**NS Solutions**

**NSSOL 2030 Vision**

# Social Value Producer with Digital

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

**NS Solutions**

# INTEGRATED REPORT
# 2024

**NS Solutions**

## NS Solutions INTEGRATED REPORT 2024
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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.

## Social Value Producer with Digital

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

**NSSOL 2030 Vision**

**Purpose**

**Corporate Philosophy**
**Creation, Reliability, Growth**

As professionals in information technology, NSSOL will continue to build relationships of trust with our customers and grow alongside them by creating true value, thereby contributing to the development of society.

*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

**Value**

## Editorial Policy

This year's Integrated Report begins with an introduction by our Representative Director & President, who expresses his strong commitment to the "NSSOL 2030 Vision" announced in April 2024, followed by an explanation of the value creation process underlying the vision, our efforts to realize the vision, and our financial situation.

The second half of the report presents materiality KPIs with specific targets, and we have attempted to explain the related aspects of sustainability management, such as the environment, society (human capital), and governance, in an easy-to-understand manner. We have also prepared content that provides a multifaceted view of the culture and spirit of the company, including a dialogue with female directors, an interview with an outside director, and a section that introduces employees in profile.

We will continue to improve our integrated reports to make them easier to read, and we would appreciate any candid comments or requests you may have. We hope that this Integrated Report will be of some help in providing you with a better understanding of NS Solutions.

Message from the President

# From a "partner" to a "producer"

# A "second founding" for transforming our business model

Representative Director & President

**Kazuhiko Tamaoki**

## Looking back on a year in the job

A year has passed since I assumed the position of Representative Director in April 2023.

Over the past year, I have had the opportunity to engage in dialogue with many of our stakeholders, including not only our shareholders and investors, but also our customers and employees. I learned from various perspectives how our stakeholders view NSSOL and what they expect from us.

In particular, I was able to meet with hundreds of our customers, and our dialogue gave me renewed confidence regarding the trust that they place in us.

On the other hand, it was also a year in which I often thought about what we should do to turn changes in the world of IT, which picked up pace with the advent of generative AI in the year before last, into growth opportunities for the company. First of all, from the viewpoint of speeding up decision-making, we have been transferring authority and promoting "Challenge," one of our company values, throughout the company.

## Record profits achieved in FY2023

In FY2023, the third year of our Medium-term Business Strategy, we achieved record highs in both sales and profits. Orders received and outstanding orders at the end of the fiscal year were also at record highs. I believe that this is the result of a good pattern of defining the areas we will strategically pursue, allocating resources to those areas, and winning out by emphasizing the value proposition we offer. Moreover, I believe that this experience of success will help us to implement our strategy going forward.

Our current Medium-term Business Strategy defines four "focus areas" in which we are actively investing management resources.

The consolidated sales growth rate for the three-year cumulative period through to FY2023 is 7.2% per year, exceeding the Medium-term Business Strategy target of 5% to 6%. In particular, the sales growth rate for our focus areas is 11.2%, outpacing our Medium-term Business Strategy target of 10%. In addition, we

have also achieved a growth rate that exceeds that of the market as a whole. With regard to the immediate business environment, although we need to pay close attention to the impact of the political and economic situation overseas, domestic IT demand remains strong, and we expect to achieve the goals of our Medium-term Business Strategy in FY2024, one year ahead of schedule.

## The NSSOL 2030 Vision
## From a "partner" to a "producer"

Although we are currently performing well, we believe that the business environment surrounding our company will continue to change significantly and rapidly in the future, as exemplified by the emergence of generative AI. With the further advancement of digitalization and IT technology, the shrinking workforce, and global environmental challenges, social issues are becoming ever more complex and serious, and the role of IT is broadening from traditional problem-solving for individual companies to problem-solving for society as a whole and across industries. We believe that we should be more aware of the need to take a proactive role in providing our own direct solutions to those social issues. Beyond the issues to be resolved for our customers, there are invariably social issues, which we must solve together using our insights while maintaining the same perspective as our customers. I believe that our fundamental role in the future will be to solve social issues through IT in this way. Furthermore, in order to fulfill this role, we must also change ourselves.

NSSOL will celebrate its 25th year in business in April 2025. We have positioned FY2025 as our "second founding period," and have developed the "NSSOL

2030 Vision" to indicate the direction of change and evolution toward the next stage of our business. Our vision is to be a "Social Value Producer with Digital." This vision embodies our desire to change from being "a partner that fulfills the requirements of our customers" to "a producer that proposes more fundamental answers to the issues faced by our customers and, by extension, society, by looking at the future and society together, while maintaining the same perspective as our customers." Based on this vision and our Purpose, "dream our future, unleash the possibilities of society, with technology and passion," we will lead the transformation, development, and growth of industry and society as a whole by leveraging our strengths of insights and technological expertise to create new value that will support both the industry and wider society.

## Three business models to realize our vision

We have defined our actions to realize our vision as ❶ "Realize diverse methods of providing value," ❷ "Utilize and strengthen our insights and technological expertise," and ❸ "Expand beneficiaries of value we provide." We consider ❶ "Realize diverse methods of providing value" to be the core of our efforts in this regard.

### Action ❶ : "Realize diverse methods of providing value"

Let us start with ❶, "Realize diverse methods of providing value."

What this means is a shift from our traditional business model to three new business models.

**Our vision**

**Direction of our vision for the company**



**Social Value Producer with Digital**

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

NSSOL's vision

**Partner** for client companies

**Producer** that envisions and realizes the future for society and businesses

Expected role of IT

Solving of individual companies' challenges → Solving society-wide and cross-industry challenges

IT Megatrends

| Transformation of system development & operation through generative AI & other new technologies | Expansion of digital services | Widespread adoption of cross-industry platforms |

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**Actions for realizing vision ❶ : "Realize diverse methods of providing value"**
Using diverse approaches to provide new value



NSSOL's Business Model
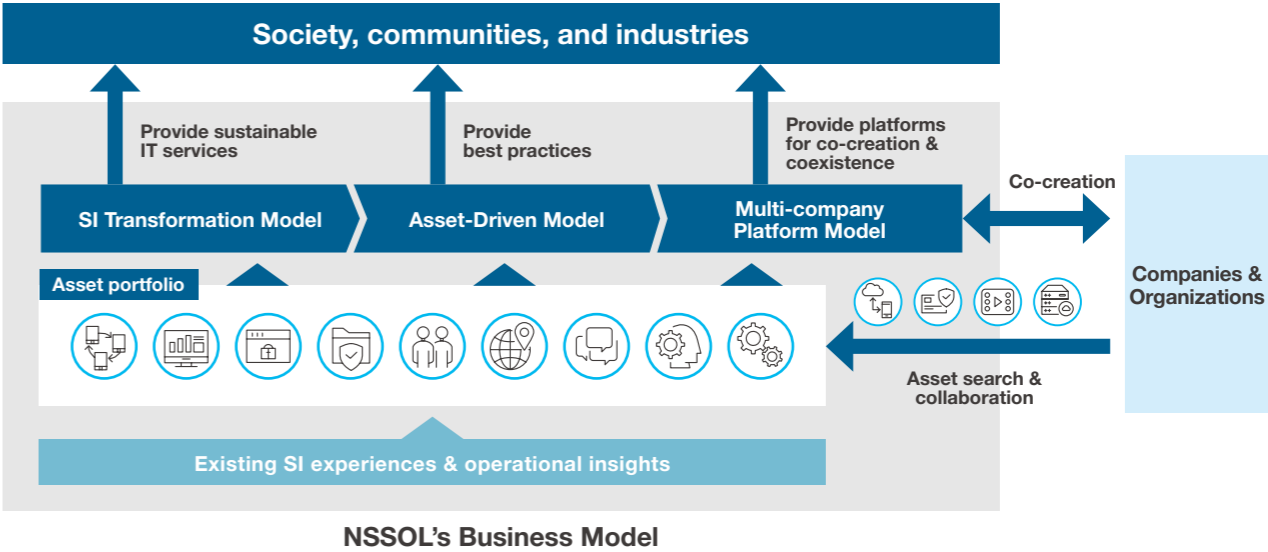
The traditional SI business model is one in which a system is created by devoting manpower to meeting the customer's requirements, so the key points are to arrange personnel, develop engineering processes, and control quality in order to satisfy QCD (Q: quality, C: cost, D: delivery). However, one issue currently facing society is the shortage of IT personnel. With this traditional business model, the structural issue of a shortage of IT personnel may prevent us from taking orders or delay delivery, which may impact the speed at which we can solve our customers' problems. On the other hand, recent technological innovations have enhanced the systems and insourcing tools to provide support for what our customers want to do. Generative AI is a good example of this. Whereas in the past it took a large number of engineers and a large number of man-hours to produce a product, technological innovation is bringing about an era in which customers can do it themselves in a short timeframe. If this happens, there is a risk that the traditional business model will no longer be viable. As such, we must shift from our traditional business model to three new business models and "realize diverse methods of providing value."

**The first of these is the SI Transformation Model, that is, the "T-type" or "transformation" model.**

As mentioned above, the development of new technologies, especially generative AI, will continue to enrich toolsets, components, and technologies, creating simple platforms for each business area or industry. Systems can then be built by the customers themselves, using a combination of tools and components, with short

delivery times and at low cost. Therefore, we will provide value in our integration capabilities, that is, identifying the best fit for our customers' needs from among the many tools and components available, and combining and adapting them appropriately. As such, I believe that this will be an era that will demonstrate the true value of system integrators. The most important ability in this situation is the ability to accurately grasp what the customer wants to do, develop a methodology or story to realize it, and present it to the customer in an appropriate manner. Unless we are able to see the same world that our customers see, we will not be able to gain a full understanding of their operations and issues, nor be able to provide fundamental solutions. Also, from a technical standpoint, it is important to be able to understand the characteristics of the components and create the architecture accordingly.

**The second model is the "A-type" or "asset-driven" model. Under this model, we will set out and consolidate the operational and technical insights we have accumulated under the traditional SI model as valuable assets, and sell our own solutions that apply these assets.**

We will efficiently develop valuable in-house solutions by combining what we have collected through the traditional SI model, the insights acquired through the T-type model mentioned earlier, and the insights we can acquire through proactive upfront investment. It is here that our value is naturally concentrated, and I believe that we can make a powerful value proposition to our customers. In addition, we will work to strengthen our own solutions while leveraging the assets of other companies to
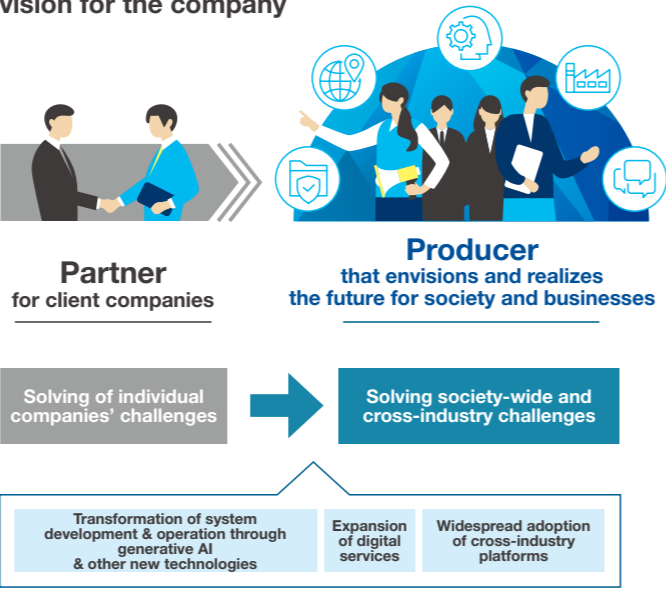
Introduction

Message

Value Creation Process

Sustainability Management

About NS Solutions

Data

implement a wide range of high value-added proposals.

In recent years, an increasing number of customers want to implement systems quickly and efficiently with a fit-to-standard approach, rather than building systems from scratch. Accordingly, we believe that developing human resources with "integration capabilities" and diversifying our assets while advancing the T- and A-type models concurrently will help us to develop the T- and A-type models as business models with high added value and profitability.

**The third model is the "M-type" or "multi-company platform" model.**

The final form of this business model is to provide value by building information-sharing infrastructure for society as a whole, but we intend to start by building information-sharing infrastructure between companies.

What we envision in this regard is the optimization of the entire value chain and growth of value through the development of a supply chain-wide information-sharing infrastructure. By making the assets and solutions we have accumulated through the T-type and A-type models into de facto standards and deploying them for industries and society as a whole, we aim to develop them into common platforms within and across industries. In promoting DX (Digital Transformation) at Nippon Steel, we also created new value by locating, connecting, and manipulating sources of information. Nippon Steel has multiple steel mills, each of which had its own policies, but we were able to standardize these and have them shared company-wide. If this same process is extended to provide information-sharing infrastructure for the entire supply chain, it can then extend further to cross-industry platforms and platforms for society as a whole. Although this model presents challenges that may make it difficult to realize on our own, we aim to achieve it by engaging in co-creation activities with government agencies, industry associations, leading companies, and other organizations.

### Action ❷ : "Utilize and strengthen our insights and technological expertise"

The greatest asset in implementing a new business model is "operational insights." Having started out as the information department of Nippon Steel, we have very extensive insights into the operations of the steel and manufacturing industries. We also possess operational insights, comparable to our competitors, into various industries that we have cultivated as NSSOL, such as the financial market and the online domain of travel. These advanced and unique operational insights will be compiled into assets and eventually take shape as packaged solutions. This is the "A-type" model described earlier. For example, "PPMP" is a package for steel production management, and "ConSeek" is a platform for a group of risk management packages in the financial markets, both of which represent

concentrations of our insights. By consolidating insights packaged into products in this way, we will make the A-type business model stronger.

Another of our strengths is technological expertise. We are required to address each new field of technology as it emerges, and this role is undertaken by the Systems Research & Development Center. One priority theme is conducting research to realize "next-generation development processes." We have been engaged in research on generative AI from its earliest stages, and are also advancing research into areas such as composable architecture*1. Moreover, since the year before last, we have been actively engaged in M&As. We plan to conduct proactive investments in a wide variety of areas, such as investing in ventures with cutting-edge technologies, such as AI, and in Thai companies that specialize in SAP, which is vital for global business development.

*1 Composable architecture: A method for building systems in which components developed for each small function are combined as appropriate for business operations, which is expected to improve system development speed, flexibility, scalability, and more.

### Action ❸ : "Expand beneficiaries of value we provide"

In addition to growth in our traditional business areas, we will expand our value offerings to new markets such as overseas, domestic medium-sized enterprises, local governments, digital services, and IT-OT convergence*2. The area of IT-OT convergence is one where "steel synergies" can be easily achieved. We formed a business alliance with Nippon Steel Texeng .Co., Ltd., which specializes in equipment engineering for the Nippon Steel Group, in order to combine our respective insights. In the market of mid-sized companies in Japan, which is held by our regional subsidiaries, there is the same lack of IT personnel and demand for solutions to IT-related

issues, so we are determined to seize opportunities as they arise. Overseas, we have foreign subsidiaries, mainly in Asia, and we intend to expand our business in each growth market. For example, the financial industry we provide services to is a globally connected industry. We see Japanese industry as being positioned within the global marketplace, and we would like to take on the challenge of acquiring a position as a global solutions vendor while also using methods such as M&As.

*2 IT-OT convergence: IT refers to information technology that collects, processes, and analyzes data, while OT refers to operational technology that controls and operates manufacturing equipment and infrastructure. The convergence of these two areas is expected to improve the efficiency and productivity of manufacturing and infrastructure.

## The structure we want to achieve by 2030

By taking the actions I have described here, we hope to achieve the following business structure as early as

possible in the 2030s. The most important point of the NSSOL 2030 Vision is to reform our business structure to achieve higher profitability, and we have set an operating income level of 100 billion yen as the realization of this goal. Achieving an operating margin of 20% will lead to revenue at the 500 billion yen level as a result. To change our business structure, we will invest more than 100 billion yen in human capital and solution development, the most important areas for our growth. In addition, by making investments of 200 billion yen, we intend to take on the challenge of creating businesses worth 100 billion yen through M&As. These initiatives will bring ROE to the 15% level and enhance our corporate value. To this end, we have increased the dividend payout ratio to raise awareness of capital efficiency.

Specific paths to this be discussed in the next Medium-Term Business Strategy. The six years leading up to 2030 will be divided into two three-year periods. Our plan is to build a solid foundation for growth in the first three years, and then step up the pace of this growth in the second three years. We expect that rather than

**Actions for realizing vision ❷ : "Utilize and strengthen our insights and technological expertise"**
Shifting to our new business models by drawing on and enhancing NSSOL's strengths of insights and technological expertise



Operational insights
- Advanced operational insights accumulated in a variety of industries
- Operational insights gained in the mission-critical steel industry

Technological expertise
- Technologies acquired through M&As
- Cutting-edge technology from the Systems Research & Development Center
- Technologies cultivated in each business area

Conversion to assets and products

- SI Transformation Model
- Asset-driven Model
- Multi-company Platform Model

**Actions for realizing vision ❸ : "Expand beneficiaries of value we provide"**



Solutions
Channels
Technologies
Talent

Overseas
Consumers
Midsize companies & local gov'ts
Smart cities Smart industry
IT-OT converging AI & Robotics
Digital services
Social platforms

Market
Finance
Gov't offices
Logistics
Manufacturing
Communications

## The structure we want to achieve

| | Forecast for the year ending March 31, 2025 | | The structure we want to achieve |
|---|---|---|---|
| Revenue | 330 billion yen | → | 500 billion yen level |
| Operating profit | 36 billion yen | | 100 billion yen level |
| Operating margin | 10.9% | | 20% level |
| ROE | 10.2% | | 15% level |

- **Invest more than 100 billion yen to strengthen human capital and develop solutions for asset creation, etc.**
- **Create businesses worth 100 billion yen through M&As**
- **Further improve capital efficiency to enhance corporate value**

proceeding in a linear fashion, growth will accelerate in the second half of the period.

## Human capital management to prevail in times of change

Our industry is one where human resources represent irreplaceable capital, and it is in our personnel that our strength as a company lies. We no longer live in an era in which the company controls everything and asks its employees to pursue a particular direction or learn a particular thing. I believe that corporate value will be determined by how companies act to ensure that their employees learn autonomously and create new value on their own. As such, the company's role will be to support employees who are willing to learn and develop their careers autonomously. Just because we are looking for autonomy does not mean that we can only make use of personnel who have worked their way right up from the bottom. Rather, it means respecting the relationship between the individual and the company, watching over them and providing support.

As a mechanism for supporting autonomous growth, we provide a "human resource development platform." By allowing employees to visualize and understand what they are lacking in terms of their work history and the skills they possess, we are building a system that allows them to choose what they need to learn and what career they need to pursue, thereby allowing for autonomous growth. The NSSOL version of the White Paper on Human Resources analyzes personnel information from various axes, such as by organization, job type, project type, and age, allowing a PDCA cycle to be followed for creating high value-added human resources.

We are also exploring the possibility of data-driven career development support, in which employees' performance, career aspirations, etc. are stored in talent management and analyzed by AI to help them improve their skills. Regarding company-wide human resource development measures, staff and managers in charge of human resource development have been appointed within organizations to support on-the-ground training, and training is being conducted in close collaboration

after ascertaining the needs of each site. Various training systems have been established within organizations, including 1-on-1 meetings between individual employees and their supervisors and mentors, and training reinforcement meetings.

In this way, we support the development of autonomous human resources from the perspectives of both systems and people.

The NSSOL Academy is a venue for cross-organizational human resource development. It is based on the concept of "professionals training professionals," in which people with a certain amount of experience train younger employees and their successors. This is a totally voluntary organization, which has been engaged in very interesting activities, including internal papers, book publications, invited lectures, and providing consultations to project managers, for about 10 years.

In order for us to create value, it is extremely important that our employees are healthy, active, and engaged. To this end, we will continue to invest in human capital. Furthermore, to make that investment more valuable to the company, we have established NSSOL Added Value, a proprietary indicator that evaluates our investment in human capital and the value we create. NSSOL Added Value represents the sum of "human and intellectual capital" (broadly defined personnel expenses) and "manufactured and other capital" (depreciation) in addition to "operating profit" (financial capital), which is the result of business activities based on social capital. We have established this KPI based on our belief that the steady accumulation of this NSSOL Added Value will lead to a sustainable increase in corporate value, which consists of both financial and non-financial elements, including human capital.

## Relationship with Nippon Steel

Over the past few years, Nippon Steel shifted its focus to include not only the manufacturing process of steelmaking, but also the surrounding supply chain, emphasizing how to improve value as a corporate group. Similarly, if we at NSSOL are able to establish

a successful model in the steel supply chain, we can extend that model to other supply chains as well. As such, our use of Nippon Steel's fields is broader than ever before, and at the same time, more important to our business. Synergies between the parent company and its subsidiaries are essential to realize the vision described above, and the ability to make bold investments because of stable shareholders represents a major advantage for our business. In addition, with a shortage of IT personnel a major issue for the entire group, our role as the IT division of the Nippon Steel Group is becoming more and more important. In addition, as we pursue free and autonomous management, our business will grow and more information will come from outside the Nippon Steel Group. Deploying these insights gained from outside the group will also help strengthen the competitiveness of Nippon Steel as the parent company. With both parties able to fully reap the benefits of the parent-subsidiary listing, we intend to maintain this positive relationship.

## Dialogue with capital markets to enhance corporate value

As the head of a publicly traded company, I have had many conversations with investors over the past year. The information that we obtain from these dialogues

is very valuable to us, and I hope that we can continue such constructive interactions in the future. I have seen firsthand the importance of communicating what we are thinking, receiving feedback through that communication, and developing a deeper mutual understanding.

Given that NSSOL is a publicly listed company, it is only natural that we manage our business with an awareness of capital efficiency, and we must communicate this stance firmly to the capital markets. With this in mind, the "NSSOL 2030 Vision" announced this year proposes a target ROE level of 15%. In addition, as a measure that we can take to improve capital efficiency, we have increased the dividend payout ratio We believe that we can improve capital efficiency by achieving the highly profitable business structure outlined in the NSSOL 2030 Vision and by adopting capital policies such as raising the dividend payout ratio.

Today we live in an era of sustainability management, and I believe that a company should have a strong presence in society and have the ability to make an ongoing contribution. One of our missions, as I mentioned at the beginning, is to contribute to society by using IT to solve social issues. Another is to generate steady profits through contributions to society, achieve continued sustainable growth, and return the profits to our investors. We will strive to be a company that our stakeholders can look to with confidence and expect the best from.

# NSSOL's Value Creation Process

## Social and economic change
- Shrinking labor force
- Growing use of digital technology in social activities
- Stronger policies on environment & climate change
- Corporate expansion of digital businesses
- Growing importance of traceability
- Changes in international trade regulations

## Megatrends in IT
- Transformation of system development and operation through generative AI and other new technologies
- Expansion of digital services
- Widespread adoption of cross-industry platforms

## Technological innovation
- AI/Generative AI
- Low-code/No-code
- IoT/Edge devices
- Cloud computing
- Security
- Anonymity/Encryption
- Blockchain
- Data spaces

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

### Material Issues
1 Solve social issues through IT

2 Provide a stable supply of IT services as social infrastructure

3 Create opportunities for diverse individuals to play active roles

4 Reduce environmental impact

5 Pursue governance and compliance as a trusted member of society

### NSSOL 2030 Vision

**Social Value Producer with Digital**
Envisioning and realizing the future of society through the power of digital technology

#### New business models [P.6]

| | |
|---|---|
| Multi-company Platform Model | Provide platforms for co-creation & coexistence |
| Asset-Driven Model | Provide best practices |
| SI Transformation Model | Provide sustainable IT services |
| Existing SI experience & operational insights | Asset portfolio |

### Social value

### Economic value

**Structure to be achieved**

| | | |
|---|---|---|
| Revenue | **500** | billion yen |
| Operating profit | **100** | billion yen |
| Operating margin | **20** | % |
| ROE | **15** | % |

We aim to achieve these goals as early as possible in the 2030s through industry-leading business growth.

### Foundations for sustainability management

| Human resource management | Environmental management | Corporate governance | Risk management |
|---|---|---|---|

### Management capital

**Human capital**
- Human resources with a strong sense of ownership who keep growing together with their peers
- Diverse human resources with advanced skills and expertise to meet customer needs
- Focusing on fostering and expanding a system and culture that reproduce human resources (from recruitment to development and on-the-job training)

**Social capital**
- Customer base to support a sustainable society
- Value chain with IT vendors/development partners
- Connections with local communities and people (in Japan and overseas) centered on steel mill districts

**Natural capital**
- Environmental impact reduction activities
- Highly efficient data centers
- Endorsement of the TCFD recommendations Working to reduce our future environmental impact in a way that is meaningful to society

**Intellectual capital**
- Solutions and services backed by operational insights and cutting-edge IT
- Business models created by utilizing Nippon Steel's fields
- Research results from the Systems Research & Development Center

**Manufacturing capital**
- Processes and mechanisms for project management and quality control
- Realizing stable operations based on robust data centers, cloud services, and the application of the latest technology and know-how in system management

**Financial capital**
- Strong financial base

# Initiatives to Realize Our Vision

### New business models 📖 P.6 ▶

| SI Transformation Model | Asset-Driven Model | Multi-company Platform Model |

### Measures to realize transformation

**Strengthen human resources**

Shift to business personnel oriented toward providing value to society

Promote initiatives that enable employees to work actively while being autonomous, decentralized, and cooperative

**Accelerate solution development**

Expanding investment necessary for developing in-depth operational insights and turning expanded knowledge into assets

**Acquire and apply advanced technologies**

Acquisition of technologies necessary to realize next-generation system development and its application to actual business

Development of provision-based IT service platforms

**Utilize field of Nippon Steel Corporation Group**

Verification of next-generation system development technology

Accumulation of assets for the manufacturing industry

**Implement external growth strategy**

Collaboration with external companies that possess capabilities we do not

Co-creation with top companies and industry associations to develop cross-industry platforms, etc.

**Transforming operating model**

Transformation of the company's operating model to realize new business models

## Core of our strengths

## In-depth Operational Insights

NSSOL grew out of the Electronics & Information Systems Division of Nippon Steel. Steelmaking is a complex manufacturing process that produces a wide variety of finished goods from common raw materials such as iron ore, coal, and limestone, and by necessity, we have developed an approach of exploring and accumulating knowledge of our customers' operations down to the smallest detail. This is an approach that we have demonstrated in the course of expanding our business to various fields, and we have accumulated an unparalleled level of operational insights in each of these industries. We apply these insights not only in the development of our customers' systems, but also in our own solutions, such as PPMP, a production management package for steel, ConSeek, an integrated business management platform for financial institutions, and PLANETARY, a concept brand for digital manufacturing, that draw on the strength of these insights.

## Proven technical capabilities

Since launching the world's first on-line real-time system for steel mills in the 1960s, we have always been demanded by our customers for our cutting-edge technology and the advanced system development capabilities to ensure its stable operation. In order to respond to these demands, we have not only refined the technical skills of our employees to the maximum extent possible, but also established the Systems Research & Development Center in the Technology Bureau. At the Systems Research & Development Center, our specialized researchers are constantly creating advanced application examples and continuing research that contributes to improved productivity and quality in systems development, such as next-generation development processes. In addition, we are working to further strengthen our technological capabilities by constantly monitoring cutting-edge technological information through NSSOL USA and venture capital firms in which we have invested.

