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To Our Shareholders

Materials for the 3rd 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"
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 - "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"
 - "Basic Policy on Control of the Company"
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- **Consolidated Financial Statements**
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3rd Fiscal Year (April 1, 2025 to March 31, 2026)
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, 2026)

During the current consolidated fiscal year (hereinafter, the "consolidated fiscal year under review"), the Company acquired Man to Man Holdings Co., Ltd., its 5 subsidiaries, and All Japan Guard Co., Ltd., and made them subsidiaries. In addition, the Company also made SUBARU nw Sight Co., Ltd. an equity-method affiliate. As a result, the Group is now comprised of the Company, which is a holding company, 13 consolidated subsidiaries, 1 non-consolidated subsidiary, and 3 equity-method affiliates.

Although the services provided by the Group are broadly classified into 2 categories: "General Human Resources Services" and "Nursing Care · Welfare Services," the "General Human Resources Services" accounts for a large proportion of all segments and is considered to be a single segment since it is not material as disclosure information.

(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.

Please note that Man to Man Co., Ltd. and Man to Man Assist Corp. have been consolidated from June 30, 2025.

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, light work contracting for people with disabilities, and web system development.

Please note that Man to Man Animo Corp. has been consolidated from June 30, 2025.

(Other Services)

Other Services are classified into nursing care ・ welfare services, various security services, manufacturing system development contracting, etc.

Please note that All Japan Guard Co., Ltd. and TECHPORT CO., LTD. have been consolidated from June 30, 2025.

Significant Sales Offices, etc. (As of March 31, 2026)

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 |
| Man to Man Holdings Co., Ltd. | Naka-ku, Nagoya City, Aichi |
| Man to Man Co., Ltd. | Naka-ku, Nagoya City, Aichi |
| Man to Man Assist. Corp. | Naka-ku, Nagoya City, Aichi |
| Man to Man Animo Corp. | Naka-ku, Nagoya City, Aichi |
| TECHPORT CO., LTD. | Toyota City, Aichi |
| All Japan Guard Co., Ltd. | Naka-ku, Nagoya City, Aichi |

Status of Employees (As of March 31, 2026)

① Status of the Corporate Group

| | Number of Employees (PT Workers) |
|----------------------------------|----------------------------------|
| General Human Resources Services | 2,379 (276) |
| Other Services | 343 (84) |
| Company-wide (common) | 24 (-) |
| Total | 2,746 (360) |

(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 and Man to Man Holdings Co., Ltd..

② Status of the Company

| # of Employees (PT Workers) | Average age | Average years of service |
|-----------------------------|-------------|--------------------------|
| 21 (-) | 47.0 | 19.6 |

(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, 2026)

| Lender | Amount borrowed |
|----------------------------|-----------------|
| MUFG Bank, Ltd. | 421 Million yen |
| The Bank of Yokohama, Ltd. | 421 Million yen |
| Aozora Bank, Ltd. | 101 Million yen |
| Mizuho Bank, Ltd. | 93 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, 2026)

- ① Total number of authorized shares 102,400,000 Shares
- ② Total number of issued shares 34,024,720 Shares (of which 351,986 are treasury shares)
- ③ Number of shareholders 10,195

④ Major shareholders

| Name of Shareholder | Number of Shares | Shareholding Ratio |
|---|------------------|--------------------|
| NS Holdings Co., Ltd. | 13,917,400 | 41.33% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,355,800 | 4.03% |
| Tadao Shimizu | 1,019,600 | 3.03% |
| Masatsugi Tanaka | 992,811 | 2.95% |
| NISSO HOLDINGS Employee Shareholding Association | 537,900 | 1.60% |
| Custody Bank of Japan, Ltd. (Trust Account) | 503,200 | 1.49% |
| Chikako Shimizu | 487,000 | 1.45% |
| Sincere Co., Ltd. | 487,000 | 1.45% |
| Tomoko Shimizu | 236,000 | 0.70% |
| Daiwa Securities Co., Ltd. | 193,256 | 0.57% |

- (Note) 1. Although the Company holds 351,986 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 (351,986 shares).

⑤ Status of shares issued to Officers of the Company as consideration for execution of duties during the current fiscal year (hereinafter, the "fiscal year under review") 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 17, 2025 resolved to dispose of treasury shares as restricted share remuneration, and on August 4 of the same year, 38,784 shares of treasury shares were disposed of to 4 Directors (excluding Directors who are Audit & Supervisory Committee Members and External Directors).

