



November 7, 2023

Company Name: NISSO HOLDINGS Co., Ltd.
Representative: Ryuichi Shimizu,
Representative Director, President & CEO
(Securities Code: 9332, TSE Prime Market)
Contact Person: Naoki Hayakawa,
Managing Director & CFO/
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Disclosure of Financial Results for Delisted Subsidiary (NISSO CORPORATION)

NISSO HOLDINGS Co., Ltd. hereby announces the "Consolidated Financial Results for the First Six Months of FY 3/2024 (from April 1, 2023 to September 30, 2023)" regarding NISSO CORPORATION, which became a wholly owned subsidiary on October 2, 2023, as shown in the attachment.



Consolidated Financial Results for the First Six Months of FY 3/2024 [Japanese GAAP]

November 7, 2023

Company Name NISSO HOLDINGS Co., Ltd. (for NISSO CORPORATION) Stock Exchange Listing: Tokyo
 Securities Code 9332 URL <https://www.nisso-hd.com>
 Representative (Title) Representative Director, (Name) Ryuichi Shimizu
 President & CEO
 Contact Person (Title) Senior Managing Director & CFO (Name) Naoki Hayakawa TEL +81-45-514-4323
 Scheduled date of filing — Scheduled date of payment of dividend —
 Quarterly Report
 Preparation of supplementary materials for quarterly financial results: Yes (Scheduled to be posted on the Company's website on November 7, 2023 (Tue.))
 Holding of quarterly financial results meeting: Yes (Scheduled to be held for institutional investors and analysts on November 9, 2023 (Thu.))

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – September 30, 2023)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|-------------|------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First six months ended September 30, 2023 | 47,381 | 9.8 | 965 | 89.2 | 998 | 71.5 | 625 | 80.1 |
| September 30, 2022 | 43,162 | 17.6 | 510 | (38.1) | 582 | (35.9) | 347 | (40.9) |

(Note) Comprehensive income For the first six months ended September 30, 2023: 631 Million yen (91.3%)
 For the first six months ended September 30, 2022: 329 Million yen (-43.3%)

| | Net income per share | Diluted net income per share |
|---|----------------------|------------------------------|
| First six months ended September 30, 2023 | Yen 18.40 | Yen – |
| September 30, 2022 | 10.22 | 10.22 |

(Note) "Diluted net income per share" for the first six months of FY 3/2024 is not listed because there are no dilutive shares.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------------|--------------------|--------------|
| As of September 30, 2023 | Million yen 33,403 | Million yen 14,894 | % 43.9 |
| March 31, 2023 | 30,092 | 14,807 | 48.4 |

(Reference) Equity capital As of September 30, 2023: 14,652 Million yen
 As of March 31, 2023: 14,568 Million yen

2. Dividends

| | Dividend per share | | | | |
|--|--------------------|----------|--------|-----------|-----------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| Fiscal year ended March 31, 2023 | Yen – | Yen 0.00 | Yen – | Yen 16.00 | Yen 16.00 |
| Fiscal year ending March 31, 2024 | – | 0.00 | – | – | – |
| Fiscal year ending March 31, 2024 (Forecast) | – | 0.00 | – | 20.50 | 20.50 |

(Note) 1. Revisions to the most recently announced dividend forecast: None
 2. The dividend forecast for FY 3/2024 is the forecast of NISSO HOLDINGS, Co., Ltd.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024
(April 1, 2023 - March 31, 2024)

(Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share |
|-----------|-------------|------|------------------|------|-----------------|------|---|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 100,000 | 10.1 | 3,600 | 58.7 | 3,600 | 53.2 | 2,300 | 41.8 | 67.60 |

(Note) 1. Revisions to the most recently announced consolidated earnings forecast: None

2. The above consolidated performance forecast is the consolidated performance forecast for NISSO HOLDINGS Co., Ltd. for FY 3/2024 (April 1, 2023 - March 31, 2024).

※ Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

Newly added: (Co. name) , Excluded: (Co. name)

(2) Application of special accounting methods for the presentation of quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- | | |
|--|------|
| ① Changes in accounting policies due to revisions in accounting standards, etc.: | None |
| ② Changes in accounting policies other than ① above: | None |
| ③ Changes in accounting estimates: | None |
| ④ Restatements: | None |

(4) Number of outstanding shares (Common stock)

| | | | | |
|---|--------------------------------------|-------------------|--------------------------------------|-------------------|
| ① Number of shares outstanding at the end of the period (including treasury shares) | As of Sep. 30, 2023 | 34,024,720 Shares | As of Mar. 31, 2023 | 34,353,200 Shares |
| ② Number of treasury shares at the end of the period | As of Sep. 30, 2023 | - Shares | As of Mar. 31, 2023 | 328,480 Shares |
| ③ Average number of shares outstanding during the period (Quarterly total) | First six months ended Sep. 30, 2023 | 34,024,720 Shares | First six months ended Sep. 30, 2022 | 33,989,011 Shares |

※ The quarterly financial statement is not subject to the quarterly review procedures of certified public accountants or auditing corporations

※ Cautionary statement on the appropriate use of earning forecasts, and other special items

(Notes on forward-looking statements, etc.)

- Earnings forecasts regarding future performance and other forward-looking statements in this material are based on certain assumptions judged to be valid and on information that is currently available to the Company, and do not represent promises by the Company that these figures will be achieved. In addition, actual results may differ significantly due to a variety of factors. For prerequisite conditions, etc. regarding the earnings forecasts, please refer to "1. Qualitative Information on Quarterly Financial Results, (4) Description of Future Forecast Information such as Consolidated Forecasts, etc." on P. 5 of the attachments.

(Supplementary materials for quarterly financial results and method of obtaining content for quarterly financial results meeting)

The Company is planning to hold a briefing session for institutional investors and analysts on Thursday, November 9, 2023.

Quarterly financial results briefing materials to be used on that day will be posted on the Company's website on the day of the announcement of financial results (Tuesday, November 7, 2023).

※ Submission of Quarterly Report

Since NISSO CORPORATION was delisted on September 28, 2023, it does not plan to submit a quarterly report, and therefore, the scheduled date of submission is not listed.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024
(April 1, 2023 - September 30, 2023)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Quarterly net profit | |
|------------------------|-------------|------|------------------|--------|-----------------|--------|----------------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| First six months ended | | | | | | | | |
| September 30, 2023 | 41,583 | 7.0 | 921 | 66.0 | 938 | 49.5 | 604 | 56.9 |
| September 30, 2022 | 38,875 | 14.4 | 554 | (35.7) | 627 | (29.3) | 385 | (32.6) |

| | Net income per share | Diluted net income per share |
|------------------------|----------------------|------------------------------|
| | Yen | Yen |
| First six months ended | | |
| September 30, 2023 | 17.75 | - |
| September 30, 2022 | 11.33 | 11.32 |

(Note) "Diluted net income per share" for the first six months of FY 3/2024 is not listed because there are no dilutive shares.

(2) Non-consolidated financial position

| | Total assets | | Net assets | | Equity ratio | |
|--------------------|--------------|--|-------------|--|--------------|--|
| | Million yen | | Million yen | | % | |
| As of | | | | | | |
| September 30, 2023 | 30,233 | | 13,995 | | 46.3 | |
| March 31, 2023 | 26,985 | | 13,935 | | 51.6 | |

(Reference) Equity capital As of September 30, 2023: 13,995 Million yen
As of March 31, 2023: 13,935 Million yen

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

In the current consolidated cumulative second quarter (hereinafter, the "period under review"), in order to achieve its mission of "Creating opportunities and hopes for people to work", the Nisso Group (hereinafter, the Group) has been promoting initiatives "To transform into a corporate group with high-growth potential" by providing Human Resources Solution Services that support the growth of companies and people, aiming to create workplaces where workers can feel motivated and grow, and to provide services that can respond to social changes and changes in industrial structures.

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 through the creation of social value by promoting digitization (digitalization) and actively investing in human resources, maximizing employee satisfaction and customer/client satisfaction, providing high value-added services, and strengthening management structures and internal controls.

