

TSE:2327



# 2025-2027 Medium-Term Business Plan

February 28, 2025  
NS Solutions Corporation

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Hello everyone. My name is TAMAOKI, President of NS Solutions.

Thank you very much for taking time out of your busy schedule to attend today's briefing on our medium-term business plan.

I would like to explain the details of our medium-term business plan starting from fiscal 2025, which was announced at 15:30 today.

# Agenda

## Company Profile

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

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

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

### IV. Financial Strategy

### V. Evolution of Sustainable Management

### VI. Summary



First of all, as many of you may already know, I would like to give you a brief history of our company,

# 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%)

FY2024 forecast Revenue

333.0 billion yen

Consulting & Digital Services

80.0 billion yen (24%)

Manufacturing, Nippon Steel Group

92.5 billion yen (28%)

Retail and Service, Digital Platformer

63.5 billion yen (19%)

Financial Service

45.0 billion yen (14%)

Consulting and Digital services

80.0 billion yen (24%)

Group companies

52.0 billion yen (16%)

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

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

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

Providing cross-industry consulting applications

System building, operation and maintenance for companies and government agencies that support social infrastructure

Regional subsidiaries (Hokkaido, East Japan, Chubu, Kansai, Kyushu)

Overseas subsidiaries (China, Thailand, Singapore, Indonesia, USA, UK)

Joint ventures (NCI, NHS)

NS BizTech, etc.

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Here is the outline of the company.

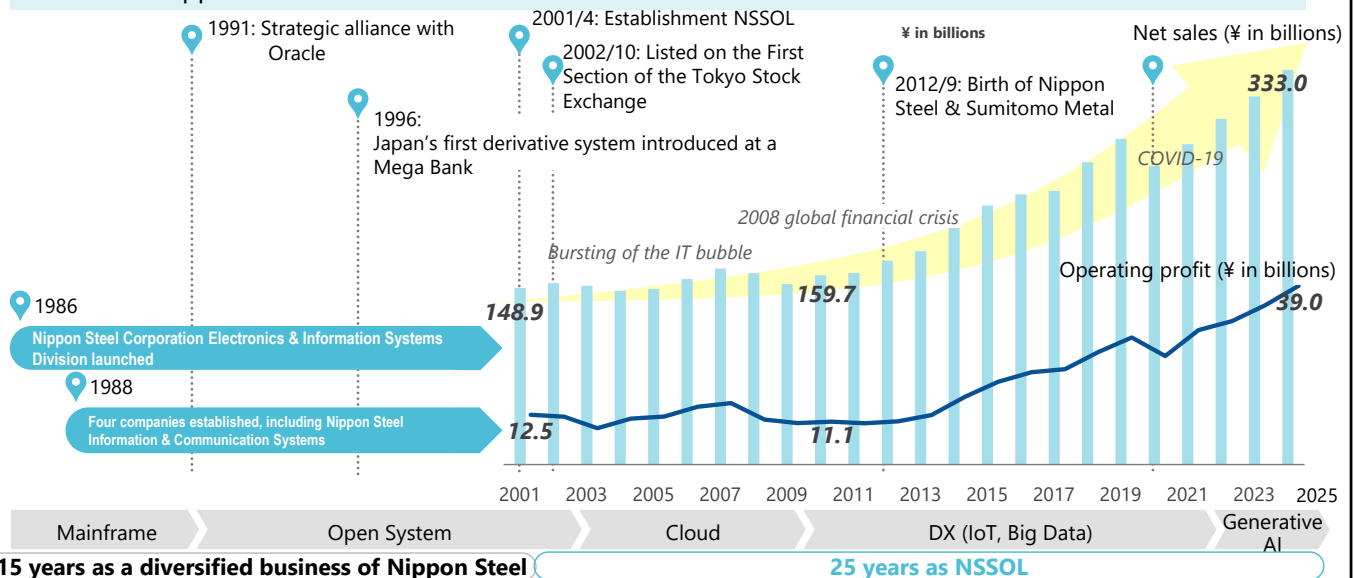
The company has sales revenue of 330 billion yen and approximately 9,000 employees on a consolidated basis.

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## 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.



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This is a brief history of our company.

Our company has its roots in Nippon Steel's Electronics Division, which was started in 1986 as a new business of the then Nippon Steel Corporation, and ENICOM, a Nippon Steel group company established in 1988.

Then in 2001, Nippon Steel Solutions, the prototype of our current company, was established, and the following year we went public.





The first 10 years of the company's history were marked by a slow growth trajectory, due in part to the bursting of the IT bubble and the Lehman Shock,

From the 2010s onward, we have been able to renew sales and profit growth every year, thanks in part to the tailwind of strong IT demand, including demand for integration of parent companies, expansion of Internet services, and the need to revamp mission-critical systems.

This year marks the 25th anniversary of the company's establishment.

## 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.

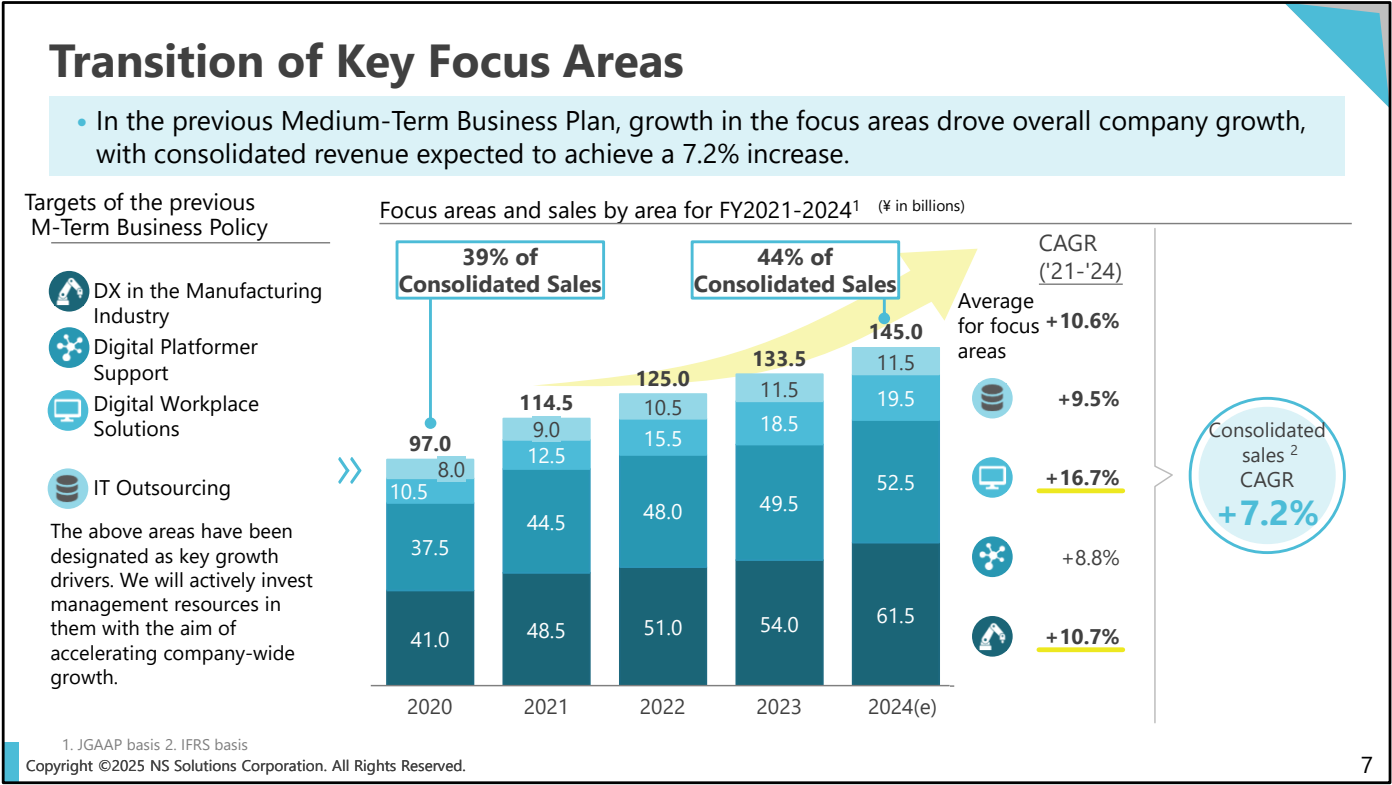
	M-term Business Strategy Targets (FY2021-FY2025)		FY2024 Forecast of Cumulative Results (FY2021-FY2024)	Evaluation
Consolidated sales growth rate (CAGR)	5-6%	➡	7.2%	 (expected to be achieved)
Focus area sales growth rate (CAGR)	10% or more	➡	10.6%	 (expected to be achieved)
Investment to strengthen business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

