TSE:2327

NS Solutions
NIPPON STEEL

Half-year Results FY2025 and FY2025 Guidance

October 30, 2025

NS Solutions Corporation

Hello everyone. My name is TAMAOKI, President of NS Solutions.

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

I will now explain the financial results announced at 3:30 PM today and our outlook for this fiscal year.

Agenda

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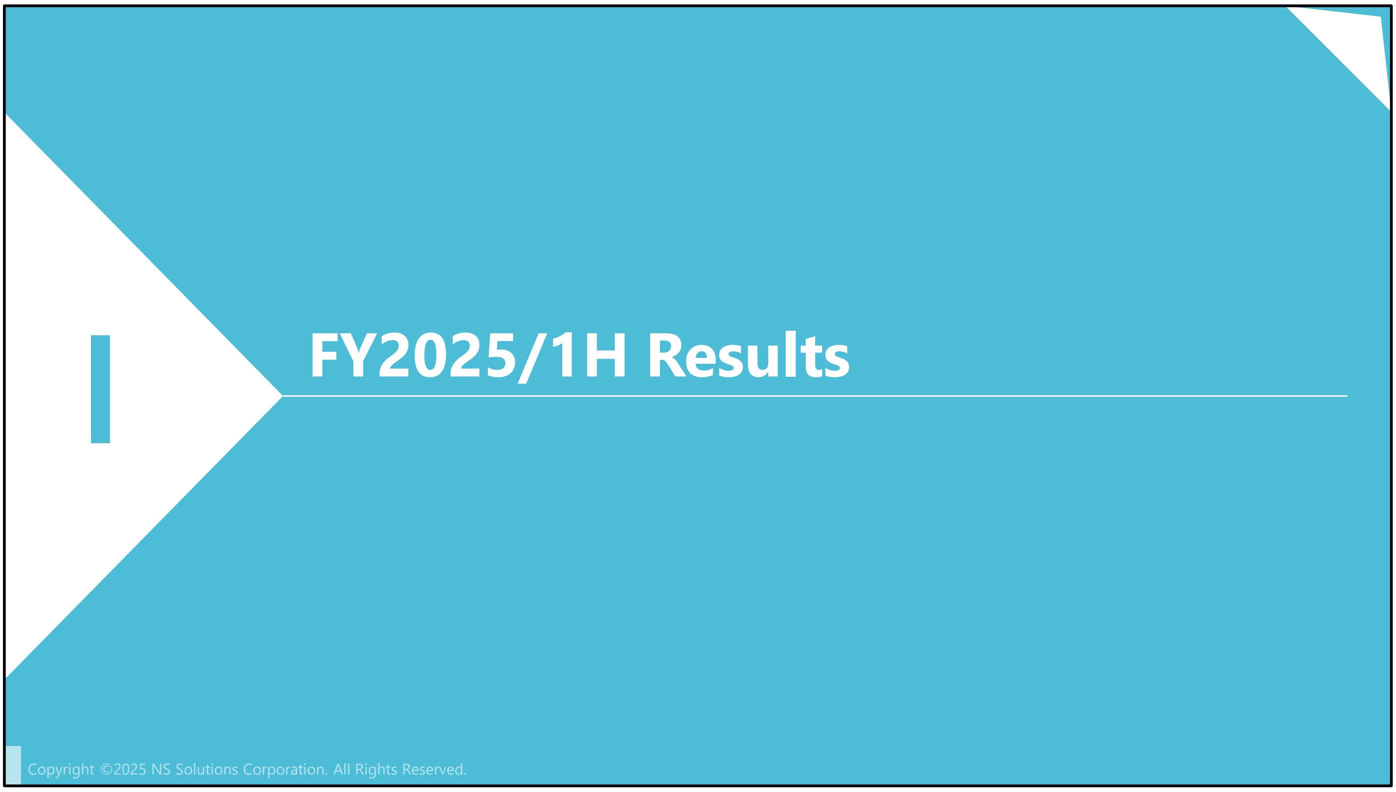

First, I will explain the results for the first half of the fiscal year.

Ⅰ-1. FY2025/1H Highlights

- Japan's IT demand remains strong.
- We are accelerating investments to transform our business model.
- Infocom became a consolidated subsidiary starting in FY2025/2Q.

