



3rd Quarter Results FY2024 and FY2024 Guidance

February 4, 2025

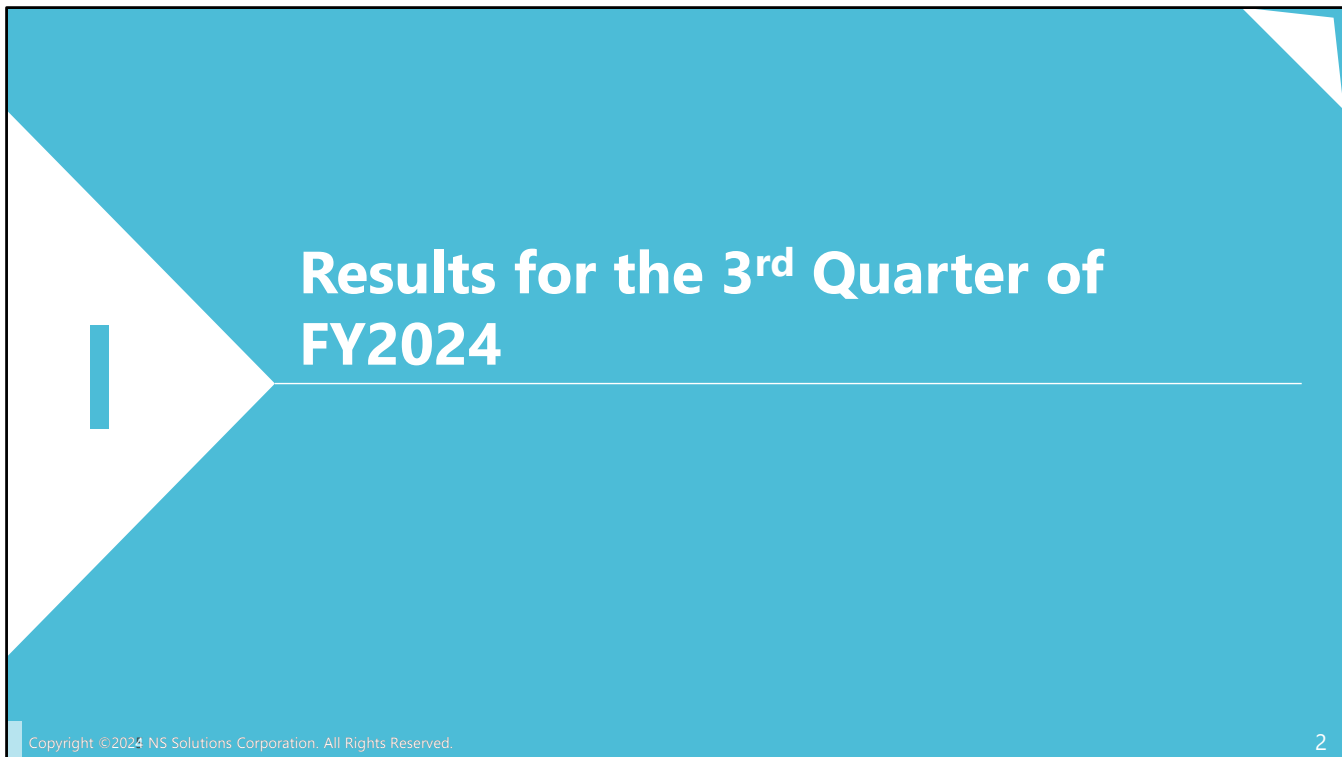
NS Solutions Corporation

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Hello everyone. My name is Tojo, CFO of NS Solutions.

Thank you very much for taking time out of your busy schedule to attend our financial results briefing today.

I will now explain the details of the third quarter financial results announced at 3:30 p.m. today.



First, I will start with the third quarter results.

I -1. FY2024/3Q Results

¥ in billions

	FY2023/3Q	FY2024/3Q	Difference	
			YoY rate	
Revenue	220.1	240.3	+20.2	9%
Gross Profit	50.9	59.3	+8.4	17%
<Gross Profit Margin>	<23.1%>	< 24.7% >	<+1.6%>	
SG&A	27.5	29.8	+2.4	9%
Others	-0.1	0.1	+0.2	
Operating Profit	23.3	29.6	+6.3	27%
<Operating Profit Margin>	<10.6%>	< 12.3% >	<+1.7%>	
Profit before tax	23.7	30.3	+6.6	28%
Profit attributable to owners of parent	15.5	20.4	+4.9	32%

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First, let me explain our consolidated business performance, We've been enjoying this favorable IT demand environment in Japan, we were able to achieve favorable results as in the first half of the year.

Sales was 240.3 billion yen, an increase of 20.2 billion yen, or 9%, from the same period last year.

Gross Profit was 59.3 billion yen, an increase of 8.4 billion yen, or 17%, from the same period last year. The Gross Profit Margin was 24.7%, a significant improvement of 1.6 points from the same period last year. The analysis of the improvement in profit margin will be explained later.