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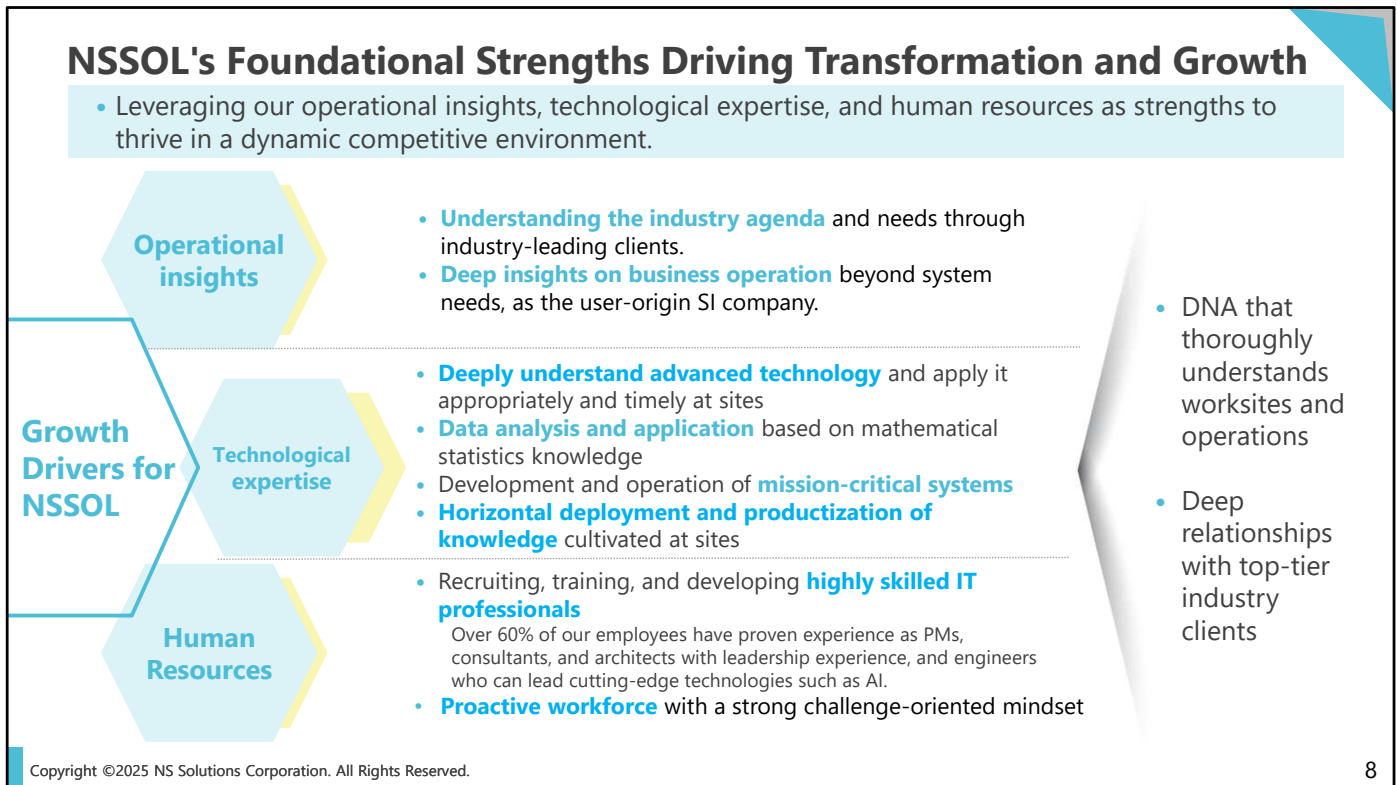
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We have announced our mid-term business strategy for the 5 years from 2021, under the vision of “1st DX Partner”, and we were focusing on four areas and aggressively investing in them to expand sales and earnings.

As shown in the table below, we believe that we have achieved all of our quantitative targets.



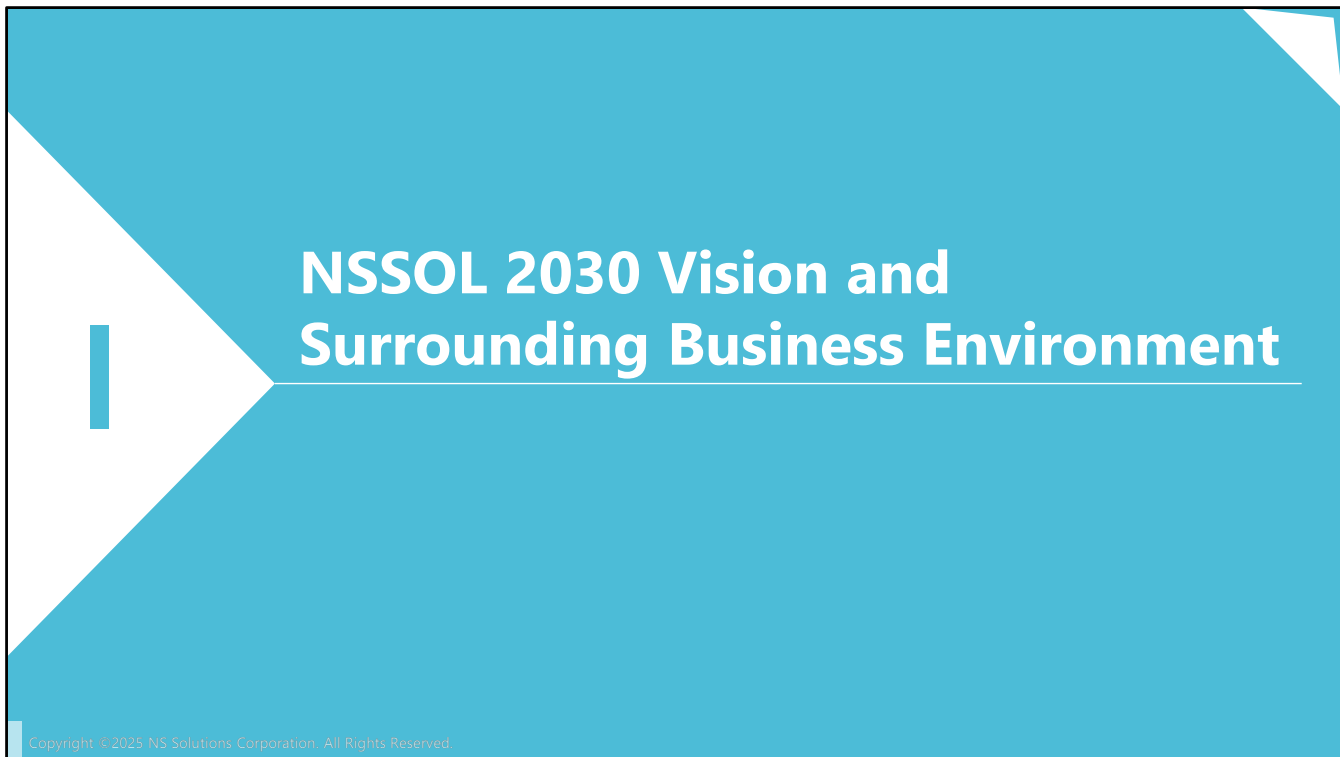
This slide is a graph showing the growth of these four areas of focus. You can see that these four areas have been driving the company's growth.



The source of our steady growth is our strength, which is our overwhelming business knowledge and technological capabilities, as well as the excellent human resources that support them.

I believe that we can achieve sustainable growth by further developing these strengths.

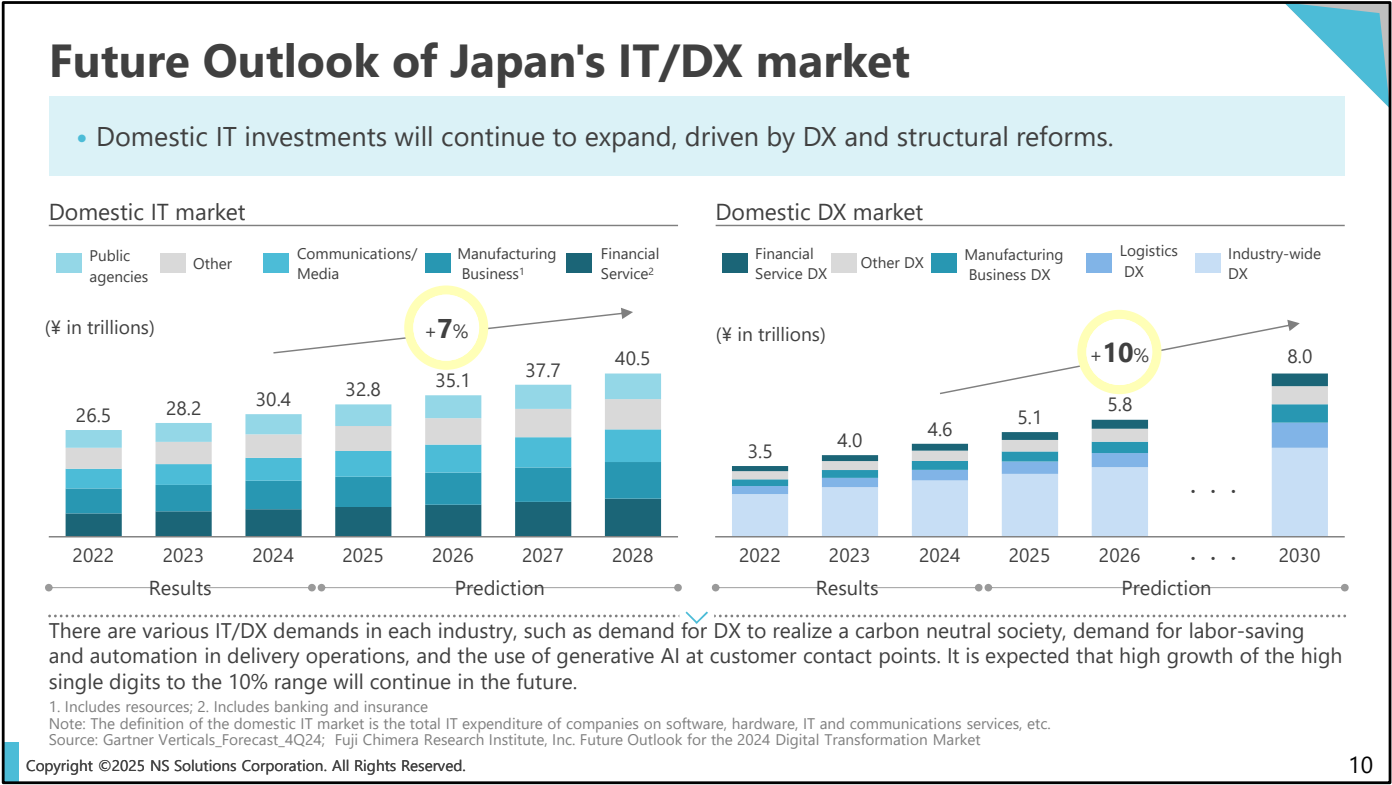




Based on our history as explained above, we announced our “*NSSOL 2030 Vision*” last April as our next challenge.

