

NOTICE: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between the translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

To Our Shareholders

Materials for the 2nd Ordinary General Meeting of Shareholders

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

- **Business Report**
 - "Main Business Contents"**
 - "Significant Sales Offices, etc."**
 - "Status of Employees"**
 - "Status of Major Lenders"**
 - "Other Important Matters Concerning the Current Status of the Corporate Group"**
 - "Status of Shares"**
 - "Status of Share Acquisition Rights, etc."**
 - "Status of Accounting Auditor"**
 - "Status of Systems to Ensure Appropriate Business Operations and Their Operational Status"**
- **Consolidated Financial Statements**
 - "Notes to Consolidated Financial Statements"**
- **Non-consolidated Financial Statements**
 - "Balance Sheet"**
 - "Statement of Income"**
 - "Statement of Changes in Equity"**
 - "Notes to Non-consolidated Financial Statements"**

2nd Fiscal Year (April 1, 2024 to March 31, 2025)
NISSO HOLDINGS Co., Ltd.

Pursuant to laws and regulations and the provisions of Article 15 of NISSO HOLDINGS' Articles of Incorporation, the above matters are not stated in documents to be delivered to shareholders who have requested document delivery. In addition, at the General Meeting of Shareholders, regardless of whether or not there is a request for document delivery, a document stating that the above matters are excluded from the matters for electronic provision will be sent to shareholders uniformly.

Main Business Contents (As of March 31, 2025)

The Company was established on October 2, 2023 as a holding company, which is the wholly owning parent company of NISSO CORPORATION through a single share transfer, and is engaged in the business management of Group companies and incidental operations, etc.

In addition, the Group is comprised of 7 consolidated subsidiaries and 2 equity-method affiliates. In accordance with our founding philosophy of "Nurturing and Bringing Out the Best in People", the Company's mission is "Creating opportunities and hopes for people to work", and it 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, as well as creating a workplace where workers can feel motivated and grow through Human Resources Solution Services that support the growth of companies and people.

The services provided by the Group are broadly classified into 2 categories: "General Human Resources Services" and "Nursing Care • Welfare Services".

(General Human Resources Business)**Manufacturing • Production Human Resources Services**

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

Manufacturing dispatching is conducted in accordance with the "Act on Securing the Proper Operation of Worker Dispatching Businesses and Protecting Dispatched Workers" (hereinafter, the "Worker Dispatching Act"), and dispatching services are provided to manufacturers including automobiles, semiconductors and electronic devices.

Manufacturing contracting provides services to manufacturers including automobiles, semiconductors, and electronic devices. Manufacturing contracting is characterized by the fact that the contractor company (the Group's companies) themselves provides job-related instructions, and the Group's companies themselves must establish frameworks relating to production, quality control, labor management and workplace operations. In response to orders from the ordering party (client manufacturers), the Group's companies conduct manufacturing, processing and inspections under their own management systems, and deliver the finished products (deliverables) upon completion.

Engineering Human Resources Services

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

SES is an abbreviation for "System Engineering Service" and is a type of outsourcing contract in the IT industry.

Administrative Human Resources Services

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

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

In addition, this service is entrusted with some BPO, which involves the outsourcing of operations and processes of specific business-related tasks to a [third- party] specialized company.

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.

(Nursing Care ・ Welfare Services)

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

For facility nursing care, the Group operates fee-based nursing homes in Yokohama, Kanagawa, and provides nursing care services to residents.

For home-based nursing care, the Group provides nursing care services at nursing care stations (Yokohama, Kanagawa, and Iwaki City, Fukushima) and day care nursing facilities (Iwaki City, Fukushima).

Significant Sales Offices, etc. (As of March 31, 2025)

① The Company

Headquarters	Kohoku-ku, Yokohama, Kanagawa
--------------	-------------------------------

② Subsidiaries

Company Name	Head Office Locations
NISSO CORPORATION	Kohoku-ku, Yokohama, Kanagawa
Nisso Nifty Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa
Nisso Brain Co., Ltd.	Tsurumi-ku, Yokohama, Kanagawa
Nisso Pure Co., Ltd.	Kohoku-ku, Yokohama, Kanagawa
Vector Shinwa Co., Ltd.	Chiryu City, Aichi
EYE'S Co., Ltd.	Chuo-ku, Tokyo
Nikon Nisso Prime Corporation	Kohoku-ku, Yokohama, Kanagawa

Status of Employees (As of March 31, 2025)

① Status of the Corporate Group

	Number of Employees (PT Workers)
General Human Resources Services	2,108 (224)
Nursing Care ・ Welfare Services	250 (84)
Company-wide (common)	26 (—)
Total	2,384 (308)

(Note) 1. The number of employees indicates the number of persons in employment, and the average number of temporary employees (part-time workers) in the past year is shown in brackets ().

2. Company-wide (common) indicates the number of employees of the Company.

② Status of the Company

# of Employees (PT Workers)	Average age	Average years of service
26 (—)	49.8	19.9

(Note) 1. The number of employees indicates the number of persons in employment, and the average number of temporary employees (part-time workers) in the past year is shown in brackets ().

2. The average years of service is the sum of the number of years of service within the Group.

Status of Major Lenders (As of March 31, 2025)

Lender	Amount borrowed
MUFG Bank, Ltd.	566 Million yen
The Bank of Yokohama, Ltd.	566 Million yen
Aozora Bank, Ltd.	201 Million yen
Mizuho Bank, Ltd.	195 Million yen

Other Important Matters Concerning the Current Status of the Corporate Group

Not applicable.

