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## Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under IFRS)



February 4, 2025

Company name: NS Solutions Corporation  
 Listing: Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange  
 Securities code: 2327  
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 Scheduled date of commencing dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for analysts)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	240,294	9.2	29,587	27.0	30,270	27.7	20,401	31.8
December 31, 2023	220,119	6.5	23,295	4.4	23,706	4.9	15,483	2.5

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Million yen	%	Yen	Yen
December 31, 2024	35,224	13.9	111.50	–
December 31, 2023	30,923	341.8	84.62	–

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Basic earnings per share were calculated assuming the stock split had taken place at the beginning of the previous fiscal year.

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Million yen	Million yen	Million yen	%
December 31, 2024	392,769	262,482	254,176	64.7
March 31, 2024	374,637	244,783	236,829	63.2

## 2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	40.00	—	45.00	85.00
Fiscal year ending March 31, 2025	—	36.50	—		
Fiscal year ending March 31, 2025 (Forecast)				36.50	73.00

(Note 1) Revision to the forecast for dividends announced most recently: None

(Note 2) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. The annual dividends per share for the fiscal year ending March 31, 2025 and the fiscal year ending March 31, 2025 (forecast) are based on the amount taking into consideration the stock split. Annual dividends per share for the fiscal year ending March 31, 2025 (forecast) without taking the stock split into account would be 146.00 yen.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	333,000	7.2	39,000	11.4	39,500	11.5	26,500	144.83

(Note 1) Revision to the financial results forecast announced most recently: None

(Note 2) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Basic earnings per share is based on the amount taking into account the stock split. Basic earnings per share for the fiscal year ending March 31, 2025 without taking into account the stock split would be 289.66 yen.

**\* Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 company (NS Solutions BizTech Corporation)

Excluded: None

(Note) For further details, please see *Business combination, etc.* under 2. *Condensed Quarterly Consolidated Financial Statements and Primary Notes (5) Notes to Condensed Quarterly Consolidated Financial Statements* on page 13 of the attached document.

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

As of December 31, 2024: 183,002,000 shares

As of March 31, 2024: 183,002,000 shares

2) Total number of treasury shares at the end of the period:

As of December 31, 2024: 27,756 shares

As of March 31, 2024: 17,088 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 182,971,745 shares

Nine months ended December 31, 2023: 182,980,544 shares

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. The numbers of shares presented above were calculated assuming the stock split had taken place at the beginning of the previous fiscal year.

\* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

\* Proper use of financial results forecast and other notes

- The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.

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# 1. Qualitative Information on Quarterly Financial Results

## (1) Operating Results

Analysis of operating results

The Japanese economy continued to show signs of a mild recovery during the nine months ended December 31, 2024. While close attention should be paid to global situations, including those in the United States, China, and the Middle East, as well as the impact of rising domestic prices, exchange rate fluctuations, and interest rate trends on corporate earnings, domestic companies' earnings have continuously improved. System investment by client companies remained firm, as the need for digital transformation (DX) with the purpose of expanding business and increasing competitiveness continued to be strong.

Based on the Medium-term Business Strategy 2021–2025 published in April 2021, NS Solutions Corporation (hereinafter, the “Company,” and the Company and its subsidiaries are collectively referred to as the “Group”) is endeavoring to expand our business by capturing customer needs for DX to the greatest extent possible. Furthermore, we are working on formulating a new medium-term management plan (2025–2027) aimed at realizing the NSSOL 2030 Vision published in April 2024, which outlines our aspirations for the Company in 2030.

We have strongly driven our customers' DX through various initiatives. These include expanding “PPMP” (Process-manufacturing Production Management Package), which was created by productizing the production management system introduced at Nippon Steel Corporation, to other manufacturing industries, developing a new, highly secure “Remote Predictive Maintenance System” for globally expanding semiconductor manufacturing equipment manufacturers, and launching “CloudHarbor,” which provides comprehensive support for cloud-native transformation. Furthermore, we have expanded our lineup of the virtual desktop service “M³DaaS@absonne” (adding M³DaaS for AVD with Azure Stack HCI) and continue to focus on expanding sales of solutions, including the electronic transaction and contract service “CONTRACTHUB.” OSP Solutions Inc., which became our wholly owned subsidiary on October 1, 2024, is providing operation and maintenance services to customers as a member of the Group.

