



Consolidated Financial Results for the First Quarter of FY 3/2023 [Japanese GAAP]

August 8, 2022

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
 Securities Code 6569 URL <https://www.nisso.co.jp/>
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 Scheduled date of filing August 8, 2022 Scheduled date of payment of dividend —
 Quarterly Report
 Preparation of supplementary materials for quarterly financial results: Yes (Scheduled to be posted on the Company's website on August 8, 2022 (Mon.))
 Holding of quarterly financial results meeting: Yes (A video explaining the financial results will be posted on the Company's website on August 19, 2022 (Fri.))

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of FY 3/2023 (April 1, 2022 – June 30, 2022)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three months ended June 30, 2022	20,501	13.6	259	(44.8)	313	(40.1)	182	(47.2)
June 30, 2021	18,045	9.0	470	127.9	524	119.4	345	239.7

(Note) Comprehensive income For the first 3 months ended June 30, 2022: 182 Million yen (–46.6%)
 For the first 3 months ended June 30, 2021: 342 Million yen (235.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended June 30, 2022	5.36	5.36
June 30, 2021	10.17	10.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
2023年3月期第1四半期	26,711	13,130	49.2
2022年3月期	27,462	13,559	49.4

(Reference) Equity capital As of June 30, 2022: 13,130 Million yen
 As of March 31, 2022: 13,559 Million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	18.00	18.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		0.00	—	16.00	16.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY 3/2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	88,600	14.2	2,700	29.4	2,700	13.9	1,800	6.1	52.97

(Note) Revisions to the most recently announced consolidated earnings forecast: None

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: (Co. name) , Excluded: (Co. name)

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

① Changes in accounting policies due to revisions in accounting standards, etc.: None

② Changes in accounting policies other than ① above: None

③ Changes in accounting estimates: None

④ Restatements: None

(4) Number of outstanding shares (Common stock)

① Number of shares outstanding at the end of the period (including treasury shares)	As of Jun. 30, 2022	34,330,800 Shares	As of Mar. 31, 2022	34,330,800 Shares
② Number of treasury shares at the end of the period	As of Jun. 30, 2022	348,444 Shares	As of Mar. 31, 2022	348,444 Shares
③ Average number of shares outstanding during the period (Quarterly total)	First three months ended Jun. 30, 2022	33,982,356 Shares	First three months ended Jun. 30, 2021	33,954,019 Shares

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning forecasts, and other special items

(Notes on forward-looking statements, etc.)

• Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P.4 of the attachments.

(Supplementary materials for quarterly financial results and method of obtaining content for quarterly financial results meeting)

Materials related to the explanation of the Company's financial results are scheduled to be posted on its website on August 8, 2022 (Monday).

In addition, a video explaining the financial results will be posted on the Company's website on August 19, 2022 (Friday). **(In Japanese only)**

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the First Quarter of FY 3/2023 (April 1, 2022 – June 30, 2022)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
First three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2022	18,958	13.6	263	(45.4)	310	(37.5)	190	(40.4)
June 30, 2021	16,684	10.1	482	135.7	496	126.5	319	229.7

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2022	5.60	5.60
June 30, 2021	9.40	9.39

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
June 30, 2022	24,649	12,475	50.6
March 31, 2022	25,329	12,896	50.9

(Reference) Equity capital As of June 30, 2022: 12,475 Million yen
 As of March 31, 2022: 12,896 Million yen

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

Although Japan's economy has shown signs of recovery during the current consolidated cumulative first quarter (hereinafter, the "period under review"), it has continued to be affected by factors such as supply constraints caused by the prolonged situation in Ukraine and supply chain stagnation caused by continued lockdowns in China.

In such a business environment, based on its mission of *"Creating opportunities and hopes for people to work"*, the Nisso Group (hereinafter, the "Group") aims to create workplaces where workers can gain a sense of self-fulfillment and flourish, with human resources solution services that support the growth of companies and people. In addition, the Group is promoting initiatives *"To transform into a corporate group with high-growth potential"* in order to provide services that can respond to social changes and changes in industrial structures.

The Group defines materiality (key issues) for the realization of its mission as "creation of a comfortable workplace", "responding to social changes and changes in industrial structures", and "strengthening of governance". By promoting digitization (digitalization) and actively investing in human resources, the Group aims to enhance corporate value through the creation of social value by maximizing employee satisfaction and customer/client satisfaction, providing high value-added services, and strengthening management structures and internal controls.