SG&A expenses increased 2.4 billion yen YoY to 29.8 billion yen.

Operating profit increased 6.3 billion yen, or 27%, to 29.6 billion yen, and Net Profit increased 4.9 billion yen, or 32%, to 20.4 billion yen.

Sales, Gross Profit, Operating Profit, and Net Profit all reached record highs for the third quarter.

I -2. Sales by Segment / Customer Industry

¥ in billions

	A	B	B-A	C	C-B
	FY2023/3Q	FY2023/3Q After Reclassifications		FY2024/3Q	Change YoY
Business Solutions	140.8	138.2	-2.6	147.6	7% +9.4
Manufacturing, Nippon Steel Group	68.4	65.8	-2.6	69.3	+3.4
Retail and Service, Digital Platformer	43.7	43.7		44.3	+0.7
Financial Service	28.7	28.7		34.0	+5.3
Consulting & Digital Service	49.7	52.3	+2.6	56.3	8% +4.1
Government, Educational and Research Institutions	15.1	15.1		14.9	-0.2
IT Infrastructure Services	34.6	37.2	+2.6	41.5	+4.3
Subsidiaries	29.6	29.6		36.4	23% +6.7
Total	220.1	220.1		240.3	9% +20.2
<FYI> Revenue to Nippon Steel	46.5	46.5		47.6	+1.1

* Some areas have been reclassified from "Manufacturing, Nippon Steel Group" to "Consulting & Digital Services", and comparisons for the prior period are presented with figures after reclassification.

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This is the status of sales by segment and customer industry.

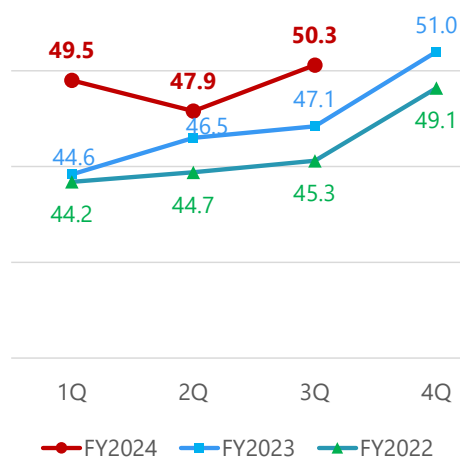
The details are explained on the next slide, but all divisions are showing steady growth.

This includes about 3.7 billion yen from "NS Solution BizTech", which was acquired through M&A and became a consolidated subsidiary in April last year.

I -3. Business Solutions Segment

¥ in billions

Quarterly Sales Trends (¥ bn)



	FY2023/3Q After Reclassifications	FY2024/3Q	Change	
			YoY	
Business Solutions	138.2	147.6	+7%	+9.4
Manufacturing, Nippon Steel Group	65.8	69.3		+3.4
Retail and Service, Digital Platformer	43.7	44.3		+0.7
Financial Service	28.7	34.0		+5.3

Strong performance in the Financial Service, Manufacturing and NSC

- ✓ Sales to NSC are stable at a high level due to IT investment in new facilities and DX measures, etc.
- ✓ In the manufacturing sector, strong sales were recorded for automobiles and automotive parts, as well as for electrical machinery, precision equipment and Food & beverage manufacturers.
- ✓ Almost flat YoY for Retail and Service, and Digital Platformers Seg.
- ✓ Oracle-related sales to financial institutions continue to be strong.

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Business Solutions Division Sales increased by 9.4 billion yen, or +7% year-on-year.

Sales to Nippon Steel Corporation remained stable at a high level due to measures for the start-up of new facilities and DX measures.

In the Manufacturing sector, sales to the food and beverage sector were strong, as well as to the automobile and automotive parts industry and the electrical and precision equipment industry.

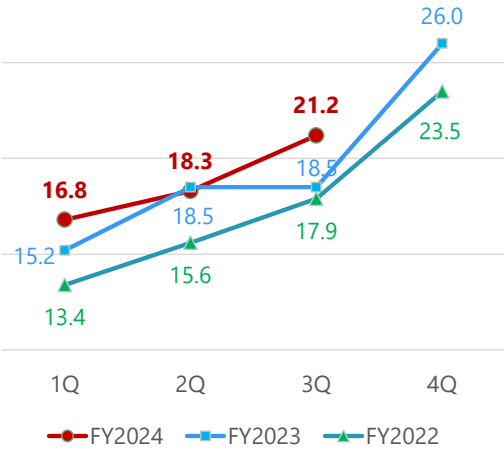
Sales to distributors and platforms remained almost flat.

In the financial sector, overall sales, including product sales, were strong.

