Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under IFRS)

April 28, 2025

Company name: NS Solutions Corporation
Listing: Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange
Securities code: 2327
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Scheduled date of Annual General Meeting of Shareholders: June 20, 2025
Scheduled date of commencing dividend payments: June 3, 2025
Scheduled date of filing annual securities report: June 23, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	338,301	8.9	38,497	10.0	39,076	10.3	27,049	11.6
March 31, 2024	310,632	6.5	35,001	10.3	35,437	10.4	24,241	10.2

	Total comprehensive income		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent
Fiscal year ended	Million yen	%	Yen	Yen	%
March 31, 2025	42,553	(4.5)	147.84	–	10.9
March 31, 2024	44,579	348.1	132.48	–	11.1

	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	%	%
March 31, 2025	9.8	11.4
March 31, 2024	10.2	11.3

(Reference) Share of profit (loss) of investments accounted for using equity method
For the fiscal year ended March 31, 2025: (21) million yen
For the fiscal year ended March 31, 2024: 31 million yen

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
March 31, 2025	421,302	269,815	261,173	62.0	1,427.38
March 31, 2024	374,637	244,783	236,829	63.2	1,294.26

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	37,207	70,249	(18,805)	192,931
March 31, 2024	26,154	(8,570)	(15,078)	103,975

2. Cash Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2024	–	40.00	–	45.00	85.00	7,776	32.1	3.6
Fiscal year ended March 31, 2025	–	36.50	–	37.50	74.00	13,540	50.1	5.4
Fiscal year ending March 31, 2026 (Forecast)	–	40.00	–	40.00	80.00		50.1	

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Annual dividends per share for the fiscal year ended March 31, 2024 and prior periods are stated based on the actual dividend amounts prior to the stock split. Annual dividends per share, without taking into consideration the stock split, would be 148.00 yen for the fiscal year ended March 31, 2025 and 160.00 yen for the fiscal year ending March 31, 2026 (forecast).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	168,000	7.3	19,000	4.8	19,400	6.8	12,600	3.4	68.86
Full year	357,000	5.5	43,000	11.7	43,700	11.8	29,200	7.9	159.59

*** Notes:**

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

Newly included: 1 company (NS Solutions BizTech Corporation)

Excluded: None

(Note) For further details, please see *Business combination, etc. under 3 Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements* on page 15 of the attached document.

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

1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None

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

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

As of March 31, 2025:	183,002,000 shares
As of March 31, 2024:	183,002,000 shares

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

As of March 31, 2025:	27,793 shares
As of March 31, 2024:	17,088 shares

3) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2025:	182,972,357 shares
Fiscal year ended March 31, 2024:	182,981,644 shares

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

* This consolidated financial results report is exempt from the audit procedures conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

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

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1. Overview of Financial Results

(1) Operating Results

During the fiscal year ended March 31, 2025, despite downward pressure from geopolitical risks in Ukraine and the Middle East, Chinese economic slowdown, rising domestic prices, and fluctuations in exchange rates and interest rates, the Japanese economy continued its moderate recovery. Overall, domestic companies improved their earnings. In the business environment surrounding NS Solutions Corporation (hereinafter, the "Company," and the Company and its subsidiaries are collectively referred to as the "Group"), demand for digital transformation (DX) aimed at business growth, stronger competitiveness, and higher added value remained strong, while our customers maintained steady investments in their systems. At the same time, uncertainty remains, as U.S. tariff policies could weigh on the economy and corporate earnings, while inflation continues to rise. We need to keep a close attention on these risks.

Based on the Medium-term Business Strategy 2021–2025 published in April 2021, the Group has endeavored to expand our business by capturing customer IT needs for DX to the greatest extent possible.

To support our customers' DX efforts, we have leveraged many years of operational insight and expertise gained at our production sites to offer various solutions. These include expanding "PPMP" (Process-manufacturing Production Management Package), which was created by productizing the production management system introduced at Nippon Steel Corporation, to other manufacturers, and beginning sales of "Geminant," a digital twin solution to achieve forecast analysis and abnormality prediction, etc. by centrally visualizing information on operations, maintenance, security, and logistics at manufacturing and distribution bases in a three-dimensional digital space. Furthermore, we introduced the generative AI service "exaBase Generative AI" for manufacturing industries to significantly improve their productivity by streamlining and automating their business processes. We also launched "CloudHarbor," a comprehensive service that supports cloud-native transformation, further driving our customers' DX efforts.

