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Business Report

(April 1, 2024 to
March 31, 2025)

Current Status of the Corporate Group

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

① Progress and results of business

During the current consolidated fiscal year (hereinafter, the "consolidated fiscal year under review"), Japan's economy showed signs of gradually overcoming deflation, partly due to improvements in the employment and income situation and the effects of various measures. On the other hand, looking ahead, in addition to the increasing risks of economic downturn due to the effects of U.S. trade policy, the continued rise in prices is beginning to pose risks that could suppress the domestic economy.

In such a business environment, based on its mission of "Creating opportunities and hopes for people to work", the Nisso Group (hereinafter, the "Group") is promoting initiatives "To transform into a corporate group with high-growth potential" with the aim of providing services that can respond to social changes and changes in industrial structures, while creating workplaces where workers can feel motivated and grow through Human Resources Solution Services that support the growth of companies and people.

The Group defines materiality (key issues) for the realization of its mission as "Creation of a comfortable workplace", "Responding to social changes and changes in industrial structures", and "Strengthening of governance". The Group aims to enhance corporate value by creating social value through the promotion of digitization (digitalization), in addition to actively investing in human resources, maximizing employee satisfaction and customer/client satisfaction, providing high value-added services, and strengthening its management structures and internal controls.

The results of operations for the consolidated fiscal year under review are as follows: net sales amounted to 101,560 million yen (up 4.9% year-on-year), operating profit amounted to 3,555 million yen (up 16.3% year-on-year), ordinary profit amounted to 3,563 million yen (up 16.6% year-on-year), and profit attributable to owners of parent amounted to 1,935 million yen (down 0.8% year-on-year).

Net sales increased year-on-year due to an increase in billing unit-costs for the Group's mainstay General Human Resources Services, as well as an increase in the number of enrolled staff in the highly profitable Engineering Human Resources Services, and the gross profit margin improved by 0.7 percentage points year-on-year to 17.2%. In addition, although SG&A expenses increased year-on-year due to strengthened investments in employee recruitment expenses and the promotion of the NISSO HOLDINGS Co., Ltd. (hereinafter, the "Company") website, as well as the recording of acquisition-related expenses associated with M&A, the increase in revenue outweighed the increase in costs, resulting in an increase in operating profit year-on-year. As a result, the operating profit margin improved by 0.3 percentage points year-on-year to 3.5%.

Furthermore, the Company recorded a loss on valuation of investment securities as an extraordinary loss due to a significant decline in the real value of one unlisted stock (APB Corporation), which is one of the investment securities held by the Company. As a result, profit attributable to owners of parent decreased slightly from the previous fiscal year.

The various initiatives during the consolidated fiscal year under review were as follows:

(General Human Resources Services)

Net sales of the General Human Resources Services during the consolidated fiscal year under review amounted to 98,474 million yen (up 5.0% year-on-year), and gross profit was 17,114 million yen (up 9.1% year-on-year).

a. Manufacturing • Production Human Resources Services

Manufacturing • Production Human Resources Services are mainly classified into manufacturing dispatching and manufacturing contracting.

Net sales of the Manufacturing • Production Human Resources Services during the consolidated fiscal year under review amounted to 78,445 million yen (up 2.1% year-on-year).

The number of enrolled manufacturing • production staff at the end of the consolidated fiscal year was 14,218 (down 575 year-on-year) due in particular to a decrease in the number of enrolled staff as a result greater differences in production volume and human resources needs among manufacturers in the Automotive Industry, and also due to the lack of progress in human resources placement due to matching issues (work areas, job types, etc.). On the other hand, due to the continuous improvement of the workplace environment, the monthly turnover rate was 3.8% (an improvement of 0.1 percentage points year-on-year). In addition, due to an increase in the billing unit-costs of manufacturing staff, the average monthly net sales per capita amounted to 446 thousand yen (up 13 thousand yen year-on-year). As a result, net sales of the Manufacturing • Production Human Resources Services increased year-on-year, and the gross profit margin was 17.7% (an improvement of 0.8 percentage point year-on-year).

b. Engineering Human Resources Services

Engineering Human Resources Services are classified into the manufacturing area, IT-related engineer dispatching, and SES (System Engineering Service).

Net sales of the Engineering Human Resources Services during the consolidated fiscal year under review amounted to 11,631 million yen (up 28.1% year-on-year).

The number of enrolled engineers at the end of the consolidated fiscal year increased to 2,054 (up 510 year-on-year) due in part to strong personnel needs at semiconductor manufacturers, which the Company is focusing on. In addition, by providing training based on a unique curriculum prior to assignment, the Company was able to keep the monthly turnover rate at a low level of 1.9% (an improvement of 0.1 percentage points year-on-year). Furthermore, due in part to strong production activities at semiconductor-related clients, the average monthly net sales per engineering employee amounted to 525 thousand yen (up 20 thousand yen year-on-year). As a result, net sales of the Engineering Human Resources Services increased year-on-year, and the gross profit margin was 20.6% (same level as the previous fiscal year), which was at a higher level than that of the Manufacturing • Production Human Resources Services.

c. Administrative Human Resources Services

Administrative Human Resources Services are classified into general office work dispatching and BPO (Business Process Outsourcing).

