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(APPENDIX)

Business Report

(April 1, 2021 to
March 31, 2022)

1. Current Status of the Corporate Group

(1) Status of Business for the Current Consolidated Fiscal Year

① Progress and results of business

Although Japan's economy during the current consolidated fiscal year (hereinafter, the "consolidated fiscal year under review") remained in a severe situation due to the effects of the spread of the new coronavirus (hereinafter, "COVID-19") infections, there were signs of a recovery in economic activities, while an increase in the number of people vaccinated and measures were taken to prevent the spread of infections. However, it was also affected by supply constraints due to supply chain stagnation caused by lockdowns in Asia.

As for the business environment surrounding the Nisso Group (hereinafter, the "Group"), operation adjustments continued due to the effects of shortages of semiconductor and parts at auto-body manufacturers, who are the Group's important clients. On the other hand, production in the electronic devices-related industry remained high due to strong demand for semiconductors. In addition, in terms of employment conditions, the needs for the utilization of external human resources remained high at NISSO CORPORATION's (hereinafter, the "Company") client manufacturers, such as hiring human resources with an eye on the future in the manufacturing industry.

In this environment, based on its mission of "Creating opportunities and hopes for people to work", the Group aims to create workplaces where workers can feel motivated and grow, with Human Resources Solution Services that support the growth of companies and people, and "to transform into a corporate group with high-growth potential", which is the goal of the Medium-term Management Plan. To that end, the Group has been promoting initiatives with the aim of providing services that can respond to social changes and changes in industrial structures.

Net sales by area and accounting period for the consolidated fiscal year under review are as follows:

(Unit: Million yen)

	First quarter consolidated accounting period	Second quarter consolidated accounting period	Third quarter consolidated accounting period	Fourth quarter consolidated accounting period	FY 3/2022
Existing Areas (YoY)	16,061	16,593 (up 3.3%)	18,066 (up 8.9%)	18,185 (up 0.7%)	68,907
Engineering Area (YoY)	1,242	1,303 (up 4.9%)	1,470 (up 12.8%)	1,654 (up 12.5%)	5,670
Nursing Care Business (YoY)	742	752 (up 1.3%)	745 (down 0.8%)	724 (down 2.8%)	2,963

Existing Business Areas

In the existing business areas of manufacturing dispatching, manufacturing contracting, and administrative human resources services during the consolidated fiscal year under review, the Group has strived to strengthen its service provision system under the strategy of assigning skilled staff to Account Company Groups that are positioned as important clients. Net sales in existing areas were 68,907 million yen (up 11.8% year-on-year) due to an increase in billing unit-costs, and the number of enrolled staff was 14,594 (up 1,366 year-on-year) as a result of high demand for human resources for recovery production at auto-body manufacturers and the strong demand for semiconductors in the electronic devices-related industry.

Engineering Area

In the engineering area during the consolidated fiscal year under review, the Company has been working to increase the number of engineers hired by utilizing its own unique recruitment site, "engineer works", which specializes in engineers. In addition, the Company has been promoting career changes from skilled staff to engineers, with 1,105 engineers (up 497 from the end of the previous consolidated fiscal year) at the end of the consolidated fiscal year under review, and net sales in the engineering area amounted to 5,670 million yen (up 57.0% year-on-year). Moreover, the average monthly net sales per capita for the consolidated fiscal year under review was 514 thousand yen (which was at 512 thousand yen for the consolidated cumulative third quarter).

New Business Areas

Net sales in the new business areas for the consolidated fiscal year under review were insignificant.

In the new business areas, the Company has been striving to strengthen cooperation with partnerships to create businesses that have synergies with the Group. During the consolidated fiscal year under review, the Company participated in the "TASUKI" project, which is operated by SB Innoventure Corp. (Head office: Minato-ku, Tokyo) which has built an annotation platform that builds mechanisms to create efficient and high-quality using AI technology, and started annotation operations. In addition, on January 18, 2022, the Company concluded an agreement to underwrite a third-party allotment of shares to TSUNAGU HC SUPPORT Inc. (hereinafter, the "Target Company"), a consolidated subsidiary of TSUNAGU GROUP HOLDINGS Inc. (hereinafter, the "TSUNAGU GROUP"), and established the Target Company as a joint venture company. On March 1, 2022, the name of the Target Company was changed to Leaf Nxt Inc. The Target Company will sequentially provide a variety of sustainable and cyclical services in the human resources area, by taking advantage of the Group's contracting, dispatching, and placement businesses, as well as the expertise and knowledge of human resources development and management that is responsible for those businesses, the TSUNAGU GROUP's human resources recruitment expertise, dispatching and short-term placement businesses, as well as the operational expertise and achievements of dispatching centers, and systems developed in-house to support them.

Nursing Care • Welfare Business

In the nursing care • welfare business during the consolidated fiscal year under review, as a result of measures to improve the quality of services provided at the "Sweetpea" nursing care facilities located in 6 locations in Yokohama, the occupancy rate of the nursing care facilities has remained high at 90.5%, and net sales in the nursing care • welfare business were 2,963 million yen (down 0.3% year-on-year). In addition, the Group has been working to build a stable revenue base by continuing its efforts to improve its management structure, such as promoting operational efficiency.

Initiatives for Sustainability

The Group recognizes that it is also important to contribute to society and the environment through its business activities in order to realize its mission "To create opportunities and hopes for people to work".

The Group considers contributing to society through human resources to be its most important issue in the context of environment, social, and governance (ESG). The Group has been promoting the establishment of a business management system that respects human rights, the promotion of employment of employees with disabilities, the creation of a workplace environment where they can be active, and the expansion of workplaces where women can flourish so that employees can continue to work enthusiastically. In October 2021, the Group formulated the "Sustainability Policy" and the "Human Resources Development Policy", and have been disseminating the policies through the "Nisso Group CSR Report 2021".

Materiality (key issues) for achieving the Group's vision is defined as the "Creation of a comfortable workplace", "Responding to social changes and changes in industrial structures", and the "Strengthening of governance". In order to realize the "Creation of a comfortable workplace", the Group is clarifying what a rewarding workplace is, and making improvements according to the characteristics of its business. In order to realize "Responding to social changes and changes in industrial structures", the Group is accelerating investments in rapidly changing business environments such as diversity and DX, with the aim of changing to business structures that are resistant to economic fluctuations. In addition, in order to realize the "Strengthening of governance", the Group is promoting compliance management, establishing a risk management structure, and enhancing dialogue with shareholders and investors.

The Group will continue to strive to contribute to society by investing in "people", the driving force behind the Group.

Non-operating income generated subsidy income of 244 million yen (399 million yen in the previous fiscal year). This was mainly due to subsidies for employment adjustment, etc., associated with the spread of COVID-19 infections.

In addition, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the consolidated fiscal year under review, and net sales decreased by 257 million yen, cost of sales decreased by 270 million yen, and operating profit, ordinary profit, and profit before income taxes each increased by 12 million yen in the consolidated fiscal year under review.

As a result, net sales of 77,549 million yen (up 13.7% year-on-year), operating profit of 2,087 million yen (down 19.7% year-on-year), ordinary profit of 2,369 million yen (down 19.7% year-on-year), and profit attributable to owners of parent of 1,696 million yen (up 6.5% year-on-year) were recorded in the consolidated fiscal year under review.

Furthermore, based on its policy of putting the safety of its clients, employees, and other stakeholders as a top priority, the Group has established the "COVID-19 Countermeasures Headquarters", and has been promoting business activities that strengthen measures to prevent the spread of COVID-19 infections. To date, production adjustments due to the impact of the supply chain has been observed, and the Group believes that its business performance will continue to be influenced by the economic activities of its clients. In addition, in the event of an occurrence where individuals are affected by the virus at its clients, workplaces or nursing care facilities, the Group may be affected.

The business results by segment are as follows:

(General Human Resources Services Business)

(Unit: Million yen)

	42nd Fiscal Year (April 1, 2021 - March 31, 2022)			
	FY 3/2022 Net sales		FY 3/2022 Operating profit	
	Amount (YoY)	YoY Amount	Amount (YoY)	YoY Amount
Manufacturing-related Human Resources Services	72,147 (up 15.3%)	62,590	2,045 (down 19.2%)	2,529
Administrative Human Resources Services	2,482 (down 7.7%)	2,690	6 (down 87.5%)	49
Adjustment amount	(35) (-)	(29)	1 (-)	(0)
Total	74,594 (up 14.3%)	65,250	2,052 (down 20.4%)	2,578

Manufacturing-related Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd., Nisso Pure Co., Ltd.)

In manufacturing-related human resources services, the core business which accounted for 93.0% of consolidated net sales during the consolidated fiscal year under review, suspension of operations continued since last year due to shortages of semiconductors and other parts and the spread of COVID-19 infections.