I -4. Consulting & Digital Service Segment

¥ in billions

Quarterly Sales Trends (¥ bn)



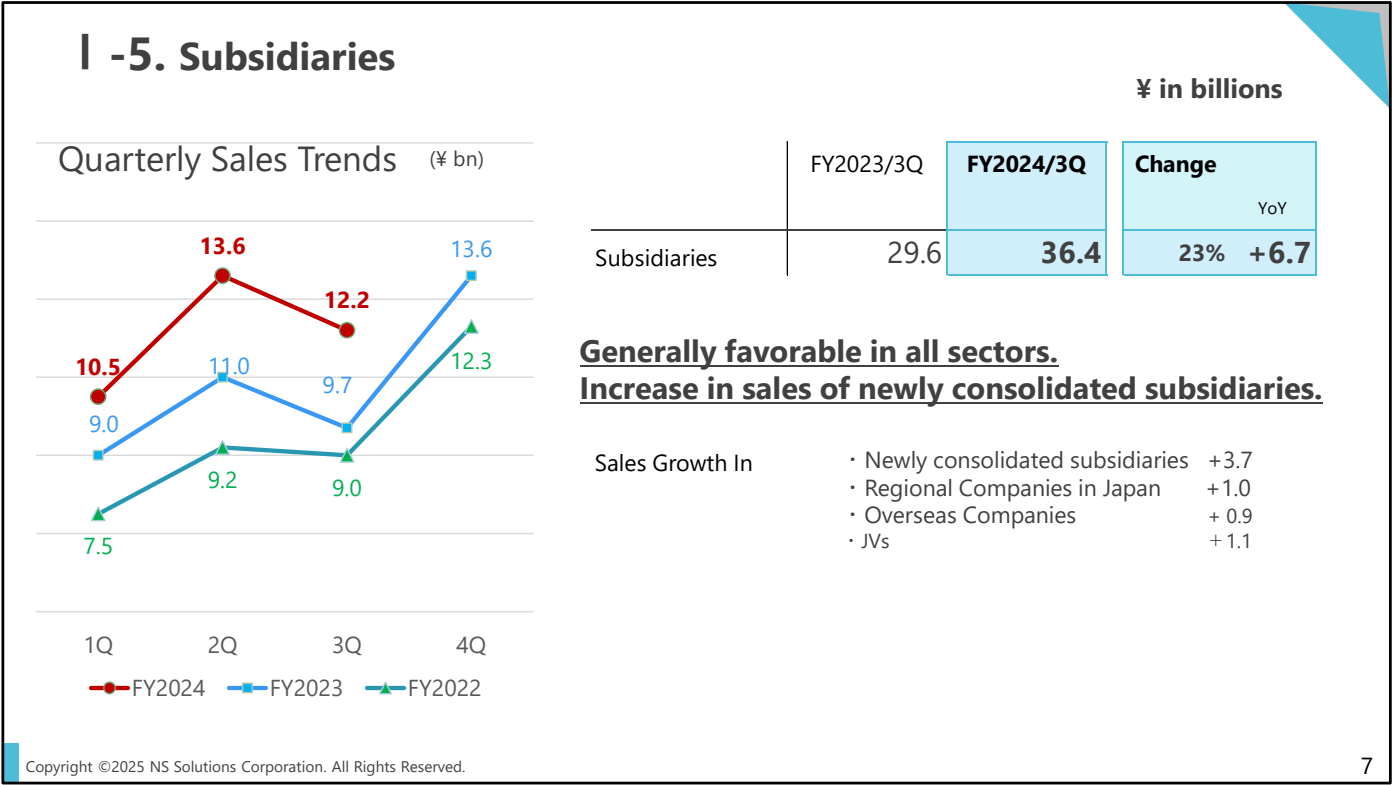
	FY2023/3Q After Reclassifications	FY2024/3Q	Change YoY
Consulting & Digital Service	52.3	56.3	8% +4.1
Government, Educational and Research Institutions	15.1	14.9	-0.2
IT Infrastructure Services	37.2	41.5	+4.3

Increased sales of IT infrastructure (cloud solution, etc.) and products such as Oracle

- ✓ Decrease in sales to public sector due to large projects in the same period of the previous year.
- ✓ Major Factors of Sales Increase/Decrease in IT Infrastructure (¥ in billions)
 - Cloud Solutions (+1.7)
 - IT Product Sales (+1.1)
 - Security Solutions (+0.5)
 - Communication Platform (+0.5)
 - Digital Workplace Solution (-1.2) <Impact of large projects in FY2023>

