

NS Solutions Integrated Report 2023



Integrated Report 2023



Purpose

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

There is no one-size-fits-all answer,
In an era of sweeping social change,
and intense demands for diversity.

The power of transformation is crucial.
Companies and people prepared to manifest real value,
and vastly multiply the potential of our world.

NS Solutions shares visions embraced
by countless people and businesses,
and joining hands it creates enduring solutions.

The power of accrued knowledge and technology,
driven by individual passion.



To the future beyond

2025

2030

Vision

First DX Partner p.21

Value p.31

Move! to Change

- Make bold decisions and act swiftly to identify changes and seize opportunities
- Continually engage in new challenges and make every day surpass the day before
- Change ourselves and those around us, with challenges that move our hearts

Move! with Everyone

- Respect each other's individuality and make diversity a source of power
- Transcend the barriers of companies or organizations and create exciting new value
- Believe in our colleagues, help each other, and maximize the value we create

Move! toward Future

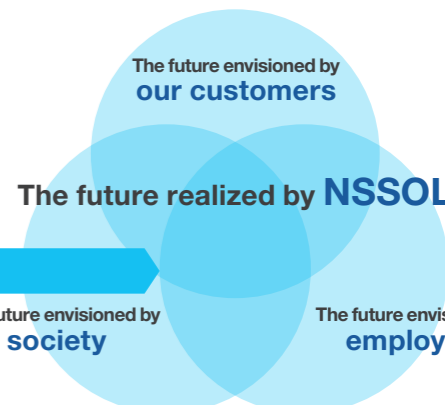
- Envision the future we want to create and keep moving forward with that desire
- Identify the essence and create true value
- Raise our value to the DNA of the organization and link it on to the next generation

Move! as a Professional

- Have a strong sense of ownership and see things through with professionalism
- Go beyond our boundaries and continue to update ourselves
- Give shape to what we have learned and give back to the organization and society

History of NS Solutions

NSSOL is addressing social issues with cutting-edge IT to realize purposes from the past and into the future.



1960s - early 1980s

NS Solutions grew out of one of Japan's leading steel company. We introduced computer systems for steelmaking from the 1960s. In 1968, we supported the world's first successful online operation of integrated manufacturing steel processes to make full and comprehensive use of a real-time system operating 24 hours a day, 365 days a year.

Late 1980s - 2000

In the late 1980s, IT trends changed drastically from mainframes to open systems, we continued to explore business opportunities through trial and error. A major turning point was our partnership with overseas vendors such as Oracle. We also opened up business opportunities in a range of industries including finance and manufacturing, such as by developing systems to predict fluctuations in the price of financial products by the application of steel temperature calculation techniques, and steel production planning. Through these initiatives, we accumulated human resources and know-how that have served as the basis for our subsequent business development.

2000 - 2010

In April 2001, NS Solutions Corporation was established. (Japanese company name changed to current name in April 2019. English name remains NS Solutions Corporation.) In the early 2000s, the widespread popularization of the Internet brought about major changes in corporate activities and consumer behavior. In response to the changing trends of the times, NS Solutions built large-scale websites—primarily for customers in the manufacturing and distribution industries—and worked on many supply chain management systems based on demand forecasts, as well as product lifecycle management systems projects.

2023/3
7,458 employees
(consolidated)

2022
Capital and business alliance with Arithmer, Inc., a company with advanced mathematical AI technology [p.26](#)

2020
Signed partnership agreement with Nokia in local 5G business

2016
Launched sales of "DataRobot" to promote the use of machine learning (2020 capital and business alliance)

2005
Fourteen major vendors including Intel and Dell collaborated to establish the Grid Utility Verification Center

2015
Carried out contracted maintenance and management of data processing and data streaming from meteorological satellite Himawari

2013
Built an automatic match schedule creation system for official J.League soccer games using optimization technology

2012
Opened fifth data center
Launched provision of comprehensive IT outsourcing service "NSFITOS"

2007
Established NS Financial Management Consulting, Inc.

2008
Made Financial Engineering Group, Inc. a consolidated subsidiary

2017
Made Network Value Components Ltd. a consolidated subsidiary

2014
Established NSSOL Academy

2005
Established NSSLC Service Corporation, which is responsible for system operation

2013
Established SDC Center to strengthen development capabilities³

2003
Established Solution Planning and Consulting Center²

2013
Established bases in Thailand and the UK

2002
Established a base in Shanghai, China

2011
Established a base in Singapore

2014
Established a base in Indonesia

1987
Launched "NSSUN OEM" sales

1991
Strategic alliance with Oracle Corporation

1999
Built an Internet-based music content distribution service system

1996
Built a derivatives management system for mega banks using object-oriented technology (OOT)

1968
World's first online operation of integrated manufacturing processes successfully implemented

1989
ELECTRONICS RESEARCH LABORATORIES¹
Research and development of object-oriented frameworks, etc.

1997
Established a base in Silicon Valley, USA

Alliances

System building and service provision (examples)

Establishment and expansion of bases, etc.

Introduction

Message

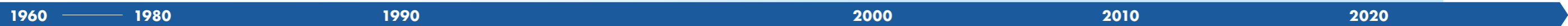
Medium-Term Business Strategy

Sustainability Management

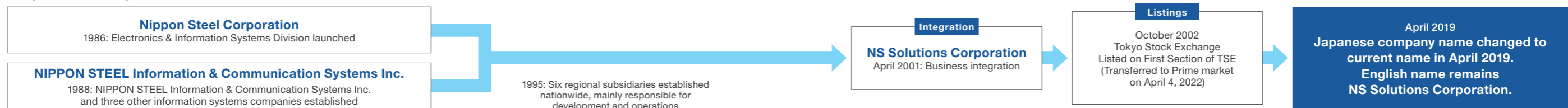
Corporate Governance

Business Activities

Data



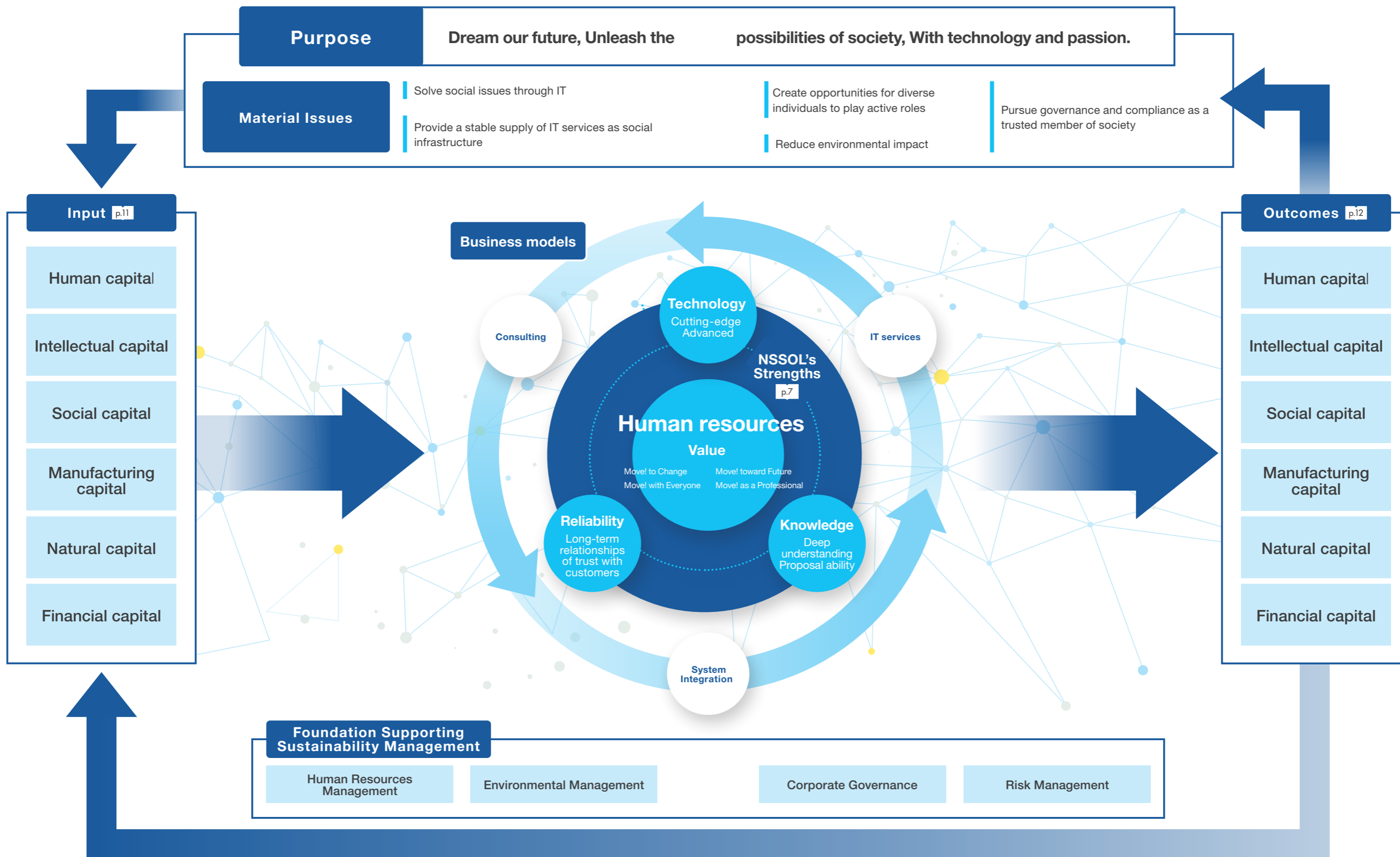
Corporate History



¹ Now called Technology Bureau Systems Research & Development Center ² Now called Digital Transformation & Innovation Center ³ Now called Technology Bureau Architecture & Technology Department

NSSOL's Value Creation Process

NSSOL is an ICT company that provides consulting, system integration, and IT services. We create value in solving social issues together with our customers through technology and knowledge.



Human resources

Recruiting and training high-level IT human resources

To enable stable recruitment of core human resources in the future, we are actively engaged in efforts to increase understanding and awareness of the importance of IT in industry among university students, such as by supporting research and educational activities through acquisition of naming rights at multiple university facilities and provision of donation lectures. We have created the NSSOL Academy—a system to develop Leading Professionals (LPs) with advanced expertise, extensive experience, and strong leadership to support the business operations of customer companies and grow together with them, and to nurture the next generation of professionals through autonomous learning opportunities centered on LPs. We have also established a standardized, high-quality OJT (on-the-job) training system with diverse learning opportunities, including Career Link (a database of skills and achievements that can be accessed and viewed freely by all employees), NS Learning (a learning management system), and a job-specific mentoring system.



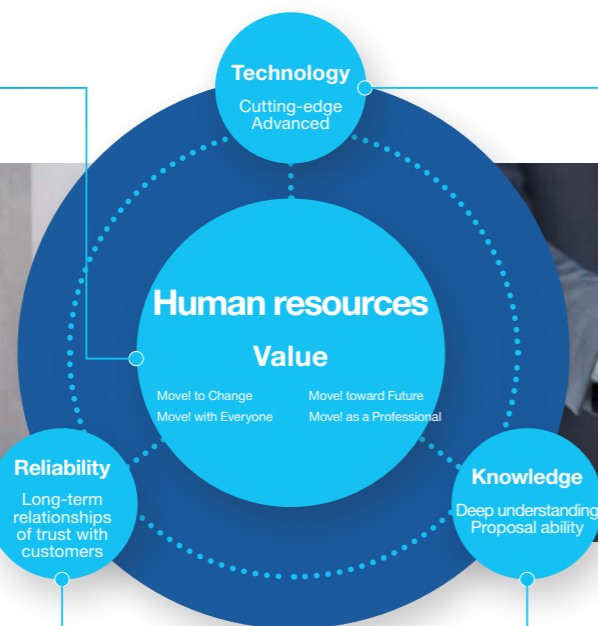
Technology

Cutting-edge technology R&D and advanced DX consulting

NSSOL's Technology Bureau Systems Research & Development Center—known to the industry as a rare presence among system integrators—is an R&D center. More than 150 researchers specializing in information systems, engaged in both cutting-edge research on IT and practical business applications.

Our Digital Transformation & Innovation Center provides advanced DX consulting that supports customers' digital transformation efforts in collaboration with our Business Units, which have knowledge of customer business processes, and our Systems Research & Development Center, which ensures the effectiveness of our advanced technologies.

Through NSSOL USA's efforts in search of new technologies and startup companies in Silicon Valley and networking activities with startup companies utilizing venture capital funds in which it invests, we have been the first to pioneer and supply overseas products such as Oracle (in 90's) and DataRobot (in recent years) ahead of other companies in Japan. We will continue to leverage our network of alliance partners to combine cutting-edge technologies, products and services to provide optimal solutions for our customers.



The Strengths of Our Core Business Model



Reliability

Long-term trusting relationships with customers and deep understanding of customers' business operations

NSSOL has built deep and long-standing partnerships with leading global companies based in Japan, and provides continuous support for its customers in fundamentally addressing management issues and developing new markets. Our highly specialized human resources have extensive business knowledge covering a wide range of industries and business types—including manufacturing, retail and services, Internet services, financial institutions, telecommunications carriers, and government agencies—and provide total solutions ranging from individual optimization of systems for individual departments to overall optimization of business processes on a company-wide scale, or between companies.

Industries we provide solutions for



Knowledge

Accumulation and sophistication of systems development and operation expertise

NSSOL was spun out of the information systems division of Nippon Steel, a large-scale IT user, and has been building and operating IT infrastructure for various industries and business processes for many years. "NSFITOS" is the culmination of that accumulated expertise, supporting mission-critical operations in the steel industry 24 hours a day, 365 days a year. In particular, the next-generation operation service Emerald has achieved further standardization and cost reductions by reviewing conventional siloed (isolated) operations and building an automated, pooled system.

We have accumulated extensive insights and knowledge on approaching DX projects for large corporate customers by applying our experience in the operational fields of Nippon Steel—a major manufacturing company, where we have provided full DX support in a range of areas including

business process and production process reform.

For example, we built the integrated data platform "NSLib," which collects various company-wide data using AI and IoT, allowing users to correctly grasp and understand the meaning of the data and utilize it safely for information security purposes. We have also provided the results obtained with "NSLib," to other customers engaged in DX. Our IoT solution "Anzen Mimamorikun (Safety Watcher)" has achieved results through use and utilization in the industrial field of wearable devices, making it possible to deploy the solutions for many customers who have similar issues of ensuring the safety of on-site workers at vast sites and large-scale facilities.

By leveraging these synergies with Nippon Steel, we provide competitive technical results as general-purpose solutions to customers engaged in DX.

Future Goals

Future Technology Goals

Exploring “future technologies” that open up new possibilities for society

Beyond DX (Digital Transformation) to SX (Sustainability Transformation)

Digital transformation (DX) has moved beyond the stage where only some forward-thinking companies had been engaged in it, and has now entered the new stage where many companies are leveraging it to respond to changes in the business environment. While there are a wide range of changes that DX should address, from company-specific problems to social structural changes, the most universal issue when thinking about the future is the demand for sustainability

The Systems Research & Development Center, which conducts research and development of NSSOL's cutting-edge

technologies, supports their application in real businesses, and fosters human resources, has set three “future goals” to be achieved through technology in order to make future society more sustainable.

As a First DX Partner, we will transform our customers' businesses and systems to respond to changes in the circumstances, working with customers to respond specifically to new changes that may occur in the future, and creating a sustainable society.

Future Technology Goals

We have set future goals that we consider important for making society, people (life and labor), business (companies), and information systems sustainable. Future goals are moonshot-like goals that are extensions of the current technological evolution

over a span of several decades. This helps us to sharpen our R&D themes and, by backcasting from our goals, to highlight the technologies that are currently lacking, which is useful in considering R&D themes.

3 Future Goals

Future Goal 01
Ultimate digital twin
 Migrating and recreating everything in the digital world

Going beyond digital twins in the narrower sense—the digitalization of real-world—the ultimate digital twin integrates, in addition to those that have already been digitized and systematized, all objects such as know-how and human consciousness before they have been documented into the digital world.

Future Goal 02
Artificial intelligence that can understand and perform tasks
 Bringing the intellectual abilities of machines closer to humans

Artificial intelligence (AI) that enables companies to collect necessary information, understand business process content and existing system specifications, execute business processes and/or generate new information systems in specific areas of corporate operations.

Future Goal 03
Sustainable Corporate Information Systems
 Creating systems responsive to change and that can be used for many years to come

Sustainable information systems that ensure sustainability in response to changes in the social and business environments and methods (technologies)—including modular architectures, integration and continuity of development and operation (DevOps, etc.), cloud native, and AI implementations that replace human thinking.

The future realized by NSSOL

STEP1 Thinking about the future society

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

Sustainable future society

- Sustainable society
- Sustainable individual/human (life and labor)
- Sustainable businesses/enterprises
- Sustainable information systems

Future technology to support society

- Future Goal 01: Ultimate digital twin
- Future Goal 02: Artificial intelligence that can understand and perform tasks
- Future Goal 03: Sustainable Corporate Information Systems

STEP2 Thinking about the technologies that enable the society of the future

13 R&D Themes

- 1 Ambient technologies
- 2 Digital Twins
- 3 Optimization Simulation technologies
- 4 Data analysis technologies
- 5 Smart machines
- 6 Data management
- 7 Data security
- 8 Sustainable architecture
- 9 Sustainable process
- 10 Cloud-native development and operation technologies
- 11 Cloud security & architecture
- 12 CX*1 & EX*2
- 13 Agile & UX*3

*1 CX (Customer Experience): The value derived from all the experiences that customers have at the point of contact with a company when they use its products and services. Identifying ever-changing customer values is important for improving customer evaluations.
 *2 EX (Employee Experience): The value derived from all of the experiences that employees gain from working for a company. Factors in the retention and expansion of excellent human resources.
 *3 UX (User experience): The concept of providing users with experiences that make them want to continue using the system, which is necessary to maximize system benefits.

Value Creation Process

Input
Outcomes

Input		Outcomes		
FY2022				
Human capital	<ul style="list-style-type: none"> Human resources with a strong sense of ownership, who continue to grow together with their colleagues Diverse human resources with advanced technical skills and expertise to meet customer needs Mechanisms and corporate culture for reproducing human resources (from recruitment to training and OJT) 	Consolidated employees (non-consolidated employees)	7,458 (3,563)	
		New hires (consolidated)	327 new graduates	
			336 mid-career hires	
		Promotion of diversity and inclusion (D&I) NSSOL (non-consolidated) <small>(Calculated based on the standards set by the Act on the Promotion of Women's Active Engagement in Professional Life)</small>	Number of female managers	44
			ratio of female hires	35%
			Percentage of male employees taking childcare leave, etc.	91%
		Investment in personnel expenses	Platinum Kurumin Certification	
			Eruboshi Certification (Second Stage)	
			Certified Health & Productivity Management Outstanding Organization	
		Number of DX human resources	PRIDE Index Gold	
Intellectual capital	<ul style="list-style-type: none"> Solution services backed by business knowledge and cutting-edge IT Business model created using operational fields of Nippon Steel Research Results of the Systems Research & Development Center 	Investment in personnel expenses	Plan achieved	
		Number of press releases for new solutions	6	
		Notable activities at international conferences and academic societies	Awarded 3 Gold Medals in Kaggle's world data analysis competition during the fiscal year	
			Participation in NEDO*1-commissioned research projects with AIST*2 and others	
			Jointly presented with JR-Central*3 at the World Railway Research Conference 2022	
Social capital	<ul style="list-style-type: none"> Customer base that supports a sustainable society Value chain with IT vendors and development partners Connections with local communities (both in Japan and overseas) and people centered around steelworks 	Number of DX human resources	Plan achieved	
		Key customer strategy	Plan achieved	
		Development core partner strategy	Plan achieved	
		Industry-academia collaborations (establishment of donation lectures, etc.)	7 universities	
Manufacturing capital	<ul style="list-style-type: none"> Project management and quality control processes and systems Robust data centers, cloud services and system management expertise 	Number of K3tunnel programming classes for children	Total 57 times	
		Sales per capita (consolidated)	39.1 million yen	
		Number of development personnel Total number at NSSOL, subsidiaries, partners and offshore locations	16,082	
Natural capital	<ul style="list-style-type: none"> Activities to reduce environmental impact Highly efficient data centers Statement of support for TCFD 	Project quality	Plan achieved	
		Greenhouse gas emissions (Scopes 1 and 2)	24,411t-CO ₂	
Financial capital	<ul style="list-style-type: none"> Strong financial base 	NSSOL data center PUE	1.32	
		ROS (operating margin)	10.9%	
		ROE	11.0%	
		Dividend payout ratio (consolidated)	31.2%	

*1: New Energy and Industrial Technology Development Organization (NEDO)
 *2: National Institute of Advanced Industrial Science and Technology (AIST)
 *3: Central Japan Railway Company

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Corporate Philosophy

Creation, Reliability, Growth

As a professional IT firm,
NS Solutions focuses on creating real value to establish mutual trust with its customers,
achieve mutual business growth, and contribute to progress in society.

Creation	Reliability	Growth
We create new value. As a professional IT firm, we are committed to creating real value through the provision of innovative technology solutions.	We steadfastly maintain the trust of our customers. As a member of the Nippon Steel Group, we will continue to build on and maintain the trust of our customers and society by responding precisely to their needs.	We will continue to seek high growth and tackle challenges. As a top system integrator, we will lead the industry and contribute to the growth of our customers, aspiring to grow together.

Editorial Policy

We are pleased to present our second Integrated Report, following last year's report.

Based on the feedback we received, like last year we have compiled this year's edition with the aim of providing you with an easy-to-understand overview of the basics, while showing with images and atmosphere the enthusiastic activities of our employees.

In the first half of the report, we have tried to carefully explain our purpose, history, value creation process, strengths, and Medium-Term Business Strategy based on these, including the President's own words.

In the second half, we have tried to explain our ESG (environmental, social (human resources) and governance) policies in an easy-to-understand manner, in relation to our material issues and various elements of

our value creation process.

To give a deeper understanding of our business, we have also introduced each business division and group company.

We will continue to improve our integrated reports to make them easier to read, so we would appreciate your unreserved opinions and requests. We hope that this Integrated Report will aid in your understanding of NS Solutions.

[Cautionary note]

Service names and product names, etc., appearing in this Integrated Report are registered trademarks or trademarks of NS Solutions Corporation, or the respective company.

Period covered

Fiscal year 2022 (from April 1, 2022 to March 31, 2023)

Scope

NS Solutions Corporation (NSSOL) and NSSOL Group Companies (20 subsidiaries and 1 affiliate)

Month of publication

September 2023

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Guidelines Used as a Reference

- IFRS Foundation, International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry of Japan, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
- The Task Force on Climate-related Financial Disclosures (TCFD)

In identifying material issues in sustainability, we referred to the following.

- Global Reporting Initiative (GRI Standards)
- Sustainability Accounting Standards Board (SASB)
- ESG rating assessments

Disclaimer Regarding Forward-Looking Statements

This Integrated Report contains descriptions of the NS Solutions Group's future plans and strategies, as well as forward-looking statements regarding business performance, based on the information available at the present time.

Please note that actual business results may vary.

Message from the President

Our Challenge: Transforming Society with the Power of People and Technology

Representative Director and President
Kazuhiko Tamaoki

My message as the new President

I am Kazuhiko Tamaoki and I took over as Representative Director and President last April.

I have been with NS Solutions (NSSOL) since its earliest days as a new enterprise launched by Nippon Steel Corporation, and over the ensuing years I gained a wide range of business experience. In recent years, I became deeply involved in the company's management, including the process of formulating and implementing the FY2021-2025 Medium-Term Business Strategy, which envisions our role in bringing forth a fully digital society. Going forward, I will tap into my diverse experience to resolutely lead us through many different challenges to ensure our further growth toward the future.

As President, I value people above all else. It is vital for NSSOL to be a company where each and every employee can work enthusiastically and vibrantly, and one that keeps inspiring other people to join our team. If we continue to be that sort of organization, I am certain that we will be able to successfully create not only economic value, but also value for society. My job as President is to make sure that happens.

Moving forward with the Medium-Term Business Strategy

Looking back at FY2022, the second year of our FY2021-2025 Medium-Term Business Strategy, our commitment to precisely answering the DX needs of customers enabled us to achieve robust growth in all focus areas

and post new highs in both sales and profits. Record results were also achieved in orders received and order balance. We have also steadily made new investments toward our future growth. Although we must contend with skyrocketing energy prices driven upward by the Ukrainian crisis and other geopolitical risks, higher raw material costs, as well as downturn risks such as uncertainties in the European and US financial markets, our business environment continues to show signs of recovery.

We are aggressively committing management resources to the four focus areas specified by the Medium-Term Business Strategy. These areas are domains where we can readily bring to bear our distinctive strengths and are markets offering solid growth potential.

Our aim for the first focus area, DX in manufacturing industry, is to strengthen Nippon Steel Corporation's DX, while also supporting DX across a wide variety of industries. One of the big challenges here is finding ways to take the insights we have acquired from the steel industry and translate them into universal solutions that can serve other manufacturing sectors.

In the second area, digital platformer, we have already co-created value by collaborating with one of Japan's leading platformers from the planning stage to system development, operation, and maintenance. This is an industry where we are especially well positioned to leverage our strengths and can expect to see growth. To better ensure our success, we need to build up our resources, including by beefing up our team of highly skilled IT professionals and reinforcing our development technology capabilities.

Turning to the third area, digital workplace solutions, this market is on a growth trajectory buoyed by COVID-19's sweeping transformation of work styles and by the rising need for solutions supporting swift adoption of digital technologies and paperless processes. As this is an area where technology is evolving very rapidly, we will develop a broad range of solutions that anticipate emerging needs.

The fourth area, IT outsourcing, is where we can utilize our IT infrastructure technologies and expertise to the fullest. Given the clear-cut needs of customers that want to focus more on their core businesses amid a shortage of IT talent, this area represents one of key pillars supporting our business strategy. One thing we need to work on for this business is enhancing our ability to respond to complex system operation requirements and increasingly serious security threats.

In order to accelerate our efforts in these areas, we need to make investments toward our future growth. To secure the necessary funds, we have been selling off cross-shareholdings with the goal of netting 20 billion yen by FY2025. We have already made investments for strengthening our business infrastructure, including projects for improving IT environments and private cloud systems. Our investments for stepping up DX include implementing intensive training of DX talent and, as a means of driving challenging forays into new domains and businesses, the development of new solutions and the expansion of IT services. We have also carried out M&A and other investments for advancing DX, accelerating the growth of our focus areas, and bolstering our production structure.

Looking beyond the Medium-Term Business Strategy

The five-year medium-term business strategy was set in motion in April 2021, so we're now at the midpoint. Since some aspects of the strategy have advanced faster than planned, we have acquired a better picture of where we'll land. We have begun developing our long-term vision toward 2030, which will provide the foundation for mapping out the next medium-term business strategy.

We marked our 20th anniversary in FY2021 by establishing our Purpose as "Dream our future, unleash the possibilities of society, with technology and passion." Today's society is mired in great uncertainty—so much so that some people refer to this as the "VUCA era." Our business realm, ICT, is no exception. For example, emerging technologies like generative AI—epitomized by US-based OpenAI's ChatGPT—have the potential to radically shift our business paradigms. In a setting such as this, it is vital for companies to have a defined purpose to provide employees with a compass that helps them to think and act on their own, embrace change, and transform themselves. At the same time, I feel that our customers' expectations toward us have shifted to "we want you to find answers with us" and "we want you to create the future with us."

I can't see into the future, and that's why I think our role going forward will be to create a better future with our customers by exploring the path forward together or finding things that we ourselves can change. We cannot survive as company unless we reshape our established values and ways of working. The keys to this transformation are people and technology, and it's imperative that we strengthen both of these assets.

Person-centered talent development

One ideal that I have emphasized to our employees in the past few years is autonomy. Work styles have evolved with the diversification of people's needs, and today's business world is replete with systems and tools that empower individuals to act autonomously, including the ability to work remotely. We, too, have a diverse array of talent embodying different preferences and styles, and I believe that it is vital for each member of our team to produce results by working together in ways that leverage their own skills to the fullest. I want to energize our company by providing an environment that enables such collaboration and embraces each member's values. Traditionally, our approach to talent development was to provide employees with all the resources needed and map out where they would land after five years of learning. This has worked until now, but going forward we need to take a different path. A new era is emerging in which each employee needs to look at the world around them with their own eyes, use the insights gained to identify what areas of their skillset require improvement, and then take initiative to acquire the knowledge and competencies they need. The most important thing here is to have our people achieve results by taking ownership of their careers, including deciding—as far as possible—when and where they work. By doing so, they can enrich their personal lives and produce output of even greater quality.