Despite this business environment, the need for human resources for recovery production, mainly at auto-body manufacturers, has not declined, and the Group has continued to secure human resources in order to respond to the needs for human resources in preparation for the increase in production activities after risks subside. In addition, while providing compensation for absence from work in response to a decrease in the operation of manufacturing staff, the Group has been investing in training aimed at providing high value-added services. As a result, the turnover rate of manufacturing staff in the consolidated fiscal year under review remained low at 3.8% (which was at 4.2% in the previous consolidated fiscal year), and the number of enrolled manufacturing staff at the end of the consolidated fiscal year under review was 14,945 (up 1,799 from the previous consolidated fiscal year), which led to an increase in revenue year-on-year.

On the other hand, the effects of the increase in revenue as a result of the increase in enrollment could not fully absorb the effects of the decrease in the operation of manufacturing staff, which resulted in a decrease in profits year-on-year.

Based in Aichi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture, Vector Shinwa Co., Ltd. focuses on human resources development with a slogan of "Minority Elite". In the contracting business for the manufacturing of semiconductor manufacturing equipment and precision equipment, which is the main pillar of Vector Shinwa's business, despite the impact of the shortage of parts, client production is on an increasing trend due to strong semiconductor demand, and the Company is working to expand its business performance by starting the launch of new processes.

Nisso Pure Co., Ltd., a special-purpose subsidiary of the Company, promotes the employment of persons with disabilities. With the aim of creating a workplace environment where diverse human resources can flourish, the Group not only hires employees with disabilities, but also promotes activities that take advantage of each individual's characteristics, such as being entrusted with light work operations from external clients, and promotes coexistence with local communities, including those related to schools, support organizations, and the government, and as of the end of the consolidated fiscal year under review, the number of employees with disabilities was 194.

Administrative Human Resources Services (Nisso Brain Co., Ltd.)

The administrative human resources services carry out general office work dispatching and BPO (Business Process Outsourcing: the outsourcing of operations and processes of specific business-related tasks to a [third-party] specialized company).

In the consolidated fiscal year under review, in order to stabilize existing businesses, although the Company is promoting recruitment activities centered on public relations and customer attraction activities, due to sluggish growth in the number of registrants, the number of employees dispatched for administrative work was 669 (down 21 from the end of the previous fiscal year). As a result, revenue and profits decreased year-on-year.

(Other Businesses)

(Unit: Million yen)

	42nd Fiscal Year (April 1, 2021 - March 31, 2022)			
	FY 3/2022 Net sales		FY 3/2022 Operating profit	
	Amount (YoY)	YoY Amount	Amount (YoY)	YoY Amount
Nursing care • welfare business	2,963 (down 0.3%)	2,972	36 (up 56.6%)	23

Nursing care • welfare business (Nisso Nifty Co., Ltd.)

In the facilities nursing care business, which is the core business of this business segment, during the consolidated fiscal year under review, although the number of visitors and residents increased as a result of the promotion of on-line facility preview events and other activities, from the viewpoint of preventing the spread on COVID-19 infections, the number of residents at the end of the consolidated fiscal year under review was 364 (down 17 from the end of the previous consolidated fiscal year) due to many refraining from actually previewing the facilities. On the other hand, the Group has endeavored to reduce cost of sales and improve profitability through initiatives such as streamlining personnel and operating expenses. As a result, revenue decreased and profits increased year-on-year.

Net Sales by Business Segment

Business Segment	41st Fiscal Year (FY 3/2021) (Previous Consolidated Fiscal Year)		42 nd Fiscal Year (FY 3/2022) (Consolidated Fiscal Year Under Review)		Year-on-Year Comparison	
	Amount (Million yen)	% of Total	Amount (Million yen)	% of Total	Amount (Million yen)	Increase (Decrease)
General Human Resources Services Business	65,250	95.7%	74,594	96.2%	9,343	14.3%
Other Businesses	2,972	4.4	2,963	3.8	(9)	(0.3)
Adjustments	(10)	(0.0)	(7)	(0.0)	2	20.6
Total	68,213	100.0	77,549	100.0	9,335	13.7

② Status of capital investments

During the consolidated fiscal year under review, the Group carried out capital investment totaling 117 million yen for property, plant and equipment, as well as for intangible assets such as software.

Major capital investments are as follows:

(General Human Resources Services Business)

Sales offices	56 Million yen
Core systems	30 Million yen
Headquarters	23 Million yen

In addition, in the consolidated fiscal year under review, the Company recorded a loss of 29 million yen from the sale of land in Minamiuonuma City, Niigata and land in Ojiya City, Niigata.

③ Status of funds procurement

During the consolidated fiscal year under review, the Group procured 3,000 million yen in long-term loans payable from financial institutions as necessary funds.

④ Status of transfer of business, absorption-type company split or incorporation-type company split

Not applicable.

⑤ **Status of acquisition/transfer of business from other companies**

Not applicable.

⑥ **Status of succession of rights and obligations concerning the business of other corporations through absorption-type merger or absorption-type company split**

Not applicable.

⑦ **Status of acquisition or disposition of shares and other interests or share acquisition rights of other companies**

On August 31, 2021, the Company acquired 100% of the outstanding shares of Vector Shinwa Co., Ltd., which focuses on contracting operations in the manufacturing industry, such as for semiconductors and precision equipment, and made it a consolidated subsidiary. Furthermore, the date of deemed acquisition was September 30, 2021.

In addition, on January 18, 2022, the Company concluded an agreement for the underwriting of a third-party allotment of shares to TSUNAGU HC SUPPORT Inc. (target company), a consolidated subsidiary of TSUNAGU GROUP HOLDINGS Inc., and to convert the target company into a joint venture company. The Company underwrote 3,800 shares, which is 48.7% of the common shares issued through the third-party allotment of shares. In addition, on March 1, 2022, the company name of TSUNAGU HC SUPPORT Inc. was changed to "Leaf Nxt Inc." due to the conversion of the target company into a joint venture company.

(2) Trends in the Status of the Financial Position and Results of Operations

① Trends in the status of the financial position and results of operations of the Corporate Group

Classification	39th Fiscal Year (FY 3/2019)	40th Fiscal Year (FY 3/2020)	41st Fiscal Year (FY 3/2021)	42nd Fiscal Year (Consolidated Fiscal Year under Review) (FY 3/2022)
Net sales (Million yen)	69,161	74,966	68,213	77,549
Ordinary profit (Million yen)	2,895	3,149	2,949	2,369
Profit attributable to owners of parent (Million yen)	2,053	2,033	1,592	1,696
Net income per share (Yen)	61.58	60.51	47.08	49.94
Total assets (Million yen)	21,019	22,494	21,631	27,462
Net assets (Million yen)	10,544	11,895	12,763	13,559
Net assets per share (Yen)	314.20	351.84	375.90	399.01

(Note) 1. The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "net assets per share" are calculated assuming that the shares were split at the beginning of the 39th Fiscal Year.

2. "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the consolidated fiscal year under review, and the main management indicators, etc., for the consolidated fiscal year under review are the those after the relevant accounting standards, etc. have been applied.

② Trends in the status of the financial position and results of operations of the Company

Classification		39th Fiscal Year (FY 3/2019)	40th Fiscal Year (FY 3/2020)	41st Fiscal Year (FY 3/2021)	42nd Fiscal Year (Current Fiscal Year*) (FY 3/2022)
Net sales	(Million yen)	63,474	69,209	62,549	71,697
Ordinary profit	(Million yen)	2,943	3,124	2,863	2,294
Profit	(Million yen)	2,240	2,030	1,530	1,607
Net income per share	(Yen)	67.18	60.43	45.22	47.33
Total assets	(Million yen)	18,482	20,024	19,811	25,329
Net assets	(Million yen)	9,852	11,247	11,955	12,896
Net assets per share	(Yen)	293.58	332.68	352.10	379.50

*(hereinafter, the "fiscal year under review")

- (Note) 1. The Company's common stock was split at a ratio of 2 shares for 1 share on August 22, 2018, and then at a ratio of 2 shares for 1 share on May 1, 2019. "Net income per share" and "net assets per share" are calculated assuming that the shares were split at the beginning of the 39th Fiscal Year.
2. "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) etc., have been applied from the beginning of the fiscal year under review, and the main management indicators, etc., for the fiscal year under review are the those after the relevant accounting standards, etc. have been applied.

(3) Status of Parent Company and Significant Subsidiaries

① Status of parent company

Not applicable.