To expand our service and solution offerings, we launched "CONTRACT CROSS" and "CONTRACT CUBE," new services that support a wide range of transactions—building on the success of "CONTRACT HUB," our electronic transaction and contract service trusted across many industries. We expand and increase sales of our services solutions, including adding a new offering to our virtual desktop service "M³DaaS@absonne"—"M³DaaS for AVD with Azure Stack HCI." Demand remains strong for our Oracle-related products and cloud service, backed by years of proven expertise and experience. To strengthen and expand our business foundation, we also actively pursued strategic capital and business alliances. These include converting the following two companies into our wholly-owned subsidiaries: NS Solutions BizTech Corporation, with advanced IT talent (merged into NS Solutions East Japan Corporation, as of April 1, 2025), and OSP Solutions Inc., a company based in Okinawa Prefecture with strengths in operation and maintenance.

In the AI domain, where the Company has accumulated knowledge, we provide numerous AI solutions, including driving partnership in the AI platforms "Databricks" and "Dataiku," etc. and launching services to support the installation of "Alli LLM App Market," an AI platform that promotes the utilization of generative AI and improves operational efficiency, in customers' private environments. Moreover, we continued efforts to strengthen our responses to the AI domain, including collaborations with other companies, such as entering into a partnership agreement with Digital Humans, Inc., which possesses a digital human technology, and Jitera Inc., which possesses an AI development agent called "Jitera" and investing in TRADOM Inc., a company with strengths in AI-powered foreign exchange management solutions. From the perspective of AI governance, we released the NSSOL Group AI Ethics Statement on March 14, 2025.

With these efforts, we achieved the goals outlined in the Medium-term Business Strategy 2021–2025 one year ahead of schedule. In response, the 2025-2027 Mid-term Business Plan was published on February 28, 2025 to realize the NSSOL 2030 VISION that was announced in April 2024.

To promote sustainability management, we have organized our value creation process based on our goals to achieve the purpose of our existence in society, defined five material issues, and are working to address them. To realize "solving social issues through IT," one of those material issues, in addition to the above initiatives, we have participated in a research project led by the Ministry of Health, Labour and Welfare, which aims to accelerate the secondary use of medical and other information among medical institutions, leveraging the data utilization technologies in which we have extensive experience. We are also in the process of providing "NSDDD Cloud for Government," a cloud service designed to promote the use of public and private sector data by local governments. As part of our efforts to support next-generation education, we have delivered a total of 250 programming workshops and system engineer experience classes for elementary and junior high school students through "K3Tunnel," a programming learning site operated by the Company. We also developed new educational content on carbon neutrality and held demonstration classes in collaboration with local governments, contributing to next-generation education through environmental education.

As a result of these efforts, the Company has continued to be chosen as a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index, which are ESG investment indices.

Revenue for the fiscal year ended March 31, 2025 amounted to 338,301 million yen, an increase of 27,669 million yen compared to 310,632 million yen for the previous fiscal year. This was due to favorable conditions in the cloud solution field and software products, in addition to higher sales to the financial services field and the manufacturing, Nippon Steel Group field. Operating profit came in at 38,497 million yen, an increase of 3,496 million yen compared to 35,001 million yen for the previous fiscal year. This was due to increased gross profit resulting from higher revenue and improved gross profit margin, despite increases in selling, general and administrative expenses and other expenses due to temporary factors in addition to strengthening human capital, including recruiting and training, and the promotion of investment in technology, research and development, etc.

An overview of the fiscal year ended March 31, 2025 by service field (Business Solutions and Consulting & Digital Service) is as follows.

Business Solutions

Revenue for the fiscal year ended March 31, 2025 amounted to 250,658 million yen, an increase of 22,557 million yen compared to 228,100 million yen for the previous fiscal year.

