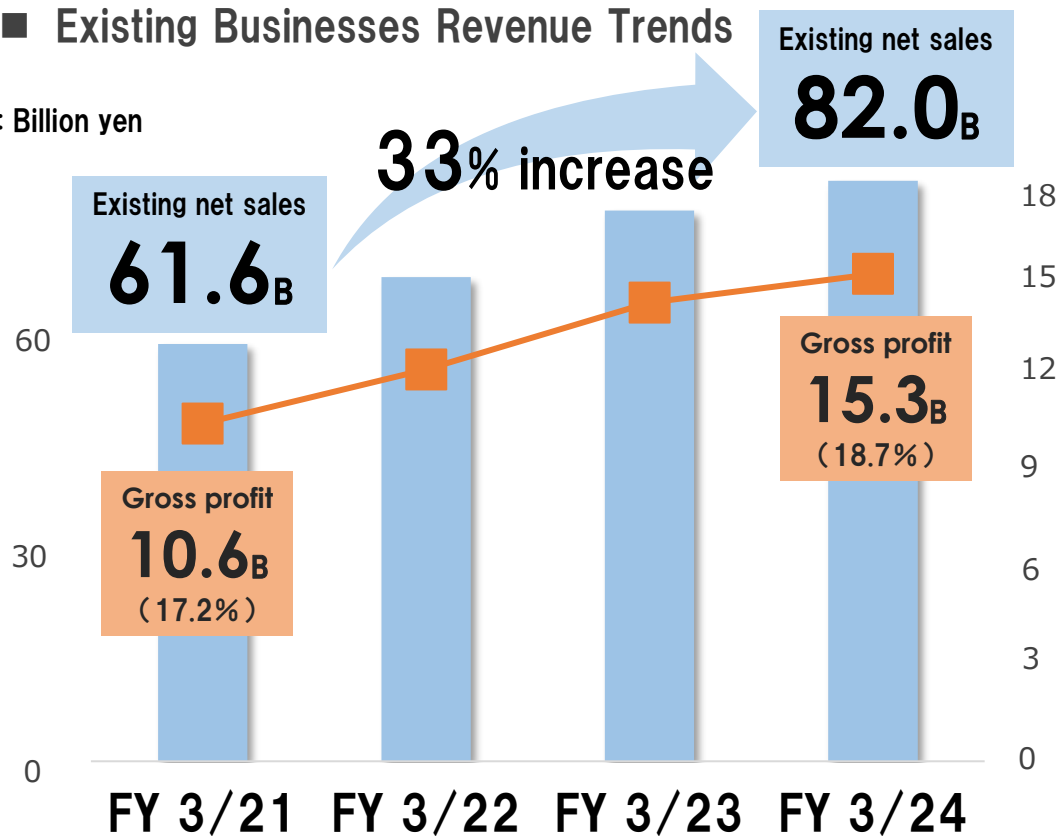
Taking advantage of the clutch of a rapidly changing business environment as an opportunity

- Acquisition of high-growth potential that is not affected by economic fluctuations
- Formulation of a management foundation where diverse human resources can flourish

