Nurturing and
Bringing Out the
Best in People

日総工産株式会社
NISSO CORPORATION

TSE 1 Code: 6569

First Quarter of FY 3/2022

Financial Results Briefing Materials

Scheduled for August 16, 2021

Summary

FY 3/2022 1Q Results

- Increased revenue and profits year-on-year
  (※Increased revenue and profits vs. FY 3/2020)
- Strong demand for automobiles and electronic devices
- Some recovery not attained due to lack of semiconductors in automobiles-related industry
- Needs for engineers are strong

Copyright © 2021 NISSO CORPORATION All Rights Reserved

CONTENTS

1 FY 3/2022 1Q Financial Results Summary

2 FY 3/2022 1Q Overview of Activities

3 Financial Results by Target Segment

4 Future Prospects (FY 3/2022)

5 Shareholder Return Policy

6 Supplementary Materials

Copyright © 2021 NISSO CORPORATION All Rights Reserved

1 FY 3/2022 1Q Financial Results Summary

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 1Q Consolidated Financial Results Highlights

Points

- Revenue and profits increased due to an increase in enrollment and increases in operations (number of working days, overtime hours, holiday work, etc.).
- Net sales and ordinary profit in 1Q were the highest since NISSO's listing.
- Revenue and profits also increased in Other Businesses.

(Unit: Million yen)

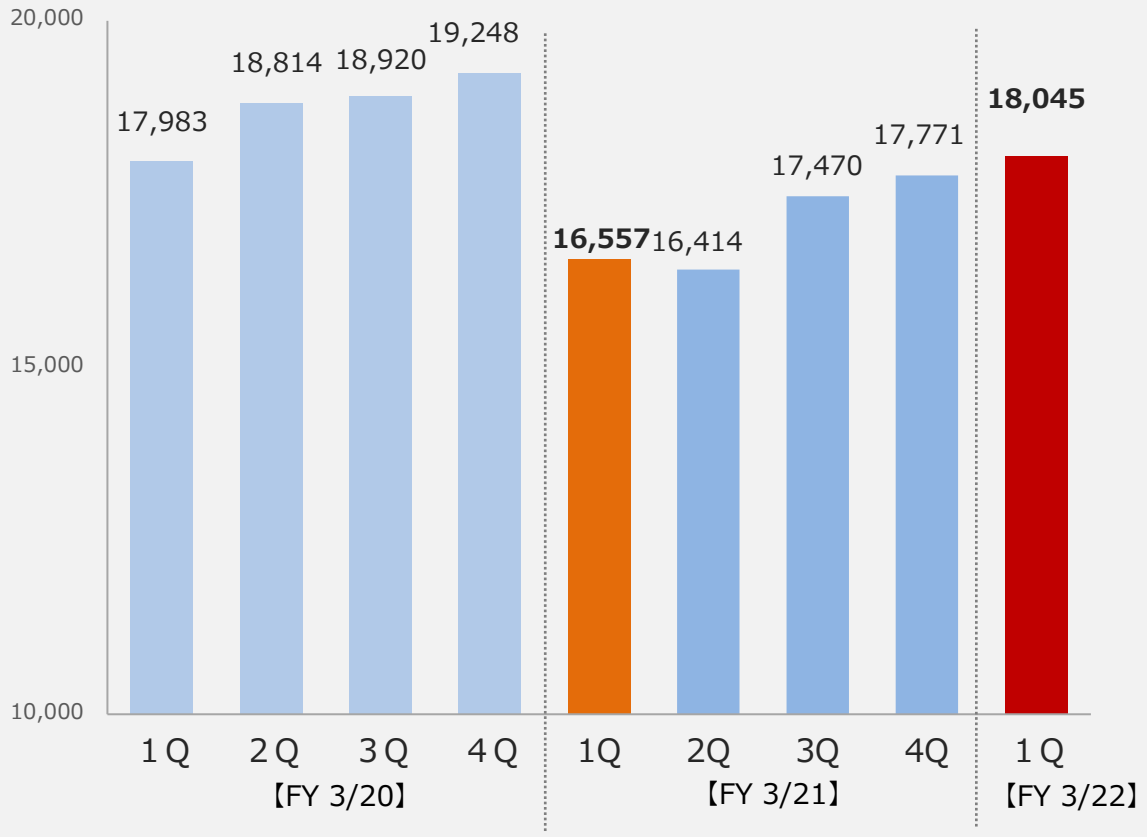
	FY 3/2021 1Q		FY 3/2022 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	**16,557**	100.0%	**18,045**	100.0%	**1,487**	9.0%
Gross profit	**2,360**	14.3%	**3,038**	16.8%	**677**	28.7%
SG&A expenses	**2,154**	13.0%	**2,568**	14.2%	**413**	19.2%
Operating profit	**206**	1.2%	**470**	2.6%	**263**	127.9%
Ordinary profit	**238**	1.4%	**524**	2.9%	**285**	119.4%
Profit attributable to owners of parent	**101**	0.6%	**345**	1.9%	**243**	239.7%

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 Quarterly Consolidated Financial Results

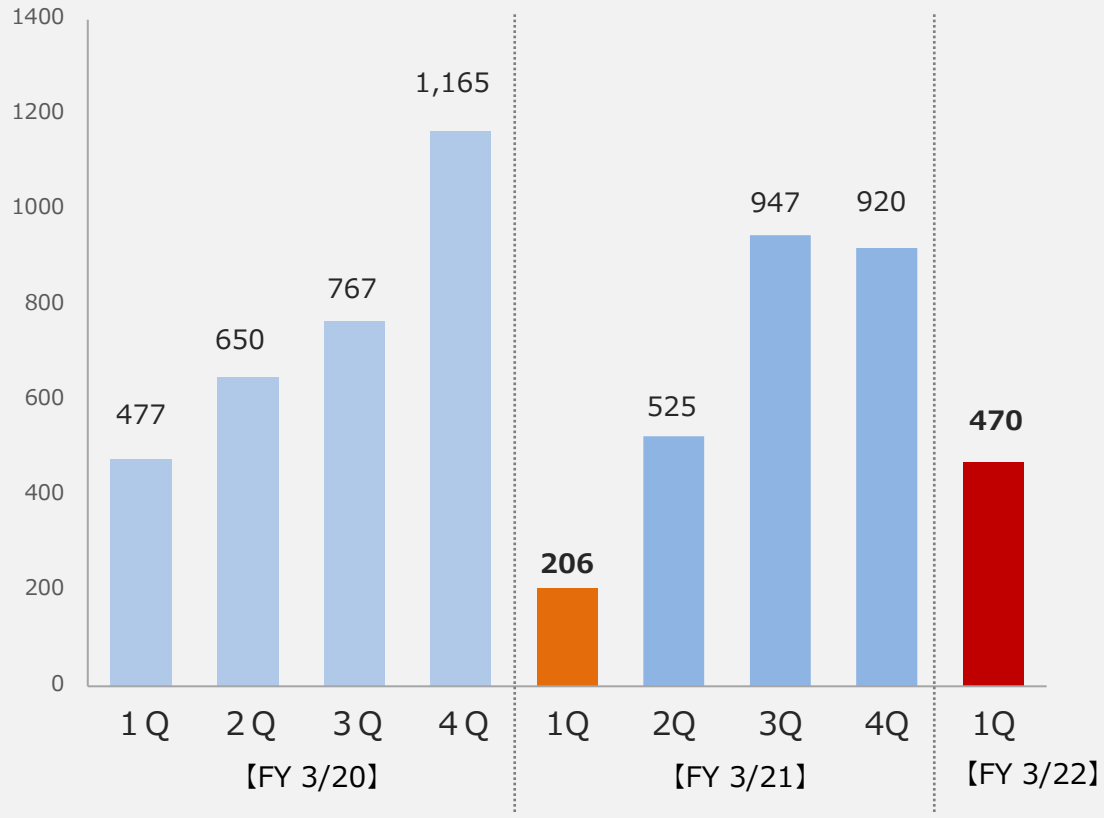
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 1Q Non-consolidated Financial Results Highlights

Net sales

- Net sales increased by 10.1%, partly due to the recovery in enrollment.
- Net sales in 1Q were the highest since NISSO's listing.

Expenses・Profits

- Both operating profit and ordinary profit were also the highest since NISSO's listing.
- SG&A expenses increased due to the recovery of human resources needs.

(Unit: Million yen)

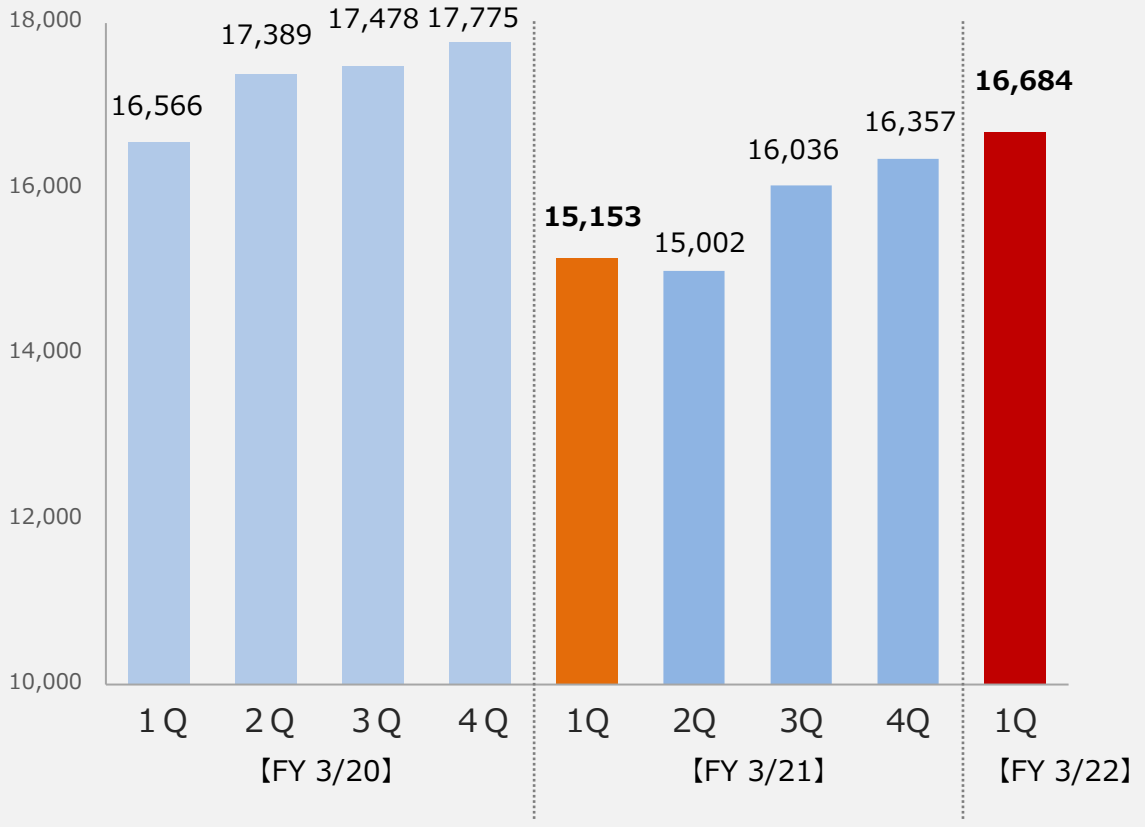
	FY 3/2021 1Q		FY 3/2022 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	**15,153**	100.0%	**16,684**	100.0%	**1,531**	10.1%
Gross profit	**2,232**	14.7%	**2,900**	17.4%	**667**	29.9%
SG&A expenses	**2,028**	13.4%	**2,417**	14.5%	**389**	19.2%
Operating profit	**204**	1.4%	**482**	2.9%	**278**	135.7%
Ordinary profit	**219**	1.4%	**496**	3.0%	**277**	126.5%
Profit	**96**	0.6%	**319**	1.9%	**222**	229.7%