We have established an HR development platform designed to cultivate employees who can demonstrate such autonomy. This serves as the foundation for a wide range of learning opportunities and for high-quality OJT and other talent development actions. In addition, we run the NSSOL Academy, which was created based on the concept of "professionals nurturing professionals." This program brings together exceptional employees with high-level expertise and places them in groups representing specific occupations or segments so that they can share with one another their insights and experience. By including our younger employees in these exchanges, we are able to successfully develop our next generation of core talent.

We have also been enhancing our HR system by providing greater opportunity for employees to lead their career journey, including through internal open recruitment (open challenge system). These initiatives encourage employees to challenge themselves, and participant capacity is sized for optimal results. We have also adopted a role-based pay system for core managerial positions that provides compensation and benefits commensurate with the level of

each position's mission and role. Although the process of developing this system sparked broad debate, it has been running smoothly and the affected employees are fully on board with its aims. One key to the successful crafting and operation of an HR system is striking a balance between the individual and the organization. The system won't function if the work that an employee aspires to perform and the direction in which the company seeks to move are not aligned. Creating a system that matches the direction set by the company with the various stages of each employee's life and career paths can help the company to achieve better business results. New business ideas and opportunities can be discovered out on the front lines, so I want us to be company that encourages employees to seek out and report such ideas and opportunities so that they can be shared across the organization.

We have been steadily strengthening our recruitment of fresh college graduates by maintaining many points of contact with them, and by having employees join in the recruitment process to convey in their own words the appeal of working on our team. We have also been growing our ranks of experienced professionals in recent years by actively hiring mid-career talent. When we ask new hires what convinced them to join our company, nearly all of them say that were inspired by alumni's descriptions of their experiences working for NSSOL or were impressed by watching employees in action. This shows that we have achieved a virtuous circle by maintaining a vibrant work environment that produces inspiring talent who then attract more people to our company.

We support university education through endowed courses and naming rights sponsorships. This engagement enables us to not only convey the attractions of our company but also highlight the appeal of the IT industry and the critical role that IT plays. I believe that our recruitment and support activities have helped us to firmly cement our brand by engendering positive reactions in social media and other forums.

Acquiring new technologies

Let's look at another key competitive strength of NSSOL, namely, our technology. While it is important that we further build up our current technologies and insights, the rapidly evolving nature of ICT means that we must also anticipate the technologies of the future. Accordingly, our Systems Research & Development Center is pursuing 13 R&D themes under three future goals for helping bring forth a sustainable society: ultimate digital twin, AI that can understand and perform tasks, and sustainable corporate information system.

In particular, the Center has amassed many insights into the much-talked-about field of generative AI by engaging in R&D on natural language processing since around 2006, applied deep learning since around 2014, and large language model application since around 2020. As generative AI is expected to become a widely deployed technology in the near future, we have taken steps to enable each employee to develop an innate understanding

of it through direct use. Specifically, we have formulated usage guidelines and established an internal environment that allows our people to use large-scale language models.

We envision applying generative AI technologies to not only document preparation and other general and back office tasks, but also our core businesses of system development, operation, and maintenance. We are building up our expertise in this area, with an eye on becoming able to apply the technologies to our customers' operations as well. I believe that generative AI has the potential to radically transform system development in the future.

In addition to company-wide actions, I think that an essential part of our efforts to maintain our technological strengths in technology is to have each business unit take a proactive, self-led approach to technology, such as by pursuing its own projects in quantum computer or crypto asset technologies.

We are also working outside our walls as we evolve our process for acquiring information from diverse channels such as US-based venture capitalists to expand the frequency and range of our access to new technologies, and then maturing those technologies within our organization. Moreover, we are working to promote external growth by utilizing outside resources through M&A and other forms of investment and financing. By constantly pursuing the latest technologies, we can expand business opportunities, reduce our exposure to the risk of technological change, and increase our resilience.

So far, I have shared with you my thoughts and impressions, but now I would like to present NSSOL's distinctive features as seen by our customers.

Our three distinctive features

I believe that NSSOL has three distinctive features that make it the partner of choice for many customers. The first is, naturally, our technology. We offer all-round technological services that not only give customers access to cutting-edge technologies, but also enable them to successfully harness and utilize those technologies to gain their full benefit.

The second is our knowledge. Our business insights in selected fields outshines the competition. When it comes to conveying knowledge, we stand apart for our ability to communicate in terms the customer understands. We constantly earn high marks from customers for the way we use our business insights to match technologies with needs such as production management for manufacturers, market systems for the finance industry, and online travel booking.

The third is our work style. The digital platformer business in particular requires co-creation driven by our teamwork with the customer. And, in industries where speed is a big priority, I can proudly say that few vendors are able to rival us in terms of speed and ability to precisely adapt to different work styles.

In order for us to remain the partner of choice, we must continue to further strengthen these three qualities.

Recently, a customer praised our company for its wonderful dedication to helping his employees get their jobs

done. He was very pleased, reporting that our workers not only installed a new system, but also skillfully coached his people in how to operate the system on their own, creating a pleasant learning experience for them. When I heard that, I thought it was another example of how our employees take initiative and work as a team with customers.

Maximizing synergy with Nippon Steel

As of this fiscal year, we have redefined our business categories as Business Solutions and Consulting & Digital Services. This can be seen as defining a vertical domain for each customer or industry, and a horizontal domain divided according to each general-purpose solution.

NSSOL traces its origins to a division established within its parent company, Nippon Steel. Steel production management systems represent a very specialized application, and thus are of no service outside the steelmaking industry. However, if we start thinking at a more abstract level of "what is the fundamental concept of production management?" we can then expand the application of those systems to other manufacturing industries as well. When it comes to developing a specific system, we establish our position in a particular industry by digging deep into our business insights. However, when redesigning a system for use in other industries, we work at a more abstract level to produce a universal solution that can be broadly applied. Our value as a partner lies in our ability to achieve both of those seemingly diametrically opposed offerings.

One of the biggest areas of business needs now is data utilization. All sorts of companies are struggling with the daunting challenge of how to integrate widely distributed data into a single system. The key here is to figure out how to bring together all that data and how to utilize it. The Nippon Steel Group's pursuit of DX is driven by the ideals of strength in connecting and strength in maneuvering, and involves redesigning business and production processes with a data-centric approach. By having vertical organizations think of how to combine the human resources and tools for data utilization into different solutions for each customer's business while securing those human resources and tools in the horizontal organizations, we can produce an unlimited range of services.

Because Nippon Steel proactively invests in DX, they are able to swiftly introduce the latest solutions we acquire. For example, Nippon Steel has been a leader in the adoption of local 5G and IoX solutions, among other technologies. By standardizing and packaging the insights gained along the way, we can apply them to the needs of many different customers. Conversely, we help to increase Nippon Steel's corporate value by applying to them the useful insights we acquire from our provision of solutions to customers. Recently there has been a trend of businesses shifting to systems developed in house, and in a similar vein NSSOL is an in-house production function for Nippon Steel. I don't think that there is any other company that has an in-house production function with a lineup of solutions as abundant as ours. This helps



to enhance Nippon Steel's corporate value, and at the same time we are able to boost our own corporate value by acquiring advanced technologies and insights from one of the world's top steelmakers and turning them into solutions for external customers. This is the synergy we produce with our parent company Nippon Steel.

Message to our stakeholders

Instead of aspiring to increase our corporate value through just improvement of our market cap, I believe that we must be a company that delivers value to a broad range of stakeholders. To that end, last year we formulated a value creation process based on our PURPOSE, and established "NSSOL Added Value" as an indicator for measuring our performance in that process. NSSOL Added Value is the sum of: operating profit (financial capital), which is the result of business activities based on social capital; broadly defined personnel expenses, which indicate the accumulation of human capital and intellectual capital; and depreciation and amortization, which indicate the accumulation of manufacturing capital, etc. I believe that steadily building up NSSOL Added Value will enable us to continuously improve our corporate value on both a financial and nonfinancial basis.

This may be an era of turbulent change, but as a company operating in growth markets we will turn change into business opportunities as we continue seeking to achieve sustainable growth while improving our profitability. We will use the cash earned from our businesses to invest in our growth, and as we accelerate our growth we will stably provide returns to our shareholders and investors.

I ask you to please continue believing in and supporting the growth of our company.



Message from the Chief Financial Officer (CFO)

Making investments that contribute to growth based on our Medium-Term Business Strategy, taking into account cost of capital and return on capital and realizing the sustainable improvement of overall corporate value while maintaining a sound financial base

Director
Senior Executive Officer and CFO
Akimi Tojo

Business Performance

FY2022 Results

Consolidated revenue in FY2022 were 291.7 billion yen and operating profit was 31.7 billion yen. By steadily capturing the strong DX needs of our customers, we were able to achieve record high profit.

In terms of revenue, we were able to achieve increased sales in both the Business Solutions and Service Solutions businesses.

In the Business Solutions, sales for platformer support and large-scale infrastructure construction projects for government agencies were strong, while in the Service Solutions, cloud business and sales to Nippon Steel remained strong.

In terms of earnings, although SG&A expenses increased due to active investments (which included strengthening sales capabilities, recruitment and training, and internal infrastructure development) and cost increases with external factors such as rising electricity prices, we were able to achieve increases through operations emphasizing added value and rigorous project risk control.

Outlook for FY2023

Current IT investment is on a recovery trend, in FY2023, we will continue to capture strong DX needs and aim for record operating profit of 33.5 billion yen.

From this fiscal year, we will reorganize our service and customer industry segmentation into the following two categories, based on changes in customers and markets, as well as our Medium-Term Business Strategy.

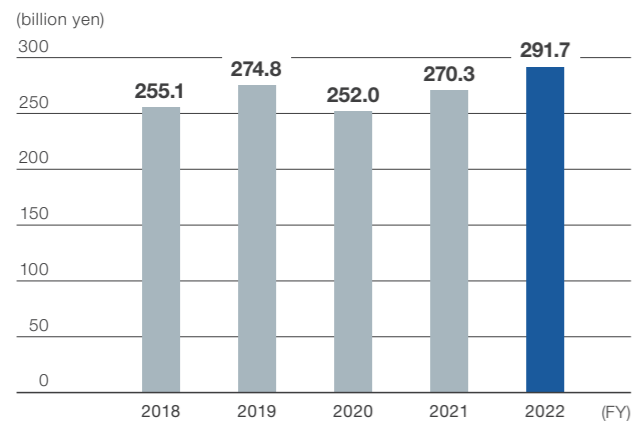
Business Solutions: Vertical segmentation classified by customer and type of industry (manufacturing and steel sector, retail and service and digital platformer sector, financial sector)

Consulting & Digital Services: Horizontal areas of versatile solution-based (IT infrastructure engineering areas, and digital services such as AI solutions)

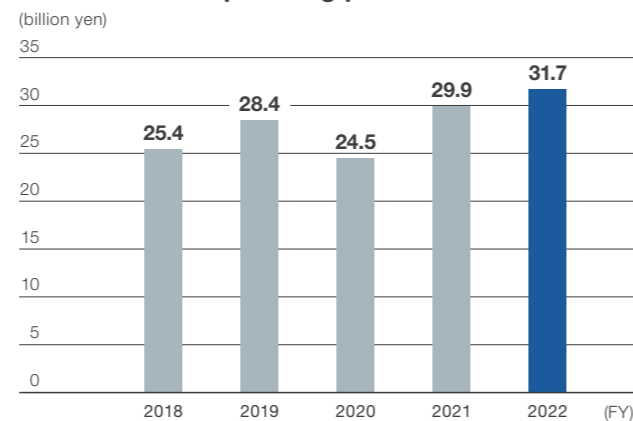
In terms of revenue, although there is a reactionary decline from large-scale infrastructure construction projects for government agencies, we aim to grow our business by supporting platformers and steadily capturing demand for digitalization / DX—in the Japanese steel industry (Nippon Steel) and other manufacturing industries.

We will continue to invest actively in strengthening sales capabilities, R&D, recruitment and education / training, and improving internal infrastructure. Through the continuation of operations emphasizing added value and initiatives to improve productivity, we will work to maintain and improve our operating margin.

Consolidated revenue



Consolidated operating profit



Financial Management

Investments for Growth

It is important to invest actively to maintain and strengthen our competitiveness for the future and achieve business growth and increase corporate value.

In FY2022, we made growth investments of 13.1 billion yen to strengthen our business base and 3.7 billion yen in investments to accelerate our DX. We will continue to invest actively in human capital, the hiring and training of high-level IT personnel, as growth investments. With respect to investments for capital expenditure and M&A, etc., we will aggressively invest in growth in accordance with our medium-term business Strategy, aiming to expand our business. In making decisions on growth investments, we set hurdle rates for capital investment, M&A and other investments based on cost of capital, and are making decisions with awareness of investment profitability.

Specifically, we are also stepping up investment in new services such as "DATAOPTERYX," an integrated data management platform, "FINARCH," a cloud utilization optimization service for financial institutions, and Nayasapo, an employee engagement and career reflection tool. In terms of M&A and other investments, we have formed a capital and business alliance with Arithmer, Inc.—a company with advanced mathematical AI technology, ESTYLE, Inc. —a company with high consulting capabilities and technical expertise in data science, and Human Creation Holdings inc. —a company with abundant DX human resources for development and operation. In accordance with the limit for the sale of cross shareholdings (planned amount: 20 billion yen / sale period FY2022–25) with the aim of acquiring funds for investments for growth, we are proceeding with the sale of cross shareholdings.

Internal Reserves

At NSSOL, we recognize that the IT services we provide play an important role in ensuring business continuity for our customers. While we are engaged in company-wide risk management efforts, in the event of an unforeseen situation, we will be required to fulfill our social responsibility by maximizing internal reserves in a flexible manner. Therefore, with regard to the distribution of profits obtained from our business, we believe that it is important to steadily execute the above growth investments and pay appropriate and stable dividends to shareholders while maintaining a sound financial base by securing a portion of our profits as internal reserves.

Shareholder Returns

We aim to pay an appropriate and stable dividend, with a target consolidated dividend payout ratio of 30%. We have gradually increased dividends per share over the past ten years, from 20 yen per share in FY2013 to 75 yen per share in FY2022. The dividend forecast for FY2023 is 80 yen per share, which is a record high. Going forward, we will continue to increase dividends to meet the expectations of our shareholders by achieving steady growth in profits.

*Dividends per share are calculated by retroactively adjusting for the January 1, 2016 stock split.

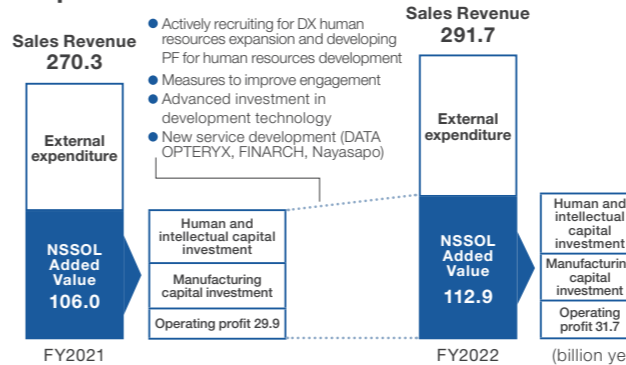
NSSOL Added Value

We will maintain and improve return on equity (ROE) by realizing business growth, further strengthening profitability, and implementing shareholder return measures through growth in profits. At the same time, we will also work to practice proactive information disclosure.

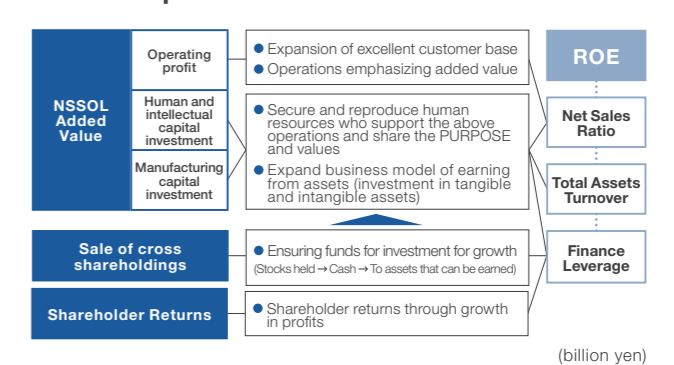
We define "NSSOL Added Value" as an indicator to measure the progress and sophistication of our value creation process. A virtuous circle is necessary to further value creation and business growth by reinvesting the NSSOL Added Value generated from business activities into human and intellectual capital (personnel expenses (wide definition)) and manufacturing capital,

etc. (depreciation). In FY2022, as human and intellectual capital (personnel expenses (wide definition)), we are working to actively recruit human resources, develop and expand human resource development platforms to expand DX human resources, and create a highly engaged and comfortable working environment. In addition, as manufacturing capital, etc. (depreciation), we are investing in upgrading development technologies and developing new services. The NSSOL Added Value to management capital also contributes to return on equity (ROE). We will continue to work toward increasing NSSOL Added Value.

Expansion of NSSOL Added Value



Relationship between NSSOL Added Value and ROE



“First DX Partner”

FY2021, we established the FY2021-25 Medium-Term Business Strategy. Our vision for this Medium-Term Business Strategy is to become “First DX Partner.” In a society experiencing rapid change, we will continue to grow sustainably, focusing on our four business policies and four areas of focus.

Changes in the business environment

- Demographic change
- Accelerated advances in IT
- Change in social behaviour
- Acceleration of generative AI, DX

Medium-Term Business Strategy

- 1 Steadily meet evolving needs for DX
- 2 Work on high-value-added businesses and sustainably enhance overall corporate value
- 3 Further strengthen the acquisition and training of excellent human resources
- 4 Continue to implement thorough internal control and risk management

Growth Targets



Consolidated sales growth rate

+5–6%

Focus area sales growth rate

+10% or more

Focus Areas

-  DX in Manufacturing industry
-  Digital Platformer
-  Digital Workplace Solutions
-  IT Outsourcing

Investments for Growth

1

Investments to strengthen business infrastructure
50.0–75.0
billion yen

2

Investments for accelerating DX
10.0–15.0
billion yen

3

M&A and other investments / financing

NSSOL's Recognition of the Business Environment

The business environment in which we and our customers operate is undergoing significant change, including the impact of geopolitical risks on the global economy, demographic changes, and accelerating progress in information technology. Against this backdrop, companies are making steady progress with DX initiatives.

We believe that DX needs will continue to accelerate over the medium and long terms, in light of the behavioral changes in society that have taken place over the past few years and the social changes that are likely to occur in the future.

Medium-Term Business Strategy

1 Steadily meet evolving needs for DX

We will refine the value we provide to our customers, steadily grasp accelerating DX needs, and work to expand our business.

3 Further strengthen the acquisition and training of excellent human resources

Human resources are our most important form of capital and the source of our growth. We will continue to acquire and develop excellent IT human resources by investing appropriately in human resources and creating a rewarding company.

2 Work on high-value-added businesses and sustainably enhance overall corporate value

We will create high added value and continuously improve overall corporate value, in anticipation of changes in customer needs due to DX.

4 Continue to implement thorough internal control and risk management

To be a company that is trusted and needed by society, we will continue working to create true value together with our customers, with fairness and a strong moral compass.

What is NSSOL's understanding of DX?

We define DX as “the continuous transformation of organizations, business processes and systems across the board, through the application of data and digital technologies.”

To achieve this, it is necessary to go beyond individual optimization and integrate everything—including all

manner of systems, data and technologies. As First DX Partner, it is our role to integrate all systems and support the realization of DX.

Going forward, we will continue to go beyond the framework of conventional systems integration (SI) to support our customers' DX efforts.

What is “First DX Partner?”

Our customers are a wide range of global companies, including Nippon Steel, and we believe that our role as IT professionals is to widely revitalize all industries and build a prosperous society by facilitating DX in our customers' businesses and contributing to the strengthening of their international competitiveness toward 2025, when DX needs are anticipated to accelerate even further.

However, the road to achieving DX is steep, with many obstacles that must be overcome. We aim to build deep relationships with customers and overcome DX-related difficulties together with them as irreplaceable First DX Partner—the first partner they consider when seeking DX solutions.

NSSOL's Growth Story

As DX shifting into higher gear at various companies, the whole Group will work to deepen the level of relationships with customers, aim to maximize acquisition of customer needs associated with DX initiatives and expand our business. In particular, for FY2021-25, we have set DX in manufacturing industry, digital platformer, digital workplace solutions, and IT outsourcing as focus areas to drive business growth, and will aim to actively invest management resources to accelerate growth.

Focus domains area Sales growth rate

+10%
or more increase in annual growth rate



Focus area 01 DX in Manufacturing industry

Growth Points

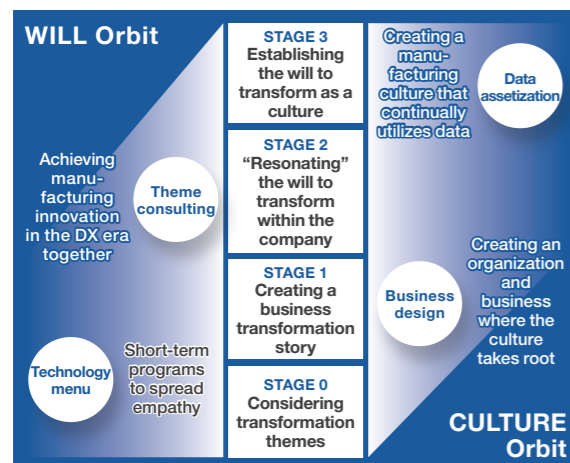
- Driving DX at Nippon Steel
- Expanding solutions for the manufacturing industry, utilizing the operational fields of Nippon Steel

In "DX in Manufacturing industry", we will seek to grow based on the two pillars of driving DX at Nippon Steel and driving DX for other customers in the manufacturing industry.

As a core company in the system solutions business of the Nippon Steel Group, we have been introducing large-scale systems for mission-critical operations at Nippon Steel. In addition to this, we have also supported other customers in the manufacturing industry in their shift toward IT—from the dawn of ERP, SCM, and ECM to all mission-critical / core systems.

In addition to enhancing DX at Nippon Steel by making full and effective use of data and digital technologies, we will also leverage our strengths in the operational fields of Nippon Steel—one of the world's leading manufacturing companies—to enhance our practical capabilities to support the DX accelerated activities of other customers in the manufacturing industry under the company-wide brand "PLANETARY."

PLANETARY: Two orbits leading to digital manufacturing



Focus area 02 Digital Platformer

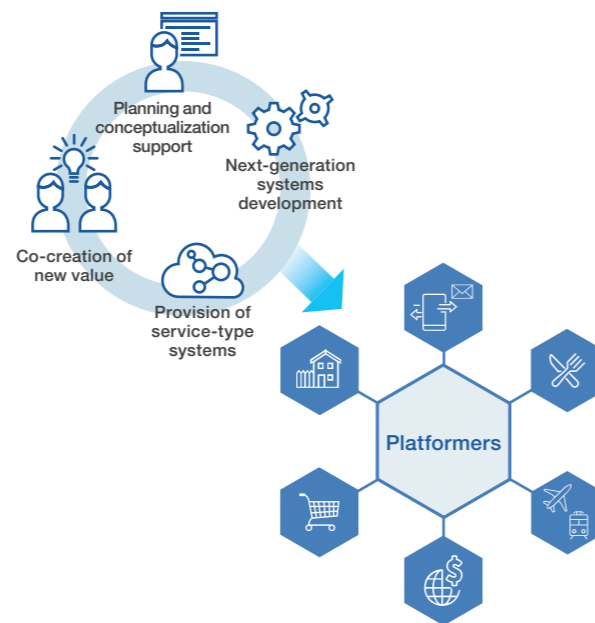
Growth Points

- Expansion of highly skilled IT professionals
- Enhancing agile development and cloud-native development capabilities

We have an extensive experience in dispatching highly skilled IT professionals to support new business creation to leading Japanese platformer customers from the IT side, and working together with them and supporting them from planning and conceptualization support to systems development

Platformer customers are expected to make vigorous IT investments as consumer online needs accelerate and the market expands, with DX acting as a tailwind.

Capturing these strong demands, we will seek to expand our business together with platformer customers.



Focus area 03 Digital Workplace Solutions

Growth Points

- Expansion of solutions that anticipate behavioral changes such as "how to work"
- Integration capabilities tailored to customer business processes

Behavioral changes in society have led to the rapid spread of new ways of working, requiring digital work spaces that allow people to work comfortably in the same environment anytime, anywhere, while increasing productivity and efficiency. To achieve this, an optimized mechanism is needed to bring efficient business processes online.

To meet these needs, we optimally combine various AI solutions including generative AI, low-code and no-code development platforms, file sharing, virtual desktop, and e-contract platforms to provide our customers with a safe, comfortable, and highly productive working environment that takes full advantage of the latest technology.

Achieving business process improvement	< RPA > UiPath	< Virtual desktops >	< Security >
	< AI > DataRobot cinnamon AI Weights & Biases	M'DaaS @absonne	NSSEINT
	< BPM > PEGA	< Information infrastructure cloud >	Teams
	< BI and data utilization > tableau	< Cloud data management >	NSCOOINT
	< IDM > DATAOPTERYX	box	< Web conferencing > Zoom/ WebEx/ Teams
	< Paperless > Idea generation support ideagram	< Electronic contracts > CONTRACTHUB @absonne	< Document management > NsxpresII @absonne
	< Upstream assessment > Consulting	< Workflow > Agile Works	opentext™ D-QUICK7

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Focus area 04 IT Outsourcing

Growth Points

- Capabilities to respond to complex operational requirements—including multi-cloud operation—and increasingly serious security threats

IT outsourcing is a service business, which is one of the key pillars supporting our medium-term business strategy. In the IT outsourcing market, IT infrastructure and operational needs are changing, with developments such as public cloud utilization, design and operation based on the premise of multi-cloud infrastructure, and countermeasures against serious security threats, such as zero trust security.

In response to these changes in demand, we will seek to grow our business with a primary focus on "NSFITOS"—which provides a consistent service from managed cloud services (including data centers) to integrated operations.



Consulting / Engineering		
New areas such as AP development		
Consulting		
IT design in multi-cloud infrastructure		
Infrastructure / Platforms		
On premise	Managed cloud	Public cloud
		Azure, AWS, Oracle Cloud, Other Cloud
Data center / Cloud connection		
Operation		
Operation supporting multi-cloud		
AP operation, PC/OA operation, security operation, etc.		

Investments for Growth

1
Investment to strengthen business infrastructure
50.0–75.0
billion yen

In terms of investments to strengthen our business base, we will invest continuously at a scale of around 50–75 billion yen during the medium-term strategy period in areas such as human resources (such as acquiring and training excellent human resources), R&D, creating new solutions, business development, improving IT environments, and facilities.

2
Investment for accelerating DX
10.0–15.0
billion yen

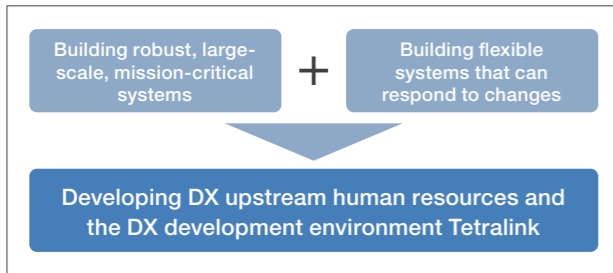
In addition to investments to strengthen our business infrastructure, we will invest intensively on a scale of 10–15 billion yen during this medium-term business strategy in order to accelerate DX and achieve our vision of being a First DX Partner, focusing on intensive development of DX human resources, the expansion of IT equipment, and engagement in challenges in new areas and businesses.

3
M&A and others

We will also actively invest in M&A, etc., with the aims of expanding our focus areas and strengthening our production structure.

Strengthening our Tactical Capabilities for Growth

Achieving the ambidextrous systems building capabilities required for DX



As DX continues to advance, the nature of systems will change, and the capabilities required for system building will also change accordingly. Going forward, we will work to achieve the ambidextrous systems construction capabilities required for DX by equipping ourselves with the capabilities to build flexible systems that respond to changes—which will become increasingly necessary with the advancement of DX—in addition to our strengths in building robust, large-scale, mission-critical systems.