Individual Strategy: Expansion of Existing Areas

Existing Businesses Revenue Trends

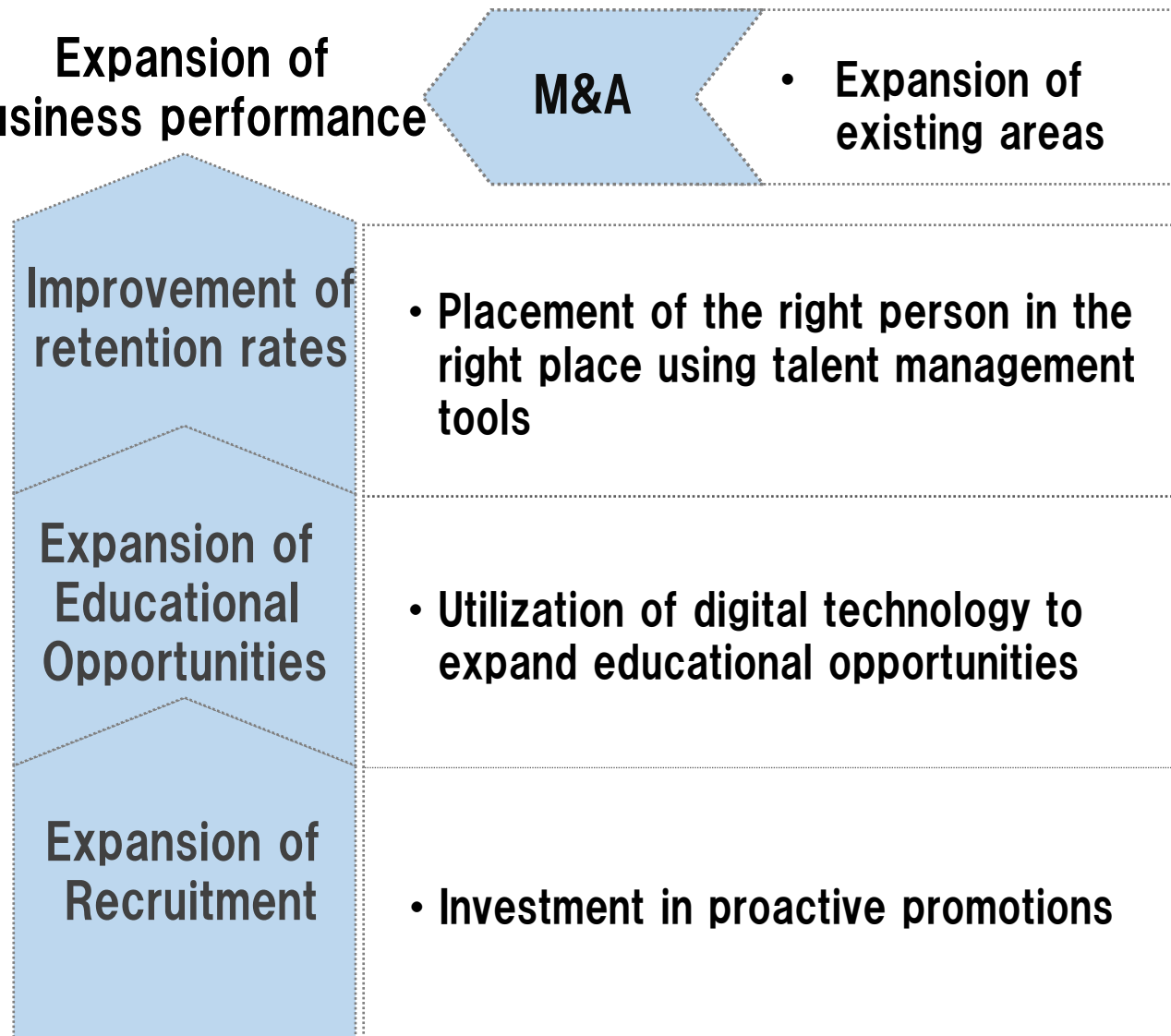
Unit: Billion yen



(Improving quality of services)