## A dynamic workforce

**Executive Director**
**Senior Executive Officer and CFO**
**Akimi Tojo**

# To fulfill the NSSOL 2030 Vision, we will further improve capital efficiency and implement a financial strategy that drives the agile execution of investments and the maximization of their impact.

## Business Performance

### FY2023 Results

For FY2023, with robust demand for IT, revenue and operating profit exceeded our initial forecasts, reaching record highs.

Revenue totaled 310.6 billion yen, an increase of 18.9 billion yen from the previous year, due to increased sales to megabanks and Nippon Steel, as well as strong sales in digital workplace solutions, cloud, and the Oracle business.

Operating profit was 35.0 billion yen, up 3.3 billion yen from the same period last year. This was due to an increase in gross profit, including an improvement in the gross profit margin, which offset an increase in selling, general and administrative expenses resulting from measures to strengthen human capital, including recruitment and training, and the promotion of internal infrastructure development, in addition to the strengthening of sales capabilities.

### Outlook for FY2024

For FY2024, we expect domestic IT demand to remain firm, although it will be necessary to pay close attention to the impact of the political and economic situation overseas. We will continue to aim for record highs in both revenue and operating profit, as in the previous fiscal year.

We aim to increase revenue by 19.4 billion yen to 330 billion yen, which would represent 6% growth over the previous fiscal year. Although some customers are narrowing down their investments, overall, we are seeing strong demand in all areas, including data-driven management, business streamlining through the use of AI, renewal of legacy systems, and measures to address the IT human resource shortage, and we will work steadily to capitalize on this demand.

Despite an expected increase in selling, general and administrative expenses of 4.4 billion yen, mainly due to strengthening of investment in technology and R&D to realize the NSSOL 2030 Vision, we are aiming for an increase in operating profit of 2 billion yen to 37 billion yen, an increase of 6% from the previous year, to be achieved through the abovementioned revenue growth and continued improvement of profit margin.

**Operating profit**
(100 millions of yen)

| FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 target |
|--------|--------|--------|--------|--------|--------|---------------|
| 254 | 284 | 245 | 299 | 317 | **350** | 370 |

**Revenue**
(100 millions of yen)

| FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 target |
|--------|--------|--------|--------|--------|--------|---------------|
| 2,551 | 2,748 | 2,520 | 2,703 | 2,917 | **3,106** | 3,300 |
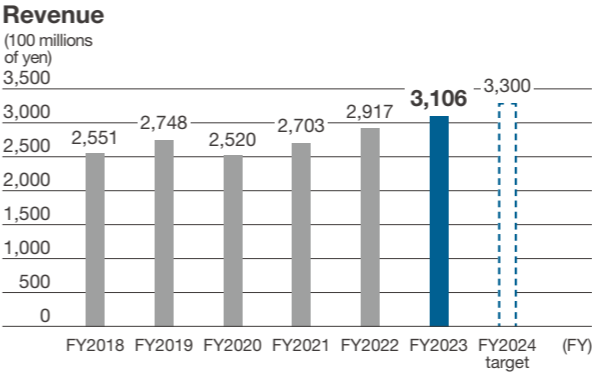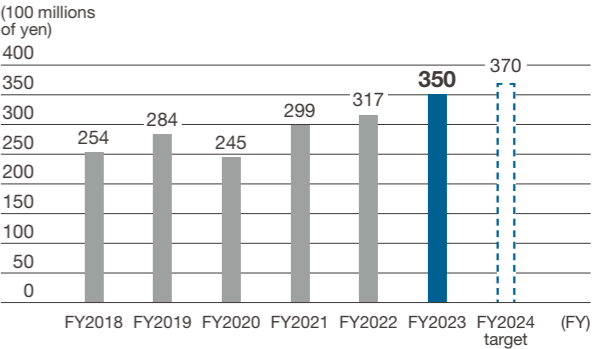
## Financial Management

### NSSOL 2030 Vision

To realize the NSSOL 2030 Vision, we will take on the challenge of shifting to a new business model with our core assets based on the knowledge we have accumulated and the technological expertise we have cultivated. By shifting to this business model, we believe we can achieve growth in scale and high profitability (operating margin), including expansion into new business areas. This shift in business model will require investment in areas such as enhancing human capital, accelerating solution development, acquiring and applying cutting-edge technologies, and creating a highly engaged and comfortable working environment to be implemented on an ongoing basis, and to this end we are considering a total investment of 300 billion yen, the largest ever in the company's history.

To achieve the NSSOL 2030 Vision as early as possible in the 2030s, we will further improve capital efficiency and implement a financial strategy that drives the agile execution of investments and the maximization of their impact.

With the aim of further substantiating the NSSOL 2030 Vision, we have already begun formulating our next medium-term management plan (the FY2025–2027 Medium-Term Business Strategy). The 2027 medium-term plan will be a time to consolidate the foundation for realizing the NSSOL 2030 Vision by "launching into new markets," "launching new business models," and "building a business foundation for growth," and as such, it is essential to make timely and appropriate investments with a sense of urgency.

Under our current Medium-Term Business Strategy, we have met our funding needs through internal reserves, funds derived from cash flows from operating activities, and the sale of cross-shareholdings. We will continue this policy toward 2030, but depending on the progress of M&As and other investments, we expect to engage in borrowing as well. We will also consider measures including easing the capital adequacy ratio and liquidity on hand in order to raise necessary funds.

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## NSSOL Added Value

We define "NSSOL Added Value" as an indicator to measure the progress and sophistication of our value creation process. This requires not just measuring whether NSSOL Added Value is expanding from a medium- to long-term perspective, but a virtuous cycle that drives further value creation and business growth by reinvesting the NSSOL Added Value generated from business activities into human capital and intellectual capital (in the broad sense of personnel expenses), and manufacturing capital, etc. (depreciation expenses).

As mentioned above, we will make proactive investments to realize the NSSOL 2030 Vision, and in deciding on these investments, we will manage our investment portfolio appropriately by carefully examining the investments from the perspective of reliably and efficiently realizing new business models, expanding the scale of our business, and dramatically increasing operating margin. In making decisions on M&As and capital investment, we set hurdle rates based on the cost of capital and make decisions with an awareness

of investment profitability. However, we also believe it is necessary to confirm the investment efficiency of human capital, which is the source of our growth.

## Cash Allocation Policy

Regarding our cash allocation policy, we believe it is important to maintain a sound financial base by striking a balance between the steady execution of the above growth investments, providing appropriate and stable dividends to our shareholders, and maintaining internal reserves for the future.

With respect to the return of profits to shareholders, in order to improve share liquidity and further expand the investor base, a two-for-one stock split was implemented with an effective date of July 1, 2024. The year-end dividend for FY2023 was increased by 5 yen to 45 yen per share in consideration of the growth in profit, and combined with the interim dividend of 40 yen per share, the annual dividend was 85 yen per share (payout ratio: 32.1%).

For FY2024, we plan to significantly increase the

dividend payout ratio from 30% to 50%, as we believe that cash flows generated from the perspective of improving capital efficiency should be actively returned to shareholders as we work toward realizing the NSSOL 2030 Vision.

To achieve a return on equity (ROE) of 15%, we will further strengthen our earning power, execute growth investments including external growth, work on timely and appropriate measures for shareholder returns, and practice proactive information disclosure.
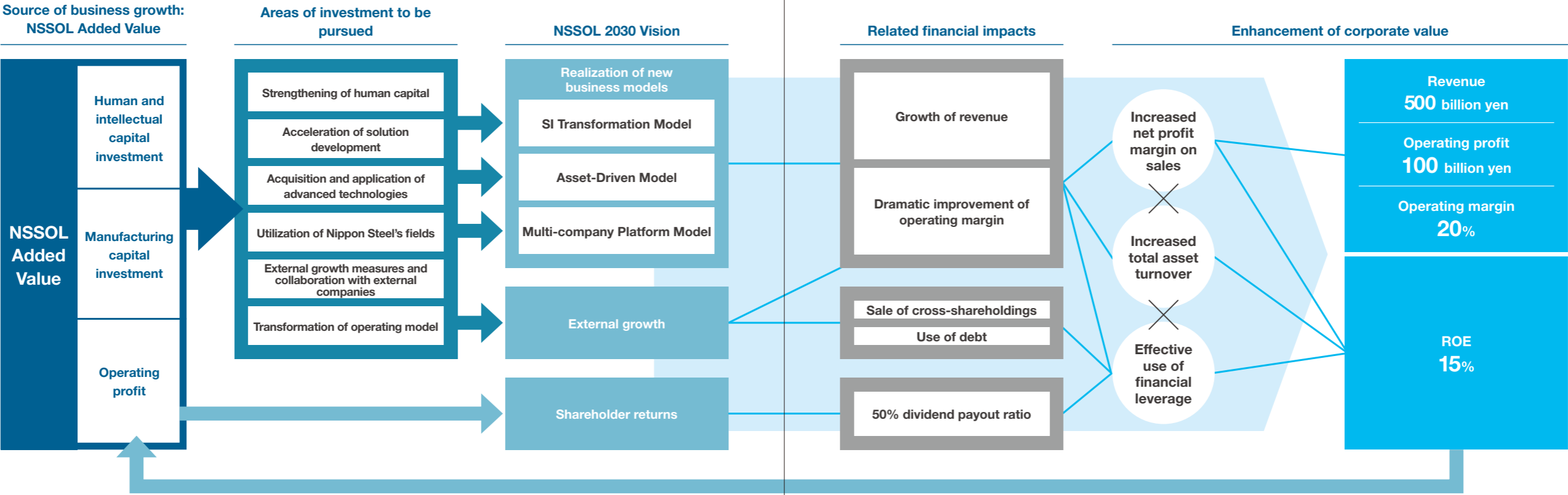
**Expansion of NSSOL Added Value**
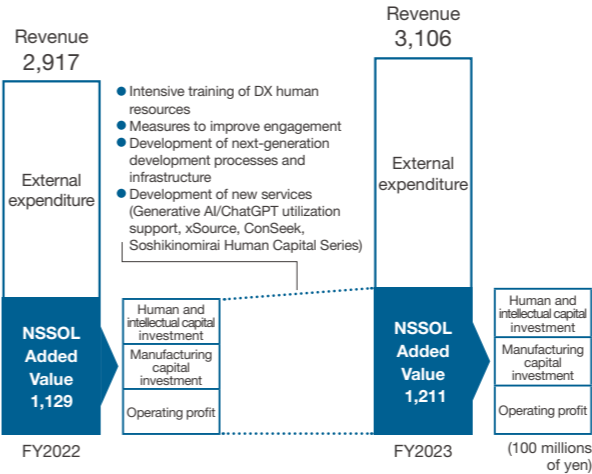


**Dividend per share and dividend payout ratio**
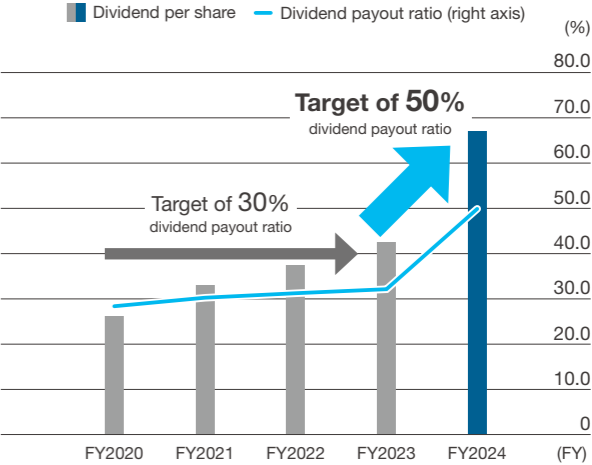


**Relationship between NSSOL Added Value and the NSSOL 2030 Vision**

## FY2021–2025 Medium-Term Business Strategy

# First DX Partner

In FY2021, we established the FY2021–2025 Medium-Term Business Strategy.
Our vision for this Medium-Term Business Strategy is to become the "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.

### Medium-Term Business Strategy

**1**
**Steadily meet evolving needs for DX**

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

**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 customers' DX needs.

**3**
**Further enhance the acquisition and training of excellent human resources**

Human resources are the most invaluable assets and the source of our growth. We will continue to acquire and develop excellent IT individuals by investing appropriately in human resources and promoting the creation of higher job satisfaction.

**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 the highest ethical standards.

### Growth targets

**Consolidated sales growth rate**

**+5~6%**

**Focus area sales growth rate**

**+10% or more**

### Focus Areas

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

### Investment for Growth

**1**
**Investment to strengthen business infrastructure**

**50~75 billion yen**

**2**
**Investments for accelerating DX**
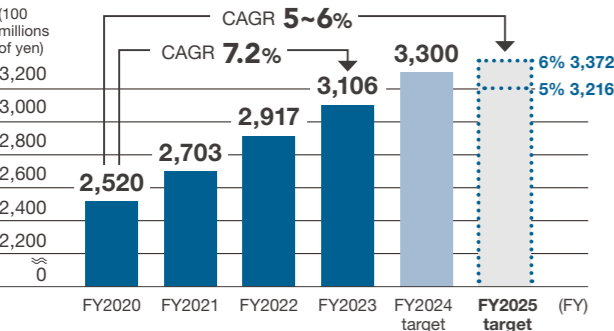
**10~15 billion yen**

**3**
**M&As and other investments/financing**

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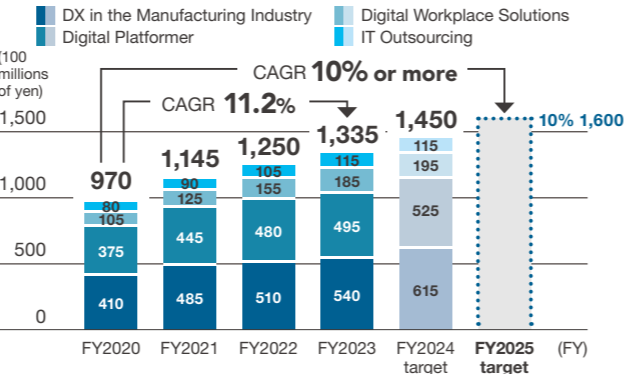# Progress of the Medium-Term Business Strategy

## FY2023 Sales performance

### Consolidated sales growth rate

(100 millions of yen)

CAGR **5~6%**
CAGR **7.2%**

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 target | FY2025 target |
|---|---|---|---|---|---|---|
| | 2,520 | 2,703 | 2,917 | 3,106 | 3,300 | 6% 3,372 / 5% 3,216 |

The consolidated sales CAGR for the period from FY2020 to FY2023 was +7.2%, exceeding the Medium-Term Business Strategy's target of +5–6% per year.

### Focus area sales growth rate

■ DX in the Manufacturing Industry ■ Digital Workplace Solutions
■ Digital Platformer ■ IT Outsourcing

(100 millions of yen)

CAGR **10% or more**
CAGR **11.2%**

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 target | FY2025 target |
|---|---|---|---|---|---|---|
| Total | 970 | 1,145 | 1,250 | 1,335 | 1,450 | 10% 1,600 |
| IT Outsourcing | 80 | 90 | 105 | 115 | 115 | |
| Digital Workplace Solutions | 105 | 125 | 155 | 185 | 195 | |
| Digital Platformer | 375 | 445 | 480 | 495 | 525 | |
| DX in the Manufacturing Industry | 410 | 485 | 510 | 540 | 615 | |

The CAGR for sales in our focus areas for the FY2020 to FY2023 was +11.2%, exceeding the Medium-term Business Strategy's target of +10% per year.

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## FY2023 Investment record

**1 Investment to strengthen business infrastructure**

Investments to strengthen our business infrastructure in FY2023 totaled 12.2 billion yen, bringing the cumulative total for the three-year period from FY2021 to FY2023 to 40.4 billion yen. We will continue working to enhance this infrastructure through ongoing improvements to our IT environment and investment in next-generation development processes.

**2 Investments for accelerating DX**

In FY2023, we made 4 billion yen of investments for accelerating DX, bringing the cumulative total for the three-year period from FY2021 to FY2023 to 10.5 billion yen. We will further promote the intensive development of DX human resources and continue to take on challenges in new domains and businesses.
In FY2023, we began offering the following new solutions and services.

■ Generative AI/ChatGPT utilization support service
■ xSource, a consulting service based on NSSOL's knowledge assets
■ ConSeek, an integrated business management platform service for financial institutions
■ Soshikinomirai Human Capital Series, a human capital visualization service

**3 M&As and other investments/financing**

In FY2023, we undertook the following two measures.

■ Incorporation of Texeng Solutions (now NS Solutions BizTech) as a Group company
■ Capital and business alliance with Toho System Science

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**Focus Areas Topics for this fiscal year**

NSSOL is working to accelerate growth by collaborating with outside firms to scale up and acquire capabilities.

In terms of scaling up, we are working with companies that can further strengthen our capabilities as a comprehensive systems integrator through sustainable business expansion and improved regeneration of human resources. In FY2023, we completed the incorporation of Texeng Solutions, a systems integrator in the Nippon Steel Group, as a Group company.

In acquiring capabilities, we will work with companies that have operational insights that we do not possess and skills in key technology areas. In FY2023, we concluded a capital and business alliance agreement with Toho System Science, which has expertise in a wide range of fields, including telecommunications, public services, manufacturing, distribution, and broadcasting, with a focus on the financial sector. In addition, we have entered into business alliance and distributor agreements with companies whose products and solutions have strengths in areas of business that we do not have (USAEL, SimCorp, Zeroboard), and in AI-related areas where we are working to enhance our solutions (ExaWizards, Kore.ai, FastLabel, Weights & Biases Japan).

We will continue working to promote our growth through synergies with external companies with cutting-edge specialists.

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### External growth measures in FY2023

| Purpose/Objective | Method | Measures in FY2023 |
|---|---|---|
| **Scaling up** | ● Collaboration with companies that can further strengthen our capabilities as a comprehensive systems integrator through sustainable business expansion and improved regeneration of human resources | ● Incorporation of Texeng Solutions as a Group company (Now NS Solutions BizTech/NSBTC) |
| **Acquisition of capabilities** | ● Collaboration with companies that have operational insights that we do not possess and skills in key technology areas | ● Capital and business alliance with Toho System Science |

NS Solutions BizTech

TSS

# NSSOL's Sustainability Management

In a rapidly changing and increasingly diverse society, the roles that companies are expected to play are also changing dramatically.

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.

We will work to create social value in accordance with this Purpose, and have taken it as a starting point to identify 5 material issues (key sustainability issues). By establishing these material issues, we have made clear the specifics of how we will tackle sustainability management. We have also set KPIs to manage progress for each material issue over the medium to long term.

The management system we have put in place to implement sustainability management is centered on the Sustainability Committee.

### Purpose and Material Issues

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

**What we aim to achieve through our Purpose**

| Solve social issues and expand the possibilities of society | Provide infrastructure for customers to tackle challenges together with peace of mind | Expand possibilities for stakeholders | Reduce environmental impact and expand future possibilities | Become a partner for co-creation of social value |

**Material Issues**

| Solve social issues through IT | Provide a stable supply of IT services as social infrastructure | Create opportunities for diverse individuals to play active roles | Reduce environmental impact | Pursue governance and compliance as a trusted member of society |

## Sustainability Management Promotional Structure

We have established the Sustainability Committee, chaired by the Representative Director & President, as a system for promoting addressing material issues.

The Sustainability Committee deliberates on policies for addressing material issues and the progress of measures, and establishes "subcommittees" and "working groups" as necessary to ensure agile and efficient implementation.

In addition, important matters are reported to the Management Committee and the Board of Directors.

### Composition of the Sustainability Committee

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

### Points of deliberation regarding sustainability

- ▶ Establishment of policy and annual plan for addressing sustainability issues
- ▶ Confirmation, evaluation, and response to the progress of sustainability issues
- ▶ Gathering information on important issues related to sustainability issues, such as revisions to legislation and regulatory developments

### Promotion Structure

- Board of Directors
- Corporate Management Committee
- Sustainability Committee
  - Environmental Management Committee
  - D&I and Human Rights Committee

# Material Issues and KPIs

In FY2022 and FY2023, we have continued to conduct sustainability management based on the material issues selected in FY2021.

From FY2024, in order to further enhance these efforts, we have reviewed some of the KPIs, setting specific evaluation indicators and quantitative target values. We plan to continue to review these flexibly in line with changes in the external environment and in the status of our business operations, ensuring that they reflect our sustainability management in practice.

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| Material Issues | Reasons for Selection | NSSOL's Efforts | Status of FY2023 Initiatives * Consolidated values unless otherwise noted | Plans for FY2024 Onward | |
|---|---|---|---|---|---|
| | | | | KPI | Specific evaluation indicators and target values for initiatives * Consolidated values unless otherwise noted |
| **1 Solve social issues through IT** | ▶ 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. | ▶ Contributing to society through customer businesses that support a wide range of social infrastructure ▶ Solving sustainability issues such as the declining number of births, aging population, and global environmental problems with IT ▶ Creating new value with IT for a future-oriented society | ▶ 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 to address the shrinking of the working population ▶ Contributing to the development and improvement of social infrastructure through system 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 \| Performance \| Including the above, company-wide revenue in FY2023: 310.6 billion yen | Performance in contributing to social issues through customer businesses | Company-wide revenue Target for FY2024: 330 billion yen |
| | | | ▶ Contributing to the quality and convenience of government services through the "NSDDD Cloud for Government" cloud service ▶ Contributing to labor productivity improvement through promotion of human capital management by "Soshikinomirai Human Capital Series," a human capital visualization service ▶ Contributing to the improvement of social services (e.g., seamless collaboration between financial and non-financial institutions) by stabilizing the management of financial institutions through the "ConSeek" integrated business management platform service | Performance in creating and providing solutions and services that facilitate the resolution of social issues | ❶ Amount of investment in development of new solutions * Not disclosed ❷ Number of market launch phases in the solution pipeline * Not disclosed |
| **2 Provide a stable supply of IT services as social infrastructure** | ▶ 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. | ▶ 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 | ▶ Number of IT service faults: maintained at 0 | Number of IT service failures Indicators for ensuring the stable operation and security of the IT services we provide | Number of major IT service failures Target for FY2024: 0 |
| | | | | Performance in stable implementation of projects | Rate of systems supplied within the proposed work period * Not disclosed |
| **3 Create opportunities for diverse individuals to play active roles** | ▶ 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. | ▶ 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 | ▶ Developing women in core management positions through measures to train female leaders [Non-consolidated, some consolidated] \| Performance \| 47 employees as of the end of FY2023 ▶ Promoting childcare leave uptake by male employees [Non-consolidated] \| Performance \| 64% in FY2020, before the target was set → 72% in FY2021 during the plan period → 91% in FY2022 → 97% in FY2023 ▶ Promoting D&I measures such as information dissemination through a dedicated portal | Status of D&I promotion and promotion of women's advancement | ❶ Number of women in core management positions [Non-consolidated, some consolidated] 2025 Medium-term Business Strategy target: Increase the number of women in core management positions to more than double the current number by FY2025. * Employees on secondment are counted as workers from the company they are seconded from ❷ Proportion of women among new graduates hired [Non-consolidated] Target: 30% or more (target achieved every year since FY2018) ❸ Rate of childcare leave, etc. by male employees [Non-consolidated] Target: 70% average over 5 years from FY2021 to FY2025 (90% or more achieved every year since FY2022) |
| | | | ▶ Implementation of engagement surveys ▶ Promoting a cycle of improved engagement with participation of all employees [Non-consolidated] (promoting divisional dialogue meetings and autonomous activities) \| Performance on key engagement items \| ▶ Cooperation and solidarity: 75% in FY2021 → 77% in FY2022 → 78% in FY2023 ▶ Autonomous and self-selective environment and culture 65% in FY2021 → 68% in FY2022 → 70% in FY2023 ▶ Feeling of contribution to society and customers: 66% in FY2021 → 67% in FY2022 → 68% in FY2023 | Employee engagement | Engagement drivers [Non-consolidated] Target: Improvement of NSSOL Engagement Drivers (Our Strengths) |
| | | | ▶ Expanding our telecommuting system ▶ Reducing overtime hours and encouraging employees to take annual paid leave \| Performance \| ❶ Average annual total hours worked: 2,088 hours in FY2021 → 2,056 hours in FY2022 → 2,035 hours in FY2023 ❷ Average number of days of paid leave taken: 4.6 days in FY2021 → 15.0 days in FY2022 → 15.3 days in FY2023 ❸ Employees who took 7 days or less of annual leave: 99 in FY2021 → 64 in FY2022 → 21 in FY2023 | Progress of work style reforms | ❶ Average total hours worked per year 2025 Medium-term Business Strategy target: 2,000 hours ❷ Average number of days of paid leave taken Target for FY2024: Maintain 15 days or more ❸ Persons taking 7 days* or less of annual leave Target for FY2024: 0 * A higher standard value than the 5-day requirement has been set |
| | | | ▶ Promoting "self-selective" capacity development (development of autonomous training course systems, etc.) ▶ Strengthening the activities of the NSSOL Academy (NSSOL's autonomous learning organization) ▶ Establishing an environment that supports diverse and autonomous careers, including a job rotations and in-house staff recruitment system, career support system, and a side-job system | Status of autonomous training environment development and culture building | ❶ Development of autonomous training environment [Non-consolidated] Expansion of new training and measures that contribute to career autonomy ❷ Strengthening of self-selective training measures [Non-consolidated] Strengthening of e-learning measures and expansion of usage |
| | | | Establishing a human rights due diligence process and expanding its scope | Status of efforts to promote respect for human rights | Status of implementation of the human rights due diligence process Establishing a human rights due diligence process and expanding its scope |
| **4 Reduce environmental impact** | ▶ 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). | ▶ Utilizing IT to contribute to the reduction of environmental impact through our customers | ▶ Digital workplace solutions service sales \| Performance \| 18.5 billion yen in FY2023 ▶ IT outsourcing service sales \| Performance \| 11.5 billion yen in FY2023 | Reducing environmental impact through our customers We have set sales of those services which directly reduce the environmental impact of our customers as an indicator. These reductions include reductions in physical equipment (virtualization), reductions in electricity usage, reductions in paper usage, reductions in travel (location-free), and personnel efficiency improvements | ❶ Digital workplace solutions service sales* Target for FY2024: 19.5 billion yen * Focus area in the 2025 Medium-term Business Strategy ❷ IT outsourcing service sales* Target for FY2024: 11.5 billion yen * Focus area in the 2025 Medium-term Business Strategy |
| | | ▶ 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 our GHG emissions to zero by 2050 | ▶ Greenhouse gas emissions (Scope 1+2) \| Performance \| Reductions of 18,465 t-$CO_2$ in FY2023 | Greenhouse gas emissions (Scope 1+2) | Greenhouse gas emissions (Scope 1+2) Target for FY2024: 28,052 t-$CO_2$* * Annual target values for the long-term plan (linear reduction of 3.3% per year from the reference year of 2015, with the aim of halving emissions by 2030) |
| **5 Pursue governance and compliance as a trusted member of society** | ▶ Thorough legal compliance and governance are the foundations of corporate survival, and are a major prerequisite for fulfilling social responsibilities. | ▶ Ensuring thorough compliance with laws and regulations ▶ Strengthening internal controls (risk management) ▶ Ensuring fairness and transparency, both as an organization and in our business operations | ▶ Further strengthening of corporate governance as a company with an Audit & Supervisory Committee ▶ Thorough implementation of the Global Code of Business Conduct ▶ Strengthening risk management systems | Progress of initiatives to strengthen governance and compliance | ❶ Evaluation of the effectiveness of the Board of Directors Target for FY2024: Maintain effectiveness ❷ Rate of participation in e-learning courses during the compliance enhancement period* Target for FY2024: 100%*Employees of NSSOL and group companies, including overseas subsidiaries |

**E**
# ENVIRONMENT

**S**
# SOCIAL

**G**
# GOVERNANCE

## Initiatives to Support Sustainability Management

We aim to be "producers" who bring new value to society.