② Status of significant subsidiaries

Company Name	Capital	Ratio of Voting Rights of the Company	Main Business Contents
Nisso Brain Co., Ltd.	50 Million yen	100.0%	General office work dispatching · BPO (Note) 1
Nisso Pure Co., Ltd.	40 Million yen	100.0%	The Company's special-purpose subsidiary to promote employment of persons with disabilities
Nisso Nifty Co., Ltd.	450 Million yen	100.0%	Nursing care · welfare businesses
Vector Shinwa Co., Ltd. (Note) 2	78 Million yen	100.0%	General human resources services

- (Note) 1. BPO (Business Process Outsourcing) refers to the outsourcing of operations and processes of specific business-related tasks to a [third- party] specialized company.
2. On August 31, 2021 (date of deemed acquisition: September 30, 2021), the Company acquired all shares of Vector Shinwa Co., Ltd. and made it a consolidated subsidiary.

(4) Issues to be Addressed

In the Group's General Human Resources Services Business, in the domestic manufacturing industry, which is a major client of its core Manufacturing-related Human Resources services, there are concerns about a decrease in the operation of manufacturing staff due to the re-expansion of COVID-19 infections and the decrease in production activities in the automobiles-related industry as a result of the shortage of semiconductors. In addition, uncertainty has increased in the domestic and foreign economies due to the heightened geopolitical risks arising from heightened tensions in Ukraine.

Furthermore, with changes in the *MONOZUKURI* (manufacturing) environment, such as responding to technological evolution and responding to CSR including supply chains, the level of demand for human resources services is expected to increase, such as further enhancement of education and expansion of business areas that can be responded to.

With regard to Other Businesses, although the demand for nursing care services is increasing against the backdrop of the declining birthrate and aging population, there has been an increase in competition, such as increases in housing with services for the elderly and fee-based senior-care nursing homes, and as a result, the quality of services is expected to decline due to a shortage of nursing care staff and a decline in retention.

Amid such a business environment, the Company has acknowledged the presence of the following issues in order to continuously and sustainably enhance the Group's corporate value and the significance of its existence.

(General Human Resources Business)

① Strengthening of recruiting capabilities and securing of human resources

Due in part to the decline in the working-age population in the domestic recruitment market and the growing need for human resources for the recovery of production activities after risks have subsided, the Group recognizes that securing workers is an issue. In response to the issue of securing such human resources, the Group has strengthened its investment in promotions, including TV commercials, and is conducting recruitment activities that make effective use of Web media, such as its own recruitment site, "*Kojo Kyujin Navi*".

② Initiatives for human resources development

As the needs for human resources in the manufacturing area become more sophisticated, the Company recognizes that enhancing the skills of employees is an issue. The Group actively supports employees from manufacturing work to advanced operations such as engineers, and is increasing educational opportunities and enhancing individual skills by introducing digital technologies, as well as establishing educational structures and educational programs for employees that actively utilize its training facilities in 8 locations nationwide.

③ Initiatives to create new businesses

In the Group, the Manufacturing-related Human Resources Services account for approximately 90% of its consolidated net sales. Since this business is based on continuous business relationships with clients and possesses the 2 aspects of "stability" and "dependency", it is recognized that the Company's business performance is greatly influenced by the production trends of its clients. In order to resolve this issue, the Group will promote the development of new services by introducing new digital technologies such as AI and investing in building new partnerships.

④ Improvement of profitability

In order for the Group to maintain sustainable profit growth, it recognizes that increasing costs associated with strengthening business management functions and business operation bases is an issue. In order to resolve this issue, the Group will stive to improve productivity by accelerating the introduction of IT, clarifying career paths, expanding career consulting functions, improving education and training structures, and strengthening on-site management functions.

(Other Businesses)

① Enhancement of service quality

The Group recognizes that securing a stable number of nursing care workers is an issue that must be addressed in order to provide nursing cares services that further satisfy customers. By promoting the establishment of an installed educational structure for nursing care workers and the creation of a comfortable working environment, the Group aims to improve the retention of staff and provide high-quality services.

② Improvement of profitability

The Group recognizes that a decline in facility occupancy rates due to a decrease in the number of residents in the facility nursing care business is an issue that will have a significant impact on the business performance of the nursing care business. The Group is increasing the number of opportunities for contact with the families of potential residents of its facilities through the use of the Web and previews of its facilities. The Group will strive to achieve stable and high facility occupancy rates by deepening its understanding of the residents, such as proposing services that are unique to each individual. In addition, the Group will continue to make efforts to improve its management structure by promoting operational efficiency, and aims to strengthen its revenue base and expand its business with increased profitability.

(5) Main Business Contents (As of March 31, 2022)

The Group is comprised of the Company, 3 consolidated subsidiaries and 2 equity-method affiliates, and is engaged in the "General Human Resources Services Business" and "Other Businesses". In the "General Human Resources Services Business", the Group provides manufacturing dispatching and manufacturing contracting as manufacturing-related human resources services, and general office work dispatching and BPO (Note 1) as administrative human resources services. In addition, the Group is engaged in the nursing care and welfare businesses (facility and home nursing care) in "Other Businesses".

Based on the founding philosophy of "*Nurturing and Bringing Out the Best in People*", the Group continues to aim to create workplaces where working people can work with a sense of fulfillment and flourish, as well as providing services that will contribute to its growth as a business enterprise. Furthermore, the Group will continue to aim to improve the quality of the services that it offers, and will strive for the continued growth and prosperity of its businesses.

(Note) BPO (Business Process Outsourcing) refers to the outsourcing of operations and processes of specific business-related tasks to a (third-party) specialized company.

(General Human Resources Business)

① Manufacturing-related Human Resources Services (NISSO CORPORATION · Vector Shinwa Co., Ltd. · Nisso Pure Co., Ltd.)

A Manufacturing dispatching

Manufacturing dispatching is conducted in accordance with the "Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers" (hereinafter referred to as the "Worker Dispatching Act"), and dispatching services are provided to manufacturers including automobiles, electronic components, precision equipment, and housing equipment.

Companies that engage in the dispatching business receive worker dispatching undertakings authorization from the Ministry of Health, Labour and Welfare. The Company concludes a worker dispatching contract with client companies (dispatch destination companies), in addition to concluding an employment contract with job-seekers, and then is able to dispatch workers to client companies. Workers who are dispatched to client companies engage in work under the instruction of the client (destination) company, which carries out the quality control and labor management of the workers. A significant feature of this type of dispatching contract is the fact that the employer of the dispatched worker (the Company), and the party that provides job-related instructions (client company), are different.

B Manufacturing contracting

With regard to manufacturing contracting, the Group provides services to manufacturers, including automobiles, electronic components, precision equipment, and housing equipment. Unlike manufacturing dispatching, manufacturing contracting is characterized by the fact that the contractor company (the Company) itself provides job-related instructions, and the Company itself must establish frameworks relating to production, quality control, labor management and workplace operations. In response to orders from the ordering party (client manufacturers), the Company conducts manufacturing, processing and inspections under its own management system, and delivers the finished products (deliverables) upon completion.

C Other

As for matters not included in the above, the Company's special-purpose subsidiary (Note) (Nisso Pure Co., Ltd.) engages in the light work contracting and sales of goods businesses.

(Note) Special-purpose subsidiary: Although the securing of employment opportunities for persons with disabilities (statutory employment ratio) is obligatory for each individual business proprietor (enterprises), if certain requirements are met, as a special case, the actual employment ratio can be assessed assuming that such persons are being employed by the subsidiary.

② Administrative Human Resources Services (Nisso Brain Co., Ltd.)

General office work dispatching, BPO

General office work dispatching is a business conducted in accordance with the Worker Dispatching Act, and mainly provides dispatching services such as office work and reception-related duties.

Companies that engage in the dispatching business receive worker dispatching undertakings authorization. As in the aforementioned case with the Company's manufacturing dispatching business, Nisso Brain Co., Ltd., concludes a worker dispatching contract with client companies (dispatch destination companies) in addition to concluding an employment contract with job-seekers, and then is able to dispatch workers to client companies. Also as stated earlier, a significant feature of this type of dispatching contract is the fact that the employer of the dispatched worker (Nisso Brain Co., Ltd.), and the party that provides job-related instructions (client company), are different.

In addition, Nisso Brain Co., Ltd., in part administers BPO services and is entrusted with the collective operations of its clients.

(Other Businesses) (Nisso Nifty Co., Ltd.)

The Group has established nursing care and welfare businesses such as facility nursing care (fee-based senior-care nursing home) and home nursing care, mainly in Yokohama, Kanagawa and Iwaki City, Fukushima.

① Facility nursing care

The Group operates 6 fee-based nursing homes in Yokohama, Kanagawa, and provides nursing care services to residents.