- Strengthening the service supply system
- Increasing shares of account clients

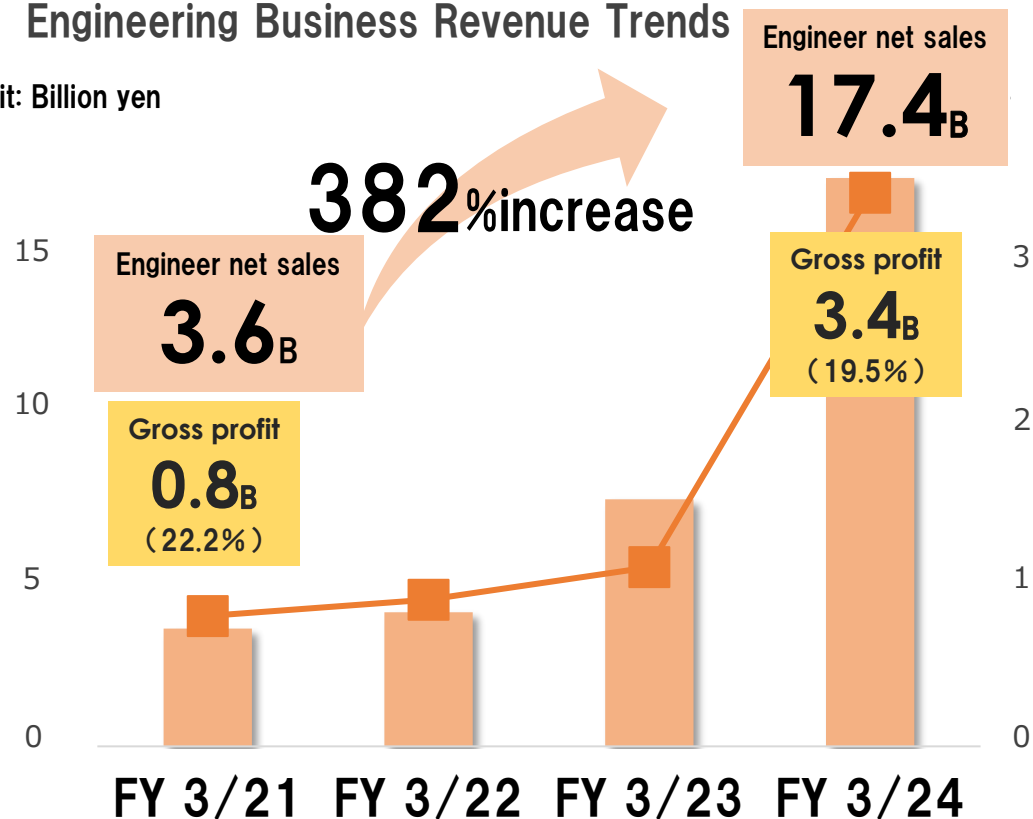
Expansion of business performance



Individual Strategy: Expansion of Engineering Area

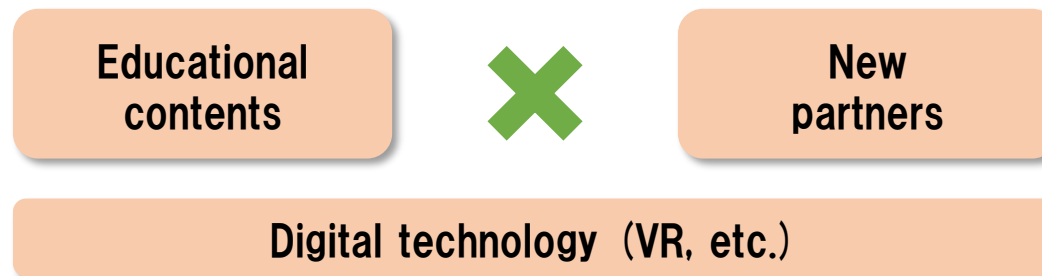
Engineering Business Revenue Trends

Unit: Billion yen

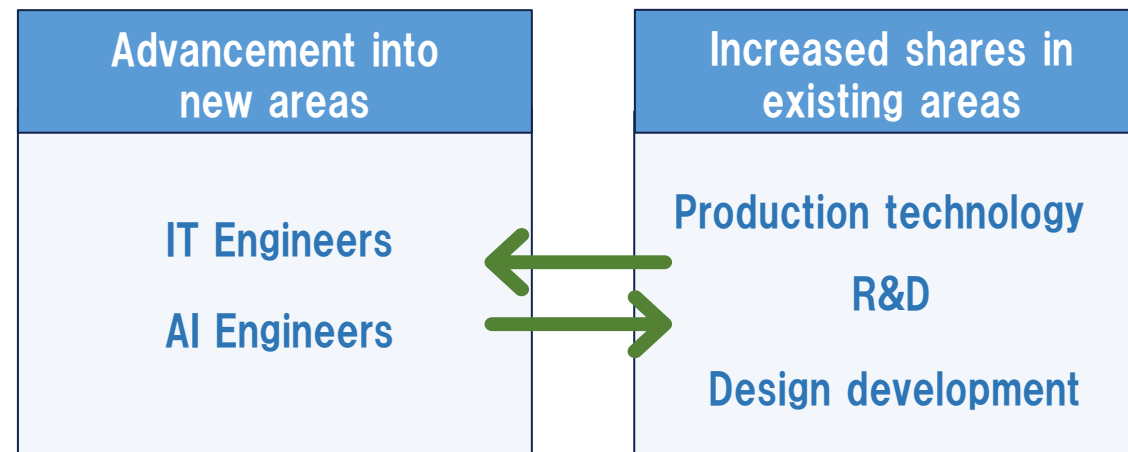


(Advancing into new areas)

- Promoting M&A and alliances
- Providing new services such as SES
- Increasing shares in existing areas



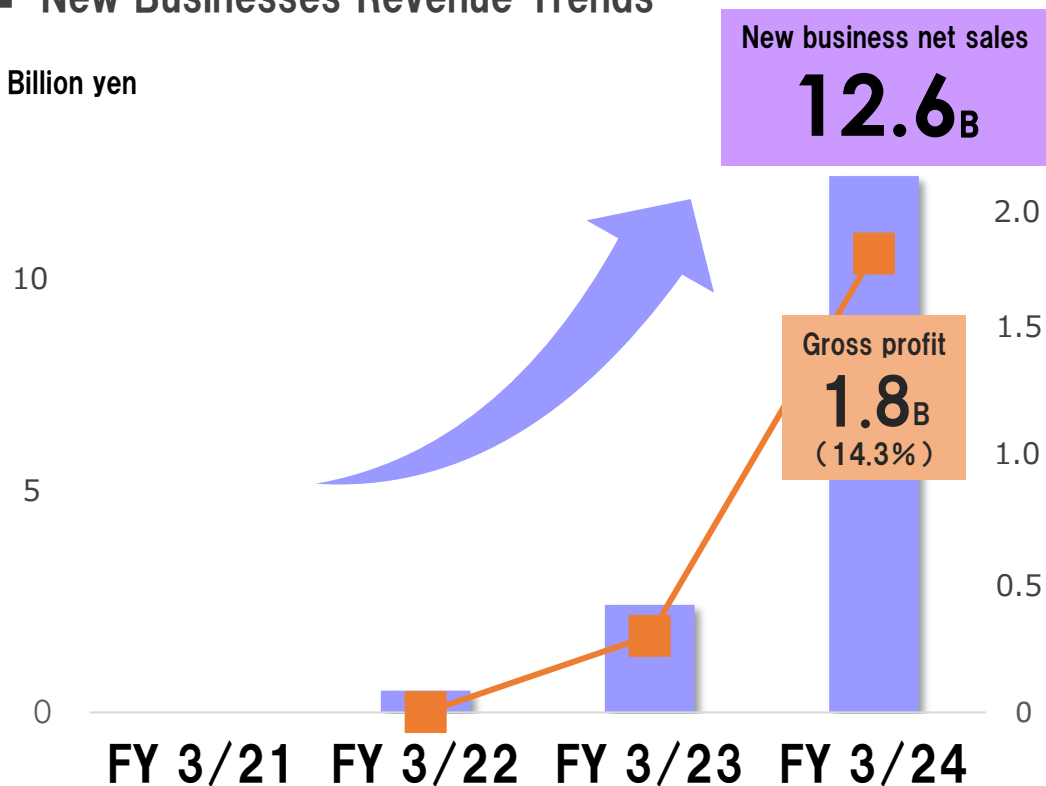
- Provision of new curriculums to
- More people than ever before



