



*Nurturing and
Bringing Out the
Best in People*

日総工産株式会社
NISSO CORPORATION
TSE Prime Market Code:6569

First Quarter of FY 3/2023

Financial Results Briefing Materials

August 8, 2022

FY 3/2023 1Q Results

- Increased revenue and decreased profits year-on-year
- Needs for manufacturing-related human resources remained high, and the number of enrolled staff increased
- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued
- Engineering net sales increased steadily

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FY 3/2023 1Q

Financial Results Summary

FY 3/2023 1Q Consolidated Financial Results Highlights

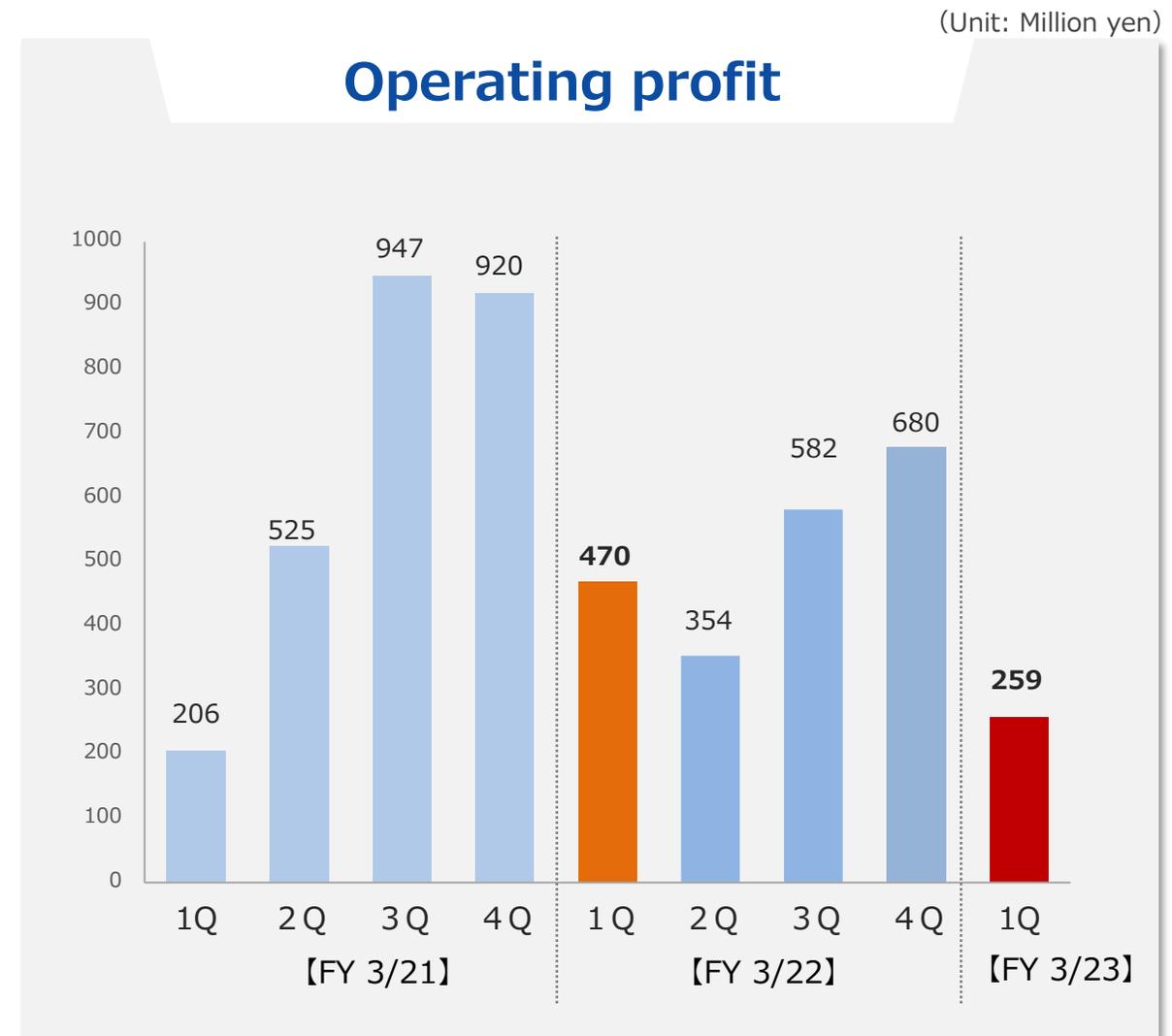
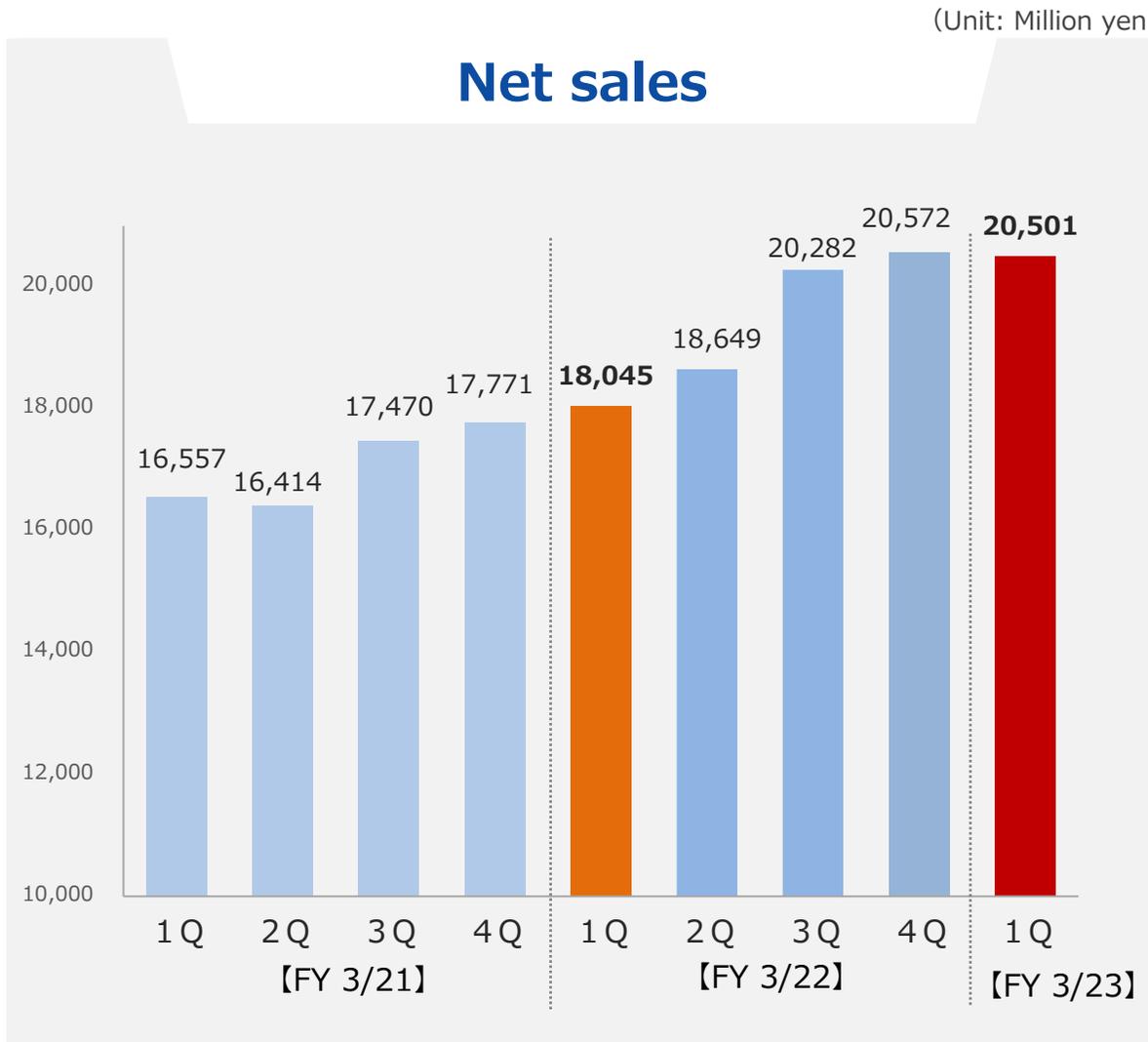
(Unit: Million yen)

Points

- Revenue increased due to an increase in the number of enrolled staff and an increase in billing unit-costs.
- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued, and gross margin declined.
- SG&A expenses increased due to an increase in the number of enrolled staff, and profits decreased due to reduced operations.

	FY 3/2022 1Q		FY 3/2023 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	18,045	100.0%	20,501	100.0%	2,455	13.6%
Gross profit	3,038	16.8%	3,114	15.2%	75	2.5%
SG&A expenses	2,568	14.2%	2,854	13.9%	286	11.1%
Operating profit	470	2.6%	259	1.3%	(210)	(44.8%)
Ordinary profit	524	2.9%	313	1.5%	(210)	(40.1%)
Profit attributable to owners of parent	345	1.9%	182	0.9%	(162)	(47.2%)

FY 3/2023 Quarterly Consolidated Financial Results



FY 3/2023 1Q Non-consolidated Financial Results Highlights

Net sales

Net sales increased by 13.6% due to an increase in the number of enrolled staff and an increase in billing unit-costs.

Expenses · Profits

- Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) continued.
- Human resources needs for automobiles and electronic devices remained strong, and SG&A expenses increased due to an increase in the number of enrolled staff.