② Home nursing care

The Group has established 1 nursing care station in Yokohama, Kanagawa, 2 in Iwaki City, Fukushima, as well as 2 day care nursing facilities also in Iwaki City, Fukushima.

(6) **Significant Branch Offices, etc.** (As of March 31, 2022)

① The Company

Headquarters	Kohoku-ku, Yokohama, Kanagawa	
Sales Offices	Akita Sales Office (Daisen City, Akita) Kitakami Sales Office (Kitakami City, Iwate) Sendai Sales Office (Sendai City, Miyagi) Koriyama Sales Office (Koriyama City, Fukushima) Utsunomiya Sales Office (Utsunomiya City, Tochigi) Omiya Sales Office (Saitama City, Saitama) Chiba Sales Office (Chiba City, Chiba) Hachioji Sales Office (Hachioji City, Tokyo) Atsugi Sales Office (Atsugi City, Kanagawa)	Kanazawa Sales Office (Kanazawa City, Ishikawa) Nagano Sales Office (Nagano City, Nagano) Hamamatsu Sales Office (Hamamatsu City, Shizuoka) Nagoya Sales Office (Nagoya City, Aichi) Osaka Sales Office (Osaka City, Osaka) Okayama Sales Office (Okayama City, Okayama) Hiroshima Sales Office (Hiroshima City, Hiroshima) Shimane Sales Office (Izumo City, Shimane) Fukuoka Sales Office (Fukuoka City, Fukuoka)

② Subsidiaries

Company Name	Head Office Locations
Nisso Brain Co., Ltd.	Tsurumi-ku, Yokohama, Kanagawa
Nisso Pure Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa
Nisso Nifty Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa
Vector Shinwa Co., Ltd.	Chiryu City, Aichi

(7) **Status of Employees** (As of March 31, 2022)

① Status of the Corporate Group

Name of Segment	Number of Employees	(PT Workers)
General Human Resources Services Business	1,537	(234)
Other Businesses	265	(63)
Total	1,802	(297)

- (Note) 1. The number of employees represents the number of persons in employment, and the average number of temporary employees (part-time workers) in the past year is shown in brackets ().
2. In addition, 14,434 indefinite-term employees · fixed-term contract employees (manufacturing staff, dispatched staff) have been employed on average in the past year.

② Status of the Company

# of Employees (PT Workers)	Average age	Average years of service	Average annual salary (Yen)
1,235 (227)	40.8	10.2	4,721,116

Name of Segment	Number of Employees	(PT Workers)
General Human Resources Services Business	1,235	(227)
Total	1,235	(227)

- (Note) 1. The number of employees represents the number of persons in employment, and the average number of temporary employees (part-time workers) in the past year is shown in brackets ().
2. Average annual salary includes bonuses and non-standard wages.
3. In addition, 13,761 indefinite-term employees · fixed-term contract employees (manufacturing staff) have been employed on average in the past year.

(8) Status of Major Lenders (As of March 31, 2022)

Lender	Amount borrowed
MUFG Bank, Ltd.	1,000 Million yen
The Bank of Yokohama, Ltd.	1,000 Million yen
Mizuho Bank, Ltd.	500 Million yen
Aozora Bank, Ltd.	500 Million yen

(9) Other Important Matters Concerning the Current Status of the Corporate Group

Not applicable.

2. Current Status of the Company

(1) Status of Shares (As of March 31, 2022)

① Total number of authorized shares 102,400,000 Shares

② Total number of issued shares 34,330,800 Shares (of which 348,444 are treasury shares)

(Note) As a result of the exercising of stock options during the fiscal year under review, the total number of issued shares were increased by 10,400 shares.

③ Number of shareholders 4,670

④ Major shareholders

Name of Shareholder	Number of Shares	Shareholding Ratio
NS Holdings Co., Ltd.	13,917,400	40.95%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,490,500	10.27%
Custody Bank of Japan, Ltd. (Trust Account)	3,128,300	9.21%
Tadao Shimizu	1,022,600	3.01%
Chikako Shimizu	974,000	2.87%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	743,100	2.19%
STATE STREET BANK AND TRUST COMPANY 505103	463,800	1.36%
Shoichi Iwashige	433,800	1.28%
NISSO CORPORATION Employee Shareholding Association	358,000	1.05%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	344,400	1.01%

- (Note) 1. Although the Company holds 348,444 shares of treasury shares, it is excluded from the major shareholders listed above.
2. The shareholding ratio is calculated with the deduction of treasury shares (348,444 shares).
3. In the Changes Report of the Large Shareholding Report which was made available for public inspection on December 17, 2020, although it was stated that SPARX Asset Management Co., Ltd. held the following shares as of December 15, 2020, since the Company was unable to confirm the number of real held shares at the end of the fiscal year under review, the status of the major shareholders stated above has been based on the number of shares held on the register of shareholders. The contents of the Changes Report of the Large Shareholding Report are as follows:

Name or Company Name	Number of Share Certificates Held	Share Certificates Holding Ratio
SPARX Asset Management Co., Ltd.	2,107,900	6.16%
Total	2,107,900	6.16%

4. In the Changes Report of the Large Shareholding Report which was made available for public inspection on July 7, 2021, although it was stated that Nomura Asset Management Co., Ltd. held the following shares as of June 30, 2021, since the Company was unable to confirm the number of real held shares at the end of the fiscal year under review, the status of the major shareholders stated above has been based on the number of shares held on the register of shareholders. The contents of the Changes Report of the Large Shareholding Report are as follows:

Name or Company Name	Number of Share Certificates Held	Share Certificates Holding Ratio
Nomura Asset Management Co., Ltd.	2,991,200	8.72%
Total	2,991,200	8.72%

5. In the Changes Report of the Large Shareholding Report which was made available for public inspection on April 7, 2022, although it stated that Sumitomo Mitsui DS Asset Management Company, Limited and 2 other companies held the following shares as of March 31, 2022, since the Company was unable to confirm the number of real held shares at the end of the fiscal year under review, the status of major shareholders stated above has been based on the number of shares held on the register of shareholders. The contents of the Changes Report of the Large Shareholding Report are as follows:

Name or Company Name	Number of Share Certificates Held	Share Certificates Holding Ratio
Sumitomo Mitsui DS Asset Management Company, Limited	1,297,700	3.78%
Sumitomo Mitsui Banking Corporation	55,900	0.16%
SMBC Nikko Securities Inc.	522,000	1.52%
Total	1,875,600	5.46%

- ⑤ Status of shares issued to Officers of the Company as consideration for execution of duties during the fiscal year under review

Pursuant to the 39th Ordinary General Meeting of Shareholders held on June 27, 2019, the Company introduced a restricted share remuneration system. In response to this, at the Extraordinary Board of Directors' Meeting held on July 19, 2021, the Company resolved to dispose of treasury shares as restricted share remuneration, and as of August 4, 2021, 17,937 treasury shares were disposed of to 2 Managing Directors (excluding External Managing Directors).

- ⑥ Other significant matters concerning shares
Not applicable.

(2) Status of Share Acquisition Rights

- ① Status of share acquisition rights issued as consideration for the execution of duties held by the Company's Officers on the last day of the fiscal year under review

Not applicable.

- ② Status of share acquisition rights issued to employees as consideration for execution of duties during the fiscal year under review

Not applicable.

(3) **Status of Corporate Officers**

① Status of Managing Directors and Audit & Supervisory Board Members (As of March 31, 2022)

Position in the Company	Name	Status of Responsibilities and Significant Concurrent Positions
Chairman, President, CEO & Representative Director	Ryuichi Shimizu	Shimizu Holdings Co., Ltd. Managing Director CW Holdings Co., Ltd. Representative Director NS Holdings Co., Ltd. Managing Director Japan Business Process Outsourcing and Staffing Association Chairman Japan Association of Human Resource Services Industry Director
Managing Director, Managing Executive Officer & COO	Toshiyasu Udagawa	
Managing Director	Shin Monzawa	Monzawa Certified Public Accountant Office Representative Director General Incorporated Association, Toranomonkai Director PLUTUS Management Advisory Co., Ltd. President & Representative Director
Managing Director	Miki Ohno	Crane Law Offices Attorney-at-Law
Full-time Audit & Supervisory Board Member	Akira Ishida	
Audit & Supervisory Board Member	Ryuta Hasegawa	
Audit & Supervisory Board Member	Hideo Sakano	Sakano CPA Office Representative Director TAIYU AUDIT LLC Representative Partner

- (Note) 1. Managing Directors Shin Monzawa and Miki Ohno are External Managing Directors.
2. Audit & Supervisory Board Members Akira Ishida, Ryuta Hasegawa, and Hideo Sakano are External Audit & Supervisory Board Members.
3. The Company has designated and reported External Managing Directors Shin Monzawa and Miki Ohno, in addition to External Audit & Supervisory Board Members Akira Ishida, Ryuta Hasegawa, and Hideo Sakano as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange.
4. Managing Director Shin Monzawa, and Audit & Supervisory Board Members Akira Ishida, Ryuta Hasegawa, and Hideo Sakano, each have a considerable amount of knowledge regarding finance and accounting, as follows:
- Managing Director Shin Monzawa and Audit & Supervisory Board Member Hideo Sakano each have received qualification as certified public accountants.
 - Audit & Supervisory Board Members Akira Ishida and Ryuta Hasegawa each have extensive experience and wide-ranging knowledge in financial institutions.