Individual Strategy: Creation of New Businesses

■ New Businesses Revenue Trends

Unit: Billion yen



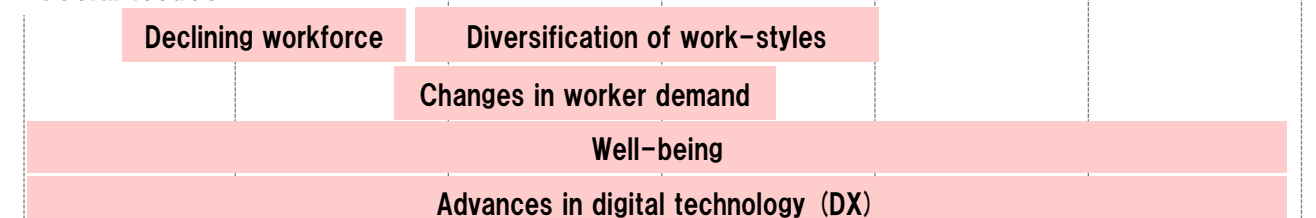
(Building a second pillar)

- Strengthening cooperation with existing partnerships
- Building new partnerships

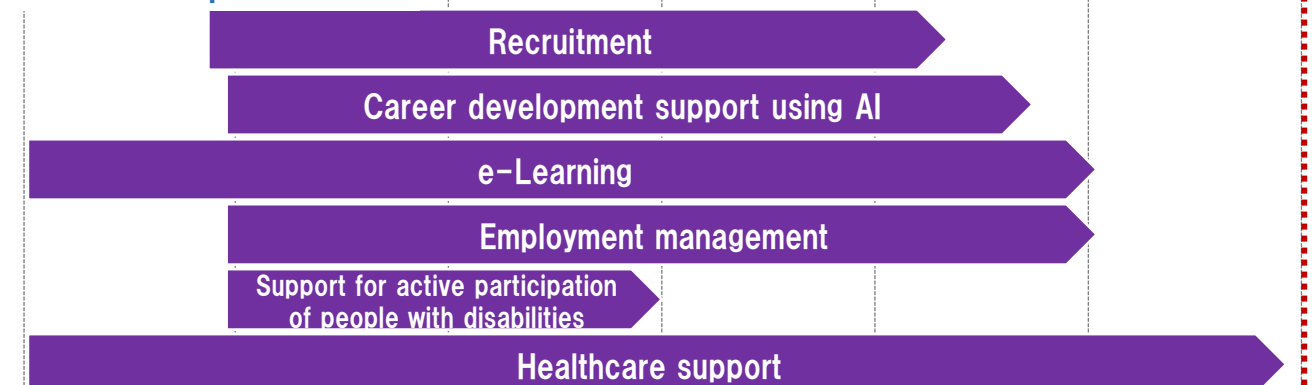
■ Life stages of "people"



■ Social issues



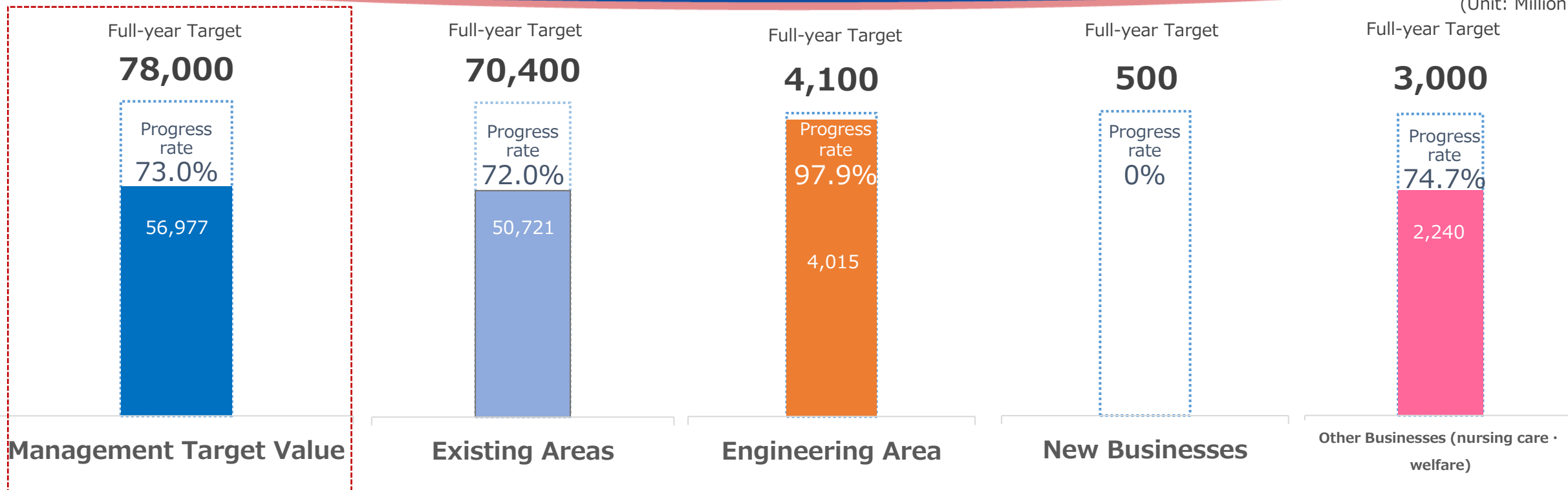
■ Services provided



- Value creation partners
 - Cross Compass (AI)
 - CrossLink (IT)
 - Nisso Pure
 - **New partnerships (HR-Tech, HealthTech)**
- Nikon Nisso Prime
- Nisso Nifty