Current Status of the Company

Status of Shares (As of March 31, 2025)

- ① Total number of authorized shares 102,400,000 Shares
- ② Total number of issued shares 34,024,720 Shares (of which 1,030,271 are treasury shares)
- ③ Number of shareholders 6,850

④ Major shareholders

Name of Shareholder	Number of Shares	Shareholding Ratio
NS Holdings Co., Ltd.	13,915,400	42.17%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,291,300	9.98%
Custody Bank of Japan, Ltd. (Trust Account)	1,679,400	5.09%
Tadao Shimizu	1,019,600	3.09%
NISSO HOLDINGS Employee Shareholding Association	586,700	1.78%
Chikako Shimizu	487,000	1.48%
Sincere Co., Ltd.	487,000	1.48%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	374,000	1.13%
STATE STREET BANK AND TRUST COMPANY 505103	319,500	0.97%
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	256,250	0.78%

- (Note) 1. Although the Company holds 1,030,271 shares of treasury shares, it is excluded from the major shareholders listed above.
2. The shareholding ratio is calculated with the deduction of treasury shares (1,030,271 shares).
3. In the Large Shareholding Report which was made available for public inspection on April 7, 2025, although it was stated that SBI Asset Management Co., Ltd. and 1 other company held the following shares as of March 31, 2025, since the Company was unable to confirm the number of real held shares at the end of the current fiscal year (hereinafter, the "fiscal year under review"), the status of the major shareholders stated above has been based on the number of shares held on the register of shareholders. The contents of the Large Shareholding Report are as follows:

Name or Company Name	Number of Share Certificates Held	Share Certificates Holding Ratio
SBI Asset Management Co., Ltd.	1,600,000	4.70%
SBI SECURITIES Co., Ltd.	148,039	0.44%
Total	1,748,039	5.14%

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

The Company introduced a restricted share remuneration plan based on the 1st Ordinary General Meeting of Shareholders held on June 26, 2024. In response to this, the Board of Directors' Meeting held on July 18, 2024 resolved to dispose of treasury shares as restricted share remuneration, and on August 7 of the same year, 22,427 shares of treasury shares were disposed of to 3 Directors (excluding Directors who are Audit & Supervisory Committee Members and External Directors).

⑥ Other significant matters concerning shares

At the Board of Directors' Meeting held on July 1, 2024, the Company resolved to dispose of treasury shares through a third-party allotment, with the aim of enhancing welfare benefits for Group employees and helping them to build up their assets, as well as promoting the sharing of values with shareholders, raising the awareness of employees to participate in management, improving employee engagement, and contributing to the enhancement of human capital.

The overview of the disposal of treasury shares through third-party allotment is as follows:

- (1) Date of disposal : December 2, 2024
- (2) Type and number of shares disposed of : Common stock of the Company 196,500 shares
- (3) Disposal value (price) : 846 yen per share
- (4) Total disposal amount : 166,239,000 yen
- (5) Disposal destination : NISSO HOLDINGS Employee Shareholding Association

Status of Share Acquisition Rights, etc.

- ① Status of share acquisition rights issued as consideration for the execution of duties held by the Company's Officers on the last day of the fiscal year under review
Not applicable.
- ② Status of share acquisition rights issued to employees as consideration for execution of duties during the fiscal year under review
Not applicable.

Status of Accounting Auditor

① Name Ernst & Young ShinNihon LLC

② Amount of remuneration

	Amount of Remuneration
Amount of remuneration for the Accounting Auditor for the fiscal year under review	52 Million yen
Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	52 Million yen

(Note) 1. The amounts of remuneration for audit services pursuant to the Companies Act and for audit services pursuant to the Financial Instruments and Exchange Act have not been clearly distinguished in the audit contract concluded between the Company and the Accounting Auditor, and since they cannot be substantially distinguished from each other, the sum total of these amounts have been represented in the amount of remuneration for the Accounting Auditor for the fiscal year under review.

2. After conducting necessary verification as to whether or not the contents of the Accounting Auditor's audit plan, the status of the performance of duties of accounting audits and the basis for calculating remuneration estimates are appropriate, the decision of consent regarding the amount of remuneration for the Accounting Auditor has been made by the Audit and Supervisory Committee.

③ Contents of non-audit services
Not applicable.

④ Policy for determining dismissal or non-reappointment of Accounting Auditor
In the event that the Audit and Supervisory Committee deems it necessary, such as when there is a hindrance to the execution of duties of the Accounting Auditor, the contents of the proposal concerning the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders shall be determined.

In addition, in the event that the Accounting Auditor is deemed to fall under the items stipulated in Article 340, paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all the Audit & Supervisory Committee Members. In such a case, the Audit & Supervisory Committee Members selected by the Audit and Supervisory Committee shall report on the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

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

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

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

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

(1) System to Ensure Appropriate Business Operations

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

1. System to ensure that the execution of duties by the Group's Directors is in accordance with laws, regulations and the Articles of Incorporation
 - ① In order to carry out sound and sincere business activities with compliance as well as high moral values, the Company has established the "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". In addition, the Directors have taken the initiative to implement these measures, and the Company shall continue to strive to ensure the thorough awareness of the measures by employees by posting them on the in-house intra-system.
 - ② In order to ensure the thorough compliance of laws and regulations, corporate ethics and internal regulations, the Company has established "Compliance Regulations", and has set up a "Corporate Value Enhancement Committee" chaired by the President to promote sound and sincere business activities.
 - ③ Directors who discover any material violation of laws or regulations or any other material facts concerning compliance, shall report such matters to the Board of Directors.
 - ④ The Group has taken a resolute stance against unreasonable demands from anti-social forces, and has established concrete action guidelines which demonstrate that it has no relationships whatsoever with them. The Group shall continue to ensure the thorough awareness of such matters to Directors and employees in order to eliminate any relationships with these forces.
 - ⑤ In order to preserve corporate assets and improve management efficiency, the Company has established "Internal Audit Regulations", and has set up an independent Internal Auditing Office. The Group shall continue the auditing of its entire operations in regards to its compliance with laws and regulations and the status of the execution of its business operations.
2. System concerning storage and control of information related to the execution of duties of Directors
 - ① The Company has established "Document Control Regulations" for documents such as the minutes of the Board of Directors' Meetings and documents pertaining to other significant decisions as prescribed by laws and regulations, in addition to properly storing and managing such documents after clarifying management responsibilities. Also, the Company shall continue to maintain a system which allows for the viewing of such documents as deemed necessary.
 - ② The Company has established "Information Management Regulations" for confidential information, and shall continue to ensure security.
3. Regulations and other systems concerning the management of risk of loss
 - ① The Company has established "Risk Management Regulations" for risks affecting business objectives (hereinafter referred to as "risks"), and in order to maintain a system that can adequately respond to such risks, it has set up a "Corporate Value Enhancement Committee" (hereinafter referred to as the "Committee"). The Committee shall convene in accordance with the regulations of the meeting body and shall be convened as deemed necessary.
 - ② Based on the "Risk Management Regulations", the Committee identifies, analyzes and evaluates specific risks, and discusses its response policies. In addition, in the event where an emergency response is needed as the Committee monitors the status of risk management, an emergency committee shall be convened to discuss the necessary response measures.
 - ③ The Committee shall submit and report any matters related to risks to the Board of Directors on a regular basis or as deemed necessary.
 - ④ Each Division Head of the Group shall be responsible for risk management within their respective divisions, and must promptly report to the Committee Secretariat in the event that an emergency situation requiring reporting on risks arises, and in the event that there are risks involving multiple divisions, etc., or serious risks that may materialize. In addition, they are required to administer appropriate procedures, such as incorporating countermeasures in their business plans to respond to significant risks identified within their division of responsibility, as well as other individual risk-related matters.

