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To Our Shareholders

Materials for the 43rd Ordinary General Meeting of Shareholders

Among the matters for electronic provision measures, matters not stated in documents to be delivered by request for document delivery based on laws and regulations and the Articles of Incorporation

- **Consolidated Financial Statements**
  "Notes to Consolidated Financial Statements"

- **Non-consolidated Financial Statements**
  "Notes to Non-consolidated Financial Statements"

43rd Fiscal Year (April 1, 2022 to March 31, 2023)

NISSO CORPORATION

Pursuant to laws and regulations and the provisions of Article 14 of NISSO's Articles of Incorporation, the above matters are not stated in documents to be delivered to shareholders who have requested document delivery.
In addition, at the General Meeting of Shareholders, regardless of whether or not there is a request for document delivery, a document stating that the above matters are excluded from the matters for electronic provision will be sent to shareholders uniformly.

【Notes to Consolidated Financial Statements】

1. Notes Concerning Significant Basic Items for Preparation of Consolidated Financial Statements

(1) Scope of Consolidation

① Number of consolidated subsidiaries 5

・Names of consolidated subsidiaries

Vector Shinwa Co., Ltd.
Nikon Nisso Prime Corporation
Nisso Pure Co., Ltd.
Nisso Brain Co., Ltd.
Nisso Nifty Co., Ltd.

② Change in scope of consolidation

From the current consolidated fiscal year (hereinafter, the "consolidated fiscal year under review"), Nikon Nisso Prime Corporation has been included in the scope of consolidation. This was included in the scope of consolidation due to the acquisition of 2% of the outstanding shares of Nikon Nisso Prime Corporation by NISSO CORPORATION (hereinafter, the “Company”) during the consolidated fiscal year under review.

③ Names of non-consolidated subsidiaries

Not applicable.

(2) Application of Equity Method

① Number of affiliated companies accounted for by the equity method 2

・Name of companies

SHANGHAI NISSO HUMAN RESOURCES Co., Ltd.
Leaf Nxt Inc

② Change in scope of application of equity method

From the consolidated fiscal year under review, Nikon Nisso Prime Corporation has been excluded from the scope of the application of the equity method. This was excluded from the scope of application of the equity method due to the acquisition of 2% of the outstanding shares of Nikon Nisso Prime Corporation by the Company during the consolidated fiscal year under review, making it a consolidated subsidiary.

③ Non-consolidated subsidiaries and affiliated companies not accounted for by equity method

Not applicable.

④ Special notes on equity method application procedures

For the equity method affiliate whose closing date differs from the consolidated closing date, the financial statements related to the fiscal year of each company or the financial statements prepared on a provisional basis based on the most recent quarterly financial results are used.

(3) Fiscal Year of Consolidated Subsidiaries

Among the consolidated subsidiaries, the closing date of Vector Shinwa Co., Ltd. is February 28. In the preparation of the consolidated financial statements, the financial statements as of the same date are used, and necessary adjustments for consolidation are made for significant transactions that occurred between the consolidated closing dates. The closing date of other consolidated subsidiaries is consistent with the consolidated closing date.

(4) Significant Accounting Policies

① Criteria and methods of valuation of significant assets

Other securities

・Shares, etc., without market price

Stated at cost using the moving average method.

② Depreciation method for significant depreciable assets

A Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, for buildings (excluding attached facilities) that were acquired after April 1, 1998, as well as attached facilities and structures acquired after April 1, 2016, the straight-line method is used.

In addition, the service life of significant assets is as follows:

Buildings and structures 3~50 years

B Intangible assets (excluding leased assets)

The straight-line method is used.

In addition, software for in-house use is based on the estimated period of internal use (5 years).

C Leased assets

Leased assets related to finance lease transactions without transfer of ownership are depreciated over the lease period by using the straight-line method, assuming that the residual value is zero.

③ Reporting standards for significant allowances and provisions

A Allowance for doubtful accounts

In order to provide for losses due to bad debts, the estimated amount of uncollectable debts is recorded for general receivables based on actual bad debt ratios, and by individually reviewing the collectability for specific receivables including doubtful accounts receivable.

B Provision for bonuses

In order to provide for the payment of bonuses to employees, the burden amount in the consolidated fiscal year under review of the estimated amount of payment is recorded.

C Provision for shareholder benefit program

In order to prepare for expenses under the shareholder benefits program, the Company has recorded an amount that is expected to be incurred in the following consolidated fiscal year and thereafter.

④ Accounting methods for defined (retirement) benefits

A Period attribution method of estimated retirement benefit amount

For the calculation of retirement benefit obligations, the method of attributing the estimated retirement benefit amount to the period up to the end of the consolidated fiscal year under review is based on a straight-line basis.

B Method of processing expenses of actuarial differences

Actuarial differences are amortized by the straight-line method over a fixed period within the average remaining service years for employees (9 years) at the time of recognition, and are allocated proportionately from the consolidated fiscal year following the respective consolidated fiscal year of recognition.

In addition, if pension assets that were recognized in the consolidated fiscal year under review exceeded the retirement benefit obligations, they are recorded as net defined (retirement) benefit assets under investment and other assets.

C　Use of simplified method for small-scale enterprises

In some retirement benefit plans, the simplified method is applied to net defined (retirement) benefit liabilities and retirement benefit expenses.

⑤　Standards for recording revenues and expenses

The following information provides the basis for an understanding of the Nisso Group's (hereinafter, the "Group") revenue arising from contracts with clients, including the main business performance obligations of the major businesses and the time at which such performance obligations are satisfied (the normal time at which revenue is recognized).

A　General Human Resources Services Business

The Group is mainly engaged in manufacturing dispatching and manufacturing contracting.