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 1Q Quarterly Non-consolidated Financial Results

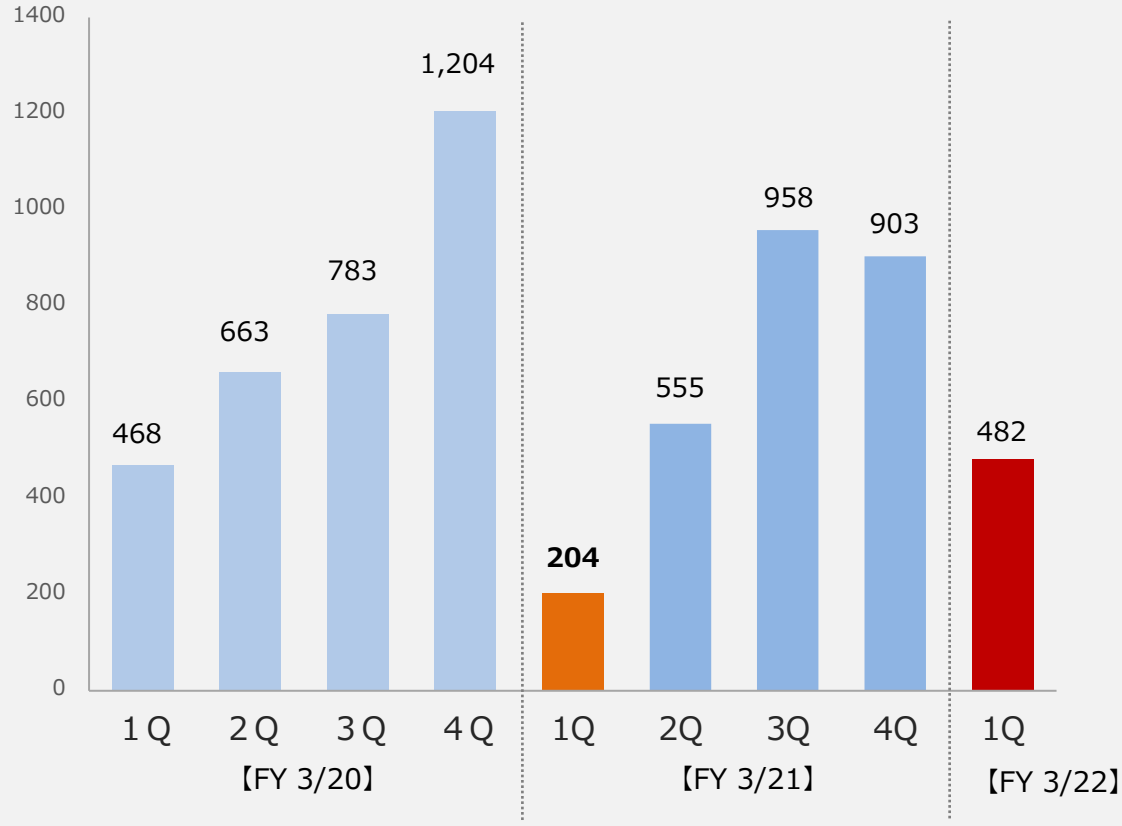
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit



Copyright © 2021 NISSO CORPORATION All Rights Reserved

2 FY 3/2022 1Q Overview of Activities

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 1Q Financial Results Summary

Consolidated Financial Results

Net Sales **18,045 Million yen** (+1,487 Million yen／+9.0% YoY)
Operating Profit **470 Million yen** (+263 Million yen／+127.9% YoY)

● Net Sales by Industry (YoY)

Automobiles ··· **+20.8%**
Electronic devices ··· **+9.4%**

・In the automobiles-related industry, net sales increased by 20.8% YoY. Although demand was strong, some auto-body manufacturers, including suppliers, were affected by the shortage of semiconductors.
・In the electronic devices-related industry, net sales increased by 9.4% YoY. In addition to strong demand for semiconductors, demand for electronic components also recovered.

● 1Q-end Number of Enrolled Staff

13,856 staff
(+710 staff from FY 3/21-end)

・The number of enrolled staff increased by 710 compared to FY 3/21-end due to strong client needs for the utilization of external human resources, and the recovery trend continued.

● Net Sales per Capita/Monthly

409 Thousand yen
(+51 Thousand yen YoY)

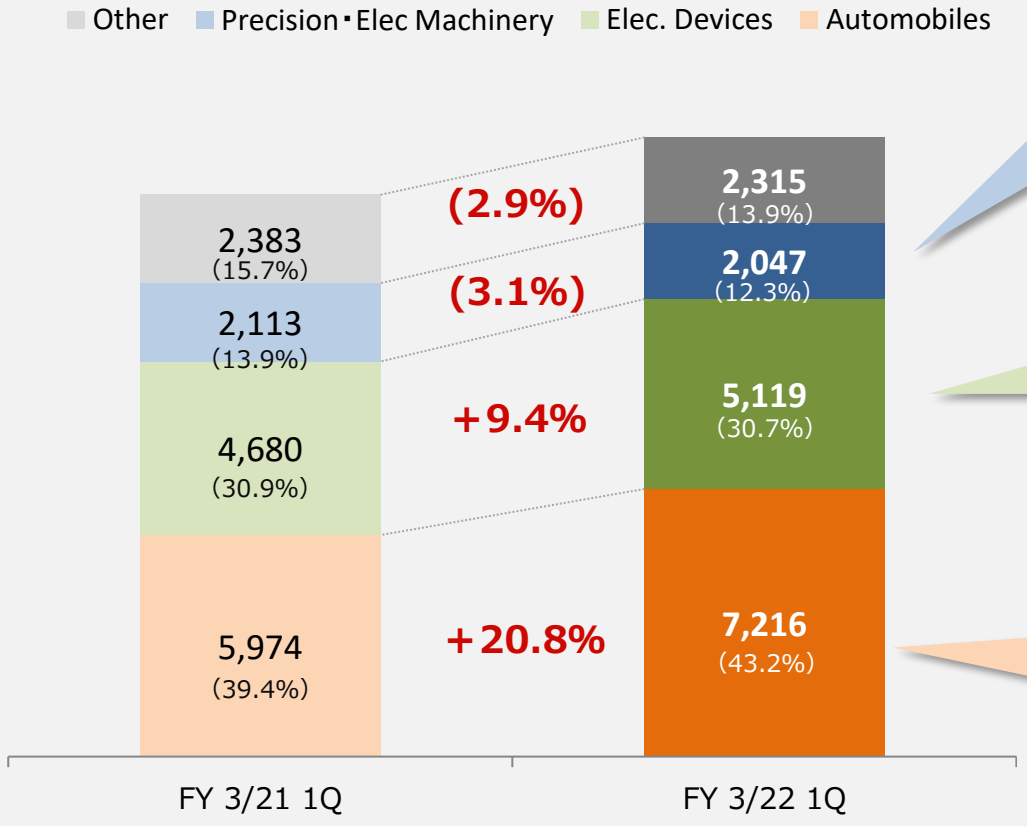
・Operations (number of working days, overtime hours, holiday work, etc.) increased YoY, and net sales per capita increased by 51 thousand yen YoY.

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 1Q Net Sales by Industry (NISSO, Non-consolidated)

(Unit: Million yen)

Net Sales Composition Ratios



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

【Precision・Electrical Machinery】

Net sales decreased by 3.1% YoY, partly due to a decline in office demand as a result of the establishment of remote work. However, compared to FY 3/21 4Q, net sales increased and the recovery trend continued.