- ⑤ In order to respond promptly and accurately to the actualization of risks that may affect its business objectives, the Group has established response systems, procedures, and regulations in advance, and shall maintain and strive to improve the structure of reporting systems in the event of a crisis, as well as processes capable of responding quickly and appropriately.
 - ⑥ The Group shall formulate a business continuity plan and strive to develop a system that can promptly carry out business continuity after the occurrence of a disaster.
4. System to ensure the efficient execution of duties by Directors
- ① The Group has established "Regulations of the Board of Directors", and shall clarify the governance of the Board of Directors and matters to be discussed.
 - ② To ensure the smooth and efficient operation of duties of Directors and employees, the Board of Directors has established "Organization · Division of Duties Regulations" and "Regulations of Administrative Authority", and shall determine matters regarding the segregation of duties of each division, as well as the fundamental roles, duties and authorities of each position.
5. System to ensure that the execution of duties by employees is in accordance with laws, regulations and the Articles of Incorporation
- ① In order to carry out sound and sincere business activities with compliance as well as high moral values, the Company has established the "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". In addition, the Directors have taken the initiative to implement these measures, and the Company shall continue to strive to ensure the thorough awareness of the measures by employees by posting them on the in-house intra-system.
 - ② In order to ensure the thorough compliance of laws and regulations, corporate ethics and internal regulations, the Company has established "Compliance Regulations", and has set up a "Corporate Value Enhancement Committee" chaired by the President to promote sound and sincere business activities.
 - ③ The Group has established "Whistleblower Protection Regulations", and shall institute a system for the early detection of violations of laws and regulations with regard to the Group, as well as ensuring that the informant is not subjected to any disadvantages.
 - ④ The Group has taken a resolute stance against unreasonable demands from anti-social forces, and has established concrete action guidelines which demonstrate that it has no relationships whatsoever with them. The Group shall continue to ensure the thorough awareness of such matters to Directors and employees in order to eliminate any relationships with these forces.
 - ⑤ In order to preserve corporate assets and improve management efficiency, the Company has established "Internal Audit Regulations", and has set up an independent Internal Auditing Office. The Group shall continue the auditing of its entire operations in regards to its compliance with laws and regulations and the status of the execution of its business operations.
6. System to ensure appropriate business operations in the Corporate Group consisting of the Company and its subsidiaries
- ① In order to promote the fair business activities of the Group, the Company has established the Group-wide "Nisso Group Charter of Corporate Behavior", and concrete guidelines for personal conduct, the "Nisso Group Employee Code of Conduct". Furthermore, each company in the Group shall continue to strive to ensure the thorough awareness of these matters by Directors and employees.
 - ② In order to strengthen the management of the Group, the Company has established "Affiliated Companies Management Regulations". In addition to requiring the reporting of significant matters concerning the business operations of subsidiaries, the Company shall refer matters of particular importance to the Board of Directors.
 - ③ The Company's Internal Auditing Office shall conduct audits of each company in the Group on a regular basis and when deemed necessary. Furthermore, the Internal Auditing Office shall cooperate with the Audit and Supervisory Committee and the Accounting Auditor to strive to ensure the proper business operations of the Group through audits.
7. Matters concerning Directors and employees who are to assist in the fulfillment of duties of the Audit and Supervisory Committee
- The Company shall immediately appoint employees to assist in the fulfillment of the duties of the Audit and Supervisory Committee when requested to do so.

8. Matters concerning the independency of employees in the preceding item from Directors (excluding Directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to employees set forth in the preceding paragraph
 - ① The Company shall have employees assisting in the fulfillment of the duties of the Audit and Supervisory Committee execute their duties under the direction of the Audit & Supervisory Committee Members whom they are assisting.
 - ② The Company shall consult with the Audit and Supervisory Committee in advance about the decision of matters concerning personnel affairs of employees assisting in the fulfillment of the duties of the Audit and Supervisory Committee.
9. System for Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees to submit reports to the Audit and Supervisory Committee and other systems related to submitting reports to the Audit and Supervisory Committee
 - ① The Company shall request the attendance of Audit & Supervisory Committee Members for the "Board of Directors' Meetings", the "Corporate Value Enhancement Committee Meetings", and other meetings of importance.
 - ② The Company's Representative Director and the Internal Auditing Office shall maintain cooperation with the Audit and Supervisory Committee and exchange information on a regular basis.
 - ③ Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees of the Group shall respond to requests in the event they are asked by the Audit and Supervisory Committee to submit reports on important information.
 - ④ The Company shall ensure that persons who submit reports to the Audit and Supervisory Committee do not receive disadvantageous treatment due to reasons for submitting the report.
10. Other systems to ensure the effective implementation of audits by the Audit and Supervisory Committee
 - ① Audit & Supervisory Committee members shall attend the "Board of Directors' Meetings", the "Corporate Value Enhancement Committee Meetings", and other meetings of importance.
 - ② In response to the request of the Audit and Supervisory Committee, the Company shall establish a system that allows for the viewing of important documents such as minutes of meetings.
 - ③ The Company shall formulate a budget after confirming with the Audit and Supervisory Committee about the expenses required to perform its duties, in addition to establishing a system for the prepayment or reimbursement of expenses incurred when executing its duties.