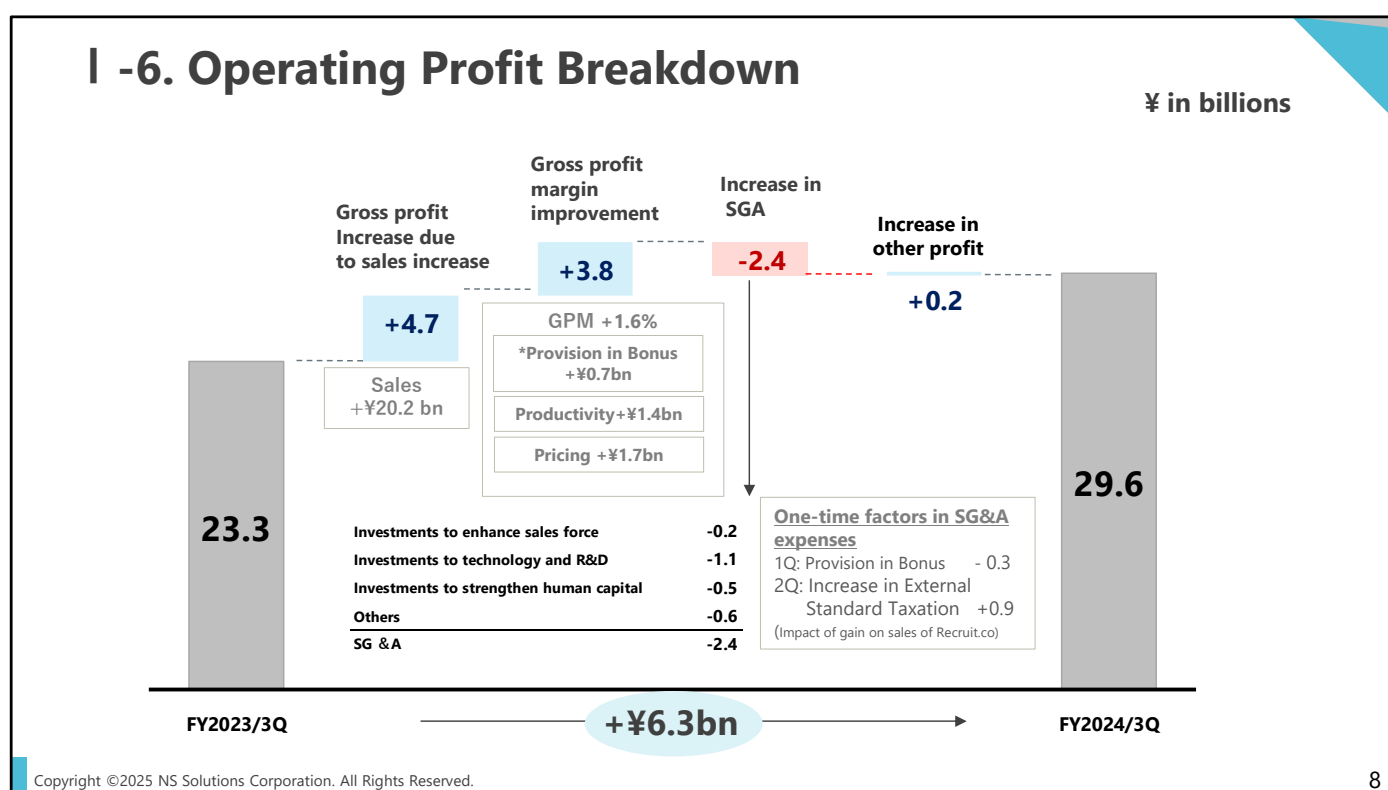
Sales in the Consulting & Digital Services segment was also steady at 56.3 billion yen, an increase of 4.1 billion yen or +8% over the same period last year.

In IT infrastructure, sales of cloud solutions and products such as Oracle increased Profit.



Sales of Subsidiaries increased significantly to 36.4 billion yen, up 6.7 billion yen or 23% from the same period of the previous year, due in part to the effect of the new consolidation mentioned earlier.

Regional Subsidiaries are working with local companies in their respective regions, and JVs are performing well in ERP projects such as SAP.



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The following is an analysis of operating profit compared to the same period of the previous year.

Operating profit increased by 6.3 billion yen to 29.6 billion yen from 23.3 billion yen in the same period last year. The increase in gross profit was due to the following factors,

Gross profit increased by 8.4 billion yen to 59.3 billion yen from 50.9 billion yen in the same period of the previous year,

The increase in Gross Profit was due to the effect of the sales increase of 4.7 billion yen and the improvement of the gross profit margin of 3.8 billion yen.

A brief analysis of the 1.6 percentage point improvement in the Profit Margin is as follows,

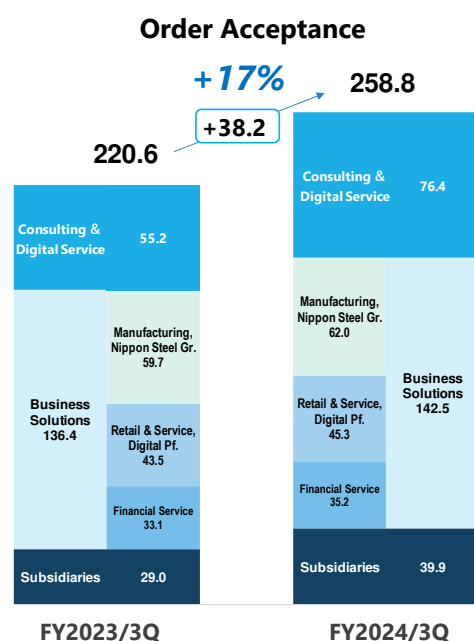
Effect of the provision for bonuses in the 1Q, which is a one-time effect, +0.7 billion yen

The remaining half of the increase is attributable to productivity improvement and price improvements.