Summary (Progress of Net Sales Targets by Target Segment)

(Unit: Million yen)



	FY 3/22 Management Target Value (Consolidated)			FY 3/22 Existing Areas			FY 3/22 Engineering Area			FY 3/22 New Businesses			FY 3/22 Other Businesses		
	Full-year Target	3Q Results	Progress rate	Full-year Target	3Q Results	Progress rate	Full-year Target	3Q Results	Progress rate	Full-year Target	3Q Results	Progress rate	Full-year Target	3Q Results	Progress rate
Net sales	78,000	56,977	73.0%	70,400	50,721	72.0%	4,100	4,015	97.9%	500	0	0%	3,000	2,240	74.7%



4. Future Prospects (FY 3/2022)

FY 3/2022 Full-year Consolidated Forecasts

According to the Full-year Consolidated Forecasts, although the number of enrolled staff increased at a pace that exceeds the initial plan for the FY, NISSO expects a decrease in profits, partly due to a decrease in operations as a result of shortages of semiconductor and parts supplies in the automobiles-related industry.

■ 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%	78,000	100.0%	9,786	14.3%
Operating profit	2,599	3.8%	2,400	3.1%	(199)	(7.7%)
Ordinary profit	2,949	4.3%	2,600	3.3%	(349)	(11.9%)
Profit attributable to owners of parent	1,592	2.3%	1,750	2.2%	157	9.9%



5. Shareholder Return Policy

Shareholder Return Policy

Basic Policy

NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our shareholders. In the future, NISSO will aim to achieve a consolidated dividend payout ratio of over 30%, taking into account the balance with investments.

FY 3/2022 Dividend Forecast

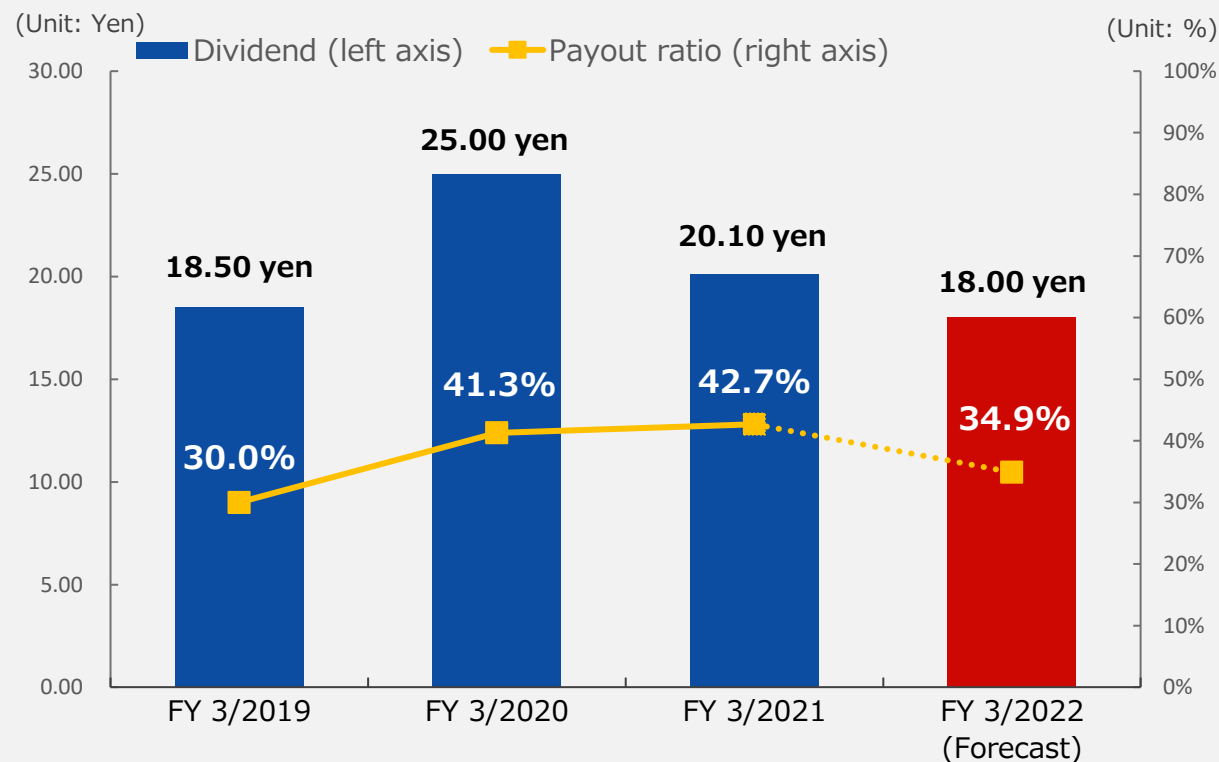
Although NISSO has revised the earnings forecast, the dividends per share forecast (18.00 yen) remains unchanged.

This will result in a dividend payout ratio of 34.9%.

Shareholder Benefits Program

At the Board of Directors' Meeting held on December 16, 2021, NISSO resolved and announced the introduction of our Shareholder Benefits Program.

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.

Shareholders Benefit Program

Newly Established the "NISSO Premium Benefits Club"

With the aim of further enhancing the attractiveness of investing in NISSO's shares and increasing the number of shareholders who can hold our shares over the medium to long term, the shareholder benefits program, "NISSO Premium Benefits Club" was newly established. In addition, the first shareholder benefits points are scheduled to be presented in May 2022.