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

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

1. Compliance System

- ① The Company has established the "Nisso Group Charter of Corporate Behavior", which indicates the core concepts of a company that conducts sound and sincere business activities, and the "Nisso Group Employee Code of Conduct", which provides specific action guidelines. The Company also distributes the pocket leaflet "*NISSO Michishirube*" (literal meaning: "NISSO Guidelines") which contains the aforementioned Charter and Code to officers and employees of NISSO HOLDINGS and its subsidiaries in order to ensure compliance of laws, regulations and ethical behavior.
- ② In order to share the commitment to and ensure the awareness of compliance, which is fundamental to corporate management, the Company, officers, and employees shall uphold and thoroughly comply with the "Ethics Policy", which consists of the following, to further promote compliance management: ethical compliance with laws and regulations, elimination of improper benefits, information disclosure and transparency, protection of intellectual property, fair • transparent • free competition and business transactions, and protection of identities and elimination of retaliation.
- ③ The Company has developed an educational system on compliance based on its "Compliance Regulations", and has conducted regular training on such matters to officers and employees.
- ④ In order to detect violations of laws and regulations at an early stage, the Company and its subsidiaries have established "Whistleblower Protection Regulations", and have set up the "Nisso Group Internal Reporting Counter" as an external contact point. Moreover, in addition to prohibiting the disadvantageous treatment of informants, the Company has developed and continues to operate a system to investigate and administer corrective and recurrence prevention measures in the event of any such submission of reports.

2. Risk Management System

- ① In accordance with the "Risk Management Regulations", the "Risk Management Council" was held 10 times during the fiscal year under review in which Directors (including Audit & Supervisory Committee Members), the Risk Management Division, and representatives of subsidiaries, etc., participated. Furthermore, in addition to establishing a risk map, the Company has implemented the identification, analysis and evaluation of risks that affect its business, and has developed and continues to operate a system to appropriately respond to any such risks.
- ② The Company has developed an educational system on risks based on its "Risk Management Regulations", and has conducted regular training on such matters to officers and employees.
- ③ The Internal Auditing Office has conducted internal audits of the Company, its subsidiaries, etc., based on "Internal Audit Regulations" and "Affiliated Companies Management Regulations", and reports have been made to the presidents of each company through the submissions of internal audit reports.

3. The Group's Management Control System

- ① In the "Regulations of the Board of Directors", it has been stipulated that resolutions on significant matters regarding the management of the Company, its subsidiaries, etc., are to be administered by the Company's Board of Directors, and that resolutions based on these regulations are properly carried out.
- ② At the regular Board of Directors' Meeting held once a month, the business performance of the Company and its subsidiaries, as well as other important matters related to management are reported and discussed in order to strengthen the management of the Group.

4. Execution of Duties by Directors

Regular meetings of the Board of Directors, comprised of 8 Directors, including 5 External Directors, were convened 12 times, and 7 extraordinary meetings were convened during the fiscal year under review. At the Board of Directors' Meetings, which were convened a total of 19 times (and 1 other written resolution), the reporting of business results and the approval of significant matters concerning business operations were conducted.

5. Execution of Duties by Audit & Supervisory Committee Members

- ① The Audit and Supervisory Committee is comprised of 4 Audit & Supervisory Committee Members (including 4 External Audit & Supervisory Committee Members), and has developed and continues to operate a system to ensure that audits are effectively conducted.
- ② The Audit & Supervisory Committee Members have attended the Board of Directors' Meetings and other important meetings, and express their opinions when necessary to audit the status of the Directors' execution of duties. Furthermore, the Audit & Supervisory Committee Members regularly meet with the Representative Director and conduct the exchange of opinions on various matters. Moreover, they work in close cooperation with the Internal Auditing Office and the Accounting Auditor to improve the effectiveness and efficiency of their audits.
- ③ Audit and Supervisory Committee Meetings were convened 14 times during the fiscal year under review.

Basic Policy on the Control of the Company

Not applicable.

Policy Concerning the Determination of Dividends of Surplus

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

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

【Notes to Consolidated Financial Statements】

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

(1) Scope of Consolidation

① Number of consolidated subsidiaries 7

• Names of consolidated subsidiaries

NISSO CORPORATION

Nisso Nifty Co., Ltd.

Nisso Brain Co., Ltd.

Nisso Pure Co., Ltd.

Vector Shinwa Co., Ltd.

EYE'S Co., Ltd.

Nikon Nisso Prime Corporation

② Names of non-consolidated subsidiaries

Not applicable.

(2) Application of Equity Method

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

• Name of companies

TSUNAGU GROUP HOLDINGS Inc.

Leaf Nxt Inc.

② Change in scope of application of equity method

From the current consolidated fiscal year (hereinafter, the "consolidated fiscal year under review", TSUNAGU GROUP HOLDINGS Inc. has been included as an equity-method affiliate. This was because the Company newly acquired shares of TSUNAGU GROUP HOLDINGS Inc. during the consolidated fiscal year under review, making it an affiliated company, and therefore it was included as an equity-method affiliate.

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

Not applicable.

④ Special notes on equity method application procedures

For equity method affiliates whose closing date differs from the consolidated closing date, the financial statements prepared based on the financial statements of each company's fiscal year or provisional financial statements based on the most recent quarterly financial results are used.

(3) Fiscal Year of Consolidated Subsidiaries

The last day of the fiscal year of all consolidated subsidiaries is consistent with the consolidated closing date.

(4) Significant Accounting Policies

① Criteria and methods of valuation of significant assets

Other securities

- Shares, etc., without market price

Stated at cost using the moving average method.

② Depreciation method for significant depreciable assets

A Property, plant and equipment (excluding leased assets)

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

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

Buildings and structures 3~50 years

B Intangible assets (excluding leased assets)

The straight-line method is used.

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

C Leased assets

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

③ Criteria for recording material reserves

A Allowance for doubtful accounts

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

B Provision for bonuses

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

C Provision for shareholder benefit program

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

④ Accounting methods for defined (retirement) benefits

A Period attribution method of estimated retirement benefit amount

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

B Method of processing expenses of actuarial differences

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

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

C Use of simplified method for small-scale enterprises

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

⑤ Criteria for recording revenues and expenses

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

A General Human Resources Services Business

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

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

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

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

B Nursing Care ・ Welfare Services

The Group is mainly engaged in facility nursing care.

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

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

⑥ Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over a period (7 to 10 years) based on a reasonable estimate of the period during which the effects will be realized.

2. Notes on Changes in Accounting Policies

(Application of "Accounting Standards for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc.")

"Accounting Standards for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc." (Accounting Standards (ASBJ) No. 27 October 28, 2022. Hereinafter referred to as "2022 Revised Accounting Standards") have been applied from the beginning of the consolidated fiscal year under review.