In manufacturing dispatching, the Group has concluded worker dispatching contracts between the Group and manufacturers of automobiles, electronic devices, precision・electrical machinery, and provide services to dispatch workers who have concluded employment contracts with the Group to manufacturers. In addition, in manufacturing contracting, the Group has concluded contracting agreements with manufacturers, and in response to orders from manufacturers, the Group provides services to deliver finished products (results) by carrying out manufacturing processing, inspections, etc., under the Group's own management system. These services are mainly routine or repetitive services and are considered to be performance obligations that are to be fulfilled over a certain period of time, since clients are expected to benefit from the services as the Group fulfills its obligations under its contracts with them.

The consideration for manufacturing dispatching transactions is mainly hourly billing as consideration for labor, while consideration for manufacturing contracting transactions is mainly volume billing as consideration for deliverables. In addition, consideration for transactions is billed on a monthly basis and is received within approximately 3 months after the billing.

Since the Group is considered to have the right to receive from the client the amount of consideration that directly corresponds to the value to the client for the portion of performance that the Group has completed to date, revenue is recognized in amounts that the Group has the right to claim. In addition, consideration paid to clients, such as rental fees incurred by the Group for the provision of services, is reduced from revenues.

B　Other Businesses

The Group mainly provides facility nursing care as a nursing care・welfare business.

In facility nursing care, the Group operates fee-based nursing homes with long-term care, and provides nursing care services to residents after concluding a move-in agreement between the residents and the Group. These services are routine or repetitive services and are considered to be performance obligations that are to be fulfilled over a certain period of time, since clients are expected to benefit from the services as the Group fulfills its obligations under its contracts with them.

The consideration for facility nursing care transactions is the lump-sum payment received before prospective residents move in and the monthly usage fee received after residents move in. Revenue is recognized over a period of time, primarily based on the percentage of the period of residence in which services are expected to be provided to the elapsed period to date.

⑥ Standards for translating assets or liabilities denominated in foreign currencies into Japanese yen

Foreign currency-denominated receivables and payables are translated into Japanese yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss.

In addition, the assets and liabilities of the overseas equity method affiliate is translated into yen using the spot exchange rate at the closing date of the affiliated company. Moreover, the income and expenses are translated into Japanese yen at the average exchange rate during the period, and translation differences are included in the foreign currency translation adjustment category under the net assets category.

⑦ Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over 10 years.

(5) Significant Accounting Estimates

Impairment of non-current assets

① Amounts recorded in consolidated financial statements for the consolidated fiscal year under review

(General Human Resources Services Business)

Property, plant and equipment 4,483 Million yen

② Other information that contributes to the understanding of users of consolidated financial statements

A Calculation method

Regarding the asset group related to property, plant and equipment in the General Human Resources Services segment, the Company judged that there were signs of impairment due to a significant decrease in the market value of multiple real estate properties, and determined the recognition of impairment loss. No impairment loss was recognized as undiscounted future cash flows from the asset group exceed its book value.

Undiscounted future cash flows are based on budgets approved by the Board of Directors.

B Key assumptions

The key assumptions used to calculate future cash flows are the number of people in operation and the billing unit cost, which are the basis of net sales in the budget. Both the number of people in operation and the billing unit cost are calculated by adding forecasts based on client trends to past actual values. The growth rate from the following fiscal year onwards is estimated to be zero.

③ Impact on consolidated financial statements for the next consolidated fiscal year

An impairment loss may occur if the number of people in operation and the billing unit cost under key assumptions decrease to a certain extent.

(6) Changes in Display Method

(Consolidated Statement of Income)

"Compensation for damage", which was included in "Other" under non-operating expenses in the previous consolidated fiscal year, has been posted separately from the consolidated fiscal year under review due to its increased monetary significance.

"Compensation for damage" for the previous consolidated fiscal year was 0 million yen.

2. Notes to Consolidated Balance Sheet

(1) Assets Pledged as Collateral and Collateral for Debts

① Assets pledged as collateral

Buildings and structures	887 Million yen
Land	1,518 Million yen
"Other" item of Intangible assets (Subleasing rights)	1 Million yen
Total	2,406 Million yen

② Collateral for debts

Current portion of long-term loans payable	390 Million yen
Long-term loans payable	1,718 Million yen
Total	2,109 Million yen

(2) Accumulated Depreciation Related to Assets

Accumulated depreciation of property, plant and equipment 4,032 Million yen

(3) Discounts on Electronically Recorded Money Claims

Discounts on electronically recorded money claims 240 Million yen

(4) The Company has concluded overdraft and commitment line agreements with 4 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to overdraft and loan commitments as of the end of the consolidated fiscal year under review, for these agreements are as follows:

Limits of account overdraft and total amount of loan commitments	5,200 Million yen
Outstanding borrowing balance	-
Balance	5,200 Million yen

3. Notes to Consolidated Statement of Changes in Equity

(1) Type and total number of shares outstanding at the end of the consolidated fiscal year under review

Common stock 34,353,200 Shares

(2) Dividends of Surplus

① Dividend payment

Resolution	Type of Shares	Total Amount of Dividends (Million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 29, 2022 Ordinary General Meeting of Shareholders	Common Stock	611	18.00	March 31, 2022	June 30, 2022

② Dividends with a record date within the consolidated fiscal year under review but an effective date within the subsequent consolidated fiscal year

Expected Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (Million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 28, 2023 Ordinary General Meeting of Shareholders	Common Stock	Retained Earnings	544	16.00	March 31, 2023	June 29, 2023

(3) Type and number of shares subject to share acquisition rights at the end of the consolidated fiscal year under review

Not applicable.