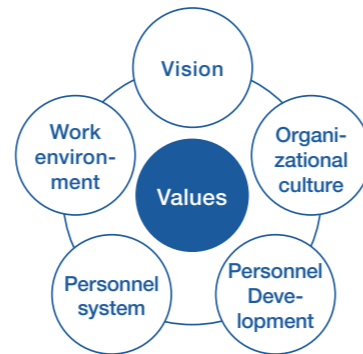
To this end, we will intensively develop DX upstream human resources—who are responsible for upstream processes such as consulting—and DX development personnel in areas such as agile development, and strengthen our next-generation systems development environment Tetralink, which supports modern development processes.

Creating an Organization with High Engagement

Aiming to be a company where a group of creative and highly skilled IT professionals can work with energy and enthusiasm

- An attractive workplace that is rewarding and comfortable easy to work in
- Happy working lifestyles for each employee

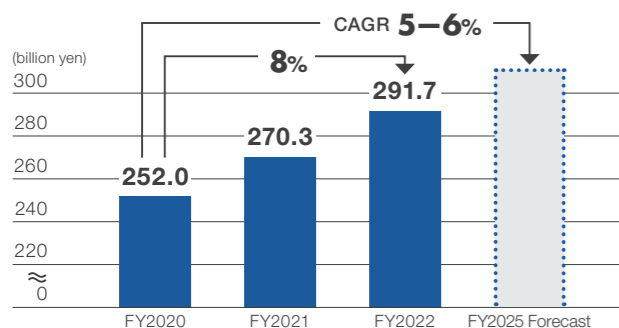
Aiming to create a company that emphasizes **job satisfaction**



Progress of Our Medium-Term Business Strategy

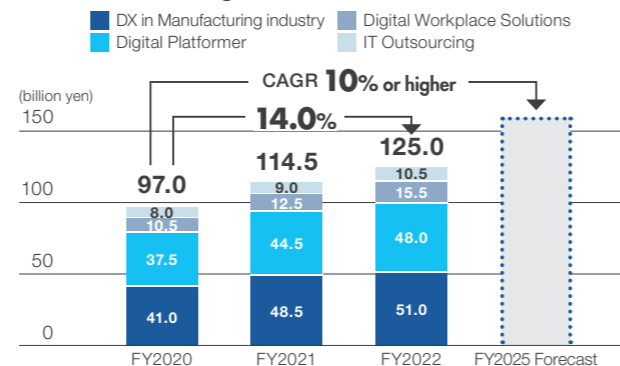
FY2022 Sales Results

Consolidated sales growth rate



The consolidated revenue growth rate in FY2022 starting from FY2020 was +8%, exceeding our medium-term business rate of +5–6% per annum.

Focus area sales growth rate



In FY2022, the revenue growth rate starting from FY2020 in our focus areas was +14.0%, exceeding our medium-term business strategy rate of +10% or higher per annum.

FY2022 Investment Results

1 Investment to strengthen business infrastructure

We invested 13.1 billion yen to strengthen our business infrastructure in FY2022, and cumulative total was 28.1 billion yen. We continue to strengthen our business infrastructure including our IT environments and private cloud systems, etc.

2 Investment for accelerating DX

We invested 3.7 billion yen in FY2022 to accelerate DX, and cumulative total was 6.5 billion yen. We will continue to promote the intensive development of DX human resources and challenges in new domains and businesses. In FY2022, we developed the following new solutions.

- Integrated data management platform “DATAOPTERYX”
- Cloud utilization optimization service for financial institutions “FINARCH”
- Employee Engagement and Career Reflection Tool “Nayasapo”

3 M&A and others

In FY2022, we entered into capital and business alliances with Arithmer, ESTYLE, Round Two Solutions, and Human Creation Holdings. As a result, we were able to improve our ability to respond to DX needs, including advanced IT technologies centered on AI and SAP global responsiveness.

Focus Area Topics for FY 2022

Accelerate growth through collaboration with external companies

The Company is working with outside firms to accelerate growth with the aim of promoting DX, accelerating growth in focused areas, and strengthening its production structure.

In strengthening DX organizational capabilities, we will pursue capital and business alliances with companies that have skills and competencies in key technology areas. In FY2022, we invested in Arithmer, a company with advanced mathematical AI technology, and in ESTYLE, a company with advanced consulting capabilities and technical expertise in data science.

In expanding development and operational resources, we are bolstering relationships with companies that possess development capabilities. In FY2022, we invested in Human Creation Holdings, Inc. which has abundant DX human

resources for development and operations.

In expanding market share, we will strengthen relationships with leading players and pursue capital policies to expand and deepen our customer base.

In entering new markets, we will seek capital and business alliances with leading players and solution vendors in those markets that are highly specialized and less readily accessible, such as highly specialized or overseas markets. In FY2022, we invested in Round Two Solutions, a company that provides consulting and SAP implementation services to major manufacturing companies in the Southeast Asia region.

We will continue to promote our growth through synergies with external companies with sharp characteristics.

Purposes and aims

DX organizational capacity enhancement

- Capital and business alliances with companies that have skills and competencies in key technology areas



Development and operations resource expansion

- Capital and business alliances with companies that possess development capabilities



Expansion of market share

- Expansion of existing businesses: Capital and business alliances with leading players and solution vendors
- Acquisition of account business: Capital and business alliance to expand and deepen customer base

Entering new markets

- Entering less readily accessible markets (specialized and overseas): Capital and business alliances with leading players and solution vendors





NSSOL's Sustainability Management

The roles that companies are expected to play in our rapidly changing and increasingly diverse society are also changing significantly. Going forward, we will engage in sustainability management to create social value through our business activities by demonstrating the significance of our existence in society, as expressed in our PURPOSE—Dream our future, Unleash the possibilities of society, With technology and passion.

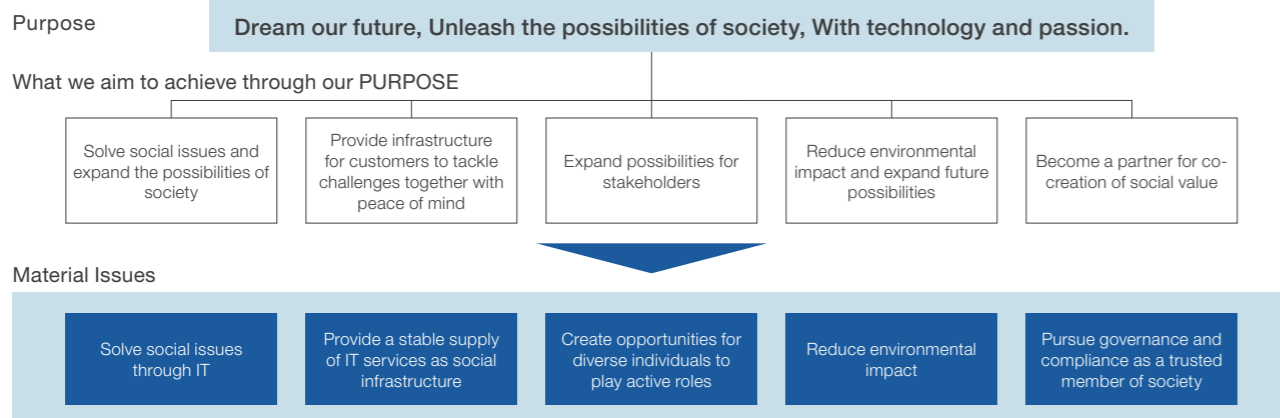
Implementing Sustainability Management

To implement sustainability management, we first established our PURPOSE to outline the significance of our existence in society. Based on this purpose, we will work to create social value. Also based on this purpose, we have established five material issues (sustainability key issues). By establishing material issues, we are

clarifying specifically how we will engage in sustainability management. We have also set KPIs to manage progress for each material issue over the medium- to long-term.

As a management system for sustainability management, we have established a system centered around the Sustainability Committee.

Purpose and Material Issues



System for Promoting Sustainability Management

As a system for implementing material issue-related initiatives, NSSOL has established the Sustainability Committee, chaired by the Representative Director and President. The Sustainability Committee deliberates on policies for material issue-related initiatives and establishes subcommittees and working groups as necessary to ensure flexible and efficient implementation, based on the state of progress.

In FY2022, based on the material issues “Reduce Environmental Impact” and “Create Opportunities For Diverse Individuals To Play Active Roles”, we established the Environmental Management Committee and the D&I and Human Rights Committee to address individual issues.

The Sustainability Committee also reports important matters to the Management Committee and the Board of Directors.

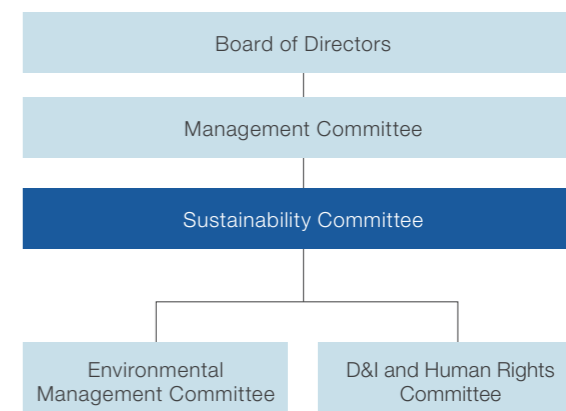
Member

Sustainability Committee	Chair	Representative Director & President
	Vice Chair	Director Responsible for Corporate Administration Bureau
	Committee members	Management Committee Members

Sustainability Agenda Items

- Formulation of policies and annual plans for initiatives for sustainability issues
- Confirmation, evaluation and response to the progress of sustainability issues
- Collection of information on key issues such as revisions to laws and regulations and regulatory trends relating to sustainability issues

Structure

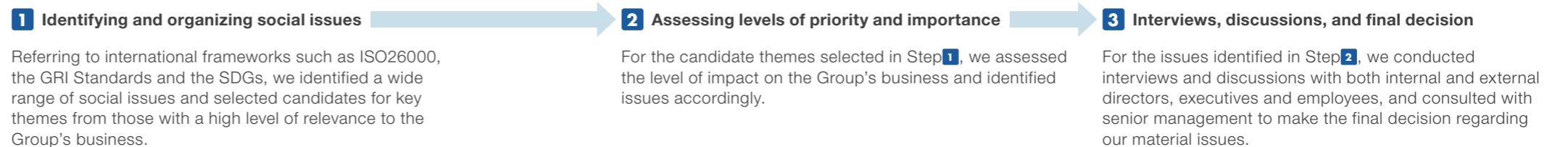


Material Issues

Material Issues	Reason for choosing this theme	NSSOL's Efforts	KPI	Achievements
<p>1 Solve social issues through IT p.53</p>	<ul style="list-style-type: none"> It is our primary mission to provide value to customers through IT, and solving social issues for customers contributes to the sustainability of society. Recognition of our contributions to customers has a positive impact on our business continuity. 	<ul style="list-style-type: none"> Contributing to society through customer businesses that support a wide range of social infrastructure Solving sustainability issues such as declining birthrate, aging population and global environmental problems with IT Creating new value with IT for a future-oriented society 	<p>Achievements in contributing to solving social issues through customer businesses</p> <p>Achievements in creating and providing solutions and services that encourage the resolution of social issues</p>	<ul style="list-style-type: none"> Contributing to improving operational efficiency through systematization and shifting to IT-based operations in the steel industry and other manufacturing industries, and ultimately to measures against the decline in the working population Contributing to the development and improvement of social infrastructure (supporting people's lives) through systems development for government agencies, financial institutions, public service providers (such as railways and telecommunications service providers) and platformers, etc. Contributing to solving regional issues by supporting local governments in promoting DX and smart cities Promoting work style reform through digital workplace solutions such as "M³DaaS" Contributing to the improvement of labor productivity through the voluntary resolution of employee concerns and increased employee engagement with the career reflection tool Nayasapo Contributing to paperless operation through the electronic contract service "CONTRACTHUB" Contributing to ensuring safety in on-site work through loX Solution "Anzen Mimamori-kun (Safety Watcher)"
<p>2 Provide a stable supply of IT services as social infrastructure p.53</p>	<ul style="list-style-type: none"> The safe and stable operation of information systems is important for the sustainability of society. As a systems integrator, we have an obligation to fulfill that responsibility. 	<ul style="list-style-type: none"> Increasing the sophistication of project management by utilizing advanced technology Ensuring stable operation of systems, earning the trust of stakeholders Ensuring information security, supporting peace of mind for society 	<p>Number of IT service faults</p> <p>Achievements in increasing sophistication of development and operation by utilizing advanced technologies</p>	<ul style="list-style-type: none"> Achieving target number of service faults AWS design template (IaC asset) development Construction of Tetralink 2.0 development platform Establishment of guidelines for use of generative AI
<p>3 Create opportunities for diverse human to play active roles p.31</p>	<ul style="list-style-type: none"> Hiring and training excellent human resources is essential for the continuity of our business. Being a highly engaging organization is necessary to ensure that excellent human resources wish to join and continue working for us, so it is also a material issue necessary for our continuous growth. 	<ul style="list-style-type: none"> Promoting diversity, enabling all employees to work with energy and enthusiasm Recruiting, training and producing high level IT professionals Fostering a culture of respect for human rights, valuing others and mutual acceptance 	<p>Embrace and foster a diverse & inclusive organization</p> <p>Improvement of autonomous training environment and fostering of corporate culture</p> <p>Progress in work style reforms</p> <p>Employee engagement</p>	<ul style="list-style-type: none"> Producing female managers through strategies to train female leaders Encouraging male employees to take childcare leave Promoting D&I measures such as information dissemination through a dedicated portal Promotion of "self-selective" capacity development (development of autonomous training course systems, etc.) Strengthening the activities of the NSSOL Academy (NSSOL's autonomous learning organization) Establishment of an environment that supports diverse and autonomous careers, including an internal job application system, career support system, and dual/secondary employment system. Expanding and enhancing our telecommuting system Reducing overtime hours and encouraging employees to take annual paid leave Introducing engagement surveys Establishing a cycle for improving engagement with the participation of all employees (dialogue meetings and autonomous activities on an individual departmental basis)
<p>4 Reducing environmental impact p.39</p>	<ul style="list-style-type: none"> Reducing GHG (greenhouse gas) emissions is extremely important for ensuring the sustainability of society. We will contribute to the sustainability of society by working to reduce GHG emissions and providing solutions that contribute to reducing the environmental impact of our customers (and their businesses). 	<ul style="list-style-type: none"> Utilizing IT to contribute to the reduction of environmental impact through customers Making active use of renewable energy in the data center business Rigorously improving the efficiency of electric power and other resources we use, to reduce environmental impact Reducing GHG emissions to zero by 2050 	<p>Sales from IT outsourcing services</p> <p>Greenhouse gas emissions (Scopes 1 and 2)</p>	<ul style="list-style-type: none"> FY2022 Results 10.5 billion yen FY2022 result 24, 411t-CO₂
<p>5 Pursuing governance / compliance as a trusted member of society p.43</p>	<ul style="list-style-type: none"> Thorough legal compliance and governance are the foundations of corporate survival, and are a major prerequisite for fulfilling social responsibilities. 	<ul style="list-style-type: none"> Ensuring thorough compliance with laws and regulations Strengthening internal control (risk management) Ensuring fairness and transparency, both as an organization and in our business operations 	<p>Initiatives for improving governance</p>	<ul style="list-style-type: none"> Further strengthening of corporate governance as a company with an Audit Committee Thorough "Global Business Conduct" Strengthening risk management systems

Material Issue Identification Process

In FY2021, we formulated a set of material issues relating to the promotion of sustainability management through the following process.





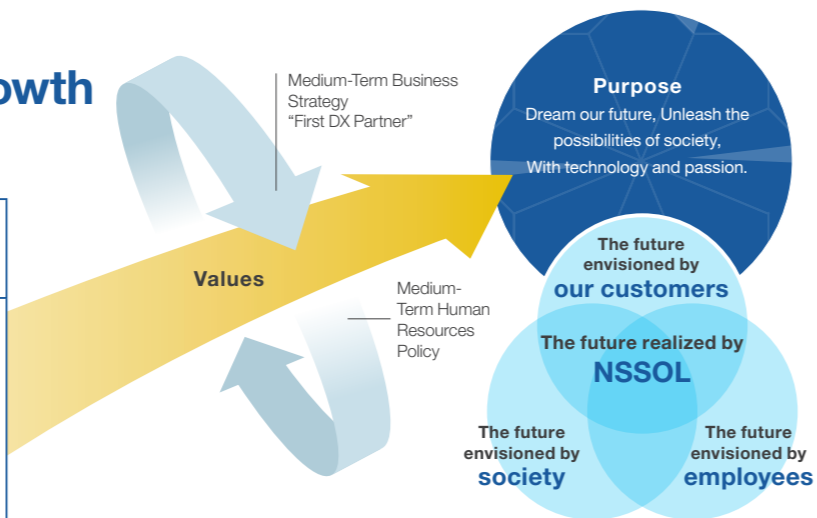
Social and Environmental Initiatives Supporting Sustainability Management

For us to continue providing value and realize our PURPOSE—Dream our future, Unleash the possibilities of society, With technology and passion—we must first ensure the survival of our planet and harness the power of people in society to bring change. For this reason, NSSOL considers “creating opportunities for diverse human resources to play active roles” and “reducing environmental impact” to be particularly important material issues.

Society

NSSOL's Source of Growth Human capital

Material Issues	<p>3 Create Opportunities For Diverse Individuals To Play Active Roles <small>p.29</small></p>
Initiatives	<ul style="list-style-type: none"> Promoting diversity, enabling all employees to work with energy and enthusiasm Recruiting, training and producing high level IT professionals Fostering a culture of respect for human rights, valuing others and mutual acceptance



Human Resources Policy

To remain sustainable in this era of rapid change, with people as our most important asset, it is important for us to attract diverse human resources who will continue to grow autonomously and energetically.

To become a highly engaging company that appeals to employees, we strive to create a comfortable and rewarding workplace, build a HR development environment that supports the autonomous growth of employees, and

develop personnel systems that respond to the contributions of employees in a timely and appropriate manner, through autonomous career development.

We also aim to foster a corporate culture in which each employee is autonomous yet strongly cooperative, and have made “autonomy, decentralization, and cooperation” the cornerstones of our various personnel policies.

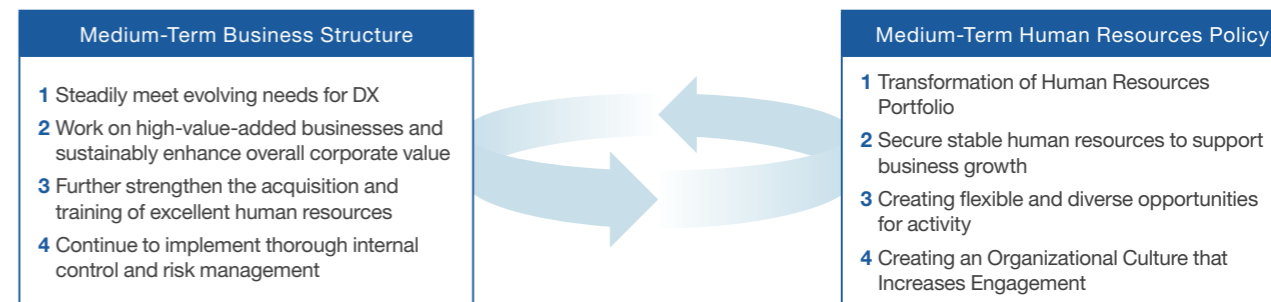
NSSOL Human Resources Values

Having diverse human resources work together to achieve our Purpose and Vision requires our employees to share common values. From FY2021 through FY2022, we established the four values together with all of our employees. Below is a summary of the strengths that already exist within NSSOL and the values we hold dear, and

the values we want to foster for the future. Going forward, we will incorporate these values into our human resources policies in various ways, to enable us to attract human resources who share these values and constantly embody them in our daily work.

p.02

Medium-Term Human Resources Policy

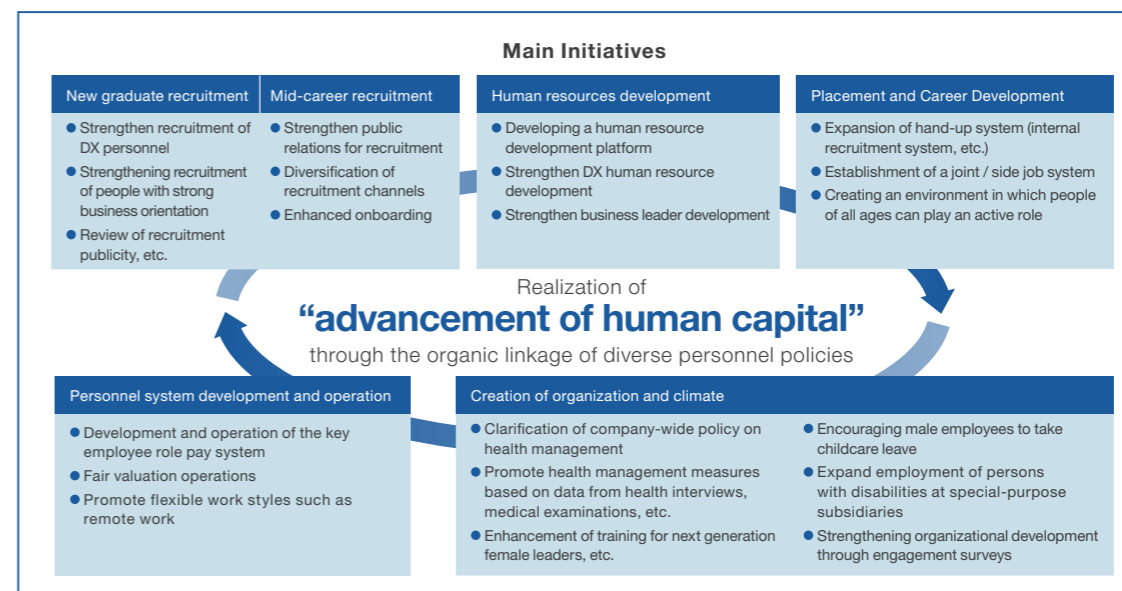
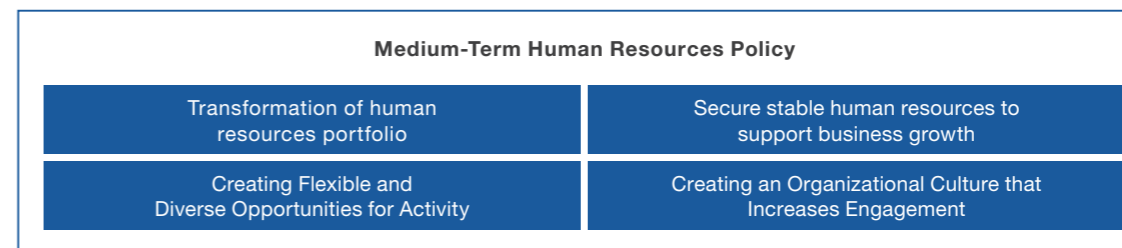


We have set forth “First DX Partner” as our vision in our mid-term business policy, and we aim to expand our business by maximizing the acquisition of needs associated with DX promotion through company-wide efforts. To realize this goal, it will be necessary to transform the current human resource portfolio and rapidly increase the number of personnel possessing the technical skills needed to promote DX. In addition to securing stable human resources to support business growth, we need to continue to strengthen human resource development in core areas, such as passing on skills across generations of project management personnel and expanding the number of architectural personnel responsible for the optimal overall design of systems.

In the “100-year life period,” it is also important to

respond to changes in values, especially among younger generations. In response to the growing trend toward flexible work styles and diverse career development, we are reviewing our existing human resource policies and transforming them into human resource policies that create opportunities for diverse activities.

To respond to the rapid changes currently taking place in the environment, it is expected that each employee will drive the company's growth by being autonomous and actively working for change. At the same time, it is important to create a climate in which each employee can align their vectors and cooperate to promote change. In order to consciously create this system of autonomy, decentralization, and cooperation within the company, we will redouble our focus on creating an organizational climate that enhances engagement.





Society

HR Strategies to Support the Recruitment, Growth, and Active Participation of Diverse Human Resources

In addition to focusing our efforts into hiring and training diverse human resources, including creative and highly skilled IT professionals, we are also advancing initiatives to realize work styles in which these human resources can work energetically, autonomously, and in a distributed and cooperative manner, and appreciate their own growth and contribution to the business.

Recruitment

In our recruitment of new graduates, we are taking steps to increase awareness of our company through long-term internships that allow students to experience agile development and R&D work on-site, together with sponsorship of data analysis competitions and competitive programming contests, with the aim of attracting DX human resources. In addition to the previous recruitment of highly specialized engineers, we offer business internships and hire for initial assignments in business administration in order to recruit people with a strong business orientation. Through these activities, we have been steadily recruiting the core human resources of the future from more than 20,000 entrants every year*. (Approximately 200 graduates are expected to be hired in FY2024.)

To accelerate business growth, we are aggressively recruiting for careers, and aim to hire around 200 people in FY2023 through active recruitment publicity that showcases a superior career image, and by diversifying recruitment channels to include referrals and alumni. Meanwhile, to ensure that people with diverse backgrounds can play an active role after joining the company, we provide support for networking within the company and career development through interviews.

* Example 1: Ranked 27th overall and 3rd in the IT industry in the "Job Hunting Popularity Ranking" selected by 25,000 students (Toyo Keizai ONLINE Job Hunting Popularity Ranking (expected graduation in spring 2024)).
 Example 2: Ranked second in "Companies with a high percentage of students wishing to become SEs" in the Nikkei Computer x Rakuten Minshu "Ranking of the most popular companies for new graduate employment in the IT industry for 2024 graduates. Seventh place for "I think I can acquire specialized skills such as IT."

Human resources development

To support the growth of highly creative human resources who can respond flexibly to change, we will achieve a transformation of our human resource portfolio by (1) developing a human resource development platform, (2) strengthening DX human resource development, and (3) strengthening business leader development, in addition to the existing technical and rank-based education based on the concept of "self-selection type" training measures.

Our human resource development platform consists of Career Link, a database for registering skills and achievements to check personal growth, promote self-selective career development, and understand company-wide competitiveness, NS-Learning as a place for

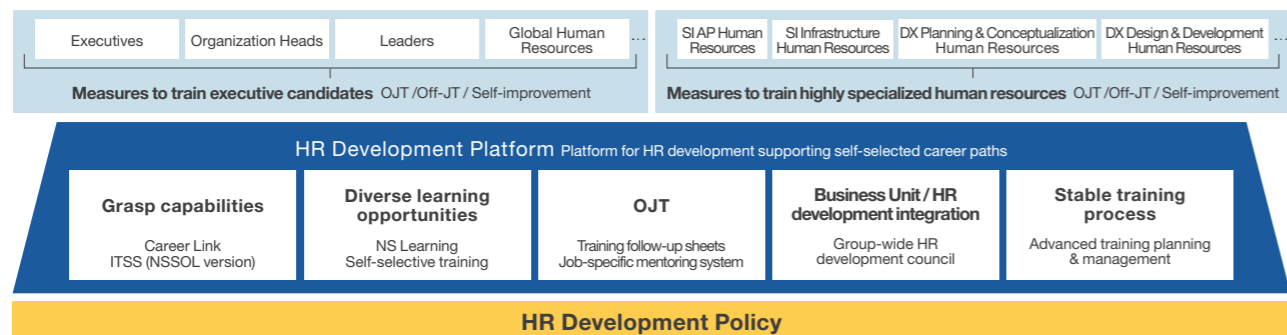
autonomous learning, the establishment of a training enhancement subcommittee to promote on-the-job training, and various training programs.

To facilitate DX human resource development, we have established new training programs for the latest IT development, such as cloud native and agile, and are introducing measures to encourage external DX-related certifications.

To bolster the development of business leaders, we provide opportunities to learn how to co-create business reforms with customers through the embodiment of our values, and how to be creative in responding to social changes and challenges.

These efforts resulted in 208,300 hours of education and training in FY2022 (an average of 62.2 hours per person).

Overview of HR Development Measures



NSSOL Academy

We have established NSSOL Academy—a system to develop core human resources with high-level expertise, wide-ranging experience, and strong leadership to support and grow together with our customers.

For each job category, we define HR types for each specialized field and the kinds of core human resources that employees should aim to become, and those who meet these criteria are certified as Leading Professional (LPs). We also work to nurture the next generation through autonomous learning opportunities such as community activities and events centered on LPs.