5. Managing Directors who retired during the fiscal year under review are as follows:

Name	Date of Retirement	Reason for Retirement	Status of Positions, Responsibilities, and Significant Concurrent Positions at Time of Resignation
Shinichi Matsuo	June 24, 2021	Expiration of Term of Office	Managing Director, Executive Officer & Nisso Nifty Co., Ltd. President

② Outline of contents of Agreement for Limitation of Liability

Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with each Managing Director (excluding Managing Directors responsible for the execution of business, etc.) and each Audit & Supervisory Board Member to limit their liability for damages under Article 423, paragraph 1, of the Companies Act.

The maximum amount of liability for damages under this agreement is the minimum liability amount as stipulated by laws and regulations.

③ Outline of contents of Indemnity Agreement, etc.

Not applicable.

④ Outline of contents of Liability Insurance Contract for Officers, etc.

The Company has entered into a liability insurance contract for officers, etc., with an insurance company as stipulated in Article 430-3, paragraph 1, of the Companies Act. The scope of the insured under the insurance contract is the main business executors such as Managing Directors, Audit & Supervisory Board Members, Executive Officers, etc., of the Company and its subsidiaries, and the insured do not bear insurance premiums.

In the event that the insured is filed with a claim for damages by shareholders, third parties, etc., under the insurance contract, it shall compensate the insured for damages such as compensation for damages, litigation/contentious expenses, etc., that will be borne by the insured. However, there are certain disclaimers, such as damages caused by acts that are recognized as violations of laws and regulations, will not be compensated.

⑤ Remuneration of Managing Directors and Audit & Supervisory Board Members

A. Matters concerning the policy for determining the content of individual remuneration, etc., for Managing Directors

At the Board of Directors' Meeting held on February 16, 2021, the Company resolved a policy for determining the content of individual remuneration, etc., for Managing Directors. Upon the resolution of the Board of Directors, the Company consulted with the Nomination and Remuneration Committee on the content of the resolution in advance, and received a report.

In addition, the Board of Directors confirmed that the method of determining the content of remuneration, etc., and the determined content of remuneration, etc., were consistent with the policy, and that the report from the Nomination and Remuneration Committee was respected with regard to the individual remuneration, etc., of Managing Directors pertaining to the fiscal year under review, and it was determined that it was in line with the policy.

The outline of the policy for determining the content of individual remuneration, etc., for Managing Directors is as follows:

a. Basic Policy

The remuneration of Managing Directors of the Company shall be based on a remuneration system linked to shareholder interests so that it can fully function as an incentive to continuously enhance corporate value by achieving short-term business results and realizing the Medium-term Management Plan. In addition, when determining the remuneration of individual Managing Directors, the Company's basic policy shall be to set an appropriate level based on their respective responsibilities.

b. Policy on the Determination of the Amount of Individual Remuneration, etc., for Basic Remuneration (Fixed Remuneration) and the Calculation Method Thereof (Includes policies on the timing or conditions under which remuneration, etc., are to be rewarded.)

The basic remuneration of the Company's Managing Directors shall be determined by taking into account the roles and responsibilities, etc., and a fixed amount shall be paid each month. In addition, the remuneration for External Managing Directors shall be limited to basic remuneration, taking into account the position in which they assume the supervisory function of management.

c. Policy on the Determination of the Content, Amount, or Number of Performance-linked Remuneration and Non-monetary Remuneration and the Calculation Method Thereof (Includes policies on the timing or conditions under which remuneration, etc., are to be rewarded.)

Performance-linked remuneration shall be paid at a fixed time each year based on the target achievement rate of consolidated operating profit, in order to clarify the responsibility for achieving short-term performance and to increase the motivation to contribute to the achievement of the Medium-term Management Plan as well as the enhancement of corporate value.

Non-monetary remuneration shall be granted to shares with a transfer restriction period in order to provide incentives for sharing value with shareholders, raising awareness of share prices by Managing Directors, and enhancing corporate value over the medium- to long-term. The number of shares to be granted shall be determined by comprehensive consideration of positions, etc., and shall be granted at a certain time after the conclusion of the Ordinary General Meeting of Shareholders.

d. Policy on the Determination of the Ratio of the Amount of Basic Remuneration, Performance-linked Remuneration, etc., or the Amount of Non-monetary Remuneration, etc., to the Amount of Individual Remuneration, etc., of Managing Directors

Regarding the remuneration by type of Managing Directors (excluding External Managing Directors), the higher the position, the higher the weight of performance-linked remuneration and restricted share remuneration shall be.

e. Matters related to Decisions on the Content of Individual Remuneration of Managing Directors

Regarding the amount of remuneration for each individual Managing Director, based on the resolution of the Board of Directors, the Representative Director shall be entrusted with the determination of its specific content. In addition, the content of such authority shall be the amount of basic remuneration and performance-linked remuneration for each Managing Director.

The Board of Directors shall consult with the Nomination and Remuneration Committee on the draft so that such authority can be appropriately exercised by the Representative Director, and the Representative Director who has received the above mandate shall determine the content of the individual remuneration based on the report.

Non-monetary remuneration shall be determined by the Board of Directors on the number of shares to be allotted to each individual Managing Director based on the report of the Nomination and Remuneration Committee.

B. Total amount of remuneration for the fiscal year under review

Classification	Number of Members	Amount of Remuneration (Million yen)	Total amount by type of remuneration (Million yen)		
			Basic remuneration	Performance-linked remuneration	Non-monetary remuneration
Managing Directors (incl. External Managing Directors)	5 (2)	103 (13)	88 (13)	- (-)	15 (-)
Audit & Supervisory Board Members (incl. External Audit & Supervisory Board Members)	3 (3)	25 (25)	25 (25)	- (-)	- (-)
Total (incl. External Officers)	8 (5)	129 (39)	114 (39)	- (-)	15 (-)

- (Note) 1. The table above includes 1 Managing Director who retired (or resigned) at the conclusion of the 41st Ordinary General Meeting of Shareholders held on June 24, 2021.
2. The amount of remuneration for Managing Directors does not include the portion of salaries for Managing Directors concurrently serving as employees.
3. The performance indicator for performance-linked remuneration is consolidated operating profit, and the results reflected an achievement rate of 69.6%. Moreover, regarding the standard for FY 3/2022, the upper limit of the payment rate is 150%. The reason for selecting this indicator is to clarify the responsibility for achieving short-term performance and to increase the motivation to contribute to the achievement of the Medium-term Management Plan and the enhancement of corporate value. The Company's performance-linked remuneration is calculated by multiplying the base amount for each position by the achievement rate of consolidated operating profit. In the fiscal year under review, performance-linked remuneration was not paid when the achievement rate was 90% or less, therefore, this remuneration was not paid.
4. The content of non-monetary remuneration is the shares of the Company, and the conditions, etc., at the time of allotment are as described in "A. Matters concerning the policy for determining the content of individual remuneration, etc., for Managing Directors". In addition, the status of issuance during the fiscal year under review is described in "2. (1) ⑤ Status of shares issued to Officers of the Company as consideration for execution of duties during the fiscal year under review".
5. Pursuant to the resolution at the 39th Ordinary General Meeting of Shareholders held on June 27, 2019, the remuneration limit for Managing Directors was set to consist of basic remuneration within the limit of 300 million yen per year (of which the amount for External Managing Directors to be within the limit of 30 million yen per year), and performance-linked remuneration linked to company-wide consolidated performance in a single fiscal year as short-term incentive remuneration within the limit of 300 million yen per year (excluding External Managing Directors). The number of Managing Directors at the conclusion of the above-mentioned General Meeting of Shareholders was 6 (including 2 External Managing Directors).
In addition, separately from the annual remuneration mentioned above, pursuant to the resolution at the above-mentioned Ordinary General Meeting of Shareholders, Managing Directors (excluding External Managing Directors) have received restricted share remuneration within the limit of 50 million yen per year as medium- to long-term incentive remuneration.
Furthermore, each remuneration amount mentioned above does not include the portion of salaries for Managing Directors concurrently serving as employees. The number of Managing Directors (excluding External Managing Directors) at the conclusion of the above-mentioned General Meeting of Shareholders was 3.
6. Pursuant to the resolution at the 26th Ordinary General Meeting of Shareholders held on June 28, 2006, the remuneration limit for Audit & Supervisory Board Members was set to be within the limit of 60 million yen per year, including stock option remuneration. The number of Audit & Supervisory Board Members at the conclusion of the above-mentioned General Meeting of Shareholders was 3.