(Unit: Million yen)

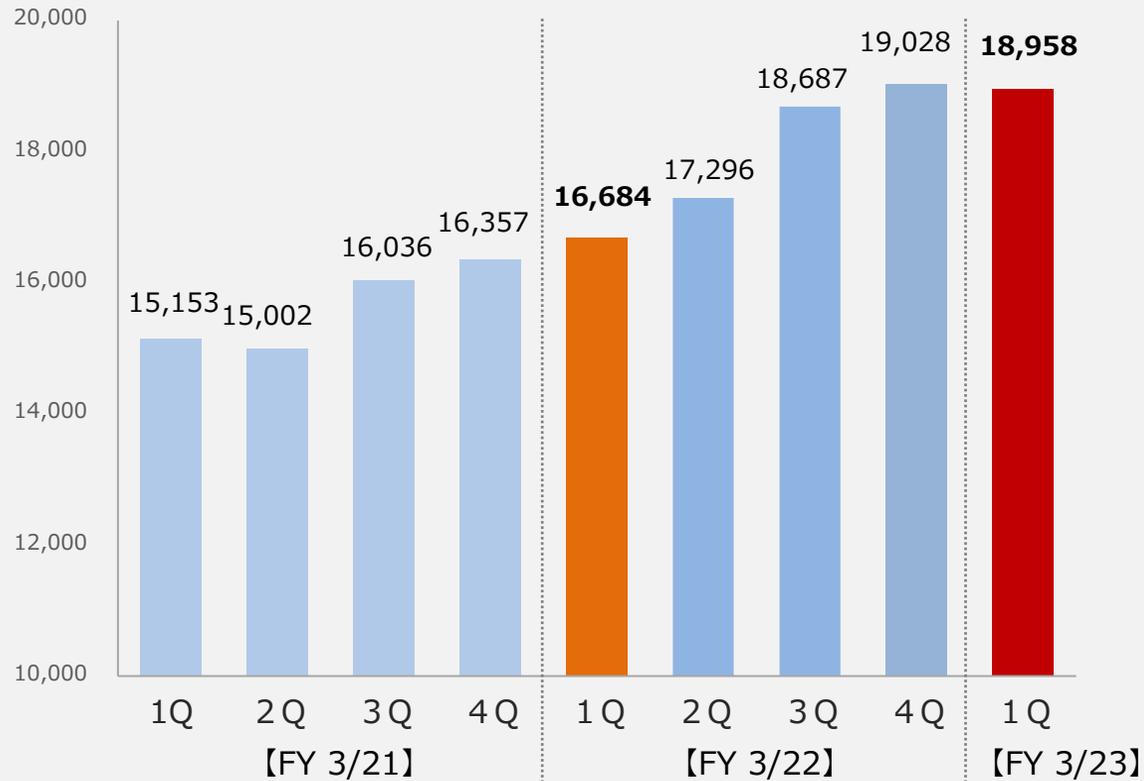
	FY 3/2022 1Q		FY 3/2023 1Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	16,684	100.0%	18,958	100.0%	2,273	13.6%
Gross profit	2,900	17.4%	2,949	15.6%	49	1.7%
SG&A expenses	2,417	14.5%	2,685	14.2%	268	11.1%
Operating profit	482	2.9%	263	1.4%	(219)	(45.4%)
Ordinary profit	496	3.0%	310	1.6%	(185)	(37.5%)
Profit	319	1.9%	190	1.0%	(128)	(40.4%)

FY 3/2023 1Q Quarterly Non-consolidated Financial Results



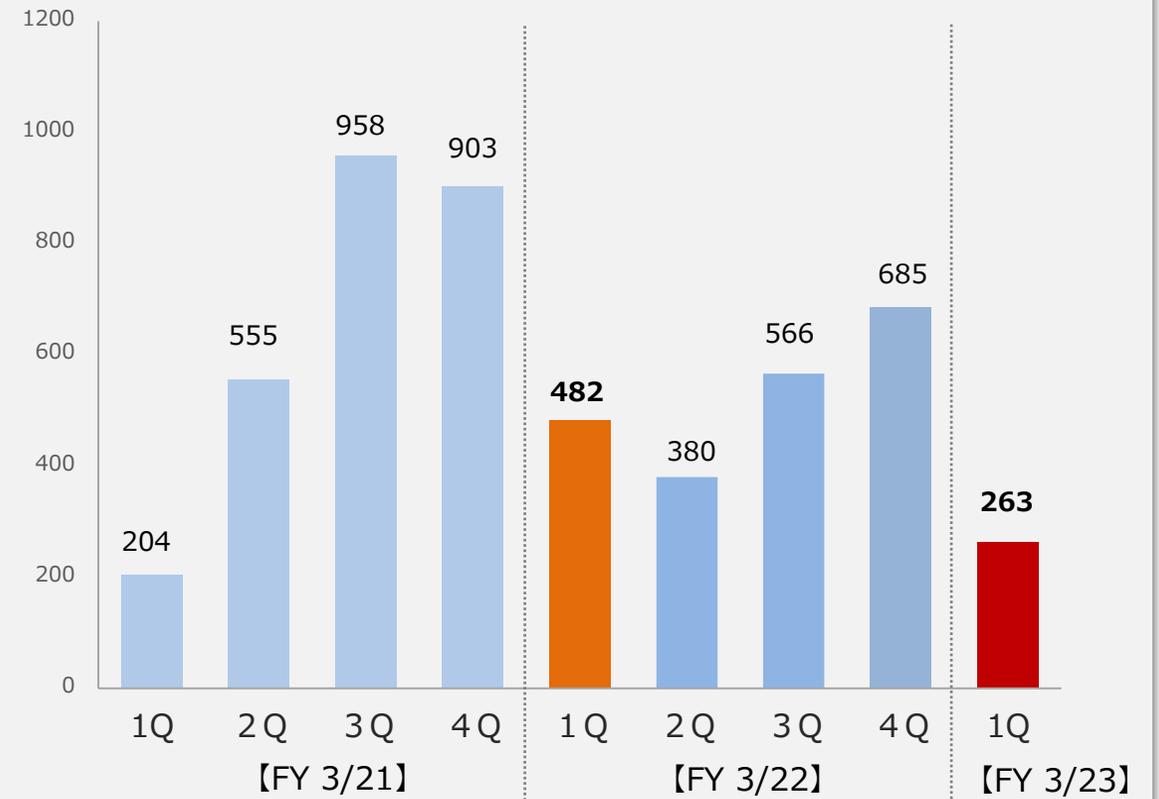
(Unit: Million yen)

Net sales



(Unit: Million yen)

Operating profit





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FY 3/2023 1Q Overview of Activities

FY 3/2023 1Q Financial Results Summary



Consolidated Financial Results

Net Sales	20,501 Million yen	(2,455 Million yen / 13.6%)
Operating Profit	259 Million yen	(-210 Million yen / -44.8%)

Non-consolidated Financial Results

● Net Sales by Industry (YoY)

Automobiles	... +14.2%
Electronic devices	... +16.8%

- In the automobiles-related industry, net sales increased by 14.2% YoY. Due to the shortage of semiconductors and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations continued. Net sales increased due to an increase in the number of enrolled staff and an increase in billing unit-costs.
- In the electronic devices-related industry, net sales increased by 16.8% YoY, partly due to strong demand for semiconductors.

● 1Q-end Number of Enrolled Staff

15,270 staff
(+325 staff from FY 3/22-end)

- The number of enrolled staff increased by 325 compared to FY 3/22-end. The number of enrolled staff increased mainly in the electronic devices industry.

● Net Sales per Capita/Monthly

411 Thousand yen
(+2 Thousand yen YoY)

- Net sales per capita continued to be affected by the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China. Net sales growth slowed despite the rise in billing unit-costs.

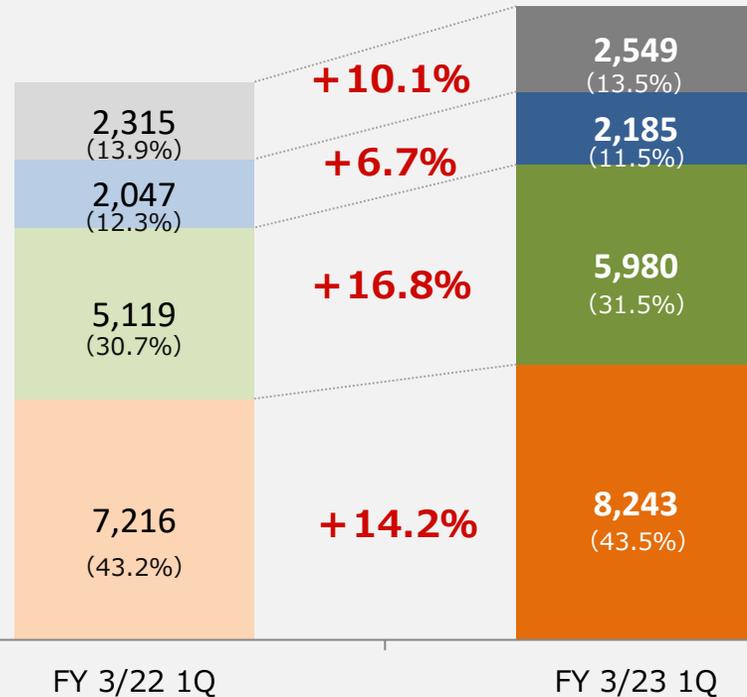
FY 3/2023 1Q Net Sales by Industry (NISSO, Non-consolidated)



(Unit: Million yen)

Net Sales Composition Ratios

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



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

【Precision · Electrical Machinery】

Net sales increased by 6.7% YoY. Although net sales increased, demand remained flat.