In the AI domain, where the Company has accumulated knowledge, we provide numerous AI solutions, including a solution to connect the AI platforms “Databricks” and “DataRobot,” and have launched services to support the installation of “Alli LLM App Market,” an AI platform that promotes the utilization of generative AI and improves operational efficiency, in customers' private environments. Moreover, we continue to strengthen our response capabilities in the AI domain, including through collaborations with other companies, such as entering into a partnership agreement with Digital Humans, Inc., which possesses digital human technology, and investing in TRADOM Inc., a company with strengths in AI-powered foreign exchange management solutions.

To promote sustainability management, we have organized our value creation process based on our goals to achieve the purpose of our existence in society, defined five material issues, and are working to address them. To realize “solving social issues through IT,” in addition to the above initiatives, we have participated in a research project led by the Ministry of Health, Labour and Welfare, which aims to accelerate the secondary use of medical and other information among medical institutions through the leveraging of data utilization technologies in which we have extensive experience. We also provide “NSDDD Cloud for Government,” a cloud service designed to promote the use of public and private sector data by local governments. Furthermore, we continue to support next-generation education through visiting lectures to elementary and junior high schools, including developing content to learn about carbon neutrality in “K3Tunnel,” a programming learning site operated by the Company, and conducting demonstration classes in collaboration with local governments. As a result of these efforts, the Company was selected again as an index component of the FTSE4Good Index

Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index, which are ESG investment benchmarks.

Revenue for the nine months ended December 31, 2024 amounted to 240,294 million yen, an increase of 20,175 million yen compared to 220,119 million yen for the same period of the previous fiscal year. This was due to strong performance mainly in the cloud solutions field and software products, in addition to higher sales in the manufacturing, Nippon Steel Group field and the financial services field. Operating profit amounted to 29,587 million yen, an increase of 6,292 million yen compared to 23,295 million yen for the same period of the previous fiscal year. This was due to increased gross profit resulting from higher revenue and improved gross profit margin, despite a rise in selling, general and administrative expenses as a result of the enhancement of human capital, including recruiting and training, as well as enhanced investments in technology, research and development, and other areas.

An overview of the nine months ended December 31, 2024 by service field (Business Solutions and Consulting & Digital Service) is as follows.

#### ***Business Solutions***

Revenue for the nine months ended December 31, 2024 amounted to 181,172 million yen, an increase of 16,226 million yen compared to 164,946 million yen for the same period of the previous fiscal year, mainly due to higher sales to Nippon Steel Corporation and in the manufacturing and financial services fields.

#### ***Consulting & Digital Service***

Revenue for the nine months ended December 31, 2024 amounted to 59,121 million yen, an increase of 3,948 million yen compared to 55,172 million yen for the same period of the previous fiscal year, owing to favorable sales in the cloud solutions field and software products.

## **(2) Financial Position**

### **1) Analysis of financial position**

Total assets at the end of the nine months ended December 31, 2024 amounted to 392,769 million yen, an increase of 18,132 million yen compared to 374,637 million yen at the end of the previous fiscal year. This was mainly due to increases of 79,068 million yen in cash and cash equivalents and 9,384 million yen in contract assets, partly offset by decreases of 52,792 million yen in other financial assets (non-current assets) and 18,321 million yen in trade and other receivables.

Total liabilities at the end of the nine months ended December 31, 2024 amounted to 130,287 million yen, an increase of 434 million yen compared to 129,853 million yen at the end of the previous fiscal year. This was mainly due to an increase of 18,947 million yen in income taxes payable, partly offset by decreases of 8,943 million yen in deferred tax liabilities and 6,004 million yen in bonus payable included in other current liabilities.

Total equity at the end of the nine months ended December 31, 2024 amounted to 262,482 million yen, an increase of 17,698 million yen compared to 244,783 million yen at the end of the previous fiscal year. The breakdown mainly includes 21,125 million yen of profit, 14,098 million yen of other comprehensive income, 10,795 million yen of dividends paid, and a reduction of 6,324 million yen in capital surplus. As a result, the ratio of equity attributable to owners of parent to total assets was 64.7%.