4. Notes Concerning Financial Instruments

(1) Status of Financial Instruments

① Policy for handling financial instruments

Essential funds are primarily procured through bank loans and loan commitments. In addition, regarding the temporary management of surplus funds, it is a policy of the Company to operate them on a large-scale basis at banks on the premise of the necessary funds in accordance with the Company's short- and medium-term financial plans.

② Contents of financial instruments and risks related to such financial instruments

Electronically recorded monetary claims (operating) and accounts receivable (trade), which are operating receivables, are exposed to credit risks derived from clients. Investment securities are shares of unlisted affiliated companies and shares of companies with which the Company has a business relationship with.

Accrued expenses, which are operating debt, are mainly employee wages and social insurance premiums, etc. Loans payable (borrowings) are mainly financing related to business transactions and are exposed to liquidity risk.

③ Risk management system related to financial instruments

A Management of credit risks (risks of clients' non-fulfillment of a contractual obligations)

In accordance with the Credit Management Regulations, due dates and balances for each business partner with respect to electronically recorded monetary claims (operating) and accounts receivable (trade) have been managed, and the credit situation of major business partners have been ascertained on a regular basis, or once every year. Moreover, the Company has continued to strive to ascertain and alleviate recovery concerns due to the worsening of financial situations at an early stage.

B Management of liquidity risks associated with procurement of funds (risks involving the inability to make payments on the due date)

Based on reports submitted from each division/department, the division in charge of finance prepares and updates cash flow/financing plans in a timely manner, and manages liquidity risks by maintaining liquidity on hand, etc.

(2) Matters Concerning the Market Value, etc., of Financial Instruments

The amounts that are recorded in the consolidated balance sheet, the market values and the differences between the two are as follows. Shares, etc. without a market price are not included in the following table (see (※2)).

	Consolidated Balance Sheet Amount	Market Value	Difference
Long-term loans payable (including current portion)	2,509 Million yen	2,503 Million yen	(6) Million yen
Liabilities total	2,509	2,503	(6)

(※1) "Cash and deposits", "electronically recorded monetary claims (operating)", "accounts receivable (trade)", "accrued expenses", "income taxes payable", and "accrued consumption taxes" are omitted because they are in cash and since they are settled in a short period of time, their market value approximates the book value.

(※2) The amounts recorded on the consolidated balance sheet for shares, etc., without market prices are as follows:

Classification	Consolidated Balance Sheet Amount
Shares of subsidiaries and associates	158 Million yen
Unlisted stock	185

(Note) 1. Expected redemption amounts after the consolidated closing date of monetary claims

	Within 1 Year (Million yen)
Cash and deposits	9,800
Electronically recorded monetary claims - operating	116
Accounts receivable - trade	10,870
Total	20,786

(Note) 2. Expected redemption amounts after consolidated closing date of long-term loans payable

	Within 1 Year (Million yen)	Over 1 Year and Within 2 Years (Million yen)	Over 2 Years and Within 3 Years (Million yen)	Over 3 Years and Within 4 Years (Million yen)	Over 4 Years and Within 5 Years (Million yen)	Over 5 Years (Million yen)
Long-term loans payable	490	490	490	484	289	264

(3) Matters Concerning Breakdown, etc., of the Market Value of Financial Instruments by Appropriate Classification

The market value of financial instruments is classified into the following 3 levels according to the observability and importance of the inputs used to calculate the market value.

Level 1 Market Value: Market value calculated at the (unadjusted) market price in an active market of the same asset or liability.

Level 2 Market Value: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 Market Value: Market value calculated using significant non-observable inputs.

When multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified into the level with the lowest priority in the calculation of market value among the levels to which each input belongs.

①Financial assets and liabilities recorded on the consolidated balance sheet at market value

Not applicable.

②Financial assets and liabilities that are not recorded on the consolidated balance sheet at market value

Classification	Market Value			
	Level 1	Level 2	Level 3	Total
Long-term loans payable (including current portion)	- Million yen	2,503 Million yen	- Million yen	2,503 Million yen
Liabilities total	-	2,503	-	2,503

(Note) Explanation of valuation techniques used to for the calculation of market value and inputs related to the calculation of market value

<u>Long-term loans payable (including current portion)</u>

Based on the total amount of principal and interest, the remaining period of the debt and the interest rate taking into account credit risk, it is calculated using the discounted present value method and classified as a level 2 market value.

5. Notes Concerning Real Estate for Rent, etc.

Description is omitted due to the insignificance of the total amount of real estate for rent. etc.

6. Notes Concerning Revenue Recognition

(1) Information on the Breakdown of Revenue Generated from Client Contracts

	Reportable Segments		Total
	General Human Resources Services Business	Other Businesses	
Automobiles	36,380 Million yen	- Million yen	36,380 Million yen
Electronic devices	28,109	-	28,109
Precision・electrical machinery	10,176	-	10,176
Other	13,143	3,017	16,161
Revenue generated from client contracts	87,810	3,017	90,827
Other revenue	-	-	-
Sales to external clients	87,810	3,017	90,827

(2) Fundamental Information to Understand Revenue Generated from Client Contracts

Fundamental information for understanding revenue is as described in "1. Notes Concerning Significant Basic Items for Preparation of Consolidated Financial Statements (4) Significant Accounting Policies ⑤ Standards for recording revenues and expenses".

(3) Information on the Relationship between the Fulfillment of Performance Obligations under Contracts with Clients and Cash Flows Arising from Such Contracts, and the Amount and Timing of Revenue Expected to be Recognized from Contracts with Clients Existing in the Consolidated Fiscal Year under Review to the Following Consolidated Fiscal Year or Later

① Balance of contract liabilities, etc.