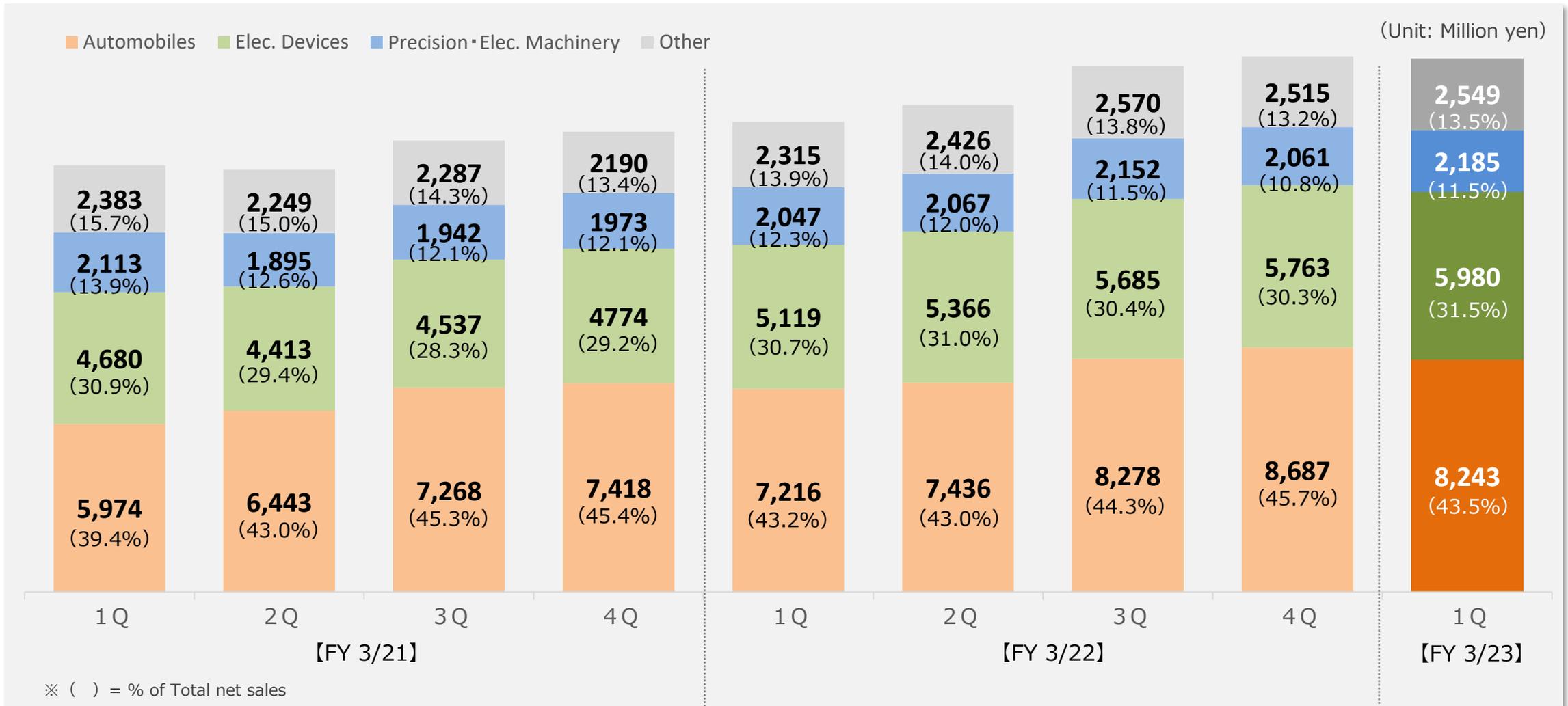
【Electronic Devices】

Net sales increased by 16.8% YoY. The number of enrolled staff increased due to strong demand for semiconductors, and billing unit-costs increased. As a result, net sales in 1Q reached a record high since NISSO's listing.

【Automobiles】

Net sales increased by 14.2% YoY. Although reduced operations (number of working days, overtime hours, holiday work, etc.) continued, due to the shortage of semiconductors and the shortage of parts as a result of the impact of lockdowns in China, as a result of an increase in the number of enrolled staff and an increase in unit billing-costs, net sales in 1Q reached a record high since NISSO's listing.

FY 3/2023 Quarterly Net Sales by Industry (NISSO, Non-consolidated)



Account Companies (NISSO, Non-consolidated)



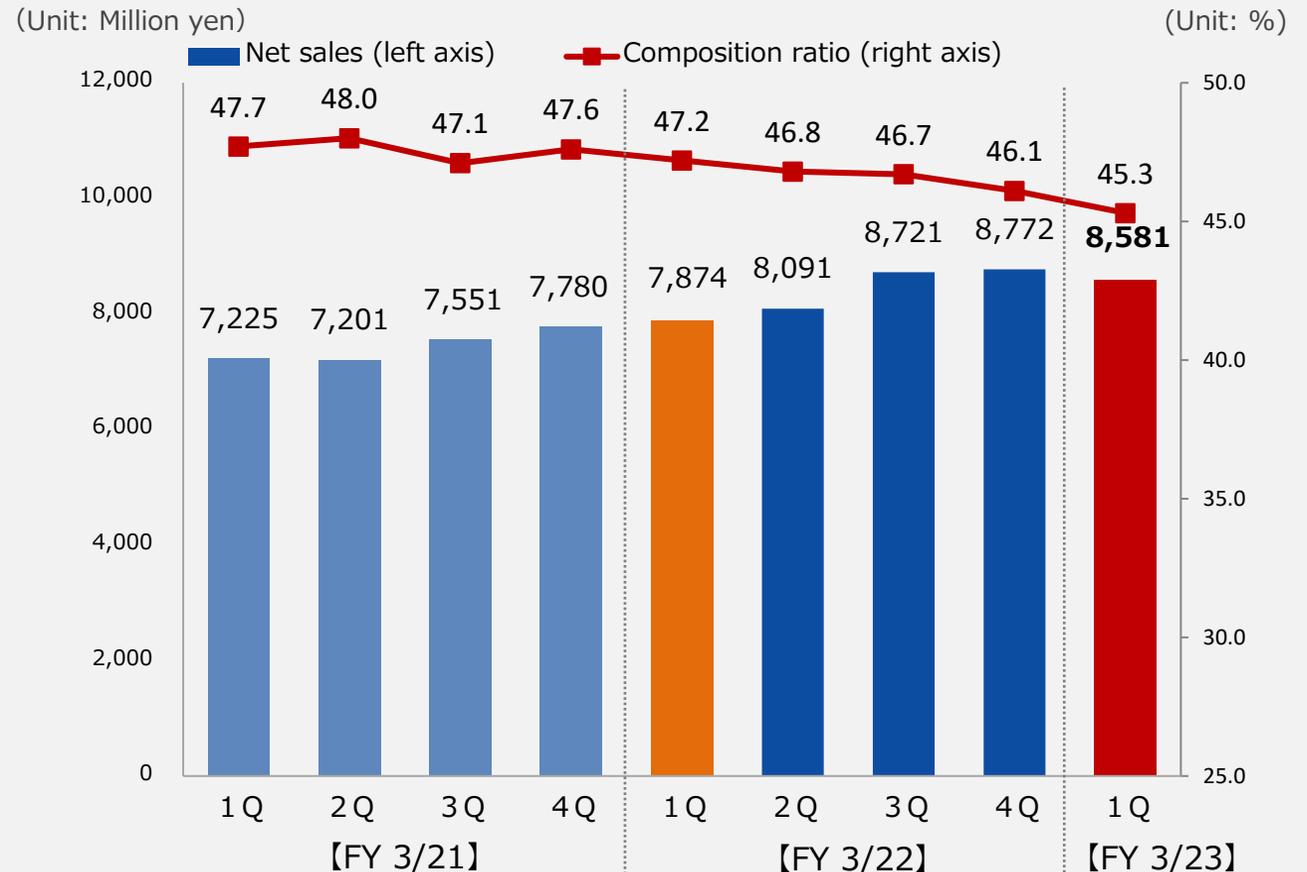
Point①

Account Company Group net sales in 1Q reached a record high since NISSO's listing.

Point②

In addition to an increase in the number of staff in the automobiles and semiconductor-related industries, net sales increased due to an increase in billing unit-costs. Due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, the impact of reduced operations (number of working days, overtime hours, holiday work, etc.) continued, and the composition ratio decreased YoY.