Regarding the revisions of the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment stipulated in the proviso to paragraph 65-2 (2) of the "Guidelines for the Application of Accounting Standards for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022. Hereinafter referred to as the "2022 Revised Application Guidelines"). Furthermore, the changes in the accounting policies have no impact on the current consolidated financial statements.

In addition, with regard to the revisions related to the review of the treatment in the consolidated financial statements in the case of deferral for tax purposes of gains and losses arising from the sale of shares, etc., of subsidiaries between consolidated companies, the Company has applied the 2022 Revised Application Guidelines from the beginning of the consolidated fiscal year under review. Although the changes in accounting policies have been applied retroactively, they have no effect on the amount of net assets at the beginning of the consolidated fiscal year under review.

3. Notes on Changes to the Display Method

(Consolidated Balance Sheet)

"Construction in progress," which was included in "other" under "property, plant and equipment" in the previous consolidated fiscal year, has been presented separately from the consolidated fiscal year under review due to its increased monetary significance.

Furthermore, the amount of "construction in progress" for the previous consolidated fiscal year was 261 million yen.

4. Notes on Accounting Estimates

Impairment of non-current assets

- ① Amounts recorded in consolidated financial statements for the consolidated fiscal year under review
(General Human Resources Services Business)

Property, plant and equipment 5,160 Million yen

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

A Calculation method

The Group recognized impairment losses on certain asset groups related to property, plant and equipment used for the General Human Resources Services Business, based on the judgement that there were signs of impairment due to continued negative profits and losses arising from operating activities or a significant decrease in the market value of real estate. No impairment loss was recognized as undiscounted future cash flows from the asset group exceed its book value.

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

B Key assumptions

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

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

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

5. Notes to Consolidated Balance Sheet

- (1) Assets Pledged as Collateral and Collateral for Debts
Not applicable.

- (2) Accumulated Depreciation on Assets
Accumulated depreciation of property, plant and equipment 4,335 Million yen

- (3) Discounts on Notes Receivable and Electronically Recorded Monetary Claims
Discounts on electronically recorded monetary claims 238 Million yen

- (4) The Company has concluded loan commitment agreements with 6 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to loan commitments as of the end of the consolidated fiscal year under review, for these agreements is as follows:
- | | |
|----------------------------------|--------------------|
| Total amount of loan commitments | 12,400 Million yen |
| Outstanding borrowing balance | - |
| Balance | 12,400 Million yen |

6. Notes to Consolidated Statement of Changes in Equity

- (1) Type and Total Number of Shares Outstanding at the End of the Consolidated Fiscal Year Under Review
Common stock 34,024,720 Shares

- (2) Type and number of treasury shares at the end of the consolidated fiscal year under review
Common stock 1,030,271 Shares

- (3) Matters Concerning Dividends of Surplus

① Dividend payment amount, etc.

Resolution	Type of Shares	Total Amount of Dividends (Million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 26, 2024 Ordinary General Meeting of Shareholders	Common Stock	671	20.50	March 31, 2024	June 27, 2024

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

Expected Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (Million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
June 26, 2025 Ordinary General Meeting of Shareholders	Common Stock	Retained Earnings	725	22.00	March 31, 2025	June 26, 2025

- (4) Type and number of shares subject to share acquisition rights as of the end of the consolidated fiscal year under review
Not applicable.

7. Notes to Financial Instruments

- (1) Status of Financial Instruments

① Policy on financial instruments

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

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

Notes receivable (trade) and accounts receivable (trade), which are operating receivables, are exposed to credit risks derived from clients. Investment securities are shares of subsidiaries and associates and shares of companies with which the Company has a business relationship with.

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

③ Risk management system for financial instruments

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

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

B Management of liquidity risks related to funding (risks involving the inability to make payments on the due date)

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

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

The amounts that are recorded in the consolidated balance sheet, the market values and the differences between the two are as follows:

	Consolidated Balance Sheet Amount	Market Value	Difference
Investment securities (※2)	1,409 Million yen	922 Million yen	(487) Million yen
Assets total	1,409	922	(487)
Long-term loans payable (including current portion)	1,528	1,504	(24)
Liabilities total	1,528	1,504	(24)

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

(※2) "Investment securities" are listed shares of equity-method affiliates, and the difference is based on market value (fair market valuation).

Furthermore, stocks and other securities without market prices are not included in "investments in securities". The amounts recorded on the consolidated balance sheet of the financial instruments are as follows:

Classification	Consolidated Balance Sheet Amount
Shares of unlisted affiliates	62 Million yen
Other unlisted shares	164

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

	Within 1 Year (Million yen)
Cash and deposits	8,186
Notes and accounts receivable - trade	11,223
Total	19,409

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

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

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

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

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

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

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

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

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

Not applicable.

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

Classification	Market Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	922 Million yen	— Million yen	— Million yen	922 Million yen
Assets total	922	—	—	922
Long-term loans payable (including current portion)	—	1,504	—	1,504
Liabilities total	—	1,504	—	1,504

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

Investment securities

Listed shares are valued using quoted market prices. Since listed shares are traded in active markets, their market value is classified as Level 1.

Long-term loans payable (including current portion)

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

8. Notes on Real Estate for Rent, etc.

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

9. Notes on Revenue Recognition

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

Automobiles	42,360 Million yen
Electronic devices	15,851
Precision • electrical machinery	25,700
Other	17,647
Revenue generated from client contracts	101,560
Other revenue	-
Net sales to external clients	101,560

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

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

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

① Balance of contract liabilities, etc.

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

	Consolidated Fiscal Year under Review	
	Balance at Beginning of Period	Balance at End of Period
Receivables arising from client contracts	11,238 Million yen	11,223 Million yen
Contract liabilities	212	198

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

The amount of revenue recognized in the consolidated fiscal year under review which was included in the balance of contract liabilities at the beginning of the period was 80 million yen. There were no significant changes in the balance of contract liabilities in the consolidated fiscal year under review. In addition, the amount of revenue recognized in the consolidated fiscal year under review is not significant due to performance obligations that were satisfied (or partially satisfied) in the past period.