Net sales of the Administrative Human Resources Services during the consolidated fiscal year under review amounted to 2,232 million yen (up 3.3% year-on-year). In this service, the Company was unable to secure a sufficient number of registrants, and the number of enrolled administrative dispatched staff at the end of the consolidated fiscal year was 550 (down 12 year-on-year).

d. Other Human Resources Services

Other Human Resources Services are classified into human resources dispatching for senior employees and light work contracting for people with disabilities.

Net sales of the Other Human Resources Services during the consolidated fiscal year under review amounted to 6,165 million yen (up 8.0% year-on-year).

In order to build a workplace model that enables senior employees to flourish, the Company is working to develop and secure employment opportunities and build a structure that supports the active participation of senior employees and allows them to continue working. The number of Prime employees (senior employees) during the consolidated fiscal year under review was 707.

In order to build a workplace model that enables people with disabilities to flourish, the Company strives to coexist with local communities, including school officials, support organizations, and the government, while promoting independent activities that make the most of each individual's characteristics, such as accepting contracts for light work from general companies, rather than simply employing people with disabilities in-house. The number of employees with disabilities during the consolidated fiscal year under review was 237.

Achievements of Industry Strategy for Expansion of General Human Resources Services

The Group aims to expand its Manufacturing • Production Human Resources Services and Engineering Human Resources Services by meeting the human resource needs of each industry, centered on Japan's leading Automotive (automobile manufacturing • EV-related manufacturing industry), Semiconductor (semiconductor manufacturing industry), and Electronics (electronic equipment manufacturing industry) Industries.

Net sales in the Industry Strategy area for the consolidated fiscal year under review totaled 65,996 million yen (up 5.3% year-on-year), accounting for 65.0% of consolidated net sales.

In the Automotive Industry, despite strong differences in human resources needs among manufacturers and regions, net sales for the consolidated fiscal year under review amounted to 41,304 million yen (up 2.0% year-on-year) as a result of increases in unit-costs through unit-cost negotiations.

In the Semiconductor Industry, net sales for the consolidated fiscal year under review amounted to 13,460 million yen (up 8.7% year-on-year), partly due to strong production activities at manufacturers where the Group focuses its efforts.

In the Electronics Industry, although there were fluctuations depending on product order recipients, net sales for the consolidated fiscal year under review amounted to 11,231 million yen (up 14.4% year-on-year) due in part to the expansion of the Group's focus manufacturers.

(Nursing Care • Welfare Services)

Nursing Care • Welfare Services are classified into facility nursing care and home-based nursing care.

Net sales of the Nursing Care • Welfare Services during the consolidated fiscal year under review amounted to 3,086 million yen (up 1.3% year-on-year), and gross profit was 326 million yen (down 1.6% year-on-year).

In facility nursing care, which is the core of this service, the number of residents of nursing care facilities during the consolidated fiscal year under review was 381 (same level as the previous consolidated fiscal year) as a result of activities to attract customers with the aim of contributing to society through compassionate nursing care rooted in the local community. In addition, the occupancy rate at the facilities remained at a high level of 94.8% (same level as the previous consolidated fiscal year). On the other hand, gross profit for this service decreased slightly year-on-year due to an increase in costs such as utility costs at nursing care facilities.

(Nisso Group's Human Resources Development Strategy)

In order to meet the human resources needs required by each industry, the Group will further promote the establishment of new education and training facilities and collaboration between industry-government-academia.

The total number of people who received training during the consolidated fiscal year under review was 22,662.

In terms of education for engineering human resources, in order to meet the need of human resources, especially equipment technology engineers who support *MONOZUKURI* (manufacturing), the Group worked to expand training opportunities, and as a result, the total number of people trained was 1,852 (up 482 year-on-year).

In terms of education for manufacturing · production human resources, the Group has established an education and training facility equipped with actual equipment such as semiconductor manufacturing equipment, and provided pre-assignment training to employees using unique education programs developed in accordance with client needs, bringing the total number of people trained to 14,804.

In terms of education for other human resources in the General Human Resources Services, the Group provided regular compliance education, career support training, qualification (enhancement) training, etc., and the total number of people trained reached 3,124.

In terms of education for human resources who provide Nursing Care · Welfare Services, the Group recognizes that education for newly hired nursing care staff is important for improving the quality of services in facility nursing care, and by establishing a system that allows it to conduct not only OJT but also regular Off-JT, the total number of people trained reached 2,882.