【Electronic Devices】

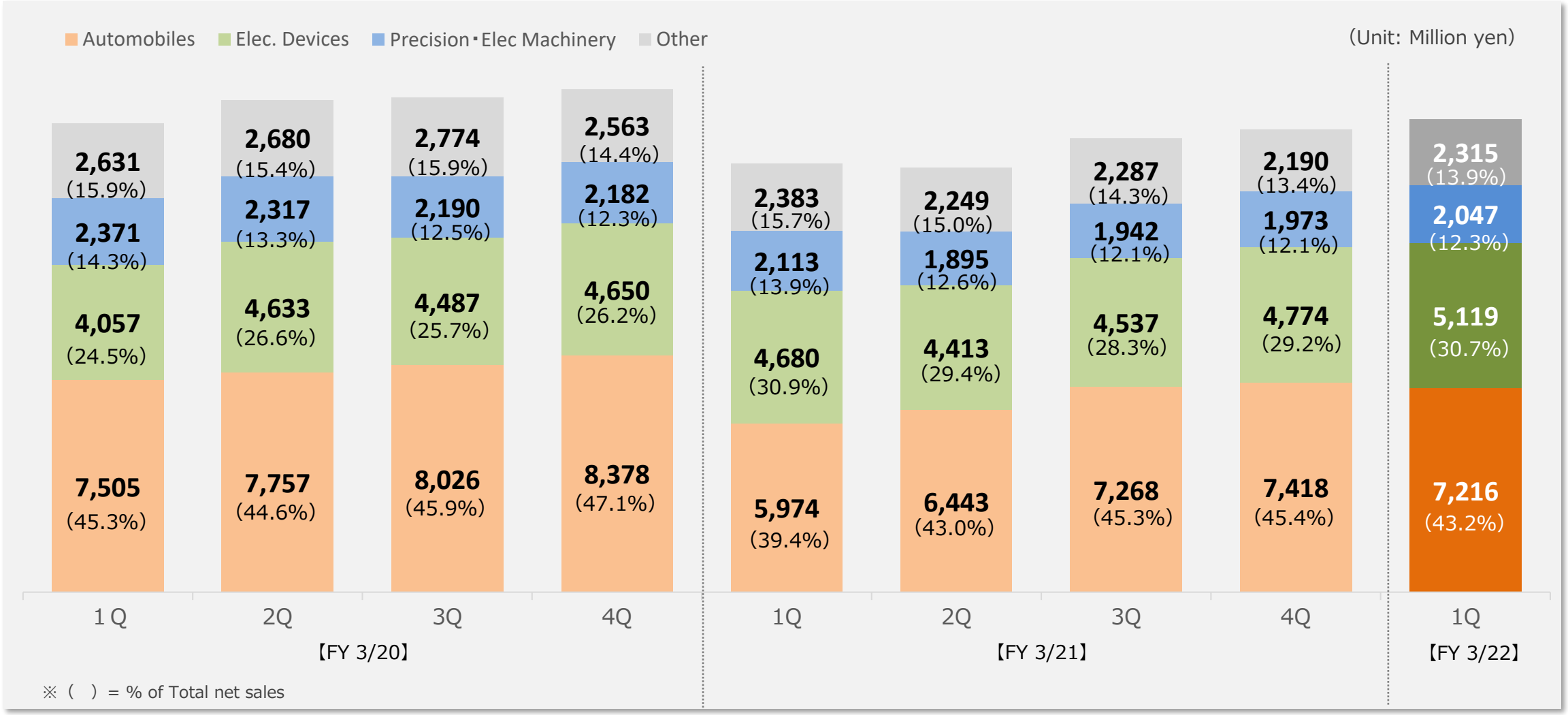
Net sales increased by 9.4% YoY. In addition to the steady demand for semiconductors, IT demand was also strong. In addition, due to the recovery in demand for electronic components, net sales in 1Q reached a record high since NISSO's listing.

【Automobiles】

Net sales increased by 20.8% YoY. Demand for some auto-body manufacturers was strong. However, since some auto-body manufacturers were affected by the shortage of semiconductors, overall recovery has not been achieved.

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



Copyright © 2021 NISSO CORPORATION All Rights Reserved

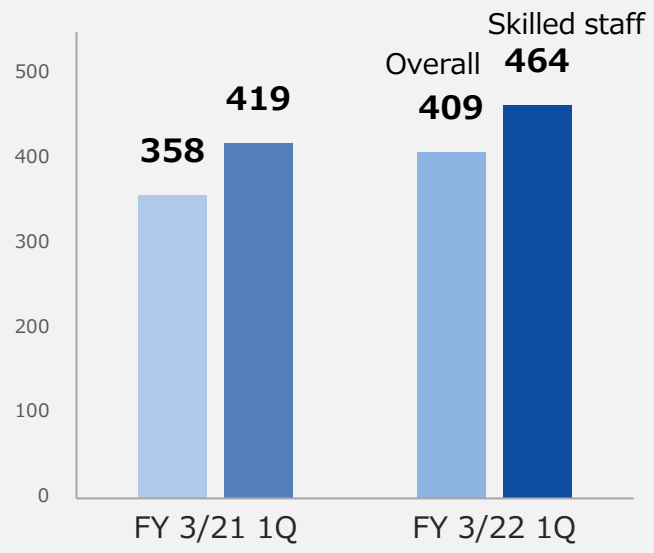
Net Sales per Capita（NISSO, Non-consolidated）

- FY 3/2022 1Q YTD　<Overall net sales per capita>　409 Thousand yen (+51 Thousand yen YoY)
  <Skilled staff net sales per capita>　464 Thousand yen (+45 Thousand yen YoY)
- Overall net sales per capita increased YoY. Net sales per capita in 1Q were the highest since NISSO's listing.
  Although net sales per capita of skilled staff also increased YoY, since some manufacturers were affected by the shortage of semiconductors, they have not returned to pre-COVID-19 levels.

(Unit: Thousand yen)

Net Sales per Capita

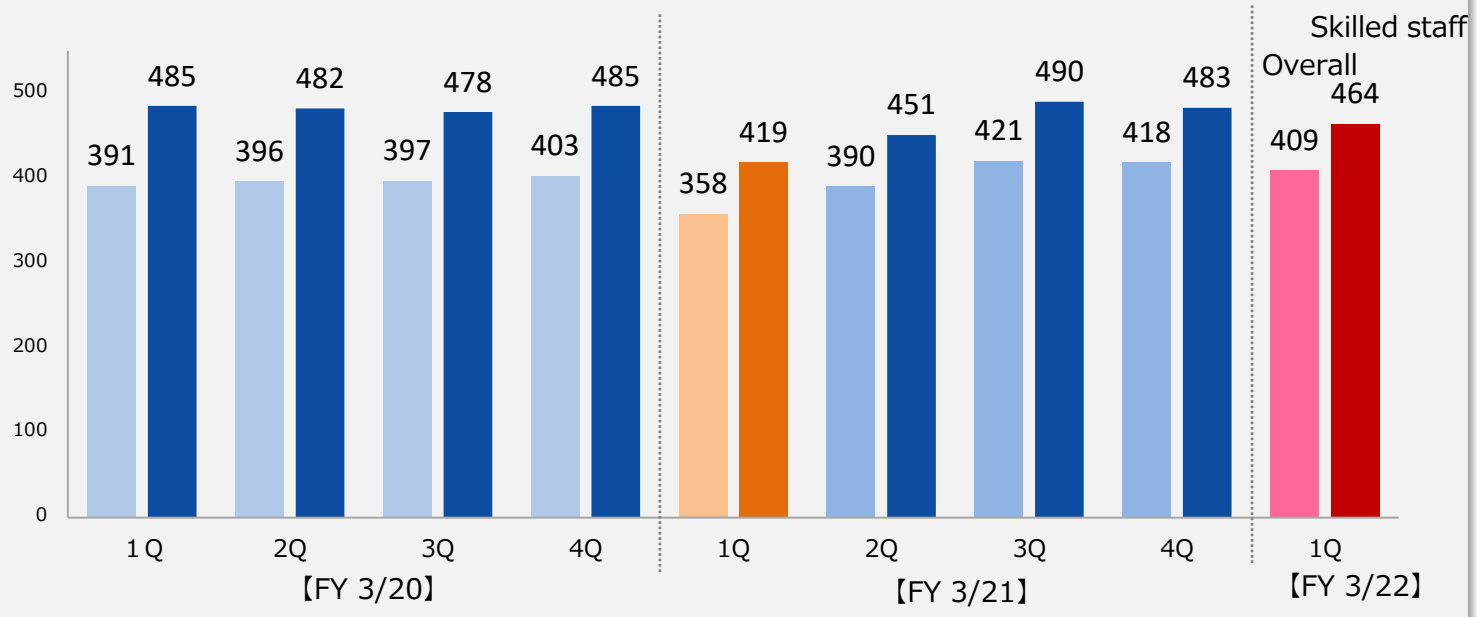
(Monthly Average Conversion)



(Unit: Thousand yen)

Net Sales per Capita

(Quarterly)



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Number of Enrolled Staff (NISSO, Non-consolidated)

Compared w. Previous FY-end

+710 staff (+5.4%)

Point①

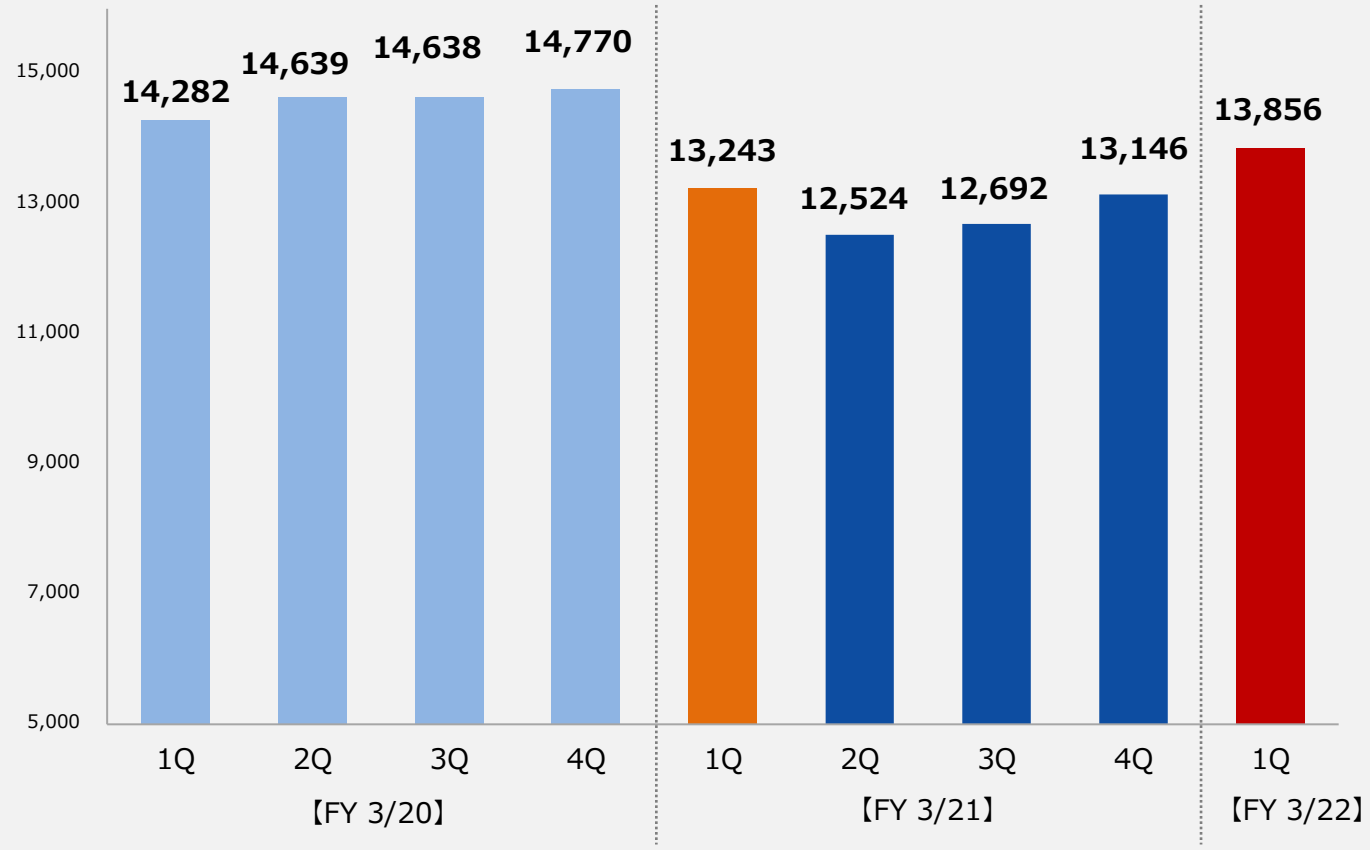
The number of new hires increased YoY.
In addition, turnover rates also improved due to the curbing of enrolled staff leaving NISSO, and the number of enrolled staff increased.