To this end, we are actively working to address not only our own governance, but also the environment and society.

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# The Source of NSSOL's Growth: Human Capital

### Material Issue

**3** **Create opportunities for diverse individuals to play active roles**

📖 P.23 ▶

### Initiatives

▸ Promoting diversity and creating organizations where everyone can work with enthusiasm
▸ Recruiting, training, and developing highly skilled IT professionals
▸ Fostering a culture of respect for human rights, valuing others, and mutual acceptance

## Basic Approach to Human Resources

In order for NSSOL, where human resources are our most important asset, to remain sustainable in this era of rapid change, it is important to have a diverse workforce that is able to work autonomously with enthusiasm and to continue to grow. To this end, we are working to create an attractive and highly engaged company for our employees by creating a workplace that is easy and fulfilling to work in, a human resource development environment that supports the autonomous growth of our employees, and a human resource system that supports autonomous career development and timely and appropriate responses to employee contributions.

In terms of our corporate culture, we are committed to having each employee think and act on their own initiative (autonomy), valuing diversity of ideas, skills, and identities (decentralization), and maintaining a sense of unity as a group (cooperation), and these three principles are at the core of our various human resource policies.

## The NSSOL Human Resources Profile (Values)

To have a diverse workforce cooperate and realize our Purpose and Vision, we require a common set of values shared by our employees. Between FY2021 and FY2022, we, together with all of our employees, set out four such values. Accordingly, we compiled a list of "strengths that already exist in our company and values that we hold dear" and "values that we would like to foster for the future" as seen by our employees, from young employees to management. People who share these values will gather together and exemplify them in their day-to-day work, and in this way, they are incorporated into the company's personnel policies in various ways.
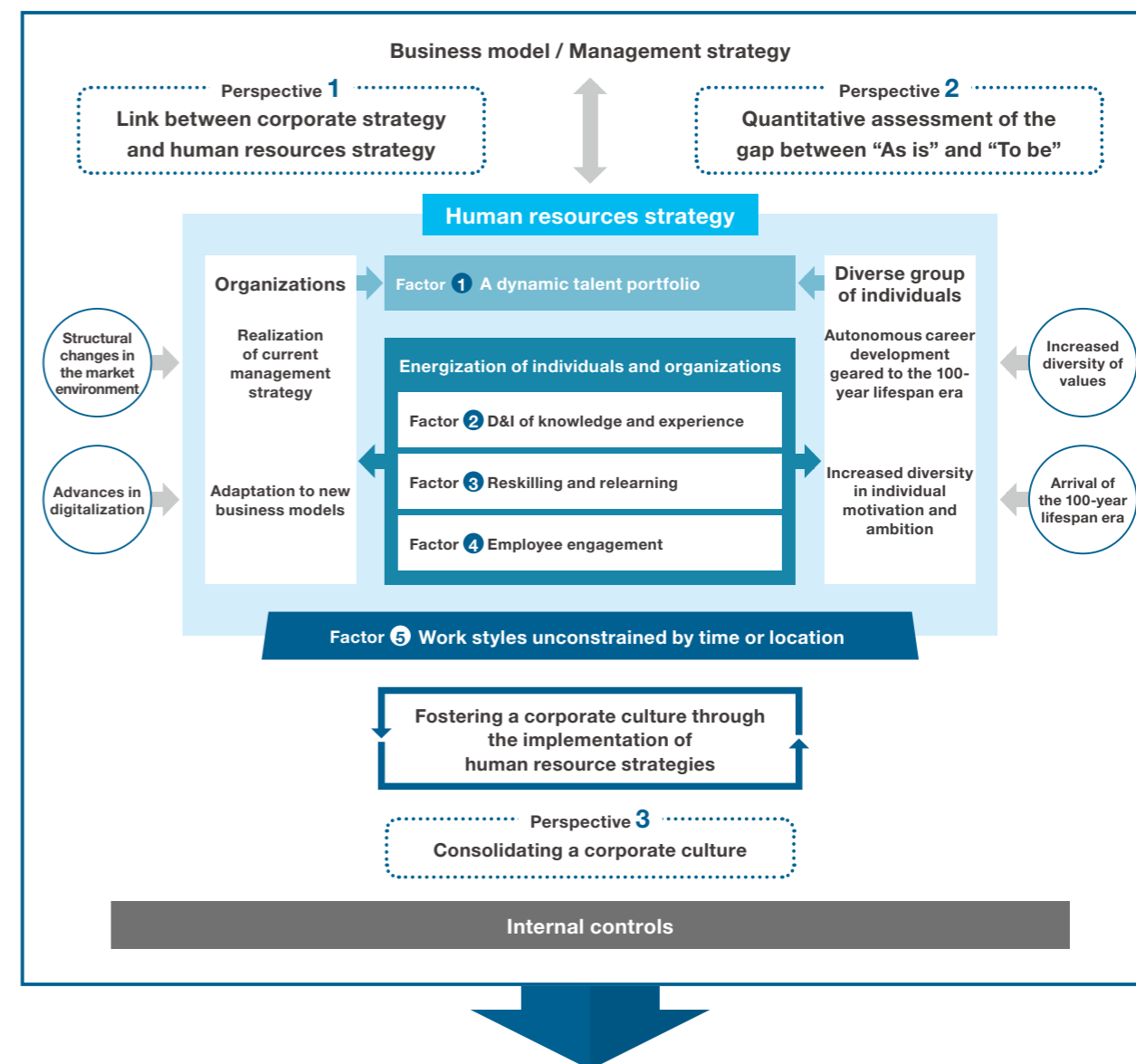
*Move!* to Change
*Move!* with Everyone
*Move!* toward Future
*Move!* as a Professional

## Medium-term Human Resources Strategy

In accordance with the NSSOL 2030 Vision, we have developed a medium-term human resources strategy. Each of the measures included in this strategy is categorized and positioned with respect to the 3P (perspectives) / 5F (common factors) model from the ITO Report for Human Capital Management.

**Business model / Management strategy**

**Perspective 1**
Link between corporate strategy and human resources strategy

**Perspective 2**
Quantitative assessment of the gap between "As is" and "To be"

**Human resources strategy**

Structural changes in the market environment

Advances in digitalization

**Organizations**
Realization of current management strategy

Adaptation to new business models

**Factor ❶ A dynamic talent portfolio**

**Energization of individuals and organizations**
Factor ❷ D&I of knowledge and experience
Factor ❸ Reskilling and relearning
Factor ❹ Employee engagement

**Diverse group of individuals**
Autonomous career development geared to the 100-year lifespan era

Increased diversity in individual motivation and ambition

Increased diversity of values

Arrival of the 100-year lifespan era

**Factor ❺ Work styles unconstrained by time or location**

Fostering a corporate culture through the implementation of human resource strategies

**Perspective 3**
Consolidating a corporate culture

**Internal controls**

## Four Human Resources Policy Themes

The key points of the medium-term human resource strategy have been summarized into the following four themes.
* Details are given on the following pages.

**1** Transformation of the human resources portfolio

**2** Stable recruitment of human resources to support business growth

**3** Creating flexible and diverse opportunities for activity

**4** Creating an organizational culture that increases engagement

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# S SOCIAL

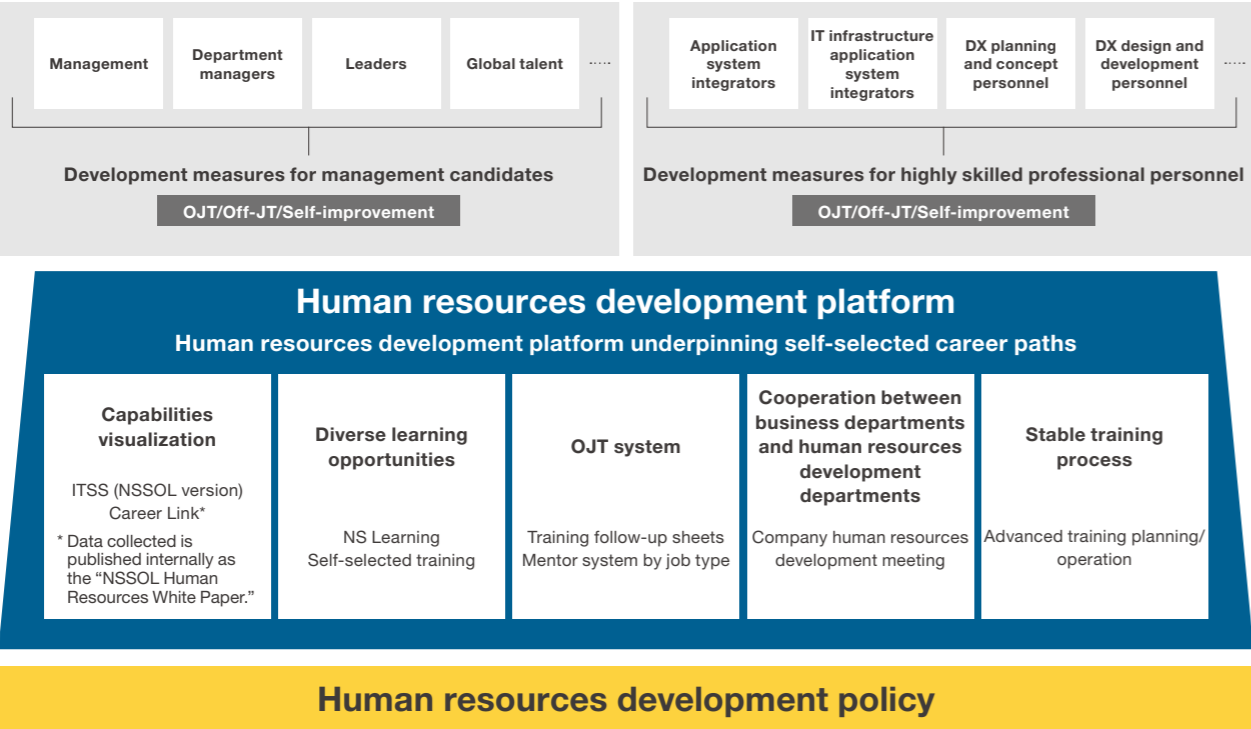## 1 Transformation of the human resources portfolio

To realize our NSSOL 2030 Vision, we will update our human resources portfolio from its traditional focus on business to one of social value creation, thereby enhancing our ability to respond to changes in business and create value for society.
As such, we are taking the following measures based on the concept of self-selected development measures.
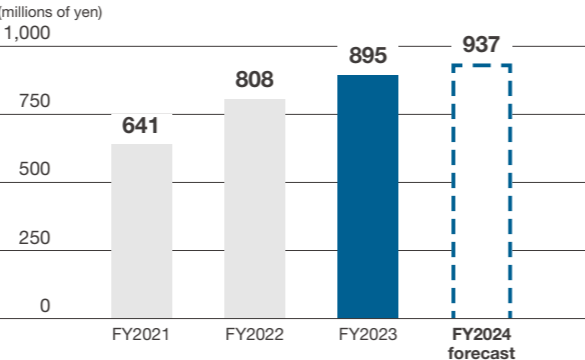
① Enhance training to develop value creation-oriented leaders

② Expand e-learning measures to reinforce reskilling based on career autonomy

③ Utilization of Career Link, a system for identifying the skills of human resources and enabling PDCA for human resource development

④ Establishment of a Training and Enhancement Subcommittee to promote OJT

⑤ Continuation of the NSSOL Academy, a system for developing core human resources with advanced expertise, broad experience, and strong leadership, which will mark its 10th anniversary in FY2024

With these measures, we will update our human resources to be capable of realizing the NSSOL 2030 Vision and enhance our human capital through practical application in business in the field. In addition, we utilize a talent management system to assess and track the progress of the transformation of our human resource portfolio, and conduct ongoing monitoring of our efforts to enhance our human capital.

**Human resource development expenses\***

(millions of yen)

| FY2021 | FY2022 | FY2023 | FY2024 forecast |
|---|---|---|---|
| 641 | 808 | 895 | 937 |

\* Expenses related to training conducted by the Human Resources Department

**Overview of Human Resource Development Measures**

| Management | Department managers | Leaders | Global talent | ..... |
|---|---|---|---|---|

Development measures for management candidates
**OJT/Off-JT/Self-improvement**

| Application system integrators | IT infrastructure application system integrators | DX planning and concept personnel | DX design and development personnel | ..... |
|---|---|---|---|---|

Development measures for highly skilled professional personnel
**OJT/Off-JT/Self-improvement**

### Human resources development platform
**Human resources development platform underpinning self-selected career paths**

| Capabilities visualization | Diverse learning opportunities | OJT system | Cooperation between business departments and human resources development departments | Stable training process |
|---|---|---|---|---|
| ITSS (NSSOL version) Career Link\* <br> \* Data collected is published internally as the "NSSOL Human Resources White Paper." | NS Learning <br> Self-selected training | Training follow-up sheets <br> Mentor system by job type | Company human resources development meeting | Advanced training planning/ operation |

### Human resources development policy

## 2 Stable recruitment of human resources to support business growth

In order to realize the NSSOL 2030 Vision, in addition to people who possess skills in AI/DX technology, agile development, and other technical areas that have traditionally been our strengths, we have recently been hiring many new graduates and mid-career professionals with a mindset of solving social issues and bringing about social change.

In terms of new graduate recruitment, in order to secure a stable supply of human resources to support the growth of our business, we hire students who identify with our business through business internships, acquire naming rights for university facilities to promote awareness of the company's Purpose and Values, and conduct initial assignment-based hiring in response to the younger generation's awareness of career autonomy. As a result, we consistently recruit future core personnel from a pool of more than 30,000 applicants each year.
(Approximately 200 new graduate hires planned for FY2025)
In terms of mid-career recruitment, in addition to IT personnel who can directly contribute to the growth of our existing businesses, we are also placing more emphasis on business insight and increasing recruitment from the customer industries we target, thereby improving the diversity of our human resources. In order to further accelerate mid-career recruitment, we are working to diversify our hiring channels, including through active recruitment advertising, referrals, and alumni.
(Approximately 200 new mid-career hires planned for FY2024)

**Proportion of women among new graduates hired in FY2024**

**35%**

## 3 Creating flexible and diverse opportunities for activity

At NSSOL, we are working to improve the motivation and abilities of each and every employee through the creation of rewarding projects and work, support for autonomous career development, and fair evaluation and benefits, while also developing and operating a personnel system that enables flexible working styles tailored to each person's life and career stages.
The measures we are taking to raise awareness of career autonomy among employees and ensure diversity are as follows.

① **Provision of an environment where a diverse range of human resources can work**
Guided by our Purpose of "dream our future, unleash the possibilities of society, with technology and passion," NSSOL has set out to "create an environment where a diverse range of human resources can thrive" as one of our materiality issues. We are working to create an environment and provide support that will enable employees at various stages in their lives, as well as those with childcare and nursing care responsibilities, disabilities, and other circumstances, to continue to grow and thrive with a sense of fulfillment. In this regard, we have set a mandatory retirement age of 65 so that employees can continue to grow, play an active role, and work with peace of mind regardless of their age. In addition, various measures and support systems are available for situations such as childcare, nursing care, and disabilities, as described below.

② **Introduction of compensation by job classification**
In FY2022, we introduced a compensation by job classification system, a mechanism for designing approximately 1,200 leadership and professional positions in line with our business strategy and appointing human resources accordingly. This is a system that integrates business and human resource strategies to enhance added value for customers and achieve career autonomy for employees. This year marks the third year since the system's introduction, and employees' awareness of "the right person for the right job" is becoming more widespread.

③ **Job rotations and in-house staff recruitment / Career support system**
We have put in place an "Open Challenge System," an annual system of job rotations and in-house staff recruitment aimed at enabling individual employees to think about their careers autonomously and realize their careers through skill development, and a "Career Design Support System," a system for sharing internal job positions and making career development proposals to maximize career realization within the company. In FY2023, more than 100 positions were advertised by various organizations within the company, and the system is being used by employees to realize their own careers.

④ **Side jobs**
In response to the expansion of career choice opportunities and increasingly diverse career development needs, we have established a side-job system to create an environment in which employees can work autonomously.
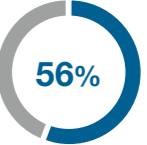
⑤ **Flexible work styles, such as remote work, and an environment that allows people of all ages to play an active role**
In terms of remote work, a work-from-home system with no restrictions on the number of days is standard for all employees, and a remote work-from-home system that in principle does not require employees to travel to work is available for those who move to remote areas of Japan away from the company's business sites for family reasons. To maximize the use of remote work, we have developed and deployed a practical guide to optimize the selective use of the workplace and home, and have incorporated the essentials of remote work management in our internal training programs.

**Persons who work remotely at least one day per month**

**90%**

**Rate of remote work each business day**

**56%**

# S SOCIAL

**4** ## Creating an organizational culture that increases engagement

As changes in the environment in which we operate become more and more dramatic, achieving sustainable growth over the medium to long term requires a diverse range of human resources to generate new ideas by engaging in discussion from a variety of perspectives.

At NSSOL, we are working to create an organizational culture that recognizes the individuality and values of each employee and promotes the development of diverse abilities and experiences.

## Promotion of Health and Productivity Management

It is our belief that health is the foundation of everything we do in our work. As such, we implement measures to improve the health and quality of life for every employee, based on our basic policy of comprehensive health management balancing mind and body. While working styles and lifestyles have changed dramatically in recent years, we are working to improve the health of our employees and re-energize the workplace by

improving lifestyle habits and revitalizing communication through "interviews with all employees after health checkups," led by a dedicated organization in the Human Resources Department (the Health Management Group) and in cooperation with the Health Insurance Society. In addition, based on the results of lifestyle surveys and interviews, we plan various health events such as physical fitness tests to eliminate inactivity.

## Diversity & Inclusion

Promoting diversity and inclusion is a key measure for NSSOL, which is working to ensure that a wide range of people can play an active role at the company. We have established a dedicated organization (Work Style Reforms D&I Group) in the Human Resources Department to develop a system and environment to eliminate constraints and concerns that may arise with

respect to individual or identity-based diversity, affecting groups such as women, people performing childcare, mid-career hires, foreign nationals, seniors, people with disabilities, and LGBTQ+ people. In this way, we are fostering a culture of understanding and cooperation among colleagues to create an environment where all employees can perform to the best of their ability.

| | Women | Time constraints due to childcare, caring and personal illness, etc. | Seniors | LGBTQ+ | People with disabilities | Non-Japanese employees |
|---|---|---|---|---|---|---|
| **For individuals** | Career development support measures (training, interviews, mentoring system) | Various support measures for balancing work and family life, information sessions, consultation services, etc. | Establishing systems / Career support and reskilling training / Improvement of the working environment | Improvement of systems and the working environment | Broadening of fields of work / Further broadening of fields of work/ Improvement of the working environment | Review of recruitment policy / Improvement of the working environment |
| **For managers** | Thorough implementation of individual training plans and enhanced individual follow-up | Promoting take-up of childcare leave by male employees | | LGBTQ+ training (all line managers and above) | | Global exchange meetings, intake of trainees from overseas subsidiaries |
| | Diversity management training for managers (for all line managers and some group leaders) | | Promoting inter-generational understanding | | | |
| **Fostering a workplace culture** | | Open seminars / Strengthening measures in response to the increase in the number of caregivers | | e-learning for all employees / Awareness-raising activities and community service | Social contribution activities / Activity support in each workplace | Global internships |
| | Examination of measures to balance medical treatment and work | | | | | |
| | Dissemination of information via D&I Portal and various lectures | | | | | |

Underway | Topics under consideration in the medium-term strategy

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| Narrowly-defined diversity | Intrinsic diversity |
|---|---|

### Identity-based diversity
**Understanding the constraints and concerns that can affect those from "minority" identity groups and creating an environment that allows them to perform to the best of their ability.**

Amid a shrinking workforce, it is essential to be a company where employees from various groups that were previously minorities, such as women and seniors, as well as those with time constraints such as childcare and nursing care, can play an active role. By eliminating the issues and concerns that can affect people from each group, we can prevent situations where employees cannot be assigned work that matches their abilities due to time constraints, leading to an environment where employees can perform to the best of their ability regardless of their identity.

### Individual diversity
(diversity of knowledge and experience)
**Recognizing the individuality and values of each employee, regardless of their identity, and promoting the development of diverse abilities and experiences**

In times of rapid change, it is necessary not only to maintain existing businesses but also to create new value in response to changes in the external environment.

However, highly homogeneous groups cannot respond flexibly to change. A diverse range of personnel discussing issues from a variety of perspectives leads to the creation of new ideas.

## Promotion of Women's Advancement

We are addressing the promotion of women's advancement as an important theme, and in the Action Plan for the Promotion of Female Participation and Career Advancement, formulated in April 2021, we set the following targets.

**Target 1** Increase the number of women in core management positions to more than double the current number by FY2025.

**Target 2** Maintain a rate of at least 30% women among new graduate hires.

In order to meet these targets, we are implementing practical measures as part of our "Career Enhancement Program for Women," including career training and interviews, "Individual Development Plan Formulation and Follow-up" for female management candidates, and Group Mentoring by Existing Managers (more than 100 employees have participated in the program up to this fiscal year).

As a result of these activities, there are now two female directors and approximately 50 women in core management positions.

## Balancing Work and Childcare

With regard to balancing work and childcare, we are implementing various measures not only to support continuation of employment, but also to create a work environment where employees can continue to work energetically while raising children, without losing their sense of fulfillment. In particular, figures such as the rate of male employees taking childcare leave* (97.2%) and the average number of days of childcare leave taken by male

employees* (64 in FY2023) have shown a steady increase. In FY2023, 59 pairs consisting of employees returning to work after leave and their supervisors (including 48 pairs with male employees returning to work after childcare leave) participated in training programs.

* Includes the number of days taken under NSSOL's leave systems available for childcare-related reasons (spouse maternity leave and welfare leave).

## 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. A company where people with and without disabilities work together to create new and valuable products, its management vision is "to be a group that delivers excitement to 100 million people." Alongside all its stakeholders, Act. will work to take on various social issues and expand the circle of connections throughout Japan. Through these activities, it aims to be a company that contributes to the realization of a co-creation society.

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 its business areas, it is building support systems tailored to the nature of employees' 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, and in Kochi Prefecture in October 2023. Through collaboration between agriculture, welfare and companies, it is engaging in "agriculture-welfare collaboration" initiatives to solve problems faced in each field and help to create a society of community coexistence.

As a result of the above efforts, our rate of employment of people with disabilities stands at 2.61%.

# S SOCIAL

## 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 each workplace.

The survey measures KPIs for checking the engagement situation, including the NSSOL Engagement Drivers, which are values and strengths that we consider important and are thought to have an impact on engagement.
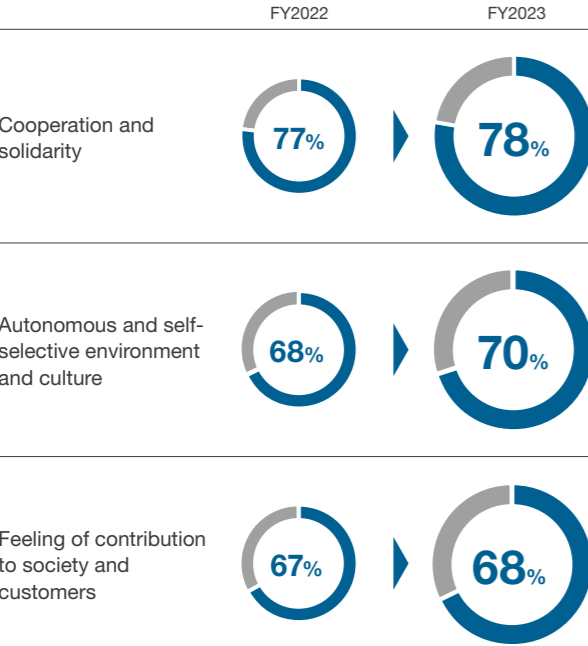
The scores for questions related to "career realization," a priority item for which enhanced measures were taken based on the results of the initial survey in FY2021,

improved significantly in the FY2022 and FY2023 surveys, contributing to an increase in the engagement score. Scores also improved further for NSSOL's strengths of "workplace solidarity," "autonomy," and "sense of contribution to work."

As in the previous year, the survey results were immediately compiled and shared within the company, leading to the consideration of company-wide measures to improve engagement and the implementation of improvement activities (engagement improvement dialogue meetings) at each workplace.

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

### State of NSSOL Engagement Drivers (Our Strengths)

| | FY2022 | FY2023 |
|---|---|---|
| Cooperation and solidarity | 77% | 78% |
| Autonomous and self-selective environment and culture | 68% | 70% |
| Feeling of contribution to society and customers | 67% | 68% |

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

| | FY2022 | FY2023 |
|---|---|---|
| Implementation rate for engagement improvement dialogue meetings | 95% | 95% |
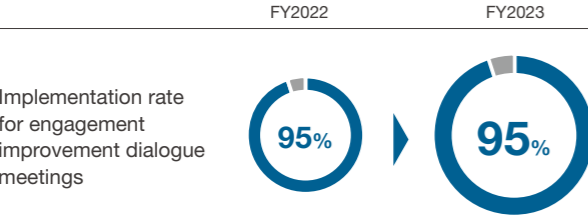
Implementation rate for all divisions of NSSOL

### "Promotion of Health and Productivity Management" "D&I" External Evaluation

**Certified Health & Productivity Management Outstanding Organization**

2020 onwards

A company with excellent health and productivity management practices

健康経営優良法人
Health and productivity
2024

**Eruboshi Certification**

2019 onwards

A company that is implementing excellent initiatives for the promotion of female advancement

**"Platinum Kurumin" certification**

2020 onwards

A company offering excellent childcare support

**PRIDE Index**

2022 onwards

Evaluation indicator for LGBTQ+ initiatives

work with Pride
Gold 2023

# Respect for Human Rights

In recent years, there has been growing public demand for preventing and mitigating the adverse human rights impacts of corporate activities. The NSSOL Group considers respect for human rights to be an important social responsibility that it must fulfill, and has been working to ensure this through the "Global Code of Business Conduct" for employees (2015). We are also working to expand and enhance our efforts in this regard, such as by establishing a D&I and Human Rights Committee under the Sustainability Committee in 2022, chaired by an Executive Officer and Director of the Human Resources Bureau.

