



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

February 6, 2023

Company Name NISSO CORPORATION Stock Exchange Listing: Tokyo
Securities Code 6569 URL <https://www.nisso.co.jp/>
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President & CEO
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Scheduled date of filing February 13, 2023 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 February 6, 2023 (Mon.))
Holding of quarterly financial results meeting: Yes (Scheduled to be held for institutional investors and analysts on February 9, 2023 (Thu.))

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

1. Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023 (April 1, 2022 – December 31, 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 nine months ended December 31, 2022	67,201	17.9	1,398	(0.6)	1,501	(5.9)	937	(9.5)
December 31, 2021	56,977	13.0	1,406	(16.2)	1,595	(20.4)	1,036	(19.3)

(Note) Comprehensive income For the first nine months ended December 31, 2022: 924 Million yen (-10.0%)
For the first nine months ended December 31, 2021: 1,027 Million yen (-20.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended December 31, 2022	27.57	27.55
December 31, 2021	30.50	30.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	29,100	14,141	47.8
March 31, 2022	27,462	13,559	49.4

(Reference) Equity capital As of December 31, 2022 13,899 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	—	0.00	—		
Fiscal year ending March 31, 2023 (Forecast)				16.00	16.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 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	91,000	17.3	2,200	5.4	2,300	(2.9)	1,500	(11.6)	44.11

(Note) 1. Revisions to the most recently announced dividend forecast: Yes

2. For details regarding the Consolidated Forecast, please refer to the "Notice of Revisions of Full-year Consolidated Forecast for the Fiscal Year Ending March 31, 2023" announced today (Monday, February 6, 2023).

※ Notes

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

(Note) Although not applicable to changes in specified subsidiaries, Nikon Nisso Prime Corporation has been included in the scope of consolidation from the consolidated cumulative second quarter.

(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 Dec. 31, 2022	34,346,800 Shares	As of Mar. 31, 2022	34,330,800 Shares
② Number of treasury shares at the end of the period	As of Dec. 31, 2022	328,480 Shares	As of Mar. 31, 2022	348,444 Shares
③ Average number of shares outstanding during the period (Quarterly total)	First nine months ended Dec. 31, 2022	33,967,714 Shares	First nine months ended Dec. 31, 2021	33,968,784 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.5 of the attachments.

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

The Company is planning to hold a briefing session for institutional investors and analysts on Thursday, February 9, 2023.

Quarterly financial results briefing materials to be used on that day will be posted on the Company's website on the day of the announcement of financial results (Monday, February 6, 2023).

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023
(April 1, 2022 - December 31, 2022)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended								
December 31, 2022	60,022	14.0	1,399	(2.1)	1,492	(2.3)	960	(3.0)
December 31, 2021	52,668	14.0	1,429	(16.8)	1,528	(22.1)	989	(21.7)

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2022	28.25	28.24
December 31, 2021	29.14	29.12

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2022	25,981	13,257	51.0
March 31, 2022	25,329	12,896	50.9

(Reference) Equity capital As of December 31, 2022: 13,257 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

Japan's economy showed signs of recovery during the current consolidated cumulative third quarter (hereinafter, the "period under review"). On the other hand, it is necessary to pay close attention to the risk that a downturn in overseas economies resulting from global monetary tightening will exert downward pressure on its economy, as well as price increases and supply-side constraints.

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". The Group aims to enhance corporate value through the creation of social value by promoting digitization (digitalization) and actively investing in human resources, 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 Cons. cumulative 3 rd Qtr. (April 1, 2021 - December 31, 2021) Amount (YoY)		FY 3/2023 Cons. cumulative 3 rd Qtr. (April 1, 2022 - December 31, 2022) Amount (YoY)	
Net sales	56,977	(up 13.0%)	67,201	(up 17.9%)
Operating profit	1,406	(down 16.2%)	1,398	(down 0.6%)
Ordinary profit	1,595	(down 20.4%)	1,501	(down 5.9%)
Profit attributable to owners of parent	1,036	(down 19.3%)	937	(down 9.5%)

At NISSO CORPORATION (hereinafter, "the Company", non-consolidated), which is the core of the Group, during the period under review, the number of enrolled manufacturing staff increased steadily to 16,111 (up 1,166 from the end of the previous consolidated fiscal year), as a result of strengthening recruitment-related promotions and increasing the number of interviewees, in order to meet the vigorous human resources needs of its clients. In the automobiles-related industry, despite the continued impact on operating hours due to the shortage of semiconductors and other parts, as a result of strong human resources needs, net sales amounted to 26,610 million yen (up 16.0% year-on-year). In the electronic devices-related industry, net sales amounted to 18,659 million yen (up 15.4% year-on-year), partly due to the strong sales of power semiconductors for in-vehicle products. 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 42.7% 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 education and training participants, including manufacturing staff and engineers, was 1,935 (up 258 year-on-year). As a result of promoting these initiatives, net sales per capita amounted to 425 thousand yen (which was 412 thousand yen in the corresponding period of the previous fiscal year), and the Company's net sales increased by 14.0% year-on-year.