The results for the period under review are as follows:

(Unit: Million yen)

| | FY 3/2023 | | FY 3/2024 | |
|---|--|--------------|--|------------|
| | Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022) | | Cons. cumulative 2 nd Qtr. (April 1, 2023 - September 30, 2023) | |
| | Amount | (YoY) | Amount | (YoY) |
| Net sales | 43,162 | (up 17.6%) | 47,381 | (up 9.8%) |
| Operating profit | 510 | (down 38.1%) | 965 | (up 89.2%) |
| Ordinary profit | 582 | (down 35.9%) | 998 | (up 71.5%) |
| Profit attributable to owners of parent | 347 | (down 40.9%) | 625 | (up 80.1%) |

The Company (NISSO CORPORATION)

At NISSO CORPORATION (hereinafter, "the Company"), the Group's main operating company, during the period under review, the number of enrolled manufacturing staff amounted to 16,158 (up 428 year-on-year) due to efforts to expand opportunities for recruitment interviews through a combination of real (in-person) and Web interviews, despite a decrease in production at some of its clients, manufacturers.

In addition, the Company has adopted an industry strategy that not only meets the needs of individual clients, but also responds proactively and promptly to the needs of each industry as the industrial structure changes at an accelerated pace against the backdrop of technological innovation and environmental issues. In particular, the Company is focusing on the Automotive Industry (automobile manufacturing and EV-related manufacturing industry), the Semiconductor Industry (semiconductor manufacturing industry), and the Electronics Industry (electronic equipment manufacturing industry).

Under this strategy, in the Automotive Industry, net sales amounted to 19,359 million yen (up 17.5% year-on-year) as a result of the resolution of the impact of the parts shortages and steady demand for human resources. In the Semiconductor Industry, net sales amounted to 6,232 million yen (down 9.0% year-on-year) due decreased demand in the fields of manufacturing equipment and memory. In the Electronics Industry, demand for PCs and communications equipment did not recover, resulting in net sales of 4,745 million yen (down 10.6% year-on-year).

With regard to human resources development, with the aim of providing high value-added services, the Group promoted the development of human resources by utilizing 9 training facilities nationwide, and a total of 9,702 people (down 1,236 people year-on-year) were trained, including manufacturing staff and engineers.

As a result of promoting these initiatives, the average monthly net sales per capita was 428 thousand yen (up 10 thousand yen year-on-year), and the Company's net sales increased 7.0% year-on-year to 41,583 million yen.

In addition, in terms of profits, as a result of the increase in operating hours of manufacturing staff and the increase in net sales due to the recovery of production activities in the Automotive Industry, the Company's operating profit increased by 66.0% year-on-year to 921 million yen as a result of efficient reduction of selling, general and administrative (SG&A) expenses.

The results of operations by segment are as follows:
(General Human Resources Services Business)

(Unit: Million yen)

| | FY 3/2023 | | FY 3/2024 | |
|--|--|---------------|--|-------------|
| | Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022) | | Cons. cumulative 2 nd Qtr. (April 1, 2023 - September 30, 2023) | |
| | Amount | (YoY) | Amount | (YoY) |
| Net sales | | | | |
| Manufacturing • Production Human Resources Services | 35,334 | (up 12.4%) | 37,707 | (up 6.7%) |
| Engineering Human Resources Services | 3,986 | (up 56.6%) | 4,317 | (up 8.3%) |
| Administrative Human Resources Services | 1,149 | (down 4.0%) | 1,076 | (down 6.3%) |
| Other Human Resources Services | 1,199 | (up 5,362.8%) | 2,757 | (up 129.9%) |
| Total | 41,669 | (up 18.4%) | 45,859 | (up 10.1%) |
| Segment profit | 492 | (down 38.8%) | 923 | (up 87.5%) |

(Note) Regarding net sales of Other Human Resources Services, net sales of Nikon Nisso Prime Corporation have been recorded from the second quarter consolidated accounting period (hereinafter, the “second quarter”) of FY 3/2023.

Manufacturing • Production Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Manufacturing • Production Human Resources Services, the Group is mainly engaged in manufacturing dispatching and manufacturing contracting, and by strengthening its service provision system to clients and strengthening its sales activities aimed at increasing orders, it has strengthened its “earning power”.