Corporate Management Committee

Sustainability Committee
(Chair: Representative Director and President)

D&I and Human Rights Committee
(Chair: Director of the Human Resources Bureau)

**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.

**NSSOL Group Human Rights Policy**
https://www.nssol.nipponsteel.com/sustainability/social/human-rights.html

**② Human Rights Due Diligence**

In order to meet our responsibility for assessing, identifying, preventing, mitigating, and addressing the adverse impacts of our business activities on human rights, we have been conducting human rights due diligence in stages in accordance with our Human Rights Policy. During the risk assessment, the first stage of the due diligence process, we identified a list of 24 human rights issues based on international norms and guidelines, from which we identified 10 issues that we believe are important to NSSOL, including long working hours, harassment, women's rights, and protection of consumers' personal data. Next, we evaluate the risks and vulnerabilities associated with those key issues and take action based on the results. To raise employees' awareness of human rights and reduce human rights risks, we also conduct educational and awareness-raising activities, such as an annual e-learning program for all group employees in Japan and overseas.

We also inform our partners of our Human Rights Policy and ask for their understanding and support, and monitor risks in our supply chain by conducting periodic surveys.

Risk assessment — Prevention and mitigation of adverse impacts

Commitment under the Human Rights Policy ⟷ Human rights due diligence ⟷ Remediation and establishment of grievance mechanisms

Communication — Monitoring

**③ Grievance Mechanism (Helpline)**

We operate a helpline for consultation and reporting of human rights violations, including harassment. The helpline accepts reports and consultations not only from employees of the group, but also from persons engaged in the group's business and their family members, and privacy is protected, with anonymity guaranteed unless waived by the individual concerned.

**NSSOL Group Helpline**
https://www.nssol.nipponsteel.com/sustainability/governance/compliance.html

# Initiatives for Fair Business Practices

In May 2024, the Japan Business Federation (Keidanren) revised Article 2 "Fair Business Practices" of its Charter of Corporate Behavior.

The charter states, "In order to realize sustainable capitalism, large companies must take the initiative in reviewing their own distribution structures and optimizing transactions to build relationships of co-existence and

mutual prosperity throughout the entire supply chain."

Since 2020, we have been a supporter of the "Declaration of Partnership Building," which is the basis for this revision, and were quick to respond to the revision of the Declaration's template (March 2024), and have been particularly proactive in setting appropriate transaction fees with our system development partners.

# S SOCIAL

**Conversations with Directors**

# A new relationship between workers and the company to create social value

## A growing focus on human capital management, including diversity and work style reforms

**Horii** In terms of Japanese society as a whole, the labor shortage has become a major social issue. A think tank study conducted some time ago said that there would be a shortfall of about 6 million workers in 2030, but recently that figure has been revised to 8.8 million. Moreover, in addition to the problem presented by the number of workers, there is also a problem of quality. As the number of workers grows smaller, the quality of the workforce as a whole will not improve unless people who have not previously been in the foreground start to take on leadership and decision-making roles. The situation is such that, both in terms of quantity and quality, companies will not be able to sustain their operations unless a greater variety of people are active in the workforce. I believe that this is why many companies are investing in people in the form of human capital management, and are counting on them to play an active role.

**Kamada** In terms of issues in our industry, the number of IT personnel is completely insufficient. In addition, this is an industry that undergoes rapid change, so with the emergence of cutting-edge technologies such as AI, the standards required of IT personnel are constantly changing. We are conscious of the great challenge we face in keeping up with these changes, including human resource development. In addition, I

believe that the younger generation will play a central role under the new vision, and in order to create an environment conducive to this, the values of the company itself must also be changed.

**Horii** I believe that in order to address these issues, we need a diverse range of people to play an active role. At NSSOL, diversity is defined on the two levels of "identity" and "individuality". In order for a diverse range of people to play an active role, we must move from identity categories such as "women" and "seniors" to individuality in terms of ideas and values, which will ultimately lead to the creation of innovation and the enhancement of corporate value. In order to achieve this, it is first necessary to create a foundation where people of various identities can play an active role and to increase diversity in that regard. One of the priorities in achieving diversity of identity is the advancement of women. In terms of numbers, the

first step is to build the capacity to recruit a large number of women as a population, and then to create an environment in which each of the women hired can play an active role. I believe that after achieving diversity of identity in this way, we can aim for diversity of individuality, and the kind of diversity that we should ultimately achieve as a company.

## Women at NSSOL

**Horii** Since becoming an outside director at NSSOL, I have had several opportunities to speak with female employees working at the company. It seemed as though each of them was working with a relaxed and open attitude, without being particularly conscious of being a woman. In this regard, I have the impression that very talented people are working in a good environment, which is a great thing.

On the other hand, I also see challenges ahead, and not just for NSSOL. While many Japanese companies are working to promote the advancement of women, it seems that while they are able to progress relatively smoothly up to section manager, there are often barriers in moving up from there to department manager. Then, the barriers to becoming an officer are even higher. The government is also increasingly aware of the problem, setting a target of increasing the proportion of officer positions at prime

listed companies held by women to 30% by 2030. In order to increase the number of women in managerial and officer positions in this way, it may first be necessary to remove the unconscious bias that leads to assumptions on the basis that someone is a woman. I would like both supervisors and employees themselves to try to break free from excessive consideration, underestimation of themselves, and other thoughts that limit individual potential. If female employees with potential are given appropriate posts and responsibilities, and sometimes have the opportunity to try slightly more challenging stretching assignments, new possibilities may emerge. I also believe that there should be new styles of working and managing that are not bound by convention. That's what diversity is for. I believe that opportunities to appoint women to important posts will increase in the future, and I hope that superiors will be prepared to take responsibility and train them well without being afraid of change. Earlier I spoke about diversity in terms of identity and individuality, but if we look at promoting diversity from the perspective of a company organization, there is an approach* that can be divided into five levels. The first stage is "resistance," in which no efforts are made to address diversity; the second stage is "assimilation," in which diversity is incorporated formally, such as by making the numbers balance, but the substance remains the same; the third stage is "respect for diversity," in which differences are recognized but not fully utilized; the fourth stage is "separation," in which minorities are separated from the majority in order to make use of differences; and the fifth stage is "integration," in which the majority and minorities are mixed and innovation occurs. Many Japanese companies are said to be stuck at the third level.

I think it is important for the organization as a whole to question its unconscious assumptions in order to take the next step forward.

\* Source: Professor Mami Taniguchi, Waseda University Graduate School Diversity Management: Making the Most of Diversity in Organizations (2005, 2017)

**Executive Director**
**Outside**

## Rie Horii

With 30 years of experience at the Kao Group, from 2016 she took charge of projects to promote diversity in its group companies and the group as a whole, working on the advancement of women and the employment of people with disabilities. By doubling the rate of managerial positions held by women, among other accomplishments, she helped the Kao Group win first place overall in the 2019 Nikkei Women "100 Best Companies Where Women Actively Take Part" award. During her tenure as President and Representative Director of Sofina Beauty Counseling, she worked to create an environment where employees keep working with peace of mind, including reducing the turnover rate of female employees in the beauty department by half.

**Executive Director and Executive Officer**
`Newly Appointed`

## Miho Kamada

In charge of the Technology Bureau
In charge of work style reforms and diversity promotion
After joining Nippon Steel in 1991, she was assigned to the Electronics & Information Technology Division (the predecessor to NSSOL). Since then, she has worked as an IT consultant and project manager, before becoming a department director in 2008. In 2019, she was transferred to the Technology Bureau and was subsequently involved in the development of the company's overall technology strategy as the bureau's director. From April 2024, as an Executive Director, she has been in charge of the Technology Bureau, work style reforms, and diversity promotion. She is NSSOL's first female employee to be appointed to the position of Executive Director through internal promotion.

# S SOCIAL

**Kamada** Looking back to 1991, when I joined the company, the Equal Employment Opportunity Law had already been introduced, but it was a time during the bubble economy when many people were being hired, including many women. However, women were in the minority and worked with the mindset of how to fit into a male-dominated society, and I believe that at that time, the way of working was to conform to that society. There was probably some unconscious bias on the part of women who felt that they had to work the same way as men in order to be accepted. This is not the case at all today. Women at the group leader (section manager) level who Ms. Horii spoke with have also experienced childcare leave and shortened working hours. This is changing as we devise ways to make the most of our time and work in a way that allows each of us to do rewarding work that involves responsibility. I myself do not want people to imitate the way I worked in the past, and I hope to provide effective and tangible support for women to take an even more active role.

## Measures for increasing diversity at NSSOL

**Kamada** Let us talk about some of the major measures we are currently pursuing.

First of all, with regard to diversity in terms of identity, we are working on a wide range of initiatives, including support for women to become more active in their careers, as I mentioned earlier. In terms of support for balancing work and child/family care, we are developing various systems in addition to promoting understanding and fostering a conducive corporate culture, aiming to be a

company where employees can not only continue to work, but do so with a sense of fulfillment. In recent years, the rate of male employees taking parental leave has increased significantly as a result of these efforts. We are also promoting the creation of an LGBTQ+ friendly workplace, receiving the highest Gold certification in the PRIDE Index, an evaluation index for initiatives related to sexual minorities, for two consecutive years from 2022. In 2021, we established Act. Corporation as a special subsidiary to employ people with disabilities, expanding the scope of its operations to include support for agriculture and park maintenance, in addition to its existing in-house operations. With regard to the active participation of seniors, we have launched a career training program for people in their 50s and beyond, and have also begun discussions on employment after the age of 65. In addition to these individual initiatives, we are also developing initiatives to realize diversity in the broader sense of "individuality."

In addition to environmental improvements such as optimization of working hours and the use of remote work, in recent years we have been working to improve engagement, using an annual engagement survey as a starting point. A PDCA cycle is used to address issues identified in the survey, and to measure the effectiveness of these efforts in the next survey. There is still some variation in the survey results in terms of effectiveness, but there is a real sense that the company is changing significantly. In particular, there has been significant progress since the introduction of the survey in terms of instilling our Purpose and Values, as well as in support for autonomous career development.

**Horii** As you mentioned, the company has been making various efforts to realize diversity, but I believe that we must also consider the reasons that diversity is fundamentally necessary for a company. The first is that a company must be diverse in order to be appealing to young people. This is a problem of recruiting power — people will not flock to companies that are deemed not to be diverse. Second, organizations with more diversity are more likely to innovate and perform better, and this is backed up by figures. The third is as a hedge against risk. An organization containing only people with the same identities, the same ideas, and the same values may overlook the same things when a crisis is looming. This could be a matter of life and death for a company.

It is important to understand that just because a company is committed to diversity does not mean, for example, that it simply wants women to be active or that it feels it must improve its benefits for women. Rather, it is important to understand the perspective of corporate management that diversity is essential for a company to improve its performance and to hedge risks. I believe this is the real reason why our diversity initiatives should not stop at superficial identity categories, but should be elevated to achieve diversity of individuality in a way that supports the company at a more fundamental level.

## The NSSOL 2030 Vision and its relationship with employees

**Kamada** The NSSOL 2030 Vision sets out the goal of being a "Social Value Producer with Digital." This means creatively producing services ourselves, or keeping abreast of trends in the world and providing services to match them. The skills required of employees will change quite dramatically from the traditional work of simply creating systems that customers want. Moreover, I believe that we have to change not only the skills possessed by individuals, but also our patterns of behavior, such as our corporate culture, the way we think about things, and the way we do our jobs. For example, I believe that quickly letting machines, such as generative AI, perform the work that they are able to do, and concentrating on work that only people can do, will bring about a fundamental change in the way that we spend our time on work. This will have a significant impact not only on productivity, but also on work styles and engagement. In becoming producers, employees naturally need to take on the challenge of drastically changing and rethinking the work practices they have built up over the years. Meanwhile, companies need to provide appropriate support by putting in place the tools and processes to enable their employees to exercise the creativity required of them.

**Horii** What I think about this new Vision is that it is important to align the company's vision with that of the individual.

When we think about "producing social value," we should consider how we do that ourselves, both in terms of the company's work and our status as a member of the company. I believe that thinking about all the ways this work is benefiting society can move people's attitudes in a positive direction. A "producer" does not work alone. Rather, they have customers, people at partner companies, people in their own company, and their family members, and I believe that what is key is how one works, produces society, and lives within that context. This may be a very good opportunity to think from a perspective of one's own position in society. In a larger sense, it is a good opportunity to think about one's life and one's career by oneself, which is what we call career autonomy.

## A vision for the NSSOL of the future

**Horii** A company's assets are its people, so I believe that a company should be a place where each and every one of us can work with pride. Rather than just a place where people work a certain number of hours and receive a salary, we want to be a company

that people can experience personal growth by working for. This means having a real sense that the work we are doing now is not only benefiting the customers in front of us, but also people in general — that our own personal growth is bringing something positive to the world. I believe that this is the value of a company someone works for, and the value of the person themselves. I want NSSOL to be a company that produces this kind of social value.

**Kamada** In terms of a basic approach to diversity and human resource strategy, I believe that employees and the company should be on equal footing. Although it has been gradually changing recently, I feel that in Japan there is still a strong image of employees being subordinate to the company. I want to create a workplace where employees and the company are viewed as equals and can create win-win relationships with each other. From the perspective of workers, this is an environment in which each member of a diverse workforce can feel a sense of personal growth and perform work that gives them a sense of satisfaction. From the perspective of the company, it is important that the output of employees working in this way is properly presented to the market to receive compensation and recognition. NSSOL is a place where the two parties can build this kind of win-win situation, and I believe that our role is to build up the organizational capacity to do so.

# NSSOL LIFE — **Working** at **NSSOL**

## Move! toward Future

Each member of our diverse workforce is working to realize a future where they can develop their careers by maximizing their own abilities and contribute to society through the high-value-added solutions they develop.

Today, employees have a variety of different values and ways of working. As such, it is necessary to create a work environment that allows employees to work anywhere and improves engagement. In order to respond to these kinds of social demands, I work on the planning and sales of NSSOL's unique solutions for realizing digital workplaces (work environments centered around people). NSSOL possesses a

high level of operational insight and technological capabilities, and I believe that as a company, we are able to make appropriate proposals to customers, and in turn, to contribute to society. Also, when developing and providing services, there is a culture of cooperation between sales representatives, SEs, and administrative departments working together to achieve their goals, which is something I really like.

In terms of this culture of cooperation, there are two things that I really value in my work. The first is about understanding the diverse constraints facing colleagues in relation to work, providing flexible support, and offering opportunities for growth and fulfillment. To this end, I try to understand as much as possible the personal and professional issues that each person is facing. Secondly, I want to create an environment where each of our colleagues can make the most of their abilities and work towards a common goal. Specifically, this involves engaging in planning together with others. This allows even those with little experience to realize the joy of involving others and seeing their ideas expanded on, and by enhancing their own value, they will also win the trust of customers. I believe that the results of these efforts will enable people from diverse backgrounds to pursue their own career paths while also contributing to NSSOL's technological innovation and social contribution.

IT Services & Engineering Bureau
Sales & Marketing Division I
Digital Platform Department
**Yumi Akita**

## Move! toward Future

I am currently engaged in activities to promote the use of generative AI within the company. We are working hard to create a future to aim for in the absence of answers, and we are making progress through trial and error alongside our colleagues.

Since generative AI is a field that is progressing quickly and changing drastically, each individual has their own ideas about the direction of the services we provide and the policies for promoting them. As such, there are times when opinions clash, but I feel that this is proof that we are all working together to achieve a better future.

What I value is how exciting things can be. On joining NSSOL, I was assigned to the Industrial Business System Solutions Bureau, but I have since transferred to the Technology Bureau using the job rotations and in-house

staff recruitment system. This change has allowed me to engage in activities that promote the use of generative AI. I feel that NSSOL has a culture that supports people in realizing their ambitions through systems like this. Although generative AI has the potential to significantly change the way we work, it is still in the process of development.

I am looking forward to actively taking on these new challenges.

Technology Bureau
Technology Strategy Department
AI Application Promotion Group
**Yuta Suzuki**

## Move! toward Future

We are working together with our customers to make their future better.

NSSOL respects the creativity of each employee and works to actively support their business ideas. In addition, I feel that the company has an environment that fosters creativity among its employees, with superiors and subordinates relating to one another on an equal footing, making it easy to share information and exchange opinions.

As a solutions implementation consultant for financial institutions, my work is only possible if I am able to provide my customers with value-added information from a variety of perspectives. In order to shape that "added value," I try to obtain as broad and in-depth information as possible on trends in the financial services industry and cutting-edge IT, both in Japan and overseas. For example, I receive assistance in researching the latest technology trends from our Systems Research & Development Center, gather information from external consultants using our internal upfront investment fund, and conduct feasibility studies of solution functions. I believe these efforts will make our consulting services even more valuable to our customers.

Of course, in addition to this knowledge-based growth, there is also a strong emphasis on career development and personal growth in finance-related work.

At NSSOL, we believe that the function required of "producers" is an unwavering commitment to embodying the essential aspects of our ideal future, and this is a skill that is vital for the company's employees. In this way, I hope to keep on growing to realize a better future.

Financial System Solutions Bureau
Financial Platform Division
Strategic Solutions Development Department
**Ekiyo Ryu**

## Move! to Change

K3Tunnel*, for which I am in charge of planning and promotion, is an initiative where those involved keep creating in a spirit of fun and excitement, while discovering new aspects of ourselves. Going forward, I hope to continue embodying the idea of "Move! to Change."

NSSOL's atmosphere is one that is interested in and supportive of taking on challenges. I started working on K3Tunnel in 2016, when I was part of the Financial System Solutions Bureau. At that time, I was participating in a regular development project as an SE, but from that time up until now, I have received support and assistance not only from members of my old and new organizations, but also across organizational boundaries. In my day-to-day work, I continue to learn and create, in ways that may or may not be directly related to the work at hand, while interacting with a wide range of employees by, for example, making use of the company's internal social

network. Sometimes I am suddenly required to confer with employees who belong to different departments, but everyone is always happy to help.

Going forward, I hope to continue making valuable things while maintaining a sense of excitement and enjoying my interactions with all kinds of people. NSSOL provides us with the opportunities to acquire the skills and experience to do so. It is also a place where I can have enough discretion to do what I want to do and where my values are respected, which is why I hope to keep working here.

Systems Research &
Development Center
**Nahoko Konno**

## Connecting with Society

### Participation-based Next-Generation Education Support

**K3 Tunnel**

**What is K3Tunnel?**

K3Tunnel is a programming learning site based on the concept of "learning through programming." Using K3Tunnel, we are working on various ways to "connect IT professionals with the world." Among our social contribution activities, our visiting lectures to elementary and junior high schools have been very well received. In addition, a wide range of volunteer members are involved in the planning, development, and operation of K3Tunnel, resulting in a variety of collaborations both inside and outside the company.

## Next-generation education support

The K3Tunnel website offers a number of "missions" that can be studied in two 45-minute lessons, and these are used to hold visiting classes at elementary and junior high schools. The focus is on designing educational materials that are not complicated by the programming work itself, looking instead at what kind of problems can be solved by programming and what kind of thinking is required. This also ties in with one of the aims of elementary school programming education, which is for children to "realize that the information society is supported by computers and other information technology." For example, the "Let's Solve the Baker's Problems" course, which is a hands-on introduction to systems engineering, starts with identifying the problem, and then takes participants through an entire system lifecycle, from design and development to post-launch operation. It is also used as a vocational experience course.

### Let's Solve the Baker's Problems

In the course, after introducing office scenes and case studies, participants use the following steps to create an advisor for "a bakery that often sells out or has unsold items."

1 Analyze graphs of bakery demand data

2 Identify rules governing changes in demand and draw up design documents

3 Perform programming using a tutorial

4 Tune parameters

**Feedback from the children**



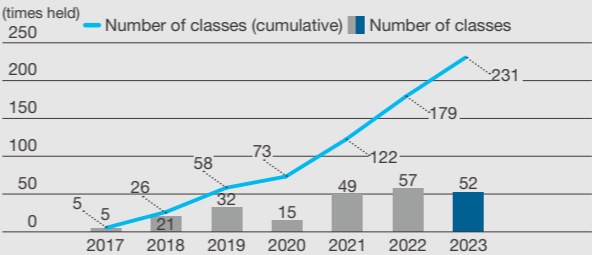It was fun to come up with conditions for "how many bread products to make on such and such a day."

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I was able to program without any trouble because of the examples and hint videos.

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It was very interesting to see the graphs and points change as I adjusted the parameters.

Volunteer employees participate in each visiting class as staff to follow up with the children.Sometimes visits are also made to elementary schools attended by the children of employees. Here are some comments from employees who participated.

> It was inspiring to interact with different people from normal life, both adults and children

> I was really able to feel that the content was reaching the children

> In answering the children's questions, I was able to clarify my own thoughts and feelings about my work

> It gave me a lift to see the children so excited

> When I introduced myself to the class my son was in, he looked so happy and it was wonderful just to see that

**Number of classes**

(times held)
Number of classes (cumulative) | Number of classes

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Number of classes | 5 | 21 | 32 | 15 | 49 | 57 | 52 |
| Cumulative | 5 | 26 | 58 | 73 | 122 | 179 | 231 |

In addition to the visiting classes, we hold seminars for elementary school teachers, organize office visits for university students seeking teaching positions, provide work experience for junior high school students, cooperate with high school exploratory learning, cooperate with university lectures, and conduct workshops at new graduate recruiting events.





## Employee involvement

We are making various efforts, including the use of our internal social network, to enable people to enjoy and participate in K3Tunnel activities regardless of the organization they belong to or their position. Various volunteer employees are involved not only in the visiting classes but also in content planning, application development, event management, and other activities, leading to the acquisition of skills and networking in a setting outside of normal work duties. This has also been put to use in our business, with some cases leading to stronger relationships with customers.



**We will continue to contribute to next-generation education while taking on various challenges, aiming for a world where all people can make creative use of IT.**

# E ENVIRONMENT

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**Material Issue** **4** **Reduce Environmental Impact** ▶P.23▶

**Initiatives**
- ▶ Utilizing IT to contribute to the reduction of environmental impact through our 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
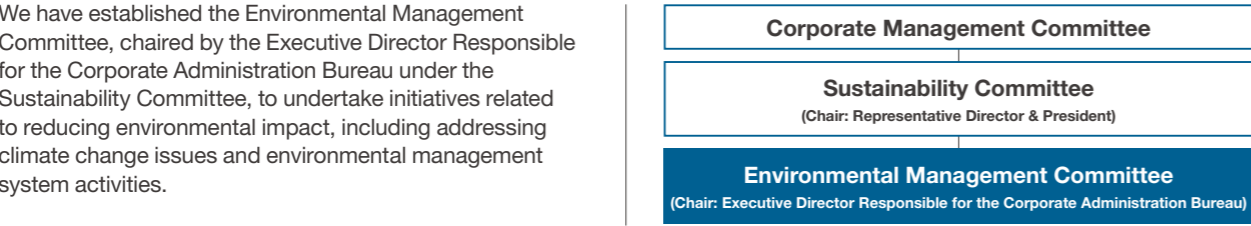- ▶ Reducing our GHG emissions to zero by 2050

## Environmental Policy

The NSSOL Group positions the reduction of environmental impact as one of the most important management issues, and thus, to fulfill our corporate social responsibility, works toward reducing the environmental impact that may arise as a result of our business activities. We also strive to reduce the environmental impact of society as a whole through our business, and thereby contribute to the preservation of the global environment and the realization of a sustainable society by, among other means, taking appropriate measures against climate change issues.

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

## Promotion Structure

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

**Corporate Management Committee**

**Sustainability Committee**
(Chair: Representative Director & President)

**Environmental Management Committee**
(Chair: Executive Director Responsible for the Corporate Administration Bureau)

## Climate Change Initiatives

### Targets and results

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

**Reduction targets for Scope 1+2 GHG emissions**

FY2030 — **50% reduction** (relative to 2015 results)

FY2050 — **Carbon neutrality** (net zero emissions)

**Scope 1+2 reduction targets and results**



\* GHG emissions are calculated based on Japanese law.
The difference in Scope 1 and 2 from FY2021 to FY2022 includes both the impact of changes in reporting rules under Japanese law and real reductions due to increased renewable energy procurement and other factors.

**Breakdown of Scope 1 and 2 emissions results**

| Units: tons $CO_2$ | FY2023 | Proportion of total |
|---|---|---|
| Scope1 | 94 | 0.5% |
| Scope2 | 18,371 | 99.5% |
| Scope1+2 | 18,465 | 100.0% |
| Data centers | 9,441 | 51.1% |
| Offices, etc. | 9,024 | 48.9% |
| Scope3 | 297,735 | |

**Emissions by Scope 3 category**

| FY2023 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 |
| 297,735 | 213,550 | 4,725 | 4,587 | 21 | 941 | 1,714 | 2,997 | 64,572 | 36 | 4,593 |
| 100% | 72% | 2% | 2% | 0% | 0% | 1% | 1% | 22% | 0% | 2% |

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

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### 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 DC | Utilization began in part in FY2022 |
| Offices | LED lighting / motion sensors installed, thorough use of power-saving settings for IT equipment | Fully utilized in the head office area (Toranomon, Shinkawa) |

### Risks and opportunities based on climate change scenarios

We analyzed the below 2°C scenario and the 4°C scenario with a medium- to long-term time horizon to 2050.

Under the 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 regarded as a business opportunity.

Under the 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.
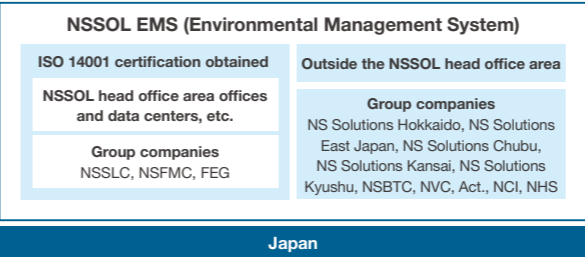
**Below 2°C scenario**

| Event | | Risks / Opportunities | Impact |
|---|---|---|---|
| Strengthening of legislation toward a low decarbonized society (introduction of carbon pricing/ energy saving legislation) | Risks | Increase in electricity costs (price increases) due to introduction of carbon pricing | 6 |
| | | Increase in renewable energy procurement costs 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 legislation | 2 |
| | Opportunities | Increase in demand for GHG emission measuring and management systems | 9 |
| | | Increase in demand for effective IT systems and DX due to stricter regulations | 9 |
| Increasing social demand for $CO_2$ reduction | Risks | Customer attrition due to delays in taking actions for decarbonization (energy saving measures, etc.) of DCs | 6 |
| | | Reputational risk by failing to disclose information at a level demanded by investors | 6 |
| | Opportunities | Increase in demand for IT systems for a low-carbon society | 9 |
| | | Increase in demand for decarbonization of DC facilities | 4 |

**4°C scenario**

| Event | | Risks / Opportunities | Impact |
|---|---|---|---|
| Extreme weather due to rapid climate change (rising temperatures due to global warming and increased flood damage from typhoons, etc.) | Risks | Increase in air conditioning load in DCs and offices due to rising average temperatures | 6 |
| | | Risk of suspension of DCs due to power outages caused by extreme weather | 6 |
| | | Risk of reduction of operating days due to natural disaster | 4 |
| | | Risk of disaster such as flood at a business hub | 4 |
| | | Increase in insurance premiums due to extreme weather and disaster | 2 |
| | Opportunities | 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 |
| | | Ensuring high business continuity capabilities and sales opportunities by taking sufficient measures for data centers | 2 |

[Impact] Calculated by "Probability of impact" × "Severity of impact"
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 (business-wide impact in two businesses); 1: Minor (impact on the main operation of one business); 0: Almost no impact

## Environmental Management System

NSSOL has acquired ISO 14001 certification—an international standard for environmental management systems—for offices and data centers in its head office area. In addition, we have also created the NSSOL EMS, our own environmental management system combining ISO-compliant initiatives with responses to the TCFD recommendations, for the entire domestic business of the NSSOL Group, including regional bases and group companies.