Point②

Human resources needs for the automobiles and electronic devices industries were strong.
Human resources needs also recovered in the precision・electrical machinery industry and other industries.

(Unit: # of Staff)

Number of Enrolled Staff at Quarter-end



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Number of Skilled Staff・Engineers (NISSO, Non-consolidated)

Point①

From this FY, skilled staff and engineers will be shown separately.
The total number of skilled staff and engineers increased steadily (+420 from the end of the previous FY).

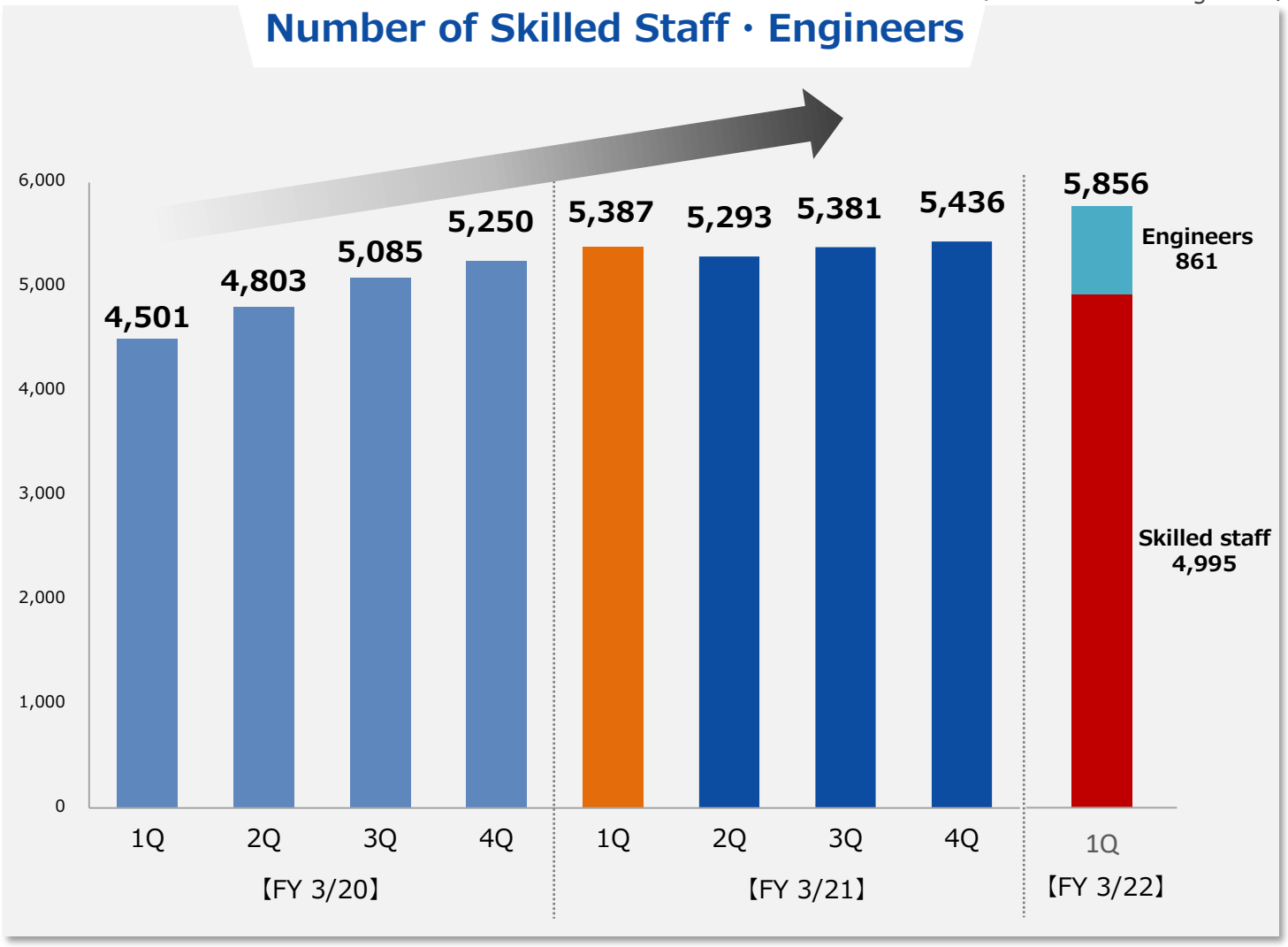
Point②

In addition to steady performance in the semiconductor industry, their numbers increased mainly in Account Companies and in-vehicle product manufacturers.

Point③

The ratio of skilled staff and engineers to NISSO's total enrolled staff was 42.3% (FY 3/2021 4Q: 41.4%).

(Unit: # of SS・Engineers)



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Account Companies (NISSO, Non-consolidated)

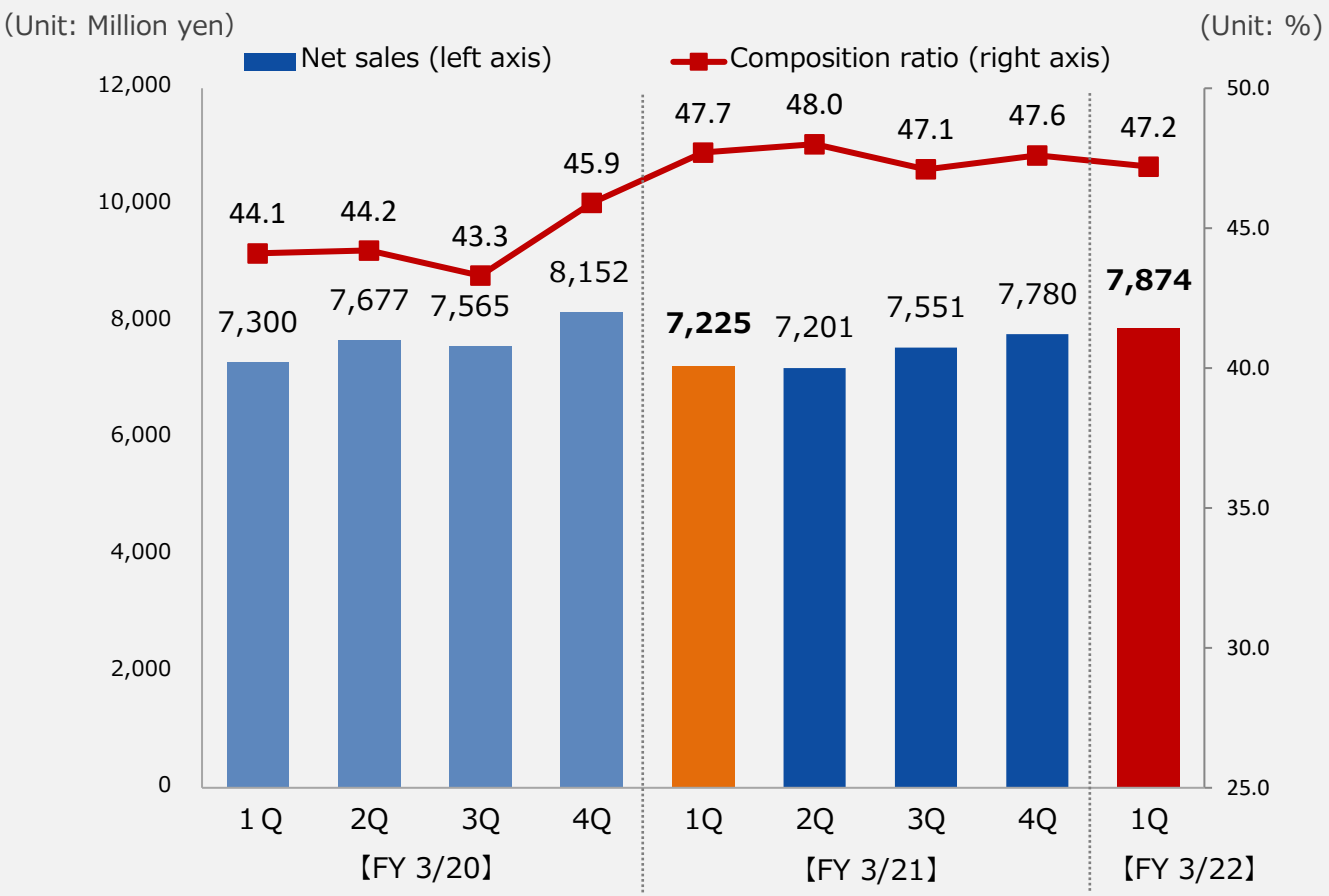
Point①

- Net sales of Account Company Groups increased 9.0% YoY.
- In particular, net sales of the automobiles-related Account Company Group increased.

Point②

Due to the increase in overall net sales, although the composition ratio decreased YoY, net sales in 1Q were the highest since NISSO's listing.