In addition, the Group offers the "NISSO HR Development Service", an entrusted education service. In order to address the issues that many of the Group's business partners have raised, such as the shortage of instructors who are responsible for education, a lack of practical skills training due to the inability to conduct OJT using actual production lines and on-site operations as a result of busy schedules, and a shortage of educational programs for inexperienced people, the Group, which has education and training facilities nationwide and a track record of developing many training curriculums, is positioned as a service that can assist in resolving these issues by providing employee training on behalf of the client. During the consolidated fiscal year under review, a total of 534 people were provided with external employee training (entrusted).

② **Status of capital investments**

During the consolidated fiscal year under review, the Group carried out capital investment totaling 492 million yen for property, plant and equipment, as well as for intangible assets such as software.

Major capital investments are as follows:

Training facilities	256 Million yen
Employee dormitories	131 Million yen
System introduction ・ modifications	31 Million yen
Headquarters equipment	29 Million yen
Sales offices, etc.	27 Million yen

There were no disposals or sales of significant equipment ・ facilities.

③ **Status of funds procurement**

Not applicable.

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 May 17, 2024, the Company concluded a capital and business alliance agreement with TSUNAGU GROUP HOLDINGS Inc., and acquired its shares, making it an equity-method affiliate of the Company as of the same date.

(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	NISSO CORPORATION		1 st Fiscal Year (FY 3/2024)	2 nd Fiscal Year (Consolidated Fiscal Year under Review) (FY 3/2025)
	42 nd Fiscal Year (FY 3/2022)	43 rd Fiscal Year (FY 3/2023)		
Net sales (Million yen)	77,549	90,827	96,858	101,560
Ordinary profit (Million yen)	2,369	2,349	3,056	3,563
Profit attributable to owners of parent (Million yen)	1,696	1,622	1,952	1,935
Net income per share (Yen)	49.94	47.71	57.85	58.92
Total assets (Million yen)	27,462	30,092	31,354	31,276
Net assets (Million yen)	13,559	14,807	15,333	16,795
Net assets per share (Yen)	399.01	435.20	467.99	509.04

(Note) Since the Company is in its 2nd Fiscal Year since establishment, the figures for the consolidated fiscal years of NISSO CORPORATION for the 42nd and 43rd Fiscal Years are shown for reference.

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

Classification	1 st Fiscal Year (FY 3/2024)	2 nd Fiscal Year (Current Fiscal Year*) (FY 3/2025)
Operating revenue (Million yen)	1,238	2,158
Ordinary profit (Million yen)	718	1,169
Profit (Million yen)	791	876
Net income per share (Yen)	23.47	26.68
Total assets (Million yen)	16,077	15,979
Net assets (Million yen)	13,755	14,155
Net assets per share (Yen)	419.83	429.04

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

(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 Held by the Company in Subsidiaries, etc.	Main Business Contents
NISSO CORPORATION	100 Million yen	100.0%	Manufacturing-related human resources services (manufacturing dispatching, manufacturing contracting, employment placement, etc.)
Nisso Nifty Co., Ltd.	450 Million yen	100.0%	Nursing care · welfare businesses
Nisso Brain Co., Ltd.	50 Million yen	100.0% (100.0%)	General office work dispatching · BPO
Nisso Pure Co., Ltd.	40 Million yen	100.0% (100.0%)	NISSO CORPORATION's special-purpose subsidiary to promote employment of persons with disabilities
Vector Shinwa Co., Ltd.	78 Million yen	100.0% (100.0%)	General human resources services
EYE'S Co., Ltd.	20 Million yen	100.0% (100.0%)	Outsourcing business, business solutions business, engineering business, factory automation business
Nikon Nisso Prime Corporation	50 Million yen	51.0% (51.0%)	General human resources services Outsourcing business Planning, R&D, operation and support of structure development and opportunity creation for seniors' continued employment

- (Note)
1. The figures in parentheses () of the ratio of voting rights held by the Company in its subsidiaries, etc., is the ratio of voting rights based on indirect holdings.
 2. BPO (Business Process Outsourcing) refers to the outsourcing of operations and processes of specific business-related tasks to a [third- party] specialized company.
 3. The specified wholly owned subsidiary as of the end of the fiscal year under review is as follows:

Name of specified wholly owned subsidiary	NISSO CORPORATION
Address of specified wholly owned subsidiary	1-4-1 Shin Yokohama, Kohoku-ku, Yokohama, Kanagawa
Book value of shares of specified wholly owned subsidiary of the Company	3,507 Million yen
Total assets of the Company	15,979 Million yen

(4) Issues to be Addressed

The business environment surrounding the Company continues to change at an unprecedented pace, with the advancements of Society 5.0 and Industry 5.0, the evolution of AI, and the decrease in the working population due to the declining birthrate and aging population. In addition, the outlook remains uncertain due to many variable factors, such as the impact of U.S. tariff measures.

