



*Nurturing and Bringing Out  
the Best in People*

**日総工産株式会社**

**NISSO CORPORATION**

TSE 1 Code: 6569

First Six Months of FY 3/2022

# Financial Results Briefing Materials

Scheduled for November 11, 2021

## FY 3/2022 2Q Results

- In the automobiles-related industry, operations decreased due to the shortage of semiconductors and parts, and compensation expenses for staff were incurred
- Increased personnel for automobiles-related industry to prepare for recovery of production in the future
- Strong demand for semiconductors
- Revenue and profits increased year-on-year
- Started business synergy activities with subsidiary Vector Shinwa  
(Aim to expand business by leveraging the strengths of both sales, recruitment, and education)

# CONTENTS



**1**

**First Six Months of FY 3/2022   Financial Results Summary**

**2**

**First Six Months of FY 3/2022   Overview of Activities**

**3**

**Financial Results by Target Segment**

**4**

**Future Prospects (FY 3/2022)**

**5**

**Shareholder Return Policy**

**6**

**Supplementary Materials**



**1**

## **First Six Months of FY 3/2022 (2Q) Financial Results Summary**

---

# FY 3/2022 2Q Consolidated Financial Results Highlights

## Points

- Revenue and profits increased due to an increase in enrollment.
- In the automobiles industry, non-operating days occurred due to semiconductor shortages and insufficient parts supply as a result of the effects of COVID-19. Indemnification compensation for manufacturing staff was generated, and gross profit margin declined
- In the automobiles-related industry, the number of staff increased in preparation for future recovery production.
- In Other Businesses, revenue and profits increased due to the stable number of residents.

## Subsidy income

- FY 3/2021 2Q: 274 Million yen
- FY 3/2022 2Q: 65 Million yen

(Unit: Million yen)

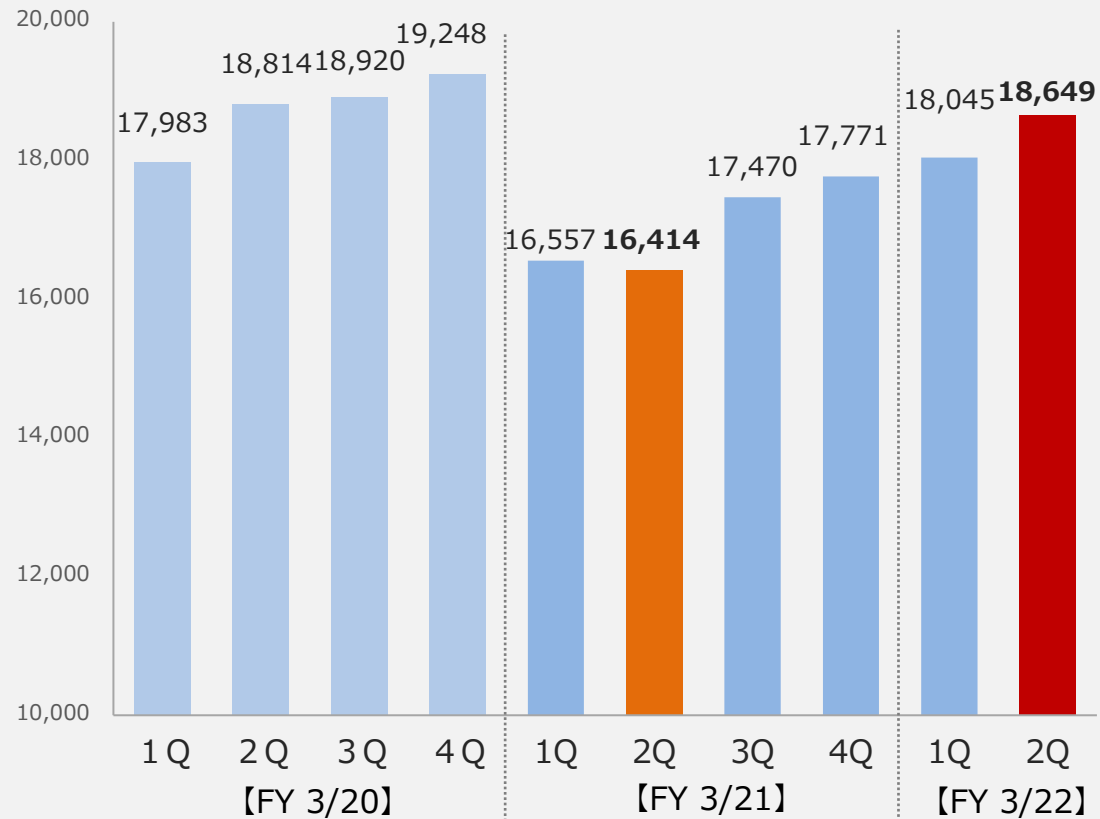
	FY 3/2021 2Q		FY 3/2022 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>32,972</b>	100.0%	<b>36,694</b>	100.0%	<b>3,721</b>	11.3%
<b>Gross profit</b>	<b>5,093</b>	15.4%	<b>6,035</b>	16.4%	<b>942</b>	18.5%
<b>SG&amp;A expenses</b>	<b>4,361</b>	13.2%	<b>5,211</b>	14.2%	<b>849</b>	19.5%
<b>Operating profit</b>	<b>731</b>	2.2%	<b>824</b>	2.2%	<b>93</b>	12.7%
<b>Ordinary profit</b>	<b>989</b>	3.0%	<b>908</b>	2.5%	<b>(80)</b>	(8.2%)
<b>Profit attributable to owners of parent</b>	<b>596</b>	1.8%	<b>587</b>	1.6%	<b>(9)</b>	(1.6%)

# FY 3/2022 Quarterly Consolidated Financial Results



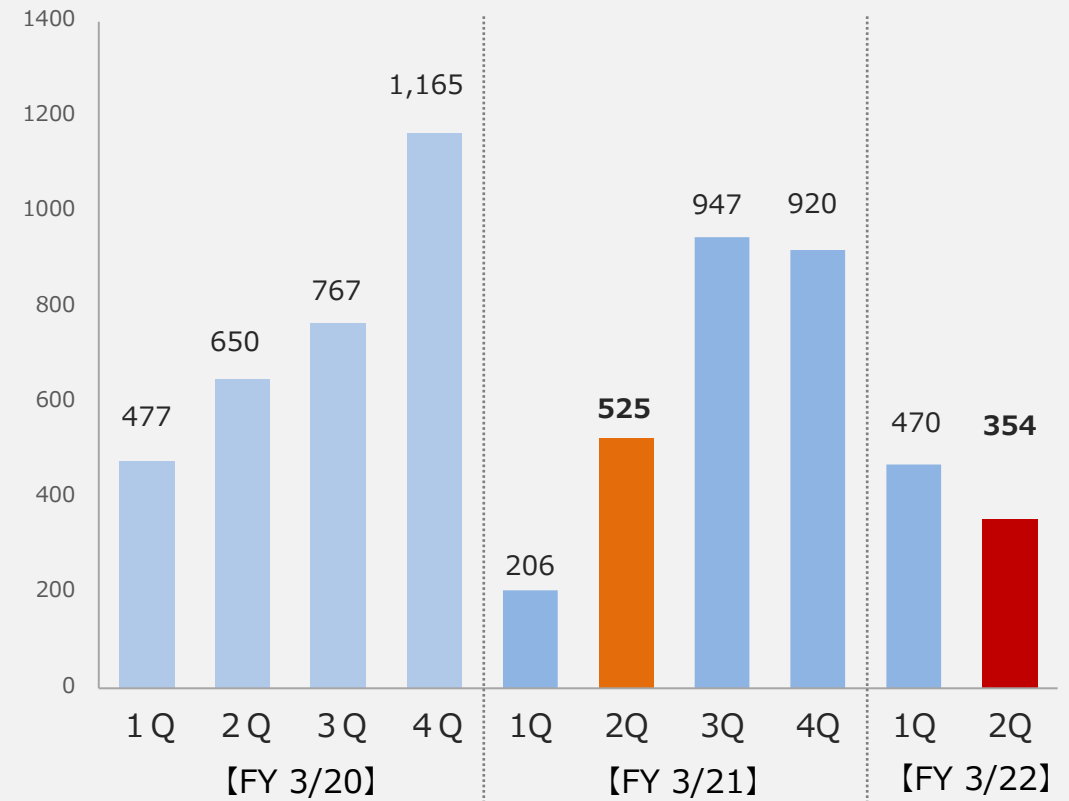
(Unit: Million yen)

## Net sales



(Unit: Million yen)

## Operating profit



# FY 3/2022 2Q Non-consolidated Financial Results Highlights

## Net sales

- Net sales increased by 12.7% partly due to an increase in the number of enrolled staff.
- In the automobiles-related industry, operations (number of working days, overtime hours, holiday work, etc.) decreased due to shortages in the supply of semiconductors and parts as a result of the effects of COVID-19, which affected net sales growth.

## Expenses · Profits

- In the automobiles-related industry, indemnification compensation for manufacturing staff was incurred due to a decrease in operations.
- Investment in recruitment will continue in preparation for future recovery production.

## Subsidy income

- FY 3/2021 2Q: 231 Million yen
- FY 3/2022 2Q: 17 Million yen

(Unit: Million yen)

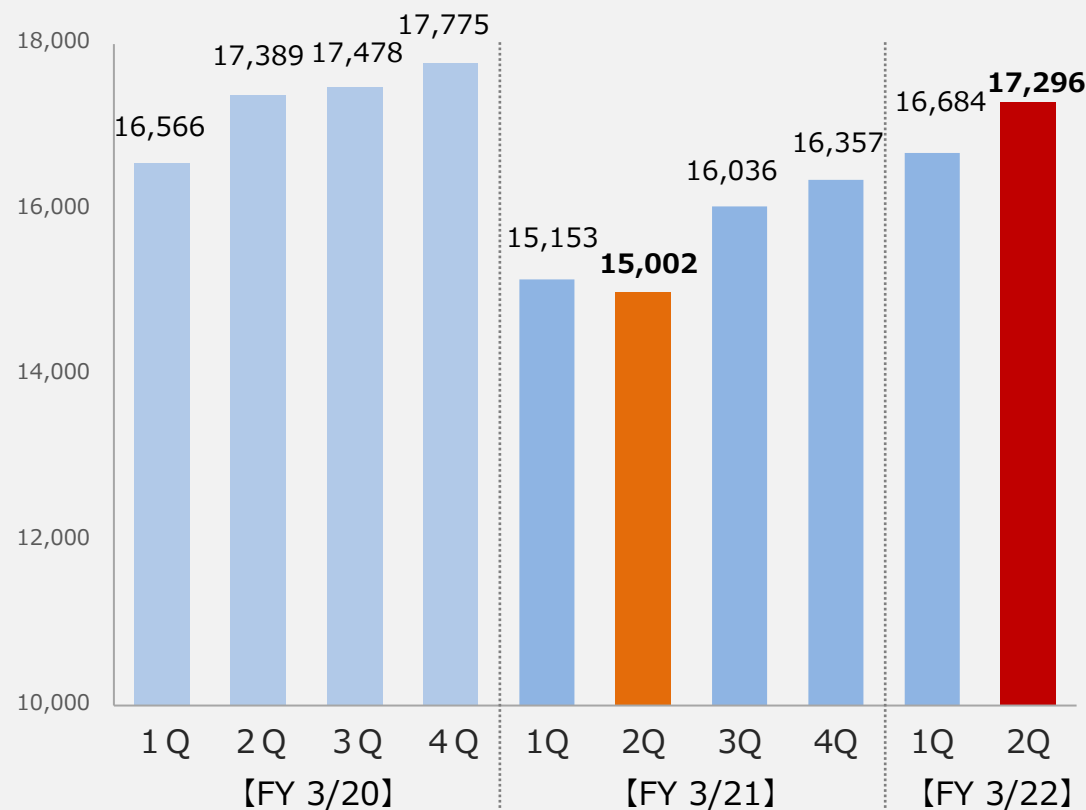
	FY 3/2021 2Q		FY 3/2022 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	30,155	100.0%	33,981	100.0%	3,825	12.7%
Gross profit	4,839	16.0%	5,780	17.0%	941	19.4%
SG&A expenses	4,079	13.5%	4,917	14.5%	838	20.6%
Operating profit	760	2.5%	863	2.5%	102	13.5%
Ordinary profit	977	3.2%	888	2.6%	(89)	(9.1%)
Profit	605	2.0%	571	1.7%	(34)	(5.7%)