Overview of the Shareholder Benefits Program

<Shareholder Benefits Points Table (1 point ≒ 1 yen)>

- Shareholders who hold more than 3 share units (300 shares) listed or recorded in NISSO's register of shareholders as of the end of March every year will be awarded benefits points every May (scheduled) according to the number of shares held.
- The "NISSO Premium Benefits Club", a special website limited to shareholders, allows shareholders to exchange benefits points for more than 4,000 types of products, such as food and electrical appliances.

※For details, please refer to the "Notice of Introduction of Shareholder Benefits Program" announced on December 16, 2021.

Number of Shares Held	Points to be Granted	Presentation Period
300~499 shares	3,000 points	May of every year
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	



6. Supplementary Materials

FY 3/2022 3Q Consolidated Financial Results Highlights

(Unit: Million yen)

Points

- Revenue increased due to increases in enrollment and unit-costs.
- In the automobiles-related industry, operations decreased due to the effects of shortages of semiconductor and parts supplies, and gross profit margin declined.
- Needs for external human resources were high, and NISSO continued to invest in recruitment, which led to an increase in SG&A expenses.
- Operating profit decreased due to a decline in gross profit margin and an increase in SG&A expenses.
- Revenue and profits increased in Other Businesses.

	FY 3/21 3Q		FY 3/22 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	50,442	100.0%	56,977	100.0%	6,534	13.0%
Gross profit	8,433	16.7%	9,493	16.7%	1,060	12.6%
SG&A expenses	6,754	13.4%	8,086	14.2%	1,332	19.7%
Operating profit	1,678	3.3%	1,406	2.5%	(271)	(16.2%)
Ordinary profit	2,005	4.0%	1,595	2.8%	(409)	(20.4%)
Profit attributable to owners of parent	1,284	2.5%	1,036	1.8%	(247)	(19.3%)

FY 3/2022 3Q Non-consolidated Financial Results Highlights



Net sales

Net sales increased by 14.0%, partly due to increases in enrollment and unit-costs.

Expenses · Profits

- SG&A expenses increased due to proactive investment in recruitment.
- In the automobiles-related industry, the impact of the decrease in operations (number of working days, overtime hours, holiday work, etc.) due to the effects of shortages of semiconductor

Subsidy Income

- FY 3/2021 3Q: 287 Million yen
- FY 3/2022 3Q: 84 Million yen

(Unit: Million yen)

	FY 3/21 3Q		FY 3/22 3Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	46,191	100.0%	52,668	100.0%	6,476	14.0%
Gross profit	8,028	17.4%	9,048	17.2%	1,019	12.7%
SG&A expenses	6,309	13.7%	7,618	14.5%	1,309	20.7%
Operating profit	1,718	3.7%	1,429	2.7%	(289)	(16.8%)
Ordinary profit	1,962	4.2%	1,528	2.9%	(434)	(22.1%)
Profit	1,263	2.7%	989	1.9%	(274)	(21.7%)

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2021-end		Dec. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	14,813	68.5	15,348	65.6	534
Cash and deposits	5,873	27.2	5,651	24.1	(222)
Notes and accounts receivable - trade	8,094	37.4	8,784	37.5	689
Non-current assets	6,817	31.5	8,053	34.4	1,235
Property, plant and equipment	4,654	21.5	4,643	19.8	(11)
Intangible assets	305	1.4	1,724	7.4	1,419
Investments and other assets	1,857	8.6	1,685	7.2	(171)
Total assets	21,631	100	23,401	100	1,769
Current liabilities	8,178	37.8	9,446	40.4	1,268
Accrued expenses	4,541	21.0	5,566	23.8	1,024
Income taxes payable	494	2.3	33	0.1	(461)
Provision for bonuses	950	4.4	552	2.4	(398)
Non-current liabilities	689	3.2	1,064	4.5	374
Net defined benefit liability	345	1.6	476	2.0	131
Total liabilities	8,868	41.0	10,510	44.9	1,642
Shareholders' equity	12,744	58.9	12,879	55.0	135
Total net assets	12,763	59.0	12,890	55.1	127
Total liabilities and net assets	21,631	100	23,401	100	1,769

Point

① Increase in the number of staff in operation

Due to the increase in the number of staff in operation, "notes and accounts receivable (trade)" and "accrued expenses" under current assets increased.

② Business combinations, etc.

As a result of the establishment of a new subsidiary through the acquisition of shares, "cash and deposits" under current assets decreased, and "intangible assets" increased.

③ Tax

As a result of the interim tax payment, "income taxes payable" under current liabilities decreased.

④ Overall

As a result of the above, total assets increased by 8.2%, total liabilities increased by 18.5%, net assets increased by 0.1%, and equity ratio decreased by 3.9% to 55.1% compared to the end of the previous fiscal year.

Consolidated Statements of Cash Flows

(Unit: Million yen)

	FY 3/2021 2Q YTD	FY 3/2022 2Q YTD	Increase (Decrease)
	Amount	Amount	
Cash flows from operating activities	547	1,191	643
Cash flows from investing activities	(398)	(1,302)	(904)
Cash flows from financing activities	(944)	(713)	231
Net increase (decrease) in cash and cash equivalents	(794)	(824)	(30)
Cash and cash equivalents at beginning of period	6,365	5,873	(491)
Cash and cash equivalents at end of period	5,570	5,048	(521)

Point

① Cash flows from operating activities

Proceeds for 2Q amounted to 1,191 million yen, as proceeds from income taxes was absorbed by proceeds from decreases in profit before income taxes and accounts receivable (trade).