Account Company Groups Net Sales



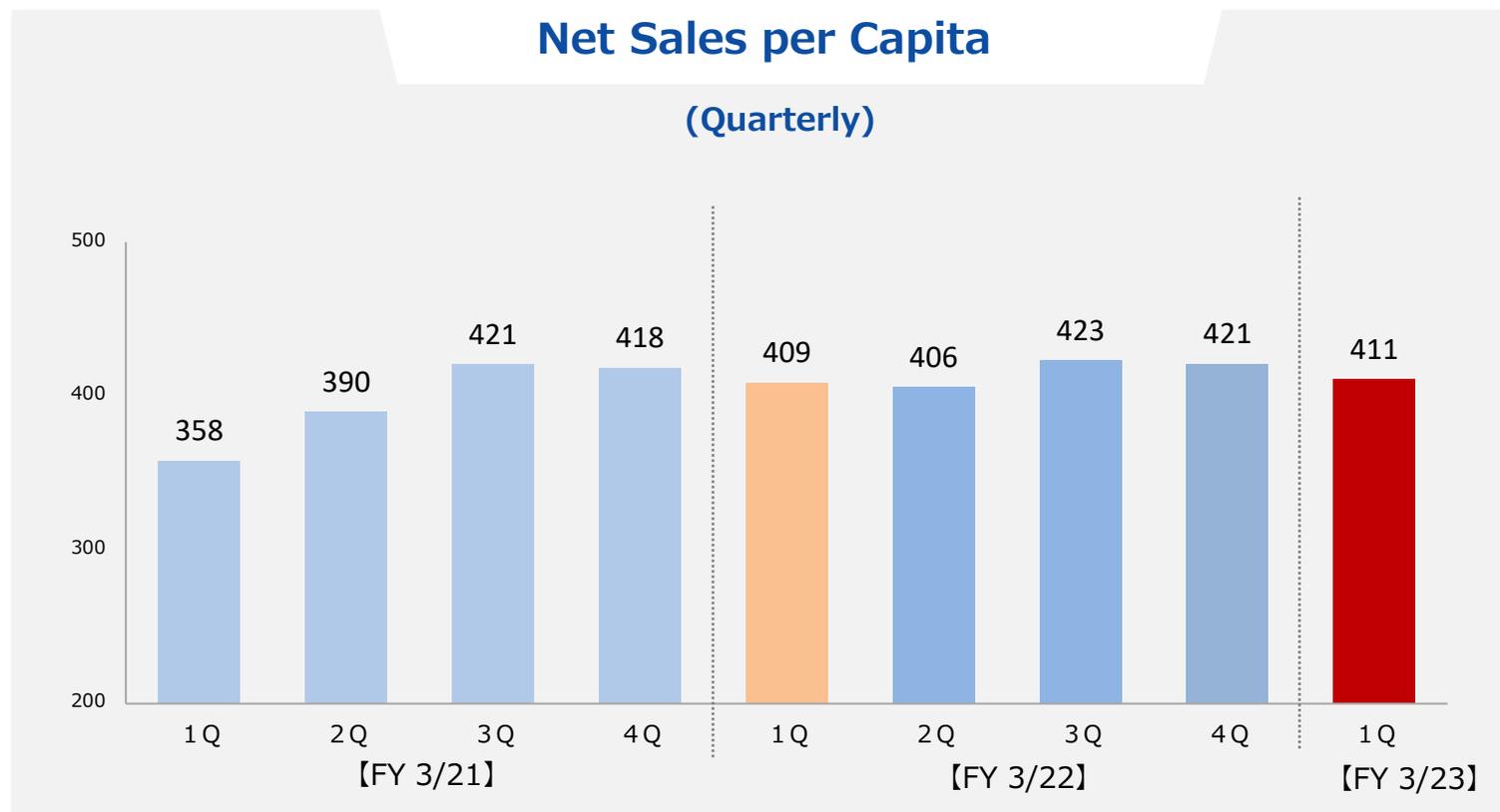
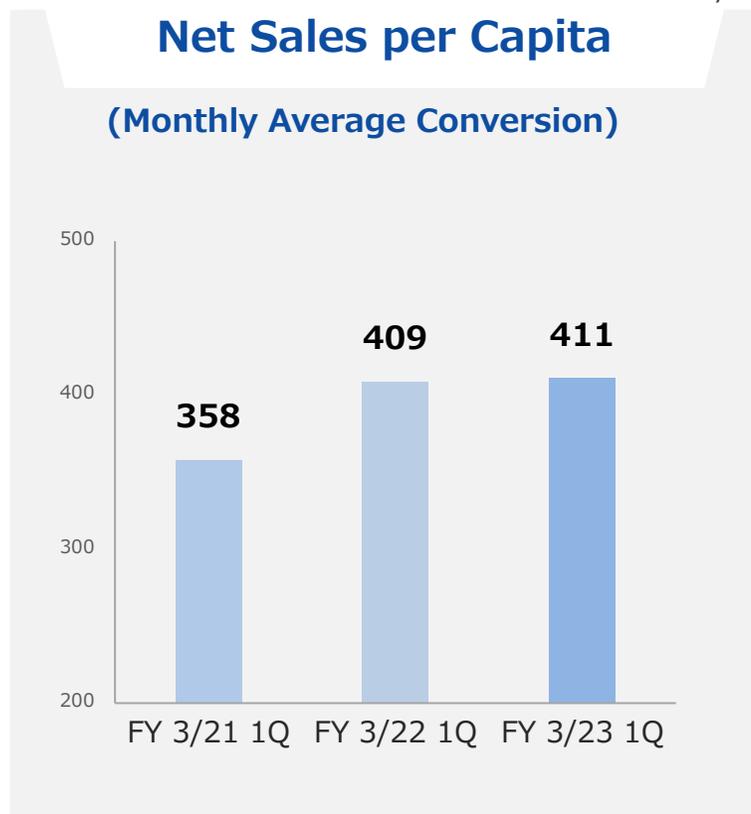
Net Sales per Capita (NISSO, Non-consolidated)



- FY 3/2023 1Q YTD <Overall net sales per capita> 411 Thousand yen (+2 Thousand yen YoY)
- Net sales per capita increased YoY as a result of the continued impact of reduced operations due to the shortage of semiconductors in the automobiles-related industry and the shortage of parts as a result of the impact of lockdowns in China, as well as an increase in billing unit-costs.

(Unit: Thousand yen)

(Unit: Thousand yen)



Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

Compared w. Previous FY-end

+325 staff (+2.2%)

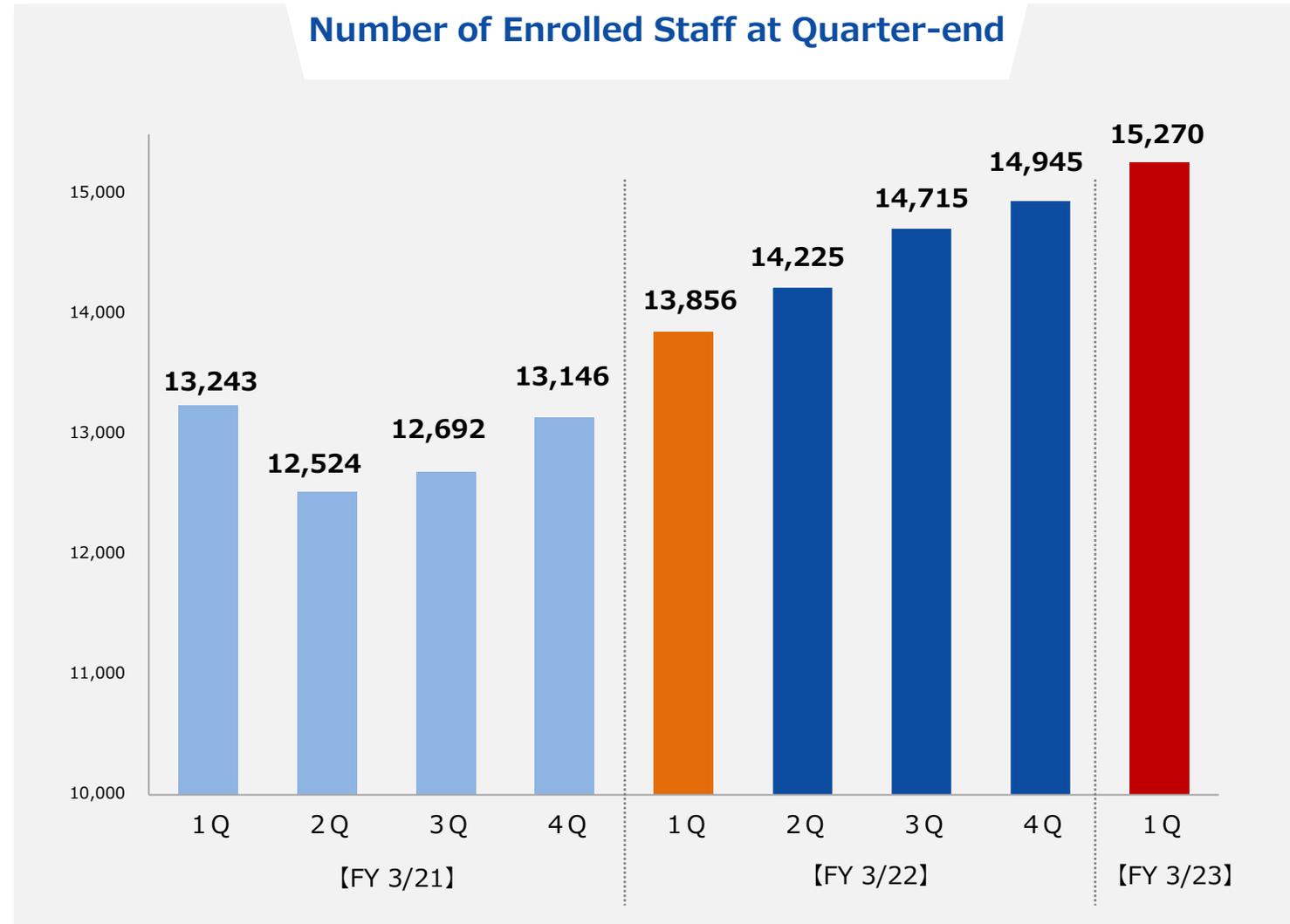
Point①

Human resources needs were strong. Due to the curbing of enrolled staff leaving NISSO, the number of enrolled staff reached a record high since NISSO's listing.

Point②

The number of staff continued to increase due to strong demand for semiconductors, contributing to an increase in the number of enrolled staff.

Number of Enrolled Staff at Quarter-end



Educational Achievements (NISSO, Non-consolidated)



Point①

As the number of engineers increased, the number of engineer-related participants increased.

Point②

In basic equipment maintenance education, classroom learning and education/training using actual equipment were conducted in separate locations, and training facilities were utilized efficiently.