# FY 3/2022 Quarterly Non-consolidated Financial Results



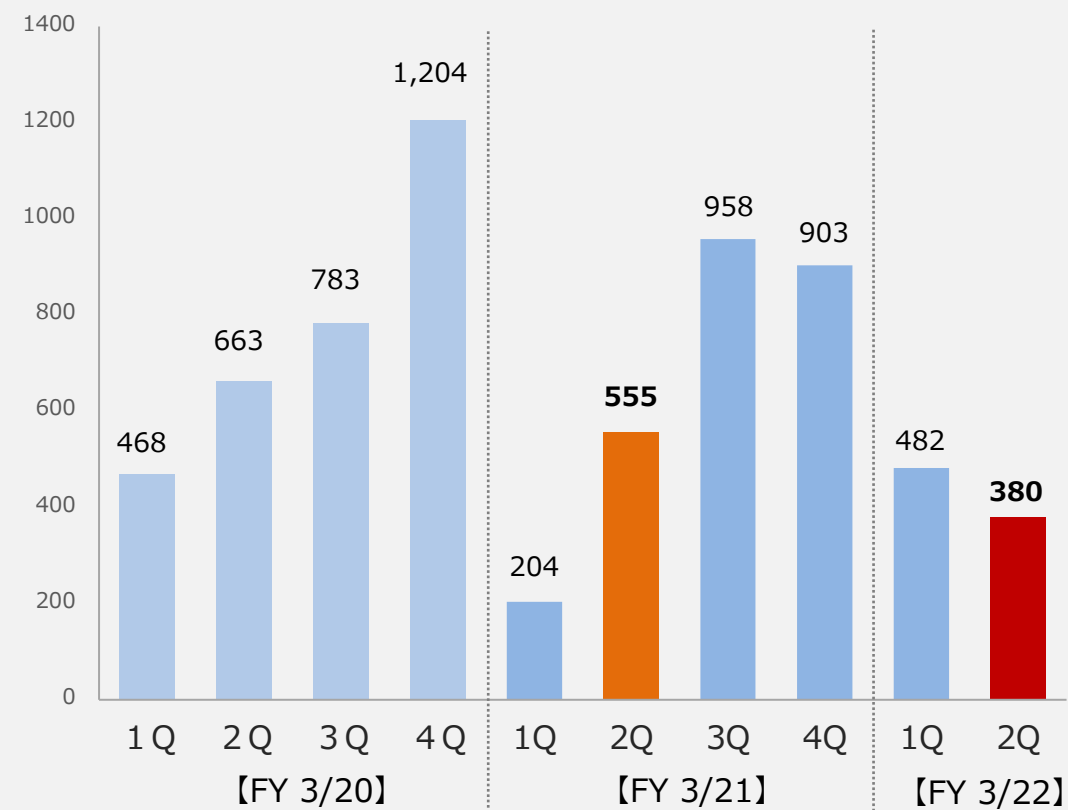
(Unit: Million yen)

## Net sales



(Unit: Million yen)

## Operating profit





## 2

### First Six Months of FY 3/2022 (2Q) Overview of Activities

---

# FY 3/2022 2Q Financial Results Summary



## Consolidated Financial Results

**Net Sales**                      **36,694 Million yen** (3,721 Million yen / 11.3% YoY)  
**Operating Profit**        **824 Million yen** ( 93 Million yen / 12.7% YoY)

### ● Net Sales by Industry (YoY)

Automobiles            ... **+18.0%**  
Electronic devices ... **+15.3%**

- In the automobiles-related industry, net sales increased by 18.0% YoY. Due to a shortage of semiconductors, mainly at auto-body manufacturers, and a shortage of parts supply due to the impact of lockdowns in Southeast Asia, although operations decreased, the number of staff increased in order to recover production.
- In the electronic devices-related industry, net sales increased by 15.3% YoY. In addition to the robust semiconductor production, the production of electronic components also increased.

### ● 2Q-end Number of Enrolled Staff

14,225 staff  
(+1,079 staff from FY 3/21-end)

- The number of enrolled staff increased by 1,079 compared to FY 3/21-end. In the future, in addition to the automobiles industry, which is expected to recover, the number of staff will increase with the electronic devices industry, mainly in semiconductors.

### ● Net Sales per Capita / Monthly

406 Thousand yen  
(+33 Thousand yen YoY)

- Net sales per capita increased by 33 thousand yen YoY, partly due to the increase in billing unit-costs.
- In the automobiles-related industry, operations (number of working days, overtime hours, holiday work, etc.) decreased due to shortages in the supply of semiconductor and parts, which affected the growth of net sales per capita.

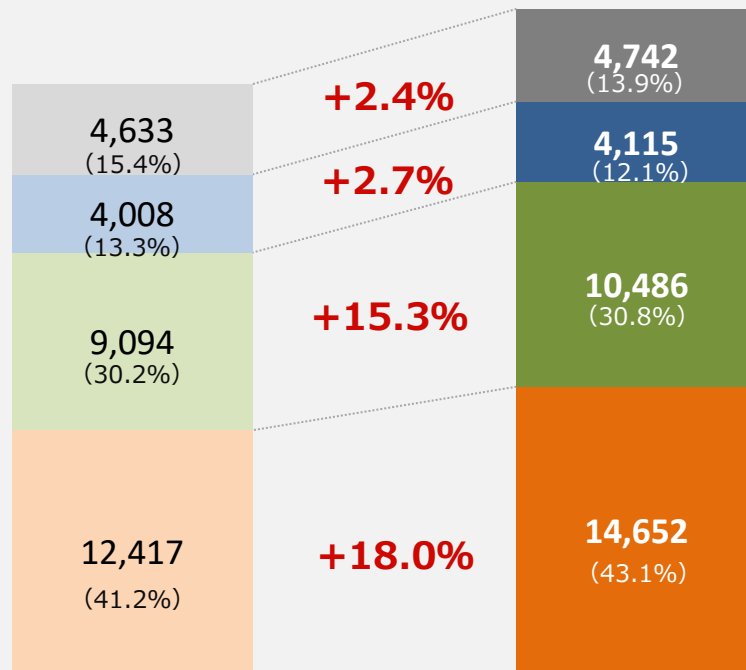
# FY 3/2022 2Q Net Sales by Industry (NISSO, Non-consolidated)



(Unit: Million yen)

## Net Sales Composition Ratios

Other Precision • Elec. Machinery Elec. Devices Automobiles



FY 3/21 2Q

FY 3/22 2Q

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

### 【Precision • Electrical Machinery】

Net sales increased by 2.7% YoY, partly due to a gradual recovery in office demand. However, it has not reached a full-scale recovery.

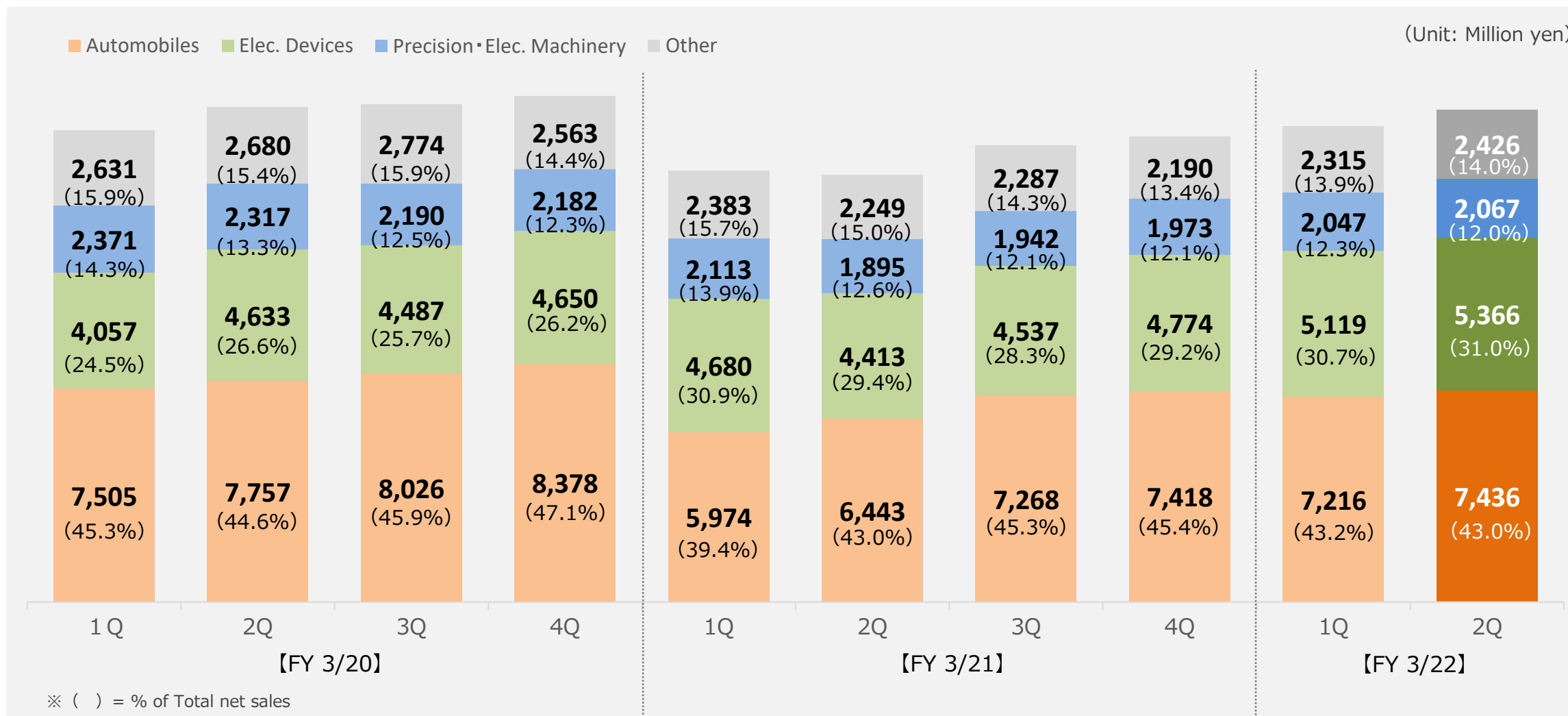
### 【Electronic Devices】

Net sales increased by 15.3% YoY. The semiconductor industry continued to perform well. Due to the increase in production of electronic components, net sales in 2Q reached a record high since NISSO's listing.