FY2022 Activity Results

Promoted a total of 39 working group (WG) activities, including technical information dissemination, next-generation LP training, new business discussions, information exchange with other companies, and lecture meetings.
 A range of activities such as social gatherings and lectures were held, with a total of 26 events attracting approximately 1,200 participants.

Placement and career development, operation of personnel system

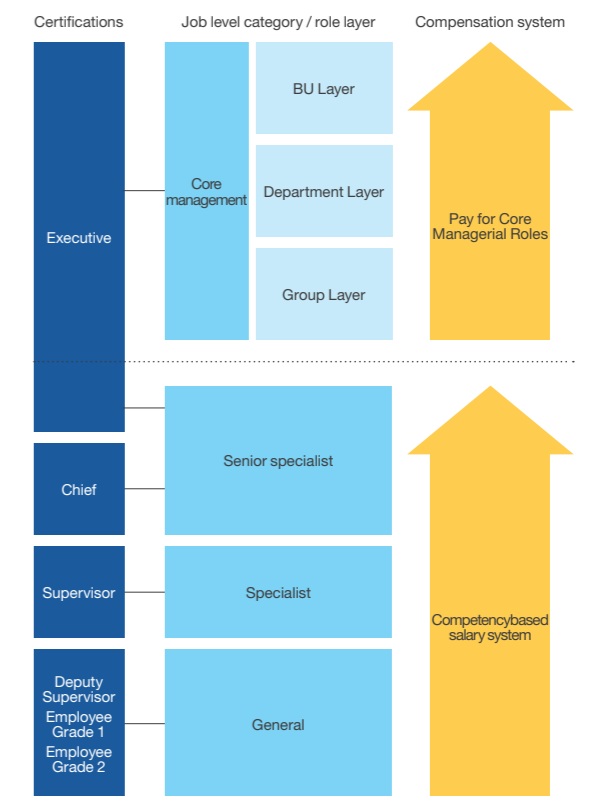
We have developed and operate a personnel system that increases the motivation and enhances the abilities of each employee through meaningful business and operations, autonomous career development, and fair evaluation and treatment. It also enables flexible work styles tailored to each individual's life and career stage.

Pay for Core Managerial Roles

We introduced a role-based pay system for core managerial positions* since FY2022. This is a system to design and establish the leadership positions that are required for business development in a changing business environment, and to promote and support a wide range of personnel who are appropriate to mission of each position.

This system allows us to make a high value-added contribution to our customers and to offer competitive conditions in the labor market to achieve a diverse workforce with a wide range of expertise.

*Core managerial position: section manager level or higher.



Evaluation Framework

Under our evaluation framework, we evaluate "performance (results) in roles" for managerial positions and "competency and performance (results)" for senior-level specialists and below, and reflect them in employee compensation. To motivate and enhance the abilities of each employee through fair evaluations, we clearly state the results and actions to be evaluated for each qualification, and based on the idea of achieving sustainable growth over the medium to long term, we make it mandatory to set goals based on the medium to long term axis and evaluate processes as well as results.

Internal Open Recruitment System and Career Support System

To enable individual employees to consider their careers autonomously and achieve their desired careers through skill development, we have established an autonomous hand-up system such as the "Open Challenge System" (over 100 open positions in FY2022), an annual internal open recruitment system, and the "Career Design Support System" that offers career development menus and other suggestions to each registered employee.

Mandatory retirement at age 65

The mandatory retirement age has been set at 65. From the perspective of emphasizing and promoting the autonomy and diversity of our employees, we aim to facilitate flexible work styles according to each employee's individual life stage, and are working to create environments and provide support for every employee to continue to grow and play an active role, regardless of their age.

Joint / Side Jobs

In view of the need to expand career options in anticipation of longer working periods, and in response to the diversification of employees' career development needs, we have established a joint / side job system and are developing an environment that allows employees to work autonomously.



Society

Respecting the Individuality and Values of Each Employee and Creating an Organizational Climate Where They Can Make Fully Effective Use of their Abilities

As the environment surrounding our business intensifies, diverse human resources will be needed, to engage in discussions from a wide range of perspectives and generate new ideas—to achieve sustainable growth in the medium- to long-term. At NSSOL, we recognize each employee’s individuality and values and work to create an environment where they can develop their diverse abilities and experience.

Promotion of Health Management

It is our belief that health is the foundation of everything we do in our work. We engage in measures that lead to the improvement of the health and quality of life for every employee, based on our basic policy of comprehensive health management balancing mind and body. While work styles and lifestyles have changed drastically, we are working to improve the health of our employees and re-energize the workplace by improving lifestyle habits and revitalizing communication in cooperation with the Health Insurance Society, under a dedicated organizational unit—the Health Management Group—which is part of the Human Resources Department.

In “Interviews with all employees after health checkups,” the health status of individual employees is comprehensively assessed, including work and lifestyle aspects, and human relations, while the health status of the organization is also monitored. Based on the results of the lifestyle survey and interviews in FY2022, we are planning health events and other

activities such as physical fitness tests to reduce inactivity. In response to the diversification of work styles, we also provide advice on how to adjust the frequency of attendance according to the organization and employee’s situation, and how to reduce physical and mental stress.

In addition to the overtime criteria, the supervisor monitors the member’s work and health status and conducts an “overtime interview” in which health management interviews are conducted if there are health issues. This system enables both early identification and response to the situation by supervisors and measures by the company.

Main initiatives

- Interviews with all employees after health checkups
- Interviews with employees who work long hours (overtime interviews)
- Voluntary training to promote health
- Health consultations

D&I

Promoting diversity and inclusion is a key measure for NSSOL, which aims to provide active roles for diverse human resources. We have established a dedicated organizational unit (Work Style Reform / D&I Group) under the Human Resources Department, and are developing systems and environments to eliminate constraints and anxieties that tend to arise with regard to women, childcare, mid-career hire, non-Japanese employees, seniors, employees with disabilities, and members of the LGBTQ community, and foster a culture where colleagues can understand and cooperate with each other. In this way, we are creating an environment where all employees can perform to the best of their ability.

	Fostering a D&I workplace culture		For managers	For individuals
Women			For managers Diversity management training For all line managers and some group leaders	Career development support
Time constraints due to childcare, caring and personal illness, etc.	Open Seminars	Kick-off meeting lectures for each business division		Support for work-life balance, briefing sessions, consultation desks, etc.
Seniors		Promoting inter-generational understanding		Career training for middle seniors Improving personnel systems
LGBTQ	e-learning	Other awareness-raising activities	LGBTQ training (for executives)	Improvement of personnel systems and environment
People with Disabilities	Support for active participation in each workplace		Expansion of work areas / roles and improvement of the working environment	
Non-Japanese employees	Global internships	Global exchange meetings, acceptance of trainees from overseas		Improvements to the workplace environment

Promotion of Female Participation and Career Advancement

We are addressing the promotion of female participation and career advancement as an important theme. In the Action Plan for Female Participation and Career Advancement, formulated in April 2021, we set the following targets.

Target 1	Increase the number of female key-position employees (department manager and section manager level) to more than double the current number by FY2025.
Target 2	Maintain and continue the rate of employment of female new graduates at 30% or more

In order to achieve these targets, we are implementing practical initiatives such as “Next Generation Female Leader Training,” “Individual Development Plan Formulation and Follow-up” for female management candidates, and Group Mentoring by Existing Managers. Since the start of the “Next Generation Female Leader Training” in FY2019, approximately 100 employees have participated in the training and we have steadily produced key female personnel. In addition, to deepen employee understanding of diversity and promote women’s activities, efforts are being made to instill (and implement) policies and declarations, etc.

Main initiatives

- Next-generation female leaders training and group mentoring by existing managers
- Regular mentoring by external mentors
- Training to promote awareness and behavioral reforms to promote active participation and career advancement for female employees
- Training to promote understanding of women’s health issues
- Training on unconscious bias
- Providing information through the D&I portal site

Balancing work and childcare

With regard to balancing work with childcare, we are providing support not only for continuing to work, but also implementing various measures to create a workplace environment where employees with childcare responsibilities can still continue to work enthusiastically and energetically, without losing their sense of satisfaction. In particular, the rate of male employees taking childcare leave* is 91.3% and the number of days taken* to 64 days (FY2022). The training program for employees returning from maternity leave and their supervisors, which originally encompassed only female

Initiatives Toward Flexible Work Styles such as Remote Work

We have long been proactive in changing the way we work to create an environment in which a diverse human resources can thrive.

With regard to remote work, although we had already allowed some employees to work from home, as of April 2021 we expanded our telecommuting system to include all employees, and abolished the limit on the number of days. In May 2022, we made it possible for employees to work remotely, without requiring them to come to the office as a general rule. To further increase the sophistication of remote work and link this to business growth, it is necessary for each individual to have autonomy and high-level management skills. For this reason, we have developed and introduced a practical guide for the optimal splitting of time between the office and working at home, and are also incorporating the key points of remote work management into our internal training programs.

employees, has been further expanded to include male employees since FY2022 (35 groups in FY2022, including 22 male employees returning to work after childcare leave).

Leave available for our own childcare reasons

Paternity Leave	Can be taken when a male employee’s spouse is giving birth
Welfare Leave	Allows for expired annual leave to be taken for childcare purposes

Main initiatives

- Training for employees returning to work after childcare leave (with the participation of the returning employee and their line manager as a pair)
- Creation of internal handbooks on childcare and briefing sessions to explain them
- Childcare activity support
- Baby Sitter User Support

*Includes the number of days of paternity leave and welfare leave taken (NSSOL’s own unique forms of leave that can be used for childcare reasons)

Employment of People with Disabilities

In April 2021, we established a special subsidiary (Act.) with the main aim of creating long-term employment and active work opportunities for people with various disabilities. The company is engaged in the office services business, which supports the efficiency of office operations of group companies; the office operation and management business, which provides a comfortable work environment for group company employees; the employee welfare business, which provides massage services; and the regional services business, which works with local communities to revitalize them. In each of our business areas, we are building support systems tailored to the characteristics of employees with disabilities, striving to create an environment that enables long-term employment for employees, and expanding into new job areas.

As for the regional service business, the company established an office in Tokushima Prefecture in October 2021. Through collaboration between agriculture, welfare and companies, we are engaging in “agriculture-welfare collaboration” initiatives to solve problems faced in each field and help to create a society that coexists with local communities.

We regard remote work as an important business management mechanism, because it leads to the realization of employee well-being and at the same time helps to create a strong company that can maintain business continuity, even in situations where it is difficult for employees to come to the office.

In addition to remote work, we are also instituting a range of measures to increase the flexibility of working hours and the way in which employees take days off, to create a more comfortable workplace.

Other systems to increase flexibility in work styles (partial selection)

- Flextime System
- Discretionary work system
- Exemption from overtime
- Refresh vacation 9*
- Incremental annual paid leave

*Refresh vacation 9 is a period of continuous leave (of nine days or more, including annual paid leave of five days or more, weekends and holidays) declared by the employee him or herself.



Society

Engagement Survey and External Evaluation

Engagement surveys

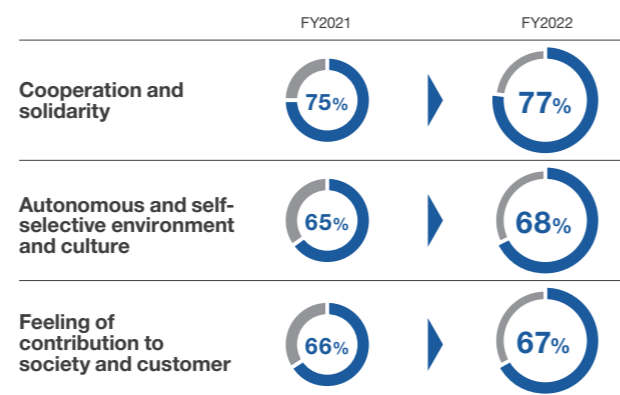
We conduct an engagement survey annually to understand and identify the status of engagement in a timely manner and institute whatever measures are needed for improvement at the company and at each workplace.

In this survey, we measure NSSOL “engagement drivers,” which are values and strengths that we value, and which are thought to affect engagement, and KPIs that are used to check the level of engagement. Items related to “career realization,” the responses for which were strengthened through the expansion of the hand-up system and other measures based on the results of the FY2021 survey, scored significantly higher in the FY2022 survey, contributing to an increase in the engagement score. Scores also improved further for “workplace solidarity,” “autonomy,” and “sense of contribution to work,” which are our strengths.

Like last year, survey results are immediately aggregated and shared within the company, leading to the consideration of company-wide engagement improvement measures and the implementation of improvement activities (engagement improvement dialogue meetings) at each workplace.

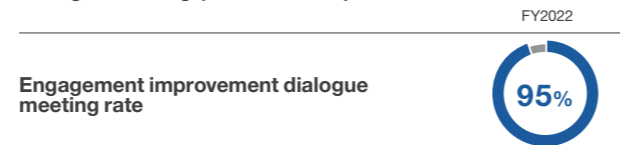
By continuing this process, we hope to create a highly engaged organization together.

State of NSSOL Engagement Drivers (Our Strengths)



Percentage of positive responses among respondents
 Respondents: All NSSOL employees Response rate: 95%
 For “Autonomous and self-selective environment and culture,” the internal question format has been partially changed since FY2022.

State of Improvement Activities (Engagement Improvement Dialogue Meetings) at Each Workplace



Implementation rate for all divisions of NSSOL

“Promotion of Health Management” “D&I” External Evaluation

<p>Certified Health & Productivity Management Outstanding Organization Four consecutive terms from 2020</p> <p>2023 健康経営優良法人 Health and productivity</p> <p>A company with excellent health management practices</p>	<p>Eruboshi Certification 2019—</p> <p>A company that is implementing excellent initiatives for the promotion of women's activities</p>	<p>Platinum Kurumin Certification 2020—</p> <p>A company offering excellent childcare support</p>	<p>PRIDE Index 2022</p> <p>work with Pride Gold 2022</p> <p>Evaluation Indicators for LGBTQ+ Initiatives</p>
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Respect for Human Rights

In recent years, there has been growing social demand to prevent and mitigate the adverse human rights impacts of corporate activities. Positioning respect for human rights as an important issue, we have established the NSSOL Group Global Code of Business Conduct (2015) and the My Jinken (My Human Rights) Declaration (2021) to communicate our approach to human rights both inside and outside the company. Furthermore, we have also established a D&I and Human Rights Committee under the Sustainability Committee in 2022 to accelerate our efforts.



1 Human Rights Policy Based on the UN Guiding Principles on Business and Human Rights, we established and disclosed our Human Rights Policy, a statement of our commitment to respect human rights, in October 2022.

2 Human Rights Due Diligence We have been conducting human rights due diligence in accordance with our human rights policy in stages since 2022. In the first stage of due diligence, risk assessment, we conduct a desk study to get a bird's eye view of the entire supply chain and prioritize risks to be addressed before proceeding with our efforts. We also focus on education, training, and other awareness-raising activities to raise employees' awareness of human rights and reduce human rights risks. to raise employees' awareness of human rights and reduce human rights risks.

3 Grievance Mechanism (Helpline) We established Helpline, which accepts reports from whistleblowers and requests for consultation concerning human rights abuses such as harassment from anyone who performs work for our Group and their family members. Their privacy is protected, such as by ensuring anonymity, unless the individual in question agrees otherwise. p.52

NSSOL Group Helpline <https://www.nssol.nipponsteel.com/en/sustainability/governance/compliance.html>

Human Rights Policy

The NSSOL Group regards “the realization of a society where diverse talents can play vital and active roles” as one of our “Materiality”, respects the human rights of anyone linked to our business activities, and promotes efforts to respect human rights group-wide, to fulfill our social responsibility.

Based on this policy, we deepen the understanding of human rights in each and every officer and employee of the entire NSSOL Group to ensure their greater awareness of human rights. We also ask all our related business partners for their understanding and cooperation with this policy, to proceed together with efforts to respect human rights throughout the supply chain.

- We respect internationally recognized human rights as stipulated in the “International Bill of Human Rights” and the “ILO Declaration on Fundamental Principles and Rights at Work.” We also support, and work to implement, the UN “Guiding Principles on Business and Human Rights.”
- We comply with the laws and regulations applicable to the countries/regions where we develop our business activities. Further, if there is any conflict between the internationally recognized human rights and the laws of any country/region, we make efforts to respect the internationally recognized human rights standards as much as possible.
- We develop and implement a system for human rights due diligence in accordance with the UN “Guiding Principles on Business and Human Rights”. In the light of its results, we continuously improve our efforts to respect human rights.
- If it is found that any of the NSSOL Group's business activities has caused, or has contributed to, adverse human rights impacts, we work to remedy the situation. Further, we ensure that the reporting system is actively used, victims are provided remediation, and the disadvantageous treatment of whistleblowers and victims is prohibited.
- In order to disseminate this policy within the NSSOL Group and implement it through our business activities, we promote education and awareness-raising activities regarding this policy to ensure increased awareness of human rights among each and every employee.
- For our efforts to respect human rights, we make use of human rights expertise from independent external organizations, proceed with timely and appropriate disclosure, and promote proactive communication with internal and external stakeholders.

Environment

Material Issues

4 Reducing Environmental Impact p.29

Initiative

- Utilizing IT to contribute to the reduction of environmental impact through customers
- Making active use of renewable energy in the data center business
- Rigorously improving the efficiency of electric power and other resources we use, to reduce environmental impact
- Reducing GHG emissions to zero by 2050

Environmental Policy

NSSOL Group positions the reduction of environmental impact as one of the most important issues in managing the company, and thus, to fulfill our corporate social responsibility, works toward reducing the environmental impact which may arise when we engage in our business activities as

well as reducing the environmental impact of throughout society through our business, and thereby contributes to the preservation of the global environment and the realization of sustainable society by, among other means, taking appropriate measures for climate change issues.

*The full text of the Environmental Policy is available on our website. (URL: <https://www.nssol.nipponsteel.com/en/sustainability/environmental.html#environmental-policy>)

Promotion Structure

NSSOL Group has established the Environmental Management Committee, chaired by Director Responsible for Corporate Administration Bureau under the Sustainability Committee, to promote initiatives related to reducing environmental impact, including addressing climate change issues and environmental management system activities.

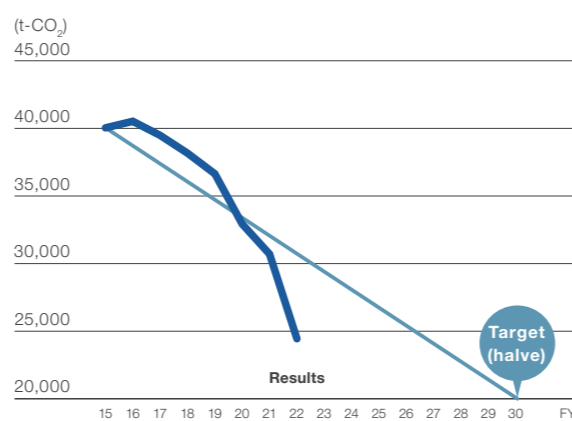


Initiatives towards Climate Change

Targets and results

NSSOL Group announced its support for the TCFD recommendations In April 2022, and at the same time have set greenhouse gas (GHG) emission (Scope 1+2) reduction targets.

Scope 1+2 Reduction Targets and Performance Trends



*GHG emissions are calculated based on Japanese law. The difference in Scope 2 from FY2021 to FY2022 includes both the impact of changes in reporting rules due to Japanese law and real reductions due to increased renewable energy procurement and other factors.

GHG emissions (Scope 1+2) reduction targets

- FY2030: **50% reduction compared to FY2015**
- FY2050: **Carbon neutrality**

Breakdown of Scope 1 and 2 emissions results

	Unit: t-CO ₂	FY2022	Percentage composition
Scope1		145	0.6%
Scope2		24,266	99.4%
Scope1+2		24,411	100.0%
Of which data centers		13,923	57.0%
Of which offices, etc.		10,488	43.0%

Sources of Scope 3 emissions

FY2022 Results (t-CO ₂)	Category												
	1	2	3	5	6	7	8	11	12	13			
	Purchased goods and services	Capital goods	Fuel-and-energy-related activities (not included in Scope1 or 2)	Waste generated in operations	Business travel	Employee commuting	Upstream leased assets	Use of sold products	End of life treatment of sold products	Downstream leased assets			
296,724	198,359	11,813	4,666	12	896	1,637	3,182	70,264	33	5,864			
100%	67%	4%	2%	0%	0%	1%	1%	24%	0%	2%			

*Category 4 emissions are included in Category 1 in the calculation. There are no emissions for categories 9, 10, 14, and 15.

Emission Reduction Initiatives

Since Scope 2 (indirect emissions from electricity use) accounts for the majority of the NSSOL Group's emissions, we are working to reduce emissions through more efficient electricity use and the use of green electricity derived from renewable energy sources.

	Improved efficiency of electricity use	Utilization of renewable energy
Data Center (DC)	Optimization of air conditioning efficiency, consolidation of aging DCs	Utilization began in part in FY2022
Office	LED lighting / motion sensors installed, IT equipment power-saving settings thoroughly	Fully utilized in the head office area (Toranomon, Shinkawa)

Risks and opportunities based on climate change scenarios

NSSOL Group analyzed both below 2°C scenario and 4°C scenario with a medium- to long-term time horizon to 2050. Under below 2°C scenario, there is a risk of increased electricity costs due to strengthened legal requirements, including the introduction of carbon pricing, while DX needs such as saving and optimizing energy can be seized as a

business opportunity. 4°C scenario, there is concern that intensified climate change may affect business activities, such as a shutdown of DC operations and office functions, but early implementation of countermeasures will ensure business continuity and sales opportunities.

Below 2°C Scenario

Event	Risk and Opportunity	Impact
Strengthening of legislation toward a low decarbonized society (introduction of carbon pricing/energy saving legislation)	Increase in electricity cost (price increase) due to introduction of carbon pricing	6
	Increase in renewable energy procurement cost due to stricter regulations on fossil energy	6
	Increase in cost for updating and operating DC facilities, etc. due to stricter regulations including energy saving regulations	2
	Increase in demand of GHG emission measuring and management systems	9
Increasing social demand for CO ₂ reduction	Increase in demand of effective IT systems and DX due to stricter regulations	9
	Customer attrition due to delay in taking actions for decarbonization (energy saving measures, etc.) of DC	6
Increasing social demand for CO ₂ reduction	Reputation risk by failing to disclose information at a level demanded by investors	6
	Increase in demand of IT systems for a low-carbon society	9
	Increase in demand for decarbonization of DC facilities	4

4°C Scenario

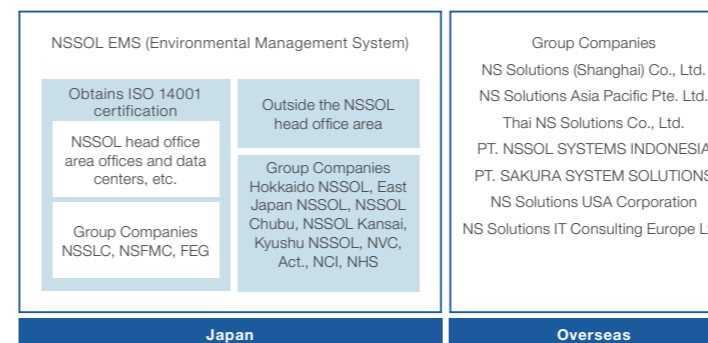
Event	Risk and Opportunity	Impact
Abnormal weather due to rapid climate change (rising temperatures due to global warming and increased flood damage from typhoons, etc.)	Air conditioning load in DC and office will increase by rising of average temperature	6
	Risk of suspension of DC due to power outage caused by abnormal weather	6
	Risk of reduction of operating days due to natural disaster	4
	Risk of disaster such as flood at a business hub	4
Abnormal weather due to rapid climate change (rising temperatures due to global warming and increased flood damage from typhoons, etc.)	Increase in insurance premiums due to abnormal weather	2
	Customer churn due to disaster risk of DC areas	2
	Improvement of business continuity at the time of disaster by providing advanced and flexible ways of working	9
Abnormal weather due to rapid climate change (rising temperatures due to global warming and increased flood damage from typhoons, etc.)	Ensuring higher business continuity capability and sales opportunities by taking sufficient measures for the DC	2

[Impact] Calculated by "Probability of impact" x "Severity"
 Possibility of impact 3: Highly probable 2: Probable 1: Less probable 0: Not probable
 Severity of impact 3: Extremely severe (significant impact on the revenue of the entire company); 2: Severe (impact on the entire business = impact on two operations); 1: Minor (impact on main business = one operation); 0: Almost no impact

Environmental Management System

NSSOL has acquired ISO14001 certification—an international standard for environmental management systems—for offices and data centers in its head office area. We have also created the NSSOL EMS, our own environmental management

system combining ISO-compliant initiatives with responses to the TCFD recommendations. As of FY2022, we have expanded the scope of coverage to regional bases and group companies in Japan.



Examples of Specific Initiatives of NSSOL EMS

Reducing power consumption	Reduce working hours by implementing work style reforms, turning off lights in unused areas, optimizing temperature settings for air conditioning / cooling / heating, thorough power-saving settings for PCs and monitors, utilizing power-saving equipment
Reducing paper consumption	Promoting paperless operations by installing displays in conference rooms and utilizing communication tools
Waste	Persons in charge assigned to each floor to ensure thorough separation and management of garbage generated on a daily basis
Education	Conducting e-learning (once a year for employees, and for partners upon appointment), distributing information on NSSOL EMS initiatives via the internal intranet
Other	Priority given to purchasing green products for internal use (office supplies and consumables)

Initiatives to reduce the environmental impact through our business

The increase in power consumption of data centers caused by the growth of data volume due to the development of DX and AI has a significant impact on the environmental burden. NSSOL's data center has achieved high energy efficiency with a PUE value of 1.4 or less, through the provision of housing services and cloud services such as "absonne," we contribute to improve efficiency of electricity use of our customers and society.

In addition, the "CONTRACTHUB" electronic contract service contributes to the realization of a paperless environment and the associated reduction of waste by providing electronic contracts in the SaaS/ASP format, which are becoming increasingly popular given the development of legal environments such as the Electronic Signature Act and technological advances such as electronic signatures.

NSSOL LIFE | Working at NSSOL



Financial System Solutions Bureau
Financial Business Engineering Division
Data Engineering Department

Kei Kudo

Move! toward Future

Amid changes in the nature of individuals and organizations and their key values, we are doing what we and our organization can do today, one step at a time, toward an uncertain future. We seek to be a “rewarding organization” in which each and every member feels fulfilled and produces results on their own.

I am currently working on “Creating a Great Place to Work” in my group. At NSSOL, our Human Resources Department is leading the way in this area of “creating a rewarding organization.” This includes improving engagement and understanding of diversity, an area we have been working for some time now, and one in which best practices do not yet exist. Everyone in the department is very accessible and willing to respond to sudden consultations via chat, creating an environment in which it is very easy to consult with them. I believe this is a good example of a company with a “culture of cooperation with members inside and outside the organization,” which I value in my work. I feel that by working together across organizational boundaries in NSSOL, a company with a diverse membership, we can leverage each other’s strengths and support each other’s weaknesses to produce results that we could not achieve on our own.

I would like to continue to cherish and deepen our company’s “culture of cooperation with members inside and outside the organization” as we work together to create an organization that is a great place to work.

Move! with Everyone

Act.* has a diverse group of people. I consider that one of my missions is to inform people about Act. and its unique members. By knowing, understanding and cooperating with each other, we hope to build a bridge to create new value.

After joining the company, I was working as an infrastructure SE in the ITIS Business Division (now the ITS&E Business Division), but since last fiscal year I have been on secondment to Act., a special subsidiary of NSSOL. Act. is a company that employs people with disabilities, and I am in charge of business management, internal system management, public relations and planning, and recruitment. By taking the time to reflect through my interactions with Act. employees, I am able to experience the “human growth” that I value so much.

In addition, it was the company’s career support that led to my secondment to Act. When I was wondering at the time whether I could continue in my current job, my supervisors speedily connected me to the human resources department. There, I was introduced to various positions within the company, and they also understood my nature and thoughts, and as a result, I was able to meet Act.

I like the personalities of our employees and the open atmosphere. They are sincere and honest in everything they do, and I feel comfortable working with them. We hope to create new value with such people.

*Act. [p.36](#)



Human Resources Bureau
HR Planning & Management
Department (Seconded to Act.)