On the other hand, in terms of profits, despite an increase in the number of enrolled staff, the effects of COVID-19 and operational adjustments due to parts shortages among manufacturers overall still remained, and the Company's operating profit decreased by 2.1% year-on-year.

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.

The results of operations by segment are as follows:

(General Human Resources Services Business)

(Unit: Million yen)

	FY 3/2022 Cons. cumulative 3rd Qtr. (April 1, 2021 - December 31, 2021) Amount	FY 3/2023 Cons. cumulative 3rd Qtr. (April 1, 2022 - December 31, 2022) Amount (YoY)
Net sales		
Manufacturing・Production Human Resources Services	48,847	54,400 (up 11.4%)
Engineering Human Resources Services	4,015	6,331 (up 57.7%)
Administrative Human Resources Services	1,835	1,715 (down 6.6%)
Other Human Resources Services	44	2,498 (up 5,565.6%)
Total	54,742	64,946 (up 18.6%)
Segment profit	1,373	1,360 (down 1.0%)

(Note) As for net sales of Other Human Resources Services, net sales of Nikon Nisso Prime Corporation have been recorded from the second quarter consolidated accounting period of FY 3/2023.

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 14,677 (up 857 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 3.9% in the corresponding period of the previous fiscal year). As a result, net sales per capita amounted to 421 thousand yen (which was at 408 thousand yen in the corresponding period of the previous fiscal year), partly due to the effect of increased enrollment, and revenue increased by 11.4% 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 1,542 (up 560 year-on-year) by expanding educational opportunities for employed workers, and the turnover rate remained at a low level of 2.1% (which was at 1.9% in the corresponding period of the previous fiscal year). As a result, net sales per capita amounted to 524 thousand yen (which was at 512 thousand yen in the corresponding period of the previous fiscal year), and due in part to the effect of an increase in enrollment, revenue increased by 57.7% year-on-year.

In addition, the Company plans to open a training center in Kumamoto Prefecture in April 2023 in order to respond to the shortage of human resources at semiconductor-related companies. By doing so, the Company aims to further increase the number of education and training participants and expand its engineering business.

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 627 (down 36 year-on-year).

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

In Other Human Resources Services, the Group is constructing a model which enable older employees and employees with disabilities to flourish.

The Company acquired additional equity interest in Nikon Nisso Prime Corporation, an equity-method affiliate, and made it a consolidated subsidiary on July 1, 2022. In addition to enhancing its human resources dispatching business, the company concerned is working to support the active participation of older employees, as well as developing, securing and building a structure for employment opportunities where such employees can continue to work. The number of older employees employed during the period under review was 567. As a result, net sales of this service have increased.

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 206.

(Other Businesses)

(Unit: Million yen)

	FY 3/2022 Cons. cumulative 3rd Qtr. (April 1, 2021 - December 31, 2021) Amount	FY 3/2023 Cons. cumulative 3rd Qtr. (April 1, 2022 - December 31, 2022) Amount (YoY)
Net sales		
Nursing Care • Welfare Services	2,240	2,271 (up 1.4%)
Segment profit	35	40 (up 14.0%)

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. The number of residents in the nursing care facilities has recovered to 375 (up 5 year-on-year), and the occupancy rates at the facilities was 93.3% (which was at 92.0% in the corresponding period of the previous fiscal year), which was an increase of 1.4% in revenue year-on-year.

(2) Description of Financial Position

(Assets)

Current assets at the end of the current third quarter consolidated accounting period (hereinafter, the "third quarter") amounted to 21,042 million yen, which was an increase of 1,974 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,682 million yen in notes and accounts receivable (trade).

Non-current assets at the end of the current third quarter amounted to 8,057 million yen, which was a decrease of 337 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 205 million yen in other of investments and other assets.