During the period under review, the number of enrolled staff increased to 14,761 (up 361 year-on-year) in response to the steady human resources needs of the Automotive Industry. In addition, as a result of efforts to enhance various educational curricula and strengthen communication in order to create a comfortable workplace, the turnover rate remained at a low level of 3.9% (an improvement of 0.1 percentage points year-on-year), and the average monthly net sales per capita was 428 thousand yen (up 15 thousand yen year-on-year).

Engineering Human Resources Services (NISSO CORPORATION, Vector Shinwa Co., Ltd.)

In the Engineering Human Resources Services, the Group dispatches engineers mainly in the manufacturing industry and provides SES (System Engineering Service), with the aim of expanding its high value-added areas.

During the period under review, the number of enrolled engineers increased to 1,479 (up 53 year-on-year) and the turnover rate was at 2.2% (the same level as the previous fiscal year). On the other hand, due to a decrease in operating hours as a result of a lack of recovery in demand for PCs and communications equipment, net sales per capita amounted to 485 thousand (down 39 thousand yen year-on-year).

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

In the Administrative Human Resources Services, the Group provides general office work dispatching and BPO (Business Process Outsourcing), and is working to restructure services and develop new menus.

During the period under review, although the Group promoted recruitment activities centered on public relations and customer attraction activities, due to sluggish growth in the number of registrants, the number of enrolled administrative dispatched staff amounted to 555 (down 43 year-on-year).

Other Human Resources Services (Nikon Nisso Prime Corporation, Nisso Pure Co., Ltd.)

In Other Human Resources Services, the Group aims to build a business model that will enable older employees and employees with disabilities to flourish.

In addition to enhancing its human resources dispatching business, Nikon Nisso Prime Corporation is working to support the active participation of older employees, as well as developing, securing, and

building a structure for employment opportunities that will enable such employees to continue to work. The number of older employees employed during the period under review was 640.

Nisso Pure Co., Ltd., a special-purpose subsidiary of the Company, aims to create a workplace environment where diverse human resources can flourish. Rather than simply hiring employees with disabilities, the Group is promoting activities that take advantage of the characteristics of each individual, such as being entrusted with light work by external clients, and aiming to coexist with local communities, including school officials, support organizations, and the government. The number of employees with disabilities during the period under review was 221.

(Other Businesses)

(Unit: Million yen)

| | FY 3/2023 | | FY 3/2024 | |
|---------------------------------|--|-------------|--|-------------|
| | Cons. cumulative 2 nd Qtr. (April 1, 2022 - September 30, 2022) | | Cons. cumulative 2 nd Qtr. (April 1, 2023 - September 30, 2023) | |
| | Amount | (YoY) | Amount | (YoY) |
| Net sales | | | | |
| Nursing Care • Welfare Services | 1,503 | (up 0.6%) | 1,531 | (up 1.9%) |
| Segment profit | 18 | (down 7.2%) | 44 | (up 137.4%) |

Nursing Care • Welfare Services (Nisso Nifty Co., Ltd.)

In the Nursing Care • Welfare Services, the Group provides facility nursing care and home-based nursing care, and is working to restructure its provided services while developing new menus.

During the period under review, in the facility nursing care business, which is the mainstay of this service, by increasing business opportunities and working to increase the number of residents through Web previews and other means, the number of residents increased to 378 (up 3 year-on-year), and the occupancy rates at the facilities was 94.0% (improved by 0.7 percentage points year-on-year), resulting in a 1.9% increase in revenue and a 137.4% increase in profit year-on-year.

(2) Description of Financial Position

(Assets)

Current assets at the end of the period under review amounted to 25,055 million yen, which was an increase of 3,307 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 2,669 million yen in cash and deposits.

Non-current assets at the end of the period under review amounted to 8,348 million yen, which was an increase of 3 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 89 million yen in "other" under the investments and other assets category.

As a result, total assets amounted to 33,403 million yen, which was an increase of 3,311 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the period under review amounted to 15,652 million yen, which was an increase of 3,465 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 3,000 million yen in short-term loans payable and an increase of 564 million yen in accrued expenses.

Non-current liabilities at the end of the period under review amounted to 2,856 million yen, which was a decrease of 240 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 245 million yen in long-term loans payable.