Manufacturing, Nippon Steel Group field

Revenue from this field increased year on year. Both Nippon Steel Group field and the manufacturing field performed well.

Retail and Platform field

Revenue from this field remained at the same level as the same period of the previous fiscal year.

Financial Services field

Revenue from this field increased year on year. This field performed well in general, mainly due to strong sales of software products.

Consulting & Digital Service

Revenue for the fiscal year ended March 31, 2025 amounted to 87,643 million yen, an increase of 5,112 million yen compared to 82,531 million yen for the previous fiscal year owing to favorable sales in the cloud solution field and Oracle solutions.

*Change in presentation method of revenue

From the fiscal year ended March 31, 2025, due to changes in internal management methods, certain field have been reclassified from Business Solutions to Consulting & Digital Service. The figures for the fiscal year ended March 31, 2024 disclosed in this document reflect this change.

(2) Financial Position

Total assets as of March 31, 2025 amounted to 421,302 million yen, an increase of 46,665 million yen compared to 374,637 million yen at the end of the previous fiscal year. This was mainly due to increases of 88,956 million yen in cash and cash equivalents and 11,196 million yen in deferred tax assets, partly offset by a decrease of 54,282 million yen in other financial assets (non-current assets).

Total liabilities as of March 31, 2025 amounted to 151,487 million yen, an increase of 21,634 million yen compared to 129,853 million yen at the end of the previous fiscal year. This was mainly due to increases of 24,006 million yen in income taxes payable, 7,426 million yen in trade and other payables, partly offset by a decrease of 8,943 million yen in deferred tax liabilities.

Total equity as of March 31, 2025 amounted to 269,815 million yen, an increase of 25,031 million yen compared to 244,783 million yen at the end of the previous fiscal year. The breakdown mainly includes 28,077 million yen of profit, 14,475 million yen of other comprehensive income, and 10,795 million yen of dividends paid, and a reduction of 6,311 million yen in capital surplus. As a result, the ratio of equity attributable to owners of parent to total assets was 62.0%.

(3) Cash Flows

The balance of cash and cash equivalents as of March 31, 2025 was 192,931 million yen. Net increase in cash and cash equivalents for the fiscal year ended March 31, 2025 was 88,956 million yen, compared to a net increase of 2,652 million yen for the previous fiscal year. Cash flows by activity type are as follows.

i) Cash flows from operating activities

Cash flows from operating activities for the fiscal year ended March 31, 2024 resulted in a cash inflow of 26,154 million yen. This is mainly attributable to 35,437 million yen of profit before tax and 12,050 million yen of depreciation and amortization, a 2,728 million yen increase in trade and other receivables, a 4,086 million yen increase in contract assets, and a 3,608 million yen increase in inventories, partly offset by a 6,840 million yen increase in trade and other payables and income taxes paid of 11,968 million yen. On the other hand, cash flows from operating activities for the fiscal year ended March 31, 2025 resulted in a cash inflow of 37,207 million yen. This is mainly attributable to 39,076 million yen of profit before tax and 12,134 million yen of depreciation and amortization, an 1,045 million yen increase in trade and other receivables, a 4,541 million yen increase in contract assets, and a 6,818 million yen increase in inventories, a 13,391 million yen increase in trade and other payables, a 2,260 million yen increase in provision for loss on litigation, a 2,014 million yen decrease in consumption tax payable etc., and income taxes paid of 14,044 million yen.

ii) Cash flows from investing activities

Cash flows from investing activities for the fiscal year ended March 31, 2024 resulted in a cash outflow of 8,570 million yen. This is mainly attributable to 3,122 million yen of purchase of property, plant and equipment, and intangible assets and 6,623 million yen of purchase of other financial assets, partly offset by 9,216 million yen of proceeds from sale and redemption of other financial assets. On the other hand, cash flows from investing activities for the fiscal year ended March 31, 2025 resulted in a cash inflow of 70,249 million yen. This is mainly attributable to 78,523 million yen of proceeds from sale and redemption of other financial assets, 5,534 million yen of purchase of other financial assets and 3,513 million yen of purchase of property, plant and equipment, and intangible assets.

iii) Cash flows from financing activities

Cash flows from financing activities for the fiscal year ended March 31, 2024 resulted in a cash outflow of 15,078 million yen. This is mainly attributable to 7,444 million yen of repayments of lease liabilities and 7,319 million yen of dividends paid. On the other hand, cash flows from financing activities for the fiscal year ended March 31, 2025 resulted in a cash outflow of 18,805 million yen. This is mainly attributable to 10,795 million yen of dividends paid and 7,568 million yen of repayments of lease liabilities.