The results for the period under review are as follows:

(Unit: Million yen)

	FY 3/2022		FY 3/2023	
	Cons. cumulative 1st Qtr. (April 1, 2021 - June 30, 2021)		Cons. cumulative 1st Qtr. (April 1, 2022 - June 30, 2022)	
	Amount	(YoY)	Amount	(YoY)
Net sales	18,045	(up 9.0%)	20,501	(up 13.6%)
Operating profit	470	(up 127.9%)	259	(down 44.8%)
Ordinary profit	524	(up 119.4%)	313	(down 40.1%)
Profit attributable to owners of parent	345	(up 239.7%)	182	(down 47.2%)

At NISSO CORPORATION (hereinafter, "the Company"), which is the core of the Group, during the period under review, the number of enrolled manufacturing staff steadily increased to 15,270 (up 325 from the end of the previous consolidated fiscal year) as a result of responding to the vigorous human resources needs of its clients, manufacturers, and promoting the expansion of recruitment interview opportunities through the use of Web interviews and other means. In the automobiles-related industry, net sales amounted to 8,243 million yen (up 14.2% year-on-year) due to strong demand for human resources in preparation for recovery production after various risks have been resolved. In the electronic devices-related industry, production remained high due to demand for semiconductors, and net sales amounted to 5,980 million yen (up 16.8% year-on-year). Also, the Company is striving to expand orders by actively developing sales activities centered on Account Companies, who are important clients, and Account Companies accounted for 45.3% of the Company's net sales. In addition, with the aim of providing high value-added services, the Company has been developing human resources by utilizing 8 training facilities nationwide, and the total number of participants trained, including manufacturing staff and engineers, was 1,981 (up 583 year-on-year). As a result of promoting these initiatives, net sales per capita amounted to 411 thousand yen (which was 409 thousand yen in the corresponding period of the previous fiscal year), and the Company's net sales increased by 13.6% year-on-year.

On the other hand, in terms of profits, although there was an increase in enrollment, the Company's operating profit decreased by 45.4% year-on-year due to the significant impact on operating hours as a result of parts shortages caused by supply chain delays.

Based on its policy of putting the safety of its clients and employees as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters", and is promoting business activities that strengthen measures to prevent the spread of COVID-19 infections. Going forward, the Group's business performance is expected to remain firm as the economic activities of clients related to the Company are expected to recover, and the needs for external human resources are expected to resume. On the other hand, in the event of an occurrence where individuals are affected by the virus at its clients, workplaces or nursing care facilities, the Group may be affected.

The results of operations by segment are as follows:

(General Human Resources Services Business)

(Unit: Million yen)

	FY 3/2022 Cons. cumulative 1st Qtr. (April 1, 2021 - June 30, 2021) Amount	FY 3/2023 Cons. cumulative 1st Qtr. (April 1, 2022 - June 30, 2022) Amount (YoY)
Net sales		
Manufacturing • Production Human Resources Services	15,442	17,346 (up 12.3%)
Engineering Human Resources Services	1,242	1,814 (up 46.1%)
Administrative Human Resources Services	607	584 (down 3.7%)
Other Human Resources Services	13	19 (up 49.3%)
Total	17,305	19,765 (up 14.2%)
Segment profit	452	254 (down 43.7%)

(Note) Net sales figures are shown after the elimination of internal transactions.

Manufacturing • Production Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Manufacturing • Production Human Resources Services, the Group is mainly engaged in manufacturing dispatching and manufacturing contracting, and will strengthen its service provision system to clients and improve the share ratio of account clients in order to improve efficiency and strengthen its earning power.

During the period under review, the number of enrolled staff amounted to 14,118 (up 1,123 year-on-year) by responding to the strong human resources needs of clients. In addition, as a result of efforts to improve communication in order to create a comfortable workplace, the turnover rate of employed workers remained at a low level of 3.8% (which was at 3.7% in the corresponding period of the previous fiscal year). As a result, net sales per capita amounted to 407 thousand yen (which was at 402 thousand yen in the corresponding period of the previous fiscal year), partly due to the effect of increased enrollment, and revenue increased by 12.3% year-on-year.

Engineering Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Engineering Human Resources Services, the Group dispatches engineers mainly in the manufacturing industry and provides SES (System Engineering Service), and it will continue to expand the high value-added area and develop it into the next core business.

During the period under review, the number of enrolled engineers was 1,239 (up 378 year-on-year) by expanding educational opportunities for employed workers, and the turnover rate remained at a low level of 2.3% (which was at 1.4% in the corresponding period of the previous fiscal year). As a result, although net sales per capita amounted to 514 thousand yen (which was at 523 thousand yen in the corresponding period of the previous fiscal year), due to the effect of increased enrollment, revenue increased by 46.1% year-on-year.

Administrative Human Resources Services (Nisso Brain Co., Ltd.)

In the Administrative Human Resources Services, the Group provides general office work dispatching and BPO (Business Process Outsourcing), and is working to restructure services and develop new menus.