- FY 3/2023 1Q Main course-specific educational achievements (total # of participants)

(Unit: # of participants)

Training course name	1Q (Apr - Jun)	Contents	FY 3/22 1Q
Basic equipment maintenance education	114	Basic equipment maintenance education	28
Engineer education	192	Manufacturing equipment maintenance · manufacturing equipment technology Mechanical design · production technology SEAJ education (safety education specializing in semiconductors)	39
Manufacturing education	1,675	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	1,331
Total	1,981		1,398



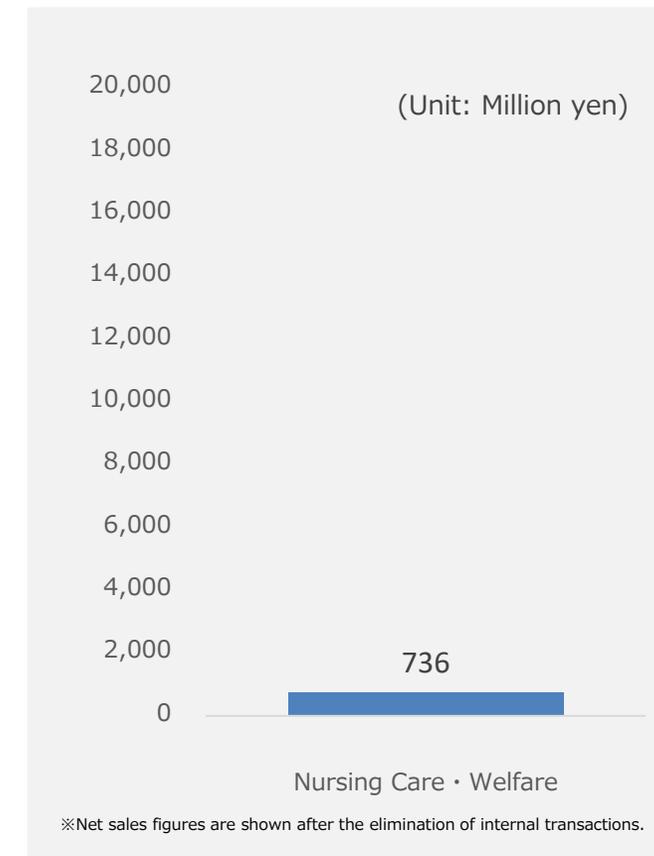
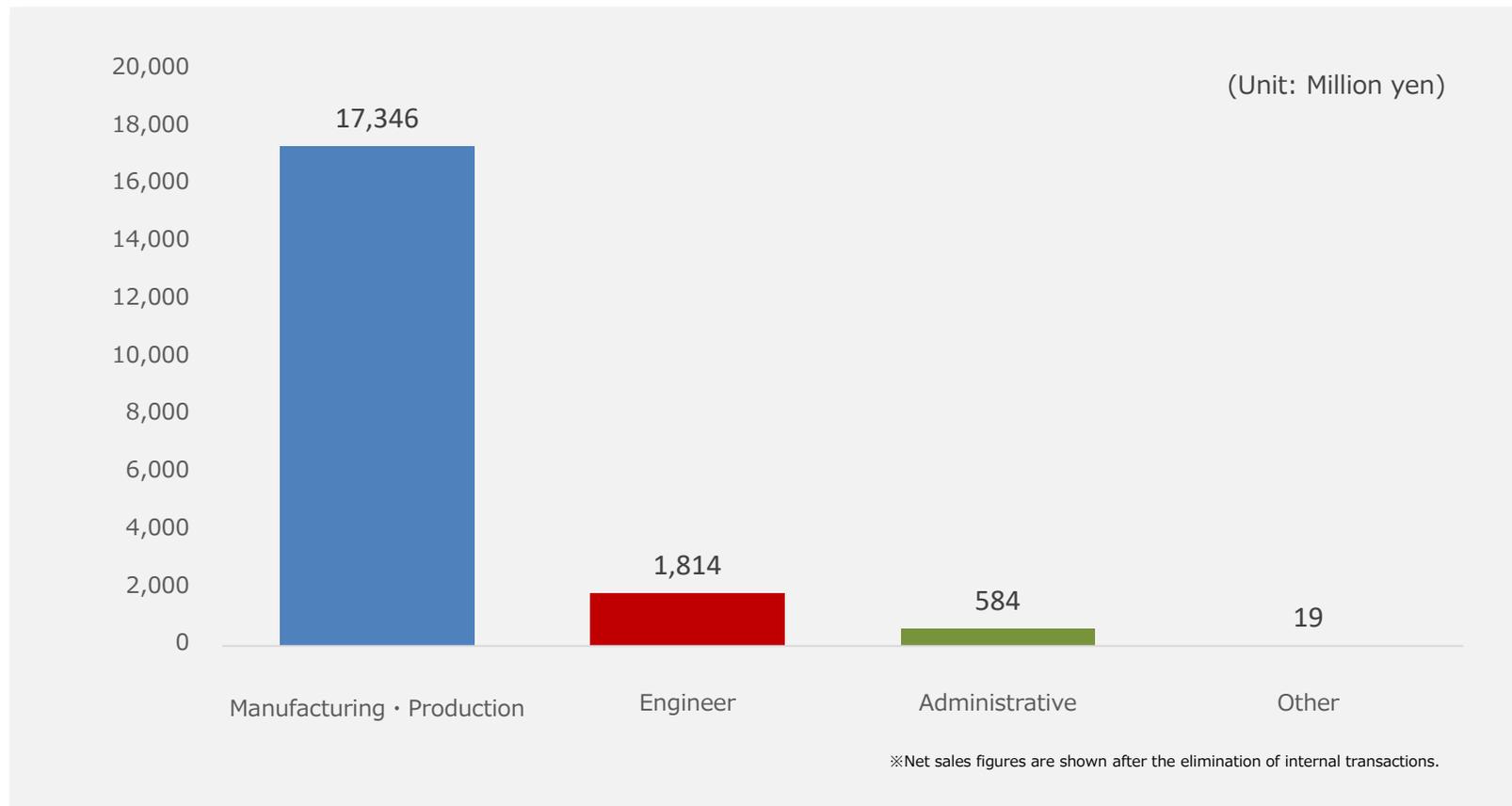
3 Financial Results by Segment

(FY 3/2023 1Q)

Net Sales by Segment (Services)

FY 3/2023 1Q
General Human Resources Services Business

FY 3/2023 1Q
Other Businesses



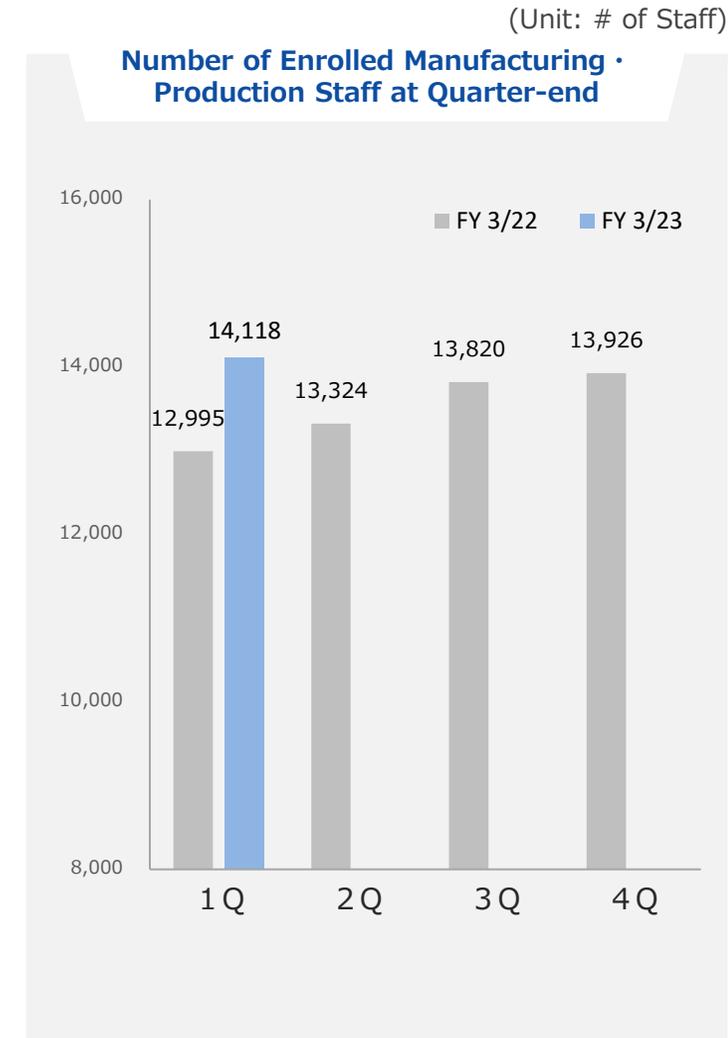
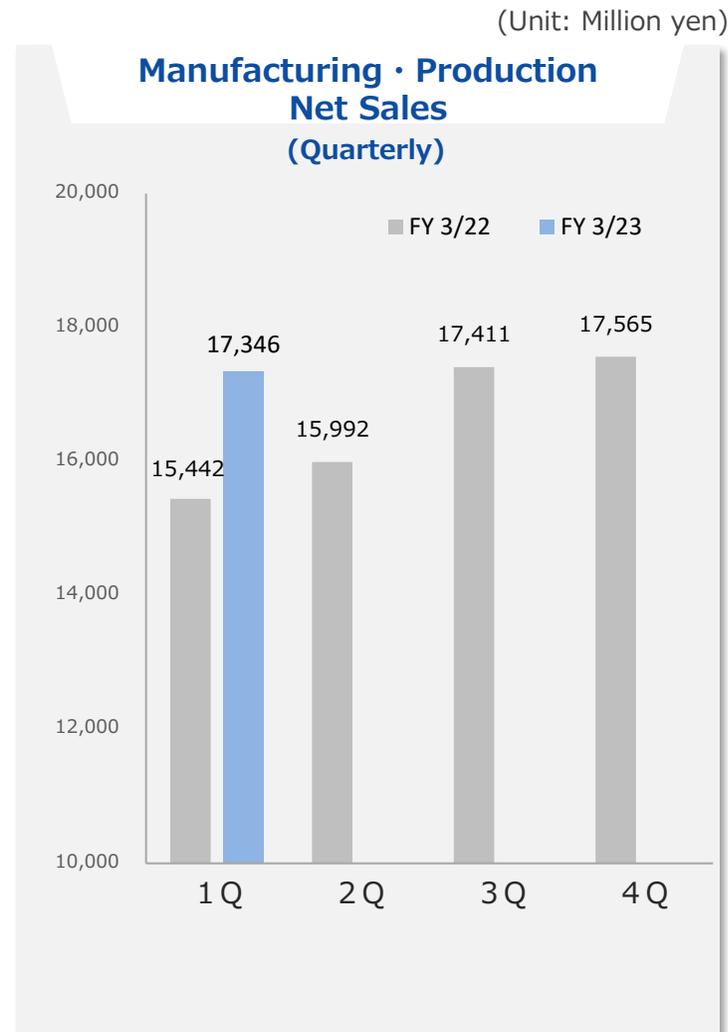
Manufacturing · Production Human Resources Services are mainly human resources services for manufacturing dispatching and manufacturing contracting provided by NISSO and Vector Shinwa Co., Ltd.