Information on capital resources and liquidity of funds

i) Basic policy

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

Therefore, we seek to maintain sufficient internal reserves to prepare for capital requirements for business growth and business risks such as wide-area disasters. The capital requirements include those for initiatives to achieve further profitability through business model transformation, focus on IT megatrends to achieve higher-than-market growth, make aggressive growth investments, pursue external growth through M&A, and enhance governance and shareholder value. At the same time, regarding profit distribution, our basic policy is to implement appropriate and stable distribution of dividends to shareholders.

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

ii) Capital requirements and financing

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

As for working capital on hand, the Company concentrates surplus funds from subsidiaries in the Company for centralized management by implementing the cash management system (CMS) and also having certain of its domestic subsidiaries implement the same system. Note that the Company's CMS is administered by Nippon Steel Corporation with 181,084 million yen deposited in the system as of March 31, 2025 being presented as part of cash and cash equivalents.

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

(4) Outlook for the Fiscal Year Ending March 31, 2026

Although demand for IT in Japan is expected to remain strong, uncertainty surrounding both domestic and global economies is increasing, due to factors such as the economic slowdown in China and Europe, U.S. tariff policies, and fluctuations in exchange rates.

Under this business environment and based on our assessment of markets by service and client industry sector, we have forecast consolidated revenue of 357,000 million yen and consolidated operating profit of 43,000 million yen for the fiscal year ending March 31, 2026.

Please be aware that earnings forecasts and other forward-looking statements do not constitute a guarantee of the Group's future performance, as they are subject to change due to unforeseeable changes in economic conditions and other factors.

(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company believes in the importance of maintaining and strengthening its competitiveness into the future and enhancing its corporate value. Regarding the allocation of profit, the Company's basic policy is to ensure appropriate and stable dividends to shareholders and the retention of internal reserves for business growth and to prepare for business risks, with the aim of a consolidated dividend payout ratio of 50%.

The Company sets forth in its Articles of Incorporation regarding the frequency of dividends of surplus that March 31, September 30, and other dates stipulated by the Board of Directors will be the record dates and, regarding the decision-making body for dividends, that the Board of Directors may set forth matters provided in each item of Article 459, Paragraph 1 of the Companies Act concerning the repurchase of company shares, decreases in the amount of reserves, and the distribution of surplus.

For the distribution of surplus with a record date of the last day of the fiscal year under review (March 31, 2025), the Company will issue a dividend of 37.5 yen per share, an increase of 1 yen on its most recent dividend forecast. As a dividend of 36.5 yen per share was issued for the distribution of surplus with a record date of September 30, 2024, the annual total dividend will be 74.0 yen. This is an increase of 31.5 yen (Note) compared with the previous fiscal year (FY2023).

Regarding dividends, the Company plans to issue a total annual dividend of 80.0 yen per share for the distribution of surplus in the next fiscal year.

(Note) In the previous fiscal year, the Company paid a total annual dividend of 85.0 yen per share. However, the Company carried out a 2-for-1 stock split of common stock as of July 1, 2024, and taking into consideration the stock split, the dividend for the previous fiscal year would have been 42.5 yen per share.