⑥ Other significant matters concerning shares

【Disposal of treasury shares】

At the Board of Directors' Meeting held on April 17, 2025, the Company resolved to implement a share exchange in which the Company would become the wholly owning parent company in the share exchange and Man to Man Holdings Co., Ltd. would become the wholly owned subsidiary in the share exchange, and disposed of treasury shares as follows.

| | |
|---------------------------------------|-----------------------------|
| A. Type of shares subject to disposal | Common stock of the Company |
| B. Total number of shares disposed of | 909,711 shares |
| C. Date of disposal | June 1, 2025 |

【Acquisition of treasury shares】

At the Board of Directors' Meeting held on November 10, 2025, the Company resolved to acquire treasury shares pursuant to the provisions of Article 156 of the Companies Act, as read and applied pursuant to Article 165, paragraph 3 of the same Act, as follows.

| | |
|--|--------------------------------------|
| A. Type of shares subject to acquisition | Common stock of the Company |
| B. Total number of shares acquired | 288,900 shares |
| C. Acquisition value | 199,934,200 JPY |
| D. Acquisition period | November 13, 2025 ~ February 3, 2026 |

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 | 58 Million yen |
| Total amount of money and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor | 58 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 "Risk Management Committee" chaired by a Director & Executive Officer 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 "Risk Management 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 "Risk Management Committee" chaired by a Director & Executive Officer 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 "Risk Management 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 "Risk Management 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 4 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 9 Directors, including 4 External Directors, were convened 12 times, and 6 extraordinary meetings were convened during the fiscal year under review. At the Board of Directors' Meetings, which were convened a total of 18 times (and 2 other written resolutions), 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 3 Audit & Supervisory Committee Members (including 3 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 13

• 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

Man to Man Holdings Co., Ltd.

Man to Man Co., Ltd.

Man to Man Assist. Corp.

Man to Man Animo Corp.

TECHPORT CO., LTD.

All Japan Guard Co., Ltd.

② Changes in Scope of Consolidation

From the consolidated fiscal year under review, Man to Man Holdings Co., Ltd., its 4 subsidiaries, and All Japan Guard Co., Ltd. have been newly included in the scope of consolidation due to the acquisition shares.

③ Names, etc., of non-consolidated subsidiaries

MAN TO MAN VIETNAM CO. , LTD.

④ Reasons for exclusion from the scope of consolidation

This is because the non-consolidated subsidiary is small in scale, and its total assets, net sales, profit/loss, retained earnings, etc., do not have a material impact on the consolidated financial statements.

(2) Application of Equity Method

① Number of affiliated companies accounted for by the equity method 3

• Name of companies

TSUNAGU GROUP HOLDINGS Inc.

Leaf Nxt Inc.

SUBARU nw Sight Co., Ltd.

② Change in scope of application of equity method

From the consolidated fiscal year under review, the newly established SUBARU nw Sight Co., Ltd. has been included in the scope of application of the equity method.

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

MAN TO MAN VIETNAM CO. , LTD.

Force Corporation

④ Reasons for not applying the equity method

This is because, in terms of profit/loss (amount corresponding to equity) and retained earnings (amount corresponding to equity), etc., excluding the companies from the scope of the equity method would have only a minor impact on the consolidated financial statements, and is not material overall.

⑤ 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

Among the consolidated subsidiaries, the closing date of Man to Man Holdings Co., Ltd. and its 4 subsidiaries is May 31, while the closing date of All Japan Guard Co., Ltd. is January 31, both of which differ from the consolidated closing date.

The consolidated financial statements are prepared based on the financial statements for each company's fiscal year or on financial statements prepared using provisional financial statements based on the most recent quarterly financial results. However, adjustments necessary for consolidation purposes have been made for significant transactions that occurred between the date of these financial statements and consolidated closing date.

In addition, regarding the profit and loss of these subsidiaries, for the consolidated fiscal year under review, Man to Man Holdings Co., Ltd. and its 4 subsidiaries have consolidated their profit and loss for the period from June 1 to February 28 of the following year, while All Japan Guard Co., Ltd. has consolidated its profit and loss for the period from May 1 to January 31 of the following year.

