

TSE:2327



**NS Solutions**

 **NIPPON STEEL**

# **2025-2027 Medium-Term Business Plan**

**February 28, 2025  
NS Solutions Corporation**

# Agenda

## **Company Profile**

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### **I. NSSOL 2030 Vision and surrounding business environment**

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### **II. Outline of the 2025-2027 Medium-Term Business Plan**

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### **III. Business Growth Strategy by Segments and M&A**

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### **IV. Financial Strategy**

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### **V. Evolution of Sustainable Management**

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### **VI. Summary**

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# Company Profile

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# Overview of NSSOL

- NS Solutions Corporation is one of the leading ICT companies in Japan, offering system integration, IT services, and consulting in management and systems

## Company information

Representative Director & President

- Kazuhiko Tamaoki

Launched

- April 1, 2001

Number of employees

- 8,740 (as of the end of December 2024)

Major shareholders

- Nippon Steel Corporation (Shareholding ratio: 63.4%)

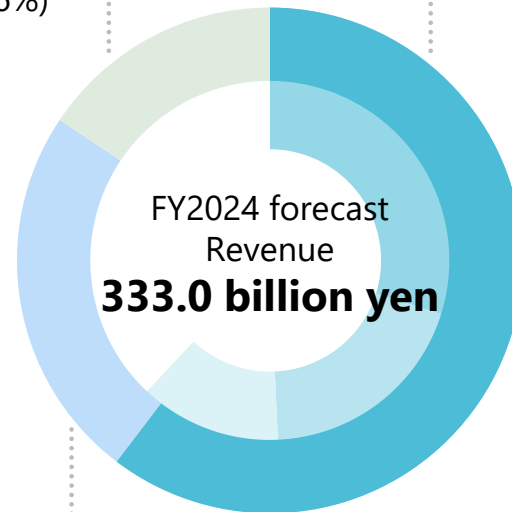
Stock exchange listing

- Tokyo Stock Exchange Prime Market
- Nagoya Stock Exchange Main Market
- Fukuoka Stock Exchange Main Market

## FY2024 forecast: Revenue by Segment and customer industry (¥ in billions)

### Group companies Business Solutions

52.0 billion yen 201.0 billion yen (60%) (16%)



### Consulting & Digital Services

80.0 billion yen (24%)

### Manufacturing, Nippon Steel Group

92.5 billion yen (28%)



- One-stop DX support and provision of various solutions for the global manufacturing industry
- IT support for the entire system lifecycle for Nippon Steel and its Group companies

### Retail and Service, Digital Platformer

63.5 billion yen (19%)



- Developing solutions for both online and offline aspects of internet business and distribution industries

### Financial Service

45.0 billion yen (14%)



- Consistent support throughout the system lifecycle, from application building to maintenance, for major financial service institutions, including megabanks

### Consulting and Digital services

80.0 billion yen (24%)



- Providing cross-industry consulting applications
- System building, operation and maintenance for companies and government agencies that support social infrastructure

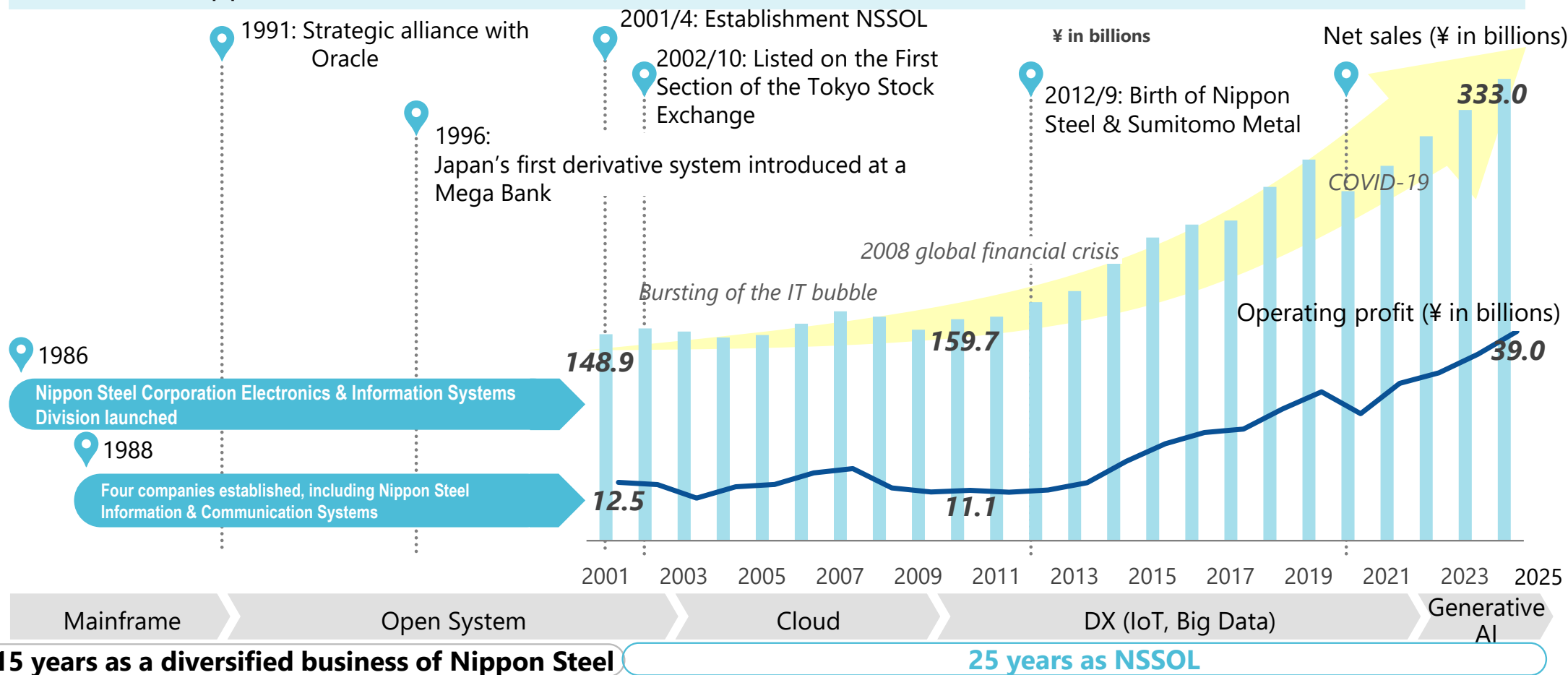
### Group companies

52.0 billion yen (16%)

- Regional subsidiaries (Hokkaido, East Japan, Chubu, Kansai, Kyushu)
- Overseas subsidiaries (China, Thailand, Singapore, Indonesia, USA, UK)
- Joint ventures (NCI, NHS)
- NS BizTech, etc.





# History of NS Solutions

- NSSOL has grown since the 2010s along with the trend of DX and the expansion of Nippon Steel as business opportunities.



# Reflection on the Medium-term Business Strategy (FY2021-2025)

- All targets are expected to be achieved one year ahead of schedule.
- Sales growth has outperformed expectations, and investments in business infrastructure and DX acceleration are also progressing well.

	M-term Business Strategy Targets (FY2021-FY2025)		FY2024 Forecast of Cumulative Results (FY2021-FY2024)	Evaluation
Consolidated sales growth rate (CAGR)	5-6%	➡	7.2%	 (expected to be achieved)
Focus area sales growth rate (CAGR)	10% or more	➡	10.6%	 (expected to be achieved)
Investment to strengthen business infrastructure	50.0-75.0 billion yen/5 years (4-year equivalent: <b>40-60 billion yen</b> )	➡	4-year cumulative total <b>54.4 billion yen</b>	 (expected to be achieved)
Investments for accelerating DX	10.0-15.0 billion yen/5 years (4-year equivalent: <b>8-12 billion yen</b> )	➡	4-year cumulative total <b>15.5 billion yen</b>	 (expected to be achieved)