This is the premise for the “*Medium-Term business plan*” that I will explain today.

Next, I will briefly explain the vision and our understanding of the business environment that serves as the background for the vision.

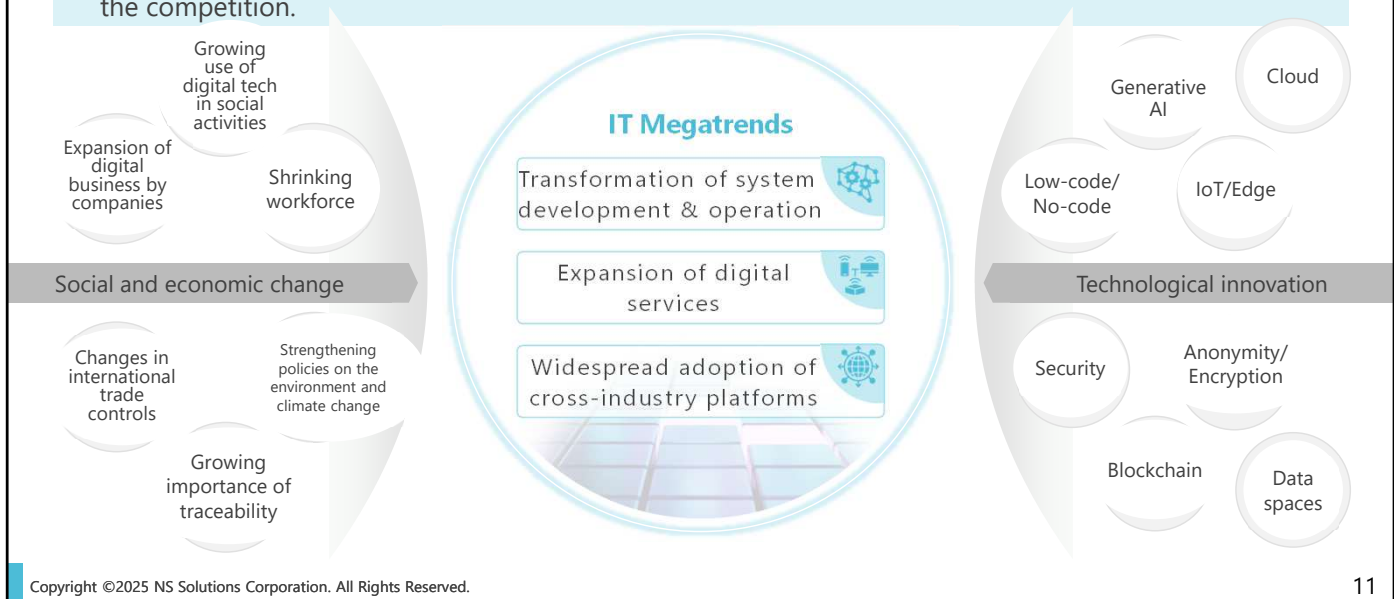


This slide shows forecast data for the mid-term domestic IT and DX market.

There are various IT and DX demands in each industry, including needs to achieve carbon neutrality, social needs such as measures to address the increasingly severe labor shortage in Japan, and needs to respond to new technologies such as generated AI, and demand is expected to continue to grow at a high rate.

## Medium- to Long-term IT Megatrends

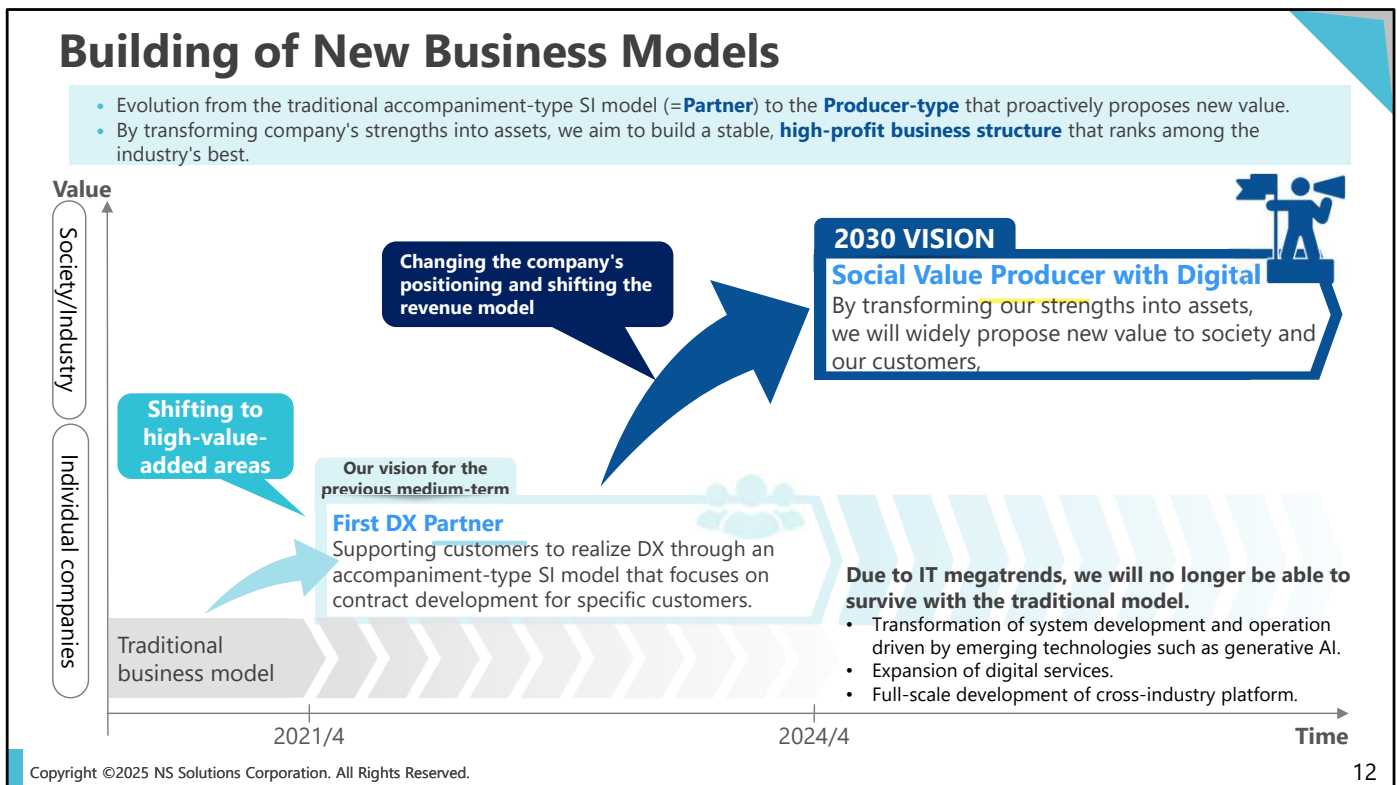
- While domestic IT investment is expected to remain steady, **a transformation from the traditional business model is necessary** to capture the IT megatrend to 2030 and achieve growth that outpaces the competition.



On the other hand, we believe that the environment surrounding companies and society will change even more drastically toward 2030.

Under such circumstances, we believe that three important IT megatrends are *"Transformation of system development & operation through generative AI & other new technologies," "Expansion of digital services,"* and *"Widespread adoption of cross-industry platforms"*.

In order to capture these major changes and achieve growth that surpasses that of our competitors, we believe that we need to transform ourselves, starting with our business model.



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Until now, we have positioned our mission as "*First DX Partner* " and have worked to resolve their individual issues.

However, in light of the environmental changes I mentioned earlier, we recognize that a major change in mindset is required, and in "*NSSOL 2030 Vision*," we have set the goal of becoming a "*Producer*" that creates its own value, presents this new value directly to customers or society, and proactively takes the lead in solving problems.

We have chosen "*Social Value Producer with Digital*" to express our intention to become a "producer" that creates its own value, presents this new value directly to customers or society, and proactively takes the lead in solving problems.

## 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

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The “2025-2027 Mid-Term business plan” is a plan to materialize the business model and quantitative targets set forth in the “NSSOL 2030 Vision” through various company-wide discussions over the course of one year.



I would like to begin by explaining our new mid-term plan.

## 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)

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This slide shows you the vision of what we are aiming for in this mid-term plan.

First, over the next three years, we will decisively transform our business model and build a highly profitable structure.