The beginning and end balances of contract liabilities, etc., arising from client contracts are as follows:

	Consolidated Fiscal Year under Review	
	Balance at Beginning of Period	Balance at End of Period
Receivables arising from client contracts		
Electronically recorded monetary claims - operating	66 Million yen	116 Million yen
Accounts receivable - trade	9,324	10,870
	9,390	10,986
Contract liabilities	247	245

Contract liabilities are primarily related to lump-sum payments received from customers prior to move-in under the facility nursing care occupancy contract, and are withdrawn upon recognition of revenue over the period residence in which services are expected to be provided.

The amount of revenue recognized in the consolidated fiscal year under review which was included in the balance of contract liabilities at the beginning of the period was 91 million yen. There were no significant changes in the balance of contract liabilities in the consolidated fiscal year under review. In addition, the amount of revenue recognized in the consolidated fiscal year under review is not significant due to performance obligations that were satisfied (or partially satisfied) in the past period.

② Transaction price allocated to remaining performance obligations

The total transaction price allocated to remaining performance obligations and the period during which revenue is expected to be recognized are as follows:

	Consolidated Fiscal Year under Review
Within 1 Year	92 Million yen
Over 1 Year and Within 2 Years	67
Over 2 Years and Within 3 Years	47
Over 3 Years and Within 4 Years	28
Over 4 Years	9
Total	245

The Group applies practical expedients when noting transaction prices allocated to remaining obligations. Mainly, in worker dispatching contracts for manufacturing dispatching and contracting agreements for manufacturing contracting, the scope of the note does not include performance obligations that are part of a contract with an initial expected contract period of 1 year or less, and performance obligations that recognize revenue in the amount entitled to claim under the contract.

As a result, the total transaction price allocated to the remaining performance obligations is mainly related to the lump-sum payment received from the customer prior to move-in under the facility nursing care occupancy contract, and is allocated over the period of residence during which services are expected to be provided. In addition, the amount of consideration received from the contract with the customer does not include the amount of significant variable consideration, etc., which is not included in the transaction price.

7. Notes Concerning Per Share Information

Net assets per share amount	435.20 Yen
Net income per share	47.71 Yen

8. Notes Concerning Significant Subsequent Events

(Transition to Pure Holding Company Structure through Single Share Transfer)

The Company resolved to establish a pure holding company (wholly owning parent company), "NISSO HOLDINGS Co., Ltd." (hereinafter, the "Holding Company") through a single share transfer (hereinafter, the "Share Transfer") with the Company as a wholly owned subsidiary in the share transfer with an effective date of October 2, 2023 (scheduled), at the Board of Directors' Meeting held on May 18, 2023.

1. Transition to a Pure Holding Company Structure through a Single Share Transfer

(1) Background and purpose

Since its founding in 1971, the Nisso Group (hereinafter, the "Group") has been aiming to provide high-quality services that enable continuous growth as a company that "*Creates opportunities and hopes for people to work*" as its mission based on its founding philosophy of "*Nurturing and Bringing Out the Best in People*".

With technological innovation and globalization, the needs of clients and workers are diversifying, and the business environment surrounding the Group is changing rapidly, such as the progress of Society 5.0.

Under these circumstances, as the Group aims for further growth, it will strengthen its corporate governance structure and its compliance risk management systems that are specialized in each field by highly specialized operating companies while ensuring appropriate systems for the entire Group, and will expedite decision-making at each operating company in order to respond to the rapidly changing market environment. Therefore, the Group has decided to shift to a pure holding company structure as the optimal system for this purpose.

Through this, the Group will aim for further business expansion and sustainable growth.

In addition, the Holding Company will be established as a company with an Audit and Supervisory Committee to further strengthen and enhance its corporate governance structure, including strengthening the supervisory function of the Board of Directors and the audit function of the Audit and Supervisory Committee.

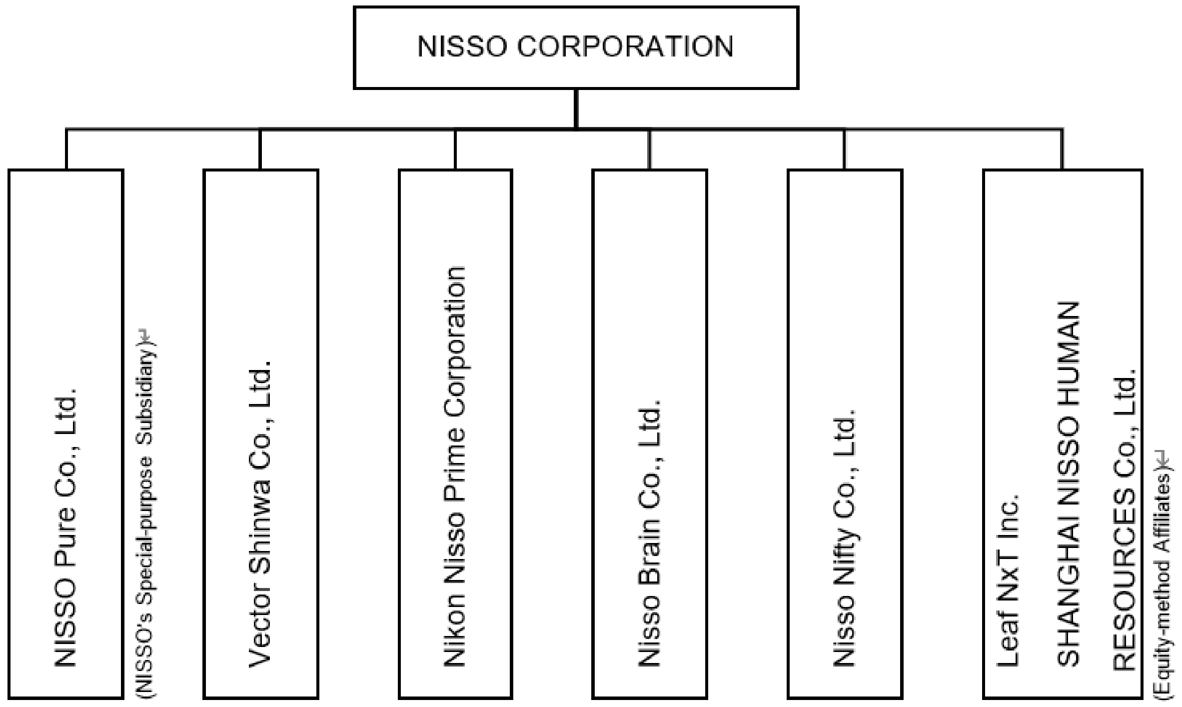
Furthermore, the transition to a holding company structure through the Share Transfer is subject to approval at the 43rd Ordinary General Meeting of Shareholders scheduled to be held on June 28, 2023. As a result of the Share Transfer, the Company will become a wholly owned subsidiary of the Holding Company, and therefore, although the Company's shares will be delisted, the Holding Company plans to apply for listing on the Prime Market of the Tokyo Stock Exchange, Inc. (hereinafter, the "Tokyo Stock Exchange").