# Transition of Key Focus Areas

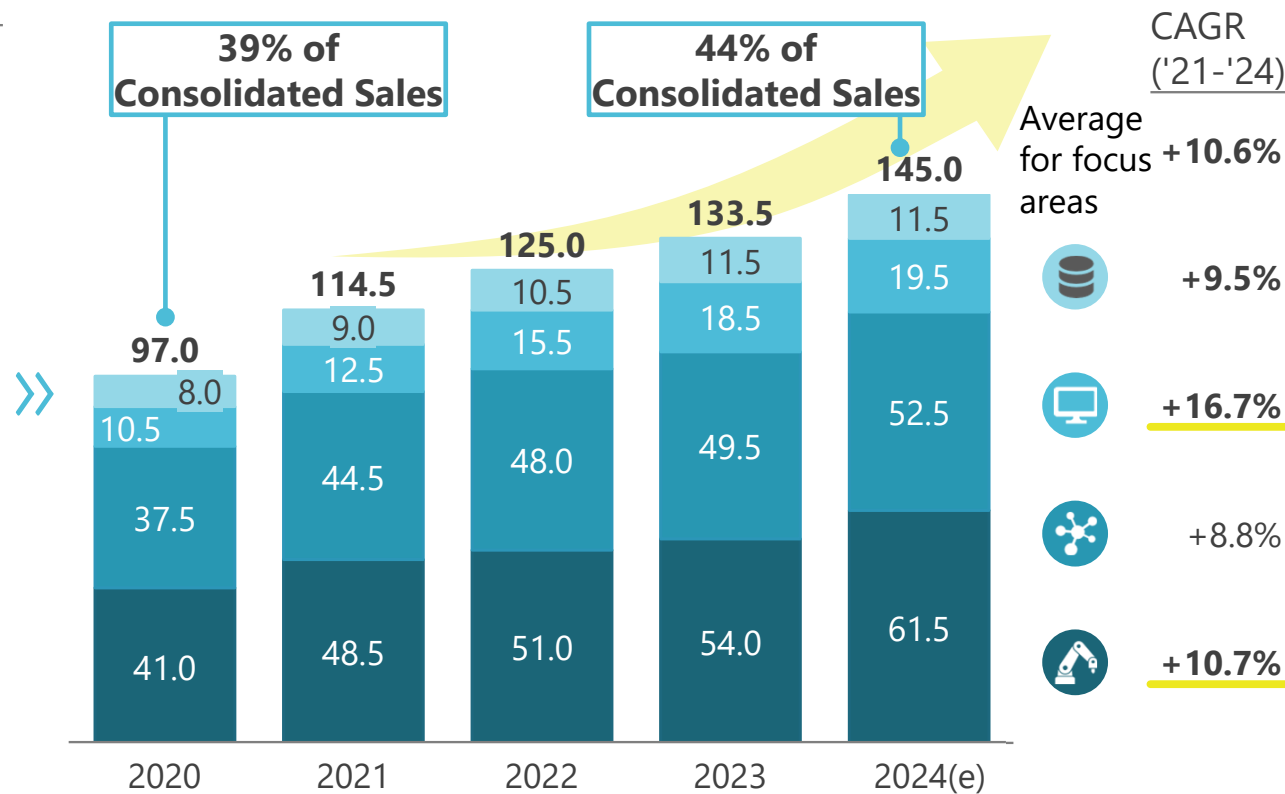
- In the previous Medium-Term Business Plan, growth in the focus areas drove overall company growth, with consolidated revenue expected to achieve a 7.2% increase.

## Targets of the previous M-Term Business Policy

-  DX in the Manufacturing Industry
-  Digital Platformer Support
-  Digital Workplace Solutions
-  IT Outsourcing

The above areas have been designated as key growth drivers. We will actively invest management resources in them with the aim of accelerating company-wide growth.

Focus areas and sales by area for FY2021-2024<sup>1</sup> (¥ in billions)



Consolidated sales<sup>2</sup>  
CAGR  
**+7.2%**

1. JGAAP basis 2. IFRS basis

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# NSSOL's Foundational Strengths Driving Transformation and Growth

- Leveraging our operational insights, technological expertise, and human resources as strengths to thrive in a dynamic competitive environment.

## Operational insights

- **Understanding the industry agenda** and needs through industry-leading clients.
- **Deep insights on business operation** beyond system needs, as the user-origin SI company.

## Technological expertise

- **Deeply understand advanced technology** and apply it appropriately and timely at sites
- **Data analysis and application** based on mathematical statistics knowledge
- Development and operation of **mission-critical systems**
- **Horizontal deployment and productization of knowledge** cultivated at sites

## Human Resources

- Recruiting, training, and developing **highly skilled IT professionals**  
Over 60% of our employees have proven experience as PMs, consultants, and architects with leadership experience, and engineers who can lead cutting-edge technologies such as AI.
- **Proactive workforce** with a strong challenge-oriented mindset

- DNA that thoroughly understands worksites and operations
- Deep relationships with top-tier industry clients

## Growth Drivers for NSSOL





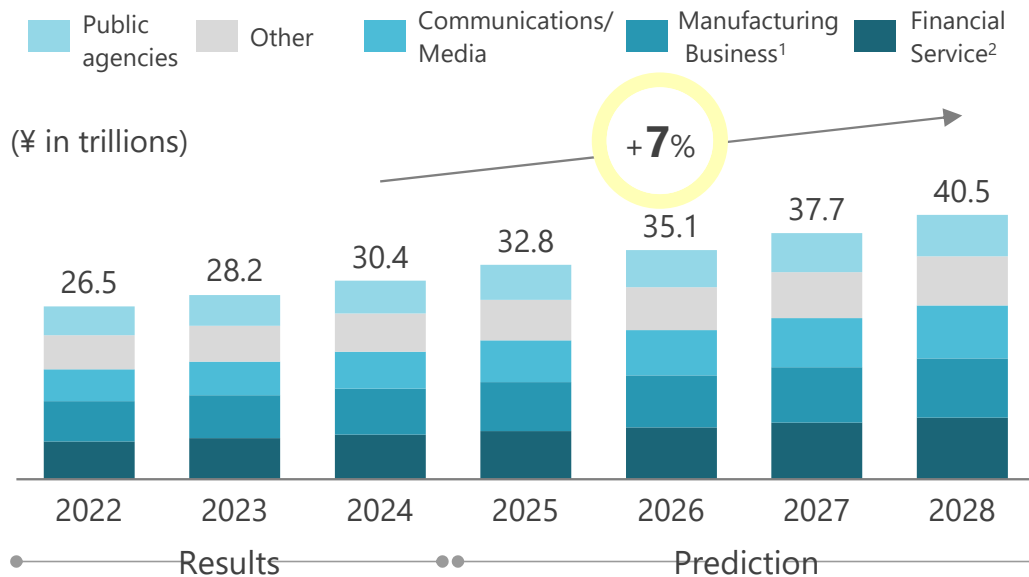
# **NSSOL 2030 Vision and Surrounding Business Environment**

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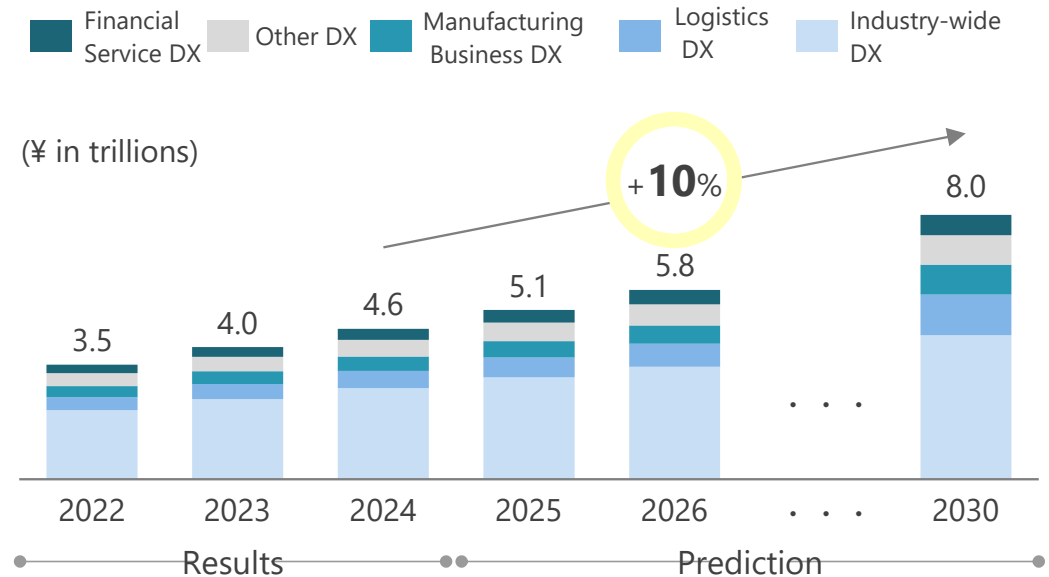
# Future Outlook of Japan's IT/DX market

- Domestic IT investments will continue to expand, driven by DX and structural reforms.

## Domestic IT market



## Domestic DX market



There are various IT/DX demands in each industry, such as demand for DX to realize a carbon neutral society, demand for labor-saving and automation in delivery operations, and the use of generative AI at customer contact points. It is expected that high growth of the high single digits to the 10% range will continue in the future.