Account Company Groups Net Sales



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Turnover Rates (NISSO, Non-consolidated)

FY 3/2022 1Q Results

Overall turnover rate

3.5%

(Improvement of 0.7 pts vs. FY 3/2021)

Skilled staff・Engineers turnover rate

1.2%

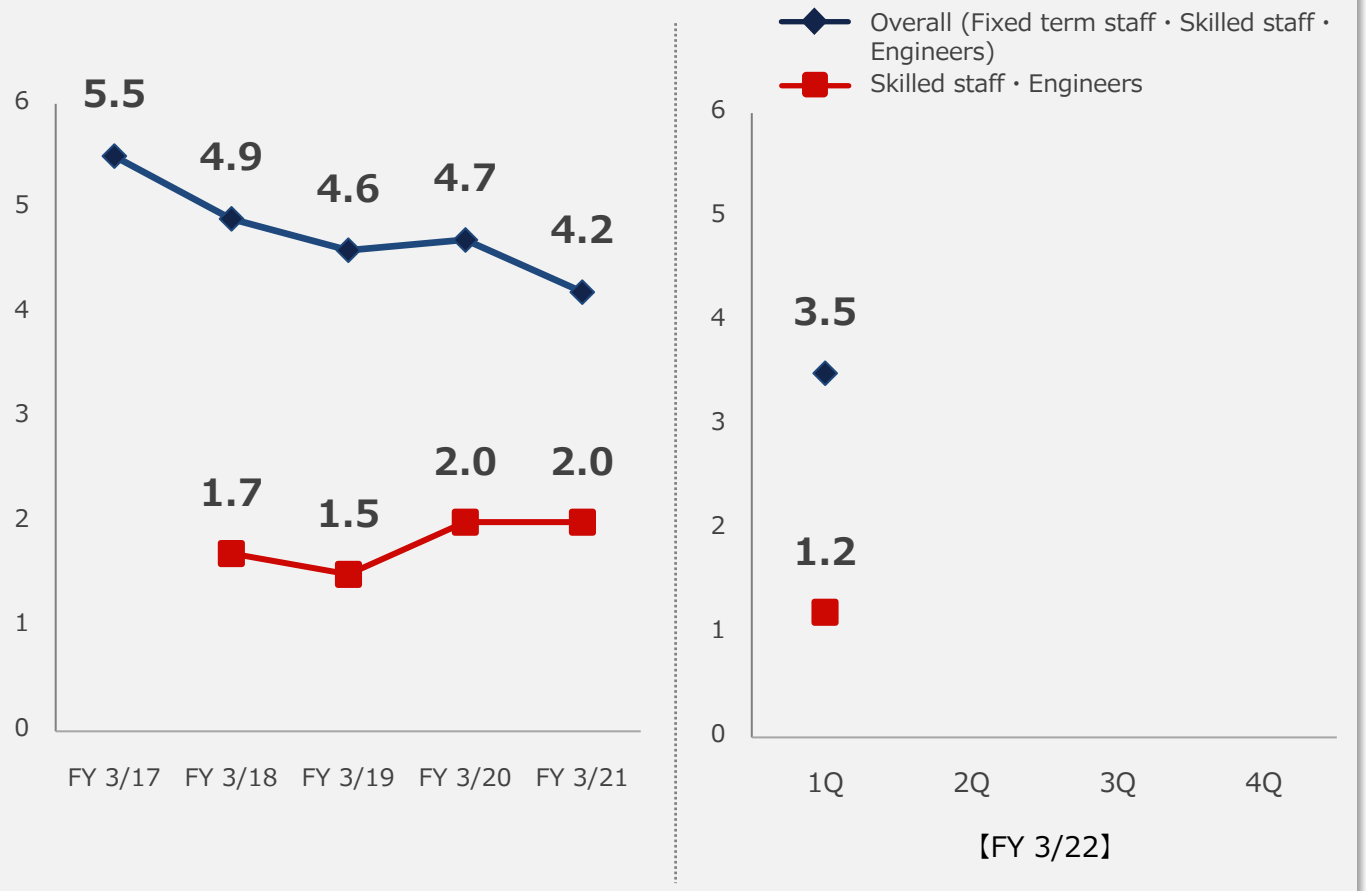
(Improvement of 0.8 pts vs. FY 3/2021)

Point

Decreases in turnover rates contributed to the increase in enrollment.

(Unit: %)

Trend of Turnover Rates



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Educational Achievements（NISSO, Non-consolidated）

Point①

The number of participants increased as the number of skilled staff and engineers increased.

Point②

- NISSO specializes in basic equipment maintenance education that focuses on quality.
- In the future, NISSO will engage in efficient training practices by simultaneously conducting online and real training.

Point③

Highly specialized education is provided in the engineer education course.

- FY 3/2022 1Q Main course-specific educational achievements (total # of participants)

(Unit: # of participants)

Training course name	1Q (Apr - Jun)	Contents	FY 3/21 1Q
Skilled staff education	448	Standard skilled staff education	259
Basic equipment maintenance education	28	Basic equipment maintenance education	69
Engineer education	39	Manufacturing equipment maintenance・manufacturing equipment technology Mechanical design・production technology SEAJ education (safety education specializing in semiconductors)	9
Manufacturing education	1,331	*MONOZUKURI* (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	796
Total	1,846		1,133

Copyright © 2021 NISSO CORPORATION All Rights Reserved

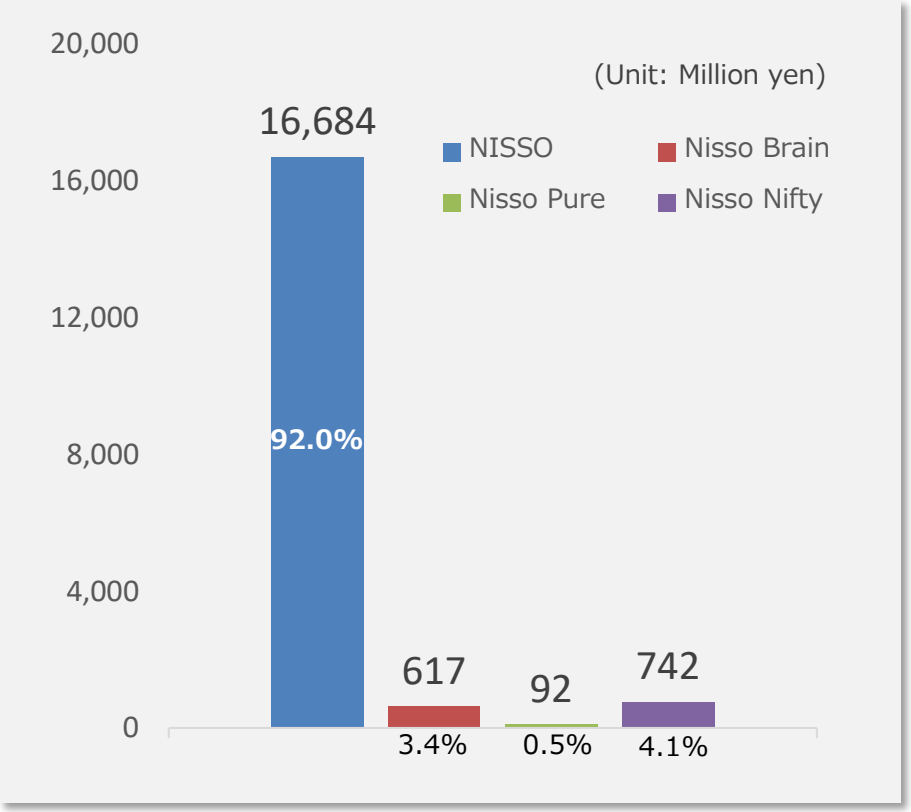
3 Financial Results by Target Segment

(FY 3/2022 1Q)

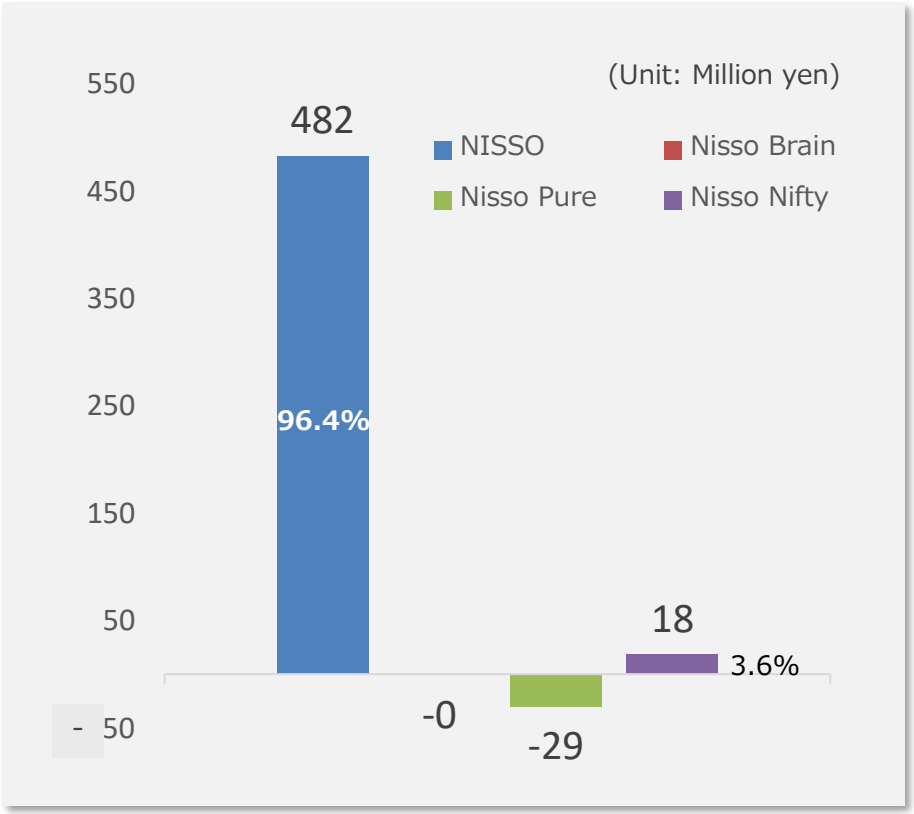
Copyright © 2021 NISSO CORPORATION All Rights Reserved

Net Sales・Operating Profit Ratio by Company

FY 3/2022 1Q
Net Sales by Company



FY 3/2022 1Q
Operating Profit by Company



90% or more of net sales and operating profit are composed of NISSO's non-consolidated business results