In this business environment, in August 2024, the Company announced a 3-year Medium-term Management Plan, with FY 3/2026 as the first year.

Aiming to achieve the goals/targets set forth in the Medium-term Management Plan, the Group is promoting the following activities in order to sustainably enhance corporate value and the significance of its existence.

(Financial Strategy)

Financial Strategy Policy

The Company will closely monitor its own capital costs (cost of equity and weighted average cost of capital (WACC)) and strives to pursue earning power and improve capital efficiency based on return on equity (ROE) and return on invested capital (ROIC) as key management indicators. In addition, the Company will strive to enhance corporate value by realizing a structure in which ROIC exceeds the cost of capital (weighted average cost of capital (WACC)) in a stable manner.

Financial Strategy

In pursuit of earning power, the Group will increase the added value of its existing businesses, review its business portfolio, invest in growth areas, improve operational efficiency by utilizing digital technology, and invest in human resources. In addition, in order to maintain financial discipline and improve capital efficiency, the Group will allocate management resources appropriately, utilize debt appropriately, provide optimal shareholder returns (stable dividends + share buybacks), and disclose information in a timely and appropriate manner.

Financial Indicators

The Company aims to achieve a net sales growth rate (CAGR, or compound annual growth rate) of 12.3% or more, an indicator of growth potential, and an operating profit margin of 5% or more, an indicator of profitability, by FY 3/2028, the final year of the Medium-term Management Plan.

In addition, during the period of the Medium-term Management Plan (from FY 3/2026 to FY 3/2028), the Company aims to achieve an average ROE of 20% or more and an average ROIC of 15% or more, which are indicators of financial efficiency, and for FY 3/2028, the final year of the Medium-term Management Plan, the Company aims to achieve a financial leverage of 2.5 times or less, which is an indicator of financial soundness.

Furthermore, during FY 3/2025, ROE, which is a key management indicator, was 12.3% and ROIC was 13.1%, as a result of the execution of strategic investments and the maintenance of a sound financial base. As a result, ROIC exceeded WACC.

Each indicator is calculated based on the following definitions:

- Return on Equity (ROE):

$\text{Profit attributable to owners of parent} \div ((\text{equity capital at beginning of period} + \text{equity capital at end of period}) \div 2)$

- Return on Invested Capital (ROIC):

$\text{After-tax operating profit} \div \text{invested capital (average interest-bearing liabilities for current period} + \text{average net assets for current period)}$

(Non-financial Strategy)

Initiatives for Sustainability

In order to achieve its mission of "Creating opportunities and hopes for people to work", the Group recognizes the importance of contributing to society and the environment through investment in "people", which is the driving force behind the Group. Based on the "Sustainability Policy" formulated in October 2021, the Group aims for sustainable business growth and promotes initiatives toward the realization of a sustainable society by establishing policies on human rights, labor, the environment, safety and health, and ethics.

The Group defines "human resources development" and "diversity" as the most important factors in aiming for sustainable growth of its business.

In terms of "human resources development", the Group recognizes the importance of increasing the ratio of highly skilled human resources. The indicator for the "Human Resources Development Policy" is the "ratio of engineering employees", with a target of 15.0% by April 2025. As of the end of March 2025, the "ratio of engineering employees" to the total number of enrolled staff in the Manufacturing・Production and Engineering Human Resources Services was 12.6%.

In terms of "diversity", the Group recognizes the importance of creating a workplace where all employees can pursue their dreams and find fulfillment, and building a place where diverse human resources can flourish. The indicator for the "Internal Environment Improvement Policy" is the "ratio of female managers", with a target of 11.5% by April 2025. As of the end of March 2025, the "Nisso Group ratio of female managers" was 9.0%.

In February 2025, the Group reviewed the indicators and targets based on the "Human Resources Development Policy" and the "Internal Environment Improvement Policy". The indicator in the "Human Resources Development Policy" will continue to be the "ratio of engineering employees", and the target is to achieve 30% by fiscal 2030. In addition, in the "Internal Environment Improvement Policy", the Group updated the implementation issue to the "Promotion of DE&I (Diversity, Equity, and Inclusion)", set a new indicator, the "diversity ratio", and revised the target to achieve a level of 40% by fiscal 2030. Moreover, the target for the "ratio of female managers" is to achieve 15% by fiscal 2030, and the Group continues to promote these activities.

The business environment surrounding the Group is undergoing major changes due to factors such as the decline in the working population and the increase in the ratio of the aging population in Japan. As of the end of March 2025, the "diversity ratio" of the Group's employees, including women, seniors, foreign nationals, and people with disabilities, was 31.9%. By increasing this ratio, the Group aims to strengthen its organizational resilience and achieve sustainable growth in its business.