As a result, total liabilities amounted to 18,509 million yen, which was an increase of 3,224 million yen from the end of the previous consolidated fiscal year.

(Net assets)

Total net assets at the end of the period under review amounted to 14,894 million yen, which was an increase of 86 million yen from the end of the previous consolidated fiscal year. This was mainly due to the 625 million yen in profit attributable to owners of parent, and 544 million yen in dividends of surplus.

As a result, the equity ratio was at 43.9% (which was at 48.4% at the end of the previous consolidated fiscal year).

(3) Description of Cash Flows

Cash and cash equivalents at the end of the current second quarter increased by 2,669 million yen from the end of the previous consolidated fiscal year to 12,469 million yen.

The status of each cash flow for the period under review and their factors thereof are as follows:
(Cash flows from operating activities)

Cash flows from operating activities amounted to proceeds of 673 million yen (compared to expenditures of 96 million yen in the corresponding period of the previous fiscal year), as proceeds of 998 million yen in profit before income taxes, etc., absorbed expenditures such as an increase in notes and accounts receivable (trade) of 668 million yen.

(Cash flows from investing activities)

Cash flows from investing activities amounted to expenditures of 212 million yen (compared to proceeds of 113 million yen in the corresponding period of the previous fiscal year) due to expenditures of 138 million yen for purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities amounted to proceeds of 2,208 million yen (compared to expenditures of 863 million yen in the corresponding period of the previous fiscal year), as proceeds of 3,000 million yen in net increase (decrease) in short-term loans payable absorbed expenditures as cash dividends paid of 544 million yen.

(4) Description of Future Forecast Information such as Consolidated Forecasts, etc.

For NISSO HOLDINGS Co., Ltd.'s consolidated forecasts for FY 3/2024, please refer to the "Notice of Consolidated Forecast, Dividend Forecast and Shareholder Benefits Program for the Fiscal Year Ending March 31, 2024" announced on October 2, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: Million yen)

| | FY 3/23 (As of Mar. 31, 2023) | 2Q of FY 3/24 (As of Sep. 30, 2023) |
|--|----------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,800 | 12,469 |
| Notes and accounts receivable - trade | 10,986 | 11,655 |
| Other | 965 | 935 |
| Allowance for doubtful accounts | (5) | (5) |
| Total current assets | 21,747 | 25,055 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,795 | 1,767 |
| Land | 2,670 | 2,670 |
| Other, net | 195 | 221 |
| Total property, plant and equipment | 4,660 | 4,659 |
| Intangible assets | | |
| Goodwill | 868 | 817 |
| Other | 645 | 612 |
| Total intangible assets | 1,514 | 1,430 |
| Investments and other assets | | |
| Other | 2,197 | 2,286 |
| Allowance for doubtful accounts | (27) | (27) |
| Total investments and other assets | 2,169 | 2,258 |
| Total non-current assets | 8,344 | 8,348 |
| Total assets | 30,092 | 33,403 |
| Liabilities | | |
| Current liabilities | | |
| Short-term loans payable | - | 3,000 |
| Current portion of long-term loans payable | 490 | 490 |
| Accrued expenses | 6,119 | 6,683 |
| Income taxes payable | 555 | 510 |
| Contract liabilities | 245 | 242 |
| Provision for bonuses | 1,395 | 1,459 |
| Provision for directors' bonuses | - | 10 |
| Provision for shareholder benefit program | 104 | 8 |
| Other | 3,276 | 3,245 |
| Total current liabilities | 12,187 | 15,652 |
| Non-current liabilities | | |
| Long-term loans payable | 2,019 | 1,773 |
| Net defined benefit liability | 583 | 660 |
| Other | 495 | 422 |
| Total non-current liabilities | 3,097 | 2,856 |
| Total liabilities | 15,284 | 18,509 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,016 | 2,016 |
| Capital surplus | 2,367 | 2,367 |
| Retained earnings | 10,460 | 10,260 |
| Treasury shares | (281) | - |
| Total shareholders' equity | 14,563 | 14,645 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 0 | 0 |
| Remeasurements of defined benefit plans | 3 | 6 |
| Total accumulated other comprehensive income | 4 | 6 |
| Non-controlling interests | 239 | 242 |
| Total net assets | 14,807 | 14,894 |
| Total liabilities and net assets | 30,092 | 33,403 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(For the First Six Months ended September 30, 2023)