SG&A expenses increased by 2.4 billion yen year-on-year due to increased investment in human capital, technology, and R&D to realize the NSSOL 2030 Vision.

I -7. FY2024/ 3Q Order Acceptance

¥ in billions



Consulting & Digital Service Segment

YoY+¥21.2 bn

- ✓ Increase mainly in security projects for Nippon Steel Corporation and projects for Digital Agencies.

Business Solutions Segment

YoY+¥6.1 bn

- ✓ Manufacturing & NSC +2.3
Increased mainly in NSC. Manufacturing declined slightly in reaction to the large Oracle project in the previous year's 3Q.
- ✓ Retail & Service, Digital Pf. +1.8
Telecom reductions are covered by the travel sector, retail sector, and other distribution sectors.
- ✓ Financial Service +2.0
Increase mainly in Oracle projects for Megabanks.

Subsidiaries

YoY+¥10.9 bn

- ✓ Increase from newly acquired companies through M&A. : +4.8
- ✓ JVs, Overseas and Domestic Regional Subsidiaries also enjoyed strong orders.

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Next is the status of orders received for the first nine months of the fiscal year.

The total orders received by the entire company increased by 38.2 billion yen, or 17%, from the same period of the previous year, a significant increase.

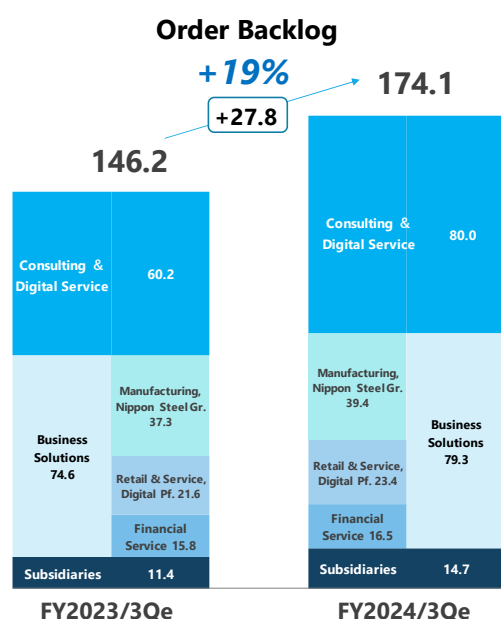
There were no special factors, such as the large-scale projects for public agencies worth over 20 billion yen in the year before last.

We believe that we were able to successfully translate the favorable demand environment into increased orders as a result of our sales activities, as orders increased in all business fields.

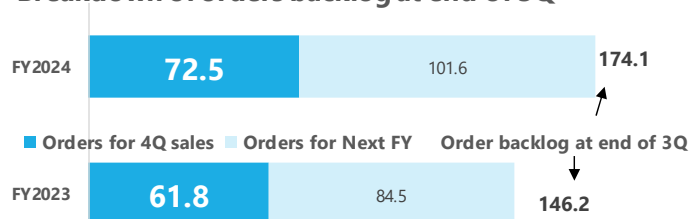
As for subsidiaries, the newly consolidated subsidiary, which I mentioned earlier in the sales revenue section, had a positive impact of about 4.8 billion yen.

I -8. FY2024/3Q Order Backlog

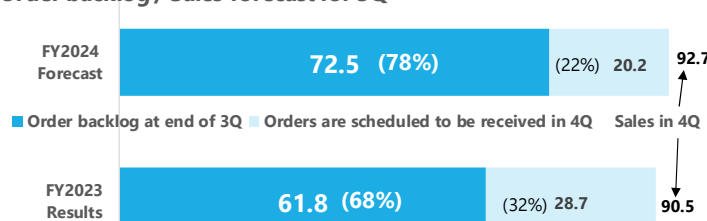
¥ in billions



Breakdown of orders backlog at end of 3Q



Order backlog / Sales forecast for 3Q



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The following is the status of order backlogs at the end of December.

The order backlog increased by 27.8 billion yen, or 19%, from the same period last year.

The horizontal bar graph on the right shows the order backlog at the end of the third quarter broken down by the timing of sales and compared to the previous year.

As shown in the graph above, of the 174.1 billion yen order backlog at the end of the 3Q, 72.5 billion yen is scheduled to be sold in the 4Q.

The graph below shows that this 72.5 billion yen order backlog accounts for 92.7 billion yen of the estimated sales revenue for the 4Q, or a coverage ratio of 78%.

Since last year's result was 68%, we are now entering the final stages of the business with a slight lead.

We will continue to strive to further build up orders and achieve the plan.



Next, I will explain the Forecast for the full year.