Net Sales

Manufacturing · production net sales increased by 12.3% YoY, partly due to an increase in the number of enrolled staff.

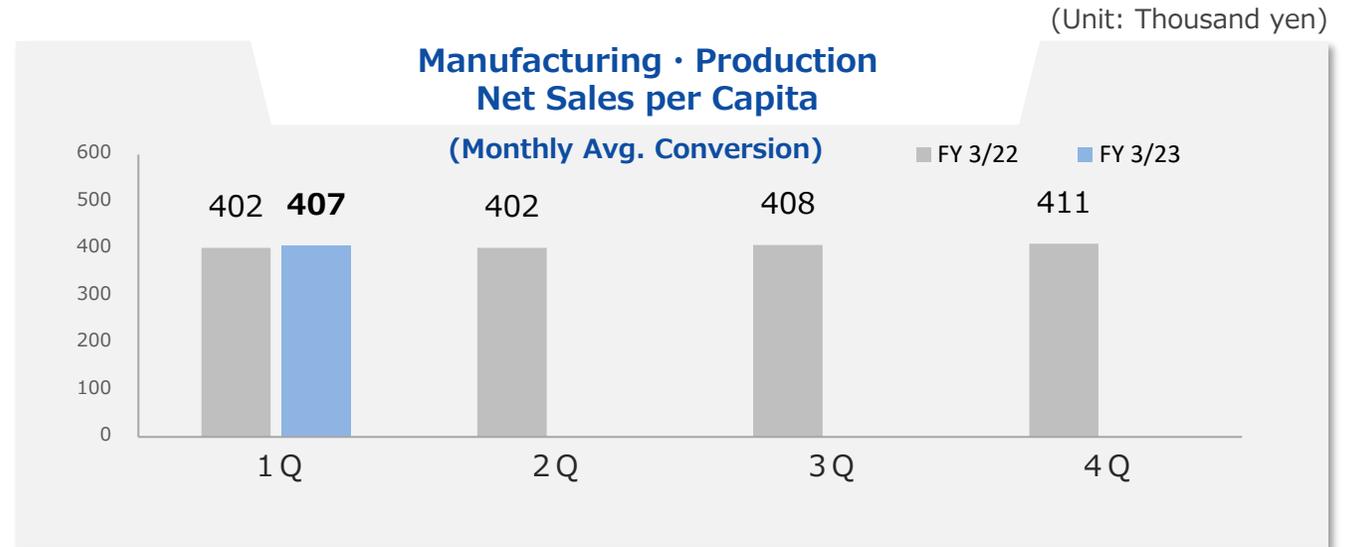
Number of Enrolled Staff

The number of enrolled manufacturing · production staff increased by 1,123 YoY. Needs for manufacturing · production human resources were strong, and increased mainly in the automobiles and electronic devices industries.



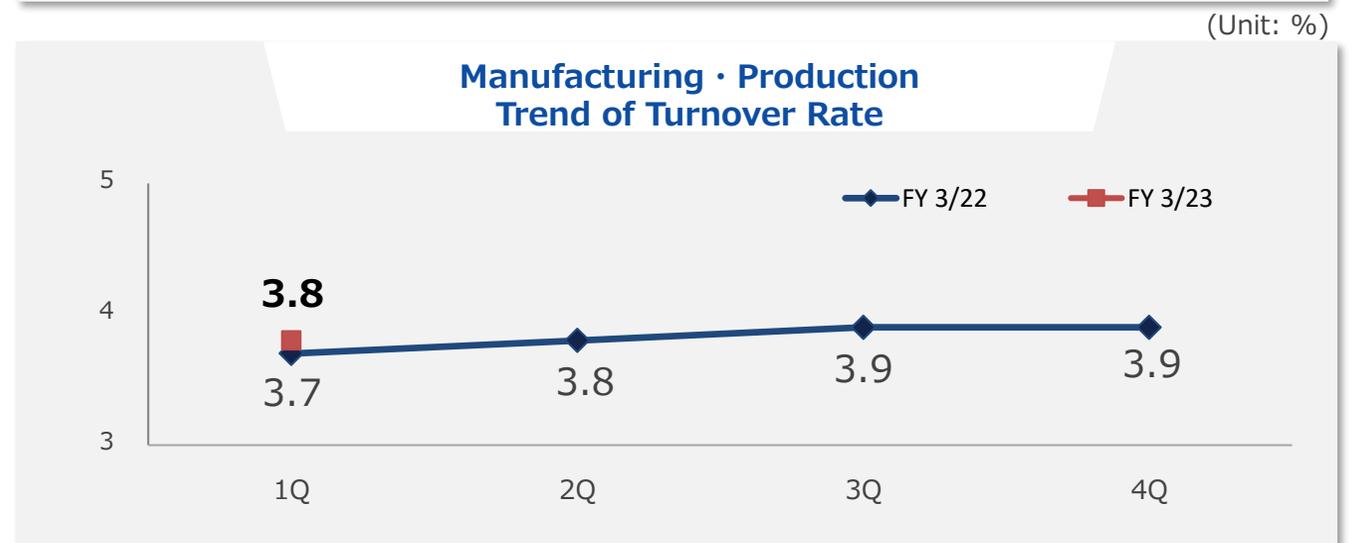
Net Sales per Capita

Manufacturing · production net sales per capita increased by 1.3% YoY.



Turnover Rate

The manufacturing · production turnover rate remained below 4%, even though it increased by 0.1pts YoY.



Engineering Human Resources Services

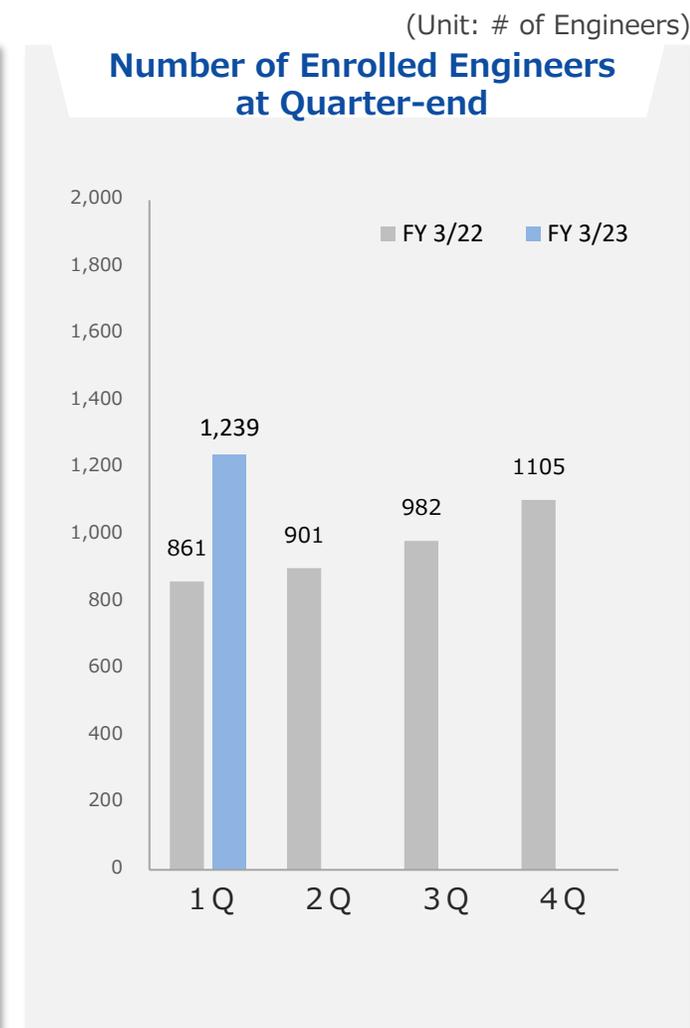
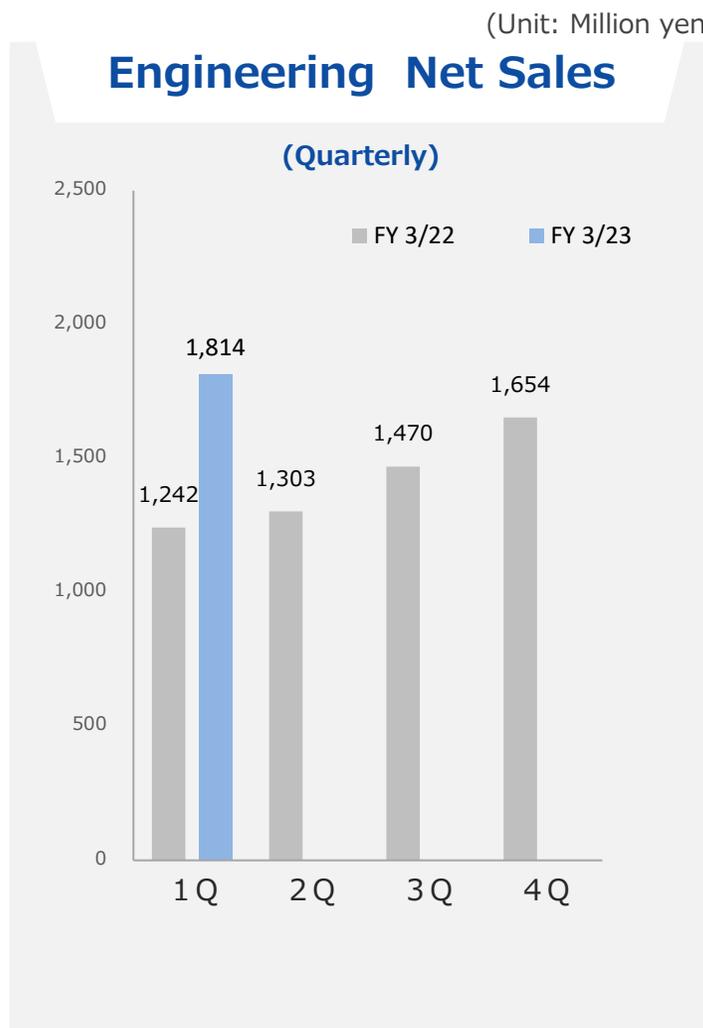
Engineering Human Resources Services are human resources services for SES (System Engineering Service) which dispatches engineers mainly in the manufacturing industry provided by NISSO and Vector Shinwa Co., Ltd.