2. Basic Approach to Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards (IFRS) to improve the international comparability of financial information in the capital markets.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	103,975	192,931
Trade and other receivables	67,767	70,210
Contract assets	18,162	22,719
Inventories	25,176	32,083
Other financial assets	1,555	2,796
Other current assets	11,620	4,082
Total current assets	228,258	324,824
Non-current assets		
Property, plant and equipment	16,901	15,568
Right-of-use assets	34,801	29,148
Goodwill	2,923	2,923
Intangible assets	3,847	4,039
Investments accounted for using equity method	212	191
Other financial assets	83,597	29,315
Deferred tax assets	3,969	15,165
Other non-current assets	124	125
Total non-current assets	146,379	96,477
Total assets	374,637	421,302

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Trade and other payables	23,263	30,690
Contract liabilities	24,523	27,504
Lease liabilities	6,936	6,061
Other financial liabilities	819	732
Income taxes payable	7,857	31,864
Provisions	1,080	4,004
Other current liabilities	16,756	18,317
Total current liabilities	81,237	119,175
Non-current liabilities		
Lease liabilities	27,855	23,158
Other financial liabilities	104	-
Retirement benefit liability	4,732	4,938
Provisions	2,870	2,869
Deferred tax liabilities	8,943	-
Other non-current liabilities	4,108	1,346
Total non-current liabilities	48,615	32,312
Total liabilities	129,853	151,487
Equity		
Share capital	12,952	12,952
Capital surplus	9,953	3,642
Retained earnings	174,625	242,900
Treasury shares	(32)	(63)
Other components of equity	39,330	1,741
Total equity attributable to owners of parent	236,829	261,173
Non-controlling interests	7,954	8,641
Total equity	244,783	269,815
Total liabilities and equity	374,637	421,302

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

Consolidated Statements of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	310,632	338,301
Cost of sales	(238,790)	(256,594)
Gross profit	71,841	81,707
Selling, general and administrative expenses	(36,634)	(41,071)
Share of profit (loss) of investments accounted for using equity method	31	(21)
Other income	253	394
Other expenses	(491)	(2,510)
Operating profit	35,001	38,497
Finance income	692	1,022
Finance costs	(256)	(444)
Profit before tax	35,437	39,076
Income tax expense	(10,280)	(10,998)
Profit	25,157	28,077
Profit attributable to:		
Owners of parent	24,241	27,049
Non-controlling interests	915	1,027
Earnings per share		
Basic earnings per share (yen)	132.48	147.84

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	25,157	28,077
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability (asset)	114	332
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	19,044	13,682
Total of items that will not be reclassified to profit or loss	19,158	14,015
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	263	460
Total of items that may be reclassified to profit or loss	263	460
Total other comprehensive income, net of tax effect	19,422	14,475
Comprehensive income	44,579	42,553
Comprehensive income attributable to:		
Owners of parent	43,638	41,481
Non-controlling interests	941	1,071

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
Balance at beginning of period	12,952	9,951	153,016	(17)	24,159	–
Profit	–	–	24,241	–	–	–
Other comprehensive income	–	–	–	–	19,044	94
Comprehensive income	–	–	24,241	–	19,044	94
Dividends of surplus	–	–	(7,319)	–	–	–
Purchase of treasury shares	–	–	–	(51)	–	–
Share-based payment transactions	–	1	–	36	–	–
Transfer from other components of equity to retained earnings	–	–	4,686	–	(4,591)	(94)
Total transactions with owners	–	1	(2,632)	(14)	(4,591)	(94)
Balance at end of period	12,952	9,953	174,625	(32)	38,611	–

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity				
	Exchange differences on translation of foreign operations	Total	Total		
Balance at beginning of period	460	24,620	200,523	7,277	207,800
Profit	–	–	24,241	915	25,157
Other comprehensive income	258	19,397	19,397	25	19,422
Comprehensive income	258	19,397	43,638	941	44,579
Dividends of surplus	–	–	(7,319)	(263)	(7,583)
Purchase of treasury shares	–	–	(51)	–	(51)
Share-based payment transactions	–	–	38	–	38
Transfer from other components of equity to retained earnings	–	(4,686)	–	–	–
Total transactions with owners	–	(4,686)	(7,332)	(263)	(7,596)
Balance at end of period	719	39,330	236,829	7,954	244,783