### 【Automobiles】

Net sales increased by 18.0% YoY. Although net sales increased due to an increase in the number of enrolled staff, operations (number of working days, overtime hours, holiday work, etc.), mainly at auto-body manufacturers decreased as a result of shortages in the supply of semiconductors and parts due to the impact of lockdowns in Southeast Asia.

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



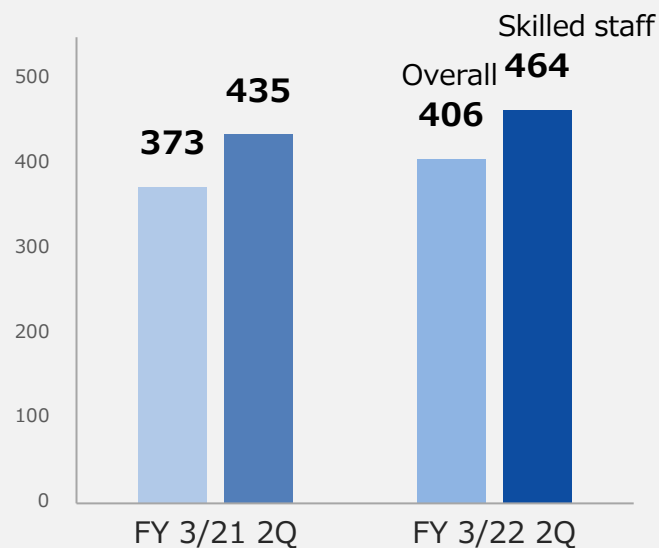
# Net Sales per Capita (NISSO, Non-consolidated)



- FY 3/2022 2Q YTD <Overall net sales per capita> 406 Thousand yen (+33 Thousand yen YoY)  
<Skilled staff net sales per capita> 464 Thousand yen (+29 Thousand yen YoY)
- Overall and skilled staff net sales per capita increased YoY. The pace of growth has slowed, partly due to an increase in billing unit-costs and a decrease in operations in the automobiles-related industry.

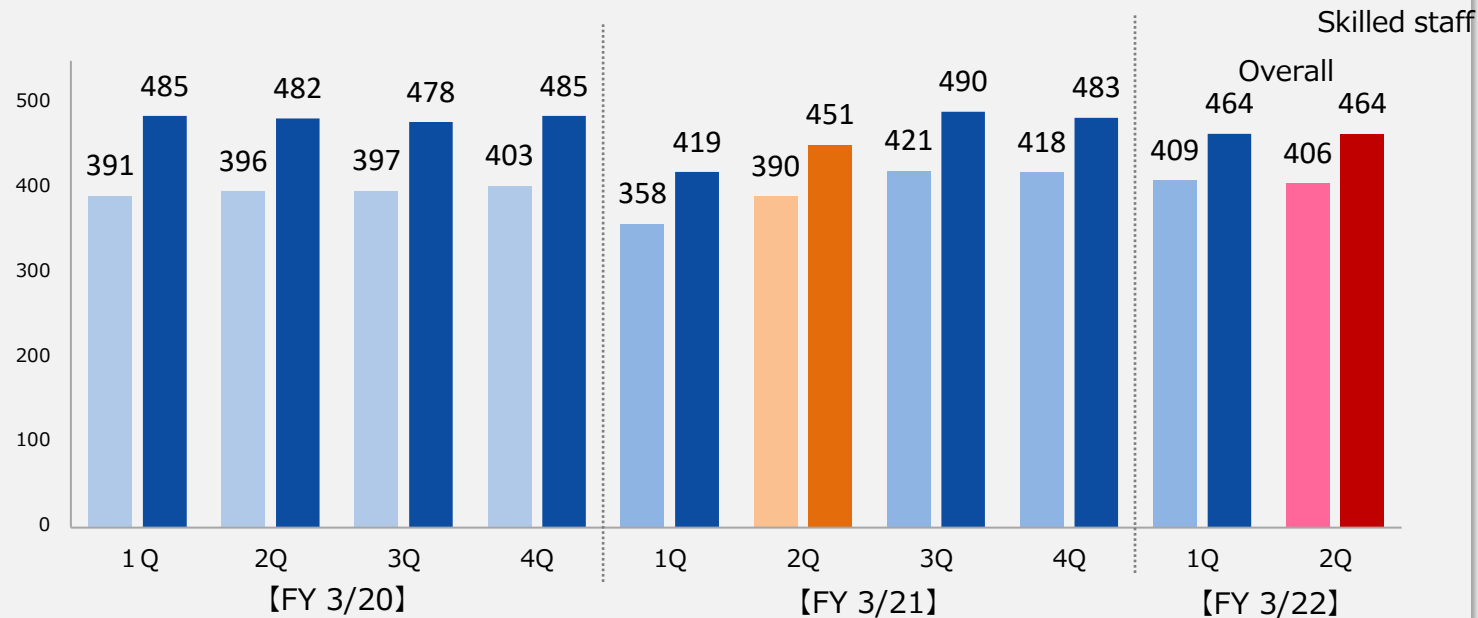
(Unit: Thousand yen)

## Net Sales per Capita (Monthly Average Conversion)



(Unit: Thousand yen)

## Net Sales per Capita (Quarterly)



# Number of Enrolled Staff (NISSO, Non-consolidated)



(Unit: # of Staff)

## Compared w. Previous FY-end

+1,079 staff (+8.2%)

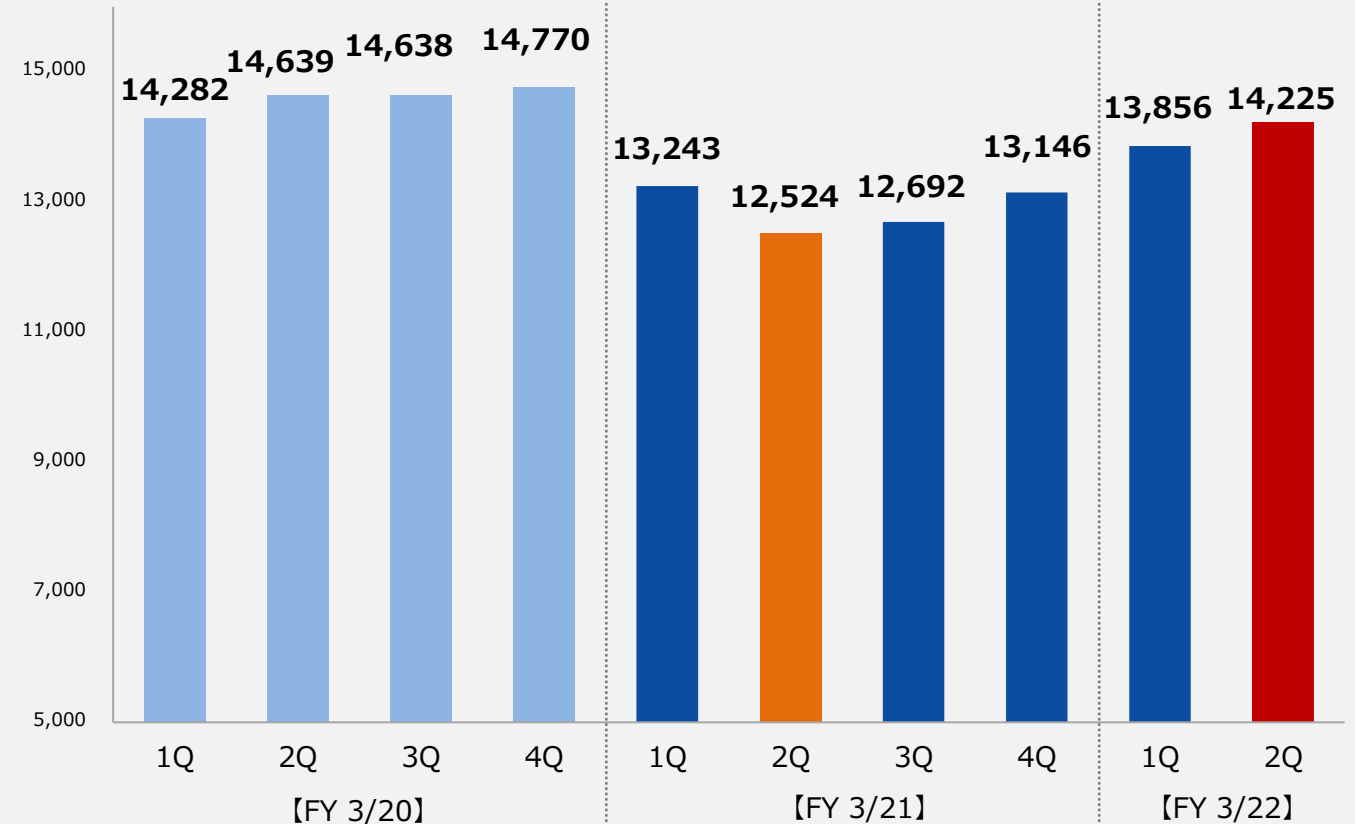
### Point①

The number of enrolled staff increased mainly in the automobiles and electronic devices industries.

### Point②

- The number of enrolled staff will continue to increase in preparation for future recovery production.
- The number of enrolled staff in the electronic devices industry increased due to increased production of electronic components in addition to demand for semiconductors.