Copyright © 2021 NISSO CORPORATION All Rights Reserved

Existing Areas

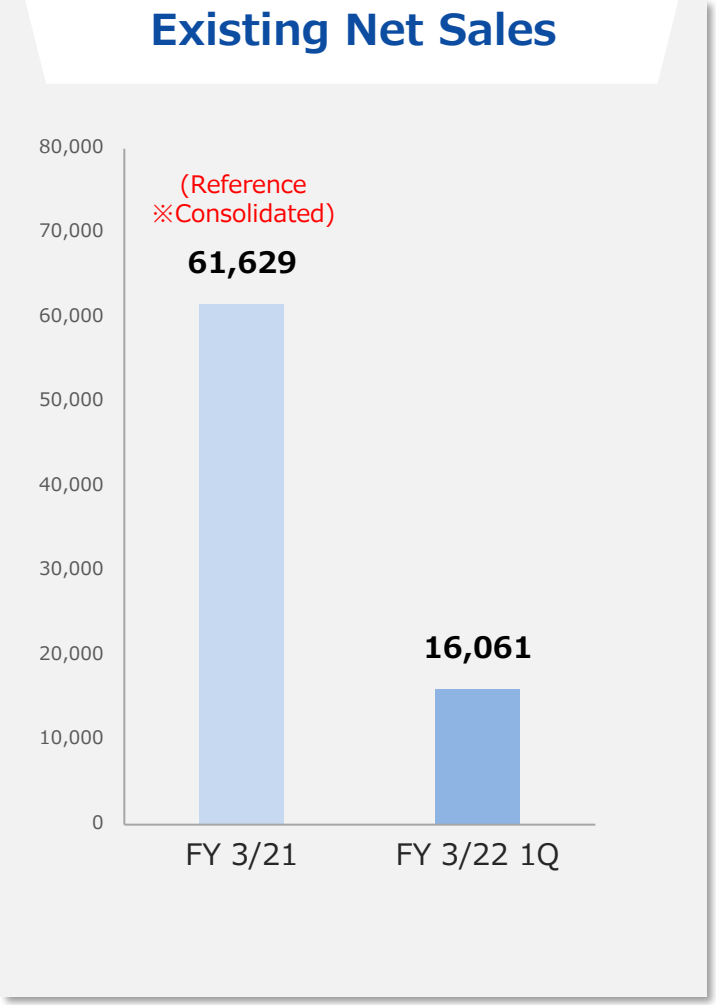
Existing Net Sales

- Net sales excluding Other Businesses (nursing care・welfare) and Engineering Business from consolidated net sales.
- Since existing areas have been classified into 1 of 3 business categories from this FY, the figure for net sales in existing areas (existing net sales) for FY 3/21 is provided for reference.

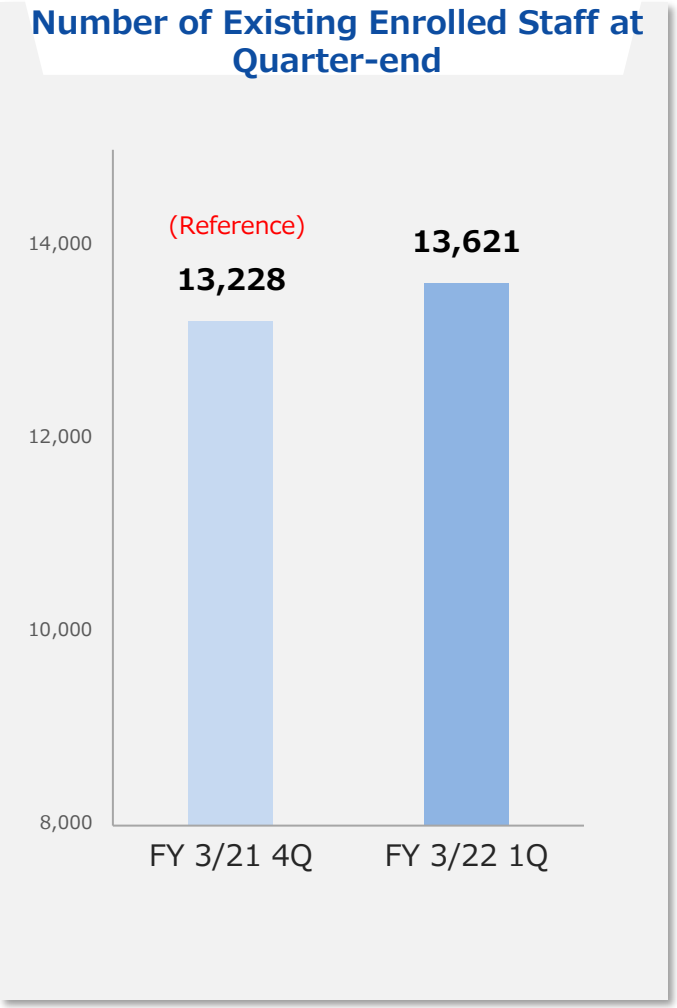
Existing Enrolled Staff

- The number of existing enrolled staff is the number of enrolled manufacturing staff (excluding engineers) and administrative dispatched staff.
- Similar to the above, the FY 3/21 figure is provided for reference.

(Unit: Million yen)



(Unit: # of Staff)



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Acquisition of Shares of Vector Shinwa Co., Ltd. (Subsidiary Acquisition)

Toward the Expansion of Existing Areas

As a first step in our growth strategy to expand existing areas, NISSO has decided to acquire all shares of Vector Shinwa Co., Ltd. (subsidiary acquisition). By combining our resources, we will be able to strengthen our service supply system and expand our business, meeting not only the needs of both companies, but also a wider range of client needs.

About Vector Shinwa Co., Ltd.

- The main pillar of Vector Shinwa's business is contracting operations in the manufacturing industry, such as for semiconductors and precision equipment.
- Their business includes a wide range of operations such as designing, developing and manufacturing jigs and various production equipment, dispatching human resources, and recruitment.

【Company Overview】

(1) Company name	Vector Shinwa Co., Ltd.	
(2) Location	3-1 Ikehata, Chiryu City, Aichi	
(3) Representative	President & Representative Director Masao Kanemoto	
(4) Business description	General Human Resources Services Business	
(5) Capital	78.25 Million JPY	
(6) Date of establishment	June 24, 2004	
(7) Relationship between listed company and company concerned	Capital ties	Not applicable.
	Personal relations	Not applicable.
	Business relations	Not applicable.
	Applicable status to related parties	Not applicable.

※For more information, please refer to "Notice of Acquisition of Shares of Vector Shinwa Co., Ltd. (Subsidiary Acquisition)" announced on August 10, 2021.

Copyright © 2021 NISSO CORPORATION All Rights Reserved

Engineering Area (Financial Results)

Net sales

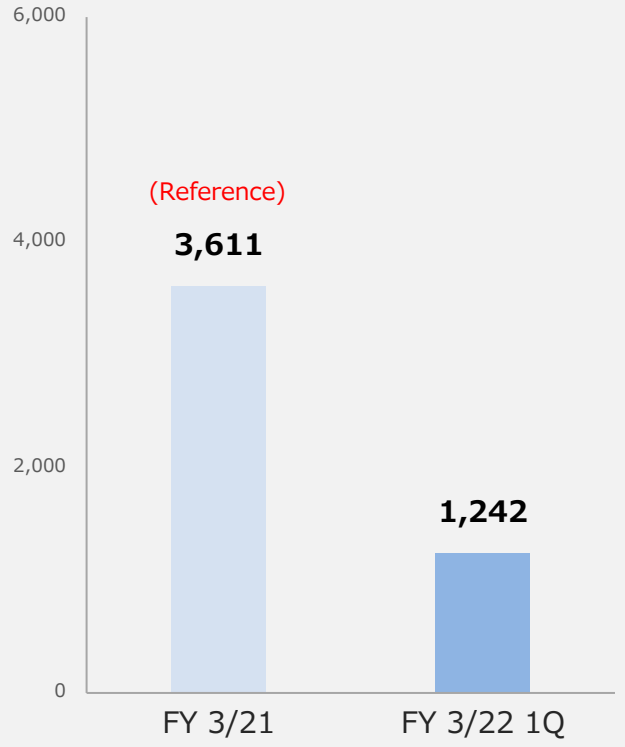
- Net sales in 1Q remained steady against the target for this FY.
- Since the engineering area has been classified into 1 of 3 business categories from this FY, the figure for net sales in the engineering area (engineer net sales) for FY 3/21 is provided for reference.

Net sales per capita

- The net sales per capita of engineers are high at 523 thousand yen/month, compared to that of overall (409 thousand yen/month) and skilled staff (464 thousand yen/month).
- Similar to the above, the FY 3/21 figure is provided for reference.

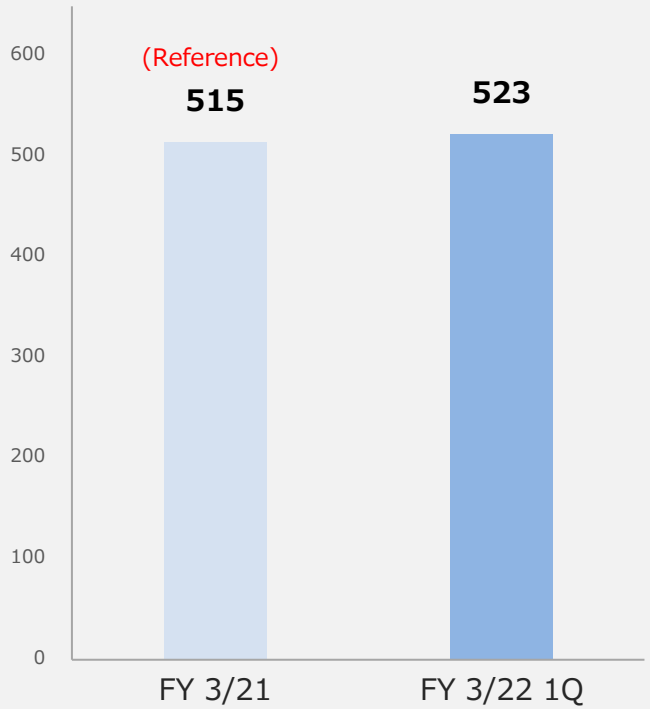
(Unit: Million yen)

Engineer Net Sales



(Unit: Thousand yen)

Engineer Net Sales per Capita



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Engineering Area: Number of Enrolled Engineers

Enrolled Engineers at Quarter-end

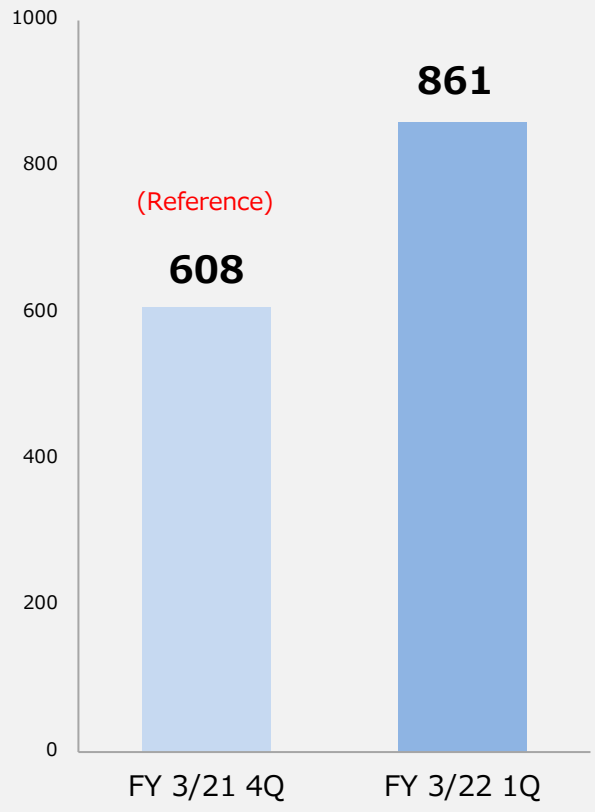
- From this FY, human resources who are engaged in engineering work will be classified.
- As previously mentioned, since the engineering area has been classified into 1 of 3 business categories from this FY, the figure for the number of enrolled engineers for FY 3/21 is provided for reference.