Net Sales

Engineering net sales increased by 46.1% YoY. Human resources needs were high, mainly for equipment maintenance, the number of enrolled engineers increased, and net sales also increased.

Number of Enrolled Engineers

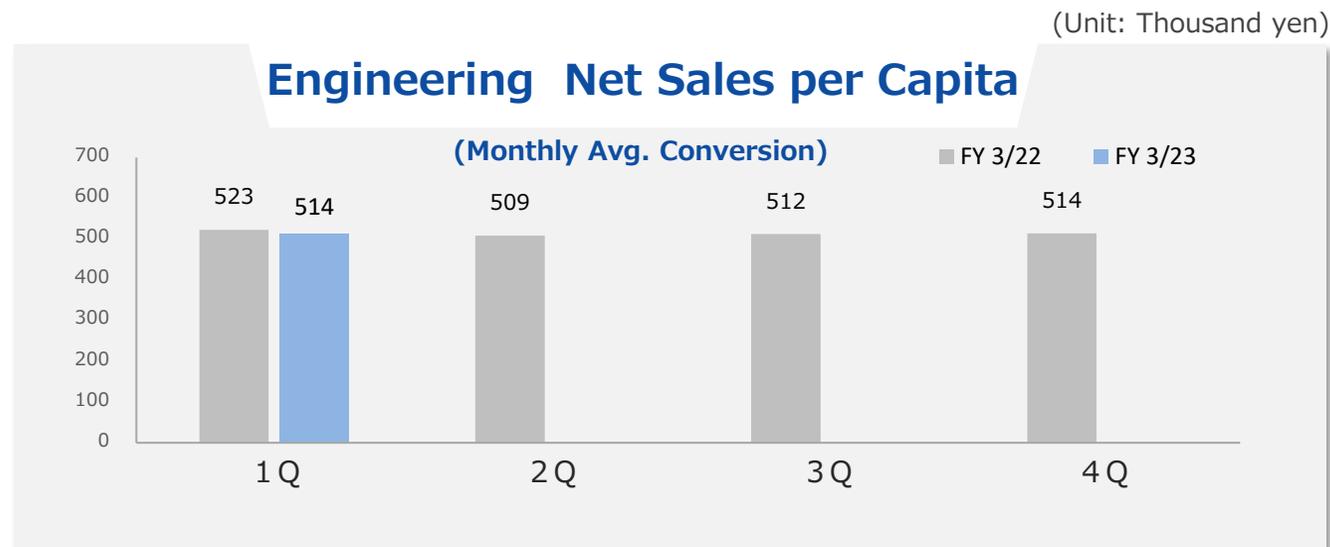
The number of enrolled engineers increased by 378 YoY. NISSO will continue to actively promote career changes to engineers.



Engineering Human Resources Services

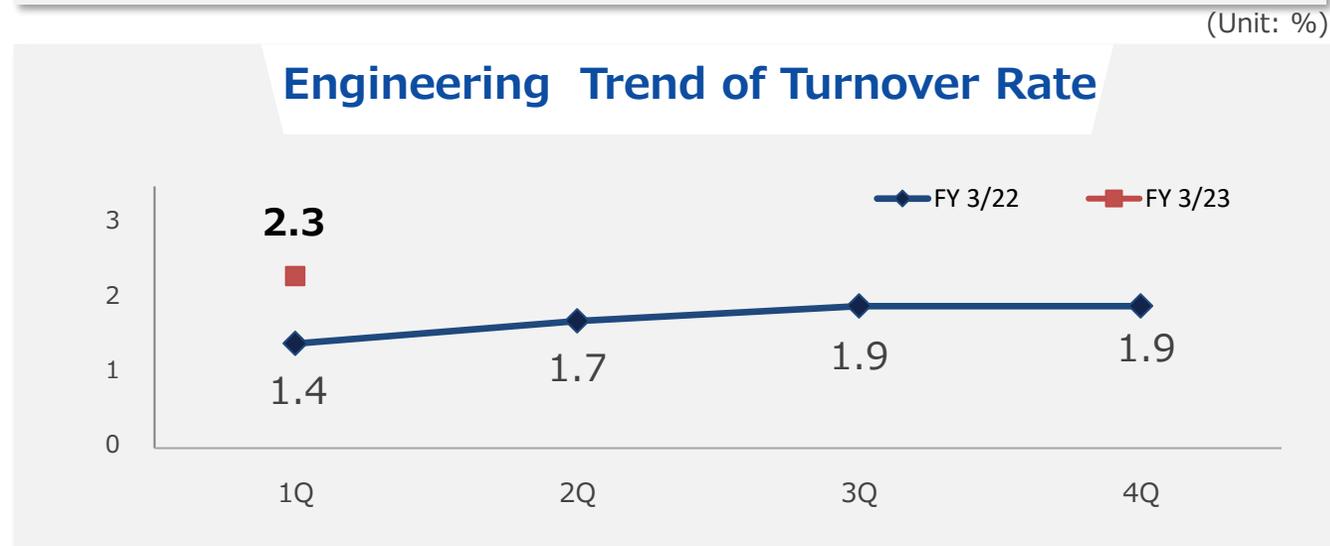
Net Sales per Capita

Engineering net sales per capita decreased by 1.7% YoY partly due to a decrease in overtime and holiday work.



Turnover Rate

The engineering turnover rate increased by 0.9 pts YoY. Partly due to the increase in the number of enrolled engineers, the number of resignees temporarily increased.



Administrative • Other Human Resources Services

Administrative Human Resources Services

Administrative Human Resources Services are human resources services for general office work dispatching and BPO (Business Process Outsourcing) provided by Nisso Brain Co., Ltd.

Net Sales

Administrative net sales decreased by 3.7% YoY, partly due to a decrease in the number of enrolled administrative staff.

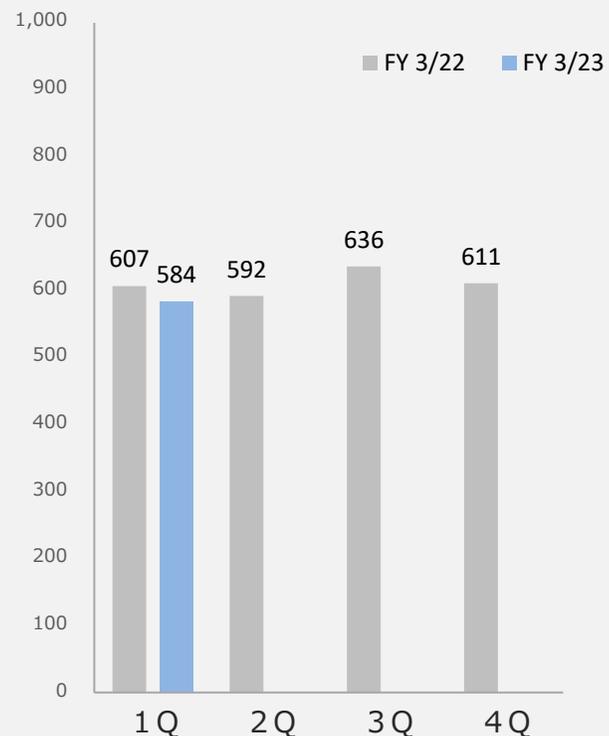
Other Human Resources Services

Other Human Resources Services are human resources services for light work contracting and sale of goods business utilizing human resources with disabilities provided by Nisso Pure Co., Ltd.