## Number of Enrolled Staff at Quarter-end



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



(Unit: # of SS · Engineers)

## Point①

- Engineers: 901 (+40 vs. 1Q)
- Skilled staff: 5,123 (+128 vs. 1Q)

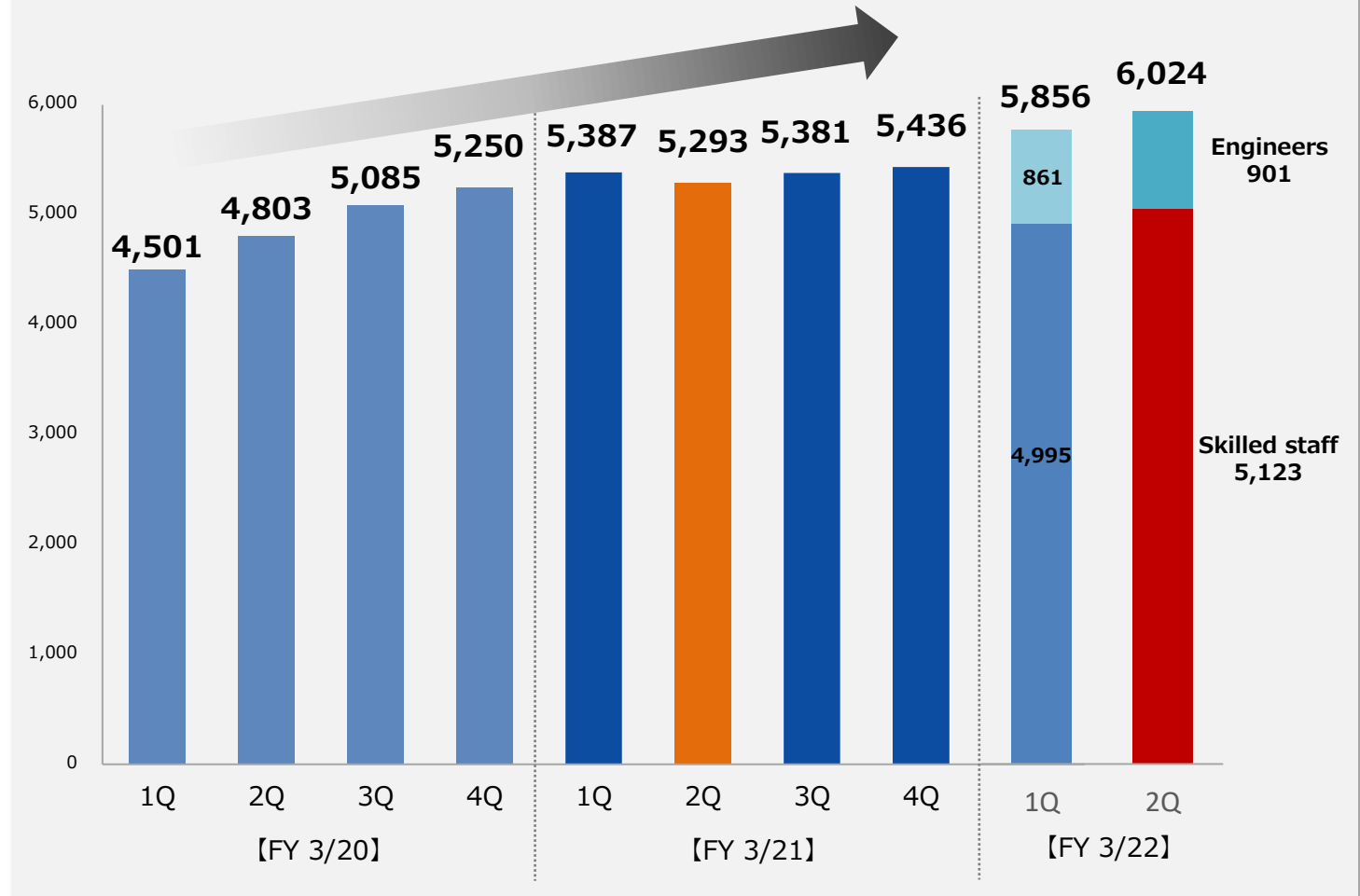
## Point②

The number of engineers increased the most in equipment technology, an area which NISSO is focusing on.

## Point③

The number of skilled staff increased mainly in automobiles manufacturers and their group companies, which are accounts.

## Number of Skilled Staff · Engineers



# Account Companies (NISSO, Non-consolidated)

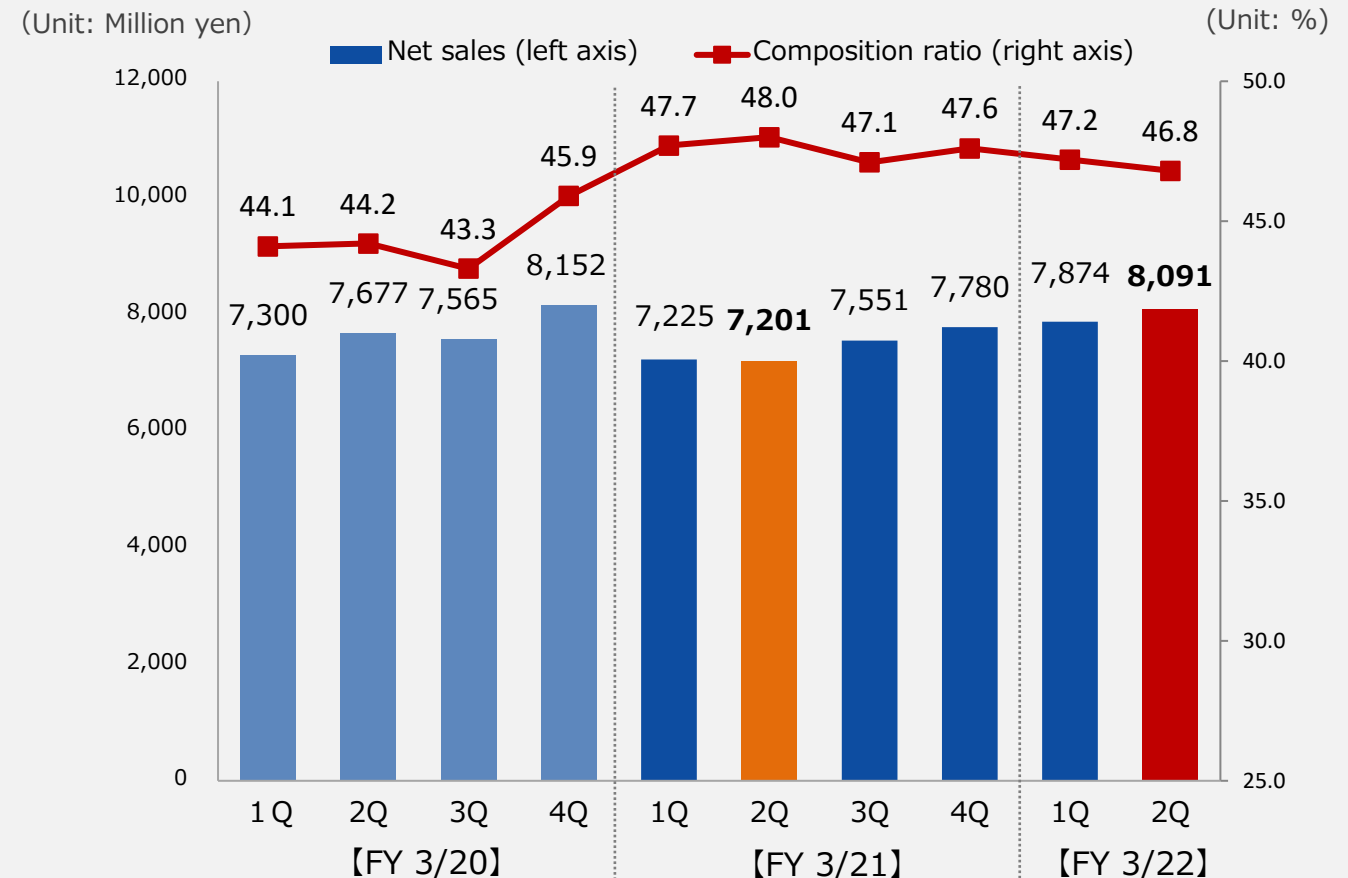
## Point①

Net sales of Account Company Groups in 2Q increased by 12.4% YoY. Cumulative 2Q net sales increased by 10.7% YoY.

## Point②

- Due to an increase in overall net sales, although the account composition ratio decreased YoY, net sales in 2Q reached a record high since NISSO's listing, continuing from 1Q.
- Despite the impact of shortages of semiconductors and parts supply due to the effects of COVID-19, net sales increased at automobiles manufacturers and their group companies, where the number of enrolled staff increased.

## Account Company Groups Net Sales





# Turnover Rates (NISSO, Non-consolidated)

(Unit: %)

## FY 3/2022 2Q Results

Overall turnover rate

**3.7%**

(Improvement of 0.5 pts vs. FY 3/2021)

Skilled staff · Engineers turnover rate

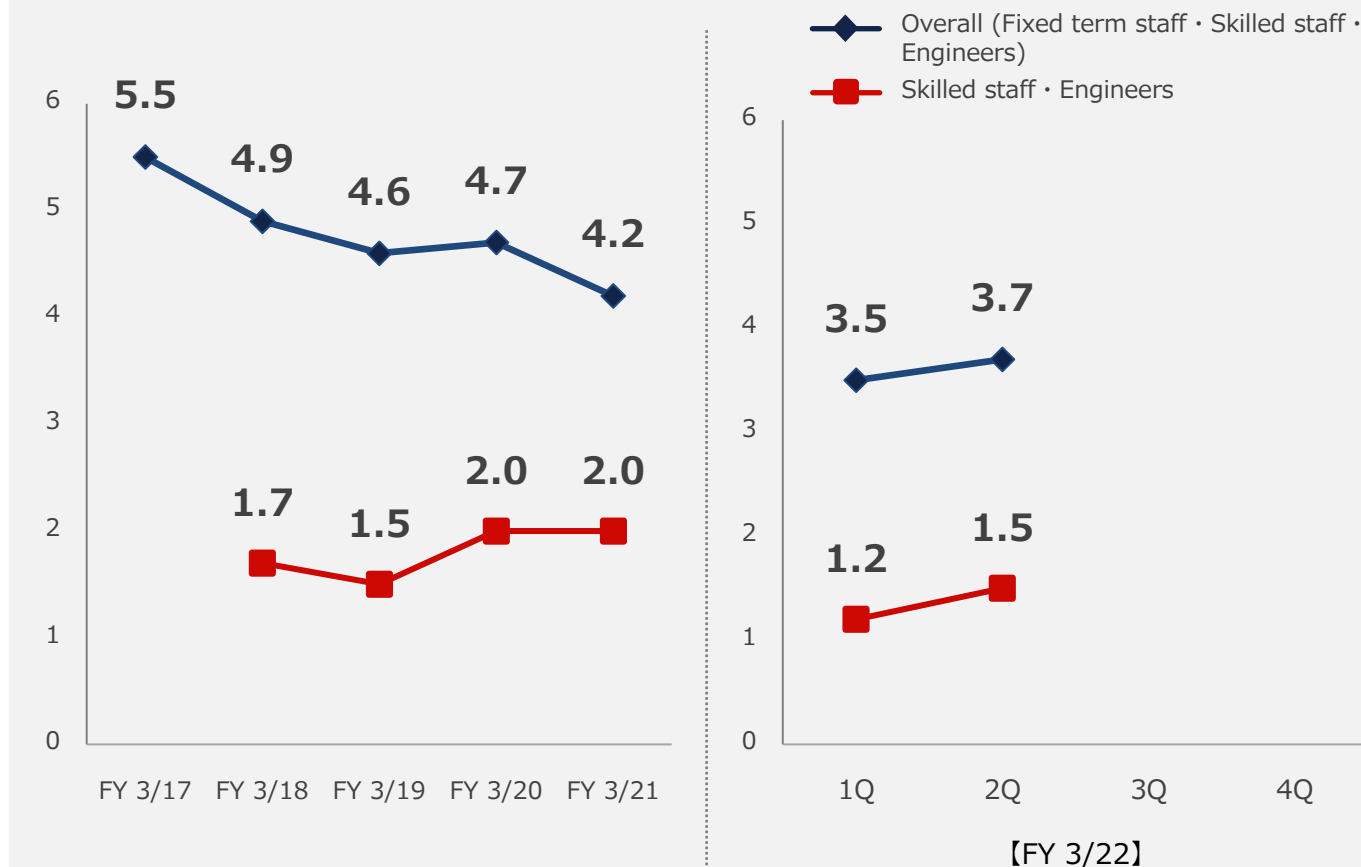
**1.5%**

(Improvement of 0.5 pts vs. FY 3/2021)

## Point

Turnover rates improved from the previous fiscal year. In line with the increase in the number of enrolled staff, the overall turnover rate increased by 0.2 pts from 1Q, but remained below 4%. The turnover rate of skilled staff also increased, by 0.3 pts from 1Q, but remained below 2%.