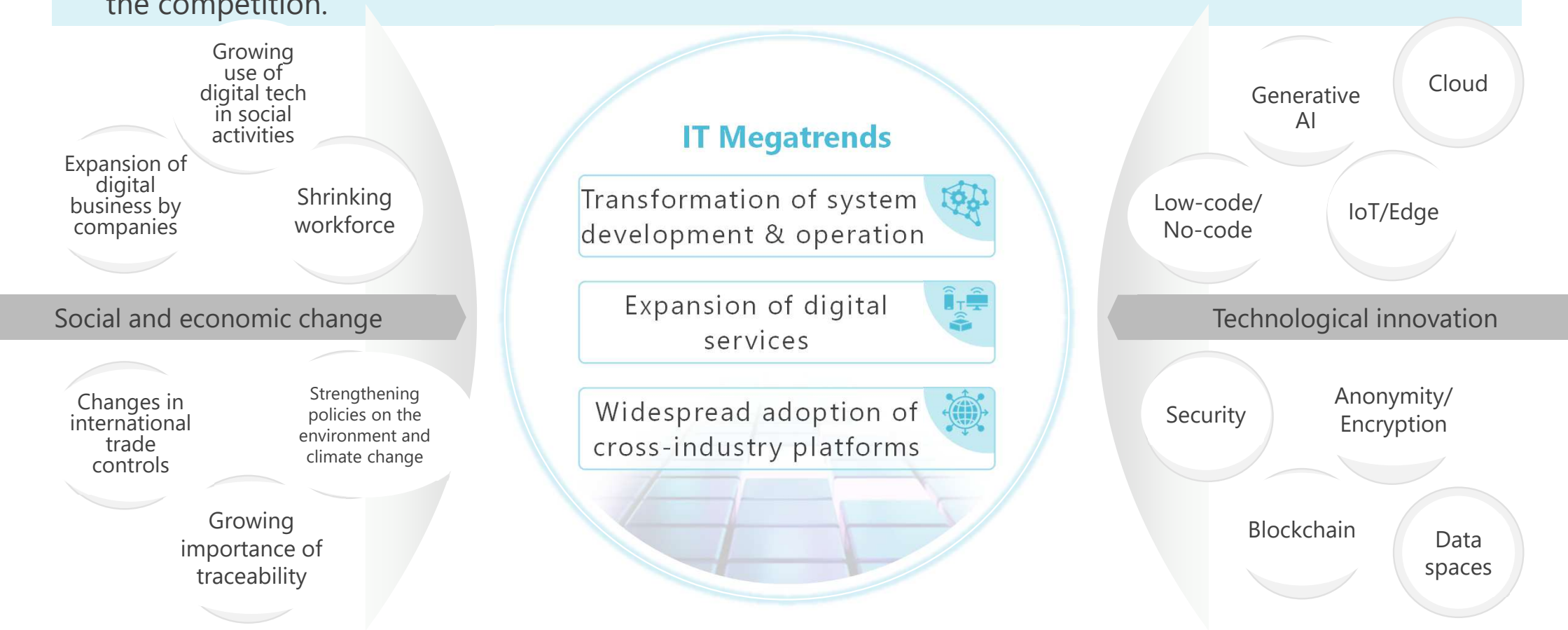
1. Includes resources; 2. Includes banking and insurance

Note: The definition of the domestic IT market is the total IT expenditure of companies on software, hardware, IT and communications services, etc.

Source: Gartner Verticals\_Forecast\_4Q24; Fuji Chimera Research Institute, Inc. Future Outlook for the 2024 Digital Transformation Market

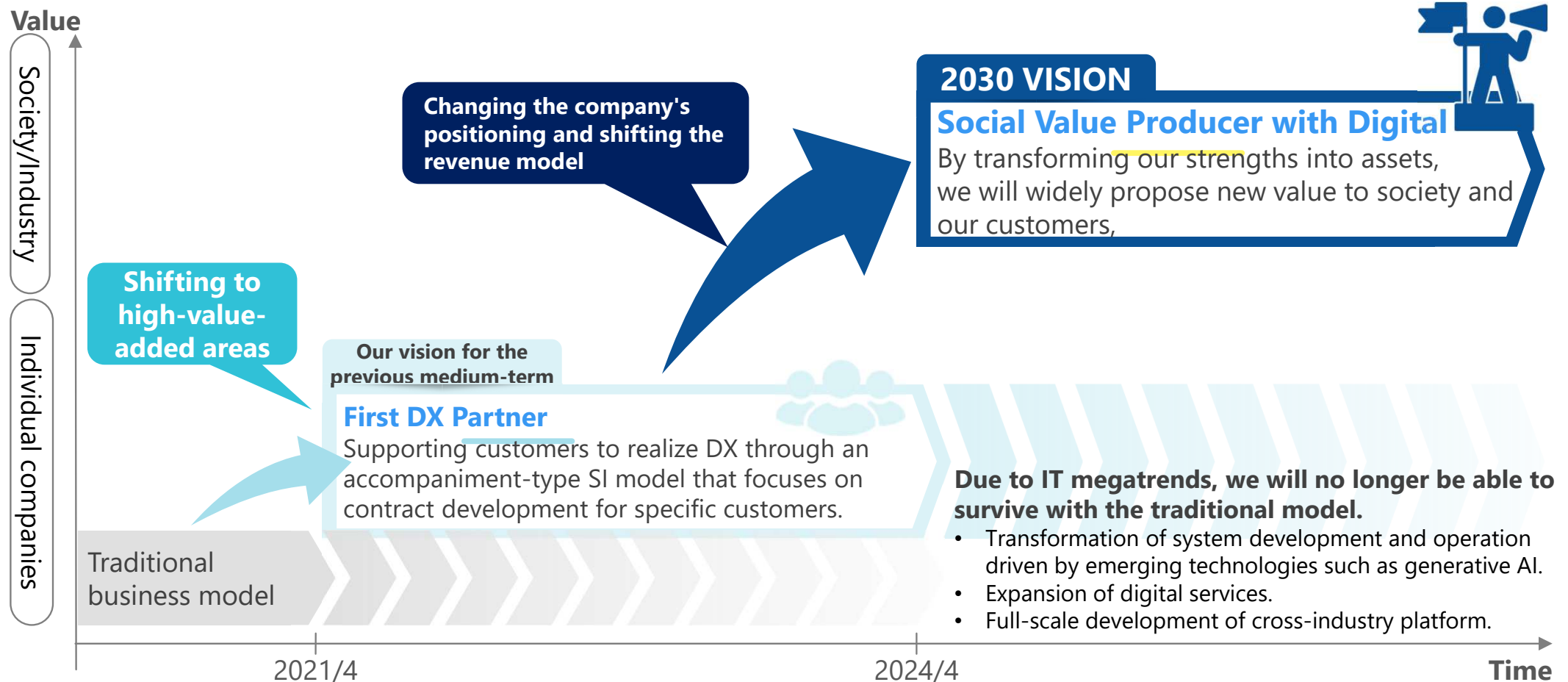
# Medium- to Long-term IT Megatrends

- While domestic IT investment is expected to remain steady, **a transformation from the traditional business model is necessary** to capture the IT megatrend to 2030 and achieve growth that outpaces the competition.



# Building of New Business Models

- Evolution from the traditional accompaniment-type SI model (=Partner) to the **Producer-type** that proactively proposes new value.
- By transforming company's strengths into assets, we aim to build a stable, **high-profit business structure** that ranks among the industry's best.



# Our Goal for NSSOL 2030 Vision

## Our Vision

# Social Value Producer with Digital

Envisioning and realizing the future of society through the power of digital technology

## Our Target Structure

Target Structure	
Revenue	around <b>¥500 bn</b>
Operating profit	around <b>¥100 bn</b>
Operating profit margin	around <b>20 %</b>
ROE	around <b>15 %</b>

- Over **¥100 bn** investment for strengthening R&D, solutions development, and human resources
- Creating business of the scale of **¥ 100 bn** through M&A.
- Further improvement of capital efficiency for enhancing corporate value



# **Outline of the 2025-2027 Medium-Term Business Plan**

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# NSSOL's Ambition for the 2025-2027 Medium-Term Business



1. NSSOL's new business model, which consists of SI Transformation, Asset Driven, and Multi Company Platform (details to follow)

# Target Indicators of 2025-2027 MTBP

We have set FY2027 target to achieve the early realization of NSSOL 2030 Vision, aiming for 100 billion yen in operating profit and an ROE of 15%.