In addition, as a corporate group with strengths in human resources development, the Group will continue to implement educational programs to maintain governance and continue our efforts to gain the trust of our stakeholders.

(General Human Resources Services)

Industry Strategy

As the industrial structure changes at an accelerating pace against the backdrop of technological innovation and environmental issues, the type of human resources required by each industry is also changing moment by moment. In particular, in order to respond to the human resources needs of Japan's leading industries, particularly those in the Automotive, Semiconductor, and Electronics Industries, the Company will launch training facilities equipped with the latest manufacturing equipment, develop high value-added human resources, and provide strong support to the industries undergoing transformation.

In FY 3/2026, in the Automotive Industry (automobile manufacturing and EV-related manufacturing industries) which is the Group's focus industry, the Company expects that there will be no significant change in production volume, although there may be an impact from U.S. tariffs. The Company's focus manufacturers in the Semiconductor Industry (semiconductor manufacturing industry) are expected to remain firm. At the same time, the Company will continue to invest in human resources development in anticipation of human resources needs for the operation of new semiconductor and battery factories in 2026 and 2027. Furthermore, the demand for electronic components in the Electronics Industry (electronic equipment manufacturing industry) is expected to remain mostly level.

Recruitment Strategy

With the normalization of economic activities, there is a growing need for human resources, making it more necessary than ever for the Group to secure employees and staff.

In response to the challenge of securing human resources, the Group will further promote the utilization of global human resources. The Group aims to have 3,000 enrolled foreign staff by the end of FY 3/2031 by developing various systems and environments that will allow people to feel good about coming to Japan and will encourage them to want to work more in Japan.

In addition, the Group will work to expand the "Recruitment Consortium", which promotes the mobilization of human resources within the Group and form alliances with other companies for the recruitment of high value-added human resources.

Development Strategy

The Group aims to address issues such as the increasing sophistication of production activities at manufacturers, the diversification of human resources needs, and the chronic labor shortage across the entire manufacturing industry, and will co-create with our clients in the field of human resources development while conducting research into the business areas that are necessary for business expansion. In addition, the Group will actively promote the development of high value-added human resources by combining the Group's unique "human resources development model" with occupations such as semiconductor and storage battery manufacturing, and maintenance and preservation, which the Group positions as areas of expansion. In cooperation with the public and private sectors, the Group will provide re-skilling opportunities for human resources working in other industries and other occupations, and will also develop human resources capable of supporting mass production related to semiconductors.

In response to the expanding overlapping needs, in March 2024, the Group opened the "Nisso EV Technical Center Kansai", an educational and training facility specializing in human resources development for the storage battery industry. In addition, in May 2024, the Group expanded the "Nisso Technical Center Kumamoto", which specializes in training human resources for semiconductor manufacturing.

Furthermore, the Group plans to establish a core training base in the Chubu-Tokai area to meet the needs of its clients, in order to develop various kinds of engineers focusing on maintenance, which is essential in the rapidly changing fields of automobiles, storage batteries, and semiconductors.

Creation of New Services

General Human Resources Services account for approximately 90% of consolidated net sales. Since these services are based on continuous business relationships with clients and have two aspects: "stability" and "dependence", the Group's business performance is significantly influenced by the production trends of its clients.

In addition to expanding its Engineering Human Resources Services, the Group will also expand its core General Human Resources Services Business by expanding into areas that have a high affinity with the Group's businesses, such as HR Tech and AI-related services, and by engaging in value co-creation through M&A and the establishment of new partnerships.

In addition, the Group offers the "NISSO HR Development Service", an entrusted education service. This service was created in order to address the issues that many of the Group's business partners have raised, such as the shortage of instructors who are responsible for providing education, a lack of practical skills training due to the inability to conduct OJT using actual production lines and on-site operations as a result of busy schedules, and a shortage of educational programs for inexperienced people. The Group, which has education and training facilities nationwide and a track record of developing many training curriculums, is positioned as a service that can assist in resolving these issues by providing employee training on behalf of the client, and the needs for this service is steadily expanding.

(Nursing Care • Welfare Services)

In the nursing care and welfare industry, the further increase in the number of people requiring nursing care, the chronic shortage of nursing care workers, and the decline in the quality of nursing care services are becoming social issues.

In order to secure a stable number of nursing care workers and improve their retention rate, the Group will promote the creation of a more comfortable working environment by providing hierarchical education for nursing care workers and introductory education for new hires.

In addition, the Group will aim to secure new nursing care workers by promoting the utilization of diverse human resources, such as promoting the use of foreign human resources.

In order to increase the number of residents in its nursing care facilities, the Group will build a system that can provide high-quality nursing care services tailored to the needs of each and every customer by increasing opportunities for contact with family members who are considering moving into its facilities through the active use of the Web and SNS (social networking services), as well as through private previewing events.