As a result, total assets amounted to 29,100 million yen, which was an increase of 1,637 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the current third quarter amounted to 11,721 million yen, which was an increase of 1,310 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 1,064 million yen in accrued expenses.

Non-current liabilities at the end of the current third quarter amounted to 3,236 million yen, which was a decrease of 255 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 367 million yen in long-term loans payable.

As a result, total liabilities amounted to 14,958 million yen, which was an increase of 1,054 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the current third quarter amounted to 14,141 million yen, which was an increase of 582 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 937 million yen in profit attributable to owners of parent, 611 million yen in dividends of surplus, and 242 million yen in non-controlling interests.

As a result, the equity ratio was at 47.8% (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.

Based on the results of the period under review, the Full-year Consolidated Forecast announced in the "Consolidated Financial Results for FY 3/2022" on May 12, 2022 has been revised.

For details, please refer to the "Notice of Revisions of Full-year Consolidated Forecast for the Fiscal Year Ending March 31, 2023" announced today (Monday, February 6, 2023).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

	FY 3/22 (As of Mar. 31, 2022)	3Q of FY 3/23 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	8,779	8,819
Notes and accounts receivable - trade	9,390	11,073
Other	902	1,155
Allowance for doubtful accounts	(4)	(4)
Total current assets	19,068	21,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,771	1,757
Land	2,670	2,670
Other, net	136	149
Total property, plant and equipment	4,578	4,577
Intangible assets		
Goodwill	970	894
Other	696	640
Total intangible assets	1,667	1,535
Investments and other assets		
Other	2,177	1,972
Allowance for doubtful accounts	(28)	(27)
Total investments and other assets	2,149	1,944
Total non-current assets	8,394	8,057
Total assets	27,462	29,100
Liabilities		
Current liabilities		
Current portion of long-term loans payable	490	490
Accrued expenses	5,381	6,445
Income taxes payable	395	129
Contract liabilities	247	242
Provision for bonuses	1,058	732
Provision for directors' bonuses	—	6
Provision for shareholder benefit program	63	6
Other	2,773	3,667
Total current liabilities	10,411	11,721
Non-current liabilities		
Long-term loans payable	2,509	2,141
Net defined benefit liability	473	607
Other	509	487
Total non-current liabilities	3,492	3,236
Total liabilities	13,903	14,958
Net assets		
Shareholders' equity		
Capital stock	2,016	2,016
Capital surplus	2,368	2,367
Retained earnings	9,454	9,775
Treasury shares	(298)	(281)
Total shareholders' equity	13,540	13,878
Accumulated other comprehensive income		
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	17	20
Total accumulated other comprehensive income	18	21
Non-controlling interests	—	242
Total net assets	13,559	14,141
Total liabilities and net assets	27,462	29,100

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Nine Months ended December 31, 2022)

(Unit: Million yen)

	First nine months of FY 3/22 (Apr. 1, 2021 - Dec. 31, 2021)	First nine months of FY 3/23 (Apr. 1, 2022 - Dec. 31, 2022)
Net sales	56,977	67,201
Cost of sales	47,483	56,625
Gross profit	9,493	10,576
Selling, general and administrative expenses	8,086	9,177
Operating profit	1,406	1,398
Non-operating income		
Interest income	2	2
Dividend income	0	0
Share of profit of entities accounted for using equity method	18	-
Subsidy income	149	131
House rent income	30	30
Other	29	30
Total non-operating income	230	195
Non-operating expenses		
Interest expenses	0	7
Share of loss of entities accounted for using equity method	-	46
Rent expenses	12	14
Other	28	23
Total non-operating expenses	41	92
Ordinary profit	1,595	1,501
Extraordinary losses		
Loss on sales of non-current assets	7	-
Total extraordinary losses	7	-
Profit before income taxes	1,588	1,501
Income taxes - current	425	453
Income taxes - deferred	127	125
Total income taxes	552	578
Profit	1,036	922
Loss attributable to non-controlling interests	-	(14)
Profit attributable to owners of parent	1,036	937

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Nine Months ended December 31, 2022)

(Unit: Million yen)

	First nine months of FY 3/22 (Apr. 1, 2021 - Dec. 31, 2021)	First nine months of FY 3/23 (Apr. 1, 2022 - Dec. 31, 2022)
Profit	1,036	922
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(8)	2
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	(8)	2
Comprehensive income	1,027	924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,027	939
Comprehensive income attributable to non-controlling interests	-	(14)

(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) section of the Annual Securities Report (in Japanese only) for the previous consolidated fiscal year.