7. The Board of Directors has delegated to Ryuichi Shimizu, Representative Director, President & CEO, the determination of the amount of basic remuneration for each Managing Director, and the allocation of performance-linked remuneration for each Managing Director, excluding External Managing Directors. The reason for the delegation is that the Company has determined that the Representative Director is suitable for evaluating the responsibilities of each Managing Director, taking into account the business performance of the Company as a whole.

⑥ Matters Concerning External Officers

- A. Status of concurrent duties with other corporations and relationship between the Company and other such corporations
- Managing Director Shin Monzawa is the Representative Director of the Monzawa Certified Public Accountant Office, a Director of the General Incorporated Association, Toranomonkai, and the President & Representative Director of PLUTUS Management Advisory Co., Ltd. There are no special relationships between the Company and the organizations at which he holds concurrent positions.
 - Managing Director Miki Ohno is an Attorney-at-Law at the Crane Law Offices. There is no special relationship between the Company and the organization at which she holds a concurrent position.
 - Audit & Supervisory Board Member Hideo Sakano is the Representative Director of the Sakano CPA Office, and a Representative Partner of TAIYU AUDIT LLC. There are no special relationships between the Company and the organizations at which he holds concurrent positions.
- B. Familial relationships with executors of business of the Company or specified related businesses, or with non-business Executing Officers
- Not applicable.

C. Main activities during the fiscal year under review

	Status of Attendance and Comments
Managing Director Shin Monzawa	He has attended all 19 of the Board of Directors' Meetings that were held during the fiscal year under review. He has rich experience and expert knowledge as a certified public accountant and a management executive, and has provided appropriate comments mainly from a finance and accounting perspective during these meetings, as well as fulfilling an appropriate role in ensuring the validity and appropriateness of decision-making. In addition, as the chairman of the Nomination and Remuneration Committee, he has attended all 14 committee meetings that were held during the fiscal year under review, and has led the supervisory function in the decision-making process, including the selection of candidates for Managing Directors of the Company and remuneration for Managing Directors, from an objective and neutral standpoint.
Managing Director Miki Ohno	She has attended all 19 of the Board of Directors' Meetings that were held during the fiscal year under review. She has a wealth of experience and exclusive knowledge as an attorney, and has provided appropriate comments from a professional standpoint as an attorney during these meetings, as well as fulfilling an appropriate role in ensuring the validity and appropriateness of decision-making. In addition, as a member of the Nomination and Remuneration Committee, she has attended all 14 committee meetings that were held during the fiscal year under review, and has provided fair opinions and recommendations in the decision-making process for the selection of candidates for Managing Directors of the Company and remuneration for Managing Directors, from an objective and neutral standpoint.
Audit & Supervisory Board Member Akira Ishida	He has attended all 19 of the Board of Directors' Meetings, in addition to attending all 13 of the Audit and Supervisory Board Meetings that were held during the fiscal year under review. During these meetings which he has attended, he has provided appropriate comments based on his vast experience as a management executive of other companies. In addition, as a member of the Nomination and Remuneration Committee, he has attended 13 out of 14 committee meetings that were held during the fiscal year under review, and has provided fair opinions and recommendations in the decision-making process for the selection of candidates for Managing Directors of the Company and remuneration for Managing Directors, from an objective and neutral standpoint.
Audit & Supervisory Board Member Ryuta Hasegawa	He has attended all 19 of the Board of Directors' Meetings, in addition to attending all 13 of the Audit and Supervisory Board Meetings that were held during the fiscal year under review. During these meetings which he has attended, he has provided appropriate comments based on his abundant experience in financial institutions.
Audit & Supervisory Board Member Hideo Sakano	He has attended 18 out of 19 Board of Directors' Meetings, in addition to attending all 13 of the Audit and Supervisory Board Meetings that were held during the fiscal year under review. During these meetings which he has attended, he has provided appropriate comments based on his extensive experience and specialized knowledge as a certified public accountant and tax accountant.

(4) Status of Accounting Auditor

① Name Ernst & Young ShinNihon LLC

② Amount of remuneration

	Amount of Remuneration
Amount of remuneration for Accounting Auditor for the fiscal year under review	40 Million yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	40 Million yen

- (Note) 1. The amounts of remuneration for audit services pursuant to the Companies Act and for audit services pursuant to the Financial Instruments and Exchange Act have not been clearly distinguished in the audit contract concluded between the Company and the Accounting Auditor, and since they cannot be substantially distinguished from each other, the sum total of these amounts have been represented in the amount of remuneration for the Accounting Auditor for the fiscal year under review.
2. After conducting necessary verification as to whether or not the contents of the Accounting Auditor's audit plan, the status of the performance of duties of accounting audits and the basis for calculating remuneration estimates are appropriate, the decision of consent regarding the amount of remuneration for the Accounting Auditor has been made by the Audit and Supervisory Board.

③ Contents of non-audit services
Not applicable.

④ Policy for determining dismissal or non-reappointment of Accounting Auditor
In the event that the Audit and Supervisory Board deems it necessary, such as when there is a hindrance to the execution of duties of the Accounting Auditor, the contents of the proposal concerning the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders shall be determined.
In addition, in the event that the Accounting Auditor is deemed to fall under the items stipulated in Article 340, paragraph 1 of the Companies Act, the Audit and Supervisory Board shall dismiss the Accounting Auditor based on the consent of all the Board Members. In such a case, the Audit & Supervisory Board Members selected by the Audit and Supervisory Board shall report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

⑤ Outline of contents of Agreement for the Limitation of Liability
Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with the Accounting Auditor to limit its liability for damages under Article 423, paragraph 1, of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act. Furthermore, such an agreement for the limitation of liability is applicable only when the Accounting Auditor, in good faith and without gross negligence, executes their duties which caused the liabilities.

⑥ Suspension of Business Order received by Accounting Auditor at present
Not applicable.

⑦ Suspension of Business Order received by Accounting Auditor in the last 2 years
Not applicable.

3. Status of Systems to Ensure Appropriate Business Operations and Their Operational Status

(1) System to Ensure Appropriate Business Operations

At the Company, the Board of Directors will continue to resolve the following improvements to systems to ensure appropriate business operations of the Company and its subsidiaries (hereinafter referred to as "the Group").

1. System to ensure that the execution of duties by the Group's Managing Directors is in accordance with laws, regulations and the Articles of Incorporation

① In order to carry out sound and sincere business activities with compliance as well as high moral values, the Company has established the "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". In addition, the Managing Directors have taken the initiative to implement these measures, and the Company shall continue to strive to ensure the thorough awareness of the measures by employees by posting them on the in-house intra-system.

② In order to ensure the thorough compliance of laws and ordinances, corporate ethics and internal regulations, the Company has established "Compliance Regulations", and has set up a "Corporate Value Enhancement Committee" chaired by the President to promote sound and sincere business activities.

③ Managing Directors who discover any material violation of laws or ordinances or any other material facts concerning compliance, shall report such matters to the Board of Directors.

④ The Group has taken a resolute stance against unreasonable demands from anti-social forces, and has established concrete action guidelines which demonstrate that it has no relationships whatsoever with them. The Group shall continue to ensure the thorough awareness of such matters to Managing Directors and employees in order to eliminate any relationships with these forces.

⑤ In order to preserve corporate assets and improve management efficiency, the Company has established "Internal Audit Regulations", and has set up an independent Internal Auditing Office. The Group shall continue the auditing of its entire operations in regards to its compliance with laws and ordinances and the status of the execution of its business operations.

2. System concerning storage and control of information related to the execution of duties of Managing Directors

① The Company has established "Document Control Regulations" for documents such as the minutes of the Board of Directors' Meetings and documents pertaining to other significant decisions as prescribed by laws and ordinances, in addition to properly storing and managing such documents after clarifying management responsibilities. Also, the Company shall continue to maintain a system which allows for the viewing of such documents as necessary.

② The Company has established "Information Management Regulations" for confidential information, and shall continue to ensure security.

3. Regulations and other systems concerning the management of risk of loss

①The Company has established "Risk Management Regulations" for risks affecting business objectives (hereinafter referred to as "risks"), and in order to maintain a system that can adequately respond to such risks, it has set up a "Corporate Value Enhancement Committee" (hereinafter referred to as the "Committee") which each company in the Group takes part in. The Committee, in principle, shall convene once a quarter and on other occasions as necessary.