(DX Strategy)

The Group recognizes that the promotion of DX (digital transformation) to strengthen its business management functions and business operation bases is an important management issue for the Group to continue achieving sustainable profit growth.

In order to build a digital infrastructure, the Group will provide an IT infrastructure that enables applications to be used at any time and place, and will promote the centralization, visualization, standardization, and utilization of Group management data. In addition, the Group will strive to reduce SG&A (selling, general and administrative) expenses by promoting the efficiency and automation of operations using AI, VR, etc.

(Initiatives for New Value Co-creation (CSV))

The Group is actively promoting collaboration with potential partners without any restrictions, in order to solve the issues faced by its clients.

With the aim of establishing a presence in the Chubu-Tokai area by expanding its market share among key clients and leveraging the Group's strength in human resources development expertise, the Company's Board of Directors resolved on April 17, 2025 to make "Man to Man Holdings Co., Ltd." a subsidiary. In addition, at the Board of Directors' Meeting held on the same day, a resolution was passed to make "All Japan Guard Co., Ltd.", which has strength in the security industry, a new business area for the Company, a subsidiary. The deemed acquisition date of these two companies is scheduled to be June 30, 2025, and they are expected to contribute to the Group's business performance from the second quarter of FY 3/2026.

(5) **Status of Corporate Officers**

① Status of Directors (As of March 31, 2025)

Position in the Company	Name	Status of Responsibilities and Significant Concurrent Positions
Representative Director, President & CEO	Ryuichi Shimizu	NISSO CORPORATION Representative Director & President CW Holdings Co., Ltd. Representative Director NS Holdings Co., Ltd. Director Japan Business Process Outsourcing & Staffing Association Chairman Japan Association of Human Resource Services Industry Vice Chairman
Senior Managing Director & COO	Kenji Fujino	NISSO CORPORATION Senior Managing Director TSUNAGU GROUP HOLDINGS Inc. External Director Vector Shinwa Co., Ltd. Audit & Supervisory Board Member
Managing Director & CFO	Naoki Hayakawa	NISSO CORPORATION Managing Director Nisso Pure Co., Ltd. Audit & Supervisory Board Member
Director	Junichi Fukui	CRESCO LTD. Outside Director Harada Sekizenkai Councilor
Director (Full-time Audit & Supervisory Committee Member)	Yukiteru Hamada	NISSO CORPORATION Audit & Supervisory Board Member
Director (Audit & Supervisory Committee Member)	Akira Ishida	Nisso Nifty Co., Ltd. Audit & Supervisory Board Member
Director (Audit & Supervisory Committee Member)	Miki Ohno	Crane Law Offices Attorney-at-Law
Director (Audit & Supervisory Committee Member)	Hideo Sakano	Sakano CPA Office Representative Director TAIYU AUDIT LLC Representative Partner

- (Note) 1. Director Junichi Fukui and Directors (Audit & Supervisory Committee Members) Yukiteru Hamada, Akira Ishida, Miki Ohno, and Hideo Sakano are External Directors.
2. Yukiteru Hamada has been selected as a Full-time Audit & Supervisory Committee Member in order to enhance the effectiveness of audits and strengthen audit and supervisory functions through enhanced information gathering and sufficient cooperation with the Internal Auditing Office, etc.
3. The Company has designated and reported all of its External Directors as Independent Officers pursuant to the provisions of the Tokyo Stock Exchange.
4. Directors (Audit & Supervisory Committee Members) Yukiteru Hamada, Akira Ishida, and Hideo Sakano each have a considerable amount of knowledge regarding finance and accounting, as follows:
- Directors (Audit & Supervisory Committee Members) Yukiteru Hamada and Akira Ishida each have extensive experience and wide-ranging knowledge in financial institutions.
 - Director (Audit & Supervisory Committee Member) Hideo Sakano has received qualification as a certified public accountant.

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 Director (excluding Directors responsible for the execution of business, etc.) 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 Directors (including Audit & Supervisory Committee Members), Audit & Supervisory Board Members, Executive Officers, etc., of the Company and its subsidiaries etc., and all insurance premiums are borne by the Company (the Company).

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 Directors

A Matters concerning the Policy for Determining the Content of Individual Remuneration, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members)

At the Board of Directors' Meeting held on June 26, 2024, the Company resolved a policy for determining the content of individual remuneration, etc., for 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 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 Directors is as follows:

a. Basic Policy

The remuneration of Directors (excluding the External Director and Directors who are Audit & Supervisory Committee Members) 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.

The remuneration level of Directors shall be determined based on the remuneration level set as a benchmark of companies of the same business scale as the Company and companies belonging to related industries and business categories, taking into consideration the balance between the Company's management content, employee salaries, etc.