(4) Significant Accounting Policies

① Criteria and methods of valuation of significant assets

Other securities

- Items other than shares, etc., without market price

The market value method is used (valuation differences are directly included in net assets, and the cost of goods sold is calculated using the moving average method).

- 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 Group's revenue arising from contracts with clients, including the main performance obligations for services of the major businesses and the time at which such performance obligations are satisfied (the normal time at which revenue is recognized).

A General Human Resources Services Business

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

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

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

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

B Other 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 13 years) based on a reasonable estimate of the period during which the effects will be realized.

2. 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)

Property, plant and equipment 5,245 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, 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.

3. 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 4,307 Million yen
- (3) Discounts on Notes Receivable and Electronically Recorded Monetary Claims
Discounts on electronically recorded monetary claims 176 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 |

4. 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 351,986 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 25, 2025 Ordinary General Meeting of Shareholders | Common Stock | 725 | 22.00 | March 31, 2025 | June 26, 2025 |

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 24, 2026 Ordinary General Meeting of Shareholders | Common Stock | Retained Earnings | 841 | 25.00 | March 31, 2026 | June 25, 2026 |

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

5. 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) | 1,399 Million yen | 1,083 Million yen | (315) Million yen |
| Assets total | 1,399 | 1,083 | (315) |
| Long-term loans payable (including current portion) | 1,038 | 1,022 | (15) |
| Liabilities total | 1,038 | 1,022 | (15) |

(※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 mainly listed shares of equity-method affiliates, and the difference is based on the market value (fair market valuation) of the equity-method affiliates.

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 | 246 Million yen |
| Other unlisted shares | 468 |

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

| | Within 1 Year (Million yen) |
|---------------------------------------|-----------------------------|
| Cash and deposits | 5,908 |
| Notes and accounts receivable - trade | 13,098 |
| Total | 19,006 |

(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 | 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

| Classification | Market Value | | | |
|---|----------------|---------------|---------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities Other securities and shares | 38 Million yen | — Million yen | — Million yen | 38 Million yen |
| Assets total | 38 | — | — | 38 |

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 | 1,045 Million yen | — Million yen | — Million yen | 1,045 Million yen |
| Assets total | 1,045 | — | — | 1,045 |
| Long-term loans payable (including current portion) | — | 1,022 | — | 1,022 |
| Liabilities total | — | 1,022 | — | 1,022 |

(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.

6. Notes on Real Estate for Rent, etc.

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

7. Notes on Revenue Recognition

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

| | |
|---|--------------------|
| Manufacturing · Production Human Resources Services | 86,374 Million yen |
| Engineering Human Resources Services | 13,058 |
| Administrative Human Resources Services | 2,106 |
| Other Human Resources Services | 6,226 |
| Other Services | 3,664 |
| Revenue generated from client contracts | 111,430 |
| Other revenue | - |
| Net sales to external clients | 111,430 |

(Note) 1. The "Other Human Resources Services" classification includes human resources dispatching for senior employees, light work contracting for employees with disabilities, web system development, etc.

2. The "Other Services" classification includes nursing care · welfare services, various security services, manufacturing system development contracting, etc.

(Changes to Display Method)

Previously, information on revenue generated from client contracts was classified into "Automobiles," "Electronic Devices," "Precision · electrical machinery," and "Other." However, in order to provide information that better reflects the Group's revenue structure, from the consolidated fiscal year under review, the classifications have been changed to "Manufacturing · Production Human Resources Services," "Engineering Human Resources Services," "Administrative Human Resources Services," "Other Human Resources Services," and "Other Services."

(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 | 11,223 Million yen | 13,098 Million yen |
| Contract liabilities | 198 | 181 |

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 75 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 | 70 Million yen |
| Over 1 Year and Within 2 Years | 51 |
| Over 2 Years and Within 3 Years | 33 |
| Over 3 Years and Within 4 Years | 21 |
| Over 4 Years | 5 |
| Total | 181 |

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.

8. Notes on Per Share Information

| | |
|-----------------------------|------------|
| Net assets per share amount | 554.83 Yen |
| Net income per share | 56.47Yen |

9. Notes on Significant Subsequent Events

Not applicable.