Engineer Industry Classification

- Among engineer enrollment by industry, the largest number of engineers are engaged in equipment technology, with the main focus on equipment maintenance operations.

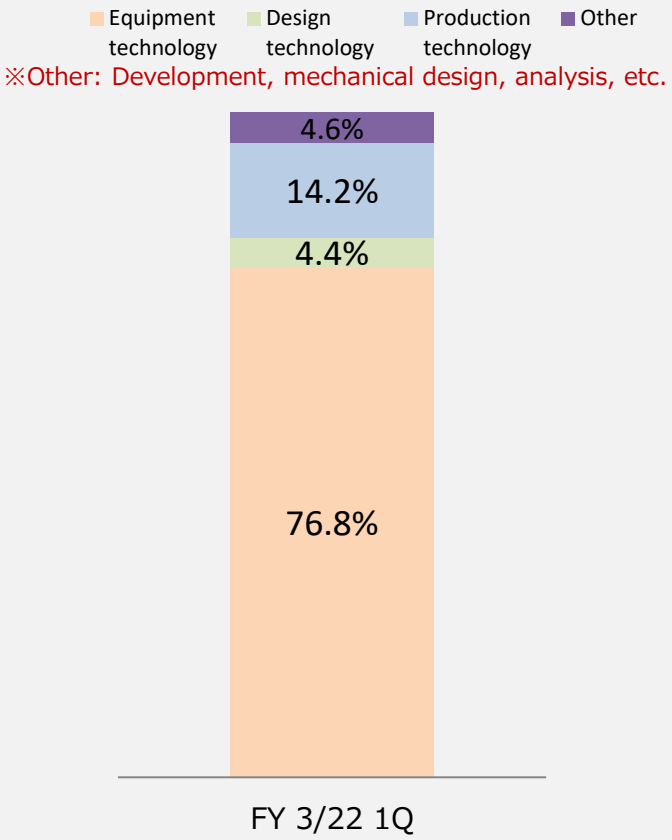
(Unit: # of Engineers)

Number of Enrolled Engineers at Quarter-end



(Unit: %)

Composition Ratio of Engineer Enrollment by Industry



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Topics: Engineering Area

Expansion of Recruitment Channels

・A recruitment site, "**engineer works**", specializing in engineers is scheduled to be launched (in August).

Clarification and Expansion of Job Vacancies

・Expansion to a total of 20 occupations, including 10 *MONOZUKURI* (manufacturing)-related and 10 IT-related occupations.

AI・IT Engineers

・Started the training of AI engineers in collaboration with Cross Compass.
・Started contracted work for infrastructure design and construction by IT engineers.

External Sales of Engineer Education

・Entrusted with education for business partner employees, centered on maintenance education

engineer works

Recruitment of experienced personnel

New graduate recruitment

Global Engineers

(*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

Copyright © 2021 NISSO CORPORATION All Rights Reserved

Turnover Rates (Existing・Engineering Areas)

FY 3/2022 1Q Results

Existing area (non-consolidated) turnover rate

3.7%

(Improvement of 0.6 pts vs. FY 3/2021 reference)

Engineering area (non-consolidated) turnover rate

1.4%

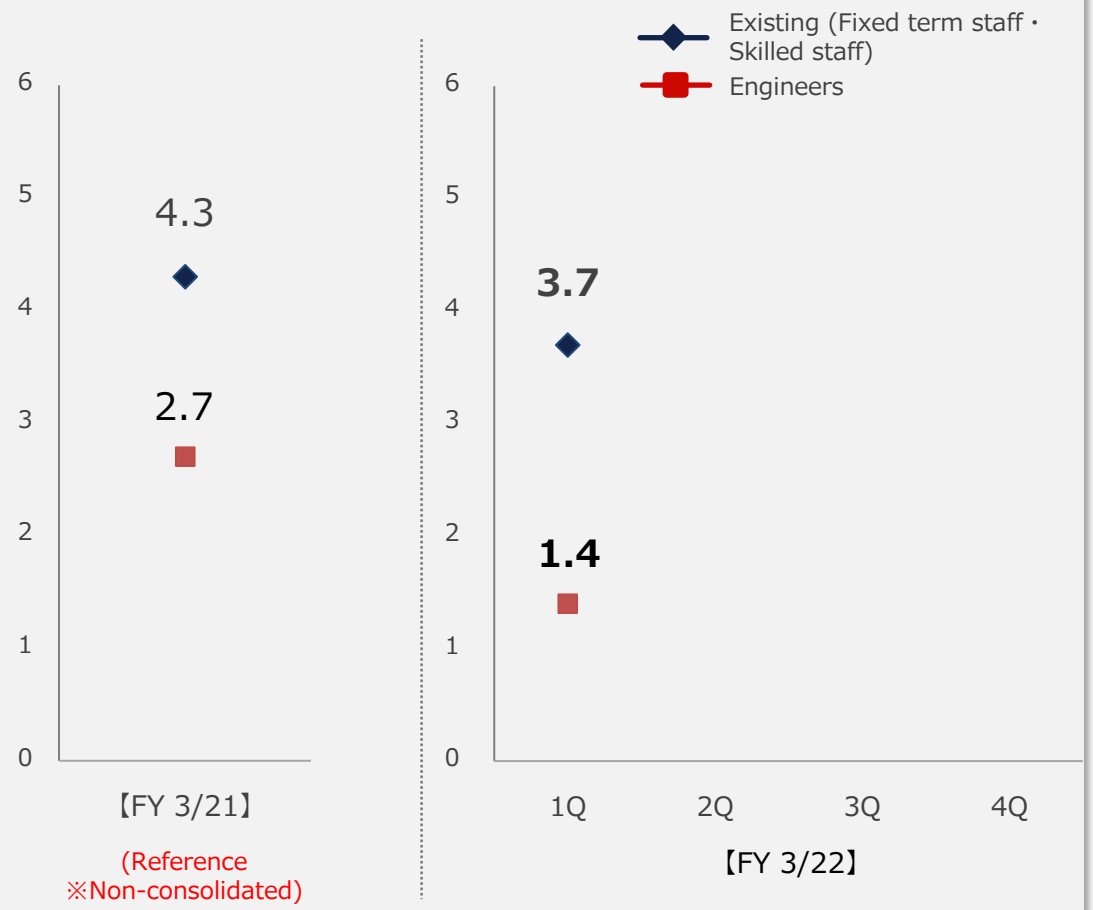
(Improvement of 1.3 pts vs. FY 3/2021 reference)

Points

・The turnover rate of engineers is low at 1.4%.
・Since different areas have been classified into 3 business categories from this FY, the turnover rates (for existing and engineering areas) for FY 3/21 are provided for reference. (for above)

(Unit: %)

Trend of Turnover Rates



Copyright © 2021 NISSO CORPORATION All Rights Reserved

New Business Areas

HR Cross (Web-based Human Resources Dispatching Management System)

・Started the trial operation of a human resources dispatching management system (a system that can easily use complicated administrative tasks such as ordering, contract management, evaluation of dispatched staff, attendance management, etc.) provided by CrossLink, a partnership company.。
・Orders from NISSO's business partners have been decided.

System feature①

***DX conversion (Paper material-free)**

・Forms, attendance, and invoices can be created and managed in a form tailored to each dispatching company

・CSV data such as attendance data, etc., can be converted from an external system for HR Cross

・Historical information retrieval and output are possible

System feature②

Easy and reliable evidence・evaluation

・Evidence such as evaluations, etc. can be recorded online, and the dispatch company will be able to confirm data at any time

・A unified evaluation format with industry standards that enables on-site and general affairs personnel to input data more smoothly
※Different formats can be selected and can also be used for independent evaluation

System feature③

Responding to the Dispatch Law, which is periodically revised

Revisions of the Dispatch Law and various laws that are revised every few years can be appropriately updated as a benefit/advantage of cloud services

*DX = Digital transformation

AI・IT Engineers

・Started the training of AI engineers in collaboration with Cross Compass.
・Started contracted work for infrastructure design and construction by IT engineers.

Copyright ⓒ 2021 NISSO CORPORATION All Rights Reserved

Other Businesses Business Revenue

Points

- Although the occupancy rate of nursing care facilities Bldgs.1-5 decreased by 2.6 pts, the occupancy rate of Bldg. 6 increased by 2.1 pts.
- As a result of efficient management, operating profit was 18 million yen.