Second, even in a favorable IT demand environment, we will achieve growth that exceeds market growth by accurately capturing IT megatrends.

Third, we will use our cash reserves and the cash flow we will generate over the next three years to invest aggressively in growth and M&A to build a foundation for growth to realize our vision.

Finally, we will further evolve our governance structure while promoting industry-leading shareholder returns and enhancing the shared value of shareholders.

These details are explained below.

## 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>	-

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Quantitative targets.

Sales volume is 450 billion yen.

Operating profit is 60 billion yen.

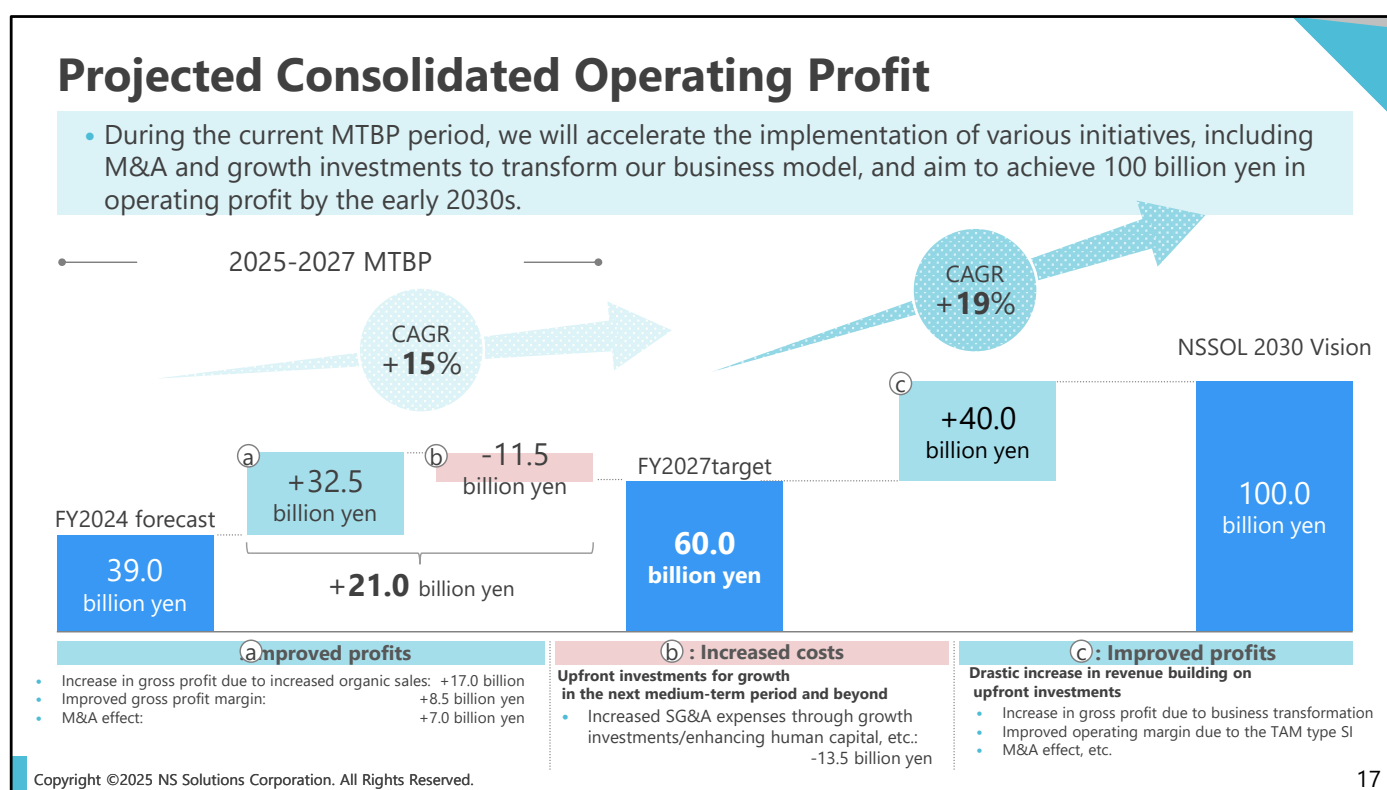
ROE is targeted to be around 13%.

We plan to invest about 150 billion yen in M&A, over the next three years. We will maintain a dividend payout ratio of 50% and aim to increase dividends every year by increasing profits even while making such aggressive investments.

We also plan to expand the TAM model, a new model, to about 75% of our total business as an indicator of business model transformation.

5% of sales to sales ratio was set as an indicator to promote investment in growth.





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This is an explanation of the operating income target.

From the starting point of 39 billion yen forecasted for FY2024, we will continue to increase profits every year, aiming to achieve +21 billion yen in FY2027, including +7 billion yen in M&A effects, for an annual growth rate of 15% to 60 billion yen.

Although these three years include a large amount of upfront investment toward achieving the 100 billion yen target of the *NSSOL 2030 Vision*, we will strive to steadily increase profits every year despite this investment.

## 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.

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From here, we will explain the key points of our specific strategies.

This medium-term plan is positioned as a period for laying the foundation for growth, and we will work to transform ourselves into a highly profitable company.

To achieve this goal, we will

Transform our business model for profitable operations,

Transform our approach to customers,

Transform our target of R&D,

Transform internal operations and management.

We will work on four fundamental reforms to achieve this goal.

1

Transforming Our SI Business Model - The Business Model We Aim For

SI Transformation  
(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.

Asset Driven  
(A-type)

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

Multi 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%

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The first is “Transforming our SI Business Model.”

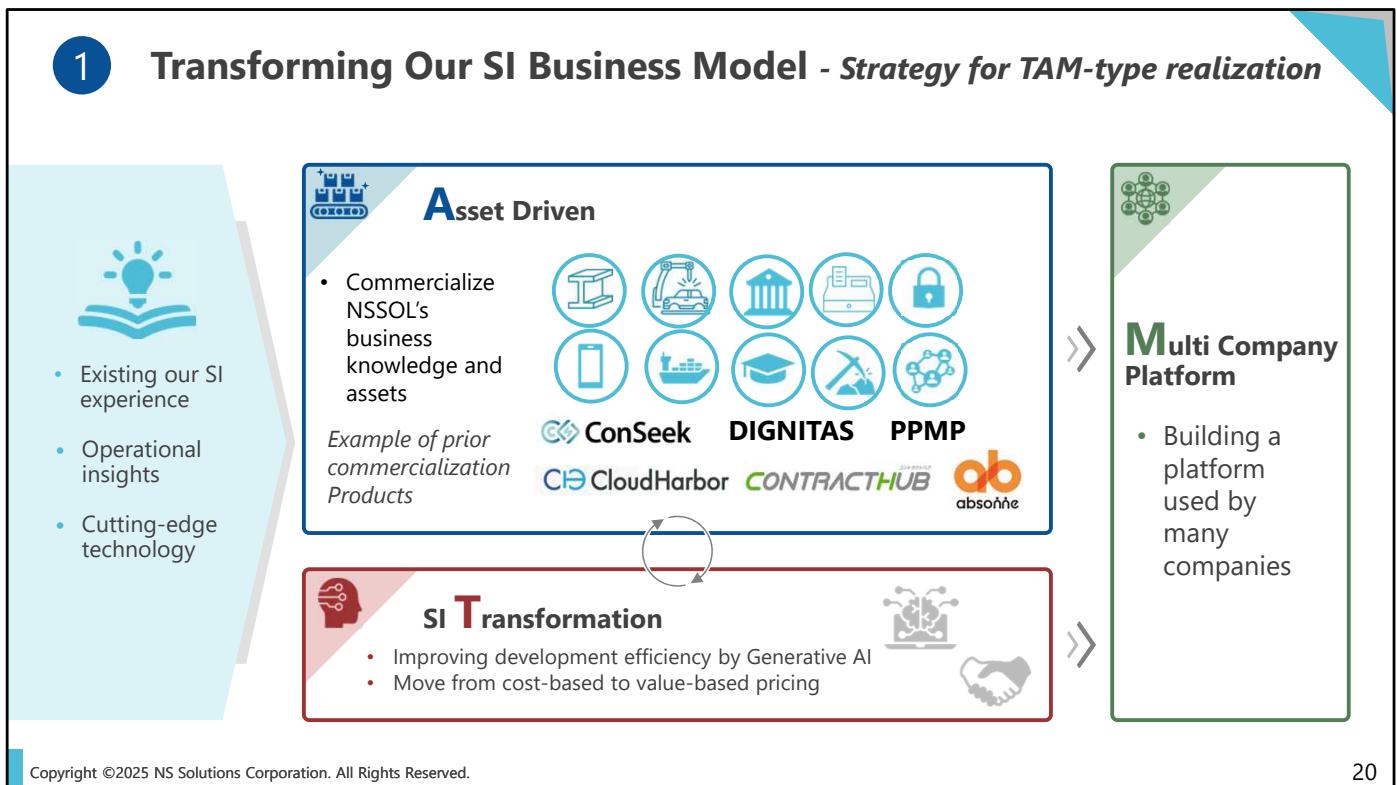
Three SI models embodying “Social Value Producers”, moving away from the traditional individual contract SI business,

The “T-type” SI transformation, which aims to radically improve productivity by incorporating innovations such as AI into the value-providing process,

“A-type” is an asset-driven model that converts strengths into assets and provides them as best practices to a large number of customers.