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
Balance at beginning of period	12,952	9,953	174,625	(32)	38,611	–
Profit	–	–	27,049	–	–	–
Other comprehensive income	–	–	–	–	13,682	294
Comprehensive income	–	–	27,049	–	13,682	294
Dividends of surplus	–	–	(10,795)	–	–	–
Purchase of treasury shares	–	–	–	(62)	–	–
Share-based payment transactions	–	9	–	31	–	–
Transfer from other components of equity to retained earnings	–	–	52,020	–	(51,726)	(294)
Change by business combination	–	(6,320)	–	–	–	–
Change in scope of consolidation	–	–	–	–	–	–
Total transactions with owners	–	(6,311)	41,225	(30)	(51,726)	(294)
Balance at end of period	12,952	3,642	242,900	(63)	568	–

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	719	39,330	236,829	7,954	244,783
Profit	–	–	27,049	1,027	28,077
Other comprehensive income	454	14,431	14,431	44	14,475
Comprehensive income	454	14,431	41,481	1,071	42,553
Dividends of surplus	–	–	(10,795)	(374)	(11,170)
Purchase of treasury shares	–	–	(62)	–	(62)
Share-based payment transactions	–	–	40	–	40
Transfer from other components of equity to retained earnings	–	(52,020)	–	–	–
Change by business combination	–	–	(6,320)	–	(6,320)
Change in scope of consolidation	–	–	–	(9)	(9)
Total transactions with owners	–	(52,020)	(17,137)	(384)	(17,522)
Balance at end of period	1,173	1,741	261,173	8,641	269,815

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before tax	35,437	39,076
Depreciation and amortization	12,050	12,134
Impairment losses	177	11
Interest income	(269)	(844)
Dividend income	(276)	(178)
Interest expenses	92	216
Share of loss (profit) of investments accounted for using equity method	(31)	21
Decrease (increase) in trade and other receivables	(2,728)	(1,045)
Decrease (increase) in contract assets	(4,086)	(4,541)
Decrease (increase) in inventories	(3,608)	(6,818)
Increase (decrease) in trade and other payables	6,840	13,391
Increase (decrease) in provision for loss on litigation	–	2,260
Increase (decrease) in bonus payable	991	160
Increase (decrease) in consumption tax payable etc.	(786)	(2,014)
Contribution to retirement benefit trust	(6,596)	-
Other	461	(1,406)
Subtotal	37,667	50,422
Interest received	271	867
Dividends received	276	178
Interest paid	(93)	(216)
Income taxes paid	(11,968)	(14,044)
Net cash provided by (used in) operating activities	26,154	37,207
Cash flows from investing activities		
Payments into time deposits	(301)	(508)
Proceeds from withdrawal of time deposits	265	325
Purchase of property, plant and equipment, and intangible assets	(3,122)	(3,513)
Purchase of other financial assets	(6,623)	(5,534)
Proceeds from sale and redemption of other financial assets	9,216	78,523
Advance payments for purchase of shares of subsidiaries and associates	(8,143)	–
Proceeds from acquisition of shares of affiliated companies resulting in change in scope of consolidation	–	1,314
Other	137	(358)
Net cash provided by (used in) investing activities	(8,570)	70,249
Cash flows from financing activities		
Repayments of lease liabilities	(7,444)	(7,568)
Dividends paid	(7,319)	(10,795)
Dividends paid to non-controlling interests	(263)	(374)
Purchase of treasury shares	(51)	(62)
Other	–	(4)
Net cash provided by (used in) financing activities	(15,078)	(18,805)
Effect of exchange rate changes on cash and cash equivalents	148	304
Net increase (decrease) in cash and cash equivalents	2,652	88,956
Cash and cash equivalents at beginning of period	101,322	103,975
Cash and cash equivalents at end of period	103,975	192,931

(5) Notes to Consolidated Financial Statements

Going concern assumption

Not applicable.

Additional information

Mizuho-Toshiba Leasing Company, Limited ("Mizuho-Toshiba Leasing") filed a lawsuit against the Company with the Tokyo District Court on March 31, 2020 (the date on which the complaint was served on the Company is June 24, 2020) regarding a claim for a penalty. On January 18, 2021, Mizuho-Toshiba Leasing amended its claim for this lawsuit by adding, as an alternative claim, a claim for the payment of the sales price in accordance with the sales agreement.