Balance Sheet

(As of March 31, 2026)

(Unit: Million yen)

| Item | Amount | Item | Amount |
|---------------------------------------|---------------|---|---------------|
| (Assets) | | (Liabilities) | |
| Current assets | 7,407 | Current liabilities | 2,502 |
| Cash and deposits | 2,224 | Short-term loans payable | 1,748 |
| Accounts receivable - trade | 316 | Current portion of long-term loans payable | 484 |
| Short-term loans receivable | 4,804 | Accounts payable - other | 32 |
| Other | 61 | Provision for shareholder benefit program | 199 |
| | | Other | 37 |
| Non-current assets | 10,326 | Non-current liabilities | 554 |
| | | Long-term loans payable | 554 |
| Property, plant and equipment | 0 | Total liabilities | 3,056 |
| Tools, furniture and fixtures | 0 | (Net assets) | |
| Intangible assets | 8 | Shareholders' equity | 14,678 |
| Software | 8 | Capital stock | 2,016 |
| Investments and other assets | 10,318 | Capital surplus | 11,801 |
| Investment securities | 150 | Legal capital surplus | 2,367 |
| Shares of subsidiaries and associates | 8,157 | Other capital surplus | 9,433 |
| Long-term loans receivable | 1,803 | Retained earnings | 1,111 |
| Deferred tax assets | 23 | Other retained earnings | 1,111 |
| Other | 183 | Retained earnings brought forward | 1,111 |
| | | Treasury shares | (251) |
| Total assets | 17,734 | Valuation and translation adjustments | (0) |
| | | Valuation difference on available-for-sale securities | (0) |
| | | Total net assets | 14,677 |
| | | Total liabilities and net assets | 17,734 |

Statement of Income

(April 1, 2025 to
March 31, 2026)

(Unit: Million yen)

| Item | Amount | |
|--|--------|--------------|
| Operating revenue | | |
| Business management income | 1,139 | |
| Dividend income | 858 | 1,997 |
| General and administrative expenses | | 1,059 |
| Operating profit | | 938 |
| Non-operating income | | |
| Interest income | 43 | |
| Other | 0 | 44 |
| Non-operating expenses | | |
| Interest expenses | 31 | |
| Commitment fee | 9 | |
| Loss on investments in partnership | 4 | |
| Other | 2 | 48 |
| Ordinary profit | | 934 |
| Profit before income taxes | | 934 |
| Income taxes - current | 6 | |
| Income taxes - deferred | 87 | 93 |
| Profit | | 840 |

Statement of Changes in Equity

(April 1, 2025 to
March 31, 2026)

(Unit: Million yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-------------------------|--|-------------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surplus | Total capital surpluses | Other retained earnings Retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of current period | 2,016 | 2,367 | 9,617 | 11,985 | 996 | 996 | (842) | 14,155 |
| Changes of items during period | | | | | | | | |
| Dividends of surplus | | | | - | (725) | (725) | | (725) |
| Profit | | | | - | 840 | 840 | | 840 |
| Purchase of treasury shares | | | | - | | - | (199) | (199) |
| Disposal of treasury shares | | | (10) | (10) | | - | 47 | 36 |
| Increase by share exchanges | | | (173) | (173) | | - | 744 | 570 |
| Net changes of items other than shareholders' equity | | | | - | | - | | - |
| Total changes of items during period | - | - | (183) | (183) | 114 | 114 | 591 | 522 |
| Balance at end of current period | 2,016 | 2,367 | 9,433 | 11,801 | 1,111 | 1,111 | (251) | 14,678 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of current period | - | - | 14,155 |
| Changes of items during period | | | |
| Dividends of surplus | | - | (725) |
| Profit | | - | 840 |
| Purchase of treasury shares | | - | (199) |
| Disposal of treasury shares | | - | 36 |
| Increase by share exchanges | | | 570 |
| Net changes of items other than shareholders' equity | (0) | (0) | (0) |
| Total changes of items during period | (0) | (0) | 521 |
| Balance at end of current period | (0) | (0) | 14,677 |

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 performance obligations for services 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 to Balance Sheet

| | |
|--|--------------------|
| (1) Accumulated Depreciation on Assets | |
| Accumulated depreciation of property, plant and equipment | 0 Million yen |
| (2) Monetary claims or monetary obligations to affiliated companies | |
| ① Short-term monetary claims | 5,121 Million yen |
| ② Long-term monetary claims | 1,803 Million yen |
| ③ Short-term monetary obligations | 1,768 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 |