## Trend of Turnover Rates



# Educational Achievements (NISSO, Non-consolidated)



## Point①

As the number of enrolled staff increased, the total number of participants in major courses increased by more than 1,000 YoY.

## Point②

The number of participants in engineer education increased YoY due to job changes from skilled staff to engineers.

## Point③

NISSO expanded educational facilities for voluntary maintenance personnel with the aim of expanding the number of engineers. In addition to the training facilities of TC Higashi-Nihon and TC Naka-Nihon, it is now possible for staff to take courses at TC Kyushu, and NISSO plans for further expansion in the future.

- FY 3/2022 2Q Main course-specific educational achievements  
(total # of participants)

(Unit: # of participants)

Training course name	2 Q (Jul~Sep)	Contents	FY 3/21 2Q
Skilled staff education	362	Standard skilled staff education	202
Basic equipment maintenance education	62	Basic equipment maintenance education	84
Engineer education	79	Manufacturing equipment maintenance ・ manufacturing equipment technology Mechanical design ・ production technology SEAJ education (safety education specializing in semiconductors)	16
Manufacturing education	1,369	MONOZUKURI (manufacturing) education, pre-assignment training for manufacturing staff, mobile education	559
<b>Total</b>	<b>1,872</b>		<b>861</b>

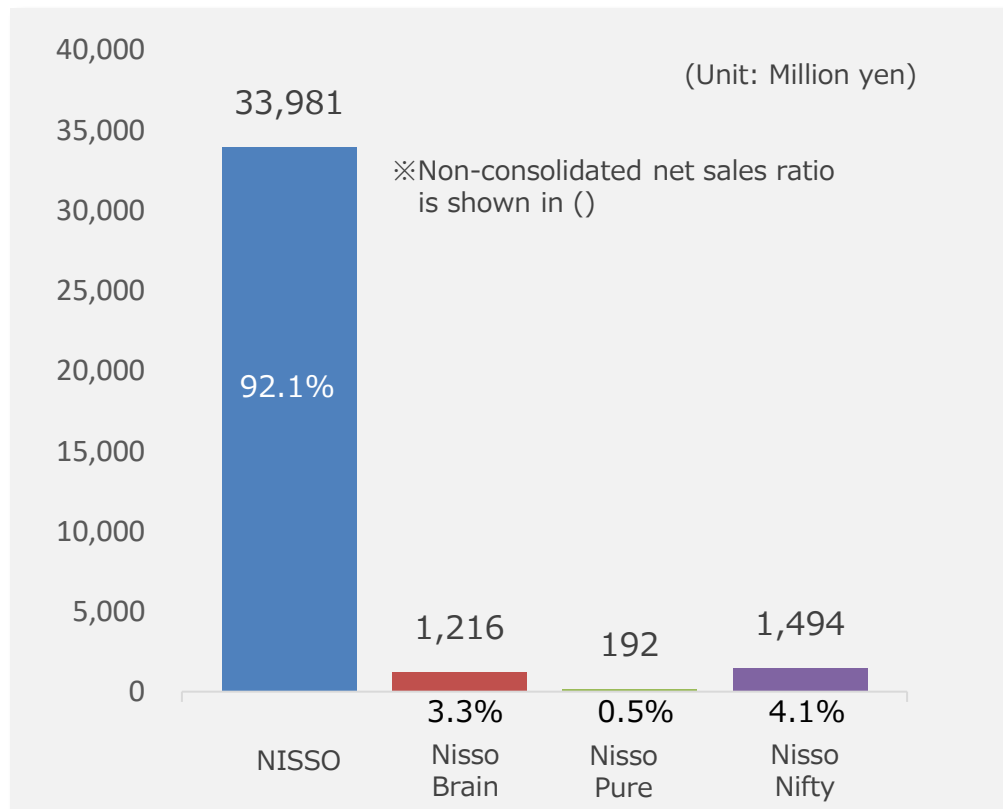
# 3

## **Financial Results by Target Segment** **(First Six Months of FY 3/2022 (2Q))**

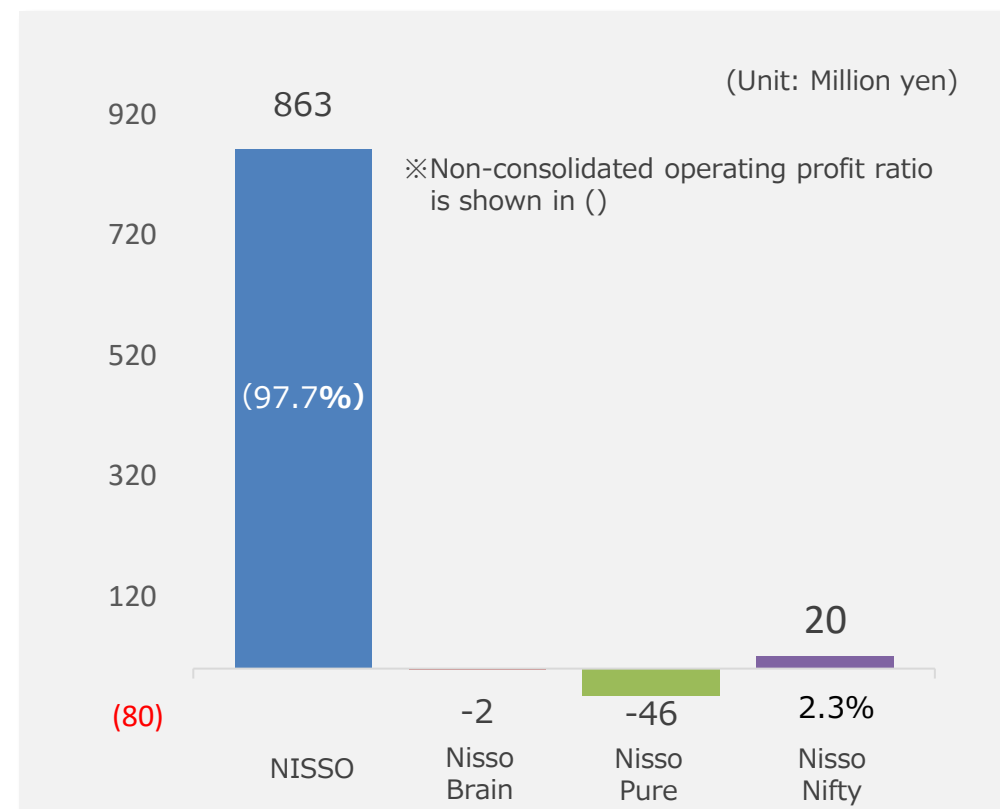
---

# Net Sales · Operating Profit Ratio by Company

FY 3/2022 2Q  
Net Sales by Company



FY 3/2022 2Q  
Operating Profit by Company



92% or more of net sales and operating profit are composed of  
NISSO's non-consolidated business results

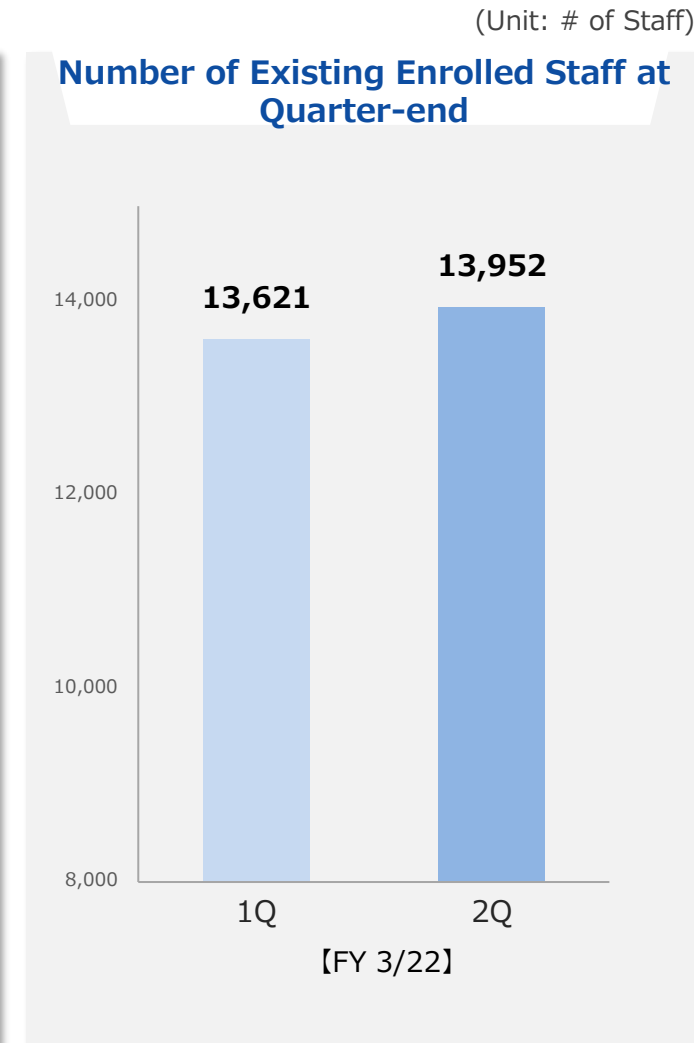
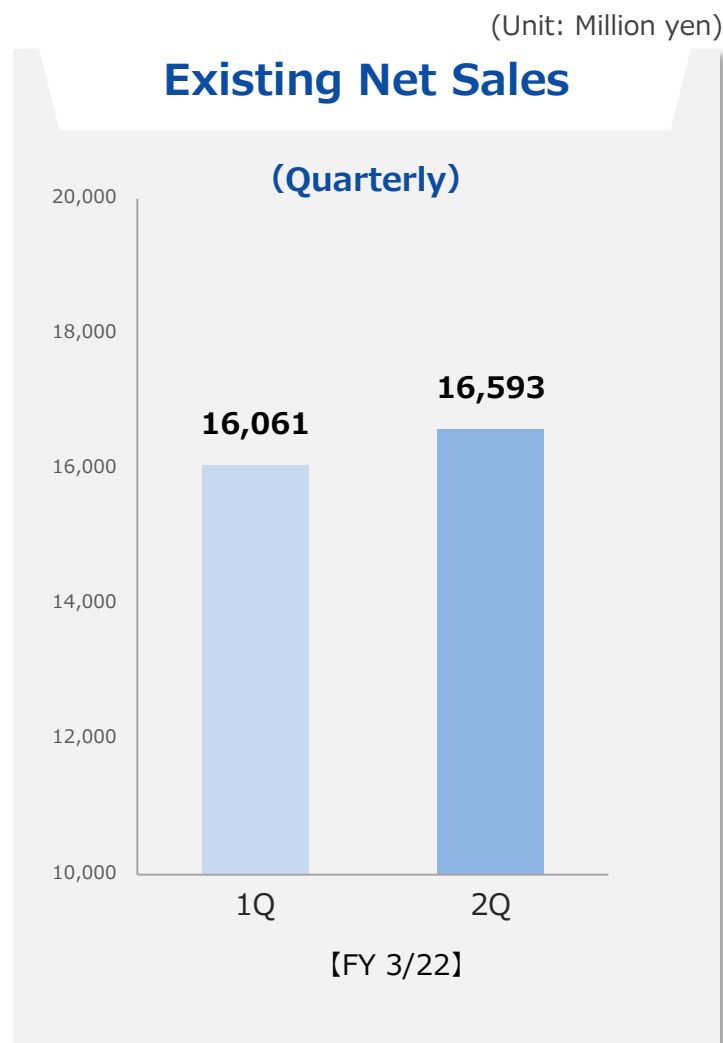
# Existing Areas

## Existing Net Sales

Net sales in 2Q alone increased by 3.3% compared to 1Q due to an increase in the number of enrolled staff, despite an adjustment in operations in the automobiles-related industry.