II -1. FY2024 Forecast

¥ in billions

	FY2023			FY2024 Forecast			YoY	
	3Q(9mo)	4Q	Full Year	3Q(9mo)	4Q	Full Year	vs. FY2023	vs. Previous Forecast
Revenue	220.1	90.5	310.6	240.3	92.7	333.0	+22.4	-
Gross Profit	50.9	20.9	71.8	59.3	22.2	81.5	+9.7	+1.5
<Gross Profit Margin>	<23.1%>	<23.1%>	<23.1%>	<24.7%>	<23.9%>	<24.5%>	<1.3%>	<+0.5%>
SG & A and Othr Profit	27.6	9.2	36.8	29.7	12.8	42.5	+5.7	+1.5
Operating Profit	23.3	11.7	35.0	29.6	9.4	39.0	+4.0	-
<Operating Profit Margin>	<10.6%>	<12.9%>	<11.3%>	<12.3%>	<10.2%>	<11.7%>	<0.4%>	-
Profit before tax	23.7	11.7	35.4	30.3	9.2	39.5	+4.1	-
Profit attributable to owners of parent	15.5	8.8	24.2	20.4	6.1	26.5	+2.3	-

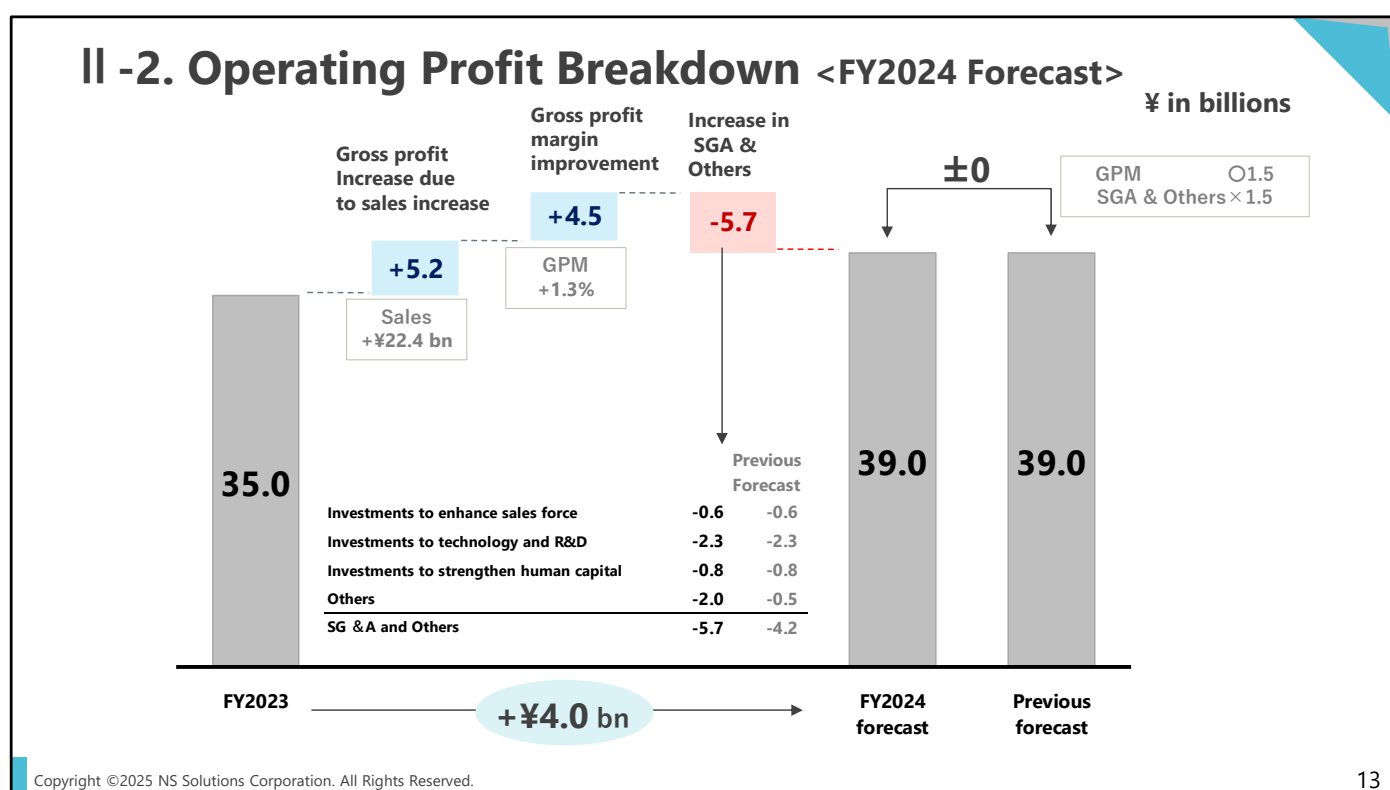
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The forecast for gross profit and SG&A expenses for the full year has been revised in light of the results up to the 3Q.

However, there are no revisions to operating income and below.

We are forecasting a 22.4 billion yen year-on-year increase in Net Sales to 333 billion yen, a 4.0 billion yen increase in Operating Profit to 39 billion yen, and a 2.3 billion yen increase in Net Profit to 26.5 billion yen.