② Cash flows from investing activities

Expenditures for 2Q amounted to 1,302 million yen due to expenditures such as purchase of shares of subsidiaries resulting in change in scope of consolidation, etc.

③ Cash flows from financing activities

Expenditures for 2Q amounted to 713 million yen due to expenditures such as cash dividends paid, etc.

Industry Terminology

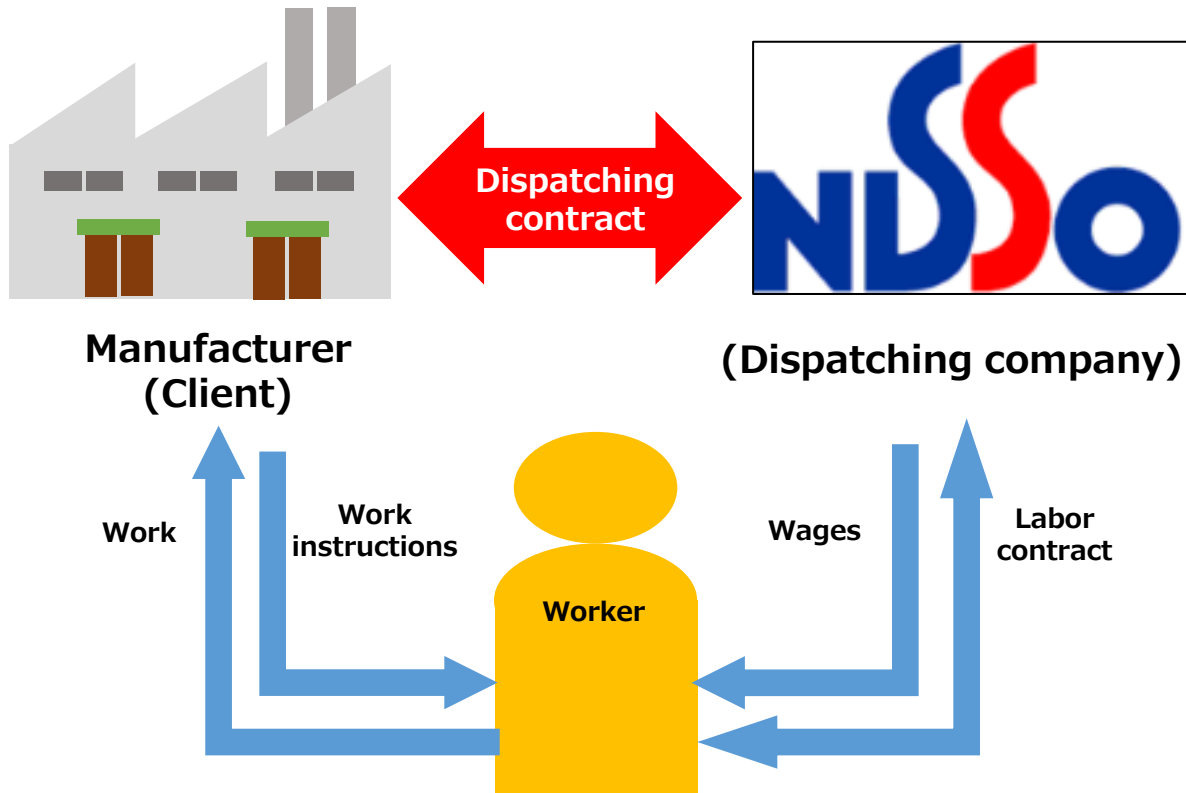
<p>Manufacturing Dispatching</p>	<p>In accordance with the "Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers (Worker Dispatch Law, or Worker Dispatching Act)", workers employed by the dispatching company (NISSO) are dispatched to the client (manufacturer), and engage in manufacturing operations under the instructions of the client. Workplace management is conducted by the client.</p>
<p>Manufacturing Contracting</p>	<p>Unlike manufacturing dispatching, the manufacturing contractor (NISSO) establishes the workplace management system, provides instructions to the workers employed by NISSO, and performs manufacturing operations. A high level of management function capabilities is required for companies that engage in the contracting business.</p>
<p>Worker Dispatch Law (aka Worker Dispatching Act)</p>	<p>The "Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers" A law aimed at the proper operation of worker dispatching undertakings (dispatching companies) and the improvement of working conditions and rights for dispatched workers. The 2015 revision re-examined the restrictions on dispatching periods, allowing dispatched employees to work in the same organizational unit for up to 3 years. (The period does not apply if a worker is employed indefinitely by a dispatching company.)</p>
<p>Labor Contract Act</p>	<p>A law that establishes the basis of an employment contract between a worker and a company. The 2012 law revision stipulates the "Indefinite-term Conversion Rule", which allows workers to apply for a conversion from a fixed-term contract to an indefinite-term contract if they have concluded · renewed their fixed term labor contract after April 1, 2013, and if their period of work exceeds 5 years in total.</p>
<p>Equal Pay for Equal Work</p>	<p>From April 2020, it is prohibited to institute an irrational disparity in treatment between regular and non-regular workers within the same company for each individual treatment, such as basic salary and bonuses. (April 1, 2021 for small- to medium-sized enterprises)</p>