(Unit: Million yen)

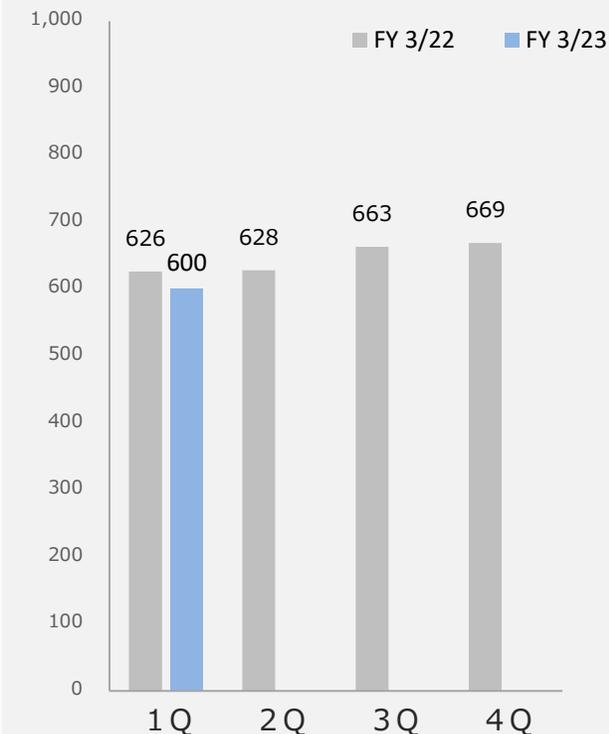
Administrative Net Sales

(Quarterly)



(Unit: # of Staff)

Number of Enrolled Administrative Staff at Quarter-end



Nursing Care · Welfare Services

Nursing Care · Welfare Services include facility nursing care and home-based nursing care provided by Nisso Nifty Co., Ltd.

● Results of Nursing Care · Welfare Services

(Unit: Million yen)

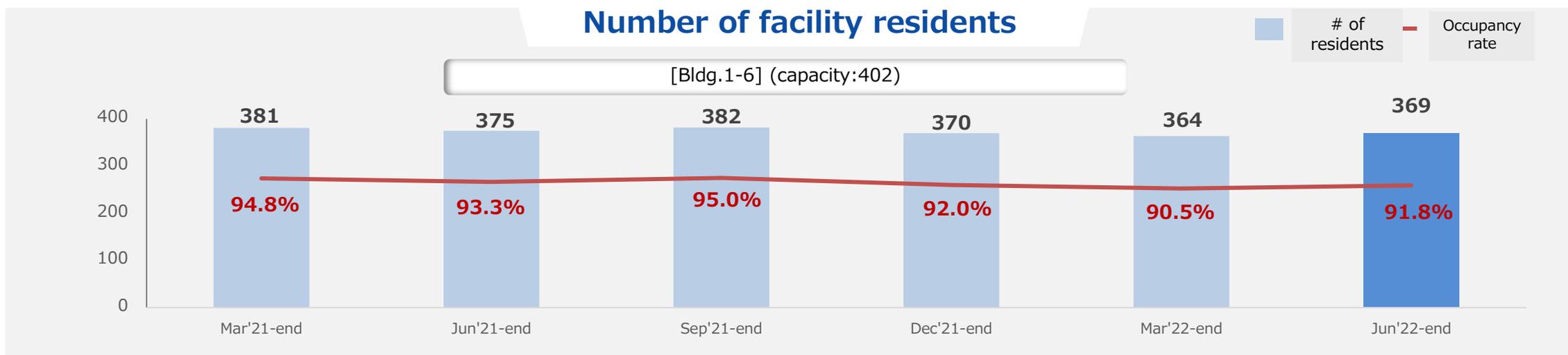
	FY 3/22 1Q	FY 3/23 1Q	Year-on-Year	
	Results	Results	Increase (Decrease)	% Change
Net sales	742	736	(6)	(0.8%)

Points

- The occupancy rate of nursing care facilities overall decreased YoY, but recovered from the end of the previous fiscal year.
- Net sales decreased by 0.8% YoY, partly due to a decrease in the number of residents.

Number of facility residents

(Unit: # of residents)





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Future Prospects (FY 3/2023)

FY 3/2023 Full-year Consolidated Forecasts



In the full-year consolidated forecast, although NISSO expects the effects of semiconductor and parts shortages to continue to some extent, we expect both revenue and profits to increase.

■ FY 3/2023 Full-year Consolidated Forecast (April 1, 2022 ~ March 31, 2023)

(Unit: Million yen)

	FY 3/22 Results		FY 3/23 Forecast		Year-on-Year	
	Results	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	77,549	100.0%	88,600	100.0%	11,050	14.2%
Operating profit	2,087	2.7%	2,700	3.0%	612	29.4%
Ordinary profit	2,369	3.1%	2,700	3.0%	330	13.9%
Profit attributable to owners of parent	1,696	2.2%	1,800	2.0%	103	6.1%



5 Shareholder Return Policy

Shareholder Return Policy

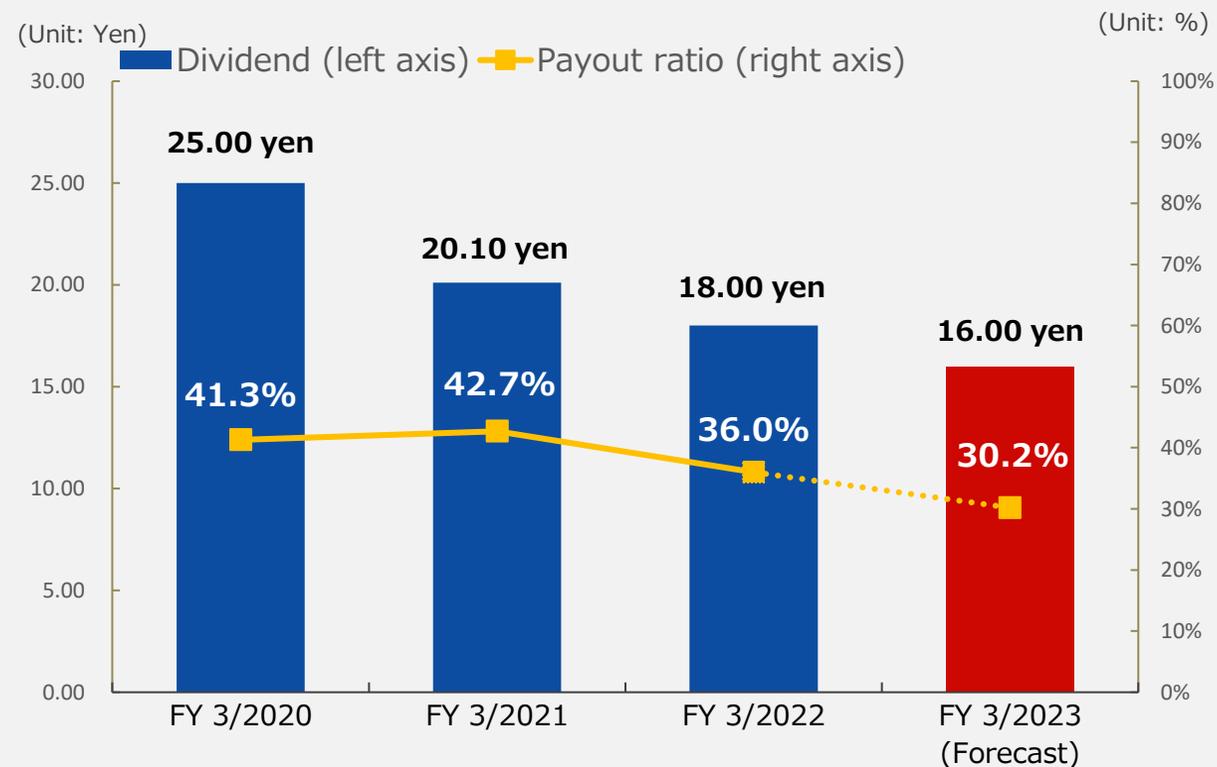
Basic Policy

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% or more as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our shareholders.

FY 3/2023 Dividend Forecast

NISSO forecasts a dividend of 16.00 yen per share (consolidated dividend payout ratio of 30.2%).

Dividend and Payout Ratio



※The dividend for FY 3/2021 includes a commemorative dividend of 5.00 yen for the 50th Anniversary of NISSO's founding.



6 Supplementary Materials

Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2022-end		Jun. 2022-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
Current assets	19,068	69.4	18,487	69.2	(580)
Cash and deposits	8,779	32.0	7,719	28.9	(1,059)
Notes and accounts receivable - trade	9,390	34.2	9,785	36.6	394
Non-current assets	8,394	30.6	8,224	30.8	(170)
Property, plant and equipment	4,578	16.7	4,567	17.1	(10)
Intangible assets	1,667	6.1	1,618	6.1	(48)
Investments and other assets	2,149	7.8	2,038	7.6	(111)
Total assets	27,462	100.0	26,711	100.0	(751)
Current liabilities	10,411	37.9	10,176	38.1	(234)
Accrued expenses	5,381	19.6	5,668	21.2	287
Income taxes payable	395	1.4	76	0.3	(319)
Provision for bonuses	1,058	3.9	590	2.2	(467)
Non-current liabilities	3,492	12.7	3,404	12.7	(87)
Long-term loans payable	2,509	9.1	2,386	8.9	(122)
Total liabilities	13,903	50.6	13,581	50.8	(322)
Shareholders' equity	13,540	49.3	13,111	49.1	(429)
Total net assets	13,559	49.4	13,130	49.2	(428)
Total liabilities and net assets	27,462	100.0	26,711	100.0	(751)

Point

① Increase 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.

② Tax payments

"Income taxes payable" of current liabilities decreased due to the payment of income taxes and other taxes at the end of May.

③ Bonus payments

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

④ Dividends

Shareholders' equity decreased due to dividend payments in June.

⑤ Overall

As a result of the above, total assets decreased by 2.7%, total liabilities decreased by 2.3%, and due to net assets decreasing by 3.2%, equity ratio was at 49.2% compared to the end of the previous fiscal year.



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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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