② Transaction price allocated to remaining performance obligations

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

	Consolidated Fiscal Year under Review
Within 1 Year	75 Million yen
Over 1 Year and Within 2 Years	57
Over 2 Years and Within 3 Years	37
Over 3 Years and Within 4 Years	19
Over 4 Years	7
Total	198

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

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

10. Notes on Per Share Information

Net assets per share amount	509.04 Yen
Net income per share	58.92Yen

11. Notes on Significant Subsequent Events

(Subsidiary Acquisition through Acquisition of Shares and Simplified Share Exchange)

At the Board of Directors' Meeting held on April 17, 2025, the Company resolved to acquire a portion of the issued shares (outstanding shares) of Man to Man Holdings, Co., Ltd., (hereinafter, "Man to Man Holdings") (hereinafter, the "Share Acquisition"), and subsequently implemented a simplified share exchange (hereinafter, the "Share Exchange") in which the Company became the wholly owning parent company in the share exchange and Man to Man Holdings became the wholly owned subsidiary in the share exchange.

In addition, the Company concluded a share transfer agreement and a share exchange agreement on the same day.

(1) Overview of Business Combination

① Name of Acquired Company and its Description of Business

Name of Acquired Company	Man to Man Holdings Co., Ltd.
Description of business	Paid employment placement business, worker dispatching business, re-employment support business, outsourcing business for production ・ logistics operations, consulting business, formulation of group-wide management strategies, management of group operating companies, and group-wide public relations, etc.

② Main reasons for business combination

The Man to Man Group, which is comprised of Man to Man Holdings and its subsidiaries and affiliated companies, is engaged in a variety of businesses, primarily centered around the manufacturing-related human resources dispatching business, including production entrustment and logistics entrustment, development of production management and equipment maintenance systems for the manufacturing industry, offshore systems development in Vietnam, and the promotion of employment of people with disabilities. In its main trading areas of Aichi Prefecture, Mie Prefecture, western Shizuoka Prefecture, and Gifu Prefecture, the Man to Man Group provides services focusing on automobile manufacturers (including suppliers) and semiconductor device manufacturers, and has a strong business base in the Chubu-Tokai area.

On the other hand, based on the founding philosophy of *"Nurturing and Bringing Out the Best in People"*, the Group defines materiality (key issues) as "Creation of a comfortable workplace", "Responding to social changes and changes in industrial structures", and "Strengthening of governance", and is working to realize its mission of "Creating opportunities and hopes for people to work".

The Group's core strategy, the Industry Strategy, aims to expand Manufacturing ・ Production Human Resources Services and Engineering Human Resources Services by responding to the human resources needs of each industry, particularly in Japan's leading industries such as Automotive (automobile manufacturing ・ electric vehicle (EV)-related manufacturing industry), Semiconductor (semiconductor manufacturing industry), and electronics (electronic equipment manufacturing industry).

In addition, the Group is developing and promoting its own "Human Resources Development Model". Specifically, the Group is working to develop high value-added human resources through its unique educational programs developed in line with client needs, using its own educational and training facilities located in 9 locations nationwide.

The Chubu-Tokai area, which is the core area of the Man to Man Group, is home to a large number of important clients, particularly in the automobiles industry, and is also an area where the Group is focusing its efforts. In the future, it is expected that manufacturers in this area will become more active in promoting not only batteries for hybrid vehicles, but also for electric vehicles (EVs).

For these reasons, the Group has decided to make Man to Man Holdings a wholly owned subsidiary based on the judgment that it will be possible to establish an overwhelming presence in this area by expanding its market share among key clients and utilizing its expertise in human resources development, which is one of the Group's strengths.

In addition, the Group believes that by combining the resources of the Man to Man Group, such as active utilization of foreign human resources in existing businesses, the development of entrusted software and package software, and the entrusted business of web system development utilizing people with disabilities, with the Group and new business divisions, the Group will be able to further capture even more future business opportunities.

③ Date of business combination

Date of Share Acquisition	May 30, 2025 (Scheduled)
Date of Share Exchange	June 1, 2025 (Scheduled)
Date of Deemed Acquisition	June 30, 2025 (Scheduled)

④ Legal form of business combination

Share acquisition	Acquisition of shares for cash consideration
Share exchange	Simplified share exchange with the Company as the wholly owning parent company in the share exchange and Man to Man Holdings as the wholly owned subsidiary in the share exchange

⑤ Name of combined company

The name has not been changed.

⑥ Percentage of voting rights to be acquired

Percentage of voting rights held immediately before business combination	— %
Percentage of voting rights to be acquired through cash consideration	73
Percentage of voting rights to be acquired through share exchange	27
Percentage of voting rights after acquisition	100

⑦ Main reasons for determining acquisition of company

To acquire shares with cash as the main consideration.

(2) Breakdown by Acquisition Cost and Type of Consideration of Acquired Company

Consideration for acquisition	Cash	1,600 Million yen
	Common stock of the Company	599 Million yen
Acquisition cost		2,200 Million yen

(3) Exchange Ratio by Type of Shares, Calculation Method Thereof, and Number of Shares to be Delivered

① Share Exchange ratio

	The Company (Wholly owning parent company in the share exchange)	Man to Man Holdings (Wholly owned subsidiary in the share exchange)
Details of allotments related to Share Exchange	1	1,669
Number of shares to be delivered through share exchange	Common stock of the Company: 909,711 shares	

For each common stock of Man to Man Holdings, 1,669 shares of the common stock of the Company will be allotted and delivered.

② Calculation method of share exchange ratio

In order to ensure the fairness and appropriateness of the Share Exchange Ratio, the Company selected the Uchimura Certified Public Accountant (CPA) Office as a third-party calculation agent independent of the Company and Man to Man Holdings, and requested them to calculate the share value and the Share Exchange Ratio of both companies.

The Uchimura CPA Office has calculated the value of the Company's shares based on the market share price method, since the Company is listed on the Prime Market of the Tokyo Stock Exchange and a market share price exists for the Company's shares. Specifically, with April 16, 2025 as the calculation reference date, the calculation was made based on the closing price on the calculation reference date and the simple average closing prices for the most recent 1-month, 3-month and 6-month periods including the calculation reference date.

On the other hand, with regard to Man to Man Holdings' shares, since the company is an unlisted company and there is no market share price, the market share price method could not be used. However, in order to reflect the status of future business activities in the valuation of the share value, the discounted cash flow method (hereinafter, the "DCF method") was used to calculate the share value. Under the DCF method, the value of shares is calculated by discounting future cash flows based on Man to Man Holdings' financial projections (including profit plans and other information) to their present value at a certain discount rate.