The listing date is scheduled for October 2, 2023, which is the date of registration of the establishment of the Holding Company (effective date of the share transfer), subject to examination by the Prime Market of the Tokyo Stock Exchange.

(2) Procedures for transitioning to a pure holding company structure

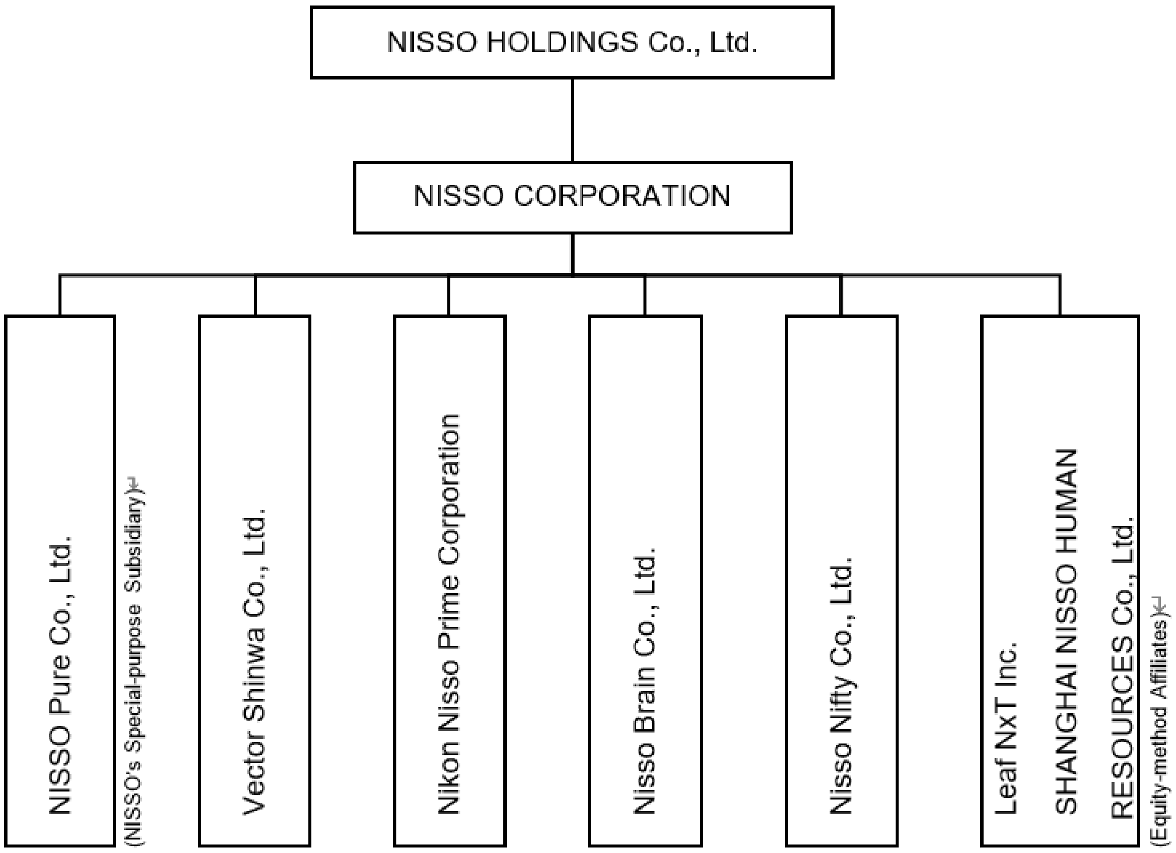
The Company plans to implement the transition to a pure holding company in the following manner:

