

## Q&A: Reasons for downward revisions

### Revision of Full-year Consolidated Forecast



#### Revision of Consolidated Forecast

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

(Unit: Million yen)

Based on recent business performance trends, NISSO has revised the Full-year Consolidated Forecast for FY 3/2023 (April 1, 2022 ~ March 31, 2023) which was announced on May 12, 2022.

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

	Previous Forecast		Present Revised Forecast		Change from Previous Forecast	
	Forecast	% of Total	Forecast	% of Total	Increase (Decrease)	% Change
Net sales	88,600	100.0%	91,000	100%	2,400	2.7%
Operating profit	2,700	3.0%	2,200	2.4%	(500)	(18.5)
Ordinary profit	2,700	3.0%	2,300	2.5%	(400)	(14.8)
Profit attributable to owners of parent	1,800	2.0%	1,500	1.6%	(300)	(16.7)

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**Moderator:** We have questions that ask, " Will you please tell us the reasons for the downward revisions?"

**Shimizu:** As I mentioned earlier, there were three negative factors and three positive factors. Broadly speaking, the initial scenario was that even if automobiles didn't go into recovery production, it would normalize from the fourth quarter.

This was not our assumption, but the general view of automobiles manufacturers at the time was that production would begin to normalize in the second half of the fiscal year or so, and that recovery production would begin in the fourth quarter. However, the biggest factor was probably that it was more difficult than expected to procure parts, mainly semiconductors, and we have not been able to achieve recovery production.

In conjunction with this, we believe that the primary factor is that the production of electronic components has slowed down.

## Q&A: Recruitment policy

**Moderator:** We have a question that asks, "Despite the uncertainty of the external environment, do

you plan to continue to actively promote recruitment with increased efficiency?"

**Shimizu:** Although the external environment is indeed uncertain, there is an active demand for human resources from our clients. However, there is one thing to consider here.

From our point of view, we are extremely grateful to be able to increase the utilization of those who are already assigned. In addition, workers can increase their income by working a moderate amount of overtime. From the fourth quarter onwards, we would like to focus on such matters.

Such efforts will ultimately lead to an improvement in our profit structure. In addition, based on the idea of increasing the number of staff with a strong emphasis on the automobiles industry in the future, we are thinking of actively assigning such staff to our prospective business partners and fields with an eye on the future.

This is connected to the fact that the matching of human resources is not as easy as in the automobiles-related industry. Since we believe that such human resources will be assigned after a somewhat longer training period than before, the growth in the number of enrolled staff is expected to slow down slightly. However, we believe that we will be able to show positive results in terms of sales and earnings by steadily increasing our operations.

## Q&A: The Aim of Kumamoto Training Center

### Toward the Growth of Engineering Human Resources Services

#### **[Semiconductor Field]**

##### **Opening of Kumamoto Training Center**

In order to respond to the shortage of human resources at semiconductor-related companies, NISSO has announced a plan to open a training center in Kumamoto Prefecture, which is scheduled to open in April 2023.

##### **Participation in Chugoku Regional Semiconductor Industry Promotion Council**

Following the Tohoku "Semiconductor and Electronics Design Study Group" of the Tohoku Bureau of Economy, Trade and Industry, we will participate in the Chugoku Regional Semiconductor Industry Promotion Council.

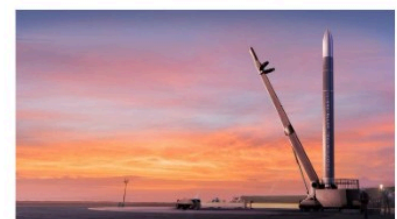
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#### **[Engineering Field]**

##### **Conclusion of Partnership Agreement with Interstellar Technologies Inc.**

With the vision of "creating a future where everyone can reach space", NISSO has concluded a partnership agreement on the utilization of human resources with Interstellar Technologies Inc., a rocket development venture company headquartered in Taiki-cho, Hiroo-gun, Hokkaido. We will contribute to the space industry, which is projected to exceed 100 trillion yen in 2040.

We aim to develop high value-added human resources by enhancing cooperation with local communities, semiconductor-related manufacturers, and NISSO's training centers.



**Moderator:** We have a question that asks, "Will you please tell us about the aim of opening the

Kumamoto Training Center in April?"

**Shimizu:** The Kumamoto Training Center is modeled after the Technical Center Higashi-Nihon, one of NISSO's training facilities. We plan to utilize the expertise we have accumulated there. The aim is to "develop human resources who will be the key when establishing mass-production technology in the Kyushu area". We are thoroughly discussing the curriculum and other matters with our business partners, heading toward the opening.

We believe that by increasing the training capacity of this training facility, we are leading the way in laying the foundation for the development of human resources necessary for mass-production technology in this area, mainly in Kumamoto.

## **Q&A: Normalization, including recovery production of automobiles**

**Moderator:** We have a question that asks, "Do you think that normalization, including the recovery production of automobiles, will be difficult in the next fiscal year as well?"

**Shimizu:** It will be difficult to do so with our efforts alone. The most uncertain thing is the current inventory level of semiconductors for automobiles, including power semiconductors.

We believe that successful procurement of semiconductors will lead to recovery production for the automobiles industry. This is because Japanese automobiles manufacturers have a considerable number of backorders and want to shorten their delivery times.

Although they want to move toward recovery production in light of the situation, it will be greatly affected by whether or not they can procure the necessary parts. However, measures are steadily being taken, and since companies that manufacture semiconductors for automobiles in Japan are also increasing production, I believe the situation should gradually improve.

## **Q&A: Recovery of Electronic Devices**

**Moderator:** We have a question that asks, "When do you expect electronic devices to recover?"

**Shimizu:** This is not my opinion, but based on a comprehensive judgment of what our clients are saying, although we initially thought that the recovery of semiconductor memory in particular would start from around June, it may have been delayed by about three months. Therefore, we believe that the validity of the recovery after September or October next year is very high.

However, in any case, although there are various things such as the delay in the development of 5G

infrastructure, technology is steadily evolving, so it is safe to say that there will be a shortage of semiconductors in memory as well. In the medium to long term, I believe that the trend is likely to continue to rise.