FY2024 forecast

FY2027 plan

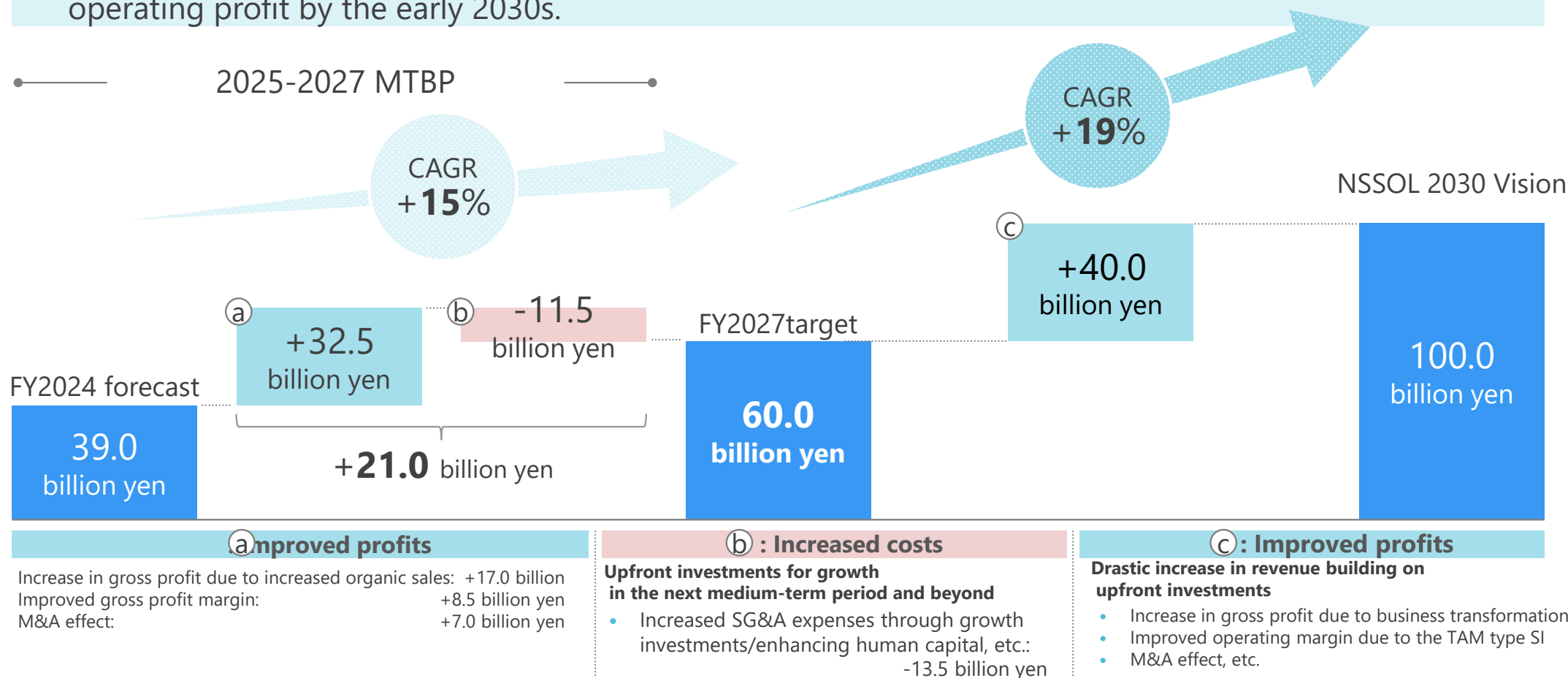
NSSOL 2030 Vision

Revenue	¥330.0 bn	<b>¥450.0</b> bn	¥500.0 bn
Operating profit (Operating margin)	¥39.0 bn (11.8%)	<b>¥60.0</b> bn (13%)	¥100.0 bn (20%)
ROE	Approx. 11%	Approx. <b>13%</b>	Approx. 15%
Capital invested for M&A	(2022-2024 total) Approx. ¥10 bn	<b>¥150.0 bn / 3 years</b>	N/A
Shareholder returns	Payout ratio 50%	Payout ratio <b>50%</b>	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approx. <b>75%</b>	-
Growth Investments/Sales Ratio (excluding M&A)	2.7%	Approx. <b>5%</b>	-



# Projected Consolidated Operating Profit

- During the current MTBP period, we will accelerate the implementation of various initiatives, including M&A and growth investments to transform our business model, and aim to achieve 100 billion yen in operating profit by the early 2030s.



# Transformation in the 2025-2027 MTBP

- We position this phase as a foundation for achieving the NSSOL 2030 Vision, undertaking four fundamental transformations to transition into a highly profitable company.

## Highly profitable company

Aiming for **operating profits of 100 billion yen** in the early 2030s.



### 1 Transforming our SI Business Model

Shifting from a "Customized development type Sler" to a highly profitable model based on "TAM type Sler".

### 2 Transforming our Customer Approach

From individual customer issues to perspectives to customer's management issues and social agendas.

### 3 Transforming the Technology and R&D

Building of provision-type IT service platforms  
Enhancing the collaboration between research and development and business operations.

### 4 Transforming In-house Operations and Management

Improving in-house operational productivity and building a data-driven management infrastructure.

# 1 Transforming Our SI Business Model - *The Business Model We Aim For*

- Aiming to transform from a traditional SI model to a business model centered on three revenue models (TAM type) that embody the Social Value Producer concept.



## SI **T**ransformation (T-type)

Incorporate innovations such as generative AI into our value delivery process to provide high-productivity customer-specific system development and operation and maintenance services.



## **A**sset Driven (A-type)

Convert our strengths into unique assets, and provide them to multiple customers as best practices.



## **M**ulti Company Platform (M-type)

NSSOL provides a platform for multiple companies to use jointly as the main business entity.

Value provided

Solving individual company management issues

Solving cross-industry issues/  
social issues

How we can  
achieve this

Developing with high productivity  
using generative AI and other  
technologies

Converting them into company assets and providing them to customers

Target gross  
profit margin  
(2027→2030)

27%→30%

30%→40%

20%→30%

## 1

# Transforming Our SI Business Model - Strategy for TAM-type realization

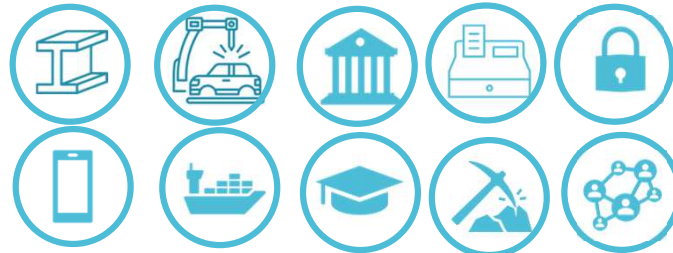


- Existing our SI experience
- Operational insights
- Cutting-edge technology



## Asset Driven

- Commercialize NSSOL's business knowledge and assets



*Example of prior commercialization Products*



ConSeek

DIGNITAS

PPMP

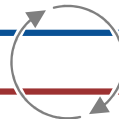


CloudHarbor

CONTRACTHUB



absohne



## SI Transformation

- Improving development efficiency by Generative AI
- Move from cost-based to value-based pricing



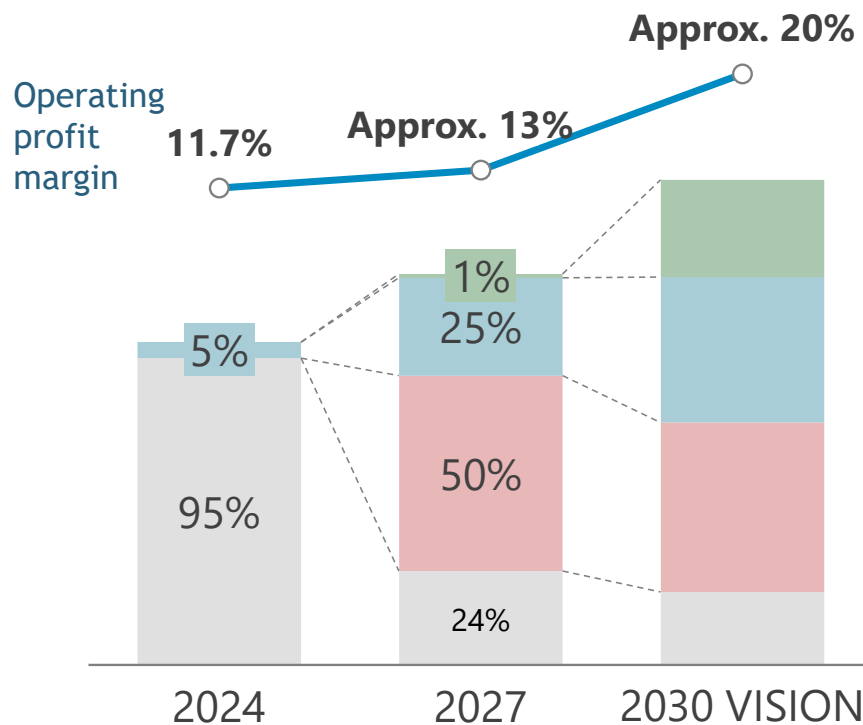
## Multi Company Platform

- Building a platform used by many companies

# 1 Transforming Our SI Business Model - *Changes in our portfolio*

- We aim to achieve our company-wide operating profit target by transitioning to the highly profitable TAM-type model.

## Our business portfolio



### M-type



Developing platforms for the materials industry, etc.

### A-type



Converting the operational insights we have accumulated into assets and provide them to a wide range of customers.

### T-type



Advancing the application of cutting-edge technologies such as generative AI in development while gradually transitioning to value-based contracts.

### Traditional SI-type

Supporting legacy system, etc.

# 1 Transforming Our SI Business Model - *Initiatives for realization*

- The implementation of three changes to transform the business model.



## 2 Transforming our Customer Approach

- Shifting from Individual Customer Issues to Perspectives to Customer's Management issues and Social agendas.

	Current situation	Our vision	Initiatives for realization
A	Introduction of an offering-based proposal process for customer issues On-site needs	> <b>Proactive proposals</b> for solving management issues	Establishing an <b>Offering Promotion Center</b> <ul style="list-style-type: none"> <li>• Building of an offering menu</li> </ul>
B	Strengthening our approach from ultra-upstream consulting Acquiring projects under system requirements (RFP-based)	> <b>Inflow from upstream</b>	Strengthening <b>consulting functions and considering acquiring think tank functions</b>
C	Building a sales promotional structure for N-to-N sales expansion models Business Divisions silo	> <b>Providing customers with optimal proposals from company-wide solutions</b>	Establishing a <b>Strategic Sales Department</b> <ul style="list-style-type: none"> <li>• Building a N-to-N sales expansion model that provides a company-wide offering menu to multiple customers</li> </ul>
D	Transitioning to value-based pricing and contracts for customers Cost-based	> <b>Value-based</b>	Transition to a <b>value-based pricing model</b>

M&A + allocation of in-house resources

### 3 Transforming the Technology and R&D

- Strengthen the integration and standardization of R&D and business operations.
- Promote company-wide adoption of new platform for improving productivity.