【As of today】



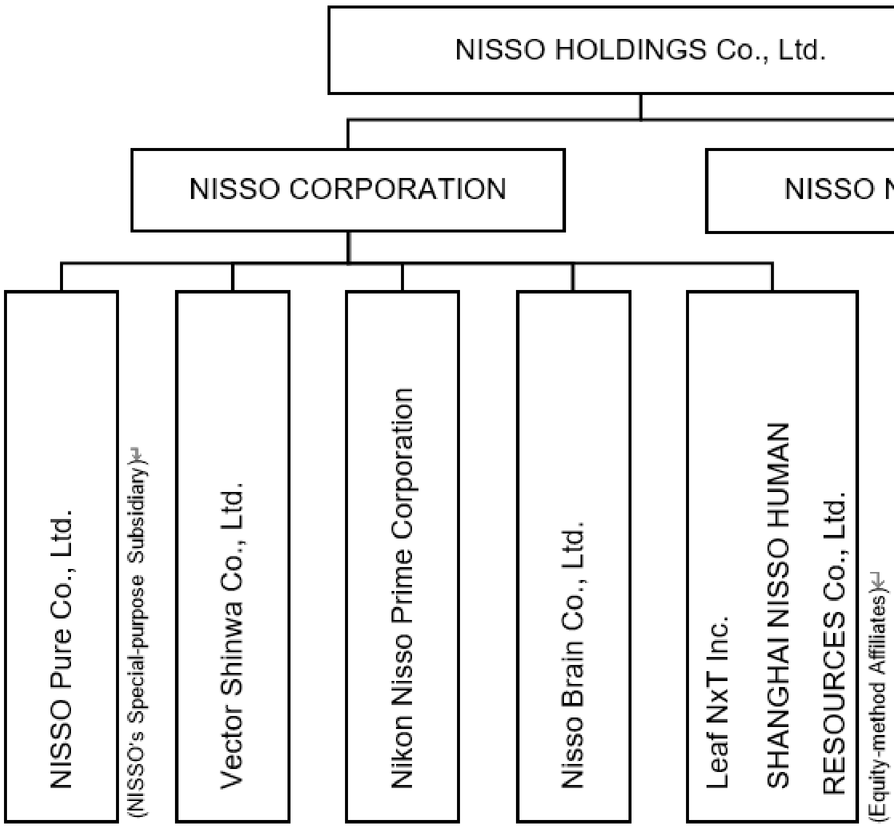
【Step 1】Establishment of pure holding company through the share transfer (Implementation of the Share Transfer)

By establishing the Holding Company through the Share Transfer on the date of October 2, 2023, the Company will become a wholly owned subsidiary of the Holding Company.



【Step 2】Structure after establishment of the Holding Company

Nisso Nifty Co., Ltd., a subsidiary of the Company, is scheduled to become a subsidiary of the Holding Company.



2. Summary of the Share Transfer

(1) Schedule

Record date for Ordinary General Meeting of Shareholders	March 31, 2023
Board of Directors' Meeting for approval of share transfer plan	May 18, 2023
Ordinary General Meeting of Shareholders for approval of share transfer plan	June 28, 2023 (Scheduled)
Date of delisting of the Company's shares	September 28, 2023 (Scheduled)
Date of registration of establishment of Holding Company (effective date)	October 2, 2023 (Scheduled)
Date of listing of shares of Holding Company	October 2, 2023 (Scheduled)

However, the schedule may be changed due to the necessity of the progress of the procedures for the Share Transfer or other reasons.

(2) Method of share transfer

This is a single share transfer in which the Company is a wholly owned subsidiary and the Holding Company is the wholly owning parent company established by the share transfer.

(3) Details of allotment related to the share transfer (Share transfer ratio)

Company name	NISSO HOLDINGS Co., Ltd. (Wholly owning parent company established through share transfer・Holding Company)	NISSO CORPORATION (Wholly owned subsidiary through share transfer・the Company)
Share transfer ratio	1	1

① Share transfer ratio

Shareholders of the Company who are listed or recorded in the Company's register of shareholders immediately prior to the time when the Share Transfer becomes effective will be allotted 1 share of common stock of the holding company to be established for each share of common stock of the Company held by such shareholders.

② Number of shares per share unit

The Holding Company will adopt a share unit system in which the number of shares per share unit will be 100.

③ Basis for calculation of share transfer ratio

The Share Transfer will establish 1 wholly owning parent company through a single share transfer of the Company, and since there will be no change in the shareholder composition of the Company and the shareholder composition of the Holding Company at the time of the Share Transfer, 1 share of common stock of the Holding Company will be allotted for 1 share of common stock of the Company held by the shareholders of the Company, with the primary purpose of not causing disadvantage to the shareholders of the company.

④ Results, method and basis of calculation by a third-party organization

For the reason described in ③ above, the share transfer ratio will not be calculated by a third-party organization.

⑤ Number of new shares to be delivered through the Share Transfer (Scheduled)

Common stock 34,024,720 shares (Scheduled)

The number of new shares above is based on the total number of shares outstanding of the Company, which is 34,353,200 shares (as of the end of March 2023). In the event that the total number of shares outstanding of the Company changes prior to the Share Transfer taking effect, the number of new shares above to be delivered by the Holding Company will change. Furthermore, as a result of the Share Transfer, the number of treasury shares of the Company as of March 31, 2023 (328,480 shares) is excluded from the scope of new share delivery in the calculation above because the Holding Company plans to cancel the shares held by the Company to the extent that they can be cancelled in practice by the time immediately prior to the time when the Holding Company acquires all of the shares outstanding of the Company.

(4) Handling of share acquisition rights and bonds with share acquisition rights in connection with the Share Transfer

The Company has not issued share acquisition rights or bonds with share acquisition rights.

(5) Matters related to the application for listing of the Holding Company

The Company plans to apply for listing of shares of the newly established Holding Company on the Prime Market of the Tokyo Stock Exchange, and the listing date of the Holding Company is scheduled for October 2, 2023. In addition, since the Company will become a wholly owned subsidiary of the Holding Company through the Share Transfer, it is scheduled to be delisted on September 28, 2023, prior to the listing of the Holding Company.

Furthermore, the delisting date is subject to change as it is determined in accordance with the rules of the Tokyo Stock Exchange.