Mai Takahashi



IT Services & Engineering Bureau
Sales & Marketing Division-I
Enterprise Services Department-III

Satsuki Tamura

Move! to Change & Move! with Everyone

For example, even what is customary in our interactions with customers sometimes feels strange. At such times, simply complaining will not produce anything. We are willing to consult and cooperate with related parties and engage in constructive discussions with our customers towards a better direction.

One of the things I value in my work is personal growth. In the course of our work, I hope to improve my own insights and skills, and broaden my personal horizons through my interactions with others. I would also like to contribute to the growth of the subordinates I work with. We use internal and external training for this purpose, and our supervisors encourage us to do this. Currently, the company’s provide an environment where business knowledge can be learned at any time, allowing employees to learn and gain insight into higher perspectives away from their daily work in their spare time. Recommended content is also presented to subordinates.

NSSOL has honest and cooperative employees. We take our customers seriously and do not try to make it seem as if we can do something that we cannot do. In addition, we build cooperative relationships with all stakeholders, and everyone will persevere to reach the goal. I feel that this attitude has allowed us to gain the trust of our customers and make changes for the better.

Move! toward Future

I believe that providing maximum value to our customers by focusing on the essence of their issues will lead to the contribution to customers and society that I value in my work.

At NSSOL, there is scope for us to apply our individual discretion, and the company supports this. It is a comfortable place to work, with a relatively free environment that allows us to make the most of our skills. The telecommuting system also gives employees the autonomy to choose whether work at home or in the office. We also have other educational support programs to help us acquire the necessary skills, so I rarely feel inadequate in advancing my projects.

There are two things I value in working for such a company. First, our work must be of real value to our customers and ultimately contribute to society. Second, when I’m at work, keep in mind the company’s mission and values, and think objectively about the whole picture.

Achieving the higher goal of having our work create real value for our customers requires inter-organizational knowledge sharing and unstinting effort. Our company-wide communication tools make it easy to reach people in any position or on any matter. Working groups can also be formed consisting of members from different specialties and departments to bring together different perspectives and expertise. I intend to use these mechanisms to make a tangible “contribution to customers and society.”



Retail & Service Business System
Solutions Bureau
Digital Transformation Business
Innovation Center

Yuki Mori



Representative
Director and President
**Kazuhiko
Tamaoki**

Outside Director
**Yaichi
Aoshima**

Corporate

Special Talk

Telling a Growth Story Our

What is the role of the outside director?

Aoshima The thing that I constantly think about as an outside director is, obviously, how to increase the company's value over the long term. Both management and investors can sometimes get into a habit of short-sighted thinking. I think it's important for outside directors to step in and provide a medium- to long-term perspective that can help create the company's value to society.

I'm a researcher, so unlike businesspeople I tend to see things through an abstract lens. Even when I think about a concrete subject, I'm always looking for the

principles that underlie it. For instance, one strength of Japan's manufacturing industry in the past was the ability to tailor products to meet the individual customer's needs. However, the validity of that strength has declined in recent years with the advancement of technology. Instead, the opposite ability of being able to develop general-purpose or universal solutions has become more important in terms of global competitiveness. Corporate management needs to take into account megatrends like that when making their decisions. So, even when we're just talking about specific projects, I see my role as providing management with advice that takes into consideration the underlying principles that

Governance

Stakeholders Can Relate to

can be applied across different industries. In this way I can build a mutually complementary relationship with the internal directors, who have a granular understanding of specific topics.

Tamaoki Given that both NSSOL and our parent company Nippon Steel are listed companies, I see the role of outside directors as taking the perspective of minority shareholders and monitoring whether or not management is making well-balanced decisions and running the company soundly. And, I also count on outside directors to contribute universal, generalized opinions that get to the heart of matters, because that helps management to

avoid falling into the trap of shortsighted thinking that you mentioned. You always ask questions that get to the core of the topic at hand, and that helps the Board of Directors to engage in high-quality discussion.

The ideal form of corporate governance, and challenges

Tamaoki Recently many people have been talking about stakeholder capitalism, a concept that highlights the fact that companies are connected to all sorts of stakeholders. My understanding of corporate governance is that it should be a



mechanism for ensuring that the company grows sustainably while balancing the interests of all the different stakeholders. So, rather than just focusing on constructing a system that has all the formal trappings of corporate governance, I think it's important for there to be meaty discussion of issues at board meetings and elsewhere, and for the executive side to use the outcomes of those discussions as a compass for soundly operating the company.

Aoshima As you noted, a key role of management is to realize long-term growth for the company while balancing the interests of various stakeholders who engage with the company's activities for different reasons. To do that, management needs to constantly think about how to develop and run a proper system of governance that can function effectively in the context of the company's own situation. Sometimes, however, what the management considers to be proper governance may not fully align with the market's formal requirements. When that happens, it's vital for the leadership to legitimize those divergences by thoroughly explaining the reasons for them and convincing the market that they have a valid purpose.

Tamaoki As I said, a key part of governance is having the Board of Directors engage in substantive discussions, and I think that you and the other outside directors are able to provide insightful opinions because you have an in-depth understanding of the company. Since we have

developed a solid foundation of trust between both sides, top management is able to take in whatever the outside directors tell us, even if it's critical. So, I feel that we have a relationship that supports open, meaningful discussion.

Aoshima When I was appointed eight years ago, I got the impression that the inside directors were a little defensive in how they responded to questions from their outside counterparts. Now, however, I think that both sides are able to engage in lively interactive discussion as peers—there's even some back-and-forth between the inside directors. I think the reason why we're all able to speak our minds to another is because we share the same understanding of what direction is right for the company.

Succession planning

Tamaoki Outside directors are involved in succession planning from the stage of executive officer candidate selection, but the company's process for this begins earlier. In the years ahead I think it will be imperative for our leaders to have international experience under their belt, so it will become even more important to provide candidates with opportunities to go overseas and gain that experience. No matter what approach you take, talent development needs to be carried out with a long-range perspective. That's why we formulate a succession plan every year and continuously refine it through a PDCA cycle as we implement it.

Aoshima My impression of NSSOL's succession planning is that a detailed far-range map is created for each stage of executive development. I think that your appointment as President is of course a reflection of your talents and skills and your commitment to the company's future, but it's also grounded in the long-range succession planning that will support the company's growth going forward. To me, that's a selection process that makes sense, and I believe you were the right choice.

Implications of parent-subsidary listing

Tamaoki One of the advantages of having a parent company is that you can operate your company on firmer ground. It's a plus for us to be able to run our company stably as we focus on driving our businesses in line with our growth plan. And, since we transact with our parent company Nippon Steel, we also enjoy the advantage of being able to accumulate experience as we provide our value to them. We can then apply that experience to other businesses in a cycle that promotes further business growth and benefits our minority shareholders and other stakeholders.

Aoshima I think that the biggest advantage for NSSOL in being a listed company is that it can directly gain the public's trust. That trust is a must-have of doing business in Japan. And, my impression is that being listed puts you in a better position to build strong partner relationships and attract exceptional talent. For a company like NSSOL, the quality of its talent is its greatest resource, so being listed is a major advantage.

So, what about parent-subsidary relationships when both companies are listed? There definitely is a risk for that situation to become detrimental to the interests of minority shareholders. However, we can see this as an issue that depends on how the parent company operates. To date, I have seen no indications that Nippon Steel is operating in a way that undermines the interests of minority shareholders. Even on a short-term basis, I think that it is unlikely that Nippon Steel, a company that has supported the foundation of Japan's economy for many years, would do something that exploits those interests. I also think that is unlikely that Nippon Steel would excessively interfere in NSSOL's business, given that both companies operate in completely different fields. That said, however, we can't rule out the possibility of harm occurring to the interests of minority shareholders. So, the Board of Directors rigorously scrutinizes NSSOL's relationship with its parent to prevent conflicts of interest and safeguard minority shareholder interests. Everything considered, I believe that, the way things stand now, the benefits of NSSOL's status as a listed company outweigh the disadvantages.

Corporate value

Aoshima I think it's vital for companies to pursue economic value. And, it's also important that they produce social value as they do that. In the CSR era, economic value and social value sometimes conflicted with each other. It was an era in which the business world believed that social value couldn't be provided without sacrificing some economic value. In recent years, however, we've embarked on a new era where producing social value is a way to attract capital, as seen in the rise of ESG investment. Action to solve social issues is now seen as a path to economic returns. So, now there's greater momentum for the pursuit of both economic and social value. At the same time, however, this means that corporate management is becoming more complicated since consideration has to be given to the interests of a much broader spectrum of stakeholders.

Tamaoki I agree that a company's ability to provide value to society is a measure of its corporate value. Looking at our company's Purpose, the "our" in "Dream our future" means more than just NSSOL. It also encompasses many different stakeholders—society, our fellow team members, and our customers. The reason why our company exists is to help bring new possibilities to society through the power of our passion, technology, experience, and insights. That's the value we need to provide.

Expectations for the road ahead

Aoshima I think of you as a very level-headed person. Going back to the topic of balancing the interests of various stakeholders, I believe that even when thorny conflicts of interest arise, the company's leadership needs to be able to continue making the right decisions by calmly



balancing those interests as best as it can. I believe you have that ability.

Another important role of this company's leadership, I think, is communicating NSSOL's growth story to the market and the public. I very much hope that you will lead the company forward by passionately telling a compelling growth story that engages stakeholders in the company's business.

Tamaoki I also believe that having a story is an important part of running a business. The company as a whole has a story, and I think that each member also needs to have a story for the work they do. Take sales, for example. Salespeople will struggle in their jobs if they don't have a story to tell. Compared with just simply pushing products and services, salespeople who can also effectively convey a compelling story are better able to build positive relationships with customers. The same can be said for our vision and medium-term business strategy—I want us to work hard to keep telling a story that helps us to maintain our positive relationships with investors and other stakeholders. To that end, I'm counting on you to continue sharing your candid and reliable opinions.

Corporate Governance

Officers



Kazuhiko Tamaoki
Representative Director & President

April 2016 NSSOL: Executive Officer, Director of Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau

June 2018 NSSOL: Executive Director and Executive Officer, Director of Human Resources Bureau

April 2019 NSSOL: Executive Director and Senior Executive Officer in charge of Steelmaking System Solutions Bureau, Sales Planning & Management Bureau, Human Resources Bureau (Director)

April 2021 NSSOL: Executive Director and Managing Executive Officer in charge of Sales Planning & Management Bureau, Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, Internal Control & Audit Department

June 2022 NSSOL: Executive Director and Managing Executive Officer in charge of Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, Internal Control & Audit Department

April 2023 NSSOL: Representative Director and President (current post)

Board Meeting Attendance 14/14



Masunao Kuroki
Executive Director

April 2018 NSSOL: Executive Officer, Director of Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau

April 2020 NSSOL: Executive Officer, Director of Financial System Solutions Bureau

April 2021 NSSOL: Senior Executive Officer, Director of Financial System Solutions Bureau

June 2022 NSSOL: Executive Director and Senior Executive Officer (current post)

Board Meeting Attendance 14/14

In charge of > Digital Solution & Consulting Bureau, Retail & Service Business System Solutions Bureau, Financial System Solutions Bureau, Sales Planning & Promotion Department



Akimi Tojo
Executive Director

April 2020 NSSOL: Executive Officer, Director of Industrial Business & Retail & Service Business System Solutions Bureau


April 2022 NSSOL: Executive Officer, Head of Corporate Planning & Strategic Alliance Department

April 2023 NSSOL: Senior Executive Officer, In charge of Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, Internal Control & Audit Department

June 2023 NSSOL: Executive Director and Senior Executive Officer (current post)

Board Meeting Attendance 14/14

In charge of > Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, Internal Control & Audit Department



Yaichi Aoshima
Executive Director
Outside

April 2012 Professor, Hitotsubashi University Institute of Innovation Research

June 2015 NSSOL: Executive Director (current post)


April 2018 Head Director, Hitotsubashi University Institute of Innovation Research

Board Meeting Attendance 14/14

In charge of > Outside, Independent

Status of important concurrent holding of positions Head Director, Hitotsubashi University Institute of Innovation Research / Outside Director, Techpoint, Inc.

Reasons for nomination and outline of expected roles Mr. Aoshima has been engaged in research on management strategy theory for many years. In addition to his insights as an expert in research in the field of management strategy, he has been invited to serve as an outside director to make valuable recommendations to the Board of Directors and fulfill an appropriate supervisory function, based on his track record as an outside director of NSSOL.



Rie Horii
Executive Director
Outside

January 2018 Sofina Beauty Counseling Co.(Currently Kao Corporation) President & CEO

June 2021 Director, Minato City Gender Equality Center

June 2022 Executive Officer, EQ Partners, Inc.

June 2023 NSSOL: Executive Director (current post)

Board Meeting Attendance 14/14

In charge of > Outside, Independent

Status of important concurrent holding of positions Executive Officer, EQ Partners, Inc.

Reasons for nomination and outline of expected roles Ms. Horii has deep insight into corporate management and marketing, besides she has held key positions in the promotion of diversity, she has been invited to serve as an outside director to make valuable recommendations to the Board of Directors and fulfill an appropriate supervisory function, based on her track record as an outside director of NSSOL.



Atsuki Matsumura
Executive Director

April 2019 Nippon Steel Corporation: Managing Executive Officer

April 2020 NSSOL: Managing Executive Officer in charge of Steelmaking System Solutions Bureau, IoX Solution Business Promotion Department

June 2020 NSSOL: Director and Managing Executive Officer in charge of Steelmaking System Solutions Bureau, IoX Solution Business Promotion Department

April 2021 NSSOL: Director and Senior Vice President in charge of Steelmaking System Solutions Bureau, IoX Solution Business Promotion Department

April 2022 NSSOL: Executive Director and Managing Executive Officer (current post)

Board Meeting Attendance 14/14

In charge of > Manufacturing Industry Digital Transformation Center, Industrial Business System Solutions Bureau, Steelmaking System Solutions Bureau, Technology Bureau



Tatsuya Endo
Executive Director

April 2019 NSSOL: Executive Officer, Director Vice Director, IT Infrastructure Solutions Bureau

April 2020 NSSOL: Executive Officer, Director of Public Sector System Solutions Bureau

April 2022 NSSOL: Executive Officer, Director, IT Infrastructure Solutions Bureau

April 2023 NSSOL: Senior Executive Officer, Telecom Solutions Division, IT Service & Engineering Bureau

June 2023 NSSOL: Executive Director and Senior Executive Officer (current post)

Board Meeting Attendance 14/14

In charge of > Telecom Solutions Division, IT Service & Engineering Bureau



Hiroyuki Morita
Executive Director

June 2013 NSSOL: Senior Executive Officer, Director of Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau

June 2015 NSSOL: Executive Director and Senior Executive Officer, Director of Industrial Business & Retail & Service Business System Solutions Bureau

April 2016 NSSOL: Executive Director and Managing Executive Officer, Director of Industrial Business & Retail & Service Business System Solutions Bureau / Director, Sales Planning and Management Bureau

April 2019 NSSOL: Representative Director and President


April 2023 NSSOL: Senior Executive Advisor (current post)

Board Meeting Attendance 14/14

In charge of > Outside, Independent

Status of important concurrent holding of positions Advisor, Deloitte Tohmatsu LLC / Outside Director, Nomi Disaster Prevention Co., Ltd. / Outside Director, Terra Motors Corporation / Representative Director, troiSH Co., Ltd.

Reasons for nomination and outline of expected roles Mr. Ishii has extensive global experience and a high level of insight into corporate management. He has been invited to serve as an outside director to make valuable recommendations to the Board of Directors and fulfill appropriate supervisory functions.



Ichiro Ishii
Executive Director
Outside

April 2017 Tokio Marine Holdings, Inc.: Executive Director and Vice President

October 2018 Tokio Marine Holdings, Inc.: Full-time advisor

June 2020 NSSOL: Executive Director (current post)

Board Meeting Attendance 14/14

In charge of > Outside, Independent

Status of important concurrent holding of positions Advisor, Deloitte Tohmatsu LLC / Outside Director, Nomi Disaster Prevention Co., Ltd. / Outside Director, Terra Motors Corporation / Representative Director, troiSH Co., Ltd.

Reasons for nomination and outline of expected roles Mr. Ishii has extensive global experience and a high level of insight into corporate management. He has been invited to serve as an outside director to make valuable recommendations to the Board of Directors and fulfill appropriate supervisory functions.



Hiroto Naito
Executive Director

April 2021 Nippon Steel: Executive Officer, Appointed Head of Corporate Planning Division (current position)

June 2023 NSSOL: Executive Director (current post)

Board Meeting Attendance 14/14

In charge of > Outside, Independent

Status of important concurrent holding of positions Nippon Steel Corporation: Executive Officer

Reasons for nomination and outline of expected roles Mr. Naito has deep insight into corporate management and marketing, besides she has held key positions in the promotion of diversity, she has been invited to serve as an outside director to make valuable recommendations to the Board of Directors and fulfill an appropriate supervisory function, based on her track record as an outside director of NSSOL.

Audit & Supervisory Committee members



Masayuki Takahara
Executive Director serving as Audit & Supervisory Committee member

July 2012 NSSOL: Director of General Administration Department


January 2018 NSSOL: Director of Office Development Promotion Group, General Administration Department

July 2020 NSSOL: Head Secretary, Audit & Supervisory Board

June 2021 NSSOL: Executive Director (Full-Time Audit & Supervisory Committee Member) (current post)

Board Meeting Attendance 14/14

Audit & Supervisory Committee Attendance 18/18



Kazuhiro Fujita
Executive Director serving as Audit & Supervisory Committee member
Outside

May 1997 Established Fujita Certified Public Accountant Office (present)

October 2013 Supervisory Director of Kenedix Private Investment Corporation (current post)

May 2014 Partner of Tokyo Kyodo Accounting Office (current post)

June 2021 DAIHO CORPORATION External Director (current post)

June 2023 NSSOL: Executive Director (Audit & Supervisory Committee Member) (current post)


Board Meeting Attendance 14/14

Audit & Supervisory Committee Attendance 18/18

In charge of > Outside, Independent

Status of important concurrent holding of positions Representative of Fujita Certified Public Accountants
Partner of Tokyo Kyodo Accounting Office
External Director of DAIHO CORPORATION
Supervisory Director of Kenedix Private Investment Corporation

Reasons for nomination and overview of expected roles Mr. Fujita has extensive global experience and strong insight into corporate management built over many years. He has been invited to serve as an Outside Director (Audit & Supervisory Committee Member) in order to utilize his knowledge and experience as a long-time CPA in auditing NSSOL.



Shuichiro Hoshi
Executive Director serving as Audit & Supervisory Committee member
Outside

April 2017 Dean, Faculty of Urban Liberal Studies and Head of Legal Studies (now Dean, Faculty of Law), Tokyo Metropolitan University (English name remains unchanged)

June 2019 NSSOL: Auditor (not full time)

June 2021 NSSOL: Executive Director (Audit & Supervisory Committee Member) (current post)

Board Meeting Attendance 14/14

Audit & Supervisory Committee Attendance 18/18

In charge of > Outside, Independent

Status of important concurrent holding of positions Professor, Faculty of Law, Tokyo Metropolitan University

Reasons for nomination and overview of expected roles Mr. Hoshi has been engaged in research on various aspects of information protection such as cyber security for many years. He has been invited to serve as an Outside Director (Audit & Supervisory Committee Member) in order to utilize his knowledge as an expert in these aspects of the law in auditing NSSOL.

Board of Directors Membership (skills Matrix)

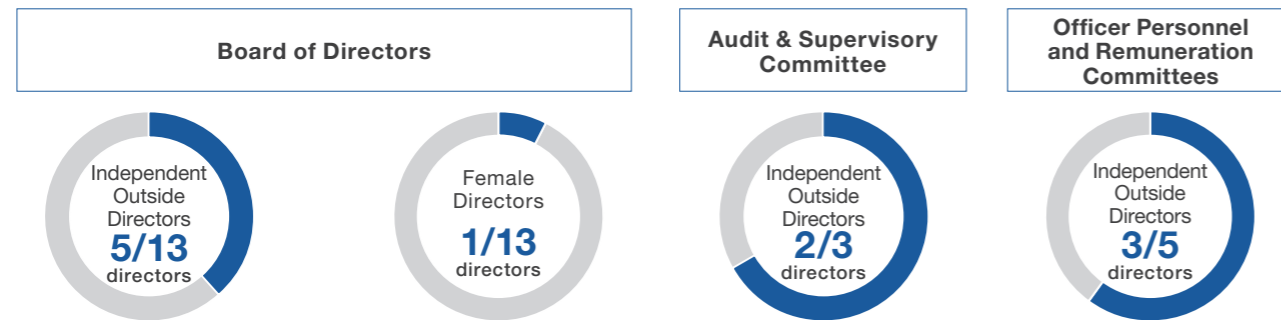
	Business management	Sales and marketing	Technologies and R&D	Global	Accounting and finance	Legal affairs and risk management	Personnel affairs, labor and human resources development	ESG/SDGs	Business domain of professional expertise		
									Application	IT infrastructure	Customer industry / business type
Executive directors in charge of business execution	Kazuhiko Tamaoki	●	●		●	●	●		●	●	Retail & Services, Steelmaking
	Atsuki Matsumura	●		●	●				●		Industrial, Steelmaking
	Masunao Kuroki	●	●						●		Retail & Services, Financial
	Tatsuya Endo	●		●						●	Public Sector
	Akimi Tojo	●	●		●	●			●	●	Industrial, Retail & Services
Executive directors	Hiroyuki Morita*	●	●		●				●		
	Yaichi Aoshima			●	●				●		
	Ichiro Ishii	●			●					●	
	Rie Horii	●	●						●	●	
	Hiroto Naito	●	●								
Executive Directors serving as Audit & Supervisory Committee members	Masayuki Takahara		●			●					
	Shuichiro Hoshi					●					
	Kazuhiro Fujita	●			●	●					

*Senior Executive Advisor are positioned in the same way as Executive directors.

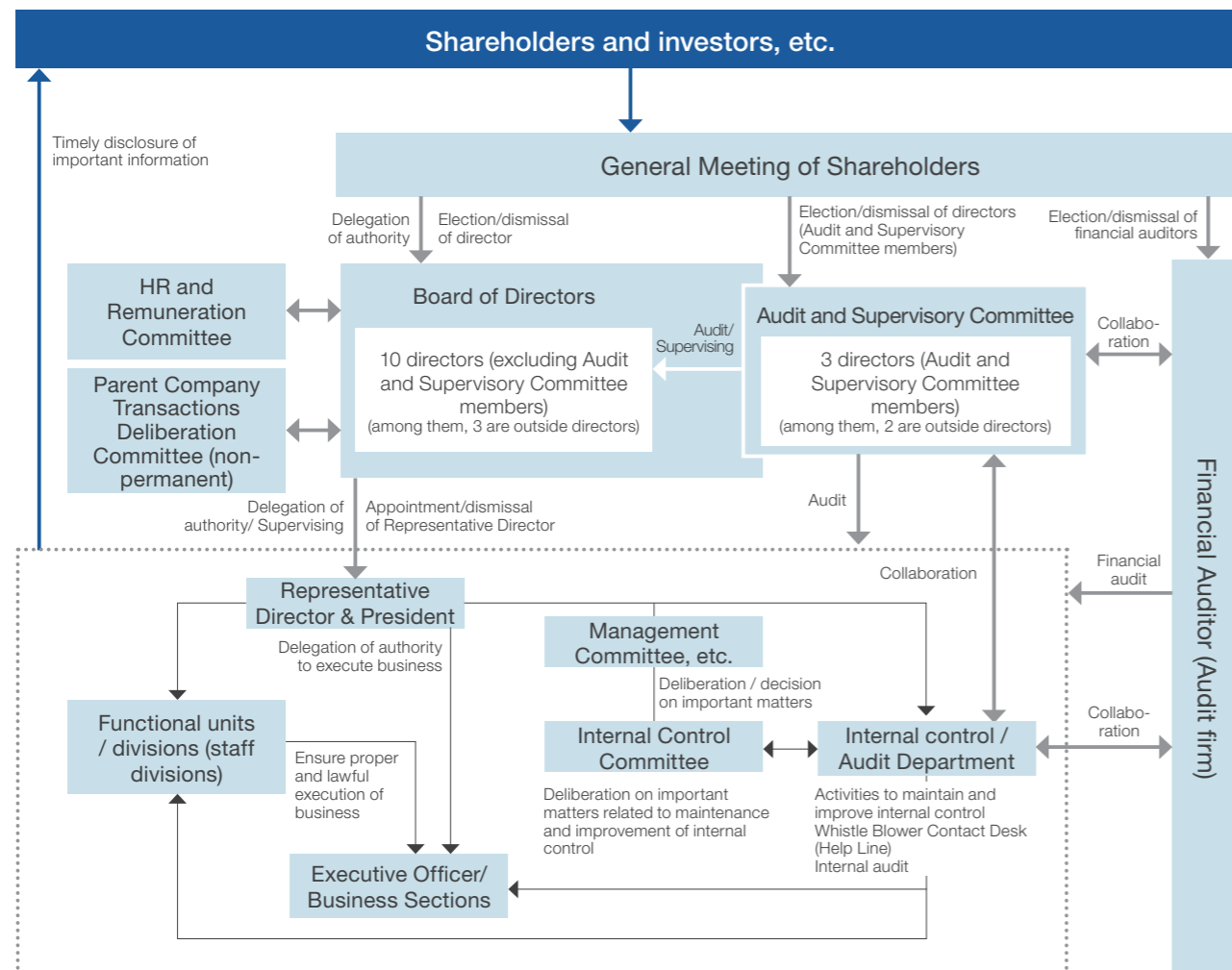
Corporate Governance Structure

Under its corporate philosophy, NSSOL has established a corporate governance system suitable for the Group's business, to respond to the mandates and trust given by all of its stakeholders, including shareholders and business partners, and to achieve sound and sustainable growth for the Group and increase corporate value in the medium- to long-term.

Organizational design	Company with an Audit and Supervisory Committee
Number of directors	13
Term of appointment for directors	One year (two years for Audit & supervisory Board Members)
Voluntary committees	Officer Personnel and Remuneration Committees
Remuneration system	(1) Fixed remuneration (2) Performance-linked remuneration (short term & medium-long term)



Overview of Corporate Governance System



Board of Directors and Management Committee

To prioritize the deliberation of key issues and further enhance discussions on the formulation of management policies by the Board of Directors, etc., NSSOL has stipulated in its Articles of Incorporation that all or part of decision-making for the execution of important business (excluding matters stipulated under the items of Article 399-13, Paragraph 5 of the Companies Act) may be delegated to its executive directors.

All of NSSOL's directors appropriately fulfill their roles and responsibilities to make flexible decisions in response to changes in the business environment, and ensure objectivity and transparency in multifaceted consideration and decision-making at the Board of Directors.

To protect minority shareholders, transactions with the parent company are determined rationally by reference to market prices, etc. Moreover, we believe that a certain degree of independence from the company is ensured by having the number of independent outside directors and outside corporate auditors necessary to meet the ratio of at least one-third of the number of independent outside directors and outside corporate auditors on the board of directors.

The "Parent Company Transaction Deliberation Committee," consisting of all independent outside directors, will be established each time an important transaction or action with the parent company occurs, and the Board of Directors will make a decision after deliberating on and considering the results of the deliberation by the committee.

With regard to execution of business, executive authority is delegated to executive officers in charge of

business operations and their subordinates (based on the prescribed rules on decision-making authority) as part of our efforts to speed up decision-making. Important matters are deliberated and decided upon by the Management Committee, which includes the president and other members of senior management.

Audit & Supervisory Committee

NSSOL's Audit & Supervisory Committee consists of one internal director who is a full-time Audit & Supervisory Committee member and two outside directors, including one with considerable knowledge of finance and accounting. We have also established the Audit & Supervisory Committee Office (with two members), as a dedicated organizational to support the execution of duties by the Audit & Supervisory Committee. Audits are conducted by the Audit & Supervisory Committee from the perspectives of legality and appropriateness of the execution of duties by directors, in accordance with our annual audit policy and audit plan. Daily audit activities are carried out systematically, in close cooperation with the Internal Control & Audit Department. Audit & Supervisory Committee Members strive to maintain a constant grasp on the internal situation by attending Board of Directors and Management Committee meetings, viewing materials of internal meetings and receiving reports from persons in charge of each department, and seek to improve the quality of audits by conducting written reviews and on-site surveys using check sheets based on the priority audit items in the audit plan.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors deliberates and supervises with emphasis on laws and regulations, Corporate Governance Code requirements, basic management policies and progress, particularly important matters, and the status of risk management.