**NSSOL EMS (Environmental Management System)**

ISO 14001 certification obtained — Outside the NSSOL head office area

NSSOL head office area offices and data centers, etc.

Group companies
NSSLC, NSFMC, FEG

Group companies
NS Solutions Hokkaido, NS Solutions East Japan, NS Solutions Chubu, NS Solutions Kansai, NS Solutions Kyushu, NSBTC, NVC, Act., NCI, NHS

**Japan**

**Examples of Specific NSSOL EMS Initiatives**

| | |
|---|---|
| Reducing power consumption | Reduce working hours by implementing work style reforms, turning off lights in unused areas, optimizing temperature settings for air conditioning, cooling, and heating, thorough power-saving settings for PCs and monitors, and 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), and distributing information on NSSOL EMS initiatives via the Intranet |
| Other | Priority given to purchasing green products for internal use (office supplies and consumables) |

## Our Engagement in Reducing Environmental Impact through Business

As the use of DX and AI develops, the increase in data center power consumption caused by the increase in data volume and computational processing load is having a significant impact on the environment. NSSOL's data centers have achieved high energy efficiency with a PUE value of 1.4 or less, and through the provision of housing services and the "absonne" cloud service, we are contributing to the efficient use of electricity by our customers and society as a whole.

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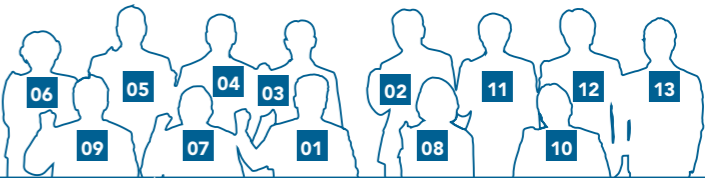
Introduction

Message

Value Creation Process

Sustainability Management

About NS Solutions

Data

# G GOVERNANCE



## Officers

**Move!** to Change
**Move!** with Everyone

**Move!** toward Future
**Move!** as a Professional

| Skills Matrix | | Executive Directors | | | | | | Non-executive Directors | | | | Directors who are Audit & Supervisory Committee Members | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 |
| | | Representative Director & President **Kazuhiko Tamaoki** | Executive Director **Atsuki Matsumura** | Executive Director **Masunao Kuroki** | Executive Director **Tatsuya Endo** | Executive Director **Akimi Tojo** | Executive Director **Miho Kamada** (New Appointment) | Executive Director **Ichiro Ishii** (Outside) | Executive Director **Rie Horii** (Outside) | Executive Director **Masatoshi Fujiwara** (New Appointment / Outside) | Executive Director **Hiroto Naito** | Full-time Audit & Supervisory Committee Member **Masayuki Takahara** | Audit & Supervisory Committee Member **Shuichiro Hoshi** (Outside) | Audit & Supervisory Committee Member **Kazuhiro Fujita** (Outside) |
| Business management | | ● | ● | ● | ● | ● | | ● | ● | | ● | | | ● |
| Sales/Marketing | | ● | | ● | | ● | | | ● | | | ● | ● | |
| Technology/R&D | | | ● | | ● | | ● | | | ● | | | | |
| Global | | | ● | | | ● | | ● | | ● | | | | ● |
| Accounting/Finance | | ● | | | | ● | | | | | | | | ● |
| Legal affairs/Risk Management | | ● | | | | | | | ● | | | | ● | ● |
| Personnel/Labor/HR Development | | ● | | | | | | | ● | | | | | |
| ESG/SDGs | | | | ● | | ● | ● | | ● | ● | | | | |
| **Business area of expertise** | | | | | | | | | | | | | | |
| Applications | | ● | ● | ● | | ● | ● | | | | | | | |
| IT infrastructures | | ● | | | ● | ● | | | | | | | | |
| Customer's business category | | Retail & Service, Steelmaking | Industrial, Steelmaking | Retail & Service, Finance | Utilities | Industrial, Retail & Service | Industrial | | | | | | | |

# G GOVERNANCE



Executive Director
Outside

**Ichiro Ishii**

# Keeping in mind the balance between "offensive" and "defensive" aspects of governance, we will work together as the executive and supervisory sides to contribute to realizing our vision.

## The role of outside directors

I believe that the most important role of outside directors, one that society demands, is how they can contribute to the enhancement of corporate value. The key plank of this process is to clarify the company's goals, present a medium- to long-term vision, and put together a strategy to realize it. Corporate governance has two axes: "offensive" and "defensive." From an "offensive" perspective, the keyword for maximizing corporate value through selection and concentration of business resources is "risk-taking." The key to governance is how to support that risk-taking. In addition, the importance of topics such as sustainability and ESG has increased over the past few years, and we are very conscious of this when considering what value a company can provide.

From a "defensive" perspective, four years ago when I became an outside director of NSSOL, it was a time for firming up our compliance and other "defenses," and I have the impression that we have built a solid "defensive" governance system in the first two years of my tenure. For the second two years, now that we have solidified our "defense," I have been conscious of making recommendations and providing support that will lead to "offensive" measures to achieve significant growth in corporate value. I worked for a major non-life insurance company for a long time, and was involved in its overseas business. I have also served as a director of the group holding company and its overseas subsidiaries, so I have experience in implementing "offensive" governance that increases corporate value, both globally and domestically. Using this experience as a foundation, I intend to stay proactive in making "offensive" proposals while maintaining the balance between offense and defense.

## Speeding up management

My impression of NSSOL is a serious and dependable company. Given that it started as the IT system division of Nippon Steel, perhaps that steady Nippon Steel culture remains.

The IT industry is in a rapidly changing environment that requires speed and agility. As such, there were occasions when the "serious and dependable" nature of the company seemed a bit lacking in terms of speedy decision-making and advancing change. As I mentioned earlier, I think this is partly due to the fact that the company was in the midst of a period of "defensive" measures when I assumed my position four years ago, but now that the defenses are firmly in place, we are in a good position to finally go on the offensive. Going forward, we must work with greater speed to make bold changes to the company.

## The NSSOL 2030 Vision as a sign of change

The 2021–2025 Medium-term Business Strategy began when I was appointed as an outside director, and we started our drive to become a "First DX Partner." The strategy is progressing well, but as the world undergoes even more dramatic changes, we are increasingly conscious of the question of whether we can respond to such changes by continuing on our current course. This leads us to the NSSOL 2030 Vision presented here. If there is a medium-term management plan running to FY2025, it is typical for Japanese companies to complete it before moving on to the next such medium-term plan. On this occasion, however, the company officers felt that we could not simply carry on as before, and instead of waiting for the completion of the current Medium-term Business Strategy, we began discussions with a view to 2030 sometime last year. This gives me the impression that NSSOL is now beginning to accelerate toward change.

The NSSOL 2030 Vision announced here represents a daring step up in terms of content, including numerical targets. We have been able to maintain the image that was outlined in the discussions with the officers, allowing for a clearer articulation of the company's direction than in the past. The policy is one of utilizing what we have done up to now, while identifying what is newly required and building what is lacking through external procurement and business investment, and I believe that it has turned out very well.

Above all, I feel that it is a sign of change in the company that although we are in the middle of our 2021–2025 Medium-term Business Strategy, we are moving ahead of schedule toward 2030 rather than sticking strictly to the plan.

## Realizing the NSSOL 2030 Vision

What we need to clarify going forward is the substance of how we will realize the NSSOL 2030 Vision. Now that the framework of the strategy has been established, all that remains is to materialize it at the ground level. For example, we have a wide scope of businesses, such as manufacturing, including Nippon Steel, distribution, financial services, IT infrastructure, and DX consulting, and I believe that we need to consider whether it is really best to sustain all of our businesses without making choices about which to keep. The basis of management is to optimize the relationship between risk and return by considering how and where to allocate limited business resources and what kind of business portfolio to build. There are areas where we can continue to provide value as an IT partner to our existing customers, and there

# G GOVERNANCE

are areas where we need to strengthen and procure resources to expand into new fields of business. As such, there is room for discussion as to what the optimal allocation is for reaching our goals. I am very optimistic because we are entering a phase in which we can fully engage in dialogue from an "offensive" perspective, and the timing is right for us to make a major change.

In addition, since the source of corporate value lies in the field, the true source of NSSOL's strength is what each of its business units contains. Therefore, in order for the front lines to flourish, it is important for those in the administrative divisions of management to be familiar with the situation on the ground and have a sense of how it operates. It is these front lines of the business that are in direct contact with the wider society and as such, it is there where changes can be detected most quickly. As an outside director, I would like to have more opportunities to hear the real voices of the executive side (the front lines) outside of the board meetings where I receive reports, allowing me to experience firsthand the "offense" being undertaken on the ground and to provide support from the sidelines. As an outside director, I hope to contribute to the realization of the company's vision by working with both the executive and supervisory sides while keeping in mind the balance between the "offensive" and "defensive" aspects of governance.

## Prospects for overseas expansion

The vision also mentions overseas expansion, but there are two aspects to this: "procurement of business resources" and "market expansion." To a certain extent, we are already able to utilize the business resources we have procured in the process of following up on the overseas expansion of our customers and the Nippon Steel Group as resources for the entire group. Given the difficulties of developing a business using only business resources within Japan, it is highly beneficial to procure new

technologies and knowledge from overseas that we do not yet have. However, we still have a long way to go in terms of our track record as a provider of value in the overseas market, whether as a systems integrator or in the DX field. Competition overseas is even more fierce than in Japan, and technologies and services that are popular now can become obsolete in an instant, so deciding when to take a risk is always difficult. In particular, there are many cases of M&As failing, and because this is a world where you have to try something before you can know how it will turn out, it involves learning through failure. Given the need to avoid major mistakes, it is necessary to undertake small- to medium-scale projects in different fields while implementing thorough risk management.

## Issues in governance

Regarding governance at the Board of Directors, all officers, including myself, regard it as effective. The more we understand about the company, the more scrutiny we subject it to, so the fact that this is operating as a mechanism is in itself a sign of effectiveness, and I feel that the verification system is also working well. Unfortunately, however, it is hard to say that everything is perfect. At the beginning of this article, I mentioned offensive and defensive governance, and while we have invested resources in "defense" and are making significant improvements, streamlining and improving the efficiency of our methods are emerging as pressing issues. In general, there is a governance mechanism called "three-line defense," and the key to this is that the people on the front lines — that is, on the ground — exercise control as a self-regulating mechanism. As such, the burden placed on the front lines will grow heavier. At NSSOL, we also have a three-line defense in place, but we need a system that will allow this burden placed on the front lines to be handled efficiently. While incorporating both offensive and defensive measures into the front lines is the right direction, laws and rules are changing at a dizzying pace, so I believe

it is necessary to establish a system that makes full use of IT backup and AI support, ensuring that any misconducted is flagged and contained at an early stage. Although we should have well governed and compliant operations, I would like to see governance evolve to the point where operations are supported by IT, ensuring no wasted effort.

In addition, in order to avoid the risk of having only similar perspectives of the company and to maintain sustainable growth, I believe that the number of female board members should be further increased.

## For a diverse range of stakeholders

NSSOL exists with Nippon Steel as its parent company. The advantage of Nippon Steel having a majority stake is that it increases the sense of stability in corporate management. Another aspect is that the "centripetal force" of being a member of the Nippon Steel Group and the "centrifugal force" of growing autonomously in the IT industry and returning profits to the group are both at work in the relationship with the parent company. On the other hand, the protection of minority shareholders' interests is monitored by a committee that oversees transactions with the parent company.

I also understand that our shareholders would like to see greater shareholder returns, so I am

recommending that the Board of Directors hold more active discussions on shareholder returns and capital measures. As a result, we have significantly increased the dividend payout ratio from 30% to 50%, as we believe that cash flows generated from the perspective of improving capital efficiency should be actively returned to shareholders as we work toward realizing the NSSOL 2030 Vision. Another step we have taken is to specify the size of investments as a use of funds. I believe that these measures represent a step or two beyond what we have traditionally done in terms of engagement with our shareholders.

The stakeholders that I consider most important are NSSOL's employees. In recent years, more and more people are assuming that they will not work for the same company until they retire, and how to improve the engagement of employees like these is a difficult question. We live in an era in which not only do companies choose the people who work for them, but people also choose the companies they work for. I hope to see human capital management that takes into account employment arrangements and relationships with employees in a way that suits this new era.

The NSSOL 2030 Vision presents a clear picture of the company we aspire to be. There is no doubt that both the supervisory and executive sides are taking serious steps toward realizing this goal. As such, I am confident that our corporate value will increase, and I have high hopes for the great transformation the company will undertake in the years to come.

Introduction

Message

Value Creation Process

Sustainability Management

About NS Solutions

Data

# G GOVERNANCE

## 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 & Supervisory Committee |
|---|---|
| Number of Executive Directors | 13 |
| Term of appointment for Executive Directors | One year (two years for Audit & Supervisory Committee members) |
| Voluntary committees | Officer Personnel and Remuneration Committee Parent Company Transaction Deliberation Committee |
| Remuneration system for Executive Directors | (1) Fixed remuneration (2) Performance-linked remuneration (short term & medium to long term) |

### Material Issue

**5 Pursue governance and compliance as a trusted member of society**

[P.23]

### Initiatives

▶ Ensuring thorough compliance with laws and regulations
▶ Strengthening internal controls (risk management)
▶ Ensuring fairness and transparency, both as an organization and in our business operations

**Board of Directors**

Independent Outside Directors
**5/13**

Female Directors
**2/13**

**Audit & Supervisory Committee**

Independent Outside Directors
**2/3**

**Officer Personnel and Remuneration Committee**

Independent Outside Directors
**3/5**

### Overview of Corporate Governance Structure
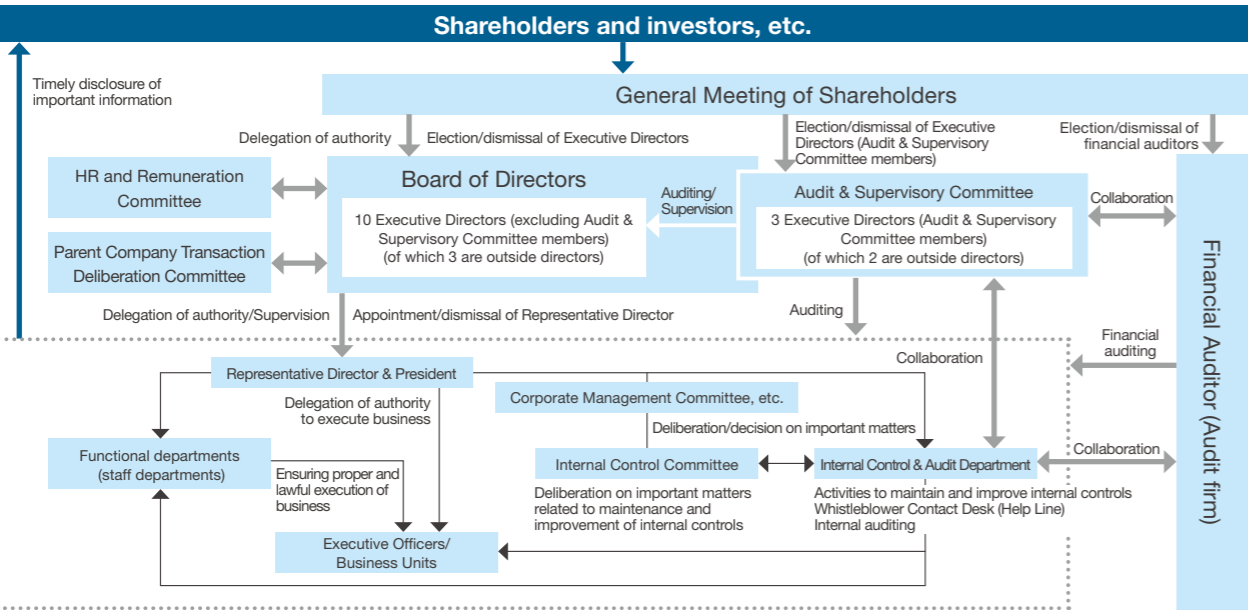


### Board of Directors and Corporate Management Committee

To prioritize the deliberation of key issues and further enhance discussions on topics such as the formulation of management policies by the Board of Directors, 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 Executive 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 by 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 parent company is ensured by having independent outside directors make up at least one third of the Board of Directors. 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 Corporate Management

Committee, which includes the president and other members of senior management.

### Approach to the Protection of Minority Shareholders

(Regarding transactions with the parent company)
NSSOL's parent company, Nippon Steel, owns 63.4% of the total voting rights in the company (as of March 31, 2024). NSSOL is entrusted by its parent company with the construction of internal information systems and their operation and maintenance. Prices and other transaction terms are reasonably determined based on the terms and conditions of contracts with other customers and market prices. In addition, the deposit of funds with the parent company is determined in a reasonable manner, taking market interest rates and other factors into consideration. Important transactions and dealings with the parent company are deliberated on and reviewed by the "Parent Company Transaction Deliberation Committee," composed entirely of independent outside directors, and decisions are made by the Board of Directors based on the results of such deliberations and reviews.

In FY2023, there was one case that fell under the scope of deliberation by the Committee, and the Committee met five times to discuss and confirm the legitimacy and appropriateness of the transaction, its procedures and compensation and other issues regarding fairness, and the impact of the transaction on minority shareholders (i.e., whether the company's decision on the transaction was disadvantageous to minority shareholders). In addition, each fiscal year, the Committee deliberates on and verifies the results of transactions with the parent company for the full fiscal year and reports its evaluation to the Board of Directors, which then makes a determination as to whether the transactions are not detrimental to the interests of the company.

(Election and dismissal of independent directors)
The election and dismissal of independent directors is deliberated on by the "Officer Personnel and Remuneration Committee," a majority of which is made up of independent outside directors, and resolved on by the Board of Directors and submitted to the General Meeting of Shareholders as a proposal for the election and dismissal of Executive Directors. The majority of this Committee is composed of independent outside directors to ensure objectivity and transparency in deliberations and independence from the parent company.

### Audit & Supervisory Committee

NSSOL's Audit & Supervisory Committee consists of one internal Executive Directors 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 three members), as a dedicated organization to support the execution of duties by the Audit & Supervisory Committee. Audits are conducted by the Audit & Supervisory Committee from the perspectives of the legality and appropriateness of the execution of duties by Executive Directors, in accordance with our annual audit policy and audit plan. Meanwhile, daily audit activities are carried out systematically, in close cooperation with the Internal Control & Audit Department.

Audit & Supervisory Committee members also make constant efforts to ascertain the internal situation of the company by attending meetings of the Board of Directors and the Corporate Management Committee, inspecting internal meeting materials, and receiving reports from the persons in charge of each department, etc. In addition, they work 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 conducts its deliberations and supervision with a focus on laws and regulations, Corporate Governance Code requirements, basic management policies and the progress thereof, matters deemed particularly important, 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. 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 officer, and a qualitative analysis based on questionnaires and interviews with individual directors. Based on the results of this analysis and the report from the third-party organization, the Board of Directors held deliberations on the effectiveness evaluation and issues to be addressed.

In light of the fact that each agenda item submitted and reported to the Board of Directors was discussed in an

appropriate manner in accordance with the Companies Act and internal regulations, the fact that the Board of Directors is fulfilling its functions in accordance with the requirements of corporate governance, and the fact that the results of measures to improve effectiveness identified in the previous fiscal year were confirmed, it was concluded that the effectiveness of the Board of Directors has been ensured.

In addition, the third-party organization also deemed the Board of Directors of the company to be effective, noting that the Board of Directors operates effectively, internal control and risk management systems are properly established and operated, and that improvements have been made.

| Evaluation items | FY2022 | FY2023 |
|---|---|---|
| Number of agenda items submitted for discussion and reports made | 76 | 74 |
| Average deliberation time (per agenda item) | 20 minutes | 18 minutes |
| Average attendance rate | 99.5% | 99.1% |
| Improvement measures and issues to be addressed | Initiatives to further enhance deliberations related to management strategy and promote sustainability management, as well as measures that will contribute to further strengthening the supervisory function of the Board of Directors | |

# G GOVERNANCE

## Remuneration system for Executive Directors

**1 Policy on determining remuneration**
**A. Executive Directors (excluding those who are Audit & Supervisory Committee members)**
Remuneration for Executive 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 the net income attributable to owners of the parent company for the current fiscal year and the rate of growth of net income attributable to owners of the parent company relative to the previous fiscal year. Medium- to long-term performance-linked remuneration consists of remuneration in restricted shares and medium- to long-term performance-linked monetary remuneration dependent on an evaluation of materiality initiatives aimed at realizing sustainability management. In addition, the actual amount paid is calculated by weighting based on the evaluation of each director by the Representative Director & President (within the range of 5% of the amount of remuneration for each position).
　Remuneration for outside directors consists of fixed remuneration only.
• Maximum remuneration for Executive Directors: up to 350 million yen per year (outside directors may receive up to 35 million yen per year)

• Total amount of remuneration paid for the granting of restricted shares to Executive 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: up to 17,000 shares per year

**B. Executive Directors who are Audit & Supervisory Committee Members**
To emphasize independence and objectivity with respect to management of the company, remuneration for Executive Directors who are Audit & Supervisory Committee members is fixed.
• Maximum remuneration for Executive 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 Officer Personnel and Remuneration Committee, attended by the Representative Director & President (Kazuhiko Tamaoki), one internal Executive Directors (Akimi Tojo) and three independent outside directors (Ichiro Ishii, Rie Horii, and Masatoshi Fujiwara).
　The policy for determining the remuneration of directors who are Audit & Supervisory Committee members and the specific amounts thereof are determined through discussions among the Executive Directors who are Audit & Supervisory Committee members.

## 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 Executive Director in charge of the Corporate Administration Bureau and the Accounting & Finance Department— handles investor relations in cooperation with other relevant departments.
• Methods of dialogue
　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 or the Executive Director in charge of the Corporate Administration Bureau and the Accounting & Finance Department, while directors and executive officers provide interviews with investors and analysts both in Japan and overseas, to the extent reasonable.
• Internal feedback measures

　Information obtained through dialogue is conveyed as necessary to the Board of Directors, etc., in the form of feedback, and reflected in various measures.
**<Status of dialogue with shareholders in FY2023>**
NSSOL's dialogue with shareholders in FY2023 was as summarized below.

| | |
|---|---|
| Main dialogue participants | Representative Director & President, Executive Director in charge of the Corporate Administration Bureau and the Accounting & Finance Department, executive officers, Director of the Public Relations & Investor Relations Group, etc. |
| Main dialogue counterparts | Institutional investors in Japan and overseas |
| Forms of dialogue | Financial results briefings (quarterly), individual IR meetings, individual SR meetings, overseas IR, etc. |
| Content of dialogue | Financial results, business strategy (progress of Medium-Term Business Strategy, etc.), corporate governance matters, capital policy, etc. |
| Provision of feedback | Provided to the Board of Directors on a quarterly basis |

## Internal Control System

In accordance with the NSSOL philosophy, we aim to continuously improve our corporate value and earn public trust. In order to comply with relevant laws, ensure the reliability of our financial reporting, and maintain the effectiveness and efficiency of our business processes, we have also established—and appropriately operate—the following internal control system (to ensure the appropriateness of business operations, etc.). In addition, from the perspective of further enhancing corporate governance, we are working to make improvements to them on an ongoing basis.

### Establishment of an Internal Control & Audit Department
We have established an Internal Control & Audit Department to respond to compliance incidents, operate the whistleblowing helpline, formulate basic policies and annual plans for internal controls, 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, 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, regulations, and rules 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, regulations, and rules. If department heads become aware of any act or fact that may violate laws and regulations, they promptly

report it to the Director of the Internal Control & Audit Department.
　The Director of the Internal Control & Audit Department reviews the development and operation of the internal control systems for the entire Group, ascertains and evaluates each department's compliance with laws, regulations, and rules, and takes necessary measures to prevent any violations. 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 whistleblowing system to receive reports and consultations regarding risks that arise in the execution of business.
　In the event of an incident or situation that has significant impact on business management, a crisis response headquarters headed by the President will be convened to take necessary measures to minimize damage and impact on the company.
　Employees are obliged to comply with laws and regulations and perform their duties appropriately. Employees who violate laws, regulations, and rules will be subject to strict disciplinary action in accordance with the Rules of Employment, etc.
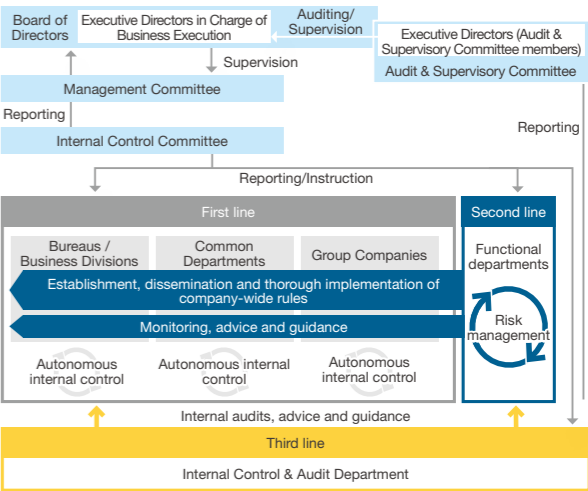


## Helpline

In 2003, NSSOL established a Compliance Desk, and in April 2006, in response to the enforcement of the Whistleblower Protection Act, a helpline with a new external point of contact was established. 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 persons engaged in the Group's business operations, as well as 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."

All officers (directors, statutory auditors or equivalent) and employees (including full-time and temporary / fixed term employees) of NS Solutions Corporation and its subsidiaries (the "NSSOL Group" or the "Group") shall comply with this Global Code of Business Conduct (this "Code").

1 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.
2 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.
3 We protect and respect intellectual property and create new value through innovative technologies and solutions.
4 We communicate extensively with the public, disclose corporate information in a proactive and fair manner, and vigilantly safeguard and manage various types of information.
5 We maintain a safe, healthy and comfortable work environment and respect the individuality and diversity of our Members.
6 We actively engage in conservation of the global environment and contribute to local communities and society as a good corporate citizen.

7 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.
8 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.
9 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 reoccurrence and fulfill accountability requirements.