(Unit: Million yen)

| | First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022) | First six months of FY 3/24 (Apr. 1, 2023 - Sep. 30, 2023) |
|---|---|---|
| Net sales | 43,162 | 47,381 |
| Cost of sales | 36,574 | 39,961 |
| Gross profit | 6,587 | 7,420 |
| Selling, general and administrative expenses | 6,077 | 6,455 |
| Operating profit | 510 | 965 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Dividend income | 0 | - |
| Subsidy income | 87 | 28 |
| House rent income | 20 | 20 |
| Other | 26 | 19 |
| Total non-operating income | 134 | 69 |
| Non-operating expenses | | |
| Interest expenses | 5 | 4 |
| Share of loss of entities accounted for using equity method | 29 | 2 |
| Rent expenses | 9 | 10 |
| Other | 17 | 18 |
| Total non-operating expenses | 62 | 35 |
| Ordinary profit | 582 | 998 |
| Profit before income taxes | 582 | 998 |
| Income taxes - current | 330 | 396 |
| Income taxes - deferred | (76) | (26) |
| Total income taxes | 253 | 370 |
| Profit | 328 | 628 |
| Profit (loss) attributable to non-controlling interests | (18) | 2 |
| Profit attributable to owners of parent | 347 | 625 |

(Quarterly Consolidated Statement of Comprehensive Income)
(For the First Six Months ended September 30, 2023)

(Unit: Million yen)

| | First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022) | First six months of FY 3/24 (Apr. 1, 2023 - Sep. 30, 2023) |
|---|---|---|
| Profit | 328 | 628 |
| Other comprehensive income | | |
| Remeasurements of defined benefit plans, net of tax | 1 | 2 |
| Share of other comprehensive income of entities accounted for using equity method | (0) | (0) |
| Total other comprehensive income | 1 | 2 |
| Comprehensive income | 329 | 631 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 348 | 628 |
| Comprehensive income attributable to non-controlling interests | (18) | 2 |

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Million yen)

| | First six months of FY 3/23 (Apr. 1, 2022 - Sep. 30, 2022) | First six months of FY 3/24 (Apr. 1, 2023 - Sep. 30, 2023) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 582 | 998 |
| Depreciation | 129 | 149 |
| Amortization of goodwill | 56 | 51 |
| Increase (decrease) in allowance for doubtful accounts | (0) | 0 |
| Increase (decrease) in provision for directors' bonuses | 3 | 10 |
| Increase (decrease) in provision for bonuses | 192 | 64 |
| Decrease (increase) in net defined benefit asset | 5 | 6 |
| Increase (decrease) in net defined benefit liability | 87 | (23) |
| Increase (decrease) in provision for shareholder benefit program | (57) | (95) |
| Loss (gain) on sales of non-current assets | - | 0 |
| Interest and dividend income | (1) | (1) |
| Interest expenses | 5 | 4 |
| Share of (profit) loss of entities accounted for using equity method | 29 | 2 |
| Decrease (increase) in notes and accounts receivable - trade | (767) | (668) |
| Decrease (increase) in lease and guarantee deposits | 22 | (17) |
| Increase (decrease) in accrued expenses | 142 | 564 |
| Increase (decrease) in accrued consumption taxes | (442) | (577) |
| Other | 218 | 630 |
| Subtotal | 207 | 1,099 |
| Interest and dividend income received | 1 | 1 |
| Interest expenses paid | (5) | (4) |
| Income taxes refund | 11 | 22 |
| Income taxes paid | (312) | (445) |
| Cash flows from operating activities | (96) | 673 |
| Cash flows from investing activities | | |
| Purchase of securities | (60) | - |
| Purchase of property, plant and equipment | (43) | (138) |
| Proceeds from sales of property, plant and equipment | - | 0 |
| Purchase of intangible assets | (10) | (49) |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 251 | - |
| Other | (24) | (24) |
| Cash flows from investing activities | 113 | (212) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | - | 3,000 |
| Repayments of long-term loans payable | (245) | (245) |
| Repayments of lease obligations | (6) | (2) |
| Cash dividends paid | (611) | (544) |
| Cash flows from financing activities | (863) | 2,208 |
| Effect of exchange rate change on cash and cash equivalents | - | - |
| Net increase (decrease) in cash and cash equivalents | (846) | 2,669 |
| Cash and cash equivalents at beginning of period | 8,773 | 9,800 |
| Cash and cash equivalents at end of period | 7,927 | 12,469 |