②Based on the "Risk Management Regulations", the Committee identifies, analyzes and evaluates concrete risks, and has established a policy to correspond to such matters. In addition, in the event where an emergency response is needed as the Committee monitors the status of risk management, it shall convene an emergency committee to take the necessary measures.

③The Committee shall report any matters concerning risks to the Board of Directors on a regular basis.

④Each Division Director of the Group shall be responsible for risk management within their respective divisions, and must promptly report to the Committee Secretariat in the event that an emergency situation requiring reporting on risks arises. In addition, they are required to administer appropriate procedures, such as incorporating countermeasures in their business plans to respond to significant risks identified within their division of responsibility, as well as other individual risk-related matters.

⑤Each Division Director of the Group, after sharing information with relevant divisions, shall clarify response systems, and must take appropriate measures regarding risks that may affect multiple divisions, as well as other significant risks that may be actualized.

⑥In order to respond promptly and accurately to the actualization of risks that may affect its business objectives, the Group has established response systems, procedures, and regulations in advance, and shall maintain and strive to improve the structure of reporting systems in the event of a crisis, as well as processes capable of responding quickly and appropriately.

⑦The Group shall formulate a business continuity plan and strive to develop a system that can promptly carry out business continuity after the occurrence of a disaster.

4. System to ensure the efficient execution of duties by Managing Directors

①The Group has established "Regulations of the Board of Directors", and shall clarify the governance of the Board of Directors and matters to be discussed.

②To ensure the smooth and efficient operation of duties of Managing Directors and employees, the Board of Directors has established "Organization · Division of Duties Regulations" and "Regulations of Administrative Authority", and shall determine matters regarding the segregation of duties of each division, as well as the fundamental roles, duties and authorities of each position.

5. System to ensure that the execution of duties by employees is in accordance with laws, regulations and the Articles of Incorporation

①In order to carry out sound and sincere business activities with compliance as well as high moral values, the Company has established the "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". In addition, the Managing Directors have taken the initiative to implement these measures, and the Company shall continue to strive to ensure the thorough awareness of the measures by employees by posting them on the in-house intra-system.

② In order to ensure the thorough compliance of laws and ordinances, corporate ethics and internal regulations, the Company has established "Compliance Regulations", and has set up a "Corporate Value Enhancement Committee" chaired by the President to promote sound and sincere business activities.

③ The Group has established "Whistleblower Protection Regulations", and shall institute a system for the early detection of violations of laws and regulations with regard to the Group, as well as ensuring that the informant is not subjected to any disadvantages.

④ The Group has taken a resolute stance against unreasonable demands from anti-social forces, and has established concrete action guidelines which demonstrate that it has no relationships whatsoever with them. The Group shall continue to ensure the thorough awareness of such matters to Managing Directors and employees in order to eliminate any relationships with these forces.

⑤ In order to preserve corporate assets and improve management efficiency, the Company has established "Internal Audit Regulations", and has set up an independent Internal Auditing Office. The Group shall continue the auditing of its entire operations in regards to its compliance with laws and ordinances and the status of the execution of its business operations.

6. System to ensure appropriate business operations in the Corporate Group consisting of the Company and its subsidiaries

① In order to promote the fair business activities of the Group, the Company has established the Group-wide "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". Furthermore, each company in the Group shall continue to strive to ensure the thorough awareness of these matters by Managing Directors and employees.

② In order to strengthen the management of the Group, the Company has established "Affiliated Companies Management Regulations". In addition to requiring the reporting of significant matters concerning the business operations of subsidiaries, the Company shall refer matters of particular importance to the Board of Directors.

③ The Company's Internal Auditing Office shall conduct audits of each company in the Group on a regular basis and when deemed necessary. Furthermore, the Internal Auditing Office shall cooperate with Audit & Supervisory Board Members and the Accounting Auditor to strive to ensure the proper business operations of the Group through audits.

7. Matters concerning employees and their appointment to assist in the fulfillment of duties of Audit & Supervisory Board Members when requested

The Company shall immediately appoint employees to assist in the fulfillment of the duties of Audit & Supervisory Board Members when requested to do so.

8. Matters concerning the independency of employees in the preceding item from Managing Directors

① The Company shall have employees assisting in the fulfillment of the duties of Audit & Supervisory Board Members execute their duties under the direction of the Audit & Supervisory Board Members whom they are assisting.

② The Company shall consult with Audit & Supervisory Board Members in advance about the decision of matters concerning personnel affairs of employees assisting in the fulfillment of the duties of Audit & Supervisory Board Members.

9. System for Managing Directors and employees to submit reports to Audit & Supervisory Board Members and other systems related to submitting reports to Audit & Supervisory Board Members

①The Company shall request the attendance of Audit & Supervisory Board Members for the "Board of Directors' Meetings", the "Corporate Value Enhancement Committee Meetings", and other meetings of importance.

②The Company's Representative Director and the Internal Auditing Office shall maintain cooperation with the Audit & Supervisory Board Members and exchange information on a regular basis.

③Managing Directors and employees of the Group shall respond to requests in the event they are asked by the Audit & Supervisory Board Members to submit reports on important information.

④The Company shall ensure that persons who submit reports to Audit & Supervisory Board Members do not receive disadvantageous treatment due to reasons for submitting the report.

10. Other systems to ensure the effective implementation of audits by Audit & Supervisory Board Members

①The Company shall request the attendance of Audit & Supervisory Board Members for the "Board of Directors' Meetings", the "Corporate Value Enhancement Committee Meetings", and other meetings of importance.

②In response to the request of Audit & Supervisory Board Members, the Company shall establish a system that allows for the viewing of important documents such as minutes of meetings.

③The Company shall formulate a budget after confirming with Audit & Supervisory Board Members about the expenses required to perform their duties, in addition to establishing a system for the prepayment or reimbursement of expenses incurred when executing their duties.

(2) Outline of the Operational Status of Systems to Ensure Appropriate Business Operations

The outline of the operational status of systems to ensure appropriate business operations is as follows:

1. Compliance System

①The Company has established the "Nisso Group Charter of Corporate Behavior", which indicates the core concepts of a company that conducts sound and sincere business activities, and the "Nisso Group Employee Code of Conduct", which provides specific action guidelines. The Company also distributes the pocket leaflet "*NISSO Michishirube*" (literal meaning: "NISSO Guidelines") which contains the aforementioned Charter and Code to officers of NISSO and its subsidiaries in order to ensure compliance of laws, regulations and ethical behavior.

②In order to share the commitment to and ensure the awareness of compliance, which is fundamental to corporate management, the Company, officers, and employees shall uphold and thoroughly comply with the "Ethics Policy", which consists of the following, to further promote compliance management: ethical compliance with laws and regulations, elimination of improper benefits, information disclosure and transparency, protection of intellectual property, fair · transparent · free competition and business transactions, and protection of identities and elimination of retaliation.

③The Company has developed an educational system on compliance based on its "Compliance Regulations", and has conducted regular training on such matters to officers and employees.

④In order to detect violations of laws and regulations at an early stage, the Company and its subsidiaries have established "Whistleblower Protection Regulations", and have set up the "Nisso Group Internal Reporting Counter" as an external contact point. Moreover, in addition to prohibiting the disadvantageous treatment of informants, the Company has developed and continues to operate a system to investigate and administer corrective and recurrence prevention measures in the event of any such submission of reports.

2. Risk Management System

①The Company has established "Risk Management Regulations", and has convened the "Corporate Value Enhancement Committee Meetings" 4 times during the fiscal year under review, where Managing Directors, Audit & Supervisory Board Members, Division Directors and Representative Directors of subsidiaries have all participated. Furthermore, in addition to establishing a risk map, the Company has implemented the identification, analysis and evaluation of risks that affect its business, and has developed and continues to operate a system to appropriately respond to any such risks.

②The Company has developed an educational system on risks based on its "Risk Management Regulations", and has conducted regular training on such matters to officers and employees.

③The Internal Auditing Office has conducted internal audits of the Company and its subsidiaries based on "Internal Audit Regulations" and "Affiliated Companies Management Regulations", and reports have been made to the President of the Company and the presidents of its subsidiaries through the submissions of internal audit reports.

3. The Group's Management Control System

①In the "Regulations of the Board of Directors", it has been stipulated that resolutions on significant matters regarding the management of subsidiaries are to be administered by the Company's Board of Directors, and that resolutions based on these regulations are properly carried out.

②"Group Meetings" are convened once a month to conduct the reporting and discussion of business results and other significant matters concerning business operations, and strive to strengthen the administration of the Group. They were held 12 times during the fiscal year under review.