3. Overview of the Company Involved in the Share Transfer

(Wholly owned subsidiary through share transfer・the Company)

(1) Company name	NISSO CORPORATION	
(2) Location	1-4-1 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa	
(3) Representative	Representative Director, President & CEO Ryuichi Shimizu	
(4) Business description	Manufacturing-related Human Resources Services Business	
(5) Capital	2,016 Million JPY (As of March 31, 2023)	
(6) Date of establishment	February 3, 1971	
(7) Total number of shares outstanding	34,353,200 shares (As of March 31, 2023)	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding ratio	NS Holdings Co., Ltd.	40.90%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.94%
	Custody Bank of Japan, Ltd. (Trust Account)	7.33%
	Tadao Shimizu	3.01%
	Chikako Shimizu	2.86%
	NOMURA PB NOMINEES LIMITED OMNIBUS=MARGIN(CASHPB)	1.49%
	Shoichi Iwashige	1.27%
	NISSO CORPORATION Employee Shareholding Association	1.27%
	STATE STREET BANK AND TRUST COMPANY 505103	0.90%
	MSIP CLIENT SECURITIES	0.78%

(10) Consolidated operating results and consolidated financial position for the last three years (Unit: Million yen)			
Fiscal year-end	FY 3/2021	FY 3/2022	FY 3/2023
Net assets	12,763	13,559	14,807
Total assets	21,631	27,462	30,092
Net assets per share (Yen)	357.90	399.01	435.20
Net sales	68,213	77,549	90,827
Operating profit	2,599	2,087	2,268
Ordinary profit	2,949	2,369	2,349
Profit attributable to owners of parent	1,592	1,696	1,622
Net income per share (Yen)	47.08	49.94	47.71
Dividend per share (Yen)	20.10	18.00	16.00

(Note) 1. The total number of shares outstanding includes 328,480 treasury shares.
2. The shareholding ratio is calculated after deducting treasury shares (328,480 shares).

4. Overview of the Company to be Newly Established through the Share Transfer
(Wholly owning parent company established through share transfer・Holding Company) (Scheduled)

(1) Company name	NISSO HOLDINGS Co.,Ltd.
(2) Location	1-4-1 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa
(3) Representative	Representative Director, President & CEO　Ryuichi Shimizu
(4) Business description	Business management of group companies and related operations
(5) Capital	2,016 Million JPY
(6) Date of establishment	October 2, 2023
(7) Fiscal year-end	March 31
(8) Net assets	*TBD
(9) Total assets	*TBD

*TBD=To be determined

5. Overview of Accounting Treatment

Since it falls under the category of "transactions under common control" in corporate accounting, there is no impact on profit and loss.

Furthermore, no goodwill is expected to arise from the Share Transfer.

6. Future Prospects

Following the Share Transfer, the Company will become a wholly owned subsidiary of the Holding Company.

As a result, the Company's business results will be reflected in the consolidated financial results of the Holding Company, which is the wholly owning parent company.

Furthermore, the impact of the Share Transfer on business performance will be minor.

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Criteria and Methods of Valuation of Significant Securities

① Stock of affiliated companies

Stated at cost using the moving average method.

② Other securities

Shares, etc., without market price

Stated at cost using the moving average method.

(2) Depreciation Method for Non-current Assets

① Property, plant and equipment (excluding leased assets)

The declining balance method is used. However, for buildings (excluding attached facilities) that were acquired after April 1, 1998, as well as attached facilities and structures acquired after April 1, 2016, the straight-line method is used.

In addition, the service life of significant assets is as follows:

Buildings and structures 3~50 years

② Intangible assets (excluding leased assets)

The straight-line method is used.

In addition, software for in-house used is based on the estimated period of internal use (5 years).

③ Leased assets

Leased assets related to finance lease transactions without transfer of ownership are depreciated over the lease period by using the straight-line method, assuming that the residual value is zero.

(3) Reporting standards for allowances and provisions

① Allowance for doubtful accounts

In order to provide for losses due to bad debts, the estimated amount of uncollectable debts is recorded for general receivables based on actual bad debt ratios, and by individually reviewing the collectability for specific receivables including doubtful accounts receivable.

② Provision for bonuses

In order to provide for the payment of bonuses to employees, the burden amount in the current fiscal year (hereinafter, the "fiscal year under review") of the estimated amount of payment is recorded.

③ Provision for shareholder benefit program

In order to prepare for expenses under the shareholder benefits program, the Company has recorded an amount that is expected to be incurred in the following fiscal year and thereafter.

④ Provision for retirement benefits

In order to provide for the payment of employees' retirement benefits, they are recorded and based on the estimated amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.

A. Period attribution method of estimated retirement benefit amount

For the calculation of retirement benefit obligations, the method of attributing the estimated retirement benefit amount to the period up to the end of the fiscal year under review is based on a straight-line basis.

B. Method of processing expenses of actuarial differences

Actuarial differences are amortized by the straight-line method over a fixed period within the average remaining service years for employees (9 years) at the time of recognition, and are allocated proportionately from the fiscal year following the respective fiscal year of recognition.

In addition, if pension assets that were recognized in the fiscal year under review exceeded the amount deducted from actuarial differences from the retirement benefit obligations, they are recorded as prepaid pension costs under investment and other assets.

(4) Standards for recording revenues and expenses

The following information provides the basis for an understanding of the Company's revenue arising from contracts with clients, including the main business performance obligations of the major businesses and the time at which such performance obligations are satisfied (the normal time at which revenue is recognized).

The Company is mainly engaged in manufacturing dispatching and manufacturing contracting.

In manufacturing dispatching, the Company has concluded worker dispatching contracts between the Company and manufacturers of automobiles, electronic devices, precision・electrical machinery, and provide services to dispatch workers who have concluded employment contracts with the Company to manufacturers. In addition, in manufacturing contracting, the Company has concluded contracting agreements with manufacturers, and in response to orders from manufacturers, the Company provides services to deliver finished products (results) by carrying out manufacturing processing, inspections, etc., under the Company's own management system. These services are mainly routine or repetitive services and are considered to be performance obligations that are to be fulfilled over a certain period of time, since clients are expected to benefit from the services as the Company fulfills its obligations under its contracts with them.