In this lawsuit, Mizuho-Toshiba Leasing asserts that a sales agreement ("Sales Agreement") was entered into between Mizuho-Toshiba Leasing and the Company in August 2019 regarding our purchase of servers and peripherals, etc. from it, and the Company then terminated the Sales Agreement in November 2019, and based on that assertion, claims against the Company for penalty of the amount equivalent to the sales price, or, as an alternative claim, claims against the Company for the sales price in accordance with the Sales Agreement, the amount of which is 10,926 million yen plus its delay damages.

The Company resolved to accept the court's settlement proposal at the Board of Directors' meeting on March 31, 2025, in order to resolve the dispute as soon as possible.

This lawsuit relates to transactions, the actual existence of which the Company is unable to verify, and which were identified in fiscal year 2019. Therefore, if a settlement is reached and the lawsuit is concluded in the future, no further claims or liabilities will be recognized thereafter, except for the obligation to pay the settlement amount. The provisional receivable of 2,926 million yen, which represents the unpaid balance related to transactions whose actual existence the Company is unable to verify, was previously classified as other non-current liabilities in the fiscal year ended March 31, 2024. However, it was reclassified to other current liabilities in the fiscal year ended March 31, 2025, to be used for payment of the settlement amount. In addition, the difference between the settlement amount and the provisional receivable, together with litigation expenses, was recognized as provision for loss on litigation of 2,260 million yen, and the provision for loss on litigation was recorded as other expenses.

Segment information

This information is omitted because the Group operates in a single segment of the information services business.

Per share information

The basis for determining basic earnings per share attributable to common shareholders of the Company is as follows.

Diluted earnings per share are not presented since there are no dilutive potential shares.

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basis for determining basic earnings per share		
Profit attributable to owners of parent	24,241	27,049
Profit not attributable to common shareholders of parent	–	–
Profit used to calculate basic earnings per share	24,241	27,049
Average number of common shares outstanding during the period (Shares)	182,981,644	182,972,357
Basic earnings per share (Yen)	132.48	147.84

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

Business combination, etc.

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

1) Name of the acquired company and details of business

   Name of the acquired company: TEXENG SOLUTIONS CORPORATION

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

2) Date of acquisition

   April 1, 2024

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

   Number of shares to be acquired: 1,000 shares

   Acquisition price: 7,977 million yen

   Percentage of interest after acquisition: 100%

4) Breakdown of cash flows from acquisition

(Millions of yen)

Breakdown	Fiscal year ended March 31, 2025
Cash and cash equivalents paid for acquisition	(19)
Cash and cash equivalents held by the acquired company at the time of acquisition	1,308
Proceeds from acquisition of shares of affiliated companies resulting in changes in scope of consolidation	1,289

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

5) Details and amount of major acquisition-related costs

Advisory fees and commissions: 48 million yen

(Note) In the previous fiscal year, it was recorded in selling, general and administrative expenses in the consolidated statements of profit or loss.

6) Reasons for business combination

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

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

7) Method used to obtain control of the acquiree

Share acquisition with cash as consideration

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

(Millions of yen)

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

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

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

(Millions of yen)

	Fiscal year ended March 31, 2025
Revenue	5,070
Profit	693

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

Significant subsequent events

Business combination by acquisition

The Company has entered into a share transfer agreement on April 23, 2025, pursuant to a resolution of the Board of Directors' meeting held on March 31, 2025, for the purpose of acquiring all of the issued shares of INFOCOM CORPORATION ("INFOCOM") and making it a subsidiary.

Pursuant to the share transfer agreement, INFOCOM will issue a dividend in kind to INFOCOM HOLDINGS CORPORATION ("INFOCOM HD") in the form of all the issued shares of Amutus Corporation (including its associates), which is a wholly-owned subsidiary of INFOCOM and operates the online business (provision of electronic comic distribution service "Mecha Comic") (hereinafter, the "advance restructuring").