Based on the calculation results of the share value and share exchange ratio submitted by the Uchimura CPA Office and the results of due diligence conducted on Man to Man Holdings, etc., the Company has determined that the Share Exchange Ratio was appropriate as a result of repeated negotiations and discussions between the parties, taking into consideration the financial situation and future prospects of Man to Man Holdings in a comprehensive manner.

③ Number of shares to be delivered through Share Exchange

The Company plans to allot and deliver 909,711 shares of the common stock of the Company at the time of the Share Exchange. Regarding the shares to be delivered by the Company, the Company plans to allot 909,711 shares of treasury shares held by the Company, and the Company does not plan to issue new shares.

(4) Breakdown and Amount of Major Acquisition-related Expenses

Not confirmed at this time.

(5) Amount of Goodwill Generated, Cause of Occurrence, Amortization Method and Amortization Period

Not confirmed at this time.

(6) Amount of Assets Accepted and Liabilities Assumed on Date of Business Combination and Main Breakdown Thereof

Not confirmed at this time.

(Subsidiary Acquisition through Share Acquisition)

At the Board of Directors' Meeting held on April 17, 2025, the Company resolved to acquire all issued shares (outstanding shares) of All Japan Guard Co., Ltd. (hereinafter, "All Japan Guard") and make it a subsidiary.

In addition, the Company concluded a share transfer agreement on the same day, and acquired all shares as of April 25, 2025.

(1) Overview of Business Combination

① Name of Acquired Company and its Description of Business

Name of Acquired Company All Japan Guard Co., Ltd.

Description of Business Contracting of various types of security services and the guarantees for such services

② Main reasons for business combination

All Japan Guard is a company with a 55 year business history that mainly provides facility security and traffic security services for public facilities, and has maintained a stable financial base for many years since its establishment. In addition, it continues to provide services based on the motto of kindness to the community and its people, and is a company that has earned the deep trust of its major customers.

As part of the Group's mission of "Creating opportunities and hopes for people to work", the Company has decided to make All Japan Guard a subsidiary with the aim of providing opportunities for people of a wide range of ages to thrive.

The Group provides services mainly in the area of manufacturing · production human resources, and although the security industry is a new area, it has many similarities with the Group's business, such as providing people-oriented services and providing employee education that places emphasis on hospitality to employees. Therefore, the Company believes that it has a high affinity with All Japan Guard.

In addition, although the security industry is facing a serious labor shortage, the Company has determined that sustainable business operations and expansion are possible by quickly securing the necessary human resources through collaboration with the Group.

③ Date of business combination

Date of share acquisition April 25, 2025

Date of deemed acquisition June 30, 2025 (Scheduled)

④ Legal form of business combination

Acquisition of shares for cash consideration

⑤ Name of combined company

The name has not been changed.

⑥ Percentage of voting rights acquired

100%

⑦ Main reasons for determining acquisition of company

To acquire shares for cash consideration.

(2) Breakdown by Acquisition Cost and Type of Consideration of Acquired Company

Consideration for acquisition	Cash	810 Million yen
Acquisition cost		810 Million yen

(3) Breakdown and Amount of Major Acquisition-related Expenses

Not confirmed at this time.

(4) Amount of Goodwill to be Generated, Cause of Occurrence, Amortization Method and Amortization Period

Not confirmed at this time.

(5) Amount of Assets Accepted and Liabilities Assumed on Date of Business Combination and Main Breakdown Thereof

Not confirmed at this time.

Balance Sheet

(As of March 31, 2025)

(Unit: Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	9,911	Current liabilities	784
Cash and deposits	4,968	Current portion of long-term loans payable	490
Accounts receivable - trade	277	Accounts payable - other	84
Short-term loans receivable	4,622	Income taxes payable	40
Other	43	Provision for shareholder benefit program	140
		Other	28
Non-current assets	6,067	Non-current liabilities	1,038
Property, plant and equipment	8	Long-term loans payable	1,038
Tools, furniture and fixtures	8	Total liabilities	1,823
Intangible assets	11	(Net assets)	
Software	11	Shareholders' equity	14,155
Investments and other assets	6,047	Capital stock	2,016
Investment securities	150	Capital surplus	11,985
Shares of subsidiaries and associates	5,108	Legal capital surplus	2,367
Long-term loans receivable	488	Other capital surplus	9,617
Deferred tax assets	110	Retained earnings	996
Other	189	Other retained earnings	996
		Retained earnings brought forward	996
Total assets	15,979	Treasury shares	(842)
		Total net assets	14,155
		Total liabilities and net assets	15,979

Statement of Income

(April 1, 2024 to
March 31, 2025)

(Unit: Million yen)

Item	Amount	
Operating revenue		
Business management income	1,085	
Dividend income	1,073	2,158
General and administrative expenses		1,018
Operating profit		1,140
Non-operating income		
Interest income	41	
Other	1	43
Non-operating expenses		
Interest expenses	9	
Commitment fee	4	
Other	0	14
Ordinary profit		1,169
Extraordinary losses		
Loss on valuation of investment securities	300	300
Profit before income taxes		869
Income taxes - current	90	
Income taxes - deferred	(98)	(7)
Profit		876

Statement of Changes in Equity

(April 1, 2024 to
March 31, 2025)

(Unit: Million yen)

	Shareholders' equity								Total net assets
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surpluses	Other retained earnings	Total retained earnings			
					Retained earnings brought forward				
Balance at beginning of current period	2,016	2,367	9,610	11,978	791	791	(1,031)	13,755	13,755
Changes of items during period									
Dividends of surplus				-	(671)	(671)		(671)	(671)
Profit				-	876	876		876	876
Purchase of treasury shares				-		-	(0)	(0)	(0)
Disposal of treasury shares			7	7		-	188	195	195
Total changes of items during period	-	-	7	7	204	204	188	400	400
Balance at end of current period	2,016	2,367	9,617	11,985	996	996	(842)	14,155	14,155

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Criteria and Methods of Valuation of Significant Securities

- ① Shares of subsidiaries and associates
Stated at cost using the moving average method.
- ② Other securities
Shares, etc., without market price
Stated at cost using the moving average method.

(2) Depreciation Methods of Non-current Assets

- ① Property, plant and equipment (excluding leased assets)
The declining balance method is used. However, for buildings (excluding attached facilities) that were acquired after April 1, 1998, as well as attached facilities and structures acquired after April 1, 2016, the straight-line method is used.
- ② Intangible assets (excluding leased assets)
The straight-line method is used.
In addition, software for in-house use is based on the estimated period of internal use (5 years).