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This is a year-on-year analysis of the Operating Profit forecast.

Operating Profit for the current fiscal year is projected to be 39.0 billion yen.

The increase in Gross Profit is due to the following factors,

Gross profit is expected to increase by 5.2 billion yen due to the increase in sales, and by 4.5 billion yen due to the improvement of Gross Margin,

SG&A expenses and other income/expense are expected to increase by 5.7 billion yen, mainly due to investments in human capital enhancement, technology, and R&D, as well as future one-time factors.

II -3. Dividend Forecast

1. Dividend Policy

We believe it is important to maintain and strengthen our competitiveness and increase our shareholder value in the future. Our basic policy for distributing profits is to pay appropriate and stable dividends to shareholders and to secure internal reserves for investment in business growth and to prepare for business risks.

In terms of dividends, we aim for a consolidated dividend **payout ratio of 50%**, placing an emphasis on returning profits to shareholders in line with consolidated business performance.

2. Dividend Forecast

	FY2023*	FY2024 forecast	Change	vs. Previous forecast
Profit attributable to Owners of parent (¥ in billions)	24.2	26.5	+2.3	-
EPS (Yen per Share)	132.48	144.83	+12.35	-
Interim	20.0	36.5	+16.5	-
Year end	22.5	36.5	+14.0	-
Dividends (Yen per Share)	42.5	73.0	+30.5	-
POR	32.1%	50.4%	18.3%	-

*Adjusted after stock split

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Regarding dividends, As previously announced, from this fiscal year, we have raised our consolidated dividend payout ratio from 30% to 50%, one of the highest in the industry, in order to strengthen the return of profits to our shareholders.

The year-end dividend forecast is 36.5 yen per share, which, together with the interim dividend, is expected to be 73 yen per share for the full year, unchanged from the previous forecast.

On a post-split basis, this represents a substantial increase of 30.5 yen, or 72%, from the previous fiscal year.

We will continue to steadily accumulate profits and return the results of growth in corporate value to our shareholders in an appropriate manner.



That concludes my explanation of our business performance, but I would like to make one final announcement.

III -1. New Mid-Term Management Plan to be announced on February 28

February 28, 2025 15:30 (JST) Disclosed to the TSE (Scheduled)
// 17:00 (JST) Online Meeting by Mr. TAMAOKI
Representative Director, President



Left: Real President Tamaki, Right: Digital President Tamaki

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On Friday, February 28, we are planning to disclose our new medium-term management plan and hold a presentation in which President Tamaki will take the stage.

We will explain our specific strategies to realize the NSSOL 2030 Vision and our approach to cash allocation.

I expect Real President TAMAOKI will probably give the presentation.

I look forward to your participation.

That concludes my presentation, Thank you.

III-2. Quarterly Consolidated Results

¥ in billions

	FY2023				FY2024			Change
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q
Revenue	68.8	76.0	75.3	90.5	76.8	79.8	83.7	+8.3
Gross Profit	16.1	17.3	17.5	20.9	18.7	19.6	21.0	+3.5
<Gross Profit Margin>	<23.4%>	<22.7%>	<23.2%>	<23.1%>	<24.4%>	<24.6%>	<25.0%>	<+1.8%>
SG&A	9.6	9.1	8.8	9.2	10.0	10.3	9.5	+0.7
Others	0.0	-0.1	-0.0	-0.1	0.1	-0.0	0.0	+0.1
Operating Profit	6.6	8.1	8.7	11.7	8.8	9.3	11.5	+2.8
<Operating Profit Margin>	<9.6%>	<10.6%>	<11.5%>	<12.9%>	<11.5%>	<11.7%>	<13.7%>	<+2.2%>
Profit before tax	6.9	8.1	8.7	11.7	9.0	9.1	12.1	+3.4
Profit attributable to owners of parent	4.0	5.5	6.0	8.8	5.4	6.8	8.2	+2.2

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III-3. Quarterly Sales by Segment / Customer Industry

¥ in billions

	FY2023			FY2024			Difference		
	1Q	2Q	3Q	1Q	2Q	3Q	1Q	2Q	3Q
Business Solutions	44.6	46.5	47.1	49.5	47.9	50.3	+4.9	+1.4	+3.1
Manufacturing, Nippon Steel Group	21.6	22.2	22.1	22.4	23.1	23.8	+0.8	+0.9	+1.7
Retail and Service, Digital Platformer	14.4	14.8	14.5	14.6	14.5	15.3	+0.2	-0.3	+0.8
Financial Service	8.7	9.5	10.6	12.5	10.3	11.2	+3.9	+0.8	+0.6
Consulting & Digital Service	15.2	18.5	18.5	16.8	18.3	21.2	+1.6	-0.2	+2.7
Government, Educational and Research Institutions	3.7	5.4	5.9	3.9	5.0	6.0	+0.1	-0.4	+0.1
IT Infrastructure Services	11.5	13.1	12.6	12.9	13.3	15.2	+1.4	+0.2	+2.6
Subsidiaries	9.0	11.0	9.7	10.5	13.6	12.2	+1.6	+2.6	+2.5
Total	68.8	76.0	75.3	76.8	79.8	83.7	+8.1	+3.8	+8.3
<FYI> Revenue to Nippon Steel	15.3	15.3	16.0	15.3	15.3	17.1	+0.0	-0.0	+1.1