Following the advance restructuring, the Company will acquire all of the issued shares of INFOCOM from INFOCOM HD (the "share acquisition"), and INFOCOM will become a consolidated subsidiary of the Company. In accordance with the advance restructuring, INFOCOM will operate solely in the IT services business as of the date of the share acquisition.

1. Outline of the business combination

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

Name of the acquired company	:	INFOCOM CORPORATION
Details of business	:	Provision of IT services, including planning, development, operation, and management of information systems for companies, medical institutions, pharmaceutical companies, public institutions, etc.

(2) Reasons for business combination

The Company has provided high-quality IT services ranging from consulting to development, construction, and operation to customers in a wide variety of industries, including process manufacturers such as NIPPON STEEL CORPORATION; customers in assembly manufacturing, distribution and services, finance, and telecommunications; and government agencies, by combining its extensive business expertise and advanced technical capabilities. Promoting in-house development and collaboration and co-creation with companies that possess competitive assets are essential to the launch and expansion of asset-driven businesses. The NSSOL 2030 Vision sets forth our goal of becoming a "Social Value Producer with Digital" that creates value on its own and takes the initiative in solving social and corporate issues. To achieve this goal, we are determined to expand our business fields and transform our business model.

INFOCOM has extensive business expertise in IT services for customers including process manufacturers and trading companies, and provides system integration services to major corporations. As the original developer of GRANDIT, an ERP system for medium-sized companies, INFOCOM offers its own services and products that address social issues such as healthcare, crisis management, and business continuity planning (BCP), and is actively developing own assets and turning them into businesses.

With the addition of INFOCOM to our Group, we believe we can further accelerate growth by making use of the strengths and know-how the two companies have accumulated so far and thereby complementing each other.

Specifically, we will (1) strengthen service capabilities for customers of both companies and expand SI businesses in the process manufacturing field by combining the business expertise and technological capabilities of both companies in the same field; (2) expand our asset-driven business for medium-sized companies by leveraging the sales channels and development and implementation resources of our regional companies, with GRANDIT at the core; and (3) engage in cross-selling and joint development of services and products that address social issues, starting with healthcare. In addition, by sharing our human resource recruitment and development measures and research and development outcomes, we will strengthen INFOCOM's business foundation to further accelerate the aforementioned initiatives.

Going forward, the Company and INFOCOM will work together to achieve the NSSOL 2030 Vision.

(3) Date of acquisition
July 1, 2025 (planned)

(4) Method used to obtain control of the acquiree
Share acquisition

(5) Percentage of voting equity interests
100%

2. Consideration for acquisition and detail
Consideration for acquisition: Approx. 55.0 billion yen (planned. Including consideration corresponding to cash and deposits held by INFOCOM.)
*The final transfer value will be determined after price adjustments based on the share transfer agreement.

3. Details and amount of major acquisition related costs
Not yet determined.

4. Fair value of assets acquired and liabilities assumed, and goodwill
Not yet determined.

4. Status of Production, Orders Received, and Sales

While the Group operates in a single segment of the information services, its activities can be disaggregated by service field, and the following are the results of production, orders received, and sales by service field for the fiscal year ended March 31, 2025.

(1) Production

(Millions of yen)

Service field name	Production amount	YoY change
Business Solutions	250,009	9.6%
Consulting & Digital Service	95,146	10.3%
Total	345,156	9.8%

(Note) The above amounts are based on selling prices.

(2) Orders received

(Millions of yen)

Service field name	Orders received	YoY change	Order backlog	YoY change
Business Solutions	257,628	9.4%	101,358	7.4%
Consulting & Digital Service	98,143	15.5%	71,649	17.2%
Total	355,771	11.0%	173,008	11.2%

(3) Sales

(Millions of yen)

Service field name	Sales amount	YoY change
Business Solutions	250,658	9.9%
Consulting & Digital Service	87,643	6.2%
Total	338,301	8.9%

The following are the sales amounts by major customer and the percentage of total sales for the last two fiscal years.

(Millions of yen)

Customer	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Sales amount	% of total	Sales amount	% of total
Nippon Steel Corporation	62,509	20.1	65,303	19.3