NISSO's Internal Terminology

<p>Account Companies</p>	<ul style="list-style-type: none"> • In a long-standing history of conducting transactions, Account Companies have a deep understanding of NISSO, and have established a relationship of mutual trust with our company. They are corporate groups with high-added value products, and have built solid business foundations with NISSO. • They are comprised of the world's leading corporate groups in the automobiles/electronic components/precision machinery/electrical machinery industries. • By leveraging our strong network of contacts with Account Companies, NISSO is able to make unique proposals to clients' management, and since clients share their mid- to long-term production plans with us, we are able to implement planned staffing.
<p>Skilled Staff</p>	<ul style="list-style-type: none"> • "Region-", "industry-" or "workplace-" restricted indefinite-term employees. • On a monthly salary system that is not affected by the number of working days, and provided with a stable employment environment which includes salary increases, bonuses, and retirement plans. • Receive enriched educational opportunities for skills improvement and can enhance their capabilities in a stable employment environment, with a "career path system" for technical, production (control) management and general positions.
<p>Engineers</p>	<ul style="list-style-type: none"> • Human resources who perform highly specialized work. • The main industries that they are engaged in are equipment technology, design technology, production technology and others. In particular, equipment technology has a high composition ratio of engineers. • In the future, we will develop IT and AI engineers, and engage in assigning them to these fields.

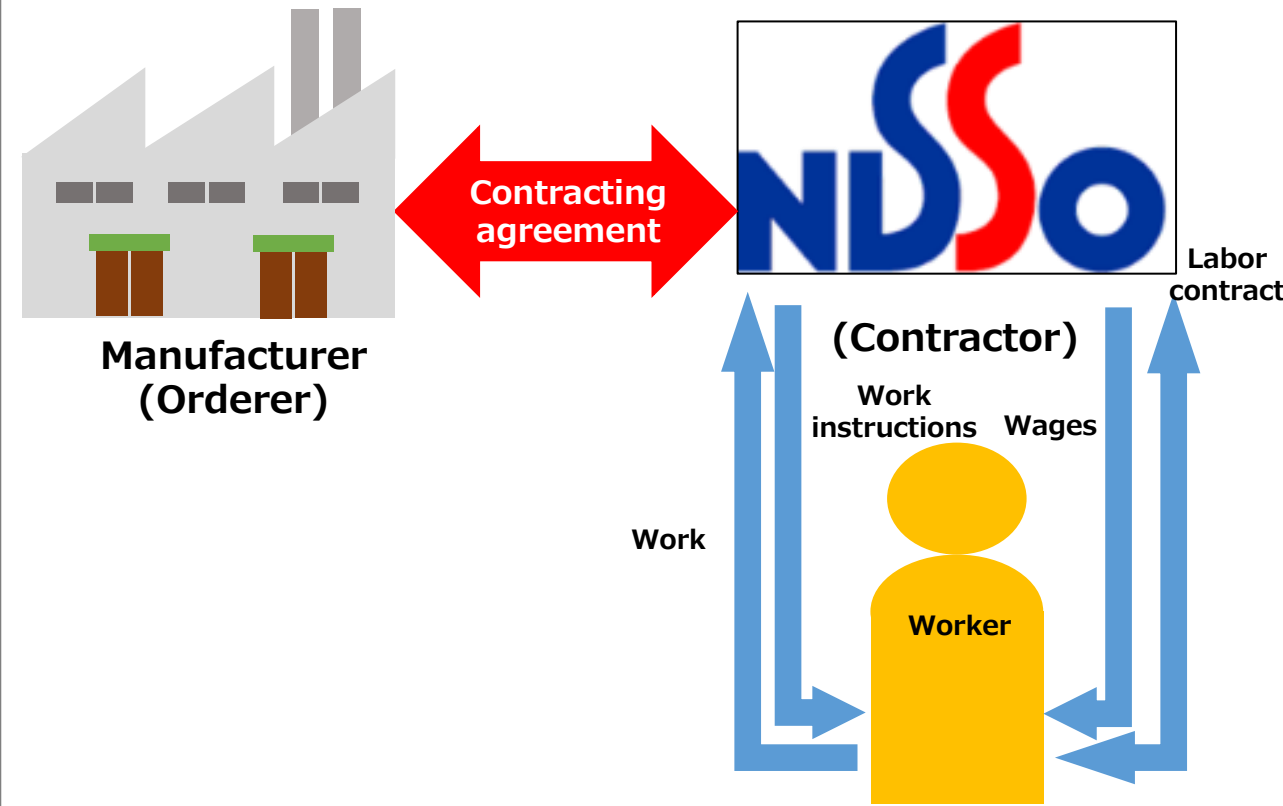
Manufacturing-related Human Resources Services

【Dispatching Contract】



- Workers conclude employment contracts with NISSO (dispatching company), and
- Perform tasks under the instructions of the manufacturer
- Manufacturer pays dispatching company **compensation for labor** of dispatched employees (mainly hourly billing)

【Contracting Agreement】



- Workers conclude employment contracts with NISSO (contractor), and
- Perform tasks under the instructions of NISSO
- Manufacturer pays contractor **compensation for deliverables**, not for compensation for labor (mainly volume billing)



*Nurturing and Bringing Out
the Best in People*

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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