## 2) Cash flows

### *Statements of cash flows*

The balance of cash and cash equivalents at the end of the nine months ended December 31, 2024 was 183,044 million yen. Net increase in cash and cash equivalents for the nine months of the current fiscal year was 79,068 million yen, compared to a net increase of 6,015 million yen for the same period of the previous fiscal year. Cash flows by activity type are as follows.

#### i) Cash flows from operating activities

Cash flows from operating activities for the nine months ended December 31, 2023 resulted in a cash inflow of 18,288 million yen. This is mainly attributable to 23,706 million yen of profit before tax, 9,013 million yen of depreciation and amortization, a 19,300 million yen decrease in trade and other receivables, a 10,514 million yen increase in contract assets, a 9,463 million yen increase in inventories, a 6,264 million yen increase in trade and other payables, a 5,312 million yen decrease in bonus payable, and income taxes paid of 11,951 million yen.

On the other hand, cash flows from operating activities for the nine months ended December 31, 2024 resulted in a cash inflow of 24,600 million yen. This is mainly attributable to 30,270 million yen of profit before tax, 9,085 million yen of depreciation and amortization, a 19,500 million yen decrease in trade and other receivables, a 9,380 million yen increase in contract assets, a 4,989 million yen increase in inventories, a 4,136 million yen increase in trade and other payables, a 6,442 million yen decrease in bonus payable, and income taxes paid of 13,971 million yen.

#### ii) Cash flows from investing activities

Cash flows from investing activities for the nine months ended December 31, 2023 resulted in a cash inflow of 739 million yen. This is mainly attributable to 7,555 million yen of proceeds from sale and redemption of other financial assets, partly offset by 2,626 million yen of purchase of property, plant and equipment, and intangible assets and 4,376 million yen of purchase of other financial assets.

On the other hand, cash flows from investing activities for the nine months ended December 31, 2024 resulted in a cash inflow of 71,177 million yen. This is mainly attributable to 78,311 million yen of proceeds from sale and redemption of other financial assets, 5,399 million yen of purchase of other financial assets and 2,756 million yen of purchase of property, plant and equipment, and intangible assets.

#### iii) Cash flows from financing activities

Cash flows from financing activities for the nine months ended December 31, 2023 resulted in a cash outflow of 13,238 million yen. This is mainly attributable to 5,603 million yen of repayments of lease liabilities and 7,319 million yen of dividends paid.

On the other hand, cash flows from financing activities for the nine months ended December 31, 2024 resulted in a cash outflow of 16,807 million yen. This is mainly attributable to 10,795 million yen of dividends paid and 5,573 million yen of repayments of lease liabilities.

### *Information on capital resources and liquidity of funds*

#### i) Basic policy

The Group believes that it is important to continuously maintain and strengthen its competitiveness and increase its corporate value into the future.

Therefore, we seek to maintain sufficient internal reserves to prepare for capital requirements for investments and other needs toward business growth and business risks such as wide-area disasters. The capital requirements include those for initiatives to steadily capture evolving DX needs, continuously enhance high-value-added businesses and overall corporate value, further strengthen acquisition and training of excellent human resources, and conduct thorough internal controls and risk management. At the same time, regarding profit distribution, our basic policy is to implement appropriate and stable distribution of dividends to shareholders.

We aim for a consolidated dividend payout ratio of 50%, with a focus on returning profits to shareholders in line with consolidated performance.

#### ii) Capital requirements and financing

Major capital requirements of the Group include capital expenditures and operating expenses such as material costs, outsourcing costs, labor costs, overhead costs, and selling, general and administrative expenses. Those capital requirements are satisfied by own funds.

As for working capital on hand, the Company concentrates surplus funds from subsidiaries in the Company for centralized management by implementing the cash management system (CMS) and also having certain of its domestic subsidiaries implement the same system. Note that the Company's CMS is administered by Nippon Steel Corporation with 170,189 million yen deposited in the system as of December 31, 2024 being presented as part of cash and cash equivalents.

For unexpected capital requirements, the Company has overdraft arrangements with major banks and Nippon Steel Corporation, its parent company, to prepare for liquidity risks.