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 Directors shall be determined by taking into account the roles and responsibilities, etc., and a fixed amount shall be paid each month.

Furthermore, the remuneration for the External Director and Directors who are Audit & Supervisory Committee Members shall be limited to basic remuneration, taking into consideration 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 (during the period from the payment date to the date of retirement, etc., from the position of Director of the Company or any other position determined by the Board of Directors of the Company) in order to provide incentives for sharing value with shareholders, raising awareness of share prices by 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. Furthermore, the restricted shares shall be managed in a dedicated account opened with a securities company during the transfer restriction period so that they cannot be transferred, have security interests established or otherwise disposed of during the transfer restriction period.

- 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 Directors

Regarding the ratio of remuneration by type of Director, 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 Directors

Regarding the amount of remuneration for each individual Director, based on a 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 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 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
Directors (excl. Audit & Supervisory Committee Members) (External Director)	4 (1)	147 (6)	109 (6)	19 (-)	19 (-)
Directors (Audit & Supervisory Committee Members) (External Directors)	4 (4)	35 (35)	35 (35)	- (-)	- (-)
Total (External Officers)	8 (5)	183 (41)	144 (41)	19 (-)	19 (-)

- (Note) 1. The amount of remuneration for Directors (excluding Audit & Supervisory Committee Members) does not include the portion of salaries for Directors concurrently serving as employees.
2. The indicators for performance-linked remuneration are the 3-year consolidated net sales growth rate, the ratio of consolidated operating profit to the initial target, and the ratio to the target of the Medium-term Management Plan, and individual performance indicators are set individually. 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 amount of performance-linked remuneration is calculated in accordance with the provisions described in "A Matters concerning the Policy for Determining the Content of Individual Remuneration, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members)", and the performance indicators used in the calculation are a 3-year consolidated net sales growth rate of 9.4% and a consolidated operating profit of 3,602 million yen with an achievement rate of 95%.

3. 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 Directors (excluding Directors who are Audit & Supervisory Committee Members)". In addition, the status of issuance during the fiscal year under review is described as in "Current Status of the Company, Status of Shares ⑤ Status of shares issued to Officers of the Company as consideration for execution of duties during the fiscal year under review" as matters not stated in documents to be delivered.
4. The maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) was determined at the 1st Ordinary General Meeting of Shareholders held on June 26, 2024 as follows: basic remuneration is set to be within the limit of 300 million yen per year (of which the amount for External Directors is to be within the limit of 30 million yen per year), and performance-linked remuneration linked to the achievement level of company-wide consolidated performance (consolidated operating profit) targets in a single fiscal year as short-term incentive remuneration is set to be within the limit of 300 million yen per year (no provision to External Directors). In addition, separately from the above annual remuneration framework mentioned above, at the same Ordinary General Meeting of Shareholders, it is stipulated that restricted share remuneration is to be within the limit of 50 million yen per year as medium- to long-term incentive remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members and the External Director). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) at the time of the enactment of the Articles of Incorporation was 4 (including 1 External Director).
5. The maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members was determined at the 1st Ordinary General Meeting of Shareholders held on June 26, 2024 to be within the limit of 60 million yen in total. The number of Directors who are Audit & Supervisory Committee Members at the time of the enactment of the Articles of Incorporation was 4.
6. The Board of Directors has delegated to Ryuichi Shimizu, Representative Director, President & CEO, the determination of the amount of basic remuneration for each Director (excluding Directors who are Audit & Supervisory Committee Members; The same shall apply hereinafter.), and the allotment of performance-linked remuneration for each Director, excluding the External Director. The reason for the delegation is that the Company has determined that the Representative Director is suitable for evaluating the responsibilities of each Director while taking into consideration the overall business performance, etc., of the Company.
7. During the fiscal year under review, no officers' remuneration, etc. was received by External Officers from the subsidiaries of the Company.