“M-type” is a multi-company platform where we act as the business entity to provide a platform for multiple companies to use jointly.

We aim to transform into the following three models.



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In particular, the key to this business model transformation is asset-driven, "A-Type" expansion.

We already have a precedent of realizing solutions based on the knowledge and assets we have accumulated in our SI activities.

Examples include "ConSeek" and "DIGNITAS" for the financial sector "PPMP" for the manufacturing industry and as a cloud-solution product "Cloud Harbor".

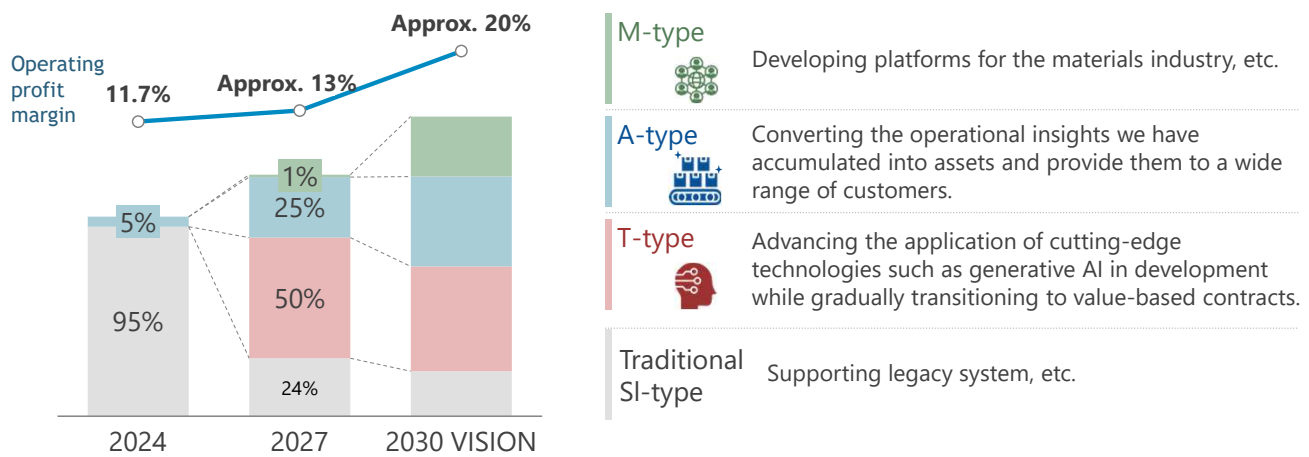
We will continue to accumulate more and more examples of commercializing and tooling up the assets we have accumulated and offering them to a wide range of customers.

The accumulation of such knowledge will lead to the further refinement of "T-type", which in turn will lead to "M-Type" multi-platform solutions.

## 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



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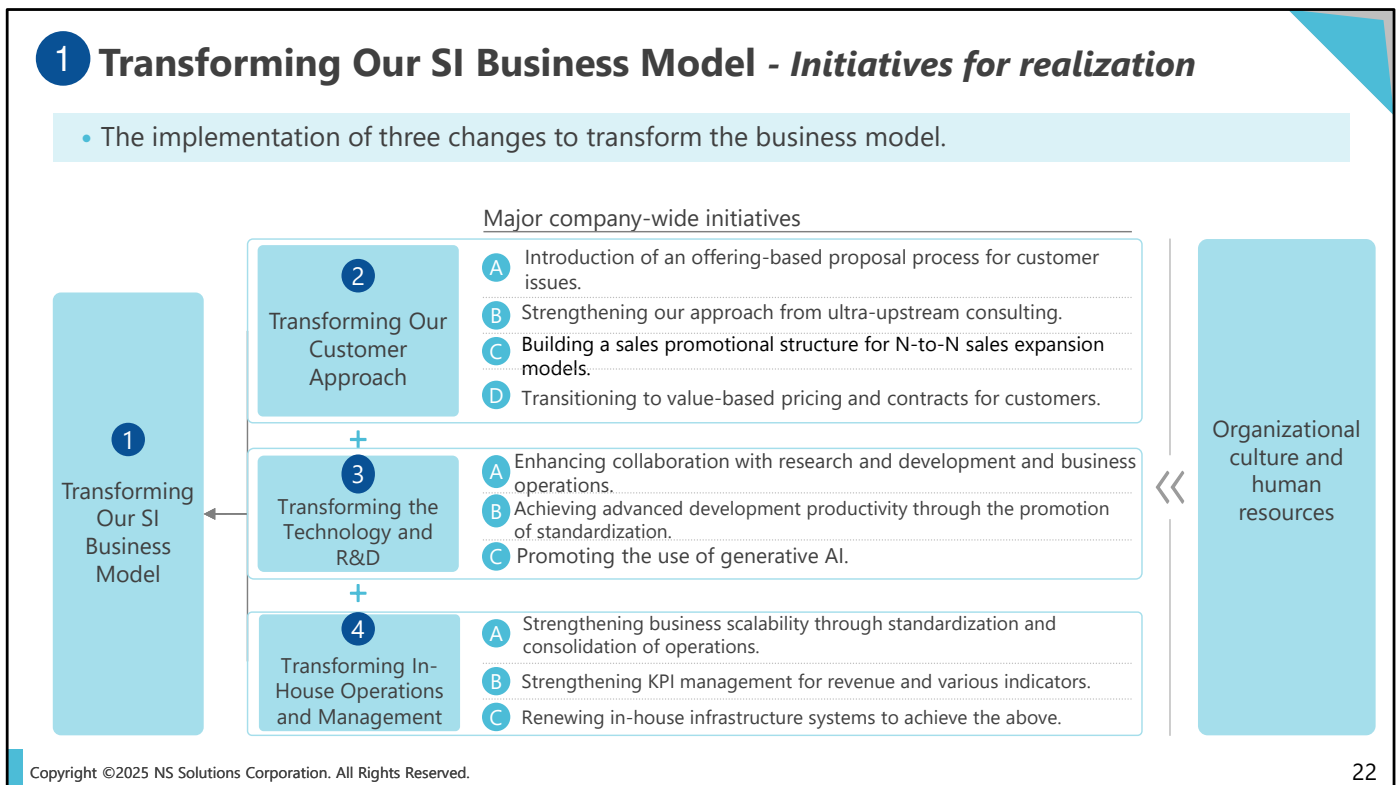
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This graph shows our goals for the composition of our business portfolio.

In the three years through 2027, we will first focus on expanding "*T-type*", which is a high-productivity SI model through the use of advanced technologies, and "*A-type*", which revolves around assets that are generalized from our intellectual assets.

As for "*M-type*", our target is still about 1% of the total, but we will build good examples that will serve as a base for future expansion.

We hope to increase the sales composition ratio of T/A/M to more than 75% by 2027.



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To implement the "Transforming our SI Business Model" just described,

"Transforming our customer approach," which is based on an offering-type proposal process,

"Transforming of the technology and R&D" to radically improve productivity and strengthen the linkage between research and business.

"Transforming in-house operations and management" including streamlining back-office operations to support front-line transformation and reforming the basic system to realize data-driven management.

These three transformation will be necessary.

## 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

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The first is *"Transforming our customer approach"*.

We will shift from the conventional SI model of responding to individual customer issues to a comprehensive perspective of customer management issues and even social issues.

Next, to strengthen the offering approach to management issues, we will establish an *"Offering Promotion Center,"* develop a menu, and accelerate the promotion of activities.

To further strengthen our approach from a higher level, we will aim to acquire consulting and think-tank functions, while also utilizing M&A.

In terms of sales activities, we will establish a new *"Strategic Sales Department"* and establish a sales style based on an offering approach.

In addition, the new SI model realized by the T- and A-types will shift from the conventional cost-based pricing system to a value-added-based proposal system, in which the value created is shared with the client.

### 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	<div>Increase in the setting of research and development themes and activity levels at the Technology Bureau and Systems Research &amp; Development Center, with the aim of applying the results to business/product development as the ultimate goal</div> <div><ul style="list-style-type: none"><li>- Improved ability to create solutions</li><li>- Cost reduction in investment activities.</li></ul></div>
B	Achieving advanced development productivity through the promotion of standardization.	<div>NSSOL will deploy “<b>Nestorium</b>”, an IT service platform based on composable architecture and cloud-native technology, to achieve high productivity across the enterprise.(next page)</div> <div><ul style="list-style-type: none"><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></ul></div>
C	Promotion of the use of generative AI throughout the company	<div>The establishment of an AI Utilization Promotion Center to promote the use of generative AI in development sites and common departments</div> <div><ul style="list-style-type: none"><li>- Supporting a <b>20%</b> improvement in back office's productivity</li></ul></div>

Next is “*Transforming the Technology and R&D*”.

The first important theme is to strengthen the linkage between research and business. We will move to an R&D structure that is more directly linked to our business than in the past.

In addition, to realize the “*Transforming of SI business model*” mentioned earlier, we will fully deploy our new proprietary “*Nestorium*” platform to achieve high productivity by making full use of all cutting-edge technologies.

In addition, to promote the use of AI at development sites, we will establish an “*AI Application Promotion Center*” to support challenges at development sites and expand its use in back-office operations.

Through these measures, we expect to increase company-wide development productivity by 20% and reduce overall costs.