### **(3) Consolidated Financial Results Forecast and Other Forward-looking Information**

No revisions have been made to the consolidated financial results forecast announced on October 29, 2024.



## 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

### (1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	103,975	183,044
Trade and other receivables	67,767	49,445
Contract assets	18,162	27,547
Inventories	25,176	30,210
Other financial assets	1,555	1,757
Other current assets	11,620	4,365
Total current assets	228,258	296,370
Non-current assets		
Property, plant and equipment	16,901	15,951
Right-of-use assets	34,801	29,892
Goodwill	2,923	2,923
Intangible assets	3,847	4,036
Investments accounted for using equity method	212	195
Other financial assets	83,597	30,805
Deferred tax assets	3,969	12,244
Other non-current assets	124	349
Total non-current assets	146,379	96,398
Total assets	374,637	392,769

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Trade and other payables	23,263	25,266
Contract liabilities	24,523	24,384
Lease liabilities	6,936	6,151
Other financial liabilities	819	2,964
Income taxes payable	7,857	26,804
Provisions	1,080	925
Other current liabilities	16,756	7,388
Total current liabilities	81,237	93,885
Non-current liabilities		
Lease liabilities	27,855	23,853
Other financial liabilities	104	55
Retirement benefit liability	4,732	5,453
Provisions	2,870	2,863
Deferred tax liabilities	8,943	—
Other non-current liabilities	4,108	4,176
Total non-current liabilities	48,615	36,402
Total liabilities	129,853	130,287
Equity		
Share capital	12,952	12,952
Capital surplus	9,953	3,628
Retained earnings	174,625	235,958
Treasury shares	(32)	(63)
Other components of equity	39,330	1,700
Total equity attributable to owners of parent	236,829	254,176
Non-controlling interests	7,954	8,305
Total equity	244,783	262,482
Total liabilities and equity	374,637	392,769

**(2) Condensed Quarterly Consolidated Statements of Profit or Loss and Condensed Quarterly Consolidated Statements of Comprehensive Income**

Condensed Quarterly Consolidated Statements of Profit or Loss

Nine months ended December 31, 2023 and 2024

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Revenue	220,119	240,294
Cost of sales	(169,214)	(180,968)
Gross profit	50,904	59,326
Selling, general and administrative expenses	(27,459)	(29,827)
Share of profit (loss) of investments accounted for using equity method	8	(17)
Other income	164	212
Other expenses	(322)	(106)
Operating profit	23,295	29,587
Finance income	538	850
Finance costs	(127)	(166)
Profit before tax	23,706	30,270
Income tax expense	(7,602)	(9,145)
Profit	16,103	21,125
Profit attributable to		
Owners of parent	15,483	20,401
Non-controlling interests	620	723
Earnings per share		
Basic earnings per share (yen)	84.62	111.50

## Condensed Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2023 and 2024

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	16,103	21,125
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability (asset)	0	0
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	14,497	13,916
Total of items that will not be reclassified to profit or loss	14,497	13,917
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	323	181
Total of items that may be reclassified to profit or loss	323	181
Total other comprehensive income, net of tax effect	14,820	14,098
Comprehensive income	30,923	35,224
Comprehensive income attributable to		
Owners of parent	30,295	34,497
Non-controlling interests	627	726

### (3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
Balance at beginning of period	12,952	9,951	153,016	(17)	24,159	—
Profit	—	—	15,483	—	—	—
Other comprehensive income	—	—	—	—	14,497	0
Comprehensive income	—	—	15,483	—	14,497	0
Dividends of surplus	—	—	(7,319)	—	—	—
Purchase of treasury shares	—	—	—	(51)	—	—
Share-based payment transactions	—	(10)	—	36	—	—
Transfer from other components of equity to retained earnings	—	—	3,607	—	(3,607)	(0)
Total transactions with owners	—	(10)	(3,712)	(14)	(3,607)	(0)
Balance at end of period	12,952	9,940	164,787	(32)	35,049	—