The consideration for manufacturing dispatching transactions is mainly hourly billing as consideration for labor, while consideration for manufacturing contracting transactions is mainly volume billing as consideration for deliverables. In addition, consideration for transactions is billed on a monthly basis and is received within approximately 3 months after the billing.

Since the Company is considered to have the right to receive from the client the amount of consideration that directly corresponds to the value to the client for the portion of performance that the Company has completed to date, revenue is recognized in amounts that the Company has the right to claim. In addition, consideration paid to clients, such as rental fees incurred by the Company for the provision of services, is reduced from revenues.

(5) Other significant basic items for preparation of financial statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses related to retirement benefits differs from the accounting method used in consolidated financial statements.

(6) Changes in Display Method

(Statement of Income)

"Compensation for damage", which was included in "Other" under "Non-operating expenses" in the previous fiscal year, has been posted separately from the fiscal year under review due to its increased monetary significance.

2. Significant Accounting Estimates

Impairment of non-current assets

①Amounts recorded in financial statements for the fiscal year under review

Property, plant and equipment 4,410 Million yen

②Other information that contributes to the understanding of users of financial statements

The calculation method and key assumptions regarding the impairment of non-current assets of the Company are based on the consolidated financial statements.

③Impact on financial statements for the next fiscal year

An impairment loss may occur if the number of people in operation and the billing unit cost under key assumptions decrease to a certain extent.

3. Notes to Balance Sheet

(1) Assets Pledged as Collateral and Collateral for Debts

① Assets pledged as collateral

Buildings and structures	887 Million yen
Land	1,518 Million yen
"Other" item of Intangible assets (Subleasing rights)	1 Million yen
Total	2,406 Million yen

② Collateral for debts

Current portion of long-term loans payable	390 Million yen
Long-term loans payable	1,718 Million yen
Total	2,109 Million yen

(2) Accumulated Depreciation Related to Assets

Accumulated depreciation of property, plant and equipment	3,799 Million yen

(3) Discounts on Electronically Recorded Money Claims

Discounts on electronically recorded money claims	240 Million yen

(4) Monetary claims or monetary liabilities to affiliated companies

① Short-term monetary claims	73 Million yen
② Long-term monetary claims	623 Million yen
③ Short-term monetary liabilities	72 Million yen

(5) The Company has concluded overdraft and commitment line agreements with 4 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to overdraft and loan commitments as of the end of the fiscal year under review, for these agreements are as follows:

Limits of account overdraft and total amount of commitments	5,200 Million yen
Outstanding borrowing balance	—
Balance	5,200 Million yen

4. Notes to Statement of Income

Transaction volume with affiliated companies

Sales transactions	846 Million yen
Transactions other than sales transactions	29 Million yen

5. Notes to Statement of Changes in Equity

Type and number of treasury shares at the end of the fiscal year under review

Common stock	328,480 Shares

6. Notes Concerning Tax Effect Accounting

Breakdown by main factors of occurrence of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Provision for bonuses	304 Million yen
Accrued expenses	51 Million yen
Accrued enterprise tax	47 Million yen
Provision for retirement benefits	178 Million yen
Impairment loss	94 Million yen
Loss on valuation of shares of subsidiaries and associates	90 Million yen
Loss on valuation of investment securities	91 Million yen
Other	145 Million yen
Subtotal deferred tax assets	1,003 Million yen
Valuation allowance	(359) Million yen
Total deferred tax assets	643 Million yen
Deferred tax liabilities	
Prepaid pension cost	18 Million yen
Other	22 Million yen
Total deferred tax liabilities	41 Million yen
Net deferred tax assets	602 Million yen

7. Notes Concerning Transactions with Related Parties

(1) Subsidiaries and Affiliated Companies

Type	Name of Company	Location	Capital stock or investments in capital (Million yen)	Business Contents	Voting rights ownership ratio (held)	Relationship with related parties	Transaction content	Transaction amount (Million yen)	Item	Balance at end of period (Million yen)
Subsidiary	Nisso Nifty Co., Ltd.	Yokohama, Kanagawa	450	Nursing care · welfare businesses	Owner-ship Direct 100%	Concurrent posting of officers, loan of funds	Loan of funds	170	Other of current assets (short-term loans receivable)	60
							Collection of loans	180	Long-term loans receivable	623
							Receipt of interest (Note)	3	Other of current assets (accrued income)	0

(Note) Regarding interest, the interest rate is rationally determined taking into account market interest rates.

(2) Corporate Officers and Major Individual Shareholders

Type	Name	Location	Capital stock or investments in capital (Million yen)	Occupation	Voting rights ownership ratio (held)	Relationship with related parties	Transaction content	Transaction amount (Million yen)	Item	Balance at end of period (Million yen)
Corporate Officer	Ryuichi Shimizu	—	—	Representative Director of the Company	(Held) Direct 0.4% Indirect 26.6%	—	Disposal of treasure shares associated with in-kind contribution of monetary compensation claims (Note)	11	—	—

(Note) This is due to the in-kind contribution of monetary compensation claims associated with the restricted share remuneration system.

8. Notes Concerning Revenue Recognition

Fundamental information for understanding revenue generated from contracts with clients is omitted since the same content is described in "Notes to Consolidated Financial Statements Notes Concerning Revenue Recognition".

9. Notes Concerning Per Share Information

Net assets per share amount	409.58 Yen
Net income per share	48.19 Yen

10. Notes Concerning Significant Subsequent Events

Notes are omitted since the same content is described in Notes to Consolidated Financial Statements "8. Notes Concerning Significant Subsequent Events".