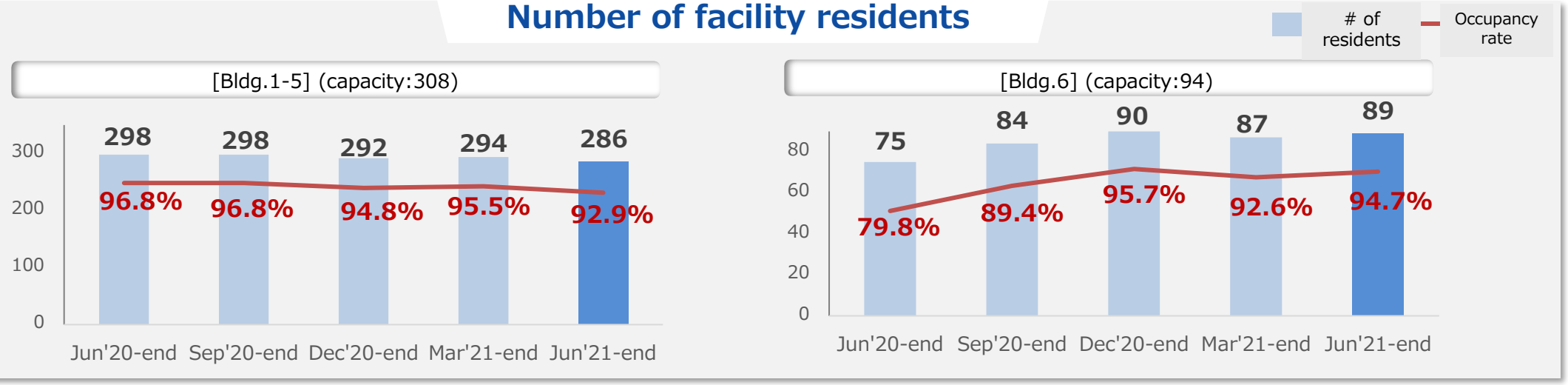
● Results of Other Businesses

(Unit: Million yen)

	FY 3/21 1Q		FY 3/22 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	720	100.0%	742	100.0%	22	3.1%
Expenses	738	102.6%	723	97.5%	(14)	(2.0%)
Operating profit (loss)	(18)	(2.6%)	18	2.5%	36	–

(Unit: # of residents)

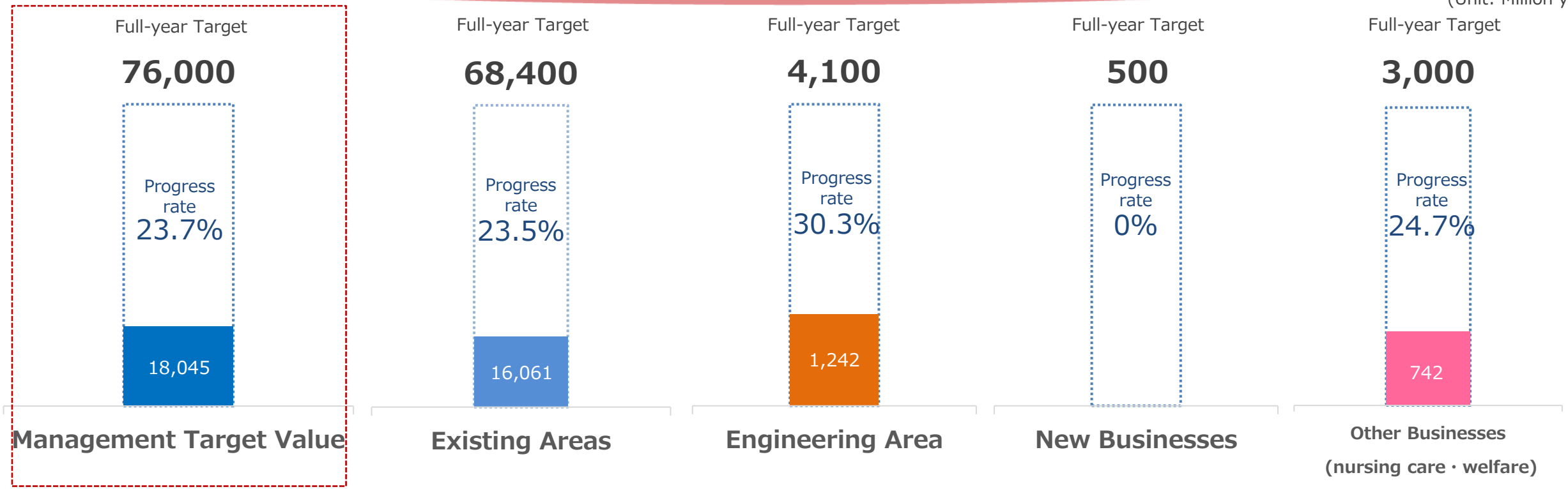
Number of facility residents



Copyright © 2021 NISSO CORPORATION All Rights Reserved

Summary (Progress of Net Sales Target 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	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate	Full-year Target	1Q Results	Progress rate
Net sales	**76,000**	**18,045**	23.7%	**68,400**	**16,061**	23.5%	**4,100**	**1,242**	30.3%	**500**	**0**	0%	**3,000**	**742**	24.7%

Copyright © 2021 NISSO CORPORATION All Rights Reserved

4 Future Prospects (FY 3/2022)

Copyright © 2021 NISSO CORPORATION All Rights Reserved

FY 3/2022 Full-year Consolidated Forecasts

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

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

(Unit: Million yen)

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

Copyright © 2021 NISSO CORPORATION All Rights Reserved

5 Shareholder Return Policy

Copyright © 2021 NISSO CORPORATION All Rights Reserved

Shareholder Return Policy

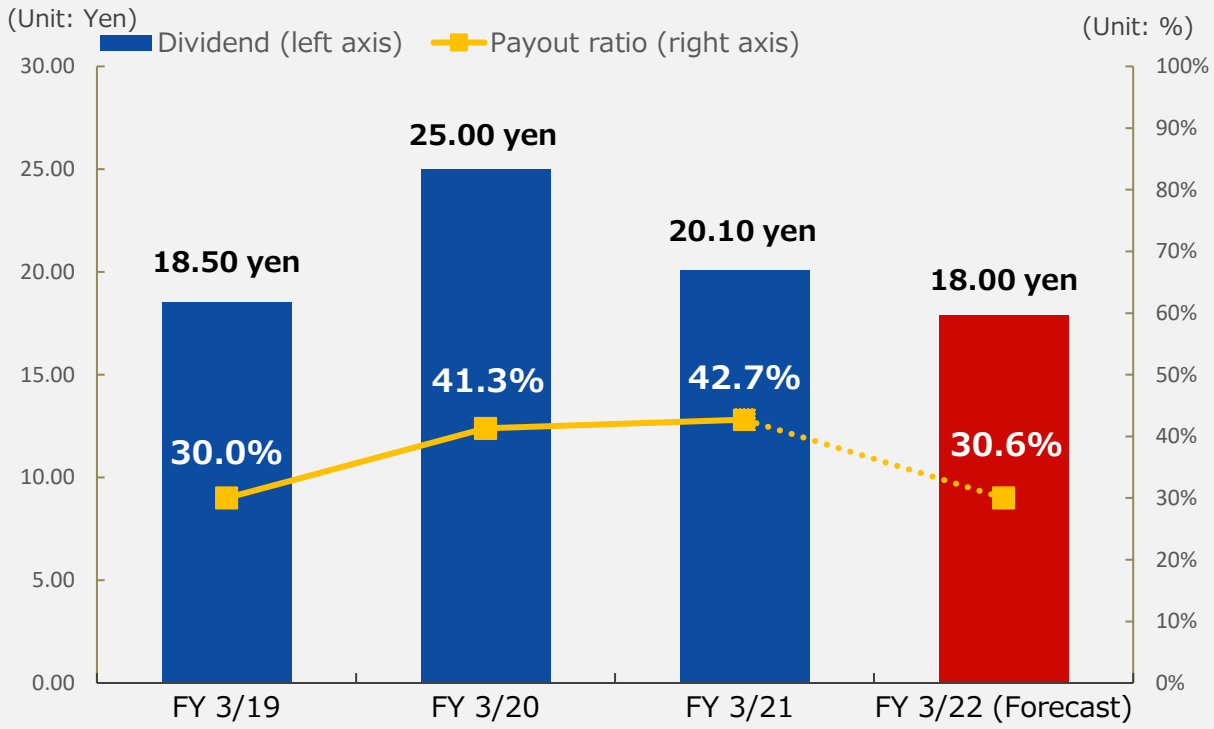
Basic Policy

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 3/2022 Dividend Forecast

NISSO forecasted the dividend per share (18.00 yen) announced in the "Consolidated Financial Results for FY 3/2021 [Japanese GAAP] Dividend Forecast" on May 12, 2021.
In the current FY, the dividend payout ratio is set at 30.6%, in consideration of investments for growth in the next FY and beyond.

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.

Copyright © 2021 NISSO CORPORATION All Rights Reserved

6 Supplementary Materials

Copyright © 2021 NISSO CORPORATION All Rights Reserved

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2021-end		Jun. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	**14,813**	**68.5**	**14,680**	**68.7**	**(133)**
Cash and deposits	5,873	27.2	5,624	26.3	**(249)**
Notes and accounts receivable - trade	8,094	37.4	8,162	38.2	67
Non-current assets	**6,817**	**31.5**	**6,681**	**31.3**	**(136)**
Property, plant and equipment	4,654	21.5	4,659	21.8	4
Intangible assets	305	1.4	280	1.3	**(25)**
Investments and other assets	1,857	8.6	1,740	8.1	**(116)**
Total assets	**21,631**	**100**	**21,361**	**100**	**(269)**
Current liabilities	**8,178**	**37.8**	**8,449**	**39.6**	**271**
Accrued expenses	4,541	21.0	4,755	22.3	213
Income taxes payable	494	2.3	96	0.5	**(398)**
Provision for bonuses	950	4.4	530	2.5	**(419)**
Non-current liabilities	**689**	**3.2**	**722**	**3.4**	**32**
Net defined benefit liability	345	1.6	388	1.8	43
Total liabilities	**8,868**	**41.0**	**9,171**	**42.9**	**303**
Shareholders' equity	**12,744**	**58.9**	**12,173**	**57.0**	**(570)**
Total net assets	**12,763**	**59.0**	**12,189**	**57.1**	**(573)**
Total liabilities and net assets	**21,631**	**100**	**21,361**	**100**	**(269)**

Point

①Increase due to expansion of operations

Due to the expansion of operations of the manufacturing-related human resources services, "notes and accounts receivable (trade)" of current assets and "accrued expenses" of current liabilities increased.

②Tax payments

Income taxes and other tax payments made at the end of May reduced current liabilities such as "income taxes payable".

③Bonus payments

Due to the payment of summer bonuses at the end of June, "provision for bonuses" of current liabilities decreased.

④Dividends

Shareholders' equity decreased due to dividend payments in June.

⑤Overall

As a result of the above, total assets decreased by 1.2%, total liabilities increased by 3.4%, net assets decreased by 4.5%, and equity ratio decreased by 1.9% to 57.1%.

Copyright © 2021 NISSO CORPORATION All Rights Reserved

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

Investor Relations Office, NISSO CORPORATION

TEL 045-777-7630 E-mail ir@nisso.co.jp URL https://www.nisso.co.jp/