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	460	24,620	200,523	7,277	207,800
Profit	—	—	15,483	620	16,103
Other comprehensive income	315	14,812	14,812	7	14,820
Comprehensive income	315	14,812	30,295	627	30,923
Dividends of surplus	—	—	(7,319)	(263)	(7,583)
Purchase of treasury shares	—	—	(51)	—	(51)
Share-based payment transactions	—	—	25	—	25
Transfer from other components of equity to retained earnings	—	(3,607)	—	—	—
Total transactions with owners	—	(3,607)	(7,345)	(263)	(7,608)
Balance at end of period	776	35,825	223,474	7,641	231,115

Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
Balance at beginning of period	12,952	9,953	174,625	(32)	38,611	—
Profit	—	—	20,401	—	—	—
Other comprehensive income	—	—	—	—	13,916	0
Comprehensive income	—	—	20,401	—	13,916	0
Dividends of surplus	—	—	(10,795)	—	—	—
Purchase of treasury shares	—	—	—	(62)	—	—
Share-based payment transactions	—	(4)	—	31	—	—
Transfer from other components of equity to retained earnings	—	—	51,726	—	(51,726)	(0)
Increase (decrease) by business combination	—	(6,320)	—	—	—	—
Total transactions with owners	—	(6,324)	40,931	(30)	(51,726)	(0)
Balance at end of period	12,952	3,628	235,958	(63)	802	—

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	719	39,330	236,829	7,954	244,783
Profit	—	—	20,401	723	21,125
Other comprehensive income	178	14,095	14,095	2	14,098
Comprehensive income	178	14,095	34,497	726	35,224
Dividends of surplus	—	—	(10,795)	(374)	(11,170)
Purchase of treasury shares	—	—	(62)	—	(62)
Share-based payment transactions	—	—	27	—	27
Transfer from other components of equity to retained earnings	—	(51,726)	—	—	—
Increase (decrease) by business combination	—	—	(6,320)	—	(6,320)
Total transactions with owners	—	(51,726)	(17,151)	(374)	(17,525)
Balance at end of period	897	1,700	254,176	8,305	262,482

#### (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before tax	23,706	30,270
Depreciation and amortization	9,013	9,085
Impairment losses	166	11
Interest income	(198)	(519)
Dividend income	(276)	(178)
Interest expenses	60	166
Share of loss (profit) of investments accounted for using equity method	(8)	17
Decrease (increase) in trade and other receivables	19,300	19,500
Decrease (increase) in contract assets	(10,514)	(9,380)
Decrease (increase) in inventories	(9,463)	(4,989)
Increase (decrease) in trade and other payables	6,264	4,136
Increase (decrease) in bonus payable	(5,312)	(6,442)
Increase (decrease) in consumption tax payable etc.	(3,191)	(3,262)
Other	274	(379)
Subtotal	29,821	38,035
Interest received	203	524
Dividends received	276	178
Interest paid	(60)	(166)
Income taxes paid	(11,951)	(13,971)
Net cash provided by (used in) operating activities	18,288	24,600
Cash flows from investing activities		
Payments into time deposits	(297)	(499)
Proceeds from withdrawal of time deposits	559	324
Purchase of property, plant and equipment, and intangible assets	(2,626)	(2,756)
Purchase of other financial assets	(4,376)	(5,399)
Proceeds from sale and redemption of other financial assets	7,555	78,311
Proceeds from acquisition of shares of affiliated companies resulting in change in scope of consolidation	—	1,314
Other	(75)	(117)
Net cash provided by (used in) investing activities	739	71,177
Cash flows from financing activities		
Repayments of lease liabilities	(5,603)	(5,573)
Dividends paid	(7,319)	(10,795)
Dividends paid to non-controlling interests	(263)	(374)
Purchase of treasury shares	(51)	(62)
Other	—	(1)
Net cash provided by (used in) financing activities	(13,238)	(16,807)
Effect of exchange rate changes on cash and cash equivalents	225	97
Net increase (decrease) in cash and cash equivalents	6,015	79,068
Cash and cash equivalents at beginning of period	101,322	103,975
Cash and cash equivalents at end of period	107,338	183,044

## (5) Notes to Condensed Quarterly Consolidated Financial Statements

### *Going concern assumption*

Not applicable.

### *Segment information, etc.*

A reportable segment is a component of the Group for which discrete financial information is available, and which is subject to regular review by the Board of Directors to make decisions about the allocation of management resources and assess its performance.