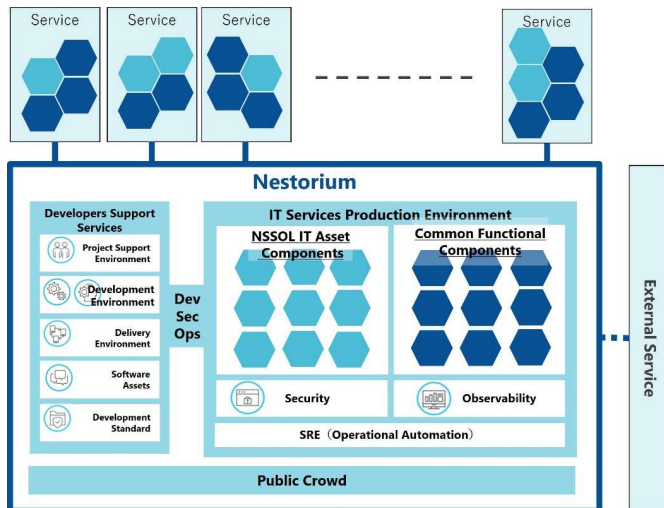
## What is “Nestorium” ?

### ● Nestorium

※Trademark pending

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

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



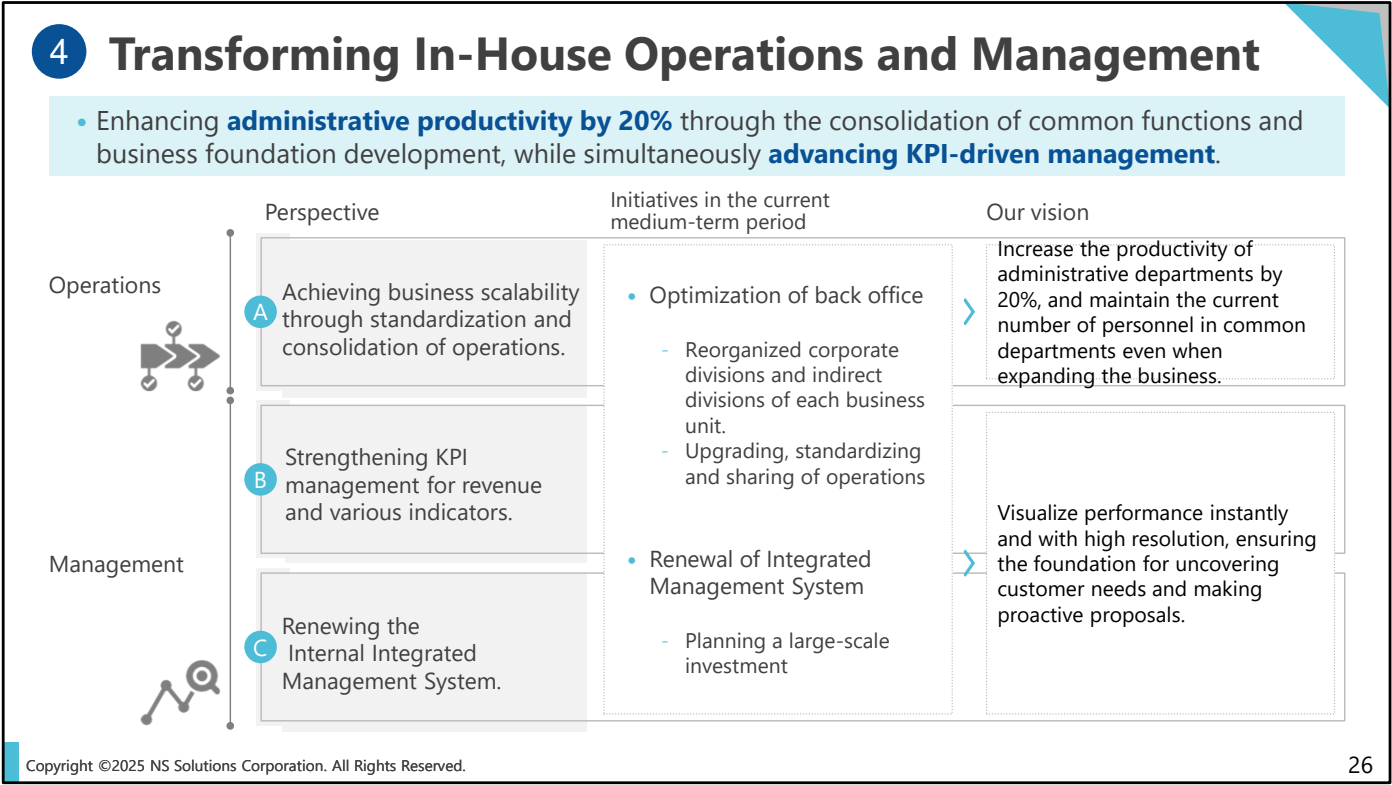
### Nestorium Features and Key Functions

- 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.

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This slide introduces for your reference the outline of “*Nestorium*,” our new platform that we have just introduced, which will realize high productivity in development using generative AI and various tools.



The last transformation is “*Transforming In-House Operations and Management*”.

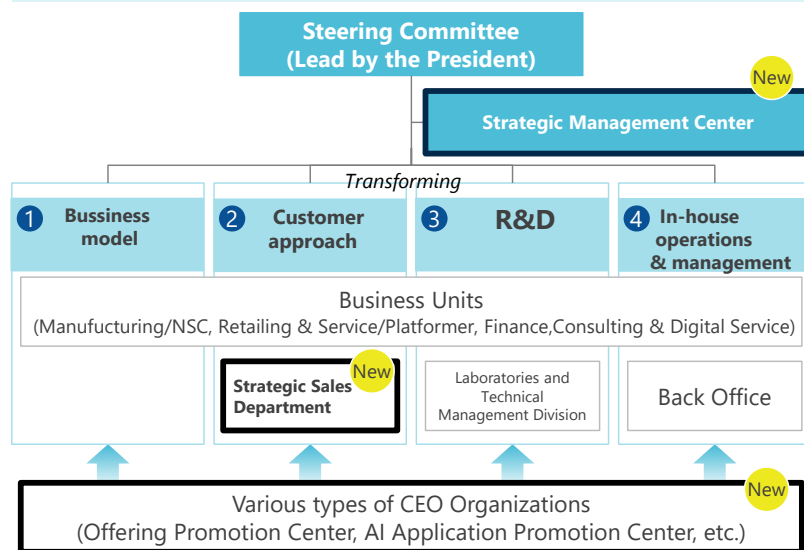
In April, we will consolidate the common management functions that currently exist in each business unit to thoroughly standardize operations and improve efficiency.

In addition, we will strengthen KPI management for earnings and various indicators, and revamp our internal infrastructure system to realize data-driven management.

As a result of these measures, we have improved administrative productivity by 20%, and we expect to maintain common department costs at the current level even as we expand our business in the future.

## 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.

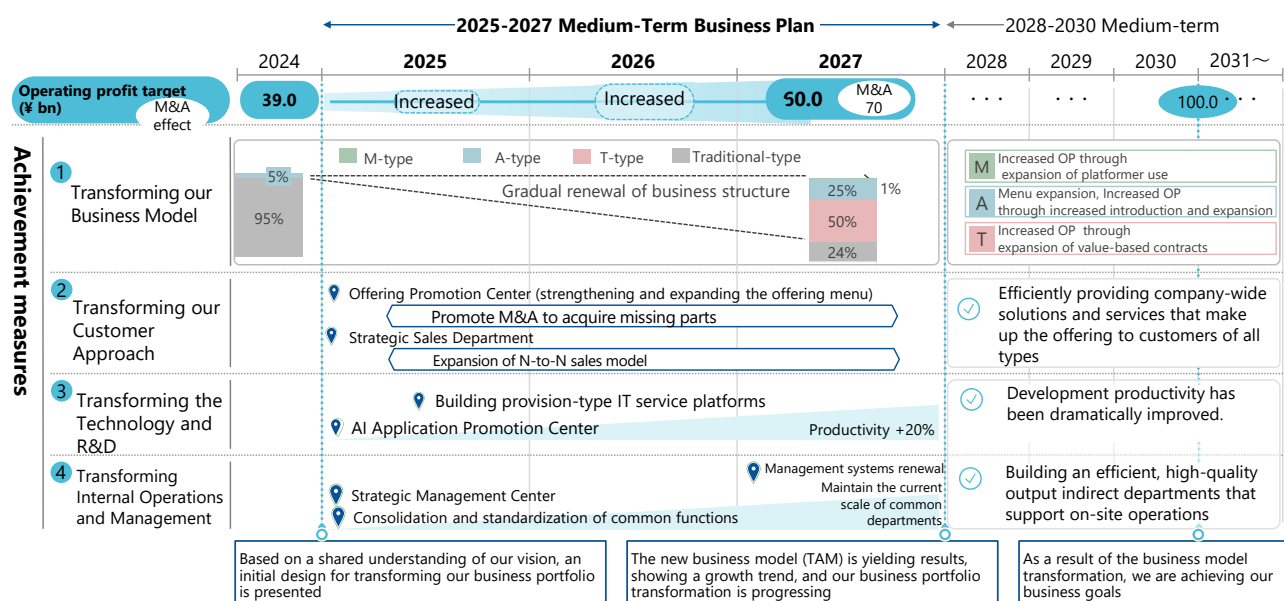


The “Strategy Execution Management Center” will be established under the direct control of the President to oversee the implementation of the above four fundamental reforms.

With this organization as a control tower, the Center will monitor the KPIs of the transformation, visualize the progress of individual measures, and lead the transformation to achieve the targets as early as possible.