⑥ Matters Concerning External Officers

- A Status of concurrent duties with other corporations and relationship between the Company and other such corporations
 - Director Junichi Fukui is an Outside Director of CRESCO LTD and Councilor of Harada Sekizenkai. There are no special relationships between the Company and each of the organizations at which he holds a concurrent position.
 - Director (Audit & Supervisory Committee Member) Yukiteru Hamada is an Audit & Supervisory Board Member of NISSO CORPORATION. The concurrent position he holds is at NISSO CORPORATION, a subsidiary of the Company.
 - Director (Audit & Supervisory Committee Member) Akira Ishida is an Audit & Supervisory Board Member of Nisso Nifty Co., Ltd. The concurrent position he holds is at Nisso Nifty Co., Ltd., a subsidiary of the Company.
 - Director (Audit & Supervisory Committee Member) 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.
 - Director (Audit & Supervisory Committee 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 each of the organizations at which he holds a concurrent position.
- 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, comments, and outline of duties performed regarding roles expected of External Directors
Director	Junichi Fukui	He has attended all 19 of the Board of Directors' Meetings that were held during the fiscal year under review. Based on his insight and experience in corporate management at other operating companies, he has mainly made recommendations on corporate management. In addition, at the Board of Directors' Meetings, he has made statements to ensure the validity and appropriateness of the Board of Directors' decision-making.
Director (Audit & Supervisory Committee Member)	Yukiteru Hamada	He has attended all 19 of the Board of Directors' Meetings in addition to all 14 of the Audit and Supervisory Committee 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 as a management executive of other companies.
Director (Audit & Supervisory Committee Member)	Akira Ishida	He has attended all 19 of the Board of Directors' Meetings in addition to all 14 of the Audit and Supervisory Committee 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 the chairman of the Nomination and Remuneration Committee, he has attended all 10 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 Directors of the Company and remuneration for Directors, from an objective and neutral standpoint.
Director (Audit & Supervisory Committee Member)	Miki Ohno	She has attended all 19 of the Board of Directors' Meetings in addition to all 14 of the Audit and Supervisory Committee 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 10 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 Directors of the Company and remuneration for Directors, from an objective and neutral standpoint.
Director (Audit & Supervisory Committee Member)	Hideo Sakano	He has attended all 19 of the Board of Directors' Meetings in addition to all 14 of the Audit and Supervisory Committee 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 certified tax accountant.

(Note) In addition to the number of Board of Directors' Meetings held as shown in the table above, there was one written resolution that was deemed to have been resolved by the Board of Directors pursuant to Article 370 of the Companies Act and the provisions of the Articles of Incorporation.

Consolidated Balance Sheet

(As of March 31, 2025)

(Unit: Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	20,408	Current liabilities	12,233
Cash and deposits	8,186	Current portion of long-term loans payable	490
Notes and accounts receivable - trade	11,223	Accrued expenses	6,174
Prepaid expenses	724	Income taxes payable	771
Other	279	Accrued consumption taxes	1,699
Allowance for doubtful accounts	(4)	Contract liabilities	198
		Provision for bonuses	1,551
Non-current assets	10,867	Provision for shareholder benefit program	140
Property, plant and equipment	5,337	Other	1,206
Buildings and structures	1,999	Non-current liabilities	2,247
Land	2,771	Long-term loans payable	1,038
Construction in progress	354	Deferred tax liabilities	126
Other	212	Net defined benefit liability	837
		Other	244
Intangible assets	1,414	Total liabilities	14,481
Goodwill	893	(Net assets)	
Other	521	Shareholders' equity	16,399
Investments and other assets	4,115	Capital stock	2,016
Investment securities	1,636	Capital surplus	2,374
Lease and guarantee deposits	653	Retained earnings	12,851
Deferred tax assets	1,108	Treasury shares	(842)
Net defined benefit asset	270	Accumulated other comprehensive income	100
Other	477	Remeasurements of defined benefit plans	100
Allowance for doubtful accounts	(31)	Non-controlling interests	295
		Total net assets	16,795
Total assets	31,276	Total liabilities and net assets	31,276

Consolidated Statement of Income

(April 1, 2024 to
March 31, 2025)

(Unit: Million yen)

Item	Amount	
Net sales		101,560
Cost of sales		84,119
Gross profit		17,441
Selling, general and administrative expenses		13,886
Operating profit		3,555
Non-operating income		
Interest income	5	
Dividend income	0	
Subsidy income	52	
House rent income	39	
Other	25	122
Non-operating expenses		
Interest expenses	9	
Share of loss of entities accounted for using equity method	57	
Rent expenses	17	
Other	29	114
Ordinary profit		3,563
Extraordinary losses		
Loss on valuation of investment securities	322	322
Profit before income taxes		3,240
Income taxes - current	1,445	
Income taxes - deferred	(178)	1,266
Profit		1,974
Profit attributable to non-controlling interests		38
Profit attributable to owners of parent		1,935

Consolidated Statement of Changes in Equity

(April 1, 2024 to
March 31, 2025)

(Unit: Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,016	2,367	11,587	(1,031)	14,939
Changes of items during period					
Dividends of surplus			(671)		(671)
Profit attributable to owners of parent			1,935		1,935
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		188	195
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	7	1,264	188	1,459
Balance at end of current period	2,016	2,374	12,851	(842)	16,399

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	118	118	275	15,333
Changes of items during period				
Dividends of surplus		-		(671)
Profit attributable to owners of parent		-		1,935
Purchase of treasury shares		-		(0)
Disposal of treasury shares		-		195
Net changes of items other than shareholders' equity	(17)	(17)	19	2
Total changes of items during period	(17)	(17)	19	1,462
Balance at end of current period	100	100	295	16,795

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