## Existing Enrolled Staff

Although there was a decrease in automobiles operations due to the shortages of semiconductor and parts, the number of enrolled staff increased by 331 from 1Q in preparation for recovery production from the second half of 3Q.



# Promotion of DX

**By moving forward with DX, we will reform our business processes, corporate culture and corporate climate to establish competitive advantages and create new services.**

## **Full-scale operation of "HR Cross" (web-based integrated human resources dispatching management system)**

"HR Cross", an integrated human resources dispatching management system developed by CrossLink Co., Ltd., has been put into full-scale operation after a trial operation.

Features of "HR Cross":

- A system that enables client companies to communicate with each dispatching company online
- Centralized management of all processes from recruitment, contracts, management • evaluation of dispatched staff, to billing of client companies

## **Implementation and operation of "apseeds Portal"**

Started the implementation and operation of "apseeds Portal" as a two-way communication tool with dispatched staff.

Key features of "apseeds Portal":

- inquiries ■ image transmission ■ online salary statements ■ clear indication of employment contracts • working conditions
- browsing function of rules • regulations etc.

# Engineering Area (Financial Results)

## Net sales

Net sales in 2Q increased by 61 million yen (4.9%) compared to 1Q, partly due to an increase in the number of enrolled staff.  
Achieved a 62.1% progress rate in line with the target for the current FY.

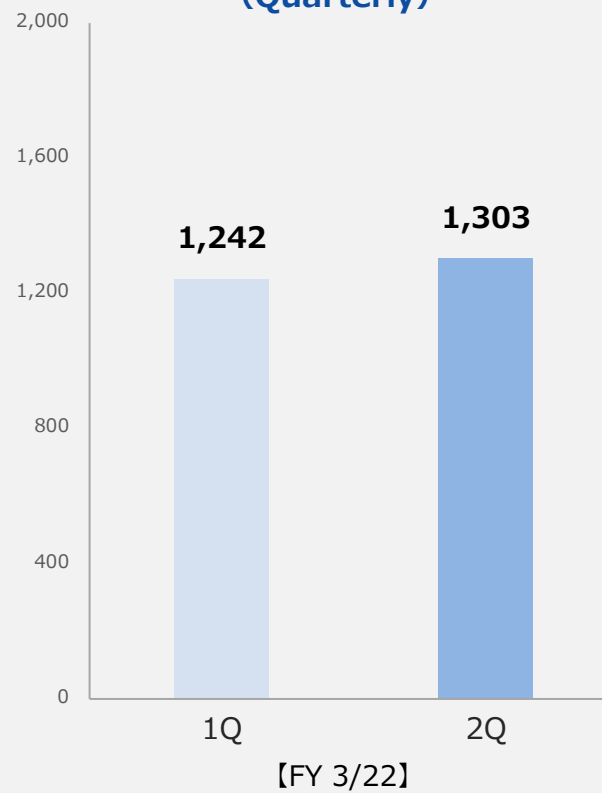
## Net sales per capita

- Decreased by 14,000 yen compared to 1Q due to the number of working days as a result of summer vacation.
- Net sales per capita of engineers were 509 thousand yen/month, which was higher than that of skilled staff (464 thousand yen/month).

(Unit: Million yen)

### Engineer Net Sales

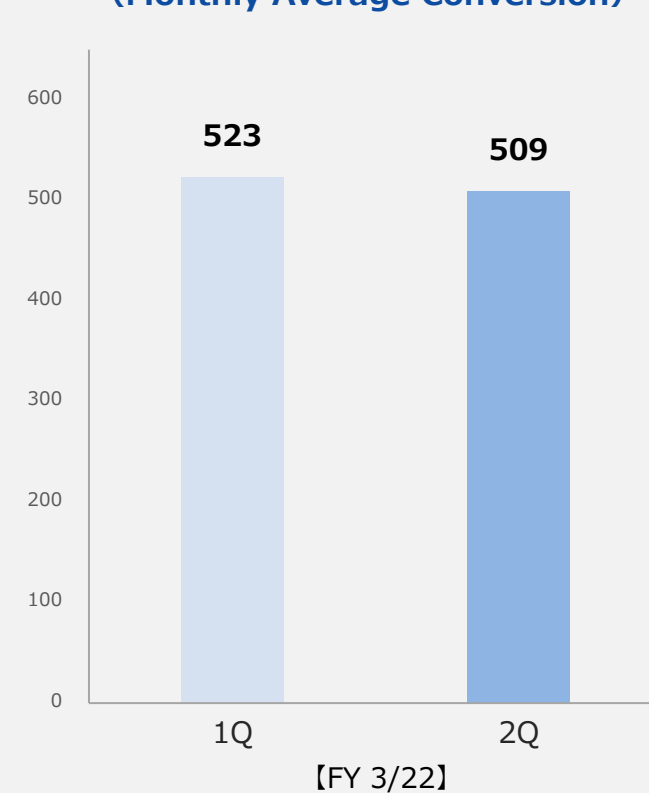
(Quarterly)



(Unit: Thousand yen)

### Engineer Net Sales per Capita

(Monthly Average Conversion)



# Engineering Area: Number of Enrolled Engineers

## Enrolled Engineers at Quarter-end

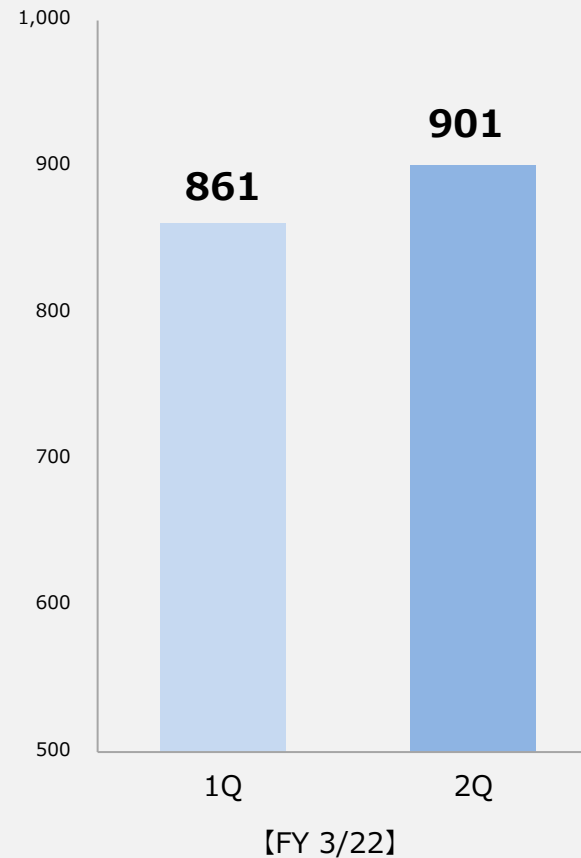
- The number of enrolled engineers increased by 40 from the end of 1Q.
- With the aim of expanding enrollment, NISSO is utilizing the use of our own recruitment site "engineer works" specializing in engineers which was launched in August, and promoting the reassignment of manufacturing human resources to engineers.

## Engineer Industry Classification

Among engineer enrollment by industry, the highest number of engineers are engaged in equipment technology. NISSO will continue to focus on expanding this field, which has a high affinity with the manufacturing field.

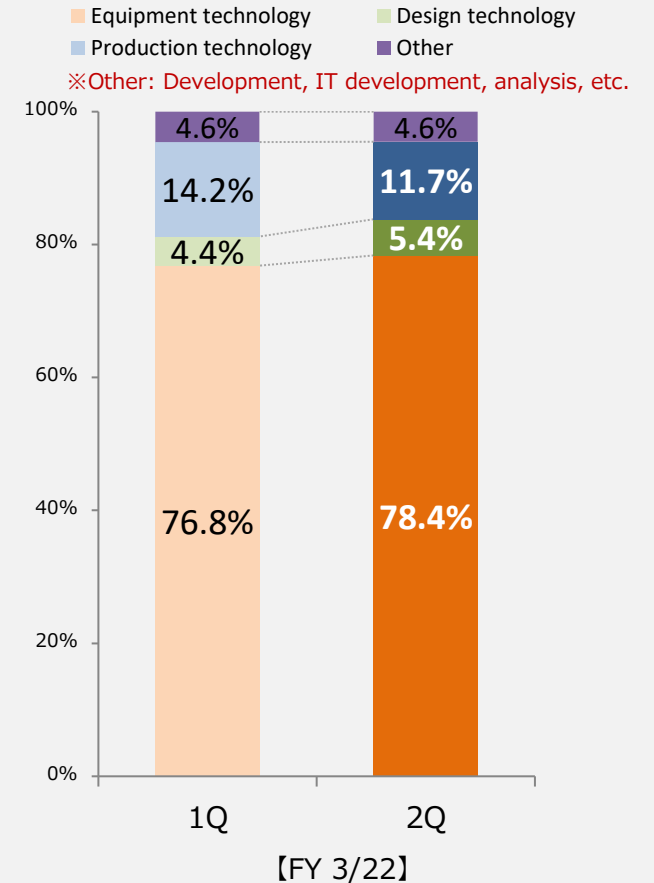
(Unit: # of Engineers)

Number of Enrolled Engineers at Quarter-end



(Unit: %)

Composition Ratio of Engineer Enrollment by Industry





# AI Solution Services

Full-scale launch of AI Solution Services with the aim of solving problems faced by manufacturers.