	Initiatives in the current interim period	Expected effects
A	Enhancing collaboration with research and development and business operations	<ul style="list-style-type: none"><li>- Improved ability to create solutions</li><li>- Cost reduction in investment activities.</li><li>- New projects on <b>Nestorium</b> <b>200%</b> improvement in development productivity</li><li>- Improvement in company-wide development productivity of <b>20%</b> or more</li><li>- Supporting a <b>20%</b> improvement in back office's productivity</li></ul>
B	Achieving advanced development productivity through the promotion of standardization.	
C	Promotion of the use of generative AI throughout the company	



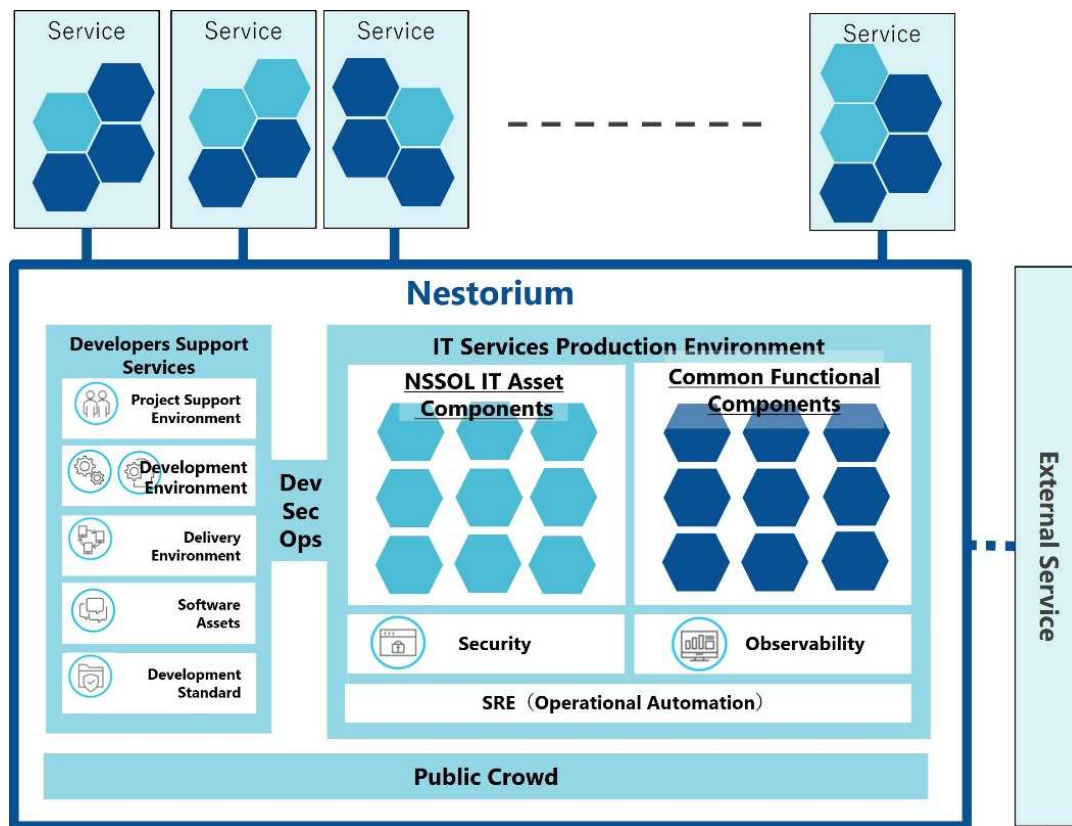
# What is “Nestorium” ?

## ● Nestorium

※Trademark pending

**Nest** : A “nest” for incubating many new services

**Torium** : A “torium” where a variety of services converge.

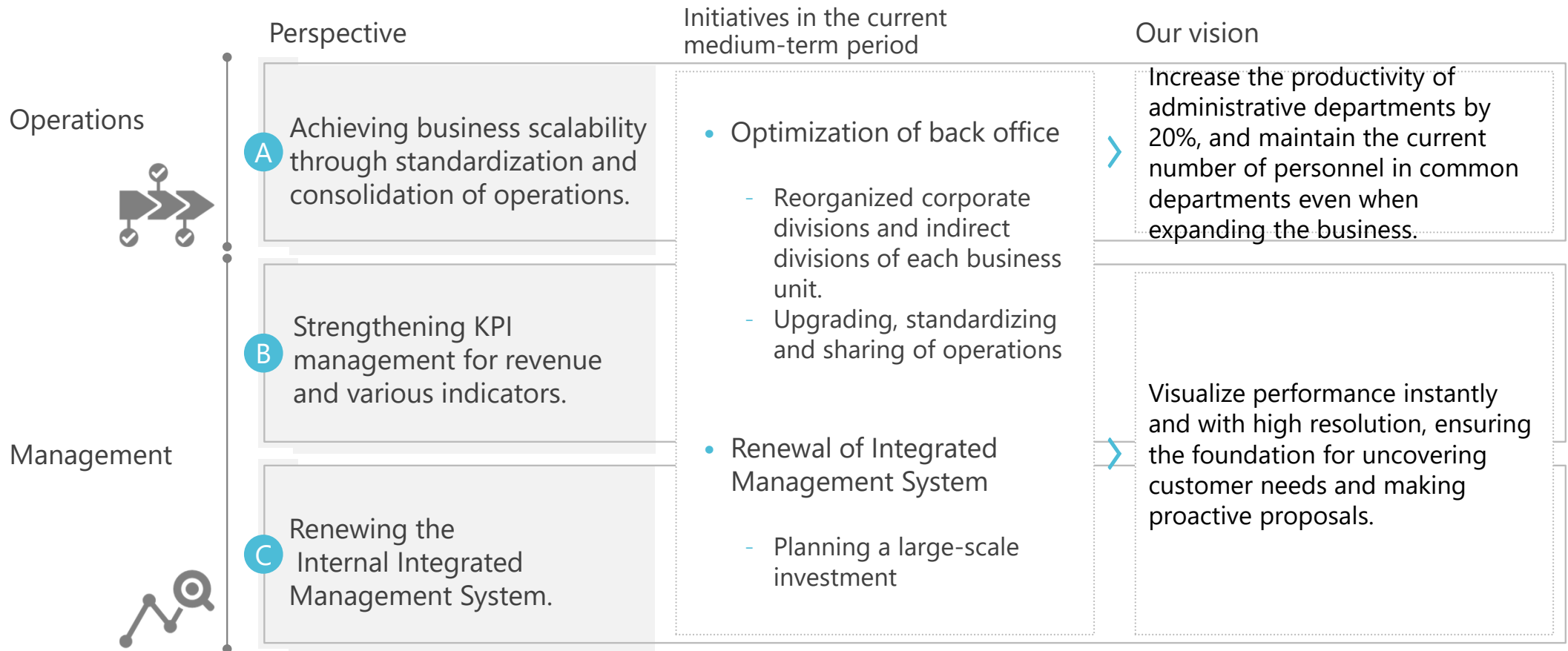


## Nestorium Features and Key Functions

- Company-wide standard IT service platform with flexible and scalable architecture based on cloud-native technology.
- Various development support tools such as generative AI and automation technologies are equipped to achieve high development productivity.
- Componentize our IT assets developed in research and business units to promote technology reusability and combine quality and efficiency.
- SRE drives operational efficiency and optimization and improves system reliability and availability.
- Accelerate the speed of business by quickly providing business units with a secure and safe environment.

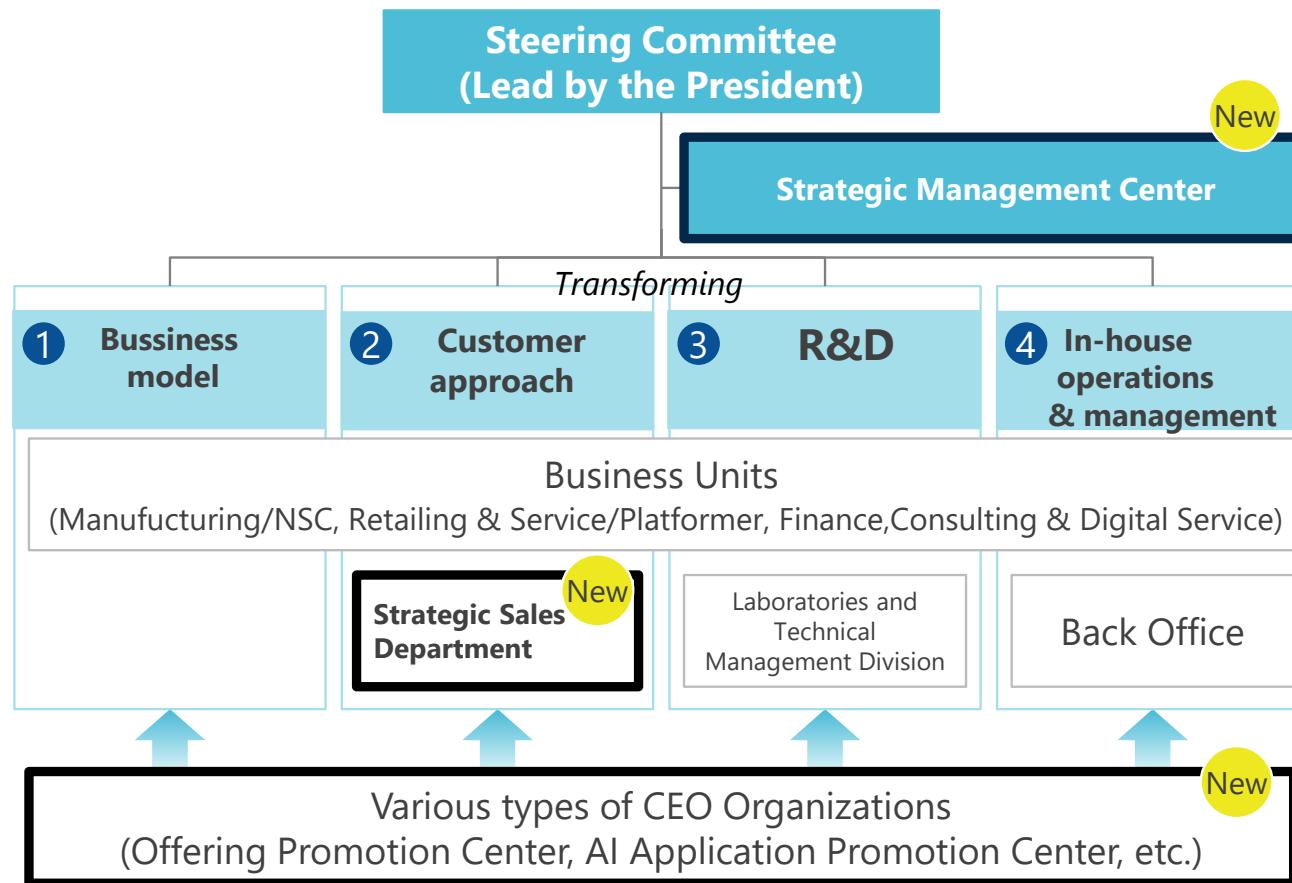
## 4 Transforming In-House Operations and Management

- Enhancing **administrative productivity by 20%** through the consolidation of common functions and business foundation development, while simultaneously **advancing KPI-driven management**.