The Board of Directors regularly analyzes and evaluates its effectiveness based on assessments and opinions on its operation from attendees at Board meetings. The results of these analyses and evaluations are then reflected in future improvements to the Board's operation.

Evaluation items	FY2021	FY2022
Number of items for discussion and reports made to the Board of Directors	101	76
Average deliberation time (per agenda item)	20 minutes	20 minutes
Average attendance rate	98.6%	99.5%
Improvement measures and issues to be addressed	Initiatives to promote sustainability management and measures that help to bolster the supervisory function of the Board of Directors	

Under instruction from the Board itself, and with advice from a third-party organization, the Board's administrative office conducted a quantitative analysis of the number of agenda items submitted for discussion and reports made to the Board, average deliberation time and attendance rates for each Board member, and a qualitative analysis based on questionnaires and interviews with individual directors. The Board then evaluated its effectiveness and discussed issues to be addressed based on the analysis results and a report from the third-party organization.

The Board judged that its effectiveness was ensured, as each agenda item submitted and reported to the Board of Directors was discussed through appropriate proceedings in accordance with the Companies Act and internal regulations, and its functions in line with the requirements of corporate governance and that it is working on initiatives that contribute to improving the effectiveness of the measures identified in the previous fiscal year were also shown. In addition, the third-party organization also noted that the Company's Board of Directors is effective in that it continuously adopts innovations in the operation of the Board of Directors.

Director Remuneration System

1 Policy on determining remuneration

A. Directors (excluding those who are Audit & Supervisory Committee Members)

Remuneration for directors (excluding outside directors) consists of fixed remuneration and performance-linked remuneration for each position, which are predetermined according to the roles and responsibilities of each director. Performance-linked remuneration consists of short-term performance-linked remuneration and medium- to long-term performance-linked remuneration. Short-term performance-linked remuneration is linked to consolidated profit for the current fiscal year and the growth rate of profit for the previous fiscal year. Medium- to long-term performance-linked remuneration consists of restricted stock remuneration and medium- to long-term performance-linked monetary remuneration dependent on evaluation of material issue initiatives for the realization of sustainability management. The actual amount of remuneration is calculated with consideration for evaluations of each director by the president (within the range of 5% of the amount of remuneration for each position).

The ratio of fixed remuneration, performance-linked remuneration (monetary: short-, medium- and long-term), and performance-linked remuneration (restricted shares) is approximately 5:4:1 when performance-linked remuneration is the largest.

Chart of director remuneration



Remuneration for outside directors consists of fixed remuneration only.

- Maximum remuneration for directors: up to 350 million yen per year (of which outside directors may receive up to 35 million yen per year)
- Total amount of remuneration paid for the granting of restricted shares to directors (excluding outside directors): up to 25 million yen per year. Total number of common shares of the company to be issued or disposed of: 17,000 shares per year

B. Directors who are Audit & Supervisory Committee Members

To emphasize independence and objectivity in management, remuneration for directors who are Audit & Supervisory Committee members is fixed.

- Maximum remuneration for directors who are Audit & Supervisory Committee Members: up to 54 million yen per year

2 Process for determining remuneration

From the perspective of improving transparency and objectivity, remuneration for directors is determined by a resolution of the Board of Directors, after deliberation at the HR and Remuneration committee, attended by the president (Kazuhiko Tamaoki), one internal director (Akimi Tojo) and three independent outside directors (Yaichi Aoshima, Ichiro Ishii, and Rie Horii).

The policy for determining remuneration and specific amounts of remuneration for directors who are Audit & Supervisory Committee Members are determined through consultation with the directors who are Audit & Supervisory Committee Members.

- Internal Feedback Measures
Information obtained through dialogues is conveyed as feedback to the Board of Directors, etc., as necessary and reflected in various measures.

<Status of dialogue with shareholders in FY2022>

The Company's dialogue with shareholders in FY2022 is as follows.

Main Correspondents	Representative director (president), Director in charge of the Corporate Administration Bureau and the Accounting & Finance Department, Executive officers, Head of Public Relations and Investor Relations Office, etc.
Shareholder Summary	Investors in Japan and overseas
Content of Dialogue	Financial results, business strategy (progress of medium-term business Strategy, corporate governance matters, capital policy, etc.)
Status of Feedback Implementation	Provide feedback to the Board of Directors on a quarterly basis

Dialogue with Shareholders

NSSOL discloses information to shareholders and investors in a timely and appropriate manner in accordance with its Basic IR Policy (which stipulates standards and methods for information disclosure, including compliance with fair disclosure rules), via press releases, quarterly financial results briefings and its website, as well as timely disclosure to the Tokyo Stock Exchange.

- IR System
The Public Relations & Investor Relations Group—established within the Sustainability Department of the Corporate Administration Bureau, under the supervision of the director in charge of the Corporate Administration Bureau and the Accounting & Finance Department—handles investor relations in cooperation with other relevant departments.
- Approach to Dialogues
In addition to dialogues with shareholders (handled mainly by the Public Relations & Investor Relations Group), quarterly financial results briefings are held by the representative director (president) or director in charge of the Corporate Administration Bureau and the Accounting & Finance Department, and directors and executive officers provide interviews with investors and analysts both in Japan and overseas, to a reasonable extent.

Internal control system

Based on our corporate philosophy, we aim to continuously improve our corporate value and become a company that is trusted by society. To comply with relevant laws and ensure the reliability of financial reporting and the effectiveness and efficiency of business processes, we have also established—and appropriately operate—the following internal control system (to ensure the appropriateness of business operations, etc.), and are working to continuously improve it from the perspective of further enhancing corporate governance.

Establishment of an Internal Control & Audit Department

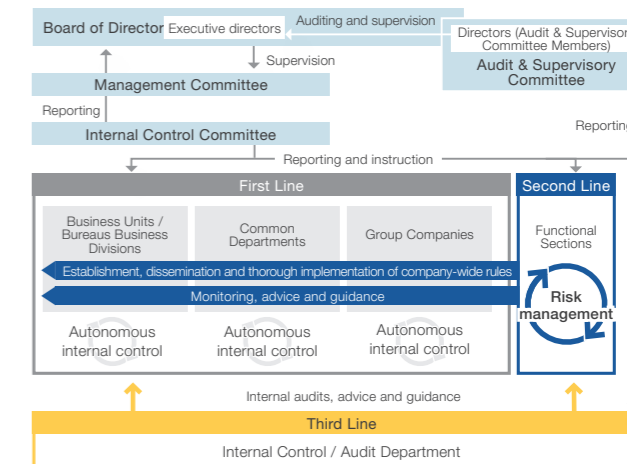
We have established the Internal Control & Audit Department to respond to compliance incidents, operate the whistleblowing helpline, formulate basic policies and annual plans for internal control, and plan and implement measures to maintain and improve the level of the internal control system.

The department also reports regularly to the Board of Directors regarding the state of formulation and implementation of annual internal control plans and matters related to risk management, including ESG risks such as sexual harassment and power harassment and other human rights violations.

Risk management systems

NSSOL has established and maintains an internal control system based on autonomous internal control. The heads of each department establish autonomous internal control systems for each department, observe and ensure thorough compliance with laws and regulations, and strive to prevent violations of laws and regulations in the course of business operations. We are also developing and enhancing the education system for our employees, such as by holding regular seminars and preparing and distributing manuals to ensure compliance with laws and regulations. If department heads become aware of any act or fact that may violate laws and

regulations, they promptly report it to the General Manager of the Internal Control & Audit Department. The General Manager of the Internal Control & Audit Department confirms the state of the development and operation of the internal control system for the entire Group, ascertains and evaluates the state of compliance with laws and regulations in each department, and takes necessary measures to prevent violations of laws and regulations. Details of these issues are reported to the Internal Control Committee, and important matters are reported to the Management Committee and the Board of Directors. We have also established—and operate—an internal reporting system to accept reports and consultations regarding risks in the execution of business. In the event of an incident or situation that has significant impact on business management, a crisis response headquarters is established, with the president as its director, to respond as necessary to minimize damage and impact on the company. Employees are obligated to comply with laws and regulations and perform their duties appropriately. Employees who violate laws and regulations are subject to strict punishment in accordance with the provisions of the Rules of Employment, etc.



Helpline

NSSOL established a Compliance Desk in 2003. In April 2006, we established a helpline with a new external point of contact, in response to the enforcement of the Whistleblower Protection Act. Since April 2008, the helpline has been operating as a point of contact for consultations and reporting (whistleblowing) on issues including harassment and other human rights

violations. Currently, the helpline accepts reports and consultations from officers and employees (persons engaged in the Group's business operations) and their families. Their privacy is protected, such as by ensuring anonymity, unless the individual in question agrees otherwise.

Global Code of Business Conduct (NSSOL Group Code of Conduct)

In April 2015, the NSSOL Group established the Global Code of Business Conduct (GBC). In addition to our corporate philosophy / mission, each one of our employees must always keep the GBC in mind, as a "globally universal code of conduct."

- We conduct our business in a manner that respects the rights and dignity of all people, in compliance with applicable laws and regulations, and with the highest ethical standards. We develop and deliver high-quality services that contribute to society, thereby increasing customer satisfaction and enhancing their trust in us.
- We promote fair and free competition and ensure that our transactions are appropriate. We maintain healthy and fair relationships with political and administrative bodies and business partners.
- We protect and respect intellectual property and create new value through innovative technologies and solutions.
- We communicate extensively with the public, disclose corporate information in a proactive and fair manner, and vigilantly safeguard and manage various types of information.
- We maintain a safe, healthy and comfortable work environment and respect the individuality and diversity of our Members.
- We actively engage in conservation of the global environment and contribute to local communities and society as a good corporate citizen.
- We have no relationships with so-called antisocial forces (i.e., groups or individuals pursuing economic gains by means of violence, threat or fraudulent means) and stand resolute against undue demands.
- We comply with the laws and regulations of the relevant countries and regions and respect global norms and standards, as well as local cultures and customs, in conducting our businesses.
- We abide by this Code and shall establish a system to ensure its full implementation. In the event of a violation of this Code, we will act promptly to identify the cause thereof and to take measures to prevent a recurrence and fulfill accountability requirements.



With integrated strengths backed by cutting-edge technologies and deep business knowledge, NSSOL provides truly valuable information systems to our customers through consulting, system integration, and IT services for their systems.

In FY2023, we revised our business division organization so as to accurately track changes in customers and markets and to further accelerate our efforts based on our medium-term business strategy.

“Establishment of Digital Solution & Consulting Bureau”

A bureau integrating the Digital Transformation & Innovation Center and the Digital Technology & Solution Division, both of which are in charge of consulting, will be established to capture the DX needs of a wide range of customers and to strengthen the DX response capabilities of the entire company. The bureau will expand the scale of the business by providing more agile and timely services to the market on a company-wide level, from upstream consulting to the planning, implementation, and sales expansion of horizontal solutions.



“Establishment of IT Service & Engineering Bureau”

By integrating and reorganizing the former IT Infrastructure Solutions Bureau and the former Public Sector System Solutions Division, we aim to accelerate business growth in the overall IT infrastructure domain, including the government sector, by increasing the flexibility and optimization of business operations and expanding our customer base and solution coverage. In addition, we will expand our business into areas such as data management, communication and collaboration, security, and IT governance, aiming to provide comprehensive IT services and IT engineering.



Business Solutions

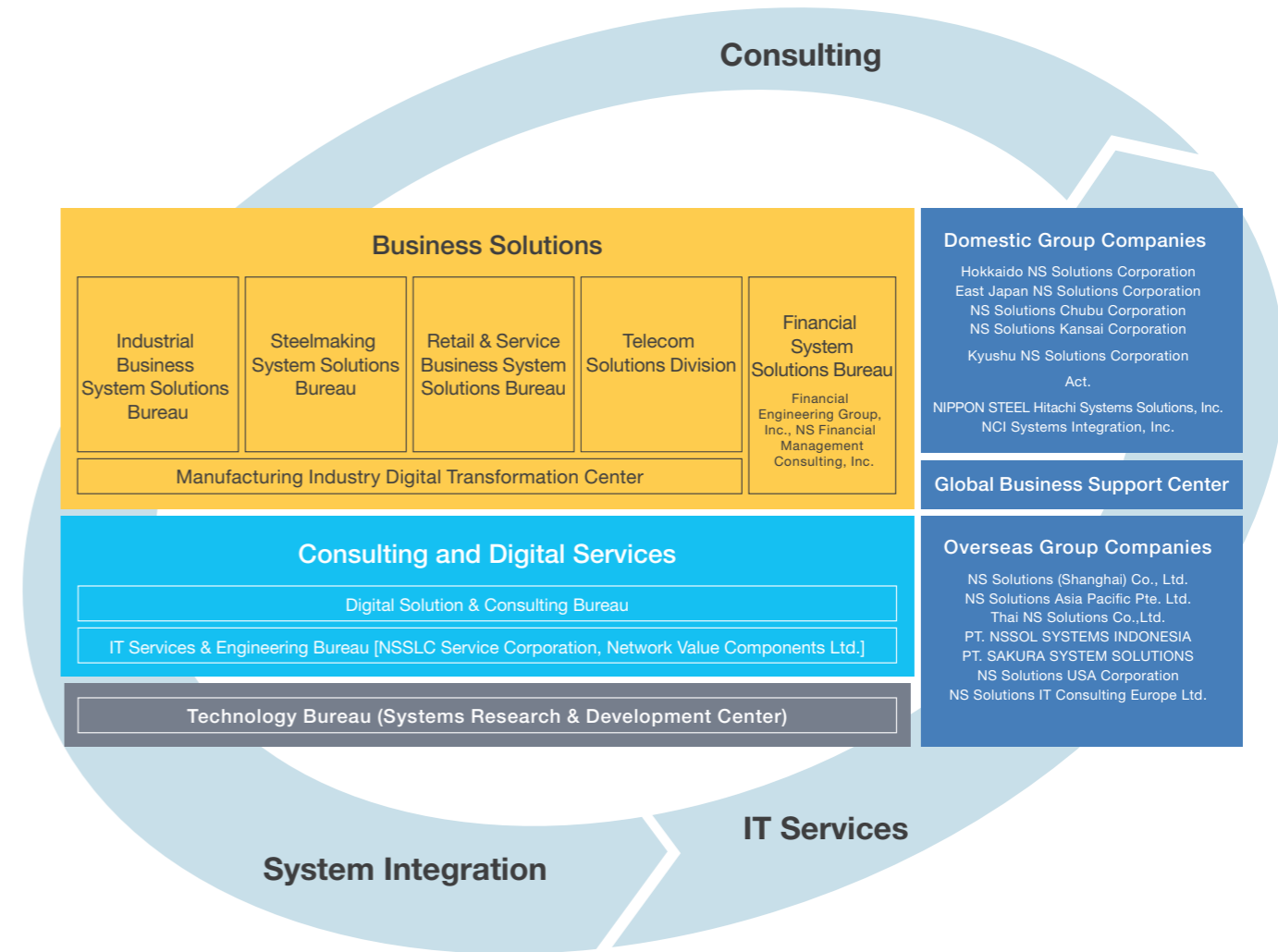
-  **Manufacturing Industry Digital Transformation Center** p.56
We are seeking to commercialize solutions for the realization of data-driven management, which bolsters the competitiveness of our customers by transforming their business operations across processes.
-  **Industrial Business System Solutions Bureau** p.57
Supports the construction of value chains for many customers, with a focus on the manufacturing and transportation fields.
-  **Steelmaking System Solutions Bureau** p.63
Supports DX for the Nippon Steel Group, including planning, system building, operation and management in all business areas.
-  **Retail & Service Business System Solutions Bureau** p.58
Provides solutions that contribute to the planning and development of the latest Internet services, with a focus on digital platformers.
-  **Telecom Solutions Division** p.59
Provides solutions mainly to telecommunications carriers. Also engages in enterprise 5G business.
-  **Financial System Solutions Bureau** p.60
Provides solutions utilizing our business knowledge in fields such as financial engineering, with a focus on mega banks and major securities companies.

Consulting and Digital Services

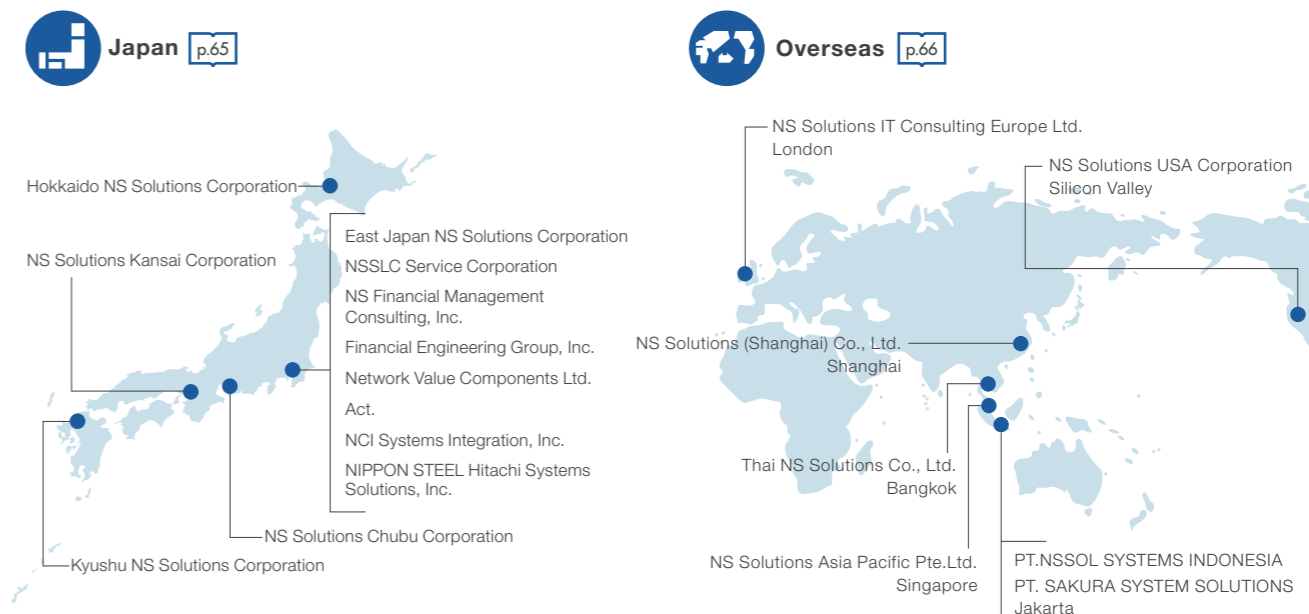
-  **Digital Solution & Consulting Bureau** p.55
It consists of the Consulting Center and the Solution Division, and provides data science, AI solutions, etc. from upstream to operations.
-  **IT Services & Engineering Bureau** p.61
We provide advanced IT services, system constructions, and stable operations based on the know-how and assets we have accumulated over many years for a broad range of customers.

Technology Bureau

-  **Technology Bureau** p.64
This planning and promotion department is responsible for maintaining and improving our technological capabilities, which is one of the sources of our competitiveness. We are taking steps to enhance IT equipment, IT governance, etc.
-  **Technology Bureau (Systems Research & Development Center)** p.9
This is a rare R&D center for a systems integrator. We are engaged in cutting-edge research on IT and its business application in practice.



Group Companies





Executive Officer
Director, Digital Solution
& Consulting Bureau

Hisashi Norikane



Digital Solution & Consulting Bureau

Target Fields / Characteristics

The Bureau consists of the Consulting Center and the Solutions Division, and provides consistent support across industries, from upstream consulting to solution provision and operation. Digital Transformation & Innovation Center provides expert support for customers' business and organizational reforms for DX transformation by consolidating the planning and conceptualization of new businesses, data utilization, system design, and design capabilities in a business environment where markets and technologies are changing rapidly and uncertainty is increasing, from a customer DX transformation perspective of digital data.

The Digital Technology & Solution Division mainly provides solutions such as AI utilizing data science and machine learning, integrated data management platforms that promote the company-wide capitalization and utilization of data, document management and workflows that support work style reforms and improved operational efficiency, electronic contracts that expedite BtoB / BtoC transactions, and enterprise BPM and low-code platforms that support customers' internalized production.

Digital Transformation & Innovation Center

Business Innovation & Consulting Department
Focuses on the "planning and conceptualization support phase," and promotes DX for the purpose of business innovation for our customers.

Architecture & Consulting Department
Planning and conceptualization customers' enterprise-wide architecture and application of architecture design technology to projects to achieve DX.

Data Technology & Consulting Department
Promotes customers' data utilization planning and conceptualization, the development of data utilization processes and schemes, and the enhancement of company-wide organizational capabilities.

Data Management Platform Business Promotion Department
Improves customers' performance by upgrading data management centered on the "Integrated Data Management platform."

Digital Technology & Solution Division

Electronic contract services
The "CONTRACTHUB," electronic contracting service, has held the No. 1 market share among companies with 1,000 or more employees for six consecutive years. Daily evolution to better functions for large companies. Supporting the digitization of business operations.

Low-code platform implementation support
For difficult BPM and low-code platform implementations, we carefully support our customers from improvement consulting, selection and introduction of tools, to expansion and improvement by the customer itself.

Consultations on AI system introduction and utilization
"DataRobot," an AI platform, has been introduced by more customers in Japan than any other. We consistently support the customers' creation of new AI solution themes, model development and operation, human resource development, system integration, etc.

Integrated Data Management Platform
We expand solutions as "DATAOPTERYX" for data-driven management, with the data governance tool "Talend" and the cloud data platform "Snowflake" at its core.

* Solutions p.24

Market Environment Analysis and Strategy

- Growth Opportunities**
- Growing needs for upstream consulting due to the expansion of corporate DX and IT promotion support services through in-house process internalization
 - Increasing resilient needs for AI utilization and internalized production, AI operation and system integration, against the backdrop of a shrinking working population
 - Growing needs for digitization of BtoB/BtoC transactions, not limited to the shift away from traditional stamps / seals

- Medium-Term Threats**
- Emergence of consulting firms specializing in the planning and formulation of corporate and DX strategies in the SI domain
 - Intensifying competition among AI platforms and with other AI/DX consulting service providers
 - Intensified competition due to the entry of solutions that are closely related to the BPM market (ERP, groupware, workflow, etc.)
 - Intensifying competition due to new entrants into the electronic contract market and increased activities of existing competitors

Key Points of Business Activities

We work to solve customer issues by providing solutions focused around a wide range of consulting services that a system integrator uniquely can provide and the latest digital technologies and digital workplaces.

- 1 We provide comprehensive services that leverage our strengths through helping to formulate medium-term corporate and IT strategies, assisting in the consideration of new business co-creation, and, when necessary, developing new solutions.
- 2 With the strength of the knowledge gained from supporting the implementation of DataRobot in more than 100 companies, we are strongly driving the social implementation of AI, including the development

of new AI solutions. In addition, we will continue to develop new industry-specific and process-specific solutions that contribute to the realization of greater convenience for users and improved productivity through remote (i.e., non face-to-face) and contactless solutions.

- 3 For market entry from companies in the proximity domain, we differentiate ourselves from our competitors by providing support for "smooth implementation of solutions by customers themselves," which requires in-depth knowledge.
- 4 We support our customers' use of IT in business competitive areas with a UX design approach, contributing to further business growth.

Interview

Digital Transformation & Innovation Center
Data Technology & Consulting Department

Taiga Koyama

I joined the Company mid-career in 2022 and am in charge of developing new solutions. This department is close to our customers and plays the role of a HUB connecting customers and technology. We aim to establish new business by uniting specialists within the company to open up new areas of business. We are always striving to create new solutions with a spirit of challenge.



Digital Technology & Solution Division
Application Services Department-II

Shiori Arimitsu

As a project manager of "CONTRACTHUB," I am working on development and operation in cooperation with SEs and salespersons to provide better services to our customers. In a flat atmosphere which makes consulting easy, even remotely, we have a sense of ownership of our work and continue to learn every day in order to carry out our tasks as professionals.



Digital Transformation & Innovation Center
Business Innovation & Consulting Department

Ryuji Tsunoda

I am in charge of planning and implementation consulting for business advancement solutions centered on BPM and AI. Even in situations where it has been difficult to solve problems, we have taken on challenges together with our customers and contributed to improving their competitiveness. We experience growth by contributing to and enhancing each other with members from diverse backgrounds.



Digital Technology & Solution Division
AI Solutions Department

Satoko Takahashi

I am in charge of proposing and implementing AI, machine learning and others. We respond to customer requests with sincerity and persistence, building relationships of trust. I have a high degree of discretion in business operations, and I feel a sense of accomplishment when I am able to provide new services and value to customers with respected supervisors and colleagues, while consulting with my supervisors and devising strategies on my own.



Executive Counselor
Director, Manufacturing
Industry Digital
Transformation Center
Director, IoT Solution
Department

Satoshi Toda



Manufacturing Industry Digital Transformation Center

Target Fields / Characteristics

The Center promotes the commercialization of solutions for the realization of "data-driven management" in the industrial sector to enhance competitiveness by utilizing data from the field (Edge) to the enterprise level and transforming business operations across processes. We are also working to commercialize solutions to logistics issues, carbon neutrality, and other social issues to realize sustainable management. The main areas of focus are as follows:

- Smart factory solutions utilizing digitalization and IoX* technology at manufacturing and other workplaces
- Data analysis, utilization, and solutions (SoI, SoE, SoR+)* to collect, accumulate, and analyze dispersed data in a timely and appropriate manner, and use rapidly the insights obtained to optimize operations such as production and production-sales collaboration
- Supply chain traceability solutions to solve logistics problems, become carbon neutral, and achieve quality traceability

SoI (System of Insight): System for analyzing insights (e.g., business intelligence system, etc.)
SoE (System of Engagement): Systems to connect with users (e.g., CRM, SNS, etc.)
SoR (System of Record): System for records (e.g., accounting, order management, manufacturing management system, etc.)
SoR+: A new concept of system that aims to realize data-driven management and operations by combining traditional SoR with SoI and SoE, and more recently, by using AI technology.

Smart factory solutions

Smart factory solutions are solutions and platform services that embody the concept that promotes DX at manufacturing sites, etc., though the sophisticated linkage and coordination of data on all kinds of information—including people, facilities, operations, and environments—on a single IoX* platform.

- Examples include Safety DX (Safety Mimamori-kun), Operation Upgrade DX, and Facility Monitoring and Inspection Upgrade DX.

*IoX:Internet of X (X=things, human, etc.)
NS Solutions' registered trademark.

Data analysis, utilization and solutions

We will implement agile and data-driven operation transformation to promote optimization such as the visualization of production and logistics, the comparison of forecast and actual results, tracking of plan changes by achieving a cyber-physical system through the collection and utilization of data from the Edge to the Enterprise level, governance/management, and integrating with existing mission-critical systems.

Supply chain traceability solutions

We support the realization of sustainability management by providing visualization of logistics status, quality traceability, and carbon footprint information, with a focus on actual product management.

Market Environment Analysis and Strategy

- Growth Opportunities**
- Expanding needs to strengthen operational capabilities due to the generational shift of skilled engineers caused by the declining birthrate and aging population
 - Growing needs for data utilization and data governance due to the acceleration of DX
 - Expansion of application areas with further proliferation and improved accuracy of edge devices for IoT

- Medium-Term Threats**
- Full-scale market entry in the industrial field by large-scale IT platformers
 - Intensified competition due to the emergence of OT* vendors
 - Intensifying competition to secure digital human resources in the field of data utilization domain

*OT (Operation Technology) refers to technologies for controlling and monitoring hardware (devices and equipment / facilities), mainly used in manufacturing.

Key Points of Business Activities

The Center's strength lies in its co-creation fields with leading customers representing the steel and industrial sectors in Japan, and also in its multilayered, broad-based, and cutting-edge solutions and IT expertise in AI, ML, IoT, etc., from the field (Edge) to the enterprise (Enterprise). In addition, through collaboration with NIPPON STEEL TEXENG and other companies, we have established a system to build a cyber-physical system through IT/OT collaboration.

The Center will combine these strengths to create new businesses that other companies do not have.

To respond to the increasingly competitive market and to acquire digital human resources, we will create additional value by combining the expertise of our related bureau, Systems Research & Development Center, Digital Solution & Consulting Bureau, and others.

The Center will consolidate the knowledge gained through its business activities under the Planetary brand to further enhance its DX proposal capabilities and work toward the sustainable growth and development of the entire digital manufacturing business.