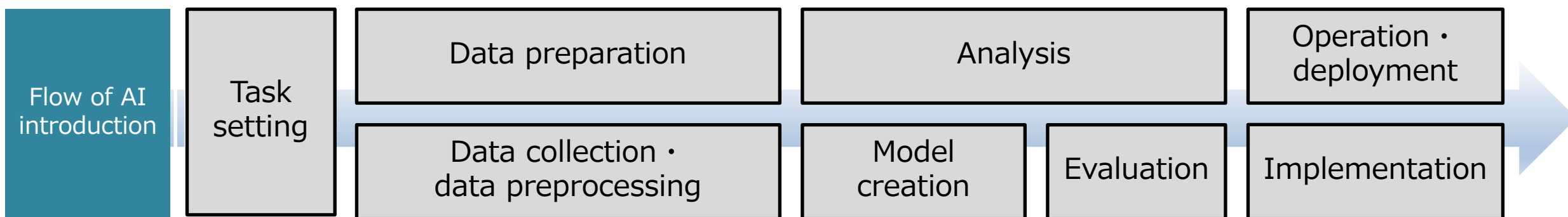
## Utilization of AI to solve problems

NISSO has launched a solution service that utilizes AI with the aim of solving problems such as operational efficiency and labor saving.

For the introduction of AI, NISSO provides consulting, creation of AI models to solve problems, software development to implement AI models, and implementation.

NISSO will continue to expand our services in collaboration with Cross Compass, our capital alliance partner.

## Flow of AI solution introduction



# Turnover Rates (Existing · Engineering Areas)

## FY 3/2022 2Q Results

Existing area (non-consolidated) turnover rate

**3.8%**

(Increase of 0.1 pts vs. FY 3/2022 1Q)

Engineering area (non-consolidated) turnover rate

**1.7%**

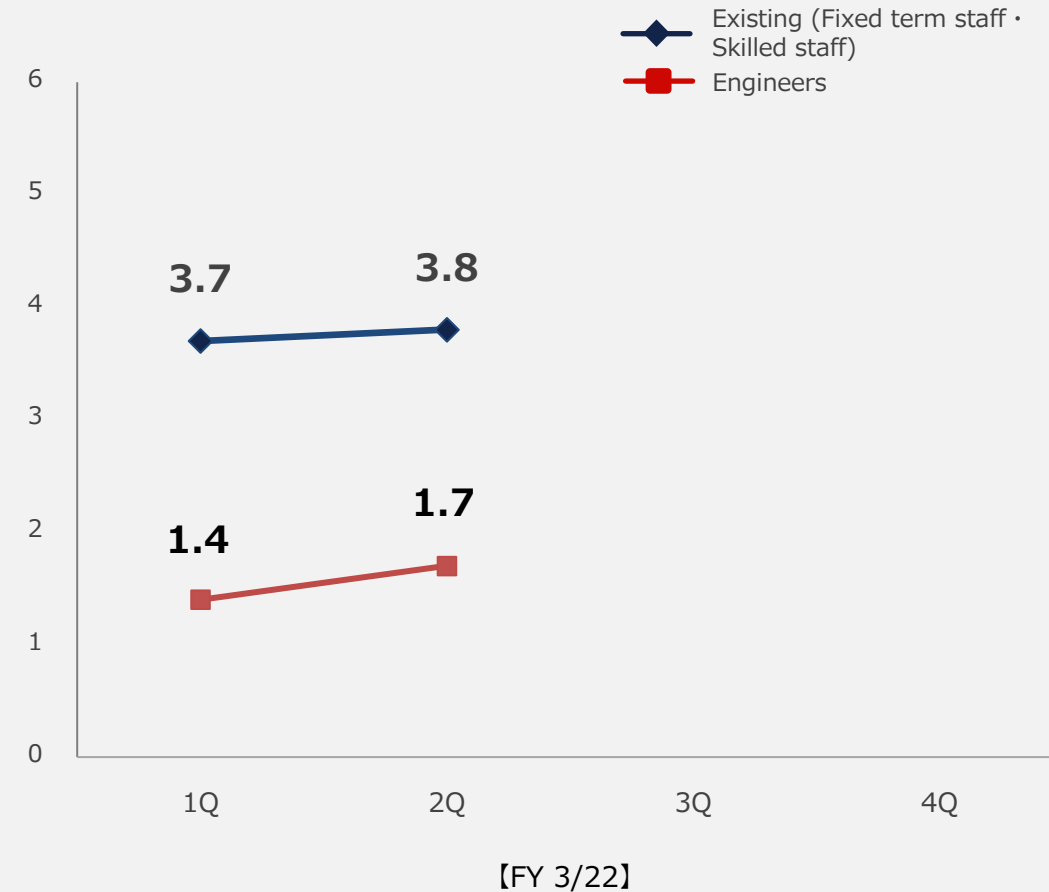
(Increase of 0.3 pts vs. FY 3/2022 1Q)

## Point

Compared to 1Q, the existing turnover rate increased by 0.1 pts as the number of enrolled staff increased, but remained below 4%. Although the turnover rate of engineers also increased, by 0.3 pts from 1Q, it remained below 2.0%.

## Trend of Turnover Rates

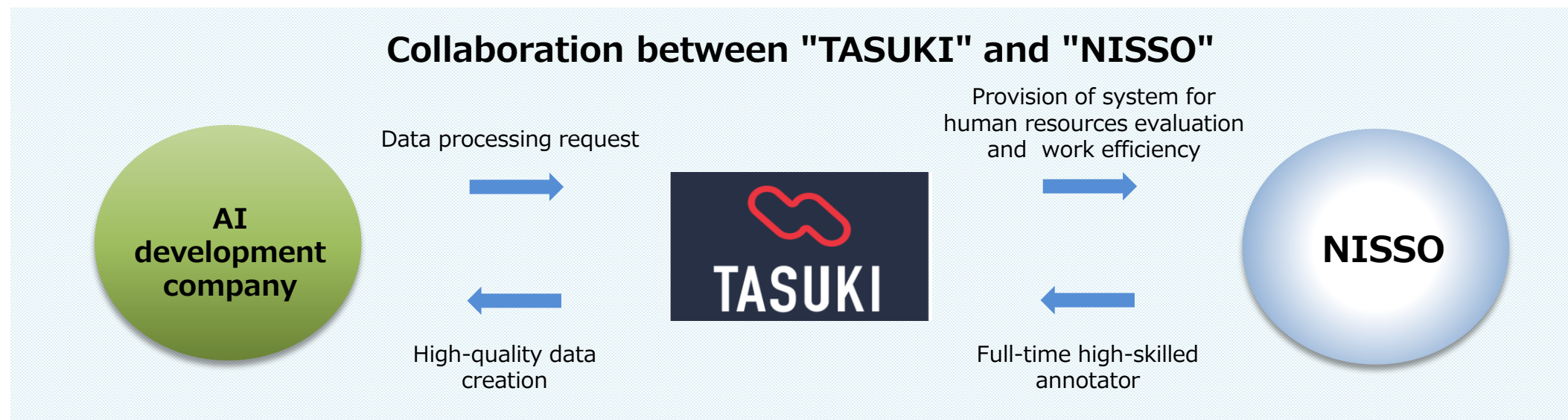
(Unit: %)



# New Business Areas

## Started annotation business in collaboration with "TASUKI" project

NISSO started the annotation business in collaboration with the "TASUKI" project operated by SB Innoventure Corp. (Head office: Minato-ku, Tokyo; Representative Director: Fumihiro Aono).



## What is the "TASUKI" Project?

- ① Annotation agency service created from the in-house entrepreneur system based on the abundant AI development experience of SoftBank Corp.
- ② "TASUKI" is an annotation platform that has built a mechanism to create efficient and high-quality using AI technology

# Other Businesses Business Revenue

## Points

- The number of residents of Bldgs. 1~5 and 6, which are nursing care facilities, was stable, with an overall occupancy rate of 95%.
- Efficient management was maintained, with an operating profit of 20 million yen.

## Results of Other Businesses

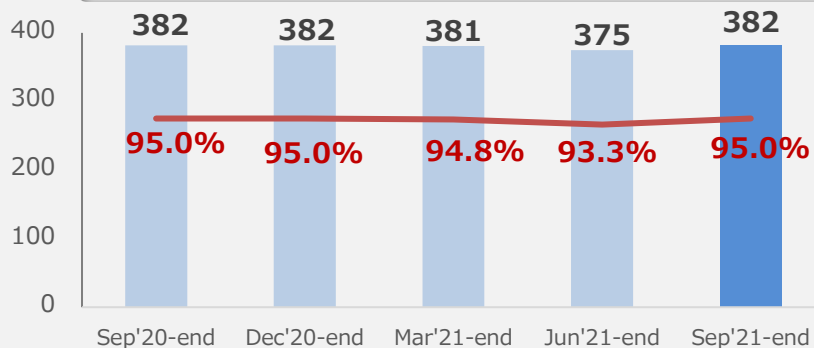
(Unit: Million yen)

	FY 3/21 2Q		FY 3/22 2Q		Year-on-Year	
	Results	% of Total	Results	% of Total	Increase (Decrease)	% Change
Net sales	1,461	100.0%	1,494	100.0%	32	2.2%
Expenses	1,500	102.7%	1,473	98.6%	(27)	(1.8%)
Operating profit (loss)	(39)	(2.7%)	20	1.4%	59	—

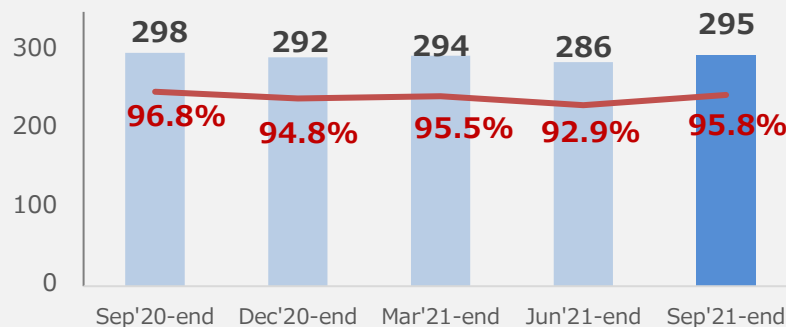
(Unit: # of residents)

## Number of facility residents

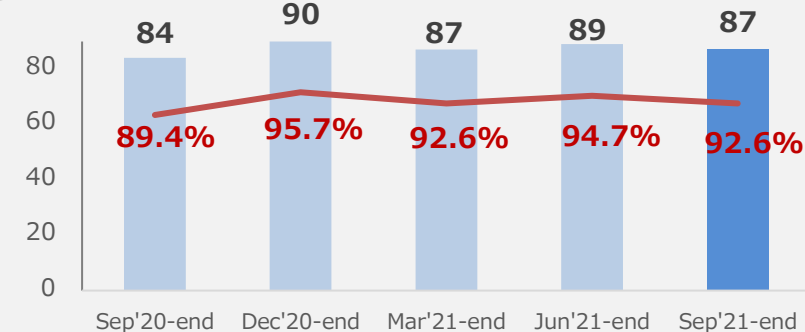
【All facilities】 (capacity: 402)



【Bldg.1-5】 (capacity:308)