(3) Criteria for Recording Allowances

Provision for shareholder benefit program

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

(4) Criteria for Recording Revenues and Expenses

The Company's revenues consist of management fees from subsidiaries and dividends received from affiliates.

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

As a holding company, the Company is engaged in the business management of its subsidiaries and other incidental operations. These are primarily routine or repetitive services, and are considered to be performance obligations that will be satisfied over a certain period of time, since the Company believes that its clients will benefit as it fulfills its obligations under the contracts with them.

The consideration for business management transactions is calculated by adding a certain percentage to the expenses incurred by the Company for the provision of services, and is billed on a monthly basis and received within approximately one month after the request. The Company recognizes revenue in the amount it is entitled to claim because the Company believes that it is entitled to receive from its client an amount of consideration that directly corresponds to the value to the client for the portion of its performance that it has fulfilled to date.

In addition, dividends received are recorded on the effective date.

2. Notes on Change in Accounting Policy

(Application of "Accounting Standards for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc.")

"Accounting Standards for Corporate Tax, Inhabitant Tax, Enterprise Tax, etc." (Accounting Standards (ASBJ) No. 27 October 28, 2022. Hereinafter referred to as "2022 Revised Accounting Standards") have been applied from the beginning of the fiscal year under review.

Regarding the revisions to the classification of income taxes, the Company follows the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standards. Furthermore, the change in the accounting policy has no impact on the non-consolidated financial statements.

3. Notes to Balance Sheet

(1) Accumulated Depreciation on Assets

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

(2) Monetary claims or monetary obligations to affiliated companies

① Short-term monetary claims	4,899 Million yen
② Long-term monetary claims	488 Million yen
③ Short-term monetary obligations	26 Million yen

(3) The Company has concluded loan commitment agreements with 6 banks for the purpose of efficient procurement of operating capital. The outstanding balance related to loan commitments as of the end of the fiscal year under review, for these agreements are as follows:

Total amount of loan commitments	12,400 Million yen
Outstanding borrowing balance	—
Balance	12,400 Million yen

4. Notes to Statement of Income

Transaction volume with affiliated companies

Sales transactions	2,450 Million yen
Transactions other than sales transactions	53 Million yen

5. Notes to Statement of Changes in Equity

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

Common stock	1,030,271 Shares
--------------	------------------

6. Notes to Tax Effect Accounting

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

Deferred tax assets

Accrued enterprise tax	7 Million yen
Loss on valuation of shares of subsidiaries and associates	87 Million yen
Differences due to organizational restructuring	176 Million yen
Loss on valuation of investment securities	186 Million yen
Other	11 Million yen
Deferred tax assets subtotal	469 Million yen
Valuation allowance	(358) Million yen
Total deferred tax assets	110 Million yen

7. Notes on Transactions with Related Parties

(1) Subsidiaries and Affiliated Companies

Type	Name of Company	Location	Capital stock or investments in capital (Million yen)	Business Contents	Voting rights ownership ratio (owned)	Relationship with related parties	Transaction content	Transaction amount (Million yen)	Item	Balance at end of period (Million yen)
Subsidiary	NISSO CORPORATION	Yokohama, Kanagawa	100	Manufacturing-related human resources services business	Ownership Direct 100%	Concurrent posting of officers, loan of funds, business management	Loan of funds	2,608	Short-term loans receivable	4,532
							Collection of loans	3,576		
							Receipt of interest (Note 1)	37	-	-
							Business management fee (Note 2)	1,075	Accounts receivable - trade	274
							Payment of secondment fees	273	Accounts payable - other	22
Subsidiary	Nisso Nifty Co., Ltd.	Yokohama, Kanagawa	450	Nursing care · welfare businesses	Ownership Direct 100%	Concurrent posting of officers, loan of funds, business management	Loan of funds	180	Short-term loans receivable	90
							Collection of loans	200	Long-term loans receivable	488
							Receipt of interest (Note 1)	2	Other of current assets (accrued income)	0
							Business management fee (Note 2)	9	Accounts receivable - trade	2

(Note 1) The interest rate is determined rationally, taking into account the market interest rate.

(Note 2) The business management fee is determined rationally based on the contract between the parties, taking into account the content of the business.

(2) Officers and Individual Major Shareholders

Type	Name	Location	Capital stock or investments in capital (Million yen)	Occupation	Voting rights ownership ratio (owned)	Relationship with related parties	Transaction content	Transaction amount (Million yen)	Item	Balance at end of period (Million yen)
Officer	Ryuichi Shimizu	-	-	Representative Director of the Company	(Owned) Direct 0.5% Indirect 27.4%	-	Disposal of treasury shares associated with contribution in kind of monetary remuneration claims (Note)	11	-	-

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

8. Notes on Revenue Recognition

The information that provides the basis for understanding revenue is as described in "1. Significant Accounting Policies (4) Criteria for Recording Revenues and Expenses".

9. Notes on Per Share Information

Net assets per share amount	429.04 Yen
Net income per share	26.68 Yen

10. Notes on Significant Subsequent Events

(Subsidiary Acquisition through Acquisition of Shares and Simplified Share Exchange)

At the Board of Directors' Meeting held on April 17, 2025, the Company resolved to acquire a portion of the issued shares (outstanding shares) of Man to Man Holdings, Co., Ltd., and subsequently implemented a simplified share exchange in which the Company became the wholly owning parent company in the share exchange and Man to Man Holdings Co., Ltd. became the wholly owned subsidiary in the share exchange.

In addition, the Company concluded a share transfer agreement and a share exchange agreement on the same day.

Furthermore, details are omitted since the same information is provided in the Consolidated Financial Statements "Notes to Consolidated Financial Statements, 11. Notes on Significant Subsequent Events".

(Subsidiary Acquisition through Share Acquisition)

At the Board of Directors' Meeting held on April 17, 2025, the Company resolved to acquire all issued shares (outstanding shares) of All Japan Guard Co., Ltd., and make it a subsidiary.

In addition, the Company concluded a share transfer agreement on the same day, and acquired all shares as of April 25, 2025.

Furthermore, details are omitted since the same information is provided in the Consolidated Financial Statements "Notes to Consolidated Financial Statements, 11. Notes on Significant Subsequent Events".

MEMO

[illegible]