Interview

Technology CoE
Syoji Kobayashi

I am primarily responsible for the proposal and execution of data utilization projects for the manufacturing industry. This is an attractive workplace where you can lead a challenging plan and project to provide value with ALL NSSOL (Move! with Everyone) as a CoE in the digital manufacturing industry to meet the needs of customers who are trying to transition to a data-driven environment. We are always willing to change ourselves to remain a good partner for our customers.



IoT Solution Department.
Smart Factory Gr.
Chizuru Mori

I am working to solve problems in the manufacturing industry by utilizing IoT/IoH technology and other technologies. Through PoC in the field, we are striving for the practical application and introduction of solutions using new technologies/methods, while verifying the effectiveness, identifying areas for improvement, and implementing functional modifications. Contrary to the image of DX, etc., there is a lot of unexciting work, but I find it very interesting to be involved in improving operational efficiency and processes in the manufacturing industry through the latest technology.





Executive Officer
Director,
Industrial Business System
Solutions Bureau

Toshiaki Yoshida

Target Fields / Characteristics

The Industrial Business System Solutions Bureau supports the DX activities of major manufacturing companies operating globally, in relation to various themes, from the planning and conceptualization stages to system building and operation.

We provide solutions such as global production and logistics management, design data management, smart factory operation, data analysis and utilization platforms for customers in a range of industries, including the automotive, electrical, precision machinery, industrial machinery, material manufacturing and food, as well as solution including transportation/vehicle operations, and equipment and materials management systems for customers in transportation industries.

One-stop DX support

We provide one-stop support for our customers' DX activities, from planning and conceptualization to execution and operation. Alongside customers in the manufacturing industry with concerns about DX-related issues, helping them to solve their issues under the unified brand "PLANETARY," which consolidates all of the solutions, services, and expertise provided by NSSOL.

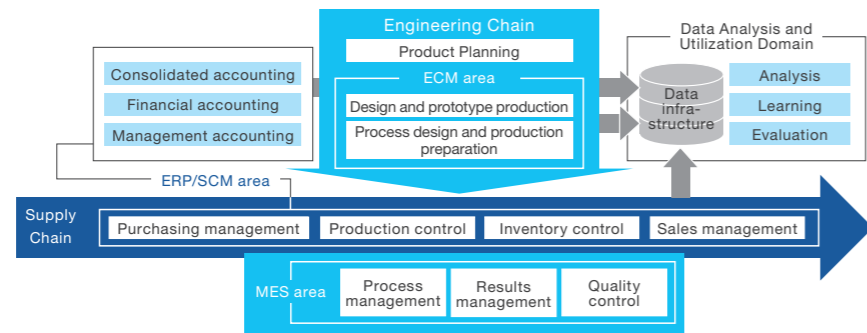


Responding to DX needs in the manufacturing industry

DX needs in the manufacturing industry are strong, primarily in the field of data utilization. We have been rated highly for our data analysis and utilization platforms, global design data management, design and manufacturing coordination, quality control and traceability enhancement, and smart factory solutions.

ERP, SCM, ECM, and MES etc.

We have supported our numerous customers in building their value chains in areas such as ERP (Enterprise Resource Planning), SCM (Supply Chain Management), ECM (Engineering Chain Management), and MES (Manufacturing Execution System).



ERP: Integration of planning and management of information on corporate management resources (human, material, and financial)
SCM: Managing information related to the flow of raw material procurement, product production, and distribution to the market.
ECM: Manage information related to product planning, design, production, and support.
MES: Visualize and manage manufacturing processes, record manufacturing instructions and results, and assist workers.

Market Environment Analysis and Strategy

Growth Opportunities

- Business management is becoming more sophisticated based on the use of data, and the need for adaptability to changes in the business environment is becoming apparent
- Growing demand for addressing social issues such as supply chain reconstruction, waste loss reduction and labor saving, etc., relating to response to the SDGs
- Growing IT demand to respond to new business processes such as remote work and automation

Medium-Term Threats

- Changes in customer attitudes toward IT investment as a response to changes in the domestic industrial and global business structures
- Changes in customer attitudes toward IT investment due to a shortage of digital human resources who can handle data utilization

Key Points of Business Activities

Starting with customers' management and business issues, we leverage the extensive experience and expertise that we have cultivated to date to propose solutions to customer issues from the perspective of total optimization, from a bird's-eye view of the value chain, and provide comprehensive means of realizing effective IT solutions (systems and services), including IT operation.

Under the Planetary brand, we will firmly embody the information technology investment needs of our customers and provide services that contribute to addressing social issues that lie ahead. We will also continue working to develop diverse and advanced human resources within NSSOL, to meet the expectations of our customers.

Interview

Sales Division Sales Department
Kyoko Kurosawa

We primarily help manufacturing customers with DX promotion. We work as a member of the customers' team to address a range of issues, including not only internal systems, but also the use of IT for business, and propose and provide solutions on a daily basis. Our customers in the manufacturing industry are becoming increasingly globalized and overseas collaborations are very much on the rise, so the field in which we can play an active role is expanding around the world! It is a challenging and rewarding workplace that supports the growth of Japan's manufacturing industry!



Industrial System Solutions Division-II
Systems Engineering Department-III
Noriyuki Uomoto

The department is responsible for solution engineering related to SCM and ERP, as well as for planning and conceptualization for DX realization related to SCM. We are working on SAP as a pillar of our core solutions, in a workplace that offers by challenge and personal development through business growth. As your first DX partner, we will achieve management sophistication through maximum data utilization of important mission-critical systems.



Executive Officer
Director, Retail &
Service Business
System Solutions
Bureau

Toru Arisawa

Target Fields / Characteristics

The Retail & Service Business System Solutions Bureau focuses on the retail and service fields, delivering solutions that incorporate the latest technologies both online and in the real world, from Internet businesses such as platformers to distribution businesses such as retailers, apparel and department stores, to airlines and travel agencies, as well as in the healthcare and life science fields. Our strength lies in our development capabilities—our ability to develop products through involvement with customers from the planning stages, handling everything from development to system building and operation.

Platformer Support

Highly skilled IT professionals join to leading Japanese platformer projects to support the creation of new businesses, supporting them from the planning and conceptualization stages to systems development. Our Bureau is characterized by service development and product management capabilities that we have developed, for e-commerce and various consumer services, as well as extensive insights into business processes.

Internet Business Domain

Our Bureau has expertise in matching technologies, HR technologies, reservation sites, point management and EC mall site building that we have accumulated in our business experience until now. In particular, we boast an overwhelming track record in comparison with other firms in human resources and travel industry site building, and are also considering leveraging this track record to provide our own services to customers.

Retail & Healthcare Domain

We provide solutions to some of Japan's largest retailers, in areas such as expansion of sales channels, inventory optimization, and logistics visualization utilizing the Internet. This also leads to the resolution of social issues, such as by reducing waste loss due to excess inventory. In the healthcare field, we are advancing into the real-world data analysis and cancer genome fields, based on 20 years of knowledge and insights into the pharmaceutical industry.

Market Environment Analysis and Strategy

Growth Opportunities

- Accelerating shift toward online services due to changes in consumer lifestyles and business models transforming through digital technologies
- Growing needs to respond to social issues such as reducing waste loss, supply chain reconstruction, automation, labor saving and utilization of medical data

Medium-Term Threats

- Shortage of IT-oriented human resources, particularly digital human resources capable to create new businesses
- Shrinking of the traditional SI market due to active introduction of SaaS, generative AI, etc.

Key Points of Business Activities

Leveraging our strengths in customer co-creation product development capabilities, extensive business knowledge, and a strong and broad customer portfolio in both the online and the real world, we will proceed the following:

1 Enhancement of product development capabilities and increased sophistication of business base

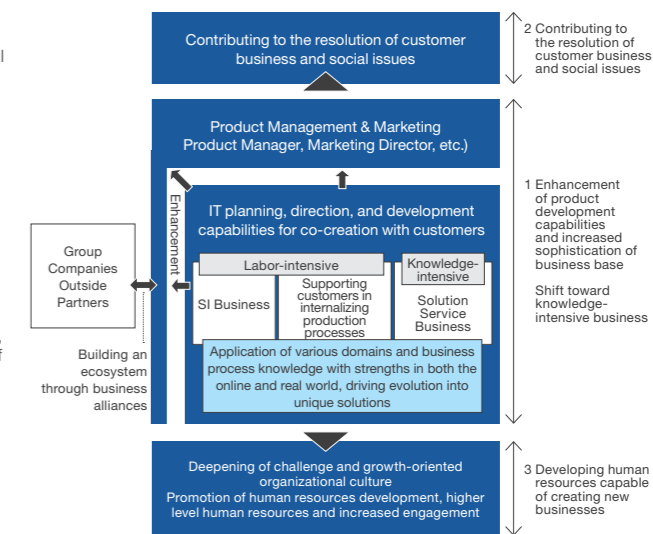
Going forward, we will continue to enhance our operation, management, and marketing functions for new products and develop unique products that will lead to knowledge-intensive businesses. Furthermore, we will begin to form full-scale business alliances with outside companies to increase the sophistication of our business model and business base.

2 Contributing to the resolution of customer business and social issues

We accompany our customers from the planning stage and help them solve social issues both online and in the real world, such as the reduction of waste loss in retail, sustainable procurement, and the prevention of illness and disease through the use of health and medical data.

3 Developing human resources capable of creating new businesses

We value an organizational culture that allows us to take on new challenges, and we will work to strengthen engagement through the development of human resources and the creation of an environment for this purpose.



Interview

Sales Division Sales Department-III
Naomi Naito

I am a member of the retail sales group. My mission is to lead the planning and execution of growth strategies to expand the customer's business and to train the members under my supervision. In many cases, we support our customers on a long-term partnership basis, and one of the strengths of our team is the ability to identify issues based on a deep understanding of our customers. We will continue to take on the challenges that our customers face with a strong sense of ownership (Move! as a Professional) together with our dependable supervisors and subordinates.



Retail & Service Business System
Solutions Division-I
Systems Engineering Department-II
Ryotaro Chiba

Hello. I am working with a scrum team with a customer to develop a SaaS. The workplace has a culture of "thoroughly thinking through better methods in a professional manner." This has allowed us to build a system that is easy to maintain and expand. I would like to embody "Move! as a Professional" with our esteemed colleagues.



Industrial Business System Solutions Bureau



Executive Officer
Director, Telecom
Solutions Division
System Solutions Bureau

Yosuke Shinohara



Telecom Solutions Division

Target Fields / Characteristics

The Telecom Solutions Division engages mainly in business operations aimed at telecommunications carriers. Specifically, we are responsible for the construction and operation of network facilities, services, and platforms for each customer, the development of information systems and service systems, and supporting communication networks from various aspects as part of social infrastructure. We have also launched local 5G service and are contributing to the realization of DX for our customers, with total services including applications and operation.

Network Services

We provide advanced global solutions for a wide range of telecom carrier network systems, including core mobile communications networks, security systems, messaging systems, and communications quality control systems.

Application Services

We provide service planning support and system development in collaboration with customers, contributing to the creation of various new services, such as web services for mobile carriers.

Operation Services

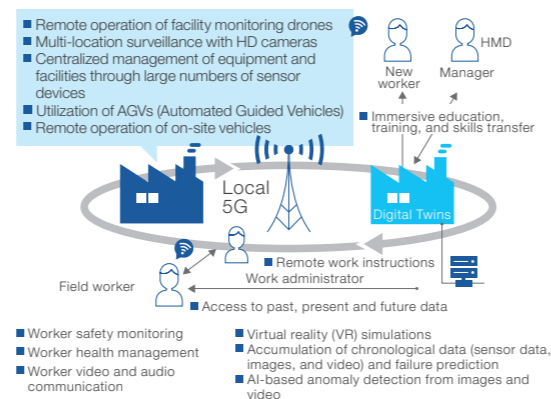
In addition to monitoring and operation services for communication networks, we also provide solutions for operation automation and improving efficiency.

Market Environment Analysis and Strategy

- Growth Opportunities**
 - Step up investment in systems to enable 5G-specific services for telecommunications carriers
 - Demand for service system development associated with the expansion of non-telecommunication services
 - Improving the efficiency and sophistication of telecommunications carriers' operations
 - Promoting local 5G adoption in enterprise and government

Enterprise Local 5G

To drive DX for customers, we are achieving various use cases such as cooperation with various sensor data and drones, etc., using local 5G.



- Medium-Term Threats**
 - Delays in widespread adoption of 5G and capital investment by telecom carriers due to stagnation of killer services
 - Weakening of investment and intensified competition with competing system integrators due to saturation of non-telecom services by telecom carriers

Key Points of Business Activities

- In the telecom carrier business, we will expand our business based on the following points.
- 1 Support for the introduction of 5G network-related systems**
We will support telecommunication carriers in deploying 5G network-related systems, especially in instituting security measures, controlling huge traffic volumes, and monitoring services for stability.
 - 2 Service system development support for telecom carriers**
We will respond to system development projects associated with the expansion of telecommunications carriers' non-telecommunications services. We will appoint offshore companies to enable global agile development.

- 3 Operation for telecom carriers**
We will support the realization of zero-touch operations and other operational tasks that telecommunication carriers are targeting, and will also contribute to solving social issues such as a declining working population.
- 4 Business for enterprise local 5G**
We will develop the market with a focus on local 5G. By making extensive use of our knowledge, we will accelerate DX, especially in the manufacturing industry, to help our customers strengthen their own competitiveness and differentiate themselves from the competitors.

Interview

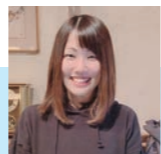
Sales Department-III
Takamasa Hayashi

We are developing SI business with overseas products for telecommunication carriers. We form a proposal team with sales and SEs, and strive for proposal activities through in-depth discussions on customer issues and maximizing our company's value. The competitive environment with other companies is always tough and there are many hardships, but I find joy in winning orders, social significance in supporting telecommunication infrastructure with our customers, and challenge in growing the business as a team!



System Engineering
Department-II
Mio Tanaka

I am a project leader on an agile development project to revamp a telecommunication carrier's digital channel. The customer's internal high-profile and tight schedule requires the ability to be flexible and responsive to the situation. Our team actively exchanges information and responds in a way that makes our customer's business successful. It is a difficult project, but everyone finds it challenging and rewarding!



Executive Officer
Director, Financial
System Solutions
Bureau
System Solutions
Bureau

Takumi Maehara



Financial System Solutions Bureau

Target Fields / Characteristics

The finance business is at the cutting edge of IT, where the ability to quickly identify, analyze, and utilize information determines everything. Based on the deep business knowledge and implementation capabilities in financial engineering and risk regulation that we have developed over the past 20 years, our bureau has provided consistent support throughout the system life cycle from application construction to maintenance with an unrivaled competitive advantage in the such as treasury and capital market area.

In recent years, financial institutions have been tightening regulations on sustainable finance and GHG emissions with a view to solving social and environmental issues. In response to these moves to tighten regulations, we provide solutions and services relating to green loans, the volume of transactions for which is expected to increase in the future, and GHG emission measurement, which relates to the tightening of regulations.

Market & Business Management Solutions

Our specialized human resources with high level knowledge make fully effective use of cutting-edge IT and advanced financial engineering to respond appropriately to all manner of needs relating to the trading of various financial instruments—from front-office operations in areas such as interest rates, foreign exchange, bonds, and derivatives to middle and back-office operations such as risk management.

We also provide numerous business management solutions for various financial regulations such as Basel III, IFRS, and FATF etc.

GHG related financial emission reporting service "Enepharos"

Financial institutions are required to measure and report the extent to which investment and financing activities for companies, individuals, and projects impact GHG emissions. Going forward, emission reduction targets for business partners will be adopted as lending criteria for financial institutions, and financial institutions will begin to support their business partners in achieving these targets through transition finance. We aim to create a solution for the Transition Finance System besides the provision of a prompt GHG related financial emission measurement service based on PCAF.

With the full-scale deregulation of the electric power retail market, consumers are now free to choose their electricity services and providers. With the growing interest in clean energy, the importance of electricity supply-and-demand forecasting and risk management has increased. In response, we provide the electricity trading and risk management service "Enepharos".



Market Environment Analysis and Strategy

- Growth Opportunities**
 - Expansion of the environment that accelerates the incorporation of financial functions for all types of industries and achieves new financial products and services
 - Structural changes in roles played by traditional financial institutions as a result of the revision of the Banking Act and deregulation
 - Expansion of climate change initiatives and progress in ESG investment

- Medium-Term Threats**
 - Rising geopolitical risks and accelerating globalization of Japanese financial institutions
 - Continuing low growth in the domestic market, uncertain interest rate policy, and accelerating yen depreciation
 - Accelerated consolidation of regional financial institutions

Key Points of Business Activities

In Japanese banks, which are our main customers, while developments such as the revision of the Banking Act and deregulation increased the sophistication of business operations and expanded business domains, "rebundling" by businesses in different industries and progress in capital and business alliances are also expected. We believe that it will be necessary to respond to the game change that will accompany the segregation and reorganization of SI companies' business areas, and we will further expand our operations with the following three main focuses: (1) Accompanying financial institutions, which are our largest customers, in the advancement of their operations, (2) Shifting to financial platform business targeting "non-financial institutions"

based on a bird's-eye view of industry restructuring, and (3) Supporting operations that contribute to solving social issues in response to Japanese banks' moves toward diversification of earnings and digitalization by expanding ESG-related lending and non-core business areas. "Rebundling: financial services are made up of a large number of functions that are tied ("bundled") together. However, due to changes such as the revision of the Banking Act and deregulation, the bundled financial services that have been provided by financial institutions are being dismantled ("unbundling"), with new financial services that did not exist in the past being created ("rebundling") and some functions now being handled by different industries.

Interview

Financial Engineering Group, Inc.

We are a group of data science professionals. Since our founding in 1989, we have provided quantitative and objective business consulting based on the analysis of big data. In particular, we have a proven track record in credit analysis and risk management support for financial institutions, backed by many years of experience and active engagement in advanced technology. In recent years, our field of activity has expanded to a range of industries, including telecommunications, retail service, manufacturing, and government.



Financial Platform Division
Business Administration Solutions Department

Hayato Banno
Keiko Kimura

We have implemented our own Hokusai package for banks to comply with the Basel regulations. The department is characterized by the depth of its knowledge of financial operations and a culture of mutual support, including the sharing of knowledge. Even the youngest employees are able to experience discussing business requirements with customers, which is very rewarding. We embody "Move! as a Professional" by supporting our customers' business advancement from a professional perspective.



NS Financial Management Consulting, Inc.

We are a consulting firm with strengths in business consulting in the financial business domain, from business management and risk management to business startup and product/service development support. Our team of experts in financial practice and data analysis work together to realize the "creation of new financial business models" and "advancement of risk management" at financial institutions and operating companies.



Financial Business Engineering Division
Capital Markets Engineering Department-III

Yuki Nakamura
Yumi Hasegawa

We are engaging in scrum development of a system that will streamline the work to be done in selling interest rate derivatives products to banks. This project requires a high level of knowledge of banking market operations in order to work closely with users on specifications, so it requires a fair amount of study, but it is a great project where you can work hard with other members and improve yourself with a professional mindset.





Executive Officer
Director, IT Services &
Engineering Bureau
Yasuhiro Okada

Target Fields / Characteristics

The bureau supports the sustainable development of our customers' business activities and contributes to environmental and social sustainability by providing advanced IT services, system construction, and stable operation based on the vast assets we have accumulated over the years for a wide range of customers, from businesses working to solve social issues to large corporations supporting social infrastructure and public institutions such as central and local government agencies. Make IT Sustainable!

Specifically, we provide one-stop engineering and operational services that support optimal IT sourcing and multi-cloud, digital workplaces that support new normal work styles, security measures to protect business environments from various threats, data utilization required for DX promotion, AI and BI, etc.



IT Services & Engineering Bureau

IT Sourcing

In response to the increasingly complex changes in the business environment and the shortage of IT human resources at our customers, we devise and execute optimal sourcing strategies together by combining our outsourcing service "NSFITOS" and our technology and knowledge provision service xSource in a way that accompanies the customer's business operations.

Engineering & Support

We apply our accumulated engineering know-how to the construction of complex, large-scale systems, such as large-scale OA infrastructure that support the administrative functions of public institutions, mainly central ministries and agencies, systems in the space and scientific fields that require large capacity and long-term storage, and corporate systems that support social infrastructure. In addition, we support stable operation of systems and our customers' shifting of human resources to growth areas by utilizing "EMERALD" operation services and "HAGANE," which enables long-term maintenance.

Digital Workplace

We create advanced digital workplaces through coordination with various SaaS solutions, centered on "M³DaaS@absonne," which has maintained the No.1 DaaS share* in Japan for ten successive years. We provide securely an office-like work environment anytime, anywhere, from anywhere.

*Source: Fuji Chimera Research Institute, Inc.
Cloud Computing: Current Status and Future Prospects
Estimated and projected figures for FY2014-FY2023

Multi Cloud

We have been in the business of supporting our customers' IT departments by migrating their mission-critical systems to our cloud platform (absonne) for 17 years. We offer a variety of cloud shift variations, including combinations with public clouds, to provide the optimal IT infrastructure environment for each customer's use.

Data Management

We use the database and data utilization technologies we have cultivated to create new value while safely storing customer data. Specifically, we provide data analysis infrastructure utilizing ORACLE cloud technology and support migration of mission-critical systems to the cloud. In addition, "NSDDD" enables the safe storage of sensitive data and the provision of safe and useful anonymized processed data.

Security

Measures against growing and increasingly common security IT/OT* threats are important, not only for detection and recovery, but also to ensure businesses continuity. With "NSSEINT" we provide services aimed at recovery and continuity based on high-level security knowledge and our experience in IT infrastructure operation thus far.

*OT: Equipment and control systems that produce products in factories, etc.



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Market Environment Analysis and Strategy

Growth Opportunities

- Growing expertise and needs for new IT infrastructures such as zero trust security and DX
- Growing needs for IT services due to a decline in the working population and a shortage of IT-oriented human resources at companies
- Growing needs for business process automation and remote services due to the diversification of work styles

Medium-Term Threats

- Commoditization and intensification of competition in the areas of system building and operation
- Shift of customer needs from traditional SI to services
- Increasing scale and severity of cyberattacks targeting critical infrastructure

Key Points of Business Activities

We contribute to the business growth of customers through support for organizational reform that enables customers to grow continuously, provision of stable IT infrastructure as social infrastructure, and providing IT environments where diverse human resources can play active roles.

1 Support for organizational reform that enables customers to grow continuously

We support the formulation of future IT strategies for new IT issues such as DX, zero trust security, and multi-cloud services. From customer management to frontline personnel, we design visions for the future for customer organizations based on various ideas.

2 Provision of stable IT infrastructure as social infrastructure

We ensure stable infrastructure services for public institutions and business continuity and a shift of human resources to core operations for private companies in a centralized manner against various security threats and BCP risks such as system faults and natural disasters.

3 Provision of IT environments where diverse human resources can play active roles

In response to needs for diverse working styles due to childcare and nursing care, we provide remote working environments that are no different from a conventional office. By linking with various SaaS solutions, we provide services that match users' required level of usability and offer greater user satisfaction.

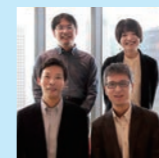
Interview

NSSLC Service Corporation

Our strength lies in our expertise in keeping systems running reliably, and we provide IT infrastructure construction, operation and maintenance, data center services and comprehensive IT outsourcing services. One of the distinctive activities within the company is the BCWF, an all-employee initiative to make the company a rewarding place to work, as listed in the "Best Companies to Work For" (Japanese edition).

Sales & Marketing Division-I
Cross Sourcing Gr.
Kaoru Kubota / Hiroki Endo
(front row)
Takeshi Kajiya / Mikako Kan
(back row)

We plan and promote xSource, as a companion to compensate for IT staffing shortages at our customers.
xSource supports the transformation of our customers' digital initiatives by providing high-level professional services through a group of experts such as IT directors, consultants, and architects.
We are challenging new initiatives every day with the aim of Move to Change!



Network Value Components Ltd.

We have a high level of expertise and product pioneering capabilities in the network and security fields, and we work as one to anticipate the needs of our customers and shape their future.

Our strengths lie in our advancedness (quick response to the world's most advanced technologies and products), a variety of solutions to meet diverse needs, technological and human resources to solve our customers' problems, and a wealth of experience in supporting leading companies in Japan.

Solution Planning & Promotion Department
Remi Yamauchi
Hiroaki Otani

Together with the Systems Research & Development Center, we plan and develop solutions for social implementation of AI-related research results and technologies.

Right now, we are working with a medical venture company on a business that uses AI to solve the social problem of the shortage of pathologists by utilizing the pathology image analysis AI know-how cultivated through research commissioned by a national research and development agency, and promoting new AI-based platform planning, etc. We enjoy our daily work, feeling the joy and pain of coming up with something that does not exist in the existing world.





Senior Executive Officer
Director, Steelmaking System
Solutions Bureau

**Yoshihiro
Kumamoto**



Steelmaking System Solutions Bureau

Target Fields / Characteristics

The Steelmaking System Solutions Bureau provides IT support for the Nippon Steel Group in the system life cycle for all business system domains that reinforce corporate activities, from planning and development to operation and maintenance. Going forward, we will continue to engage in these activities in the spirit of challenge, making full use of the knowledge and experience we have cultivated so far to enable Nippon Steel—our largest customer—to achieve its goal of becoming “a digitally advanced company in the steel industry.” Another important part of our role is sharing achievements and broadcasting information within the company as well as putting the know-how into practice.

Steelmaking System Solutions Bureau strengths

- Our DNA consists of technological capabilities and the pride we take in continuing to support Nippon Steel's steelmaking operations—which continue 24 hours a day, 365 days a year—from the IT side.

Advanced IT System for Nippon Steel Group

- System Development focused on labor-saving, energy-saving, resource-saving, and CO₂ Emission Tracking
- Building integrated systems between multiple steelworks, DX (integrated planning), and development of best practice models
- Data utilization platforms for connecting and manipulating data / AI development and execution platforms, big data analysis

Example) NS-IoT: Wireless IoT Sensor Utilization Platform
NS-Lib: Integrated Data Platform
NS-DIG: Integrated Data Analysis Platform

Market Environment Analysis and Strategy

Growth Opportunities

- Nippon Steel is a massive facilities-based industrial operator with manufacturing bases at six steelworks in 14 districts nationwide. It plays an important role in consistently supplying essential steel material to the society. Through the application of advanced IT technologies, we support the increasingly complex operations of Nippon steel and grow together.

Medium-Term Threats

- To solve the increasingly complex business problems of Nippon Steel Group and to continue providing stable, high-quality, high-level IT services over the medium to long term, securing human resources on a sustainable basis is an important issue.

Key Points of Business Activities

Thinking and creating the following activities together is our mission in the Nippon Steel Group's goal of NITTETSU DX.

1 Contribution to smart manufacturing and establishment of optimal manufacturing and supply systems

We pursue the automation and optimization of business processes by applying the latest digital technologies such as AI and IoT, and aim to expand the consistent profitability of the Nippon Steel Group through the establishment of an integrated production planning platform, etc.

2 Building business intelligence infrastructure

We are working to build an effective integrated data

platform infrastructure that supports decision-making from the management level to the factory site.

3 Providing packages built upon production management know-how

We package our accumulated knowledge of production management systems to meet the IT demands of our group companies.

4 Resource strategies to support business

In order to prepare for the expanding IT demand, we seek to further strengthen our business capabilities by allocating the appropriate resources and upgrading the skills of engineer, collaborating with other business units and regional subsidiaries within NSSOL.

Interview

Steelmaking System Solutions Division
Systems Planning & Engineering
Department-II

Shizuka Yamamoto

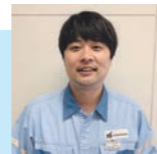
I am in charge of planning, development, operation and maintenance of management and financial systems for Nippon Steel Corporation. It is not easy to continue to support a large organization consisting of steel mills, research departments, and headquarters throughout Japan from the aspect of “information systems,” but we are all working with passion and the “sense of responsibility,” and we continue to accumulate achievements one by one in both our public and private lives, while relying on and being relied on by many people. I am proud to be a part of this group.