4. Execution of Duties by Managing Directors

Regular meetings of the Board of Directors, comprised of 5 Managing Directors, including 2 External Managing Directors, were convened 12 times, and 7 extraordinary meetings were convened during the fiscal year under review. At the Board of Directors' Meetings, which were convened a total of 19 times, the reporting of business results and the approval of significant matters concerning business operations were conducted.

5. Execution of Duties by Audit & Supervisory Board Members

①The Audit and Supervisory Board is comprised of 3 Audit & Supervisory Board Members (including 3 External Audit & Supervisory Board Members), and has developed and continues to operate a system to ensure that audits are effectively conducted.

②The Audit & Supervisory Board Members have attended the "Board of Directors' Meetings", the "Group Meetings", and the "Corporate Value Enhancement Committee Meetings". In addition to expressing their opinions when necessary, they audit the status of the Managing Directors' execution of duties. Furthermore, the Audit & Supervisory Board Members regularly meet with the Representative Director and conduct the exchange of opinions on various matters. Moreover, they work in close cooperation with the Internal Auditing Office and the Accounting Auditor to improve the effectiveness and efficiency of their audits.

③Audit and Supervisory Board Meetings were convened 13 times during the fiscal year under review.

4. Basic Policy on the Control of the Company

Not applicable.

5. Policy Concerning the Determination of Dividends of Surplus

The Company considers the redistribution of profits to shareholders and the enhancement of corporate value as key management issues, taking into consideration the balance between securing funds for growth investments and strengthening the corporate structure that can respond to changes in the business environment. In addition, by setting the consolidated dividend payout ratio of 30% as a general standard, the Company's basic policy is to continue to steadily redistribute profits to all of its shareholders.

Furthermore, although the Company considers the year-end dividends as a general principle, the Articles of Incorporation stipulate that it is possible to distribute dividends of surplus twice a year as interim dividends and year-end dividends in order to enhance the redistribution of profits to shareholders. As the decision-making body, the Board of Directors is determined to make it possible to flexibly carry out the payment of interim dividends while taking into consideration performance trends and other factors.

Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	19,068	Current liabilities	10,411
Cash and deposits	8,779	Current portion of long-term loans payable	490
Electronically recorded monetary claims - operating	66	Lease obligations	11
Accounts receivable - trade	9,324	Accrued expenses	5,381
Prepaid expenses	650	Income taxes payable	395
Other	251	Accrued consumption taxes	1,827
Allowance for doubtful accounts	(4)	Contract liabilities	247
Non-current assets	8,394	Provision for bonuses	1,058
Property, plant and equipment	4,578	Provision for shareholder benefit program	63
Buildings and structures	1,771	Other	934
Land	2,670	Non-current liabilities	3,492
Other	136	Long-term loans payable	2,509
Intangible assets	1,667	Lease obligations	1
Leased assets	8	Deferred tax liabilities	120
Goodwill	970	Net defined benefit liability	473
Other	687	Other	386
Investments and other assets	2,149	Total liabilities	13,903
Investment securities	500	(Net assets)	
Lease and guarantee deposits	649	Shareholders' equity	13,540
Deferred tax assets	575	Capital stock	2,016
Net defined benefit asset	102	Capital surplus	2,368
Other	350	Retained earnings	9,454
Allowance for doubtful accounts	(28)	Treasury shares	(298)
Total assets	27,462	Accumulated other comprehensive income	18
		Foreign currency translation adjustment	0
		Remeasurements of defined benefit plans	17
		Total net assets	13,559
		Total liabilities and net assets	27,462

Consolidated Statement of Income

(April 1, 2021 to
March 31, 2022)

(Unit: Million yen)

Item	Amount	
Net sales		77,549
Cost of sales		64,599
Gross profit		12,950
Selling, general and administrative expenses		10,863
Operating profit		2,087
Non-operating income		
Interest income	3	
Dividend income	0	
Share of profit of entities accounted for using equity method	22	
Subsidy income	244	
House rent income	40	
Other	33	343
Non-operating expenses		
Interest expenses	1	
Rent expenses	17	
Other	42	60
Ordinary profit		2,369
Extraordinary losses		
Loss on sales of non-current assets	38	38
Profit before income taxes		2,331
Income taxes - current	753	
Income taxes - deferred	(118)	635
Profit		1,696
Profit attributable to non-controlling interests		-
Profit attributable to owners of parent		1,696

Consolidated Statement of Changes in Equity

(April 1, 2021 to
March 31, 2022)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,015	2,368	8,674	(313)	12,744
Cumulative effects of changes in accounting policies			(233)		(233)
Restated balance	2,015	2,368	8,440	(313)	12,511
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	0	0			0
Dividends of surplus			(682)		(682)
Profit attributable to owners of parent			1,696		1,696
Disposal of treasury shares		(0)		15	15
Net changes of items other than shareholders' equity					-
Total changes of items during period	0	(0)	1,013	15	1,029
Balance at end of current period	2,016	2,368	9,454	(298)	13,540

	Accumulated other comprehensive income			Total net assets
	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	1	17	18	12,763
Cumulative effects of changes in accounting policies				(233)
Restated balance	1	17	18	12,529
Changes of items during period				
Issuance of new shares - exercise of share acquisition rights				0
Dividends of surplus				(682)
Profit attributable to owners of parent				1,696
Disposal of treasury shares				15
Net changes of items other than shareholders' equity	(0)	0	(0)	(0)
Total changes of items during period	(0)	0	(0)	1,029
Balance at end of current period	0	17	18	13,559

Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	17,039	Current liabilities	9,434
Cash and deposits	7,789	Current portion of long-term loans payable	490
Electronically recorded monetary claims - operating	66	Lease obligations	11
Accounts receivable - trade	8,499	Accrued expenses	5,146
Prepaid expenses	594	Income taxes payable	350
Other	93	Accrued consumption taxes	1,767
Allowance for doubtful accounts	(2)	Provision for bonuses	923
Non-current assets	8,289	Provision for shareholder benefit program	63
Property, plant and equipment	4,338	Other	682
Buildings and structures	1,645	Non-current liabilities	2,998
Land	2,561	Long-term loans payable	2,509
Other	130	Lease obligations	1
Intangible assets	188	Provision for retirement benefits	473
Leased assets	8	Other provision	5
Other	180	Other	8
Investments and other assets	3,762	Total liabilities	12,432
Investment securities	29	(Net assets)	
Shares of subsidiaries and associates	2,397	Shareholders' equity	12,896
Long-term loans receivable	623	Capital stock	2,016
Lease and guarantee deposits	79	Capital surplus	2,368
Prepaid pension cost	58	Legal capital surplus	2,367
Deferred tax assets	532	Other capital surplus	1
Other	69	Retained earnings	8,810
Allowance for doubtful accounts	(28)	Legal retained earnings	40
Total assets	25,329	Other retained earnings	8,770
		Reserve for specified stock	75
		General reserve	2,800
		Retained earnings brought forward	5,895
		Treasury shares	(298)
		Total net assets	12,896
		Total liabilities and net assets	25,329

Statement of Income

(April 1, 2021 to
March 31, 2022)

(Unit: Million yen)

Item	Amount	
Net sales		71,697
Cost of sales		59,360
Gross profit		12,336
Selling, general and administrative expenses		10,222
Operating profit		2,114
Non-operating income		
Interest income	3	
Subsidy income	176	
House rent income	52	
Other	30	263
Non-operating expenses		
Interest expenses	0	
Rent expenses	39	
Other	43	83
Ordinary profit		2,294
Extraordinary losses		
Loss on sales of non-current assets	38	38
Profit before income taxes		2,256
Income taxes - current	725	
Income taxes - deferred	(76)	648
Profit		1,607

Statement of Changes in Equity

(April 1, 2021 to
March 31, 2022)

(Unit: Million yen)

	Shareholders' equity											Total net assets
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings						
						Reserve for specified stock	General reserve	Retained earnings brought forward				
Balance at beginning of current period	2,015	2,366	1	2,368	40	75	2,800	4,969	7,884	(313)	11,955	11,955
Changes of items during period												
Issuance of new shares - exercise of share acquisition rights	0	0		0							0	0
Dividends of surplus								(682)	(682)		(682)	(682)
Profit								1,607	1,607		1,607	1,607
Purchase of treasury shares												-
Disposal of treasury shares			(0)	(0)						15	15	15
Net changes of items other than shareholders' equity												-
Total changes of items during period	0	0	(0)	(0)	-	-	-	925	925	15	941	941
Balance at end of current period	2,016	2,367	1	2,368	40	75	2,800	5,895	8,810	(298)	12,896	12,896