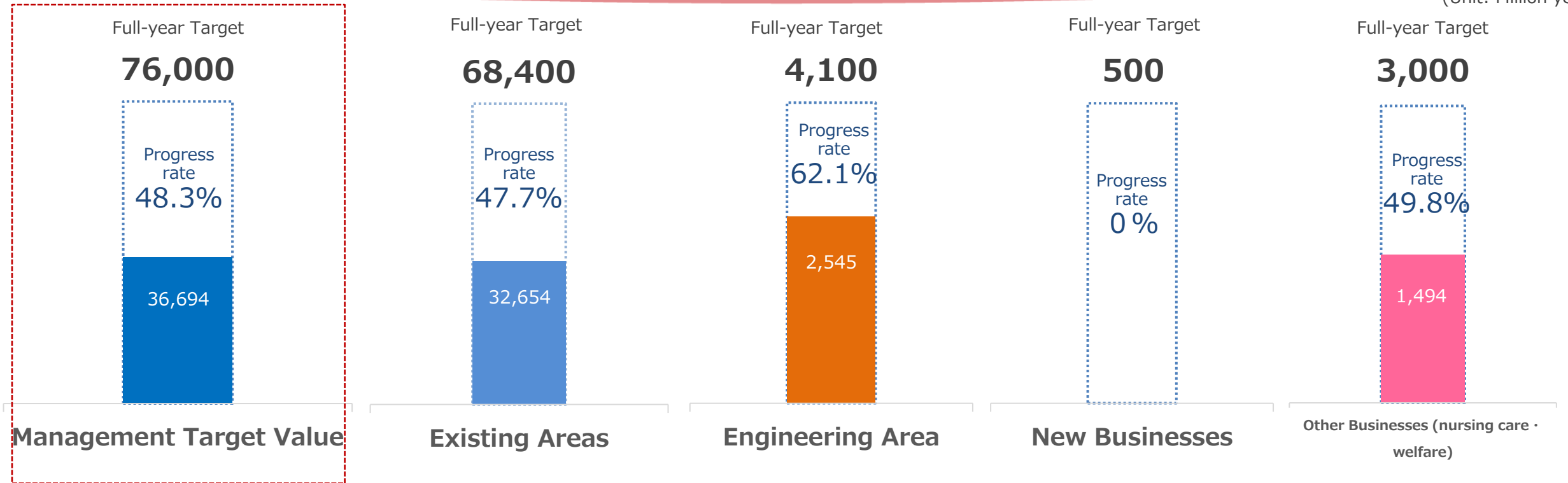
【Bldg.6】 (capacity:94)



# Summary (Progress of Net Sales Targets by Target Segment)



(Unit: Million yen)



	FY 3/22 Management Target Value (Consolidated)			FY 3/22 Existing Areas			FY 3/22 Engineering Area			FY 3/22 New Businesses			FY 3/22 Other Businesses		
	Full-year Target	2Q Results	Progress rate	Full-year Target	2Q Results	Progress rate	Full-year Target	2Q Results	Progress rate	Full-year Target	2Q Results	Progress rate	Full-year Target	2Q Results	Progress rate
Net sales	76,000	36,694	48.3%	68,400	32,654	47.7%	4,100	2,545	62.1%	500	0	0%	3,000	1,494	49.8%

※The above full-year targets do not reflect revisions to Consolidated Forecasts.

# 4

## Future Prospects (FY 3/2022)

# FY 3/2022 Revision of Full-year Consolidated Forecasts



## Revisions of Consolidated Forecast

Based on recent business performance trends, NISSO has revised the Full-year Consolidated Forecast for FY 3/2022 (April 1, 2021 ~ March 31, 2022) which was announced on May 12, 2021.  
For details, please refer to the "Notice of Revisions of Full-year Consolidated Forecast for the Fiscal Year Ending March 31, 2022" announced on November 8, 2021.

※The addition of Vector Shinwa Co., Ltd., which became a subsidiary on August 31, 2021, is taken into account in this revised forecast.

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

(Unit: Million yen)

	Previous Forecast		Present Revised Forecast		Change from Previous Forecast	
	Forecast	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
<b>Net sales</b>	<b>76,000</b>	100.0%	<b>78,000</b>	100.0%	<b>2,000</b>	2.6%
<b>Operating profit</b>	<b>3,000</b>	3.9%	<b>2,400</b>	3.1%	<b>(600)</b>	(20.0%)
<b>Ordinary profit</b>	<b>3,000</b>	3.9%	<b>2,600</b>	3.3%	<b>(400)</b>	(13.3%)
<b>Profit attributable to owners of parent</b>	<b>2,000</b>	2.6%	<b>1,750</b>	2.2%	<b>(250)</b>	(12.5%)



## **5** Shareholder Return Policy

---



# Shareholder Return Policy

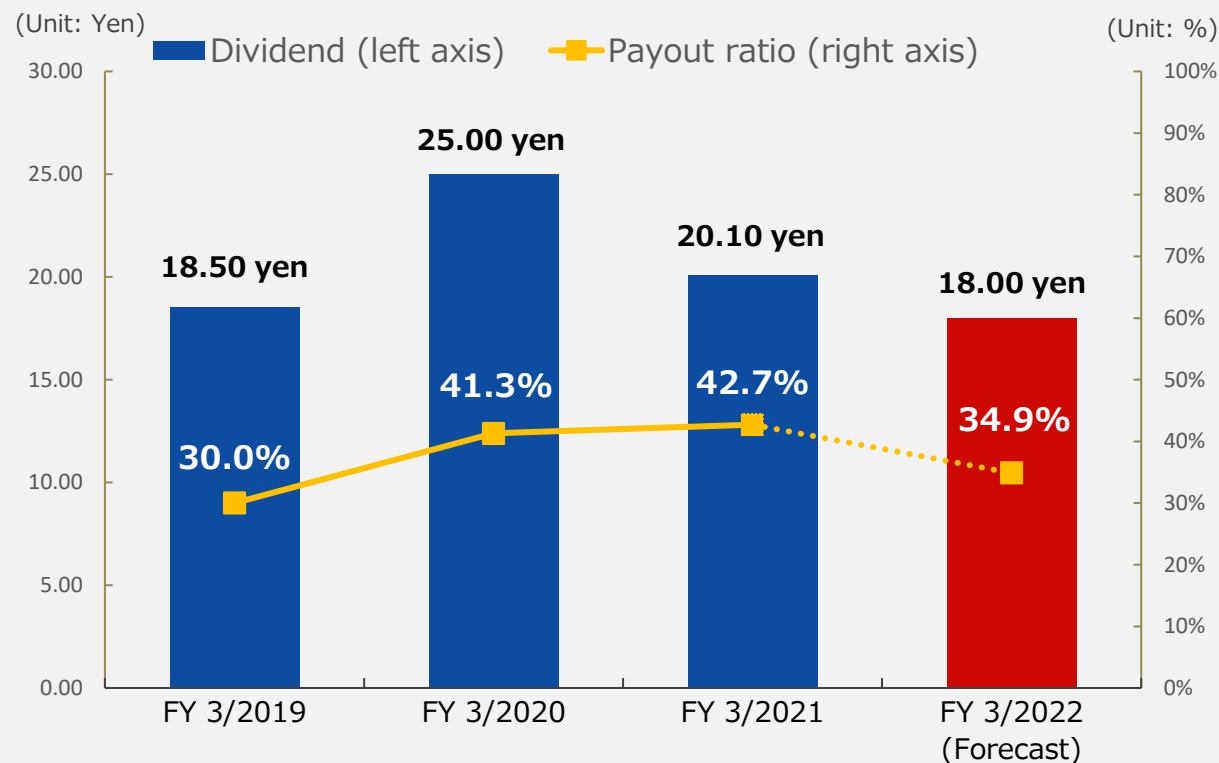
## Basic Policy

NISSO considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, NISSO's basic policy is to continue to steadily redistribute profits to all of our shareholders.

## FY 3/2022 Dividend Forecast

Although NISSO has revised the earnings forecast, the dividends per share forecast (18.00 yen) remains unchanged. This will result in a dividend payout ratio of 34.9%.

## 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.

## **6** Supplementary Materials

---

# Consolidated Balance Sheet

(Unit: Million yen, %)

	Mar. 2021-end		Sep. 2021-end		Increase (Decrease)
	Amount	% of Total	Amount	% of Total	
<b>Current assets</b>	<b>14,813</b>	<b>68.5</b>	<b>13,846</b>	<b>62.8</b>	<b>(967)</b>
Cash and deposits	5,873	27.2	5,054	22.9	(818)
Notes and accounts receivable - trade	8,094	37.4	7,977	36.2	(117)
<b>Non-current assets</b>	<b>6,817</b>	<b>31.5</b>	<b>8,208</b>	<b>37.2</b>	<b>1,391</b>
Property, plant and equipment	4,654	21.5	4,677	21.2	22
Intangible assets	305	1.4	1,603	7.3	1,297
Investments and other assets	1,857	8.6	1,928	8.7	71
<b>Total assets</b>	<b>21,631</b>	<b>100</b>	<b>22,055</b>	<b>100</b>	<b>423</b>
<b>Current liabilities</b>	<b>8,178</b>	<b>37.8</b>	<b>8,692</b>	<b>39.4</b>	<b>514</b>
Accrued expenses	4,541	21.0	4,710	21.4	169
Income taxes payable	494	2.3	497	2.3	3
Provision for bonuses	950	4.4	1,044	4.7	93
<b>Non-current liabilities</b>	<b>689</b>	<b>3.2</b>	<b>917</b>	<b>4.2</b>	<b>227</b>
Net defined benefit liability	345	1.6	431	2.0	86
<b>Total liabilities</b>	<b>8,868</b>	<b>41.0</b>	<b>9,610</b>	<b>43.6</b>	<b>742</b>
<b>Shareholders' equity</b>	<b>12,744</b>	<b>58.9</b>	<b>12,431</b>	<b>56.4</b>	<b>(313)</b>
<b>Total net assets</b>	<b>12,763</b>	<b>59.0</b>	<b>12,444</b>	<b>56.4</b>	<b>(318)</b>
<b>Total liabilities and net assets</b>	<b>21,631</b>	<b>100</b>	<b>22,055</b>	<b>100</b>	<b>423</b>

## Point

### ① Decrease due to reduced operations

Due to reduced operations of the manufacturing-related human resources services, "notes and accounts receivable (trade)", etc., of current assets decreased.

### ② Business combinations, etc.

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

### ③ Number of enrolled staff

Due to the increase in the number of enrolled staff in the manufacturing-related human resources services, "accrued expenses" of current liabilities increased.

### ④ Dividends

Shareholders' equity decreased due to dividend payments in June.

### ⑤ Overall

As a result of the above, total assets increased by 2.0%, total liabilities increased by 8.4%, net assets decreased by 2.5%, and equity ratio decreased by 2.6% to 56.4% compared to the end of the previous fiscal year.

# Consolidated Statements of Cash Flows

(Unit: Million yen)

	FY 3/21 2Q YTD	FY 3/22 2Q YTD	Increase (Decrease)
	Amount	Amount	
Cash flows from operating activities	547	1,191	643
Cash flows from investing activities	(398)	(1,302)	(904)
Cash flows from financing activities	(944)	(713)	231
Net increase (decrease) in cash and cash equivalents	(794)	(824)	(30)
Cash and cash equivalents at beginning of period	6,365	5,873	(491)
Cash and cash equivalents at end of period	5,570	5,048	(521)

## Point

### ① Cash flows from operating activities

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

### ② Cash flows from investing activities

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

### ③ Cash flows from financing activities

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



*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](mailto:ir@nisso.co.jp)

URL <https://www.nisso.co.jp/>