## 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



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Here is the timeline for the transformation.

We will continue to transform our business revenue model to move toward a TAM-type 75% by FY2027.

In April, we will start an organization to ensure the execution of each of the strategies I just mentioned, and provide strong support for the transformation.

We will continue to increase profits every year after FY2025, and by FY2027, the final year of the plan, we will achieve operating income of 60 billion yen, including 7 billion yen from M&A.



Next, I will explain our numerical targets by business segment and our global and external growth strategies.

## Sales Targets by Segment

		FY2024 forecast	FY2027 target		2025-2027 focus points
		Revenue	Revenue	Growth rate	
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)	+35% (+53%)	

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Please refer to the table here, which shows the sales income targets for FY2027 for each business segment.

## 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.

### 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

Strengthening the Group through M&A

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We are considering our global strategy from both a market perspective and a resource allocation perspective.

Our market strategy is to expand the scale of our global sales and earnings to double the current level.

Currently, our business is centered on providing support to local Japanese companies, but we intend to expand this to include non-Japanese local markets as well.

In terms of regions, in addition to existing bases centered on Southeast Asia, we will also consider Europe as a target.

In terms of resource strategy, we will change the conventional concept that "*overseas resources = low-cost delivery*" and consider the optimal allocation of resources for development and production functions based on the total consideration of domestic subsidiaries, partners, and overseas resources to realize a dynamic resource allocation.

Major regions are India and Vietnam, in addition to existing bases in Asia.

M&A will also be utilized in these efforts.

## 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	<div>FY2025-FY2027 plan</div> <ul style="list-style-type: none"><li>• <b>¥150.0 bn</b> / 3 years</li></ul> <p>FY2022-FY2024 forecast: ¥10.0 bn / 3 years</p>
M&A effect <sup>1</sup>	<ul style="list-style-type: none"><li>• Sales: <b>¥47.0 bn</b> or more</li><li>• Operating profit: <b>¥7.0 bn</b> or more</li></ul> <p>(NSSOL 2030 Vision: Business creation of around 100.0 billion yen)</p>

### 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

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External growth strategy.

As mentioned in the quantitative targets, we will invest a total of 150 billion yen in cash over the next three years, which will generate about 47 billion yen in sales income and 7 billion yen in operating profit.

We will also considerably strengthen the system to promote M&A execution.





Major M&A Target Areas			Strengthening company-wide capabilities
	Company-wide offerings	Acquisition and strengthening of business consulting capabilities to support the management strategies of our clients from the formulation stage through to their implementation.	
	Manufacturing domain	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>	
	Financial domain	Acquire market-based global solutions with a focus on the global market.	
	Distribution and services domains	Acquire travel, staffing, and retail industry solutions.	
	IT infrastructures domains	Acquire cutting-edge technologies and solutions in AI, cyber security, data utilization, advanced system operation, etc.	
	Global	Entry into local markets and acquire local consumer-related IT services,	
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It shows the M&A themes for each business and for the company as a whole, Please refer to it.



Next I will discuss our financial strategy.

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
<div>Cash In</div> <div></div>	Optimization of working capital	<ul style="list-style-type: none"><li>Compress to the average level of domestic competing systems integrators.</li><li>While carefully considering the balance with financial soundness, utilize borrowing when executing large-scale M&amp;A that contributes to returns.</li></ul>	Monthly sales 2.4 months' worth
	Utilization of financial leverage		-
<div>Cash Out</div> <div></div>	Make aggressive growth investments	• Aggressive and reliable executing M&A and growth investments to transform the business model.	¥150.0 bn/3 years
	Stable shareholder returns	• Make steady annual increases based on the dividend amount for FY2024.	Payout Ratio 50%

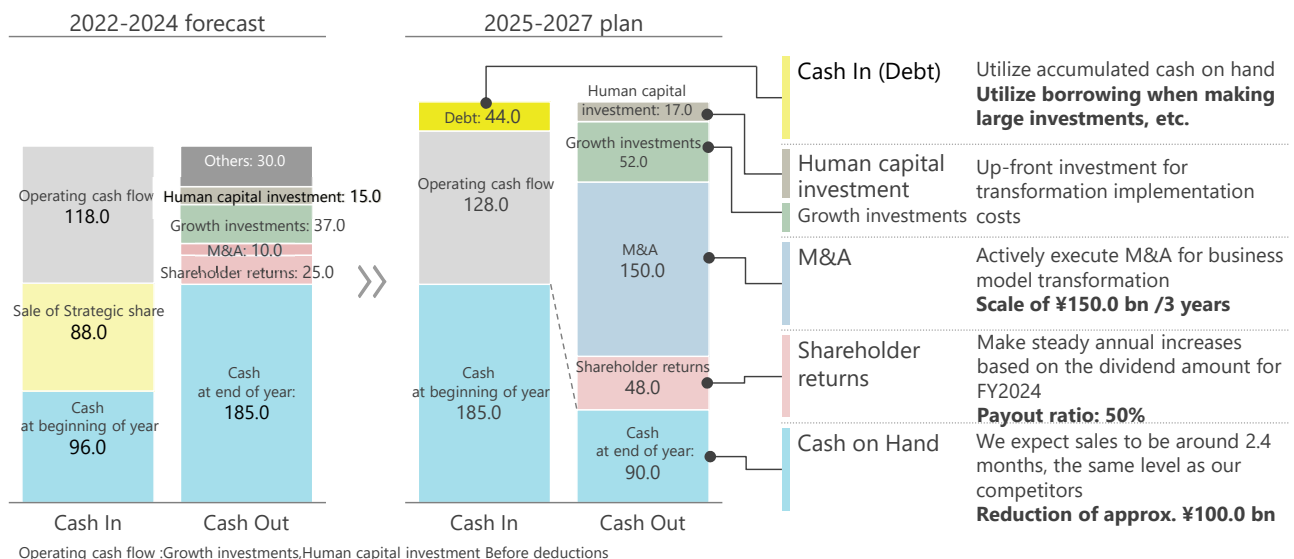
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This is a summary of our basic financial policy.  
The following slides provide specifics.

## 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.



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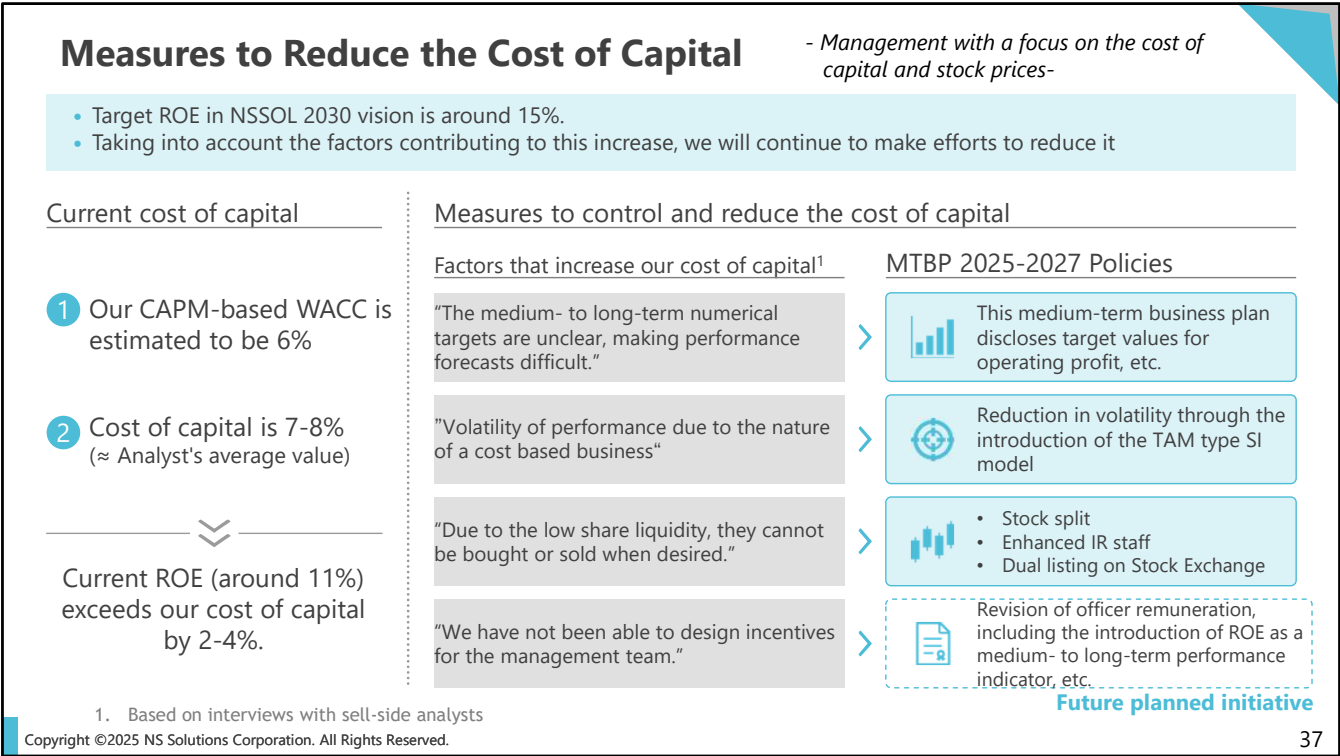
Introducing NSSOL's new cash allocation policy.