# History of NS Solutions

## Alliances

**1987**
NSSUN OEM sales begin

**1991**
Strategic alliance with Oracle Corporation

**2005**
Collaboration with fourteen major vendors, including Intel and Dell, to establish the Grid Utility Verification Center

**2016**
Sales begin of "DataRobot" to promote the use of machine learning (capital and business alliance in 2020)

**2020**
Partnership agreement with Nokia for local 5G business

**March 2024**
7,826 employees (consolidated)

**2023**
Capital and business alliance with Toho System Science

**2022**
Capital and business alliances with Arithmer, Estyle, Human Creation Holdings, and Round Two Solutions

## System building and service provision (examples)

**1968**
Successful implementation of world's first online real-time system for an entire steel mill

**1999**
Builds an Internet-based music content distribution service system

Number of employees (consolidated)

**1996**
Building of a derivatives management system for megabanks using object-oriented technology (OOT)

**2007**
Launch of "absonne," an NSSOL service utilizing cloud technology

Large-scale mission-critical systems (ERP, SCM, CRM) built using Oracle packages

**2012**
Fifth data center opens
Launch of comprehensive IT outsourcing service "NSFITOS"

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

**2015**
Contracted maintenance and management of data processing and data streaming from meteorological satellite Himawari

**2017**
Launch of "Anzen Mimamori-kun," a wearable device that allows managers to notice any sudden changes in workers' condition

**2019**
Announces "Geminant," a system for providing digital twinning in the manufacturing industry

**2022**
Launch of "PPPlan," a cloud service to support DX supply-demand planning operations in the food industry

Launch of "Nayasapo," a career reflection tool aimed at improving employee engagement

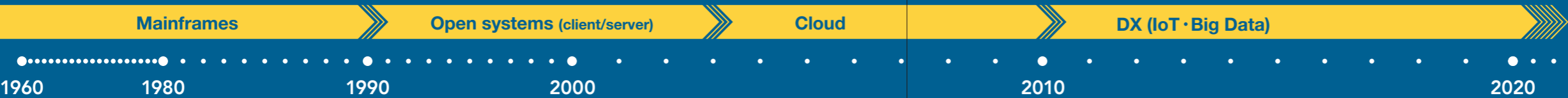## Establishment and expansion of bases, etc.

**1989**
Electronics Research Laboratories*1 established Research and development of object-oriented frameworks, etc.

**1997**
Base established in Silicon Valley, U.S.A.

**2002**
Base established in Shanghai, China

**2003**
Solution Planning and Consulting Center*2 established

**2005**
NSSLC Service, which is responsible for system operation, established

**2007**
NS Financial Management Consulting established

**2008**
Financial Engineering Group incorporated as a Group company

**2011**
Base established in Singapore

**2013**
SDC Center established to strengthen development capabilities*3
Bases established in Thailand and the UK

**2014**
NSSOL Academy established
Base established in Indonesia

**2017**
Network Value Components incorporated as a Group company

**2023**
Texeng Solutions (now NS Solutions BizTech) incorporated as a Group company

**2021**
Special subsidiary company Act. established

## NSSOL 2030 Vision

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

| Mainframes | Open systems (client/server) | Cloud | DX (IoT·Big Data) |
|---|---|---|---|

1960 — 1980 — 1990 — 2000 — 2010 — 2020

**1960s–early 1980s**
NSSOL was born out of one of Japan's leading steel manufacturing companies. Since the 1960s, we have been deploying computer systems in steel production, including the establishment in 1968 of the first steel mill in the world to operate 24 hours a day, 365 days a year based on the full and comprehensive use of an online real-time system.

**Late 1980s–2000**
In the late 1980s, as the IT industry underwent a major shift from mainframes to open systems, we carved out our business by partnering with overseas vendors such as Oracle Corporation, and by developing various solutions that applied our expertise in steel manufacturing. Through these efforts, we built up human resources and expertise that will serve as the basis for future business development.

**2001–2010**
April 2001 saw the launch of "New NS Solutions Corporation" (the Japanese company name changed to its current name in April 2019, but the English name remains NS Solutions Corporation). In the early 2000s, the Internet became widespread, revolutionizing corporate operations and consumer behavior. Capitalizing on this trend, we have built numerous large-scale websites, product demand forecasting systems, and product management systems, mainly for the manufacturing and distribution industries.

**2011 onwards**
Since the 2010s, with the proliferation of cloud computing and the use of AI and big data, there is now an increasing need not just for technological capabilities and development speed, but also the operational knowledge needed to make the most of solutions and data. We aim to be a "producer" that, in addition to our customer-oriented style cultivated since our founding, creates new value for our customers and society as a whole through assets that take full advantage of the operational knowledge we have accumulated on the ground at our customers' worksites.

## Company History

**Nippon Steel Corporation**
1986: Electronics & Information Systems Division launched

**Nippon Steel Information & Communication Systems Inc.**
1988: Nippon Steel Information & Communication Systems Inc. and three other information systems companies established

1995: Six regional subsidiaries, primarily responsible for development and operations, established throughout Japan
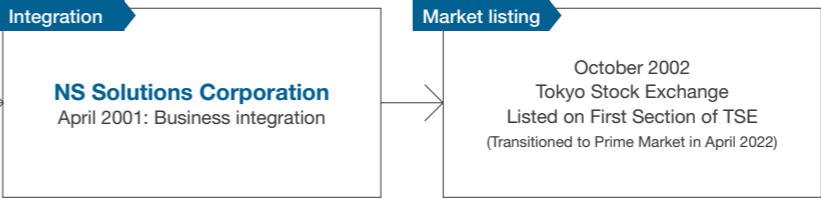
**Integration**

**NS Solutions Corporation**
April 2001: Business integration

**Market listing**
October 2002
Tokyo Stock Exchange Listed on First Section of TSE
(Transitioned to Prime Market in April 2022)

April 2019
Japanese company name changed to current name
(English name remains NS Solutions Corporation)

*1 Now the Technology Bureau Systems Research & Development Center
*2 Now the Digital Transformation & Innovation Center
*3 Now the Technology Strategy Department

# NS Solutions' Integrated Strengths

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

**Consulting**

### Business Solutions

| Industrial Business System Solutions Bureau | Steelmaking System Solutions Bureau | Retail & Service Business System Solutions Bureau | Telecom Solutions Division | Financial System Solutions Bureau [NS Financial Management Consulting, Inc., Financial Engineering Group, Inc.] |
|---|---|---|---|---|

Manufacturing Industry Digital Transformation Center

**Domestic Group Companies**

NS Solutions Hokkaido Corporation
NS Solutions East Japan Corporation
NS Solutions Chubu Corporation
NS Solutions Kansai Corporation
NS Solutions Kyushu Corporation
NS Solutions BizTech Corporation

Act. Corporation
NCI Systems Integration, Inc. (joint venture)
NIPPON STEEL Hitachi Systems Solutions, Inc. (joint venture)

**Global Business Support Center**

### Consulting & Digital Services

Digital Solution & Consulting Bureau

IT Service & Engineering Bureau [NSSLC Service Corporation, Network Value Components Ltd.]

Technology Bureau (Systems Research & Development Center)

**Overseas Group Companies**

NS Solutions (Shanghai) Co., Ltd.
NS Solutions Asia Pacific Pte.Ltd.
Thai NS Solutions Co., Ltd.
PT. NSSOL SYSTEMS INDONESIA
PT. Sakura System Solutions
NS Solutions USA Corporation
NS Solutions IT Consulting Europe Ltd.

**System Integration**

**IT Services**

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## Business Solutions

**Manufacturing Industry Digital Transformation Center** [P.57]
Commercializes 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.58]
Supports the construction of value chains for many customers, with a focus on the manufacturing and transportation fields.

**Steelmaking System Solutions Bureau** [P.59]
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.60]
Provides solutions that contribute to the planning and development of the latest Internet services, with a focus on digital platformers.

**Telecom Solutions Division** [P.61]
Provides solutions such as network equipment construction and service system development, mainly for telecommunications carriers.

**Financial System Solutions Bureau** [P.62]
Provides solutions utilizing our operational insights in fields such as financial engineering, with a focus on megabanks and major securities companies.

## Consulting & Digital Services

**Digital Solution & Consulting Bureau** [P.65]
Consists of the Consulting Center and the Solution Division, providing data science, AI solutions, etc. from upstream to operations.

**IT Service & Engineering Bureau** [P.63]
Provides advanced IT services, system building, and stable operation for a wide range of customers, including national government ministries and agencies, based on the expertise and assets we have accumulated over many years.

## Technology Bureau

**Technology Bureau** [P.66]
A planning and promotion department responsible for maintaining and improving our technological capabilities, which are one source of our competitiveness. As such, it takes steps to enhance IT equipment, IT governance, etc.

**Systems Research & Development Center** [P.66]
An R&D center, a rarity for a systems integrator. Engages in cutting-edge research on IT and its practical applications in business.
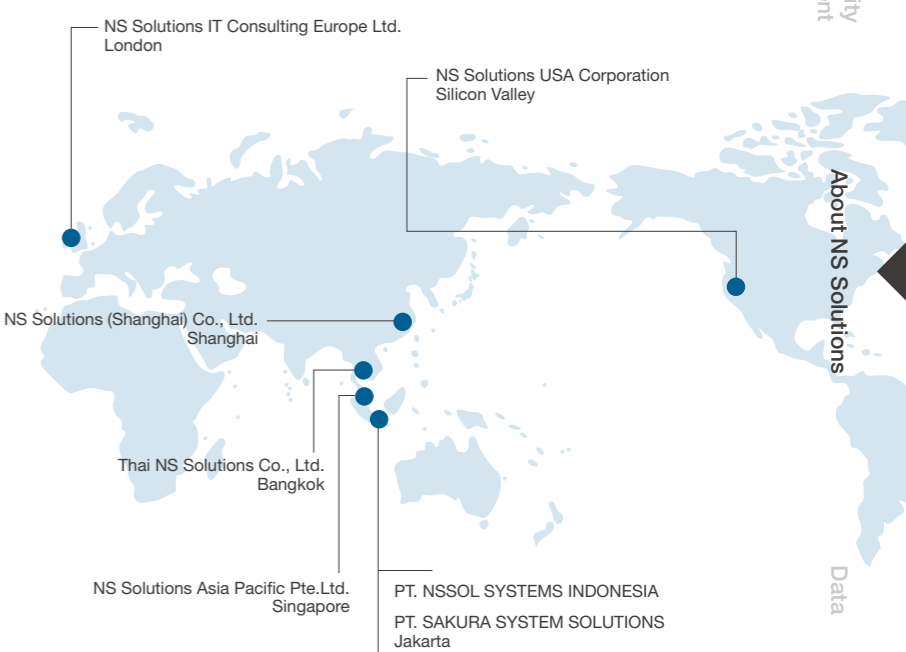
## Group Companies

**Japan** [P.67]
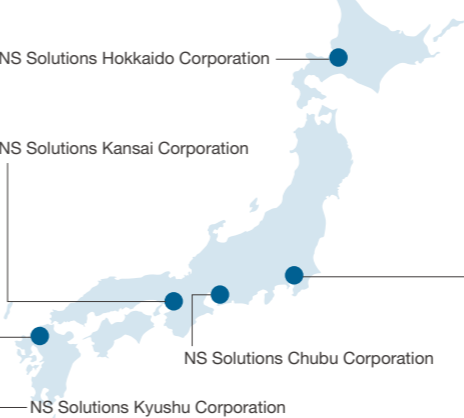
NS Solutions Hokkaido Corporation
NS Solutions Kansai Corporation
NS Solutions Chubu Corporation
NS Solutions Kyushu Corporation

NS Solutions Hokkaido Corporation
NS Solutions Kansai Corporation
NS Solutions Chubu Corporation
NS Solutions Kyushu Corporation
NS Solutions East Japan Corporation
NS Solutions BizTech Corporation
NSSLC Service Corporation
Network Value Components Ltd.
NS Financial Management Consulting, Inc.
Financial Engineering Group, Inc.
Act. Corporation
NCI Systems Integration, Inc. (joint venture)
NIPPON STEEL Hitachi Systems Solutions, Inc. (joint venture)

**Overseas** [P.68]

NS Solutions IT Consulting Europe Ltd. London

NS Solutions USA Corporation Silicon Valley

NS Solutions (Shanghai) Co., Ltd. Shanghai

Thai NS Solutions Co., Ltd. Bangkok

NS Solutions Asia Pacific Pte.Ltd. Singapore

PT. NSSOL SYSTEMS INDONESIA
PT. SAKURA SYSTEM SOLUTIONS Jakarta

# Manufacturing Industry Digital Transformation Center

## Market Environment Analysis and Strategy

| | |
|---|---|
| Growth opportunities | ▷ A growing need for drastic reform of supply chains due to the risk of supply chain disruptions caused by international instability, economic security measures, and other factors<br>▷ Growing global momentum to decarbonize for sustainable growth<br>▷ Increased importance of reducing production costs and reflecting costs in prices in response to personnel shortages and soaring prices for raw materials and energy<br>▷ Growing need for utilization and governance of data due to the increasing pace of digitization |
| Medium-term threats | ▷ Full-scale entry into the industrial sector by major IT platformers<br>▷ Increased competition due to the emergence of OT* vendors<br>▷ Increased competition for digital human resources in the area of data utilization |

* OT (Operation Technology) refers to control and monitoring technology for manufacturing equipment, etc., mainly for use in the manufacturing sector.

**Director, Manufacturing Industry Digital Transformation Center**
**Yoshiteru Okada**

## Areas of Expertise / Features

The Manufacturing Industry Digital Transformation Center serves as a CoE (Center of Excellence), centered on planning company-wide shared strategies for the digital manufacturing business, promoting the evolution and utilization of the "PLANETARY" concept brand by expanding and systematizing solutions and use cases, and collaborating with the Industrial Business System Solutions Bureau and the Steelmaking System Solutions Bureau. Accordingly, it focuses on solution planning that contributes to the growth of the digital manufacturing industry as a whole. The Center's initiatives are primarily concentrated in the following areas.

- Smart factory solutions utilizing digitalization technologies at worksites in manufacturing and other industries

- Data analysis, utilization, and solutions (SoI, SoE, SoR+)* to collect, store, and analyze diffuse data in a timely and appropriate manner and quickly reflect the resulting insights in operations such as production optimization and production/sales coordination.

- Supply chain traceability solutions for logistics issues, carbon neutrality, and quality traceability

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

### Smart Factory Solutions

These are solution and platform services that realize the concept of promoting DX at manufacturing sites, etc., through advanced coordination and linkage of all information related to manufacturing, including people, facilities, operations, and the environment, on a single platform.
● Practical examples include safety DX, operations enhancement DX, facility monitoring/inspection enhancement DX, and digital twin building.

### Data Analysis, Utilization and Solutions

By collecting on-site data from the Edge and translating that data into a business context, this enables integration with existing core systems, facilitating data utilization and bringing cyber-physical systems even closer to reality.
To achieve this, we are developing solutions that enable data collection, processing, utilization, as well as governance and management, covering the Edge to the Enterprise level.
These will enable visualization of production and logistics, comparison of forecasts and actual results, and tracking of changes to plans, resulting in operational reforms that promote data-driven, agile optimization.

### Supply Chain Traceability Solutions

In addition to the use of individual identification technology to realize quality traceability and visualization of logistics conditions based on tracking of actual goods across organizations and companies, we also assign carbon footprint information and provide information sharing infrastructure that ensures data sovereignty, thereby offering solutions that support the realization of sustainability management and compliance with EUDR, DPP*, and other regulations.

* EUDR: A regulation that prohibits products that do not meet legality and sustainability requirements from entering or being exported from the EU market. DPP: An abbreviation for Digital Product Passport, an electronic record of product sustainability information

### Key Points of Business Activities

The Manufacturing Industry Digital Transformation Center's strengths lie in the field of co-creation with Nippon Steel and major customers in the industrial sector, its IT expertise, and its multilayered and wide-ranging solutions in cutting-edge fields such as AI, ML, and IoT, extending from the field (Edge) level to the Enterprise level. By combining these strengths, the Center will work to create new businesses that no other company can match. Furthermore, 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 digital manufacturing business as a whole.

## Interview

**Officer in charge of planning solutions in new areas**
**Masakazu Komiyama**

I am in charge of planning businesses that utilize NSSOL's assets and digital technology for the manufacturing industry. I believe that in the future, more and more of our customers' business reforms, such as the realization of integrated operations from manufacturing to sales, will be realized in a way that cuts across industry boundaries. We will contribute to the creation of a more sustainable society by working together with our customers to devise stories for value provision! Move!

**Group No. 2, Officer in charge of PLANETARY**
**Kohei Kasai**

I am in charge of planning for PLANETARY, which represents services and solutions aimed at the manufacturing industry. In the current fiscal year, we will develop and put into practical use a menu of our offerings, implement "offers" that our customers will find valuable, and foster a culture of taking the lead in solving our customers' business issues. We would like to cooperate with each division and work together to achieve our primary goal of creating a strong NSSOL that supports the world of industry! Move!

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# Industrial Business System Solutions Bureau

## Market Environment Analysis and Strategy

| | |
|---|---|
| Growth opportunities | ▷ Further emergence of the need for more advanced business management centered on the use of data and adaptation to changes in the business environment<br>▷ Growing need to solve social issues such as supply chain restructuring to address the SDGs, waste loss reduction, and labor saving<br>▷ Increasing IT demand for new business processes, such as remote and automated operations |
| Medium-term threats | ▷ Changing customer attitudes toward IT investment in response to changes in the domestic industrial structure and global business structure<br>▷ Postponement of IT investment by customers due to lack of digital human resources, etc. |

**Senior Executive Officer**
**Director, Industrial Business System Solutions Bureau**
**Toshiaki Yoshida**

## Areas of Expertise / Features

Our bureau provides support on various DX topics to our manufacturing and transportation customers that operate globally, from planning and conceptualization to system building and operation using AI and cloud technologies.

For customers in the automotive, electronics, precision machinery, industrial machinery, chemical/materials, and food/beverage industries, we provide solutions for global production and logistics management, design information management, smart factories, and data analysis and utilization infrastructure, while for customers in the transportation industry, we provide solutions for shipping, operations, and equipment/material management systems.

We will provide solutions to implement "data-driven management" that strengthens competitiveness by utilizing data from the field (Edge) to the Enterprise level and transforming business operations across processes.

### Addressing DX needs, especially in the manufacturing industry

We provide one-stop support for our customers' DX initiatives, from planning and conceptualization to execution and operation.
We are highly regarded in a wide range of areas, including data analysis and utilization infrastructure, global design information management, design/manufacturing collaboration, smart factories, and enhancement of quality control and traceability.

### Value chain construction through ERP, SCM, ECM, MES, etc.

We have a long track record of supporting our customers in building value chains with solutions such as ERP (Enterprise Resource Planning), SCM (Supply Chain Management), ECM (Engineering Chain Management), and MES (Manufacturing Execution System).

ERP: Integrated planning and management of information on company business resources (human, material, and financial)

SCM: Management of information relating to the process from the procurement of raw materials to the production of products and their distribution to the market

ECM: Management of information relating to product planning, design, production, and support

MES: Visualization and management of manufacturing processes, recording of manufacturing instructions and results, and support for workers
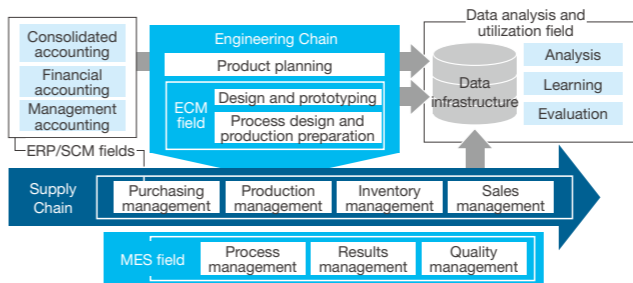


### Support for Smart Factories/Edge Solutions

We are working to help our customers advance their DX initiatives by realizing various use cases, such as linking with various types of sensor data and drones.
In addition, through collaboration with Nippon Steel Texeng, we have also established a system for building cyber-physical systems through IT/OT convergence*.

* When OT and IT are combined to realize IoT on the production floor, the production floor and management are connected in real time, enabling management decisions regarding production management and inventory management to be made based on real-time data from the production floor. This will greatly contribute to the DX of the manufacturing industry.

### Key Points of Business Activities

Taking the management and operational issues of our customers as a starting point, our bureau will use the wealth of experience and expertise we have built up over the years to propose solutions from an optimization perspective that takes in the entire value chain, providing comprehensive IT solutions (systems and services) that include operation.
● We will provide services that contribute to solving social issues by accurately responding to our customers' information investment needs.
● We will work on high-level human resource development to continue to meet the expectations of our customers and strongly drive strengthening of engagement.

## Interview

**Connected Industry Solution Promotion Center Engineering Department, IoX Solutions Group**
**Chizuru Mori**

I am working to solve problems in the manufacturing industry using technologies such as IoT and IoH.
Most recently, I have been involved in the practical application and introduction of various products in the field of smart factories (worker monitoring, equipment monitoring, digital twin, etc.), and I find it extremely interesting to improve operational efficiency and processes using the latest technologies. I will stay hard at work to be a good DX partner for our customers in the spirit of "Move! as a Professional / to Change."
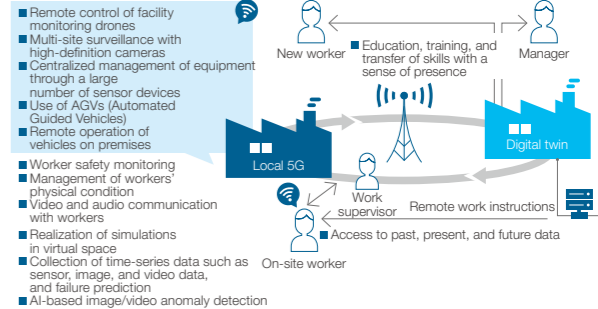
**Industrial System Solutions Division-I Systems Engineering Department-III, Group No. 3**
**Risa Omura**

Our department works on implementing solutions for the industrial machinery industry, and I help our customers deploy SAP in their overseas subsidiaries. I find it rewarding to be able to work on solving our customers' issues alongside highly knowledgeable team members, and learn a lot from them on a daily basis.
This is a workplace that supports taking on challenges, and I was able to participate in a global project that I had hoped to work on. In addition, there are many young employees, with many connections across departments.
I hope to continue taking on further challenges and achieving personal growth as we work to expand our business and contribute to society.

### Local 5G for Enterprise

■ Remote control of facility monitoring drones
■ Multi-site surveillance with high-definition cameras
■ Centralized management of equipment through a large number of sensor devices
■ Use of AGVs (Automated Guided Vehicles)
■ Remote operation of vehicles on premises
■ Worker safety monitoring
■ Management of workers' physical condition
■ Video and audio communication with workers
■ Realization of simulations in virtual space
■ Collection of time-series data such as sensor, image, and video data, and failure prediction
■ AI-based image/video anomaly detection

# Steelmaking System Solutions Bureau

## Market Environment Analysis and Strategy

| | |
|---|---|
| **Growth opportunities** | The steel industry is an industry that relies on large-scale equipment, and Nippon Steel, with its 6 steelworks and 13 manufacturing districts throughout Japan, is a company that plays a key role in ensuring a stable supply of steel, a material indispensable to society. Using advanced information technology to support increasingly complex corporate operations, our bureau cooperates in solving environmental and other challenges, contributes to society by ensuring the sustainable supply of steel, and seeks to grow together with our customers. |
| **Medium-term threats** | In order to respond to the increasingly complex management issues faced by the Nippon Steel Group and to continue providing stable, high-quality, high-level IT services over the medium to long term, it is important to secure human resources on a sustainable basis. |

Managing Executive Officer
Director, Steelmaking
System Solutions Bureau
**Yoshihiro Kumamoto**

## Areas of Expertise / Features

Our bureau provides IT support to the Nippon Steel Group across the entire system lifecycle, from planning and development to operation and maintenance, in all areas of operational systems that support corporate activities. We will push forward with a spirit of challenge, making full use of our knowledge and experience to fulfill the goal of Nippon Steel, our largest customer, to become a "digitally advanced company in the steel industry." Another important role of ours is to accumulate achievements as assets, share this information within our company, and leverage it to drive business development.

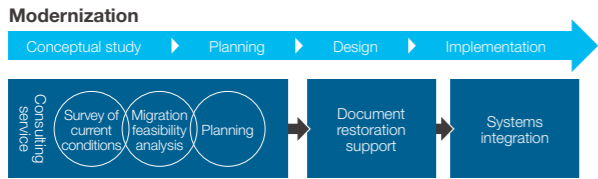### Strengths of the Steelmaking System Solutions Bureau

- Our DNA is the technology and pride to consistently provide IT support for the production and operation of massive steel plants that run 24/7, 365 days a year.
- As an "insider" at Nippon Steel, our bureau has a distinctive organizational culture and environment that encourage us to work together with actual users to solve their problems, think about them, and put their ideas together

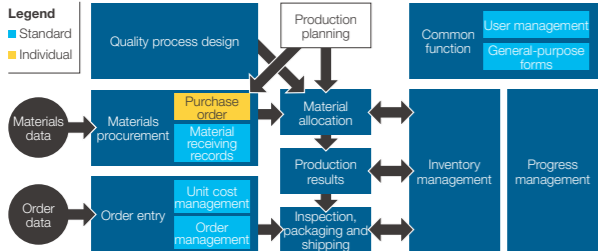### Application of Advanced IT to the Nippon Steel Group

- Visualization of $CO_2$, system development aimed at labor saving, energy saving, and resource saving
- Building integrated systems between steelworks, DX (integrated planning), and deploying best practice models
- Platforms for connecting, manipulating, and utilizing data / AI development and execution platforms, big data analysis
Examples: NS-IoT : Wireless IoT platform
NS-Lib : Integrated data platform
NS-DIG : Integrated data analysis platform

### Expansion of Expertise Acquired through System Development for Nippon Steel

**Modernization**

Conceptual study ▶ Planning ▶ Design ▶ Implementation

Consulting service — Survey of current conditions, Migration feasibility analysis, Planning → Document restoration support → Systems integration

**Development and deployment of production management packages**

Legend
- ■ Standard
- ■ Individual

Quality process design / Production planning / Common function (User management, General-purpose forms)

Materials data — Materials procurement (Purchase order, Material receiving records) — Material allocation — Production results — Inventory management — Progress management

Order data — Order entry (Unit cost management, Order management) — Inspection, packaging and shipping

### Key Points of Business Activities

Our mission, as part of the Nippon Steel Group's goal of "Nippon Steel DX," is to think about and create the following together.

**1 Contributing to smart manufacturing and establishment of optimal manufacturing and supply systems**
In addition to applying the latest digital technologies such as AI and IoT in pursuit of automation and optimization of business processes, we also work to achieve consistent enhancement of profitability across the Nippon Steel Group by building integrated production planning platforms and other systems.

**2 Building business intelligence infrastructure**
We are working to build integrated data platform infrastructure that supports decision-making from the management level to the front lines.

**3 Providing packages that take advantage of production management expertise**
We have packaged our accumulated knowledge of production management systems to meet the IT demands of our group companies.

**4 Resource strategy to support business**
To meet growing demand for IT, we will further strengthen our capabilities by appropriately allocating resources, upgrading the skills of engineers, , and collaborating with regional subsidiaries.
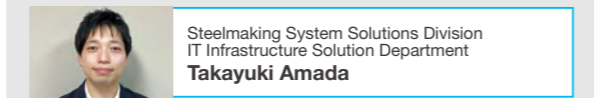
### Interview
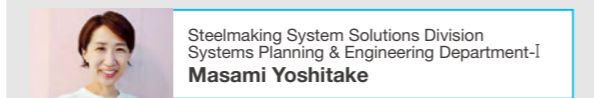
Steelmaking System Solutions Division
Systems Planning & Engineering Department-I
**Masami Yoshitake**

I work on the planning, development, operation and maintenance of the systems that support Nippon Steel's sales activities. Last fiscal year, I was involved in the development of a system to market carbon neutral steel in response to public demand for reductions in $CO_2$ emissions. Although there were some difficulties, including a short deadline and high expectations from Nippon Steel for the system as a key initiative, I successfully completed it with my colleagues, who showed enthusiasm and a great sense of responsibility. This gave me not only the satisfaction of completing the project, but also a sense of contributing to the SDGs. Going forward, I hope to continue working on the challenge of new value creation.