The Company and its consolidated subsidiaries operate in a single business segment, which is the information services business. This segment provides comprehensive services such as information systems planning, software development, hardware and equipment selection, and system operation and maintenance. Consequently, no segmentation breakdown is available.

Thus, segment information is omitted.

### *Business combination, etc.*

At the Board of Directors' meeting held on December 20, 2023, the Company resolved to acquire 1,000 shares (100% of the issued shares) of TEXENG SOLUTIONS CORPORATION ("TEXSOL") held by NIPPON STEEL TEXENG. CO., LTD., and to make it a Group company. The Company entered into a share transfer agreement effective on the same day. This is a transaction under common control. Business combination is categorized as transaction under common control when all parties (companies or businesses) subject to the combination are ultimately controlled by the same shareholder before and after the combination, and when such control is not temporary. The business combination transaction under common control has been accounted for using carrying amounts.

#### 1) Name of the acquired company and details of business

Name of the acquired company: TEXENG SOLUTIONS CORPORATION

Details of business: Software development, operation and maintenance services of information systems, etc.

#### 2) Date of acquisition

April 1, 2024

#### 3) Number of shares to be acquired, acquisition price, and percentage of interests after acquisition

Number of shares to be acquired: 1,000 shares

Acquisition price: 7,977 million yen

Percentage of interests after acquisition: 100%

#### 4) Breakdown of cash flows from acquisition

(Millions of yen)	
Breakdown	Nine months ended December 31, 2024
Cash and cash equivalents paid for acquisition	(19)
Cash and cash equivalents held by the acquired company at the time of acquisition	1,308
Proceeds from acquisition of shares of affiliated companies resulting in change in scope of consolidation	1,289

(Note) 7,958 million yen of the consideration for acquisition was paid in March 2024.



5) Details and amount of major acquisition-related costs

Advisory fees and commissions: 48 million yen

6) Reasons for business combination

In the Japanese IT service market where the Company and TEXSOL operate, competition to hire talented IT engineers has intensified in recent years as companies' needs to make digital transformation accelerate and working population decrease. Against such backdrop, the Company has decided to make TEXSOL its Group company, as working together to increase the employees' reproduction capacity will be effective both in addressing customers' DX needs in a timely manner and in realizing continuing sustainable business expansion of the two companies. Going forward, with TEXSOL as our Group company, we will: a) leverage our corporate brand to strengthen our ability to hire employees and strengthen employees' reproduction capacity by adopting the Group's human resource development measures, and b) strengthen our ability as a comprehensive system integrator through the process of transferring advanced technical expertise the Company has acquired and the participation in the Company's project management organization. We are working to strengthen our capability to respond to the strong DX needs of our customers as a group.

The business combination also aims to maximize the Nippon Steel Group's system solution business by concentrating the system integration skills fostered within the Nippon Steel Group to the NS Solutions Group and driving further business growth.

7) Method used to obtain control of the acquiree

Share acquisition with cash as consideration

8) Carrying amount of assets acquired and liabilities assumed at the date of business combination

(Millions of yen)

Assets		Liabilities	
Item	Carrying amount	Item	Carrying amount
Cash and cash equivalents	1,308	Trade and other payables	697
Trade and other receivables	1,392	Contract liabilities	3
Inventories	24	Lease liabilities	200
Other current assets	94	Other financial liabilities	36
Total current assets	2,820	Income taxes payable	193
Property, plant and equipment	90	Provisions	244
Right-of-use assets	284	Other current liabilities	473
Intangible assets	3	Total current liabilities	1,849
Other financial assets	255	Lease liabilities	83
Deferred tax assets	372	Retirement benefit liability	379
Other non-current assets	231	Provisions	45
Total non-current assets	1,238	Other non-current liabilities	42
		Total non-current liabilities	551
Total assets	4,058	Total liabilities	2,401

9) Profit or loss information after the acquisition date relating to the business combination

The performance of TEXSOL included in the condensed quarterly consolidated statements of profit or loss since the acquisition date is as follows:

	(Millions of yen)
	Nine months ended December 31, 2024
Revenue	3,747
Profit	437

(Note) TEXENG SOLUTIONS CORPORATION was renamed to NS Solutions BizTech Corporation effective on April 1, 2024.