Steelmaking System Solutions Division
Systems Planning & Engineering
Department-III

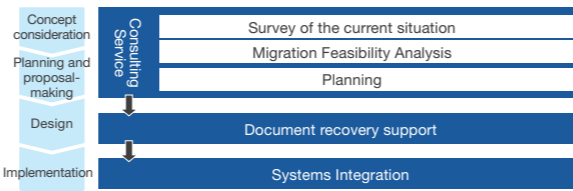
Shojiro Matsui

I am in charge of promoting company-wide system development for Nippon Steel's test management operations. This project is to integrate the individual business systems of each steel mill. Although there are many challenges due to differences in the history and environment of each mill, it is a rewarding job that will lead to business transformation for the customer. In addition, it has allowed me to broaden my personal network both with customers and within the company. As company-wide systemization continues to accelerate, I would like to grow to be a core player and contribute to the business of the division and our customers.

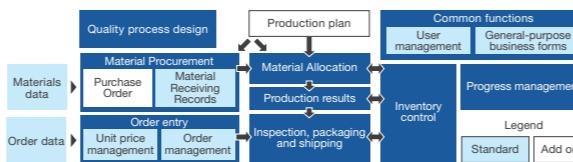


Expansion of expertise accumulated through systems development activities for Nippon Steel

Modernization



Production management package development and deployment



Meet the Technology Bureau



Executive Officer
Director of
Technology Bureau

Miho Kamada



Technology Bureau

The Technology Bureau is a planning and promotion department for maintaining and improving our technological capabilities in IT, which is one of the sources of our competitiveness. We have three missions: **1** to strengthen our technical capabilities, **2** to strengthen our IT equipment, and **3** to strengthen our IT governance.

To execute these missions, we have established a “Technology Strategy” for the future, and based on various information (“Technology Census” (technologies possessed in the field) and “Career Link” (technological capabilities of employees in the field)) to grasp the current status of our technological capabilities, we aim to create an environment that is easy to work in and maintains a high level of technical expertise as an organization by creating a learning environment for new technology acquisition, IT equipment and know-how for use in the field, and a governance structure to maintain psychological safety in the face of increasingly complex IT compliance. This section focuses particularly on initiatives related to strengthening technical capabilities.

Technology strategy

As part of our technological strategy, we have established technical themes that the company should work on. While keeping update of global technology trends, we make comprehensive judgments based on our customers' industry trends, corresponding internal conditions, and other factors, and annually update our list of ongoing and new initiatives.

This bureau plans Company-wide measures, such as training programs for technical acquisition, in accordance with technical themes.

Technology Census

The Technology Census is a core statistical survey that comprehensively captures the activities of engineers across the entire Group at the same point in time and provides an overview of the technology used at our company. The objective is to clarify the actual situation and basic structure of technical activities and their changes, and to use this information for planning, drafting, and promoting future technical measures and maintenance plans. This allows everyone from the field to management to evaluate and make decisions based on data concerning the status and effects of technological measures being promoted.

Career Link

Career Link is a system that promotes the visualization of human capital by understanding it in terms of work performance, skills possessed, and career, supporting the necessary human resource allocation planning, work assignments, and individual career growth. In addition to traditional IT positions, we have defined new positions for business transformation and are visualizing DX human resources. At the same time, we are clarifying the skills required for the reliable development of DX personnel and establishing a system to objectively grasp the level of DX positions.



1 Strengthen technical capabilities C

Based on an understanding of the current status of engineers' activities (AsIs) through the technology census and the competitiveness of engineers (portfolio) through Career Link, we plan Company-wide measures to fill in the gaps toward the direction (ToBe) defined by the technology strategy. Beyond ToBe, we are aware of the set by the Systems Research & Development Center and are working together to realize them.



In terms of human capital, in addition to the expansion of our engineers' skills through acquisition, it is also essential to strengthen partner resources who will work together with us to promote our business.

Training and certification

We are developing support measures for technical training and qualification acquisition to help our engineers acquire skills and improve their level as a profession. In addition to encouraging each individual to acquire skills autonomously, from FY2023, each business unit will appoint a person in charge of training and has begun to systematically train and assign work to engineers in line with the business unit's strategy for expanding its workforce.

Strengthen partner resources

To steadily strengthen partner resources, which are indispensable for business growth, we focus on the three most important issues of (1) strengthening engagement with existing partners, (2) expanding the use of offshore resources, and (3) acquiring domestic regional resources. We are planning and supporting the implementation of these measures in cooperation and collaboration with Corporate Administration Bureau, business units, regional subsidiaries, and overseas group companies.

2 Reinforcement of IT equipment A B

Regarding the formalization of know-how, we are updating our development standards and task guides in order to update our development process and broaden it to upstream processes. We are creating an environment that facilitates the sharing of know-how even in remote work environments. In addition, to improve our ability to handle the increasing number of agile development projects in recent years, we have also created a guide and case studies that compile useful know-how in agile development. In addition, with regard to rapidly developing generative AI, we are drawing on the knowledge gained from our past R&D efforts to create usage guidelines and prepare an environment for internal use.

Regarding the development of tools, we first have our own development platform, Tetralink, to improve the efficiency of our development operations. In addition, the PMS available in Tetralink is being used to save labor and improve the sophistication of project management.

3 Strengthening IT governance

We control execution risks of projects from a company-wide perspective and take measures to ensure that project members are not overburdened.

With regard to information security, members with specialized knowledge set guidelines to enhance the safety of company-wide activities. We are prepared to respond quickly in the event of an incident.

We also support the foundation of our business activities by establishing reliable operating information systems and infrastructure to ensure that internal activities proceed without delay. In addition to stable operations, we continue to make improvements to keep pace with changes in business activities and provide a comfortable environment for our employees.

Technology requires the accumulation of know-how and **A formal knowledge** to be shared and utilized, **B** the development of an environment and **tools to use the technology**, and **C** above all, **the people who can master the technology** before it becomes an actual competitive advantage.



Domestic Group Companies

Interview

Regional Subsidiaries

We work together on software development, system operation and maintenance services for projects for which we receive orders, while at the same time leveraging the strengths of each company to take charge of system projects targeting the local market.

Hokkaido NS Solutions Corporation



My name is Tsuyoshi Saito, MG, DX Promotion Team, Technology & Process Engineering Department! This team is responsible for piloting advanced technologies, providing technical support to the development department, and organizing technical presentations. It is both difficult and challenging because it deals with a wide range of trending technologies such as drones and AI. In addition, my position means that I talk extensively with people in the company, and I find that many of them are soft-spoken and friendly.

East Japan NS Solutions Corporation

This is Yumi Matsumoto, Low-code Development Center, Business Solution Division II, Business Solution Business Bureau.

We have launched the Low-code Development Center to enhance low-code development. I am a core member of this team and am working toward becoming a Pega Certified Specialist. We also provide information on a daily basis so that the know-how gained from the projects we work on becomes our technical expertise.



NS Solutions Chubu Corporation

My name is Nao Kawano, Business Solutions Division I. I am a PM in the development of a customer management system. Because we handle 6 million items of customer data, high quality is expected in terms of performance and security, and meeting these expectations is a challenging task. Half of the members are women, and our average age is in the early 30s. So the workplace is young and open.

NS Solutions Kansai Corporation

I am Yoshito Sakajo of the Steel SOL Division. In Hirohata, which is undergoing structural reform after receiving a strong investment as a strategic base of Nippon Steel Corporation, I am in charge of developing operational systems that support the stable operation and growth of the steel mill and creating an organization for this purpose. I find it rewarding to work with members who are seemingly unassuming, but who cannot hide their passion from the unity of the group when the time comes, and who are always positive.



Kyushu NS Solutions Corporation

I am Harumi Okitsu from Business Solutions Division I. As a business focused on the region, I am stationed at the customer's site where I am in charge of development and maintenance. We work together with our customers to solve problems in line with business changes and to earn the words "thank you." I myself am in the midst of raising a child, but I am also struggling to balance work and childcare by utilizing remote work.

Joint venture

Each company provides its own business solutions, sells information system products, etc., and at the same time, plans and designs systems and develops software for the NSSOL's projects in the financial, manufacturing, and other sectors.

NCI SYSTEMS INTEGRATION, INC.

We were established in 1988 as a joint venture between Nippon Steel Corporation and ITOCHU Corporation. We have strengths in system implementation for the financial, manufacturing, distribution/services, and healthcare industries. We are expanding our collaboration with NSSOL, particularly in the financial and distribution/services sectors.



NIPPON STEEL Hitachi Systems Solutions, Inc.

In April 2023, we celebrated the 35th anniversary of our founding and changed our company name to NIPPON STEEL Hitachi Systems Solutions. We will contribute to society through our business activities, with our unique solutions and services at the core of our efforts to solve our customers' real problems.



Special subsidiary company

Act. [p.36](#)

Act. was established with the goal of creating long-term employment and opportunities for people with disabilities. Our management vision is "to be a group that delivers 'excitement' to 100 million people," and we will work together with people with and without disabilities to create new and valuable products.



Overseas Group Companies

Interview

NSSOL's overseas bases accurately identify and understand the needs of Japanese global companies and other customers expanding into overseas markets and support their sustainable growth. Furthermore, to enhance the overall competitiveness of the NSSOL Group, including domestic operations, we also function as a hub for gathering the latest overseas technology trends and specialized information, as well as for incorporating cutting-edge solutions. We are committed to thorough technical and management training for our local members at each overseas base, ensuring they not only follow Japanese development techniques but also master development methods suitable for the short investment cycles unique to overseas business, all in an effort to maximize the return on investment for our customers.



Thai NS Solutions Co., Ltd.

In collaboration with the NSSOL Industrial Business System Solutions Bureau, our company is expanding its business in Thailand, targeting Japanese manufacturers and the Nippon Steel Group companies. Recently, we have made a capital investment in a leading local vendor to commence a full-scale SAP business in Thailand. Moreover, we are advancing a close collaboration among our company, NSSOL, NS Solutions (Shanghai) Co., Ltd. and the prominent local vendor (Round Two Solutions) to secure projects across Japan, China, and the ASEAN region. By capturing business opportunities in the growing Asian market, we are ready to make even greater leaps forward.

PT.NSSOL SYSTEMS INDONESIA

We provide ERP solutions for major manufacturing companies, leveraging our outstanding problem-solving capabilities and a track record of high-quality system development. In addition, for a leading Japanese food company and a childcare product company, which have the top brand recognition in Indonesia, we utilize NSSOL's advanced solutions in the mobile and image recognition fields to develop unique systems. As a young and dynamic company with an average age in the early thirties, we are committed to co-creating value with our customers every day, aiming to be the "first DX partner" in Southeast Asia's largest economy and population, which is experiencing rapid growth.



NS Solutions (Shanghai) Co., Ltd.

Steelmaking industry business, which is our core business works closely with the NSSOL Steelmaking System Solutions Bureau to provide offshore development, modernization, and onsite support services. Thanks to the cooperation and support from everyone at NSSOL, we were able to successfully overcome the challenges posed by COVID-19. Moving forward, we will deepen our human resource exchange with NSSOL in the area of high demand solutions in Japan such as SAP and Anaplan, and strive to strengthen our alignment, including in the upstream domains. Our entire team is committed to making every effort to deliver value beyond our customers' expectations!



PT. SAKURA SYSTEM SOLUTIONS

Our company is originated from a software company founded by Indonesians with experience studying in Japan. We joined the NSSOL Group in 2015. Our main product, an integrated human resources and payroll management

package, has been also developed into a web version and has been implemented in over 100 companies, including Japanese and local companies. In 2023, we also begun offering a SaaS version. With our deep expertise in the human resources domain and the quality associated with the NSSOL brand, we will continue to meet the diverse system needs of Indonesian companies with PT. NSSOL SYSTEMS INDONESIA.

NS Solutions Asia Pacific Pte.Ltd.



We support the operations of financial institutions and trading companies in Singapore, an international financial center, from an IT perspective. In 2022, in collaboration with the NSSOL Financial System Solutions Bureau, we introduced NSSOL's commodity trading platform "Ratispherd" to a local non-Japanese trading company. We have successfully achieved rapid and smooth system implementation by absorbing the sophisticated implementation methods and detailed user support knowledge based on over a decade of NSSOL's accumulated business experience that other companies cannot achieve.

NS Solutions USA Corporation

Our company plays three key roles: 1) providing consulting services to Japanese financial institutions in the financial hub of New York, 2) offering 24/7 maintenance services for IT products and systems to our Japanese customers, utilizing time differences, and 3) exploring new solutions which are centered around Silicon Valley. Regarding the third role of "exploring new solutions," we are visiting venture companies with cutting-edge technologies such as generative AI to create businesses that will support the NSSOL of tomorrow.



NS Solutions IT Consulting Europe Ltd.



Based in London, we are expanding our business for the local subsidiaries of Japanese banks. Specifically, we provide support for the implementation and maintenance of systems for Japanese banks developed by NSSOL in Japan, and participate as a PMO in local projects of Japanese banks. We take pride in the fact that our on-site presence in the local user departments, and our proactive approach to European financial trends and regulations, is one of the factors that enables NSSOL to maintain a competitive edge in the financial sector. We aim to share this international experience and contribute to the development of NSSOL's global business.

Finance

Consolidated Financial Results (Millions of yen)	Japanese GAAP				IFRS	
	FY2018	FY2019	FY2020	FY2021	FY2021	FY2022
Statement of Income						
Revenue	255,116	274,843	251,992	270,332	270,332	291,688
Cost of sales	202,820	218,244	200,042	210,011	209,883	225,752
Gross profit	52,295	56,598	51,950	60,321	60,448	65,935
Selling, general and administrative expenses	26,910	28,210	27,400	30,505	30,014	33,007
Operating profit	25,385	28,387	24,549	29,815	29,886	31,738
Ordinary profit / Profit before income taxes	25,812	28,275	25,101	30,811	30,687	32,101
Profit attributable to owners of parent	16,713	18,552	16,982	19,977	20,521	22,000
Balance Sheet (End of Fiscal year)						
Total assets	232,779	240,448	272,223	296,790	325,764	319,908
Current assets	149,478	162,882	171,834	187,686	187,343	207,383
Non-Current assets	83,301	77,565	100,388	109,103	138,420	112,525
Total liabilities	86,878	85,055	86,094	93,360	121,194	112,108
Current liabilities	68,629	68,100	60,694	62,165	67,757	72,619
Non-current liabilities	18,249	16,955	25,400	31,195	53,436	39,489
Total net assets	145,901	155,392	186,128	203,429	204,569	207,800
Cash Flow Statement						
Cash flow from operating activities	19,690	19,366	17,544	32,313	38,406	26,032
Cash flow from investing activities	-1,624	-2,975	10,414	-8,540	-8,540	-5,635
Cash flow from financing activities	-16,255	-6,796	-7,395	-6,845	-12,939	-14,943
Capital Investment, depreciation and R&D expenses						
Capital investment	2,647	7,817	3,764	9,032	9,032	6,132
Depreciation	4,858	5,205	6,145	5,523	11,637	12,620
Research and development (R&D) expenses	1,678	1,996	1,694	1,942	1,942	2,320
Financial Indicators						
Gross profit margin (%)	20.5	20.6	20.6	22.3	22.4	22.6
Operating profit margin (%)	10.0	10.3	9.7	11.0	11.1	10.9
ROE (%)	12.1	12.8	10.3	10.6	10.8	11.0
ROA (%)	11.4	11.9	9.8	10.8	9.7	9.9
Dividend payout ratio (%)	30.8	32.1	28.3	30.2	29.4	31.2

*Transition to IFRS from the fiscal year ended March 31, 2023

Sales by Segment / Customer Industry (Millions of yen)	FY2018	FY2019	FY2020	FY2021	FY2022
Segment information					
Orders Received					
Business Solutions	147,386	144,273	141,223	135,367	165,474
Manufacturing, Retail & Service	67,786	77,232	66,783	77,217	82,379
Financial Services	31,750	28,762	35,336	34,446	33,622
Government, Public Organizations and Others	47,849	38,278	39,103	23,703	49,472
Service Solutions	89,418	86,897	84,191	99,129	106,086
IT Platform	34,211	32,316	30,616	42,599	44,229
Steel	55,206	54,581	53,574	56,529	61,857
Subsidiaries	34,274	37,127	34,362	37,097	42,003
Total	271,077	268,298	259,777	271,593	313,564
Revenue					
Business Solutions	136,369	148,590	132,227	145,587	156,787
Manufacturing, Retail & Service	65,962	76,903	69,459	76,239	78,508
Financial Services	30,775	30,892	32,164	34,987	34,518
Government, Public Organizations and Others	39,630	40,794	30,602	34,361	43,759
Service Solutions	84,745	89,832	85,135	89,932	96,870
IT Platform	33,183	34,049	32,682	35,193	38,945
Steel	51,562	55,782	52,452	54,738	57,925
Subsidiaries	34,001	36,419	34,629	34,812	38,029
Total	255,116	274,843	251,992	270,332	291,688
Order Balance					
Business Solutions	73,081	68,763	77,760	66,012	74,699
Manufacturing, Retail & Service	29,494	30,364	27,147	27,349	31,219
Financial Services	12,131	10,091	13,172	12,283	11,386
Government, Public Organizations and Others	31,455	28,308	37,440	26,380	32,092
Service Solutions	54,987	52,053	51,108	49,827	59,043
IT Platform	20,266	18,533	16,466	23,788	29,072
Steel	34,721	33,519	34,641	26,038	29,970
Subsidiaries	5,355	6,063	5,795	7,997	11,970
Total	133,424	126,880	134,664	123,837	145,713

Non-Financial Information

Human Resources		FY2018	FY2019	FY2020	FY2021	FY2022
Employees (consolidated)	Total	6,434	6,639	6,958	7,143	7,458
Employees	Total	2,998	3,110	3,259	3,350	3,563
Average age		39.6 years old	39.6 years old	39.8 years old	40.0 years old	40.0 years old
Average duration of service	Male	13.6 years	13.7 years	13.6 years	14.0 years	13.7 years
	Female	8.5 years	8.5 years	8.7 years	8.9 years	8.9 years
	Total	12.8 years	12.8 years	12.7 years	13.0 years	12.8 years
Number of new graduate hires (joining the company on April 1 of next fiscal year)	Male	103	114	97	113	125
	Female	49	50	50	59	66
	Total	152	164	147	172	191
Number of mid-career hires (joining the company during the relevant fiscal year)	Male	63	75	57	79	140
	Female	17	19	6	20	33
	Total	80	94	63	99	173
Number of employees who left the company for their own reasons	Male	84	77	78	101	86
	Female	10	20	21	21	26
	Total	94	97	99	122	112
Percentage of employees who left the company for their own reasons	Male	3.4%	3.1%	3.1%	3.8%	3.2%
	Female	2.2%	3.9%	3.8%	3.5%	4.0%
	Total	3.2%	3.2%	3.2%	3.7%	3.3%
Percentage of employees with disabilities		2.09%	2.23%	2.20%	2.37%	2.41%
Number of temporary employees		723	744	684	709	736
Number of managers	Male	851	857	905	949	946
	Female	30	33	41	42	40
	Total	881	890	946	991	986
Number of newly appointed managers	Male	47	61	80	63	69
	Female	3	10	5	3	2
	Total	50	71	85	66	71
Number of Senior specialist grade employees	Male	959	975	997	1,003	1,123
	Female	122	133	144	158	181
	Total	1,081	1,108	1,141	1,161	1,304
Hours spent on education and training for employee development	Total hours			195,305 hours		208,300 hours
	Average hours / person			59.9 hours / person		62.2 hours / person
Monthly average overtime hours		23.4 hours / month	9.2 hours / month	11.4 hours / month	8.3 hours / month	10.9 hours / month
Average number of days of paid leave taken		16.4 days / year	15.5 days / year	13.7 days / year	14.6 days / year	15.0 days / year
Number of employees taking childcare leave	Male	11	19	27	32	78
	Female	47	40	39	39	48
	Total	58	59	66	71	126
Number of employees taking caregiving leave	Male	0	0	0	1	1
	Female	0	0	0	3	2
	Total	0	0	0	4	3

Environment	FY2015	FY2018	FY2019	FY2020	FY2021	FY2022	
Scope 1 (fuels) (t-CO ₂)	222	170	493	140	137	145	
Scope 2 (electricity) (t-CO ₂)	39,852	38,024	36,169	32,790	30,559	24,266	
Scope 1+2 (t-CO ₂)	40,074	38,194	36,662	32,930	30,696	24,411	
Scope 3 (t-CO ₂)	-	-	-	-	308,814	296,724	
GHG emissions	Category	1 Purchased goods and services				-	198,359
		2 Capital goods				-	11,813
		3 Fuel- and energy-Related activities (not included in Scope1 or 2)				-	4,666
		5 Waste generated in operations				-	12
		6 Business travel				-	896
		7 Employee commuting				-	1,637
		8 Upstream leased assets				-	3,182
		11 Use of sold products				-	70,264
		12 End-of-life treatment of sold products				-	33
		13 Downstream leased assets				-	5,864

Category 4 emissions are included in Category 1 in the calculation. There are no emissions for categories 9, 10, 14, and 15.

Corporate Governance	FY2018	FY2019	FY2020	FY2021	FY2022
Total number of directors (excluding those who are Audit & Supervisory Committee Members)	10	10	10	10	10
Outside directors	2	2	3	3	3
Female directors	0	1	1	1	1
Audit & Supervisory Committee Members*	-	-	-	3	3
Outside Audit & Supervisory Committee Members	-	-	-	2	2
Number of Board of Directors meetings (times)	14	18	16	16	14
Average attendance rate of directors (%)	100%	98%	100%	99%	99%

*At the Annual General Meeting of Shareholders held on June 18, 2021, the Company transitioned to the "Company with an Audit & Supervisory Committee" format.

Number of helpline reports and consultations	FY2018	FY2019	FY2020	FY2021	FY2022
Number of reports and consultations (cases)	-	31	32	20	34

External recognition

Adoption as a constituent of ESG stock indices

The Company has been selected as a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index



Initiatives joined and supported

Task Force on Climate-related Financial Disclosures



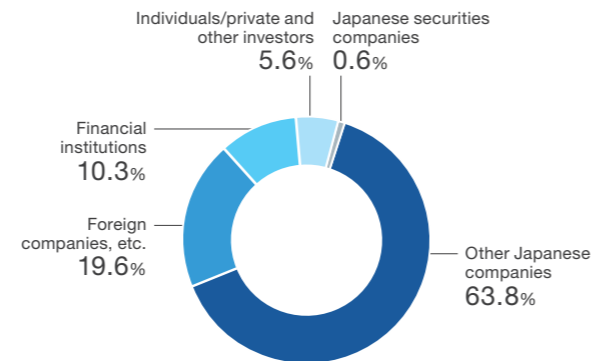
Stock information

Stock information

Stock code	2327
Stock exchange listing	Tokyo Stock Exchange Prime Market
Last day of the fiscal year	March 31
Annual General Meeting of Shareholders	June
Unit shares	100 shares
Shares authorized to be issued by the Company	423,992,000 shares
Number of issued shares	91,501,000 shares
Administrator of shareholders' register	1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Dividend record date	Last day of March and September

Ownership by shareholder

(as of March 31, 2023)



Primary shareholders (as of March 31, 2023)

Name	Address	Number of shares held (thousand shares)	Ratio of the number of shares owned to the number of shares issued (excluding treasury shares) (%)
Nippon Steel Corporation	2-6-1, Marunouchi, Chiyoda-ku, Tokyo	58,033	63.42
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	5,705	6.23
JPMorgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF LONDON, E14 5JP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	3,689	4.03
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	3,039	3.32
NS Solutions Employee Stock Ownership Association	1-17-1 Toranomon, Minato-ku, Tokyo	2,054	2.24
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)	1,420	1.55
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)	1,108	1.21
CEP LUX-ORBIS SICAV (Standing proxy: Citibank N.A., Tokyo Branch)	31 Z.A. BOURMICH, L-8070 BERTRANGE, LUXEMBOURG (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	924	1.01
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing proxy: Citibank N.A., Tokyo Branch)	BAHNHOFSTRASSE 45, 8001 ZURICH, SWITZERLAND (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	817	0.89
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	25 CABOT SQUARE, CANARY WHARF LONDON, E14 4QA, UNITED KINGDOM (1-9-7, Otemachi, Chiyoda-ku, Tokyo, Japan)	668	0.73
Total		77,462	84.66

*In addition to the above, there are 4,845 shares of treasury stock held by the Company.

Gross Shareholder Yield and Share Price (as of March 31, 2023)

Fiscal year end	2019/3	2020/3	2021/3	2022/3	2023/3
Total shareholder return (%) (Comparison index: TOPIX including dividends) (%)	100.1 (95.0)	90.5 (85.9)	121.1 (122.1)	128.9 (124.6)	126.8 (131.8)
Highest share price (yen)	3,750	3,935	3,700	4,065	4,020
Lowest share price (yen)	2,408	2,234	2,365	3,030	3,140

Corporate Information

Company Information (as of March 31, 2023)

Company name	NS Solutions Corporation
Capital	12,953JPY million
Headquarters	105-6417 Toranomon Hills Business Tower, 1-17-1 Toranomon, Minato-ku, Tokyo TEL: +81-3-6899-6000
Established	October 1, 1980
Description of business	<ul style="list-style-type: none"> • Consultation on business and information systems • Planning, design, development, implementation, operation and maintenance of information systems • Development, manufacturing and sales of information systems software and hardware • Provision of outsourcing services using information technology
Revenue	291.7JPY billion (consolidated, FY2022)
Number of employees	7,458 (consolidated, FY2022)

List of Group Companies (as of September 1, 2023)

Company name	Location
Hokkaido NS Solutions Corporation	Sapporo Head office: Nihon Seimei Kitamonkan building 10F, 5-1-3, Kita Shijo Nishi, Chuo-ku Sapporo-shi, Hokkaido Muroran Head office: 2-13-1, Miyuki-cho, Muroran-shi, Hokkaido
East Japan NS Solutions Corporation	Tokyo Head office: Tokyo Sumitomo Twin Building East Tower, 2-27-1, Shinkawa, Chuo-ku, Tokyo Sendai branch: Aoba-Dori Plaza 8F, 3-2-1, Chuo, Aoba-ku, Sendai-shi, Miyagi
NS Solutions Chubu Corporation	18F Nagoya Lucent Tower, 6-1 Ushijima-cho, Nishi-ku, Nagoya, Aichi, Japan
NS Solutions Kansai Corporation	OAP Tower 34F, 1-8-30, Tenmabashi, Kita-ku, Osaka-shi, Osaka
Kyushu NS Solutions Corporation	2-3-7, Hakataeki-mae, Hakata-ku, Fukuoka-shi, Fukuoka
NSSLC Service Corporation	Tokyo Sumitomo Twin Building East Tower, 2-27-1, Shinkawa, Chuo-ku, Tokyo
NS Financial Management Consulting, Inc.	Toranomon Hills Business Tower 21F, 1-17-1 Toranomon, Minato-ku, Tokyo
Financial Engineering Group, Inc.	Tokyo Sumitomo Twin Building East Tower, 2-27-1, Shinkawa, Chuo-ku, Tokyo
Network Value Components Ltd.	Technoport Taijuseimei Building, 2-16-2 Minami-kamata, Ota-ku, Tokyo
Act.	3-20-5, Hatchobori, Chuo-ku, Tokyo
NCI Systems Integration, Inc. (joint venture)	Sumitomo Nakano Sakaue Building 12F, 1-38-1, Chuo, Nakano-ku, Tokyo
NIPPON STEEL Hitachi Systems Solutions, Inc. (joint venture)	St. Luke's Tower 26F, 8-1 Akashi-cho, Chuo-ku, Tokyo
NS Solutions (Shanghai) Co., Ltd.	15F, New Hua Lian Mansion (W), #775 Huai Hai Rd (M), Shanghai, 200020, China
NS Solutions Asia Pacific Pte.Ltd.	16 Raffles Quay #17-01 Hong Leong Building Singapore 048581
Thai NS Solutions Co., Ltd.	1 Empire Tower, 31st Floor South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
PT.NSSOL SYSTEMS INDONESIA	HDI HIVE Menteng, 4th floor Jl. Probolinggo No.18, RT.1/RW.2, Gondangdia, Menteng, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10350, Indonesia
PT. Sakura System Solutions	HDI HIVE Menteng, 4th floor Jl. Probolinggo No.18, RT.1/RW.2, Gondangdia, Menteng, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10350, Indonesia
NS Solutions USA Corporation	2000 Alameda de las Pulgas, Suite159, San Mateo, CA, 94403, USA
NS Solutions IT Consulting Europe Ltd.	Building 3, Chiswick Park 566 Chiswick High Road Chiswick London W4 5YA