Steelmaking System Solutions Division
IT Infrastructure Solution Department
**Takuyuki Amada**

I work on the planning, development, operation and maintenance of Nippon Steel's company-wide infrastructure system. It provides a comprehensive view, in terms of information systems, of what a company must do to conduct its sales activities. It is hard work, but beyond that, it is rewarding, educational, and most of all, enjoyable. In addition, the colleagues I work with all engage earnestly with customers and continue to take on challenges to help them grow. This inspires me, and I feel as though I am growing alongside them.

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# Retail & Service Business System Solutions Bureau

## Market Environment Analysis and Strategy

| | |
|---|---|
| **Growth opportunities** | ▶ Establish new customer contact points and create customer experiences using digital technology<br>▶ Increasing need to use digital technology to understand market and consumer trends following radical changes in consumer values, lifestyles, and purchasing behavior after Covid-19<br>▶ Realizing a sustainable society, such as by restructuring the supply chain to reduce waste of food and other resources and to reduce greenhouse gas emissions<br>▶ Growing need for automation and labor-saving measures using generative AI |
| **Medium-term threats** | ▷ A shortage of IT personnel, in particular a lack of full-stack digital talent for new business creation<br>▷ Changes in revenue opportunities due to customers' preference for in-house production and active adoption of cloud services, generative AI, etc.<br>▷ A shrinking Japanese market due to declining numbers of children and an aging population.<br>▷ Rising costs of raw materials and energy prices, improved compensation to secure human resources, environmental measures, etc. |

Executive Officer
Director, Retail & Service
Business System Solutions
Bureau
**Kengo Nakahashi**

## Areas of Expertise / Features

Our bureau focuses on the distribution and services sector, and is developing solutions that incorporate the latest technologies in both the Internet and real world, from Internet businesses such as platformers and distribution businesses such as retail, apparel, and department stores, to airlines and travel agencies, as well as the healthcare and life sciences sectors. Our strength lies in our product development capabilities, which allow us to be involved with our customers from the planning stage and handle everything from development and building to operation.

### Net business sector

High-level IT professionals who support business creation participate in projects for Japan's leading platformers, providing support from planning and conceptualization to system development. Through the business we have conducted to date, we have accumulated expertise in matching technology, HR tech, reservation sites, point management, e-commerce mall building, and more. In particular, we boast a track record of outperforming our competitors in the building of human resources and travel industry websites, and we are considering leveraging these achievements to offer our unique services to our customers.

### Retail sector

We provide the largest retailers in Japan with solutions for sales channel expansion, inventory optimization, and logistics visualization using the Internet, leading to solutions for social issues such as reducing the waste caused by excess inventory.

**Delifit AI**

### Travel sector

We have extensive experience working with travel agencies, airlines, railroad companies, and travel service websites. In particular, we have a competitive advantage in dynamic packages and are actively developing our service business.

**TRIPHOO**

### Healthcare and life sciences sector

In the healthcare field, we are expanding into real-world data analysis and cancer genomics based on the expertise we have gained over 20 years in the pharmaceutical industry.

**DS DASSAULT SYSTEMES**

### Key Points of Business Activities

By harnessing our strengths in collaborative product development with customers, our extensive business insights, and our strong, wide-ranging customer portfolio in both the online and real world, we will work to achieve the following.

**1 Strengthening product development capabilities and upgrading business infrastructure**
We will further enhance the operation, management, and marketing functions of new products, and promote the development of proprietary products that lead to knowledge-intensive businesses. In addition, we will also pursue full business alliances with outside firms to further refine our business models and business infrastructure.

**2 Helping to solve customers' business and social issues**
Working alongside our customers from the planning stage, we help them solve social issues both online and in the real world, such as reducing retail waste, sustainable procurement, and presymptomatic care through the use of health and medical data.

**3 Developing human resources capable of creating new businesses**
We attach importance to an organizational culture that allows us to take on new challenges, and we will work to strengthen engagement by developing human resources and establishing environments for this purpose.

### Interview

Sales Division, Sales Department-III
**Takumi Gema**

I work in the Sales Department for the retail industry. Sales representatives and SEs work together to identify issues, propose solutions, and provide them to customers in order to help them grow their business.
Each member of our team possesses a strong sense of ownership and business/technical knowledge, and our strength lies in our ability to identify and solve problems by capitalizing on this knowledge.
Alongside my dependable colleagues, I hope to support the development of the retail industry by solving our customers' issues.

Retail & Service Business System Solutions
Division-I
Systems Engineering Department-II
**Yurika Nagai**

I work in the field of Internet business, where I provide support to customers for service planning and direction planning. We discuss plans and improvements for services with our customers on a daily basis, and we try to gain an in-depth understanding of their own business strategies, organizational culture, and thoughts about their business. Although there are many issues for which there is no right answer, our strength lies in our stance of continuously asking essential questions from the same perspective as our customers and, in some cases, with a stronger sense of ownership than the customers themselves. I hope to enjoy the changes that lie ahead and work together with our customers to solve social issues through services.

# Telecom Solutions Division

## Market Environment Analysis and Strategy

| | |
|---|---|
| **Growth opportunities** | ▶ Expanding investment in systems to enable 5G-specific services for telecom carriers<br>▶ Demand for service system development due to expansion of non-telecom services<br>▶ Streamlining and upgrading telecom carriers' operations |
| **Medium-term threats** | ▷ Delayed capital investment by telecom carriers due to slow penetration of 5G and lack of killer services<br>▷ Saturation of non-telecom services by telecom carriers, resulting in reduced investment and increased competition from rival SIers |

Executive Officer
Director, Telecom Solutions Division
**Yosuke Shinohara**

## Areas of Expertise / Features

This division focuses on business for telecom carriers, which form the foundation of digital services in all industries. Specifically, we are responsible for the building and operation of each company's network facilities and service platforms, as well as the development of information and service systems, thereby supporting communication networks as social infrastructure from multiple perspectives.

### Network Services

We provide advanced global solutions for a wide variety of network systems and services for telecom carriers, including core networks, security systems, messaging services, and communication quality management systems for mobile communications.

### Application Services

We contribute to the creation and evolution of various new services, including service planning support, system development with a focus on agile development, web service development in non-telecom fields, and support for DX in the telecom field.

### Operations Services

We provide monitoring and operation services for communication networks, as well as solutions to automate and streamline operations.

### Key Points of Business Activities

In our business for telecom carriers, we will expand our business with respect to the following points.

**1** Supporting the introduction of 5G network systems
We will support service stabilization for telecom carriers' deployment of 5G network-related systems, especially in terms of security measures, control of very large volumes of traffic, and monitoring of services.

### Examples of Application Services

▶ Working with customers from service planning to system development to deliver results in a short period of time (advance release 5 months after the project started)

▶ Agile and speedy development with **"Design Thinking" and "Scrum Development"** rather than traditional high-quality but time-consuming **"Waterfall" development.**

**2** Supporting development of service systems for telecom carriers
We will handle system development projects for telecom carriers as they expand their non-telecom services. Furthermore, we will deliver global agile development by promoting offshore deployment.

**3** Operational procedures for telecom carriers
We will support the realization of zero-touch operations and other operational procedures that telecom carriers are aiming for, and will also contribute to solving social issues such as the shrinking workforce.

## Interview

Sales Department-I
**Takayuki Omori**

I work in SI for communication network equipment, a field that involves a lot of capital investment for telecom carriers. Sales representatives and SEs work together to discuss solutions to customer issues and how to maximize our added value, making overseas product-focused proposals that answer the question "Why NSSOL?"

In an environment with many competitors, there will be challenges and failures before we can deliver results, but in my sales department, we challenge ourselves to come up with new proposals every day, based on the ethos of using today's failures as sustenance for tomorrow and developing businesses on our own.
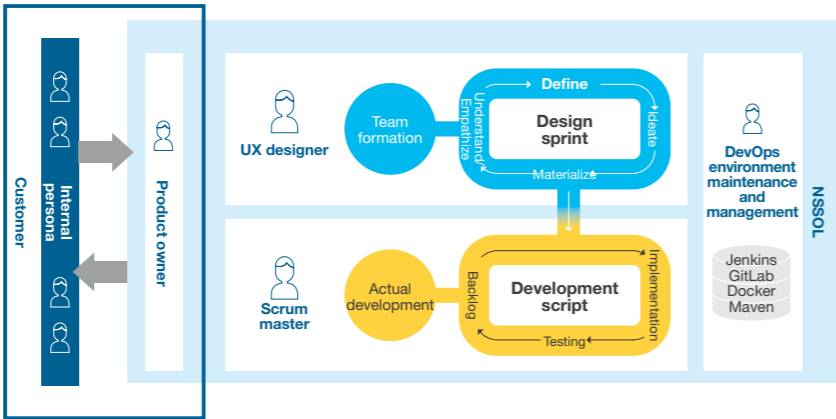
Systems Engineering Department-II
**Ayari Yasuo**

I am managing five products as part of an agile development project to revamp a telecom carrier's digital channels. We are required to constantly catch up with end-users' needs and respond flexibly.

We work with our customers to build teams for product design and development, refining products through communication. Although it is sometimes difficult to think and act on issues for which there are no answers, I enjoy working together with my team members every day to tackle them through trial and error.



Source: NSSOL Case Studies Key to Success 2021 Summer

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# Financial System Solutions Bureau

## Market Environment Analysis and Strategy

| | |
|---|---|
| **Growth opportunities** | ▶ Expanding environment for new financial products and services as all industries accelerate incorporation of financial functions<br>▶ Structural changes in the role played by traditional financial institutions as a result of amendments to the Banking Act and deregulation<br>▶ Expanding climate change initiatives and advancing ESG investment |
| **Medium-term threats** | ▷ Heightened geopolitical risk and accelerating globalization of Japanese financial institutions<br>▷ Continued low growth in the domestic market, uncertain interest rate policy, accelerating depreciation of the yen<br>▷ Accelerating consolidation of regional financial institutions |

Executive Officer
Director, Financial System Solutions Bureau
**Takumi Maehara**

## Areas of Expertise / Features

The financial services business industry is at the forefront of IT, where the ability to quickly obtain, analyze, and utilize information determines everything. Based on the deep business insights and implementation capabilities in financial engineering and risk regulation that we have cultivated over the past 20 years, this bureau has provided consistent support throughout the system lifecycle, from application building to maintenance, with an unrivaled competitive advantage in the derivatives and risk management fields.



### Market Trading & Risk Management, Business Management Solutions

We are developing commodity trading and risk management systems, electric power trading and risk management systems, and asset management systems by drawing on the advanced IT expertise and financial engineering we have cultivated in the area of market trading and risk management systems for financial institutions.

We also provide integrated business management services for financial institutions that enable them to manage market risk, credit risk, earnings, and financial regulations in an integrated manner.

### Transition Finance

Transition finance, which provides financial support for industry's long-term decarbonization efforts, is a fast-growing segment of the loan market. In order to seize this growth opportunity, our bureau proposes systems that can provide not only ordinary loan products but also methods used in transition finance (syndicated loans, project finance, etc.).

### Data Solutions

In the DX era, "data-driven management" that collects and analyzes a variety of data and links it to decision-making is becoming increasingly important. In financial institutions, the quantity and quality of this data are directly related to safe and high value-added services.

Using the most appropriate technology and architecture, our bureau builds systems that support the utilization of data, which is so important to our customers, and also supports the utilization of data in business operations.

## Interview

Sales Division
Sales Department-III
**Ai Teramoto**

We support our customers in the securities, co-operative financial institutions, and insurance industries by proposing and implementing various solutions to help them transform and grow their businesses. With deregulation and the acceleration of DX triggered by the Covid-19 pandemic, the financial industry is undergoing change at an increasingly rapid pace. Regardless of whether we are young or experienced, we will work together as a team to create new value without being constrained by existing frameworks, undertaking our daily work in the spirit of "Move! to Change."

Financial Business Engineering Division
Strategic Business Development Department
**Takanori Miyauchi**

We are an organization operating under the slogan "innovating by combining finance, IT, and different industries." We view the flow of money throughout the supply chain as our business domain, and work with each division to create new innovations with customers in a variety of industries beyond financial services. It is an environment of constant change that requires taking on new challenges, but the appeal of this environment is that it provides many opportunities for learning and dramatic growth. We invite you to keep an eye on us as we pioneer the future of financial services.

**Financial Engineering Group, Inc.**
**Consulting Bureau**

Since NSSOL's founding in 1989, we have steadily gained ground in the industry as pioneering data scientists. We specialize in business consulting backed by statistical and mathematical knowledge, possessing many years of experience and a wealth of achievements in credit analysis at financial institutions in particular. In recent years, we have expanded our business in many areas outside of financial institutions, including image and natural language analysis using AI. As a company that actively recruits and trains young people, we have received Youth Yell certification* from the Minister of Health, Labour and Welfare.
* Ministry of Health, Labour and Welfare Youth Yell certification system https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000100266.html

**NS Financial Management Consulting, Inc.**

We are a "future-oriented financial consultancy group" that takes on the challenge of creating new financial businesses and risk management models. Our company is made up of individuals with a wealth of individual characteristics, coming not only from financial institutions, but also from other industries.

Each member of the team works as one to meet the challenges facing our customers with full commitment, while drawing on their respective areas of expertise and developing their knowledge of finance and business operations on a daily basis.

# IT Services & Engineering Bureau

## Market Environment Analysis and Strategy

**Growth opportunities**
▶ Growing expertise and needs with regard to new types of IT infrastructure such as DX, AI utilization, zero-trust, multi-cloud, etc.
▶ Growing need for IT services due to a shrinking workforce and a shortage of IT personnel in the corporate sector
▶ Growing need for automation of operations and remote services as a result of increasingly diverse work styles

**Medium-term threats**
▷ Commoditization in the areas of building and operation, full-scale utilization of AI, and the accompanying increase in new risks
▷ Shift in customer needs from traditional SI to services, intensified competition for digital human resources inside and outside the industry
▷ Larger, more severe, and more frequent cyberattacks targeting critical infrastructure

Senior Executive Officer
Director, IT Services &
Engineering Bureau
**Yasuhiro Okada**

## Areas of Expertise / Features

This bureau supports the sustainable development of our customers' business activities and contributes to environmental and social sustainability by using the vast assets we have accumulated over the years to provide advanced IT services, system building, and stable operation for a wide range of customers, from businesses working to solve social issues to large corporations supporting social infrastructure and public institutions such as national and local government agencies. In this way, we are working to Make IT Sustainable.

Specifically, we will achieve this by providing a one-stop service of optimal IT sourcing and multi-cloud, digital workplaces that support "new normal" work styles, data utilization required for DX, AI and BI, and the engineering and operational services that support them.

### IT Sourcing

In response to the increasingly fast-paced and complex business environment and the shortage of IT human resources, we contribute to our customers' business growth by combining "xSource," a technology and knowledge provision service that works hand-in-hand with customers, with the operations service "emerald" and IT outsourcing services.

### Engineering & Support

We apply the engineering expertise we have cultivated to the building of large-scale and complex systems, such as large OA infrastructures that support the administrative functions of public bodies, mainly national government agencies, systems in the space and scientific fields that require large capacity and long-term storage, and corporate systems that support social infrastructure.

We have also provided our customers with safe and secure IT infrastructure to support their mission-critical operations. Using products such as "HAGANE," which enables long-term maintenance, we will facilitate the stable operation of systems and enable customers to shift their human resources to growth areas.

### Digital Workplace

We will realize advanced digital workplaces by linking with various SaaS, primarily "M³DaaS@absonne," and by providing services for sourcing in increasingly complex OA environments. We also protect customers' business continuity against increasingly frequent cyber attacks with our security brand "NSSEINT."

### Multi Cloud

We have been providing cloud infrastructure (absonne) for companies' core systems for 18 years. In addition, we offer a variety of Cloud Lift and Cloud Shift services, including public clouds such as AWS, Azure, and Oracle® Cloud, as well as cloud-native services, allowing us to provide the optimal IT infrastructure environment for each customer's applications.

### Data Management

By drawing on the database and data utilization technologies we have cultivated, we create new value while storing our customers' data securely. Specifically, we offer data analysis infrastructure utilizing Oracle cloud technology and provide support for the migration of core systems to the cloud. In addition, with "NSDDD," we are able to ensure secure storage of sensitive data and provide secure and useful anonymized data.

Oracle, Java, MySQL and NetSuite are registered trademarks of Oracle Corporation. NetSuite was the first cloud company—ushering in the new era of cloud computing.

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### Key Points of Business Activities

Our bureau contributes to our customers' business growth by providing support for organizational reforms that enable continuous growth, stable IT infrastructure as social infrastructure, and IT environments in which a diverse range of personnel can play an active role.

**1 Supporting organizational reforms that enable customers' continuous growth**
We provide support for the development of future IT strategies for new IT issues such as DX, AI utilization, zero-trust, and multi-cloud. We draw on a variety of ideas to design the future of our customers' organizations from management to the front lines.

**2 Providing stable IT infrastructure as social infrastructure**
By providing IT sourcing and in-house services that address BCP risks such as wide-ranging security threats, failures, and disasters, we can deliver stable infrastructure services for public institutions, ensure business continuity for private companies, and enable the shifting of human resources to core business operations.

**3 Providing IT environments in which a diverse range of personnel can play an active role**
To meet the needs of the diverse work styles necessitated by obligations such as childcare and nursing care, we provide remote work environments that match those in the office.
Furthermore, integration with various SaaS allows us to provide more satisfactory services customized to users' convenience.

### Interview

NSSLC Service Corporation
Corporate Service Division
General Administration Department
**Jyunichi Tajiri**

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

Network Value Components Ltd.
Engineering Division
Solutions Engineering Department
**Aika Miyahara**

"Be the forefront Defend the future"
Our company possesses high-level expertise and product innovation capabilities in the field of network security, and we work together as one to stay one step ahead of customer needs and give shape to their futures.
Our strengths lie in our well-developed laboratory environment, technical and human resource capabilities cultivated through practical experience, a wide variety of solutions that meet advanced and wide-ranging needs, and our extensive track record of supporting Japan's leading companies.

Back row, left:
Digital Platform Division
Digital Platform Services Department-Ⅰ
**Ryo Miyazaki**
Back row, right:
Digital Platform Division
Security Solutions Department
**Yuki Yokosawa**
Front row:
Digital Platform Division
Digital Platform Services Department-Ⅰ
**Mariko Fukushima**

We plan, develop and operate digital workplace solutions.
In addition to stable operation of existing services such as M³DaaS, we are working on launching new solutions, such as intelligent service desk and cyber security services, to meet changing customer demands.
Our workplace maintains a culture that values and encourages employee motivation, and in their day-to-day work, employees take on the challenges of providing value to customers and tackling new technologies and growth areas with a sense of professionalism.

Left:
Sales & Marketing Division-Ⅱ
Public Sector Account Sales Department-Ⅱ
**Mifuyu Tsubaki**
Right:
Digital Services & Engineering Division
Systems Engineering Department-Ⅰ
**Hirotaka Higuchi**

We provide large-scale OA infrastructure for national government agencies.
The workplace is very open, with sales representatives and SEs working together every day as one team to meet our customers' needs with the value that we provide. In addition to the fact that many of our projects are large-scale and long-term, and that everyone, including the younger members of the team, works to carry out these projects with a sense of responsibility and ownership, the fact that we are able to give back to society through the knowledge we have developed provides a sense of accomplishment in terms of "Move! as a Professional."

**Track record of large-scale OA infrastructure for national government offices**

National government offices

| Public agency A | Public agency B | Public agency C | Public agency D |
| --- | --- | --- | --- |
| 5,200 Sites | 78 Sites | 460 Sites | 1 Sites |
| 30,000 Users | 7,000 Users | 80,000 Users | 9,000 Users |

# Digital Solution & Consulting Bureau

## Market Environment Analysis and Strategy

| Growth opportunities | ▷ With expansion of DX by companies, growing needs for upstream consulting and services to support the promotion of IT by bringing internal processes in-house<br>▷ Against the backdrop of a shrinking labor force, growing needs for reliable utilization and in-house production of AI, AI operation, and system integration<br>▷ Growing needs for comprehensive digitization of BtoB/BtoC transactions, not limited to eliminating the use of personal seals |
|---|---|
| Medium-term threats | ▷ Encroachment into the SI field by consulting firms that specialize in the planning and formulation of corporate and DX strategies<br>▷ Intensifying competition among AI platforms and AI/DX consulting providers<br>▷ Intensifying competition due to entry of proximity solutions (ERP, groupware, workflow, etc.) into the BPM market<br>▷ Intensifying competition due to new entrants into the electronic trading field as well as increased activity on the part of existing competitors |

Executive Officer
Director, Digital Solution & Consulting Bureau
**Hisashi Norikane**

## Areas of Expertise/Features

This bureau consists of a center responsible for consulting and a solutions division, providing integrated support across industries from upstream consulting to the provision and operation of solutions. In a business environment where markets and technologies are changing rapidly and uncertainty is on the rise, the Digital Transformation & Innovation Center professionally supports customers' business and organizational reforms for DX by bringing together the planning and conceptualization of new businesses, data utilization, system design, and design capabilities from the perspective of digital data.

The Digital Technology & Solution Division mainly focuses on solutions such as AI that utilizes data science and machine learning, integrated data management platforms that promote company-wide creation of data assets and data utilization, document management and workflow that lead to work style reform and streamlining of operations, electronic contracts that speed up B-to-B and B-to-C transactions, and enterprise BPM and low-code platforms that support in-house production.

### Digital Transformation & Innovation Center

**Business Innovation & Consulting**
Realizing DX aimed at business innovation for our customers, focusing on the "planning and conceptualization support phase"

**Architecture & Consulting**
Realizing DX for our customers with a focus on "planning and conceptualization of overall architecture covering the entire enterprise" and "application of architectural design technology to projects."

**Data-Driven Consulting**
Providing consulting and solutions to address customers' business issues using data science, analytics, and engineering

**Data Management Platform Development**
Supporting the improvement of customers' business performance by enhancing data management, focusing on the development and deployment of "integrated data management platforms."

### 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 seven consecutive years. It evolves on a daily basis to provide functionality suited to large companies, providing support for the digitization of business operations

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

**Support for AI system introduction and utilization**
The "DataRobot" AI platform has been deployed by more customers in Japan than any other. We provide consistent support for new AI solutions, including theme creation, model development and operation, human resource development, and system integration. Meanwhile, in the area of predictive AI, we support customers' needs and requests by harnessing the features of DataRobot, Databricks, and Dataiku

### Integrated Data Management Platform
We provide solutions for data-driven management as "DATAOPTERYX," with the data governance tool "Talend" and the cloud data platform "Snow flake" at its core

### Key Points of Business Activities

Our bureau works to solve customer issues by providing solutions by providing a wide range of consulting services that only a systems integrator can offer, as well as solutions based on the latest digital technologies and digital workplaces.

**1** We provide comprehensive services that leverage our strengths, such as 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** Taking advantage of the knowledge gained from supporting the implementation of DataRobot at 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.
By combining the many individual solutions we have developed to date to address the challenges facing our customers, we will provide a solution to the larger issues involved in business process automation.

## Interview

Digital Transformation & Innovation Center
Data-Driven Consulting Department
**Hiromasa Ishiguro**

I work on creating, proposing, and executing data utilization solutions in the area of ECM for the manufacturing industry, with a focus on simulation technology using optimization techniques. Our department not only provides technology, but also sales support and consulting services, allowing us to take on the challenge of creating new business opportunities. In cooperation with my company colleagues, I hope to continue to hone my technical and business skills, take on the real challenges facing our customers, and continue to provide value-added solutions.

Digital Technology & Solution Division
Sales Department
**Mako Hayashi**

I joined the company in 2022 as a new graduate, and my mission is to propose and provide solutions for issues relating to application and approval operations within our customers' companies. The workplace environment allows for a lively exchange of opinions regardless of age or position, and even young employees are entrusted with tasks of great responsibility, which allows them to grow and develop on a daily basis. In the future, my goal is to become an individual who can lead a team, combine various solutions with our added value, and promote solutions to our customers' DX issues.

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# Technology Bureau

# Systems Research & Development Center

Executive Officer
Director, Technology Bureau
**Toru Arisawa**

Executive Fellow
Technology Bureau
Director, Systems Research & Development Center
**Etsuro Minami**

The Technology Bureau is a planning and promotion department for maintaining and improving our technical capabilities in IT, which is one of the sources of our competitiveness.

It has three missions: **1** to enhance our technical capabilities, **2** to improve our IT equipment, and **3** to strengthen our IT risk countermeasures.

First, the Systems Research & Development Center conducts research and development aimed at applying the latest technologies. Being quick to experiment with cutting-edge technologies and to consider their application forms the basis of our technical capabilities. We are working to link R&D with business by creating a situation in which when business units take on the challenge of new technologies, R&D is already being conducted at the Systems Research & Development Center.

Next, when deploying technology throughout the company, the Technology Bureau works with the Systems Research & Development Center and individual divisions to plan and implement a wide range of measures, including the development of human resources, the compilation and sharing of expertise, and the provision of tools and environments.

Furthermore, the process of utilizing technology and promoting business also involves the establishment of systems that allow for safe implementation, while taking into consideration increasingly complex risks and psychological safety, as well as supervision of implementation status.

**1 Enhance technical capabilities**
Technical capabilities are the source of our competitiveness, and as such, they require continual refinement and enhancement. While keeping abreast of technological trends in the world and developments in our customers' industries, our role is to formulate and implement technological strategies to realize the NSSOL 2030 Vision.
Using mechanisms such as a "technology census" to ascertain the current status of engineers in the company and "career link" to promote visualization of the company's human capital, we are working, in accordance with our technology strategy, to deploy company-wide measures such as development automation using AI, realization of composable architecture, digitalization of development management operations, and reinforcement of the company-wide asset base.

**2 Improve IT equipment**
With our own proprietary development platform, Tetralink, which consists of open, state-of-the-art technology, we are working to streamline our development operations. In addition, a PMS (Project Management System) is provided and implemented on Tetralink to save labor and deliver more advanced project management.
Regarding generative AI, which is currently evolving at a rapid pace, we are leveraging the knowledge we have gained through our R&D to establish usage guidelines and an environment for internal use. In addition, we are making efforts to promote its use by sharing know-how and holding seminars. The in-house AI usage environment employs RAG architecture to enable the use of internal documents, and 2,000 people are already using the system to improve operational efficiency.
Regarding the formalization of know-how as explicit knowledge, we are updating our development standards and guides to update our development process, broaden it to further upstream processes, and to support agile development.

**3 Strengthen IT risk countermeasures**
We aim to provide stable IT services by controlling execution risks of various projects from a company-wide perspective. We are working on early detection and control of project risks by combining the expertise we have accumulated over the years with the latest technology, and on upgrading project management through the use of PMS.
Regarding information security, our team members, with their specialized knowledge, keep abreast of the latest available information and work to structure our environment and systems appropriately. Efforts are being made to improve the safety of company-wide activities, including the establishment of guidelines, and we have also made preparations to respond quickly in the event of an incident.