Including the strategic share sold last year, we have approximately 190 billion yen in cash as of the end of March this year,

We will reduce cash on hand by 100 billion yen over the next three years, bringing cash on hand to approximately 2.4 months of monthly sales, the same level as our peer companies.

We will invest in human capital, growth, M&A and shareholder returns with the reduced cash balance and operating cash flow.

In the event of a major M&A transaction, we will also use debt.



# 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

TSR

Capital gain  
(Share price rise)

+

Income gain  
(Dividends)

Sales growth

×

Improved profit margins

×

Multiple Improvements

+

Improve shareholder returns

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.

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We will also be constantly mindful of our efforts to improve TSR.

We will continue to grow in size, increase profitability, and carefully explain our vision for the future of the company to our customers and shareholders.

This is a natural process for creating shared value with shareholders, but it is not enough for the IR and Finance departments to understand this process and work to improve day-to-day operations,

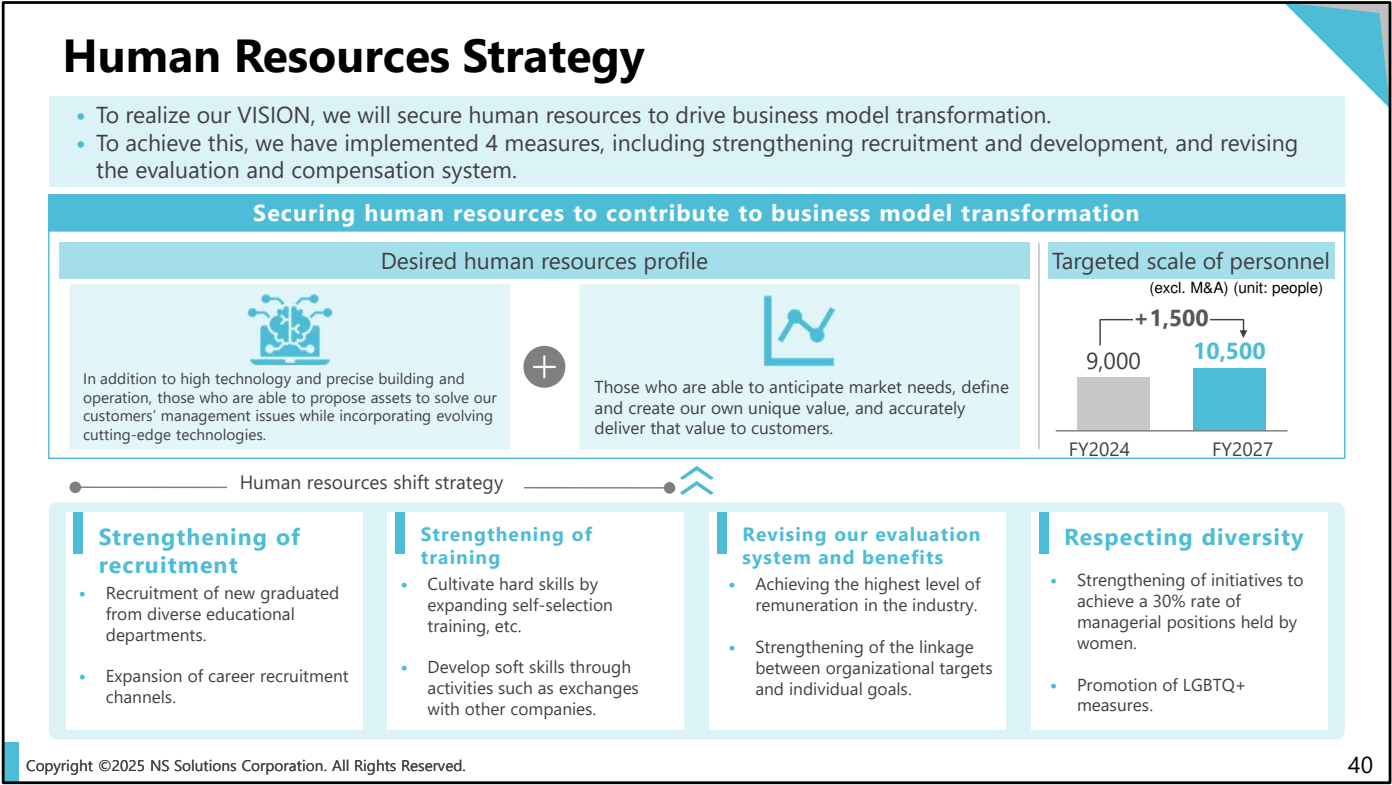
I believe that it is important for the entire company to work on these issues, not just the investor relations and finance departments.

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Finally, we will discuss human resource and governance strategies.





## 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<sup>2</sup>**
  - 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.

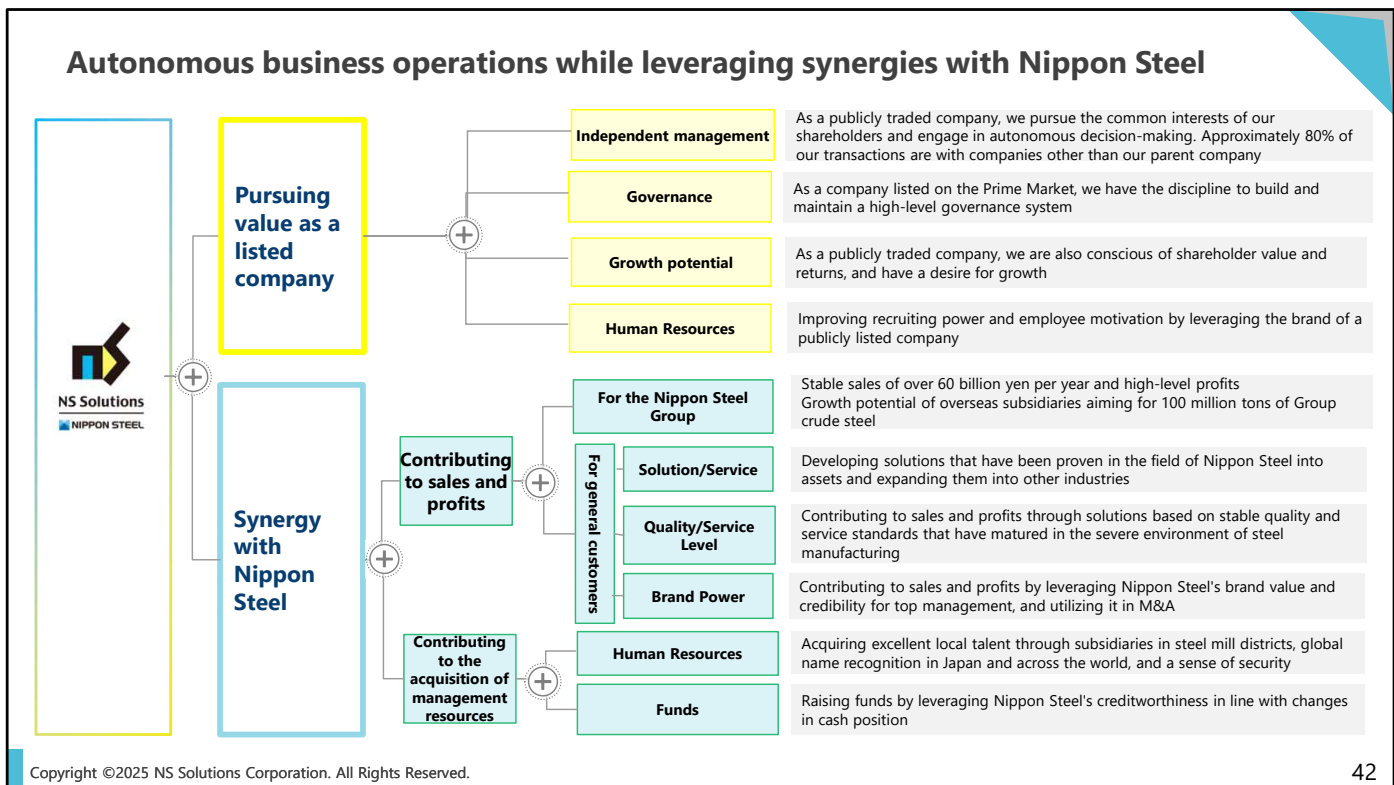
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We have also evolved our governance.

First, we divested our strategic holdings last year. In the future, we will continue our policy of not holding publicly traded shares that are not related to specific business alliances.

In addition, as recently announced, we have reduced the number of directors on the Board of Directors to speed up decision-making and strengthen oversight, and after the Annual General Meeting in June this year, the Board will consist of five internal directors and six independent external directors, for a total of eleven directors.



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Going forward, we intend to continue providing cutting-edge value through IT to a wide range of customers, while taking full advantage of synergies with our parent company, Nippon Steel Corporation.

NSSOL has the advantages of being a listed company, such as industry-savvy independent management, a high-level governance structure, a strong drive for growth, and the ability to attract human resources to support that growth.

In addition, we enjoy the synergy of having a parent company, which allows us to maximize the synergies between the two companies, such as implementing cutting-edge IT services in the parent company's field and then offering these services to general customers.

I intend to further sharpen these strengths of our company against the competition.



## 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>	-

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We have outlined our strategy for the next three years.

We believe that the support of our shareholders and investors is an indispensable factor in achieving our plan,

I look forward to continuing to engage with you actively and constructively.

That concludes my remarks.

Thank you very much.



## 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

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## (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