# Execution structure for the Medium-Term Plan

- A new Strategic Management Center will be established to drive the initiatives of each task force.



## Establishment of a new oversight organization

Under the direct control of management, we will establish a new organization to oversee the implementation of strategies, and to comprehensively manage and promote the progress of each initiative,



## KPI Monitoring

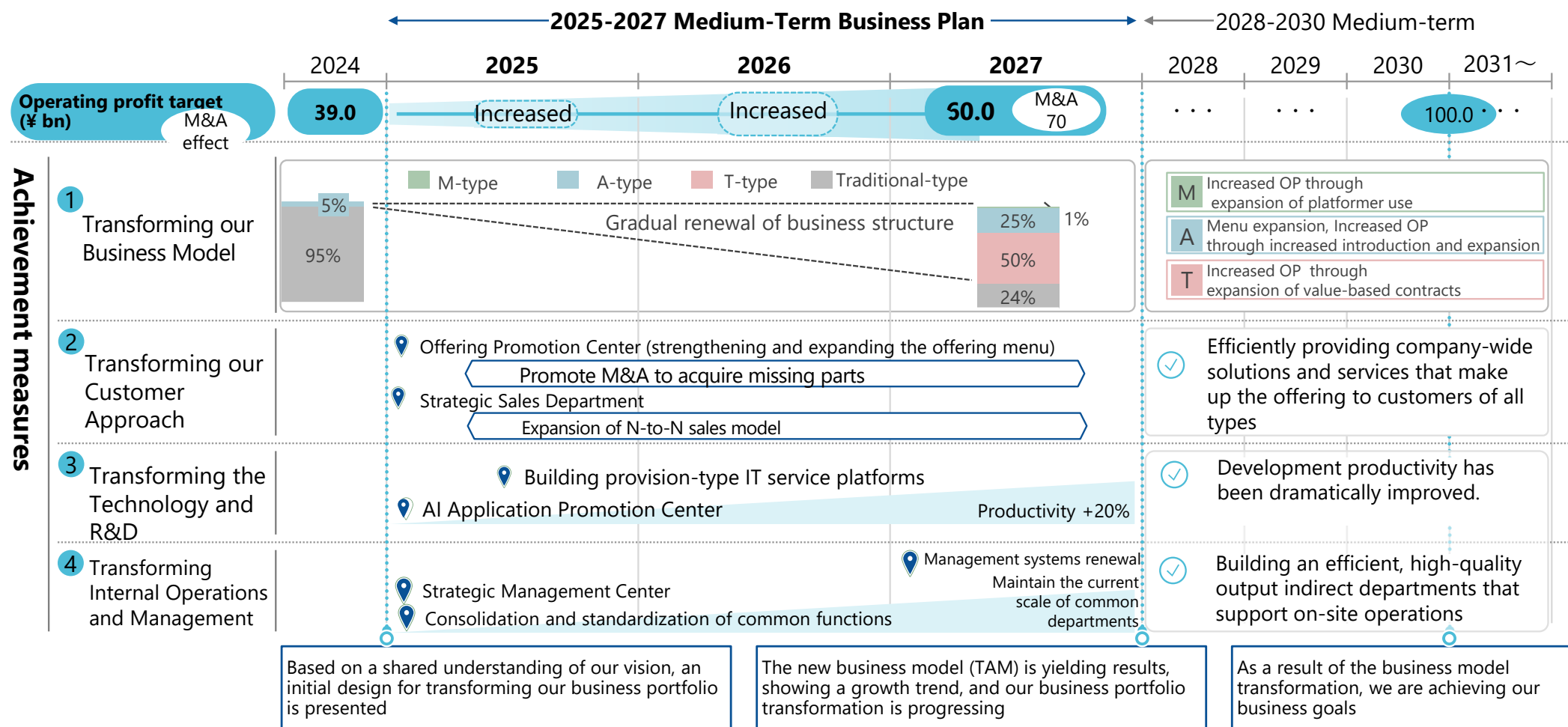
Monitoring company-wide performance and progress of key measures using KPIs

- T/A/M sales ratio, operating margin, growth investment amount, ROE, etc.



# Timeline for our “Transformation”

During this medium-term period, we will solidify our foundation and aim to reap the benefits in the next medium-term plan





# Business Growth Strategy by Segments and M&A

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# Sales Targets by Segment

		FY2024 forecast	FY2027 target	Growth rate	2025-2027 focus points
		Revenue	Revenue		
Business Solutions		20.10	228.0	+13%	—
	Manufacturing, Nippon Steel Group	92.5	103.0	+11%	- Promoting the conversion of carbon neutrality and global SCM into assets - Operating and maintaining generative AI, developing new open systems, making applications towards modernization
	Retail and Service, Digital Platformer	63.5	79.0	+24%	- Promoting the conversion of human resources, travel, and retail domains to assets
	Financial Services	45.0	46.0	+2%	- Putting existing packages onto the Cloud, expansion of packages for non-financial institutions - Expanding the lineup of global products
Consulting & Digital Services		80.0	104.0	+30%	- Strengthening upstream consulting resources - Strengthening investment in generative AI and AI platforms - Investment in data visualization, prediction, and optimization technologies
Group business <Global>		52.0 <12.0>	71.0 <25.0>	+27%	- Regional subsidiaries: Strengthening assets to expand business to medium-sized companies - Foreign subsidiaries: Developing non-Japanese local markets by creating high value-added - JV: Expanding synergy with JV partners
Organic total (Operating Profit)		333.0 (39.0)	403.0 (53.0)	+21% (+36%)	
External growth operating profit)		-	47.0 (7.0)	-	- Acquiring and strengthening missing parts that are the premise of each business - Acquiring and strengthening company-wide capabilities
Grand total (operating profit)		333.0 (39.0)	450.0 (60.0)	+21% (+53%)	

# Global Strategy

## Marketing Strategy

**We aim to double revenue by creating high value-added in existing domains and entering new domains and growth markets.**



### Growth Strategy

- Further sharpening the strengths of each location
- Expansion into the local non-Japanese market
- Acquire global solutions (SOL for financial markets, SOL for European manufacturing industry, etc.)

### Area

- China, ASEAN, etc.

**Strengthening the Group through M&A**

## Resource Strategy

**We will strengthen the delivery structure and improve production capacity through the optimization of the allocation of foreign and domestic delivery functions.**

### Reallocation of function distribution

Reallocation and duplication of production functions with total consideration of internal and external group companies and partners.

### Enhanced delivery capabilities

- Cloud engineering
- Non-development functions (e.g., upstream, testing, operations and maintenance)
- Global Agile Development

### Area

- Existing base: China
- New base: India, Vietnam, other Southeast Asia

# M&A Growth Strategy

- To accelerate the realization of the NSSOL 2030 Vision, we will make active investments.
- Laying the groundwork in FY2025-FY2027 fiscal years, we plan to realize return on investment in FY2027-FY2030.

## Target Indicators

M&A  
investment  
amount

FY2025-FY2027 plan

- **¥150.0 bn** / 3 years

FY2022-FY2024 forecast:  
¥10.0 bn / 3 years

M&A effect<sup>1</sup>

- Sales: **¥47.0 bn** or more
- Operating profit: **¥7.0 bn** or more

(NSSOL 2030 Vision:  
Business creation of around 100.0 billion yen)

## M&A Growth Strategies

Effect of  
M&A



- Acquiring and strengthening missing parts that are the premise of each business.
  - The ultra-upstream consulting capabilities necessary for strengthening offerings.
  - Capabilities necessary for business model transformation, new business creation, etc.
- Acquiring and strengthening company-wide capabilities.