## Systems Research & Development Center

### Exploring Future Technologies — Future Goals

Looking 10 to 20 years into the future, the Systems Research & Development Center conducts R&D with three "future goals" in mind.

| | | |
|---|---|---|
| **Future Goal 1** | Ultimate digital twin | "Migrating and recreating everything in the digital world" |
| **Future Goal 2** | Artificial intelligence that can understand and perform tasks | "Bringing the intellectual abilities of machines closer to humans" |
| **Future Goal 3** | Sustainable corporate information systems | Creating systems that are responsive to change and can be used for many years to come |

These are our medium- to long-term sustainability goals from a technology perspective: the search for technologies that will make society, business, and corporate information systems sustainable.
The technologies required to achieve these goals are then back-casted and reflected in our R&D themes. This approach also serves to identify what is impossible or infeasible to achieve with our current technology.

### Examination and implementation of the latest technologies

At the Systems Research & Development Center, four research organizations have set out themes for R&D and high-level human resource development with respect to the three future goals.

| | |
|---|---|
| **1 Digital Twin** | Development of prototypes for skills transfer and on-site work support, development of the digital twin platform Geminant, and use of optimization and MLOps* technologies<br>* MLOps: A method for managing the entire process of developing, implementing, and operating machine learning models through collaboration between the development and operations sides of machine learning. |
| **2 Intelligence** | Application of generative AI to various fields and problem solving for data management issues, provision of system building expertise, application of advanced data analysis techniques to onsite issues, and integration of AI technologies |
| **3 Architecture & Process Design** | Advanced development and operational processes based on DX and sustainability, application of distributed architecture and cloud-native technologies |
| **4 Service Design** | Experience design, product/service creation, support for in-house production, UI/UX using generative AI, and agile coaching in customer businesses |

We also support the challenges taken on by our researchers by collaborating with outside parties and business units and maintaining a research environment, and promote the development of research results into businesses.

# Domestic Group Companies

## Interview

### Regional Subsidiaries

Our regional subsidiaries work together on software development, system operation and maintenance services for projects awarded to NSSOL, while at the same time leveraging the strengths of each company to take on system projects targeting their respective regional markets.

**NS Solutions Hokkaido Corporation**

I'm Satoshi Shirai, from the Steelmaking System Solutions Division, and I work on supporting the IT infrastructure for Nippon Steel's North Nippon Works. When I joined the company, I was assigned to Muroran to develop systems as an APSE, and now I work as a PM for infrastructure projects while raising two children with my wife in Sapporo. I also participate in visiting programming classes for elementary and junior high schools as part of the company's community contribution activities. I feel that I am able to enhance my career and contribute to Hokkaido while maintaining a good work-life balance.

**NS Solutions East Japan Corporation**

I'm Yurika Takahashi, and I work in the Contract Logistics Group of Steelmaking System Solutions Division 1. My work involves the operation and maintenance of standard wharf systems. Having wanted to work in operations and maintenance since I was in a department focusing on development, I am now able to work in closer contact with our customers, which I find very rewarding. My colleagues are of various ages, but the atmosphere is very open, and it is fun to have so many unique personalities here.

**NS Solutions Chubu Corporation**

I'm Sachiko Igei, from the Human Resources Group of the Planning and Administration Department. Every day, we devote ourselves to our work, caring not only for our employees, but also for our customers beyond them. Here, team members from a wide range of ages and backgrounds are actively engaged in their work while maintaining a good work-life balance.

**NS Solutions Kansai Corporation**

I am Taiki Minamino, from Business Solutions Division 2, and I work on building infrastructure for our customers in the Kansai region. Because infrastructure technology is constantly changing, we work hard to keep up with the latest technological trends. Many of our team members have a keen interest in technology, and I find it rewarding to be able to work with them in a spirit of friendly rivalry. In addition, we are working as an organization to improve quality and work efficiency by converting our operational insights into assets.

**NS Solutions Kyushu Corporation**

I'm Muneyuki Iwasa, from Business Solutions Division 3. As part of a collaborative project with the Retail & Service Business System Solutions Bureau, we perform system operation, maintenance, and development for accounts in the retail sector. At our Hakata office, we communicate directly with customers and work as an IT partner to support problem solving. Our workplace is full of the smiling faces of team members who work quickly to turn new recruits into effective professionals and challenge themselves to take on new tasks.

**NS Solutions BizTech Corporation**

NS Solutions BizTech has been an NSSOL Group company since April 2024. We provide optimal solutions by refining our integration technologies and enhancing our IT implementation capabilities, drawing on our strengths in operational insights and technological capabilities, cultivated on the ground at our customers' work sites.

### Joint Ventures

As well as providing business solutions unique to each company and selling information system products, our joint ventures also plan and design systems and develop software for NSSOL's projects in sectors such as financial services and manufacturing.

**NCI Systems Integration, Inc.**

NCI Systems Integration was established in 1988 as a joint venture between NSSOL and Itochu Corporation. It specializes in implementing systems for the financial, manufacturing, distribution/services, and healthcare industries, contributing to society through the provision of exceptional systems.

**NIPPON STEEL Hitachi Systems Solutions, Inc.**

It aims to be a company that can contribute to customers and to society as a group of IT professionals that, in addition to systemization and support for the improvement and optimization of customers' businesses themselves, can also support customers' entire core business networks with the power of IT and digital technology.

### Special subsidiary company

**Act. Corporation**

Act. was established with the goal of creating long-term employment and activity opportunities for people with a variety of disabilities. It is a company where people with and without disabilities work together to create new and valuable products, and its management vision is "to be a group that delivers excitement to 100 million people."

# Overseas Group Companies

## Interview

Our overseas bases accurately ascertain the needs of global Japanese companies expanding overseas and support their sustainable growth in those countries. In addition, to enhance the competitiveness of the NSSOL Group as a whole, including in Japan, they also work to identify the latest overseas technology trends, collect specialized information, and incorporate cutting-edge solutions.

We also provide thorough technical and management training to local employees of our overseas locations to maximize the effectiveness of our customers' investments.

**NS Solutions (Shanghai) Co., Ltd.**

NS Solutions (Shanghai) was founded in 2002 and provides one-stop IT services, primarily to Japanese companies, from four locations in Shanghai, Dalian, Wuhan, and Guangzhou. In collaboration with NSSOL's Steelmaking System Solutions, Industrial Business System Solutions, Retail & Service Business System Solutions, and IT Service & Engineering bureaus, as well as the Systems Research & Development Center, the company is currently strengthening its structures to expand its high-value-added services in upstream processes and in multiple languages. Going forward, the company will make concerted efforts to provide value that exceeds expectations to customers in Japan, China, and around the world while deepening personnel exchanges with NSSOL.

**Thai NS Solutions Co., Ltd.**

Thai NS Solutions is engaged in business with Nippon Steel Group companies and Japanese manufacturing companies in Thailand. The launches of NSG-ITOS (comprehensive outsourcing services for the Nippon Steel Group) and the SAP business have been set as medium-term growth targets, and the first project for each was launched in the current fiscal year. Going forward, it is aiming to firmly grasp business opportunities in the growing Asian region and make further strides forward.

**PT. NSSOL SYSTEMS INDONESIA**

NSSOL Systems Indonesia is primarily engaged in the provision of ERP solutions to major manufacturing companies. Last year, it further enhanced its presence in the region by developing mobile applications for some of Jakarta's most famous large commercial facilities. This year marks the company's 10th anniversary, and in the next 10 years, it will expand its solutions to the logistics industry and make a leap forward to become widely recognized as an innovative IT partner in Indonesia, one of the fastest-growing countries in Southeast Asia.

**NS Solutions Asia Pacific Pte.Ltd.**

NS Solutions Asia Pacific has a long history of providing consulting and core solutions to customers such as financial institutions, trading companies, and leasing companies in Singapore, one of the key hubs of the dynamic Asian region.

Going forward, it will continue to work with Asian customers to contribute more and more to the development of the region's economy through a variety of solutions using the business and IT expertise accumulated by NSSOL and the company itself, based on common, easy-to-use platforms.

**PT. SAKURA SYSTEM SOLUTIONS**

Sakura System Solutions originates from a software company founded by Indonesians with experience studying in Japan. In the rapidly growing market of integrated business packages for HR and payroll operations, the company has deployed its own package, SPISy, at more than 100 companies, and since 2023, a SaaS version has also been provided. With its deep operational insights in the human resources domain and the quality associated with the NSSOL brand, the company will continue to meet the diverse system needs of Indonesian companies.

**NS Solutions USA Corporation**

NS Solutions USA Corporation has three roles: ❶ to search for new solutions in Silicon Valley, ❷ to provide consulting services to Japanese financial institutions in New York, the financial capital of the world, and ❸ to maintain IT products and services for Japanese customers by taking advantage of the time difference (maintenance services during nighttime hours in Japan). In terms of "searching for new solutions," it is looking for cutting-edge solutions that will contribute to the realization of the NSSOL 2030 Vision through collaboration with local venture capitalists and visits to startups.

**NS Solutions IT Consulting Europe Ltd.**

Based in London, NS Solutions IT Consulting Europe is engaged in business for the local subsidiaries of Japanese banks. Through implementation support and maintenance of systems developed by NSSOL in Japan and PMO participation in local projects, it also works to stay ahead of European financial trends and regulations. By providing feedback to NSSOL's Financial System Solutions Bureau based on its knowledge of the international financial environment, the company plays an important role in establishing our competitive advantage.

# Financial Information

## Consolidated Financial Results
(Millions of yen)

| | Japanese GAAP | | | IFRS | | |
|---|---|---|---|---|---|---|
| | FY2019 | FY2020 | FY2021 | FY2021 | FY2022 | FY2023 |
| **Statement of Income** | | | | | | |
| Revenue | 274,843 | 251,992 | 270,332 | 270,332 | 291,688 | 310,632 |
| Cost of sales | 218,244 | 200,042 | 210,011 | 209,883 | 225,752 | 238,790 |
| Gross profit | 56,598 | 51,950 | 60,321 | 60,448 | 65,935 | 71,841 |
| Selling, general and administrative expenses | 28,210 | 27,400 | 30,505 | 30,014 | 33,007 | 36,634 |
| Operating profit | 28,387 | 24,549 | 29,815 | 29,886 | 31,738 | 35,001 |
| Ordinary profit / Profit before income taxes | 28,275 | 25,101 | 30,811 | 30,687 | 32,101 | 35,437 |
| Profit attributable to owners of parent | 18,552 | 16,982 | 19,977 | 20,521 | 22,000 | 24,241 |
| **Balance Sheet (End of Fiscal Year)** | | | | | | |
| Total assets | 240,448 | 272,223 | 296,790 | 325,764 | 319,908 | 374,637 |
| Current assets | 162,882 | 171,834 | 187,686 | 187,343 | 207,383 | 228,258 |
| Non-current assets | 77,565 | 100,388 | 109,103 | 138,420 | 112,525 | 146,379 |
| Total liabilities | 85,055 | 86,094 | 93,360 | 121,194 | 112,108 | 129,853 |
| Current liabilities | 68,100 | 60,694 | 62,165 | 67,757 | 72,619 | 81,237 |
| Non-current liabilities | 16,955 | 25,400 | 31,195 | 53,436 | 39,489 | 48,615 |
| Total net assets | 155,392 | 186,128 | 203,429 | 204,569 | 207,800 | 244,783 |
| **Statement of Cash Flows** | | | | | | |
| Cash flow from operating activities | 19,366 | 17,544 | 32,313 | 38,406 | 26,032 | 26,154 |
| Cash flow from investing activities | -2,975 | 10,414 | -8,540 | -8,540 | -5,635 | -8,570 |
| Cash flow from financing activities | -6,796 | -7,395 | -6,845 | -12,939 | -14,943 | -15,078 |
| **Capital investment, depreciation and R&D expenses** | | | | | | |
| Capital investment | 7,817 | 3,764 | 9,032 | 5,337 | 4,400 | 3,122 |
| Depreciation | 5,205 | 6,145 | 5,523 | 11,637 | 12,620 | 12,050 |
| Research and development expenses | 1,996 | 1,694 | 1,942 | 1,942 | 2,320 | 2,405 |
| **Financial Indicators** | | | | | | |
| Gross profit margin (%) | 20.6 | 20.6 | 22.3 | 22.4 | 22.6 | 23.1 |
| Operating profit margin (%) | 10.3 | 9.7 | 11.0 | 11.1 | 10.9 | 11.3 |
| ROE (%) | 12.8 | 10.3 | 10.6 | 10.8 | 11.0 | 11.1 |
| ROA (%) | 11.9 | 9.8 | 10.8 | 9.7 | 9.9 | 10.2 |
| Dividend payout ratio (%) | 32.1 | 28.3 | 30.2 | 29.4 | 31.2 | 32.1 |

* Capital investment does not include the acquisition of right-of-use assets.

## Sales by Segment / Customer Industry
(Millions of yen)

| | FY2021 | FY2022 |
|---|---|---|
| **Segment Information** | | |
| **Orders Received** | | |
| Business Solutions | 135,367 | 165,474 |
| Manufacturing, Retail & Service | 77,217 | 82,379 |
| Financial Services | 34,446 | 33,622 |
| Government, Public Organizations and Others | 23,703 | 49,472 |
| Service Solutions | 99,129 | 106,086 |
| IT Platform | 42,599 | 44,229 |
| Nippon Steel Group | 56,529 | 61,857 |
| Subsidiaries | 37,097 | 42,003 |
| Total | 271,593 | 313,564 |
| **Revenue** | | |
| Business Solutions | 145,587 | 156,787 |
| Manufacturing, Retail & Service | 76,239 | 78,508 |
| Financial Services | 34,987 | 34,518 |
| Government, Public Organizations and Others | 34,361 | 43,759 |
| Service Solutions | 89,932 | 96,870 |
| IT Platform | 35,193 | 38,945 |
| Nippon Steel Group | 54,738 | 57,925 |
| Subsidiaries | 34,812 | 38,029 |
| Total | 270,332 | 291,688 |
| **Orders Received** | | |
| Business Solutions | 66,012 | 74,699 |
| Manufacturing, Retail & Service | 27,349 | 31,219 |
| Financial Services | 12,283 | 11,386 |
| Government, Public Organizations and Others | 26,380 | 32,092 |
| Service Solutions | 49,827 | 59,043 |
| IT Platform | 23,788 | 29,072 |
| Nippon Steel Group | 26,038 | 29,970 |
| Subsidiaries | 7,997 | 11,970 |
| Total | 123,837 | 145,713 |

**Recategorized as of FY2023**

| | Example of FY2022 results totaled under the new categories | FY2023 |
|---|---|---|
| **Segment Information** | | |
| **Orders Received** | | |
| Business Solutions | 190,599 | 200,732 |
| Manufacturing, Nippon Steel Group | 93,769 | 96,120 |
| Retail and Service, Digital Platformer | 63,208 | 61,166 |
| Financial Services | 33,622 | 43,445 |
| Consulting & Digital Services | 80,961 | 77,308 |
| Subsidiaries | 42,003 | 42,416 |
| Total | 313,564 | 320,457 |
| **Revenue** | | |
| Business Solutions | 183,313 | 192,632 |
| Manufacturing, Nippon Steel Group | 89,272 | 92,649 |
| Retail and Service, Digital Platformer | 59,522 | 60,461 |
| Financial Services | 34,518 | 39,521 |
| Consulting & Digital Services | 70,345 | 74,807 |
| Subsidiaries | 38,029 | 43,191 |
| Total | 291,688 | 310,632 |
| **Orders Received** | | |
| Business Solutions | 78,388 | 86,488 |
| Manufacturing, Nippon Steel Group | 45,225 | 48,696 |
| Retail and Service, Digital Platformer | 21,775 | 22,480 |
| Financial Services | 11,386 | 15,311 |
| Consulting & Digital Services | 55,354 | 57,855 |
| Subsidiaries | 11,970 | 11,194 |
| Total | 145,713 | 155,538 |

# Non-Financial Information

## Human Resources Data

| | | FY2019 (as of the end of FY2019) | FY2020 (as of the end of FY2020) | FY2021 (as of the end of FY2021) | FY2022 (as of the end of FY2022) | FY2023 (as of the end of FY2023) |
|---|---|---|---|---|---|---|
| Number of employees (consolidated) | Total | 6,639 | 6,958 | 7,143 | 7,458 | 7,826 |
| Number of employees (non-consolidated) | Male | 2,552 | 2,660 | 2,707 | 2,855 | 2,980 |
| | Female | 558 | 599 | 643 | 708 | 778 |
| | Total | 3,110 | 3,259 | 3,350 | 3,563 | 3,758 |
| Average age | | 39.6 years old | 39.8 years old | 40.0 years old | 40.0 years old | 39.9 years old |
| Average duration of service | Male | 13.7 years | 13.6 years | 14.0 years | 13.7 years | 13.6 years |
| | Female | 8.5 years | 8.7 years | 8.9 years | 8.9 years | 8.8 years |
| | Total | 12.8 years | 12.7 years | 13.0 years | 12.8 years | 12.6 years |
| Number of new graduate hires (joining the company on April 1 of next fiscal year) | Male | 114 | 97 | 113 | 125 | 137 |
| | Female | 50 | 50 | 59 | 66 | 72 |
| | Total | 164 | 147 | 172 | 191 | 209 |
| Number of mid-career hires (joining the company during the relevant fiscal year) | Male | 75 | 57 | 79 | 140 | 119 |
| | Female | 19 | 6 | 20 | 33 | 36 |
| | Total | 94 | 63 | 99 | 173 | 155 |
| Number of employees who left the company for their own reasons | Male | 77 | 78 | 101 | 86 | 98 |
| | Female | 20 | 21 | 21 | 26 | 27 |
| | Total | 97 | 99 | 122 | 112 | 125 |
| Percentage of employees who left the company for their own reasons | Male | 3.1% | 3.1% | 3.8% | 3.2% | 3.4% |
| | Female | 3.9% | 3.8% | 3.5% | 4.0% | 3.8% |
| | Total | 3.2% | 3.2% | 3.7% | 3.3% | 3.5% |
| Percentage of employees with disabilities | | 2.23% | 2.20% | 2.37% | 2.41% | 2.61% |
| Number of temporary employees | | 744 | 684 | 709 | 736 | 730 |
| Number of core management personnel | Male | 857 | 905 | 949 | 946 | 977 |
| | Female | 33 | 41 | 42 | 40 | 45 |
| | Total | 890 | 946 | 991 | 986 | 1,022 |
| Number of newly appointed core management personnel | Male | 61 | 80 | 63 | 69 | 74 |
| | Female | 10 | 5 | 3 | 2 | 8 |
| | Total | 71 | 85 | 66 | 71 | 82 |
| Number of Senior Specialist grade employees | Male | 975 | 997 | 1,003 | 1,123 | 1,154 |
| | Female | 133 | 144 | 158 | 181 | 195 |
| | Total | 1,108 | 1,141 | 1,161 | 1,304 | 1,349 |
| Hours spent on education and training for employee development | Total hours | | 195,305 hours | 208,300 hours | 218,007 hours |
| | Average hours / person | | 58.3 hours | 58.5 hours | 58.0 hours |
| Labor Statistics | Monthly average overtime hours* | 9.2 hours/month | 11.4 hours/month | 8.3 hours/month | 10.9 hours/month | 9.2 hours/month |
| | Average number of days of paid leave taken | 15.5 days / year | 13.7 days / year | 14.6 days / year | 15.0 days / year | 15.3 days / year |
| | Number of employees taking childcare leave — Male | 19 | 27 | 32 | 78 | 67 |
| | Female | 40 | 39 | 39 | 48 | 25 |
| | Total | 59 | 66 | 71 | 126 | 92 |
| | Number of employees taking caregiving leave — Male | 0 | 0 | 1 | 1 | 0 |
| | Female | 0 | 0 | 3 | 2 | 0 |
| | Total | 0 | 0 | 4 | 3 | 0 |

* From FY2023, includes managers and supervisors, calculated as health management excess hours

## Environment

| | | | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|---|---|---|
| GHG emissions | Scope 1 (fuel) (t-$CO_2$) | | 170 | 493 | 140 | 137 | 145 | 94 |
| | Scope 2 (electricity, heating) (t-$CO_2$) | | 38,024 | 36,169 | 32,790 | 30,559 | 24,266 | 18,371 |
| | Scope1+2 (t-$CO_2$) | | 38,194 | 36,662 | 32,930 | 30,696 | 24,411 | 18,465 |
| | Scope3 (t-$CO_2$) | | - | - | - | 308,814 | 296,724 | 297,735 |
| | Category | 1 Purchased goods and services | | | | - | 198,359 | 213,550 |
| | | 2 Capital goods | | | | - | 11,813 | 4,725 |
| | | 3 Fuel and energy-related activities (not included in Scope1 or 2) | | | | - | 4,666 | 4,587 |
| | | 5 Waste generated in operations | | | | - | 12 | 21 |
| | | 6 Business travel | | | | - | 896 | 941 |
| | | 7 Employee commuting | | | | - | 1,637 | 1,714 |
| | | 8 Upstream leased assets | | | | - | 3,182 | 2,997 |
| | | 11 Use of sold products | | | | - | 70,264 | 64,572 |
| | | 12 End-of-life treatment of sold products | | | | - | 33 | 36 |
| | | 13 Downstream leased assets | | | | - | 5,864 | 4,593 |

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

## Corporate Governance

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Total number of Executive Directors (excluding those who are Audit & Supervisory Committee Members) | 10 | 10 | 10 | 10 | 10 |
| Outside Executive Directors | 2 | 3 | 3 | 3 | 3 |
| Female Executive Directors | 1 | 1 | 1 | 1 | 2 |
| Audit & Supervisory Committee Members* | - | - | 3 | 3 | 3 |
| Outside Audit & Supervisory Committee Members | - | - | 2 | 2 | 2 |
| Number of Board of Directors meetings (times held) | 18 | 16 | 16 | 14 | 16 |
| Average attendance rate of directors (%) | 98% | 100% | 99% | 99% | 99% |

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

## Number of Helpline Reports and Consultations

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Number of reports and consultations (cases) | 31 | 32 | 20 | 34 | 32 |

## External Recognition

### Adoption as part of ESG stock indices

Selected as part of the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index

FTSE4Good · FTSE Blossom Japan · FTSE Blossom Japan Sector Relative Index

| FTSE4Good Index Series | https://www.ftserussell.com/ja/products/indices/ftse4good |
|---|---|
| FTSE Blossom Japan Indexs | https://www.ftserussell.com/ja/products/indices/blossom-japan |
| FTSE Blossom Japan Sector Relative Indexs | |

### Initiatives joined and supported

TCFD · TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures

Introduction / Message / Value Creation Process / Sustainability Management / About NS Solutions / Data

# Stock Information

## Shares Information (as of September 1, 2024)

| | |
|---|---|
| Securities code | 2327 |
| Stock exchange listing | Tokyo Stock Exchange Prime Market |
| Last day of the fiscal year | March 31 |
| Annual General Meeting of Shareholders | June |
| Number of shares per unit | 100 shares |
| Total number of authorized shares | 732,008,000 shares |
| Total number of issued shares | 183,002,000 shares |
| Administrator of shareholders' register | 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited |
| Dividend record dates | Last day of March and September |

## Ownership by shareholder (as of March 31, 2024)



Individuals/private and other investors **5.17**%
Financial institutions **9.01**%
Foreign companies, etc. **21.58**%
Japanese securities companies **0.45**%
Other Japanese companies **63.78**%
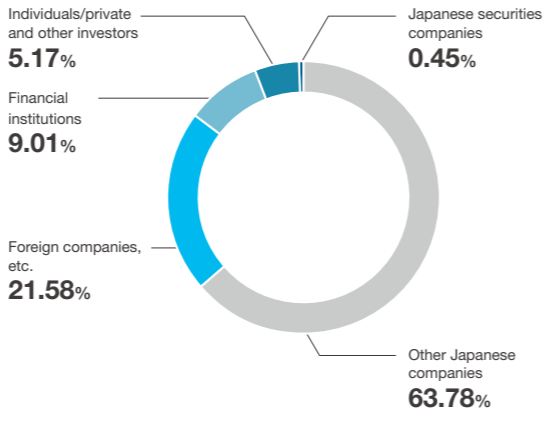
## Primary Shareholders (as of March 31, 2024)

| Name | Address | Number of shares held (thousands of 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 | 63.43 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 1-8-1 Akasaka, Minato-ku, Tokyo | 4,649 | 5.08 |
| JP Morgan 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) | 3,130 | 3.42 |
| Custody Bank of Japan, Ltd. (trust account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 3,075 | 3.36 |
| NS Solutions Employee Stock Ownership Association | 1-17-1 Toranomon, Minato-ku, Tokyo | 2,022 | 2.21 |
| 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) | 1,833 | 2.00 |
| BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY (Standing proxy: HSBC Tokyo Branch, Custody Business Department) | 10 HAREWOOD AVENUE LONDON NW1 6AA (3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 993 | 1.09 |
| MLF FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB (Standing proxy: BofA Securities Japan Co., Ltd.) | MERRILL LYNCH FINANCIAL CENTRE 2 KING EDWARD STREET LONDON UNITED KINGDOM (1-4-1 Nihonbashi, Chuo-ku, Tokyo) | 770 | 0.84 |
| CGML PB CLIENT ACCOUNT/COLLATERAL (Standing proxy: Citibank N.A., Tokyo Branch) | CITIGROUP CENTRE,CANADA SQUARE, CANARY WHARF, LONDON E14 5LB, UNITED KINGDOM (6-27-30, Shinjuku, Shinjuku-ku, Tokyo) | 735 | 0.80 |
| BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: MUFG Bank, Ltd.) | 240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A (2-7-1 Marunouchi, Chiyoda-ku, Tokyo) | 652 | 0.71 |
| Total | | 75,897 | 82.95 |

* In addition to the above, there are 8,544 shares of treasury stock held by the Company.

## Gross Shareholder Yield and Share Price (as of March 31, 2024)

| Fiscal year end | March 2020 | March 2021 | March 2022 | March 2023 | March 2024 |
|---|---|---|---|---|---|
| Gross shareholder yield (%) (Comparison index: TOPIX including dividends) (%) | 90.3 (90.5) | 121.4 (128.6) | 129.3 (131.2) | 127.1 (138.8) | 176.8 (196.2) |
| Highest share price (yen) | 3,935 | 3,700 | 4,065 | 4,020 | 5,250 |
| Lowest share price (yen) | 2,234 | 2,365 | 3,030 | 3,140 | 3,505 |

# Corporate Information

## Corporate Information (as of March 31, 2024)

| | |
|---|---|
| Company name | NS Solutions Corporation |
| Share capital | 12,953JPY million |
| Head Office location | 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 | • 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 | 310.6 JPY billion (consolidated, FY2023) |
| Number of employees | 7,826 (consolidated, FY2023) |

## List of Group Companies (as of September 1, 2024)

| Company name | Location |
|---|---|
| NS Solutions Hokkaido 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 |
| NS Solutions East Japan 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 |
| NS Solutions Kyushu Corporation | 2-3-7, Hakataeki-mae, Hakata-ku, Fukuoka-shi, Fukuoka |
| NS Solutions BizTech Corporation | Sumitomo Fudosan Sarugakucho Building, 2-8-8, Kandasarugakucho, Chiyoda-ku, Tokyo |
| NSSLC Service Corporation | 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 |
| 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 |
| Act. Corporation | 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 |