III -4. Sales Forecast by Segment / Customer Industry

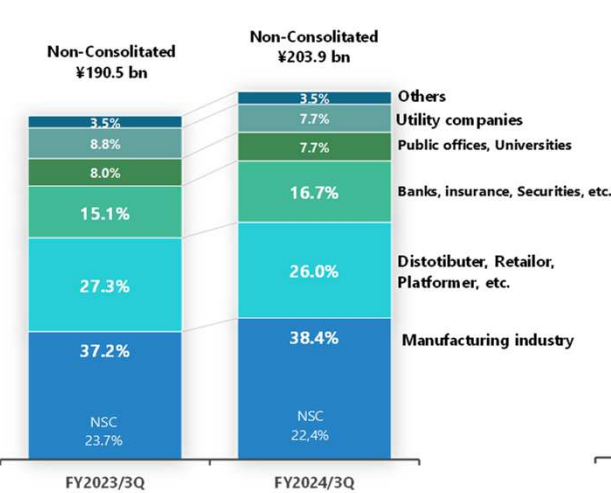
¥ in billions

	A FY2023	B FY2023 After Reclassifications	B-A	C FY2024 Forecast	C-B Change
Business Solutions	192.6	189.2	-3.4	201.0	+11.8
Manufacturing, Nippon Steel Group	92.6	89.2	-3.4	92.5	+3.3
Retail and Service, Digital Platformer	60.5	60.5		63.5	+3.0
Financial Service	39.5	39.5		45.0	+5.5
Consulting & Digital Service	74.8	78.2	+3.4	80.0	+1.8
Government, Educational and Research Institutions	27.0	27.0		25.0	-2.0
IT Infrastructure Services	47.8	51.2	+3.4	55.0	+3.8
Subsidiaries	43.2	43.2		52.0	+8.8
Total	310.6	310.6		333.0	+22.4
<FYI> Revenue to Nippon Steel	62.5	62.5		64.0	+1.5

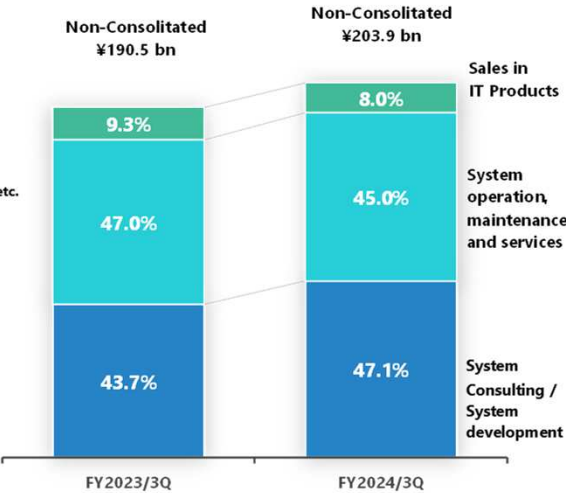
* Some areas have been reclassified from "Manufacturing, Nippon Steel Group" to "Consulting & Digital Services", and comparisons for the prior period are presented with figures after reclassification.

III -5. Sales by Customer Industry / Sales Composition by Product/Service

Sales by Customer Industry



Sales Composition by Product/Service



III -6. Major One-Time Factors, Major Projects by Quarter

¥ in billions

	FY2023				FY2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	68.8	76.0	75.3	90.5	76.8	79.8	83.7
Major Projects		◎ G 1.3	◎ B O 1.0 ◎ G 2.3	◎ G 4.8	◎ B O 3.0 ◎ Newly subsidiaries 1.2	◎ Newly subsidiaries 1.2	◎ Newly subsidiaries 1.3
O.P.	6.6	8.1	8.7	11.7	8.8	9.3	11.5
One-Time					Provision for bonuses+1.0	Dual corporate tax -0.9	
Order	62.2	83.6	74.8	99.8	86.5	87.2	85.2
Major Projects	◎ G 3.4	◎ G 3.1	◎ B O 4.2 ◎ B O 4.5	◎ G 6.1	◎ B O 3.0 ◎ G 7.3 ◎ Newly subsidiaries 2.2	◎ G 4.0 ◎ Newly subsidiaries 1.4	◎ G 5.0 ◎ Newly subsidiaries 1.2

◎: Business Solutions, ◎:Consulting & Digital Service, ◎: Subsidiaries 、 O:Oracle, G:Government Project



Dream our future
Unleash the possibilities of society,
With technology and passion

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

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