Investment  
criteria



- Hurdle rates set above cost of capital (7-8%)







Implementation  
structure



- Strengthen M&A staff capabilities
- Establish the “External Growth Promotion Working Group” to assign corporate and division members



# Major M&A Target Areas

	<b>Company-wide offerings</b>	Acquisition and strengthening of business consulting capabilities to support the management strategies of our clients from the formulation stage through to their implementation.
	<b>Manufacturing domain</b>	Acquire global cutting-edge technologies and solutions for the realization of a Software Defined Factory <sup>1</sup> . <small>1.A futuristic factory where machinery and equipment, logistics, process management, and process control at the manufacturing site are comprehensively controlled by software.</small>
	<b>Financial domain</b>	Acquire market-based global solutions with a focus on the global market.
	<b>Distribution and services domains</b>	Acquire travel, staffing, and retail industry solutions.
	<b>IT infrastructures domains</b>	Acquire cutting-edge technologies and solutions in AI, cyber security, data utilization, advanced system operation, etc.
	<b>Global</b>	Entry into local markets and acquire local consumer-related IT services,

Strengthening company-wide capabilities

# IV

## Financial Strategy

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# Financial Policy

- Leveraging abundant accumulated cash as a source of fund, we will implement more aggressive growth investments and enhanced shareholder returns.

## Key themes

## Initiatives

## KPI Indicators

### Cash In



Optimization of working capital

Utilization of financial leverage

- Compress to the average level of domestic competing systems integrators.
- While carefully considering the balance with financial soundness, utilize borrowing when executing large-scale M&A that contributes to returns.

Monthly sales  
2.4 months' worth

-

### Cash Out



Make aggressive growth investments

Stable shareholder returns

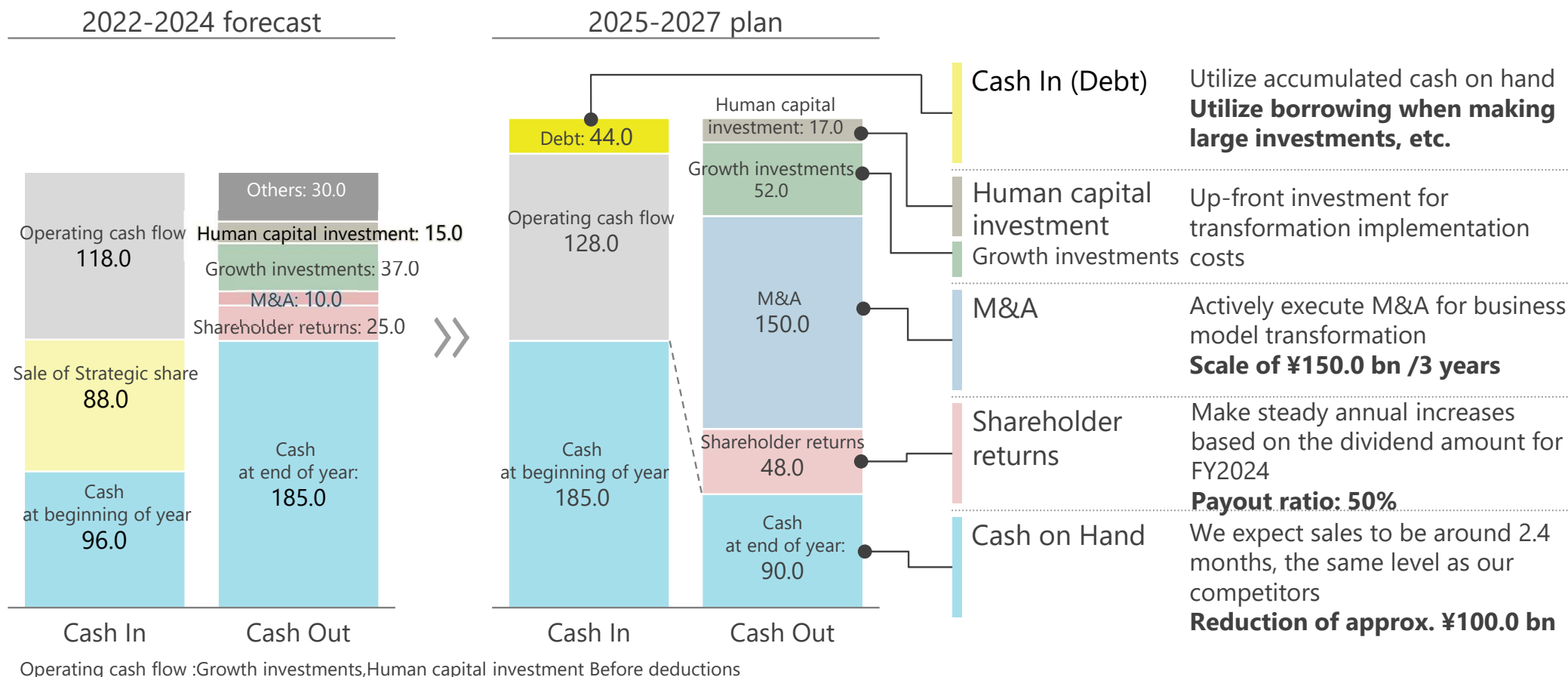
- Aggressive and reliable executing M&A and growth investments to transform the business model.
- Make steady annual increases based on the dividend amount for FY2024.

¥150.0 bn/3 years

Payout Ratio  
50%

# Cash Allocation Policy

- Cash will be allocated for M&A ,investment for growth and shareholder returns, with additional borrowing utilized as needed for further capital requirements.



Operating cash flow :Growth investments,Human capital investment Before deductions

# Measures to Reduce the Cost of Capital

- Management with a focus on the cost of capital and stock prices-

- Target ROE in NSSOL 2030 vision is around 15%.
- Taking into account the factors contributing to this increase, we will continue to make efforts to reduce it

## Current cost of capital

- 1 Our CAPM-based WACC is estimated to be 6%
- 2 Cost of capital is 7-8% (≈ Analyst's average value)

Current ROE (around 11%) exceeds our cost of capital by 2-4%.

## Measures to control and reduce the cost of capital

### Factors that increase our cost of capital<sup>1</sup>

"The medium- to long-term numerical targets are unclear, making performance forecasts difficult."

"Volatility of performance due to the nature of a cost based business"

"Due to the low share liquidity, they cannot be bought or sold when desired."

"We have not been able to design incentives for the management team."

### MTBP 2025-2027 Policies



This medium-term business plan discloses target values for operating profit, etc.



Reduction in volatility through the introduction of the TAM type SI model



- Stock split
- Enhanced IR staff
- Dual listing on Stock Exchange



Revision of officer remuneration, including the introduction of ROE as a medium- to long-term performance indicator, etc.

**Future planned initiative**

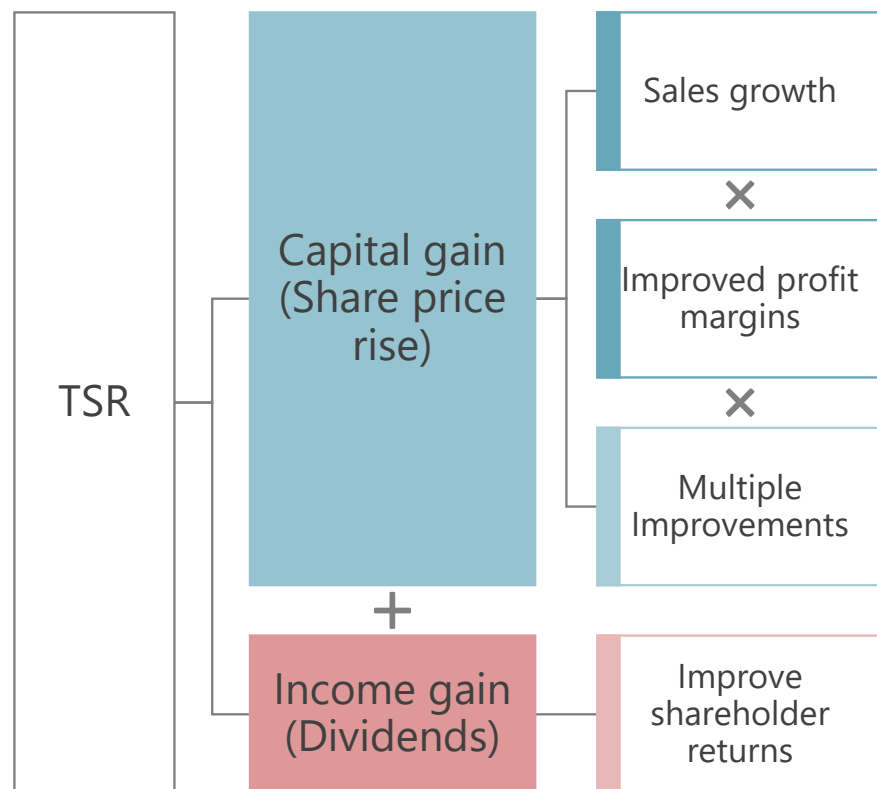
1. Based on interviews with sell-side analysts

# Initiatives for TSR Improvement

- Management with a focus on the cost of capital and stock prices-

- We will continue to steadily improve TSR (Total Shareholder Return), an indicator of shareholder value, and aim to achieve management that contributes to shareholder returns.

## TSR driver



## Initiatives for TSR improvement

- While carrying out model transitions, we aim to grow at a rate higher than the market growth rate.
  - Acquiring opportunities for sales growth through actively pursuing M&A.
- 
- Work to transition to a customer value and asset-based revenue model and aim to generate industry-leading profits.
  - Strengthen scalability by improving in-house operations efficiency.
- 
- By actively disclosing information and strengthening dialogue with investors than ever before, we will dispel any sense of uncertainty.
  - Improve capital efficiency through optimization of capital allocation.
- 
- As a shareholder return policy, maintain a payout ratio of 50%, and increase dividends continuously in line with future profit growth.