During the period under review, although the Group promoted recruitment activities centered on public relations and customer attraction activities, due to sluggish growth in the number of registrants, the number of enrolled administrative dispatched staff amounted to 600 (down 26 year-on-year).

Other Human Resources Services (Nisso Pure Co., Ltd.)

In the Other Human Resources Services, the Group is engaged in light work contracting and sale of goods business while utilizing human resources with disabilities.

Nisso Pure Co., Ltd., a special-purpose subsidiary of the Company, aims to create a workplace environment where diverse human resources can flourish. Rather than simply hiring employees with disabilities, the Group is promoting activities that take advantage of the characteristics of each

individual, such as being entrusted with light work by external clients, and aiming to coexist with local communities, including school officials, support organizations, and the government. The number of employees with disabilities during the period under review was 210.

(Other Businesses)

(Unit: Million yen)

	FY 3/2022 Cons. cumulative 1st Qtr. (April 1, 2021 - June 30, 2021) Amount	FY 3/2023 Cons. cumulative 1st Qtr. (April 1, 2022 - June 30, 2022) Amount (YoY)
Net sales		
Nursing Care • Welfare Services	742	736 (down 0.8%)
Segment profit	18	5 (down 70.4%)

(Note) Net sales figures are shown after the elimination of internal transactions.

Nursing Care • Welfare Services (Nisso Nifty Co., Ltd.)

In the Nursing Care • Welfare Services, the Group provides facility nursing care and home-based nursing care, and is working to restructure its provided services while developing new menus.

During the period under review, in the facility nursing care business, which is the mainstay of this service, the Group promoted Web previews and other activities on the premise of preventing the spread of COVID-19 infections. However, the number of residents in the nursing care facilities was 369 (down 12 year-on-year), and the occupancy rates at the facilities was 91.8% (which was at 94.8% in the corresponding period of the previous fiscal year), a 0.8% decrease in revenue year-on-year.

(2) Description of Financial Position

(Assets)

Current assets at the end of the period under review amounted to 18,487 million yen, which was a decrease of 580 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,059 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 8,224 million yen, which was a decrease of 170 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 111 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 26,711 million yen, which was a decrease of 751 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 10,176 million yen, which was a decrease of 234 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 467 million yen in provision for bonuses.

Non-current liabilities at the end of the period under review amounted to 3,404 million yen, which was a decrease of 87 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 122 million yen in long-term loans payable.

As a result, total liabilities amounted to 13,581 million yen, which was a decrease of 322 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 13,130 million yen, which was a decrease of 428 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 182 million yen in profit attributable to owners of parent, and 611 million yen in dividends of surplus.

As a result, the equity ratio was at 49.2% (which was at 49.4% at the end of the previous consolidated fiscal year).

(3) Description of Future Forecast Information such as Consolidated Forecasts, etc.

Regarding the consolidated earnings forecast, there are no changes to the Consolidated Forecast for

the full year announced in the "Consolidated Financial Results for FY 3/2022" on May 12, 2022.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/22 (As of Mar. 31, 2022)	1Q of FY 3/23 (Jun. 30, 2022)
Assets		
Current assets		
Cash and deposits	8,779	7,719
Notes and accounts receivable - trade	9,390	9,785
Other	902	987
Allowance for doubtful accounts	(4)	(4)
Total current assets	19,068	18,487
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,771	1,766
Land	2,670	2,670
Other, net	136	130
Total property, plant and equipment	4,578	4,567
Intangible assets		
Goodwill	970	945
Other	696	673
Total intangible assets	1,667	1,618
Investments and other assets		
Other	2,177	2,065
Allowance for doubtful accounts	(28)	(27)
Total investments and other assets	2,149	2,038
Total non-current assets	8,394	8,224
Total assets	27,462	26,711
Liabilities		
Current liabilities		
Current portion of long-term loans payable	490	490
Accrued expenses	5,381	5,668
Income taxes payable	395	76
Contract liabilities	247	245
Provision for bonuses	1,058	590
Provision for directors' bonuses	-	2
Provision for shareholder benefit program	63	17
Other	2,773	3,084
Total current liabilities	10,411	10,176
Non-current liabilities		
Long-term loans payable	2,509	2,386
Net defined benefit liability	473	514
Other	509	503
Total non-current liabilities	3,492	3,404
Total liabilities	13,903	13,581
Net assets		
Shareholders' equity		
Capital stock	2,016	2,016
Capital surplus	2,368	2,368
Retained earnings	9,454	9,025
Treasury shares	(298)	(298)
Total shareholders' equity	13,540	13,111
Accumulated other comprehensive income		
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	17	18
Total accumulated other comprehensive income	18	19
Total net assets	13,559	13,130
Total liabilities and net assets	27,462	26,711