(4) Notes regarding Quarterly Consolidated Financial Statements

(Notes regarding the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Significant Subsequent Events)

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

At the Board of Directors' Meeting held on May 18, 2023 and the General Meeting of Shareholders held on June 28, 2023, 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, and the Holding Company was established on October 2, 2023.

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, as a result of the Share Transfer, the Company became a wholly owned subsidiary of the Holding Company, and therefore, although the Company's shares was delisted, the Holding Company plans was listed on the Prime Market of the Tokyo Stock Exchange, Inc. (hereinafter, the "Tokyo Stock Exchange"). The listing date was October 2, 2023, which was the date of registration of establishment of the Holding Company (effective date of share transfer).

2. Summary of the Share Transfer

(1) Schedule of share transfer

| | |
|--|--------------------|
| 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 |
| Date of delisting of the NISSO CORPORATIONS's shares | September 28, 2023 |
| Date of registration of establishment of Holding Company (effective date) | October 2, 2023 |
| Date of listing of shares of Holding Company | October 2, 2023 |

(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) | NISSO CORPORATION (Wholly owned subsidiary through share transfer) |
|----------------------|--|--|
| Share transfer ratio | 1 | 1 |

①Share transfer ratio

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

②Number of shares per share unit

The Holding Company adopted a share unit system in which the number of shares per share unit is 100.

③Basis for calculation of share transfer ratio

The Share Transfer established 1 wholly owning parent company through a single share transfer of the Company, and since there was 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 was 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.

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

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

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

Common stock 34,024,720 shares

Furthermore, all of the treasury shares held by the Company (328,480 shares) at the time of the effective date of the Share Transfer have been cancelled.

(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 listing of the Holding Company

The Company has applied for new listing (technical listing) of shares of the newly established Holding Company on the Prime Market of the Tokyo Stock Exchange, and the new listing was made on October 2, 2023. In addition, the Company became a wholly owned subsidiary of the Holding Company through the Share Transfer and was delisted from the Prime Market of the Tokyo Stock Exchange on September 28, 2023, prior to the listing of the Holding Company.

3. Overview of the Company Involved in the Share Transfer

(Wholly owned subsidiary through share transfer)

| | | | |
|---|--|-----------|-----------|
| (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)

| | | | |
|---------------------------|---|--|--|
| (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 became a wholly owned subsidiary of the Holding Company. As a result, the Company's business results will now 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.

(Acquisition of Treasury Shares)

At the Board of Directors' Meeting held on November 7, 2023, NISSO HOLDINGS Co., Ltd. (hereinafter, "NISSO HOLDINGS") the parent company of the Company, resolved matters related to the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act as read and applied pursuant to the provisions Article 165, paragraph 3 of the same Act, as follows.

1. Reason for Acquisition of Treasury Shares

In order to achieve sustainable growth, NISSO HOLDINGS strives to enhance its corporate value by conducting management with an emphasis all stakeholders.

NISSO HOLDINGS has decided to acquire its treasury shares in order to enable NISSO HOLDINGS to flexibly implement capital policies in response to changes in the business environment.

2. Details of Matters Related to the Acquisition

(1) Type of shares to be acquired

Common stock

(2) Total number of shares to be acquired

1,300,000 shares (upper limit)

(3.82% of the total number of shares outstanding (issued shares, excluding treasury shares))

(3) Total value of shares acquired

1,100 million JPY (upper limit)

(4) Acquisition period

November 8, 2023~March 31, 2024

(5) Acquisition method

Market purchase by the Tokyo Stock Exchange