A large, stylized blue letter 'V' is positioned on the left side of the slide, partially overlapping a white triangular shape that points towards the center.

# Evolution of Sustainable Management

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# Human Resources Strategy

- To realize our VISION, we will secure human resources to drive business model transformation.
- To achieve this, we have implemented 4 measures, including strengthening recruitment and development, and revising the evaluation and compensation system.

## Securing human resources to contribute to business model transformation

### Desired human resources profile



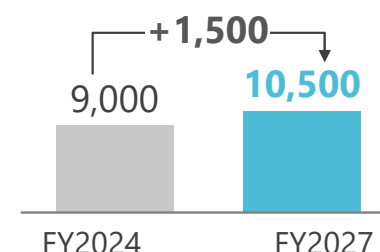
In addition to high technology and precise building and operation, those who are able to propose assets to solve our customers' management issues while incorporating evolving cutting-edge technologies.



Those who are able to anticipate market needs, define and create our own unique value, and accurately deliver that value to customers.

### Targeted scale of personnel

(excl. M&A) (unit: people)



### Human resources shift strategy



#### Strengthening of recruitment

- Recruitment of new graduated from diverse educational departments.
- Expansion of career recruitment channels.

#### Strengthening of training

- Cultivate hard skills by expanding self-selection training, etc.
- Develop soft skills through activities such as exchanges with other companies.

#### Revising our evaluation system and benefits

- Achieving the highest level of remuneration in the industry.
- Strengthening of the linkage between organizational targets and individual goals.

#### Respecting diversity

- Strengthening of initiatives to achieve a 30% rate of managerial positions held by women.
- Promotion of LGBTQ+ measures.



# Evolution of Governance

- From the three perspectives of “Strengthening corporate governance,” “Enhancing strategic execution capabilities,” and “Realizing social value,” we are implementing various measures for governance evolution.

## Strengthening corporate governance

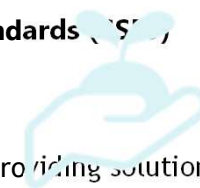
- Selling all shares of publicly listed Strategic-share holdings in principle<sup>1</sup>**
  - The ratio of cross-shareholdings/assets is projected to decrease to 2% in FY2024 (was 23% in FY2023)
- Accelerate decision-making and strengthen oversight**
  - Reduce the number of directors by 2 (after the AGM in June 2025: 5 internal directors, 6 independent outside directors)

## Enhancing strategic execution capabilities

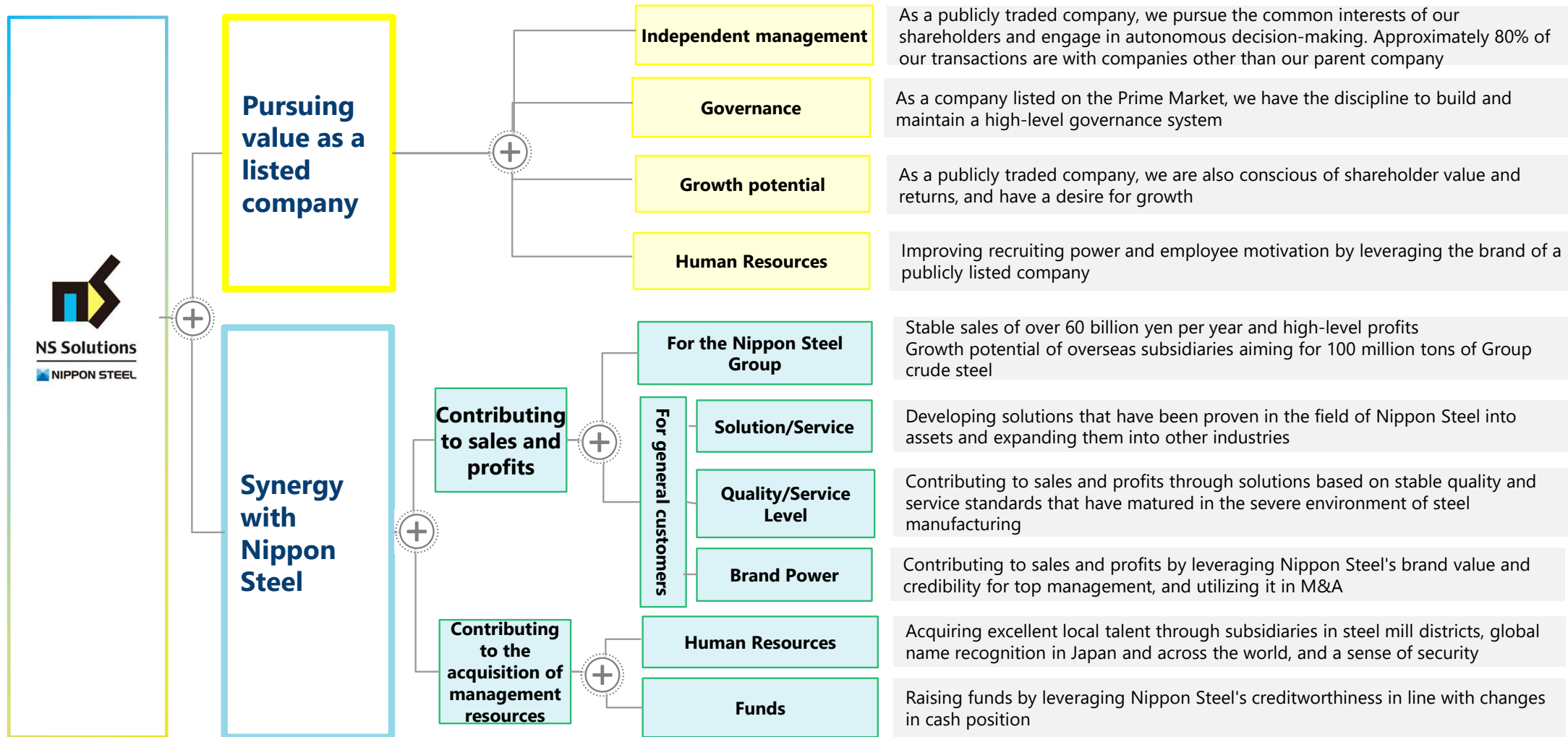
- Setting and reviewing materiality and KPIs** in line with business model transformation
  - From the traditional “Partner” perspective to the “Producer” perspective to actively engage in solving social issues
- Building an executive organization to achieve the MTBP**
  - From April 2025, the Strategic Management Center will be established to monitor the progress of the four fundamental reform initiatives and ensure appropriate control.

## Realizing social value

- Consider early adoption of the Japanese version of the Exposure Drafts of Sustainability Disclosure Standards (ESG)**
  - Prepare for voluntary application before mandatory application
- Strengthen efforts to halve GHG emissions by FY2030**
  - In addition to reducing our own GHG emissions, we contribute to our customers' and society's efforts by providing solutions.



# Autonomous business operations while leveraging synergies with Nippon Steel



**VI**

# Summary

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# Summary

 The FY2025-FY2027 Medium-Term Business Plan is positioned as a foundation period for achieving significant profit growth in the next Medium-Term Business Plan, and we will strive to implement four fundamental transformations.

1	Transforming our SI Business Model	
2	Transforming our Customer Approach	3 Transforming the Technology and R&D
4	Transforming In-house Operations and Management	

 We have set targets aimed at the early achievement of the 100.0 billion yen operating profit target of the NSSOL 2030 Vision

	FY2024 forecast	FY2027 plan	NSSOL 2030 Vision
Revenue	¥330.0 bn	<b>¥450.0</b> bn	¥500.0 bn
Operating profit (Operating margin)	¥39.0 bn (11.8%)	<b>¥60.0</b> bn (13%)	¥100.0 bn (20%)
ROE	Approx. 11%	Approx. <b>13%</b>	Approx. 15%
M&A	(2022-2024 total) Approx. ¥10.0 bn	<b>¥150.0</b> bn / 3 years	N/A
Shareholder returns	Payout ratio 50%	Payout ratio <b>50%</b>	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approx. <b>75%</b>	-
Growth investments/Sales Ratio (excluding M&A)	2.7%	Approx. <b>5%</b>	-



# Social Value Producer with Digital

<https://www.nssol.nipponsteel.com/en/>

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Unless otherwise noted, all financial figures are on consolidated basis.

\*SI=System Integration

# (Reference) Operating Profit Model (FY2027)

¥ in billions		Sales	Proportion of total	Gross profit margin	Gross profit	SGA etc.	Operating margin	Operating profit
	Traditional-type		24%	23.5%	2027 will be a milestone in business model transformation → <b>Profitability will further improve towards 2030</b> - Gross profit margin of AM-type improves with scalability - Investments in selling, general and administrative expenses peak out in the current medium-term period - 2027's M&A effects are still being reaped			
	T-type		50%	26.5%				
	A-type		25%	30.0%				
	M-type		1%	20.0%				
	Organic total	403.0	100%	26.6%	107.0	54.0	13.2%	53.0
	External growth	47.0	-	-	-	-	14.9%	7.0
	Target for FY2027	450.0			-	-	13.3%	60.0
	FY2024 forecast	333.0		24.5%	81.5	42.5	11.6%	39.0
	Change	+117.0		+2.1%	-	-	+1.7%	+14.0