

## **NISSO CORPORATION**

【Main Q&A at the Financial Results Briefing for the First Nine Months of FY 3/2020  
(for Institutional Investors and Analysts)】

Held on February 10, 2020

The following content is not a record of the contents of all of the questions and answers. In addition, some revisions and corrections have been made to make the content easier to understand.

**Q1: Net sales has been downwardly revised for the current fiscal year. How much of an impact was there from the electronic components and automobiles industries?**

**A1:** In NISSO's initial plan for the current fiscal year, although we expected the automobiles industry to grow in the first half and the electronic components in the second half, as a result, this did not happen, and net sales in the electronic components industry decreased by 6% year-on-year. As an image, net sales in the electronic components industry is about 10% lower than originally planned. In addition, although we anticipated that the automobiles industry would continue on a certain trend toward the end of the fiscal year, it didn't grow as planned, and the industry overall is slightly lower than as planned.

**Q2: Although the dividend forecast for the current fiscal year has been left unchanged at 25 yen per share, is the dividend payout ratio basically set at 30%, or is it NISSO's plan to maintain 25 yen per share in the future?**

**A2:** Although NISSO has set the dividend payout ratio of 30% or more as a standard, we are aiming for a stable increase in dividends without being constrained by this 30% ratio. At this time, we do not anticipate the dividends for the next fiscal year to fall below the current forecast of 25 yen per share.

**Q3: Please tell us about your sense of direction for the next fiscal year.**

**A3:** In regard to the next fiscal year, we expect that trends will not be flat, but rather to increase to some extent. In addition, although we will take on new approaches in preparation for the future, we believe that the effects of these approaches will only appear at some time still ahead.

**Q4: Please tell us about the production technology domain stated on P10 of the Financial Results Briefing Materials in more detail.**

**A4:** At present, although the era has already begun where things that were once made only by humans has switched to things being made mainly by machines, if the utilization rates of these machines increase, productivity will also increase, which will result in profits. Although manufacturers have the production technology personnel to increase this productivity, they tend to have a slightly thinner layer of production technology capabilities with the increased use of external labor. As such, after asking manufacturers if it was possible to conduct business with them in new domains if a company possesses production technology capabilities, we were told that it would be possible. Since it would enable NISSO to further deepen our relationships with our clients, although it may take time to develop human resources with such capabilities to promote this production technology domain, based on the responses received, we are considering the production technology domain as a domain to strengthen for our medium- to long-term growth.

**Q5: Please tell us if there has been any movement regarding the utilization of foreign engineers.**

**A5:** In the medium- to long-term, although NISSO expects that more software-related human resources in Japan will come from Asian countries, we are still in the market research stage, and we will gradually consider utilizing such personnel from each Asian country.

**Q6: With regard to the FY 3/2020 outlook, although net sales in the fourth quarter is expected to be slightly lower than in the third quarter, operating profit is expected to be about the same. Will this be a result of reduced costs? Please tell us about the content.**

**A6:** With regard to the fourth quarter, we are analyzing the current situation in detail, and by looking at the balance with the back orders from our clients, we are proceeding so that there are no losses in recruitment costs. In addition, we are controlling SG&A expenses with an eye on the possible impact of the new coronavirus.

**Q7: It seems that NISSO is making upfront investments in personnel, perhaps looking ahead to the next fiscal year. It is thought that if the operations of electronic components companies increase in the next fiscal year, the top line will increase, but if the rate of operation doesn't return by the first quarter of the next fiscal year, please tell us your thoughts on whether or not NISSO will continue to increase investments in these human resources.**

**A7:** Currently, although we are actively investing in training/development, recruitment, and appointment (of human resources) while monitoring the situation of our clients, if the recovery period is delayed beyond our expectations, we will have no choice but to somewhat control such investments. However, in addition to our Account Companies, since NISSO conducts business with other client companies that are potential "next" Account Company candidates, we will continue to make investments and control them in order to obtain profits while devising assignments to such companies.