3. Notes to Statement of Income

| | |
|--|-------------------|
| Transaction volume with affiliated companies | |
| Sales transactions | 2,248 Million yen |
| Transactions other than sales transactions | 39 Million yen |

4. Notes to Statement of Changes in Equity

| | |
|---|----------------|
| Type and number of treasury shares at the end of the fiscal year under review | |
| Common stock | 351,986 Shares |

5. 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 | 4 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 | 94 Million yen |
| Other | 19 Million yen |
| Deferred tax assets subtotal | 382 Million yen |
| Valuation allowance | (358) Million yen |
| Total deferred tax assets | 23 Million yen |

6. 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 100.0% | Concurrent posting of officers, CMS transactions, business management | Loans via CMS (Note 1) | 171 | Short-term loans receivable | 4,703 |
| | | | | | | | Receipt of interest (Note 2) | 30 | — | — |
| | | | | | | | Business management fee (Note 3) | 1,129 | Accounts receivable - trade | 313 |
| | | | | | | | Payment of secondment fees | 219 | Accounts payable - other | 15 |
| Subsidiary | Nisso Nifty Co., Ltd. | Yokohama, Kanagawa | 450 | Nursing care · welfare businesses | Ownership Direct 100.0% | Concurrent posting of officers, CMS transactions, loan of long-term funds, business management | Loans via CMS (Note 1) | 10 | Short-term loans receivable | 100 |
| | | | | | | | Collection of long-term loans | 60 | Long-term loans receivable | 428 |
| | | | | | | | Receipt of interest (Note 2) | 2 | — | — |
| | | | | | | | Business management fee (Note 3) | 10 | Accounts receivable - trade | 2 |
| Subsidiary | Nisso Brain Co., Ltd. | Yokohama, Kanagawa | 50 | Administrative human resources services business | Ownership indirect 100.0% | CMS transactions | Loans via CMS (Note 1) | 586 | Short-term loans payable | 586 |
| | | | | | | | Receipt of interest (Note 2) | 0 | - | - |
| Subsidiary | Vector Shinwa Co., Ltd. | Chiryu City, Aichi | 78 | General human resources services business | Ownership indirect 100.0% | CMS transactions | Loans via CMS (Note 1) | 286 | Short-term loans payable | 286 |
| | | | | | | | Receipt of interest (Note 2) | 0 | — | — |
| Subsidiary | NIKON NISSO PRIME CORPORATION | Yokohama, Kanagawa | 50 | General human resources services business | Ownership indirect 51.0% | CMS transactions | Loans via CMS (Note 1) | 324 | Short-term loans payable | 324 |
| | | | | | | | Receipt of interest (Note 2) | 0 | — | — |
| Subsidiary | Man to Man Holdings Co., Ltd. | Nagoya City, Aichi | 50 | Business management business | Ownership Direct 100.0% | Loan of long-term funds | Loan of long-term funds | 1,450 | Long-term loans receivable | 1,375 |
| | | | | | | | Collection of long-term loans | 75 | | |
| | | | | | | | Receipt of interest (Note 2) | 5 | Other of current assets (accrued income) | 0 |

| 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 | All Japan Guard Co., Ltd. | Nagoya City, Aichi | 80 | Security services business | Ownership Direct 100.0% | CMS transactions | Loans via CMS (Note 1) | 530 | Short-term loans payable | 530 |
| | | | | | | | Receipt of interest (Note 2) | 0 | - | - |

(Note 1) The Company has implemented a CMS (Cash Management System), and in order to clearly disclose the actual status of CMS transactions, transaction amounts are shown on a net basis.

(Note 2) The interest rate is determined rationally, taking into account the market interest rate.

(Note 3) 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 26.9% | - | Disposal of treasury shares associated with contribution in kind of monetary remuneration claims (Note) | 11 | - | - |
| Officer | Kenji Fujino | - | - | Director of the Company | (Owned) Direct 0.2% | - | 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.

7. 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."

8. Notes on Per Share Information

| | |
|-----------------------------|------------|
| Net assets per share amount | 435.89 Yen |
| Net income per share | 24.95 Yen |

9. Notes on Significant Subsequent Events

Not applicable.