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First Quarter of FY 3/23)

(Unit: Million yen)

	1Q of FY 3/22 (Apr. 1, 2021 - Jun. 30, 2021)	1Q of FY 3/23 (Apr. 1, 2022 - Jun. 30, 2022)
Net sales	18,045	20,501
Cost of sales	15,007	17,387
Gross profit	3,038	3,114
Selling, general and administrative expenses	2,568	2,854
Operating profit	470	259
Non-operating income		
Interest income	0	0
Dividend income	0	0
Share of profit of entities accounted for using equity method	9	-
Subsidy income	36	54
House rent income	10	10
Other	13	16
Total non-operating income	70	82
Non-operating expenses		
Interest expenses	-	2
Share of loss of entities accounted for using equity method	-	6
Rent expenses	4	5
Other	12	13
Total non-operating expenses	16	27
Ordinary profit	524	313
Extraordinary losses		
Loss on sales of non-current assets	7	-
Total extraordinary losses	7	-
Profit before income taxes	516	313
Income taxes - current	52	32
Income taxes - deferred	119	98
Total income taxes	171	131
Profit	345	182
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	345	182

(Quarterly Consolidated Statement of Comprehensive Income)
(First Quarter of FY 3/23)

(Unit: Million yen)

	1Q of FY 3/22 (Apr. 1, 2021 - Jun. 30, 2021)	1Q of FY 3/23 (Apr. 1, 2022 - Jun. 30, 2022)
Profit	345	182
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(2)	0
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(2)	0
Comprehensive income	342	182
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	342	182
Comprehensive income attributable to non- controlling interests	-	-

(3) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

(Accounting Estimates Associated with the Spread of COVID-19 Infections)

There are no significant changes to the assumptions regarding the effects of the spread of COVID-19 infections described in the (Additional Information) of the Securities Report for the previous consolidated fiscal year.

(Significant Subsequent Events)

(Change of Equity-method Affiliate (Consolidated Subsidiary Acquisition))

At the Board of Directors' Meeting held on May 19, 2022, the Company resolved to acquire additional equity interest in Nikon Nisso Prime Corporation, an equity-method affiliate of the Company, and make it a consolidated subsidiary, and on July 1, 2022, the Company acquired additional equity interest and made the company concerned a consolidated subsidiary.

(1) Overview of Business Combination

① Name of acquired company and its description of business

Name of Acquired Company	Nikon Nisso Prime Corporation
Description of Business	Human resources dispatching • recruitment Human resources sharing business Consignment/entrustment • contracting business Planning, R&D, operation and support of structure development and opportunity creation for seniors' continued employment

② Main reasons for business combination

Nikon Nisso Prime Corporation was established in January 2020 as a joint venture between the Company and Nikon Corporation in order to integrate the expertise of both companies and create synergies through collaboration. Since then, Nikon Nisso Prime has been working to enhance the dispatching business, support the active participation of older employees of the Nikon Group, and develop, secure, and build a structure for employment opportunities where such employees can continue to work.

In addition, through cooperation with local governments, Nikon Nisso Prime Corporation is promoting new initiatives, such as providing support for the realization of regional revitalization by passing on the diverse experiences and knowledge of Nikon Nisso Prime's human resources to local communities, and aims to further strengthen these initiatives.

③ Date of business combination

July 1, 2022

④ Legal form of business combination

Acquisition of shares with cash as consideration

⑤ Name after business combination

The name has not been changed.

⑥ Percentage of voting rights acquired

Percentage of voting rights held immediately prior to business combination	49.0%
Percentage of voting rights additionally acquired on date of business combination	2.0%
Percentage of voting rights after acquisition	51.0%

⑦ Main reasons for determining acquisition of company

The Company acquired the voting rights of Nikon Nisso Prime Corporation, an equity-method affiliate, through the acquisition of shares with cash as consideration.

(2) Breakdown by Acquisition Cost and Type of Consideration of Acquired Company		
Consideration for acquisition	Market value of common stock of Nikon Nisso Prime Corporation held immediately prior to business combination on date of business combination	262 Million yen
	Market value of common stock of Nikon Nisso Prime Corporation additionally acquired on date of business combination	10 Million yen
Acquisition cost		272 Million yen

(3) Details and amount of major acquisition-related expenses

Remuneration, fees, etc. for advisory 1 Million yen

(4) Difference Between Acquisition Cost of Acquired Company and Total Acquisition Cost for Each Transaction that Led to Acquisition

Not finalized at this time.

(5) Amount of Goodwill Generated, Cause of Occurrence, Amortization Method and Amortization Period

Not finalized at this time.

(6) Amount of Assets Accepted and Liabilities Assumed on Date of Business Combination and Main Breakdown Thereof

Not finalized at this time.