¥ in billion	A FY2024 /1H	B Existing Business	C Impact of the Acquisition of Infocom	D=B+C FY2025 / 1H	E=B-A Difference Existing Business	F=D-A Difference	YoY rate	G Previous Forecast	H=D-G vs Privious Forecast	I=B-G Existing Business Basis
Revenue	156.6	1,714	70	**178.4**	+14.8	+21.8	*14%*	168.0	+10.4	+3.4
Gross Profit	38.4	430	32	**46.1**	+4.6	+7.8	*20%*	42.6	+3.5	+0.4
<GP Margin>	<24.5%>	<25.1%>		**<25.9%>**	<+0.6%>	<+1.4%>		<25.4%>	<+0.5%>	<-0.3%>
SG&A and Other Profit	20.2	243	35	**27.9**	+4.1	+7.6	*38%*	23.6	+4.3	+0.7
Operating Profit	18.1	186	-4	**18.3**	+0.5	+0.1	*1%*	19.0	-0.7	-0.4
<OP Margin>	<11.6%>	<10.9%>		**<10.2%>**	<-0.7%>	<-1.3%>		<11.3%>	<-1.1%>	<-0.4%>
Profit before tax	18.2			**18.8**		+0.7	*4%*	19.4	-0.6	
Profit attributable to owners of parent	12.2			**12.0**		-0.2	*-1%*	12.6	-0.6	

* Including M&A costs and PPA

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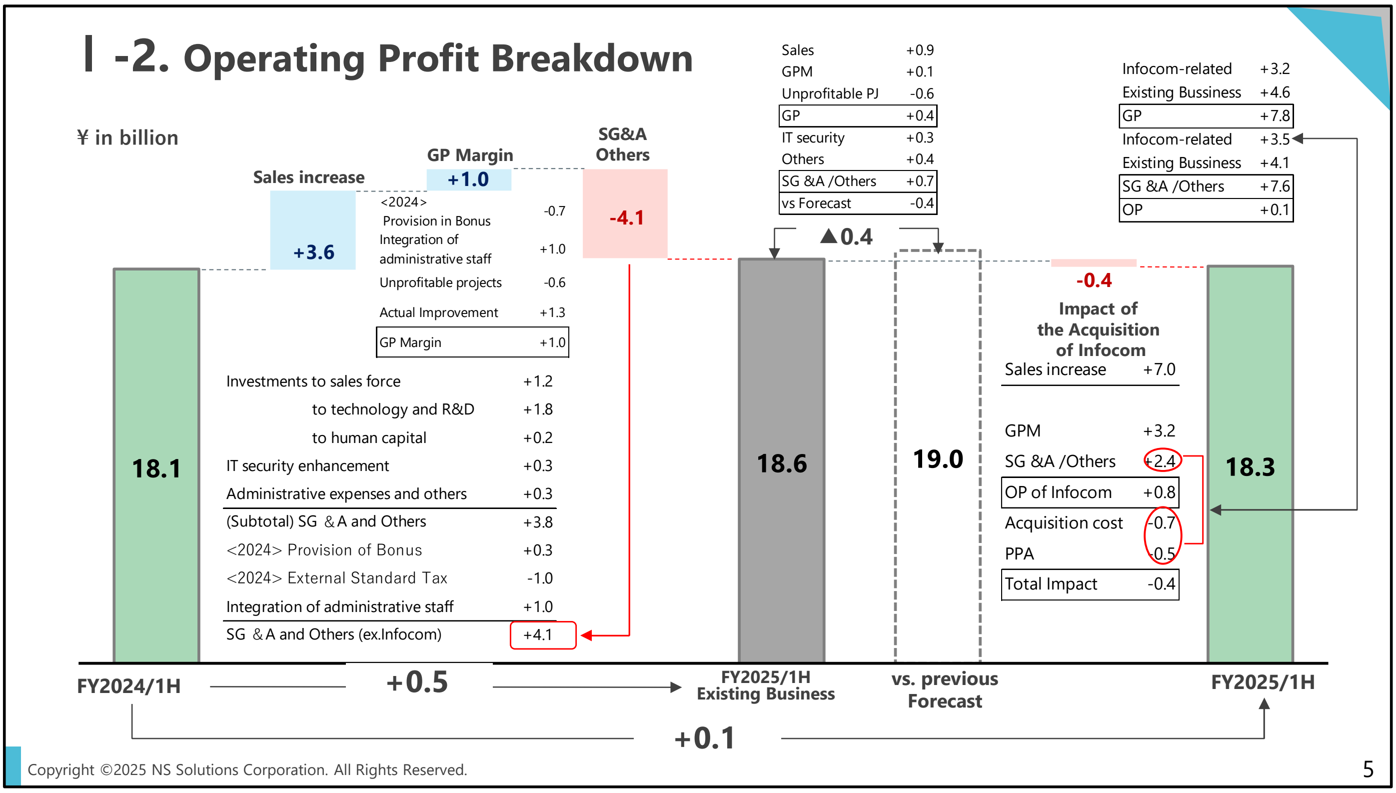
The first-half results include the impact of Infocom, which became a consolidated subsidiary from the second quarter. This impact is reflected in sales of ¥7.0 billion, gross profit of ¥3.2 billion, SG&A expenses including acquisition-related costs and PPA of ¥3.5 billion, and an operating profit impact of -¥0.4 billion for the second quarter. This is specifically noted in Column C of the table.

Revenue for the first half, including Infocom, reached ¥178.4 billion, an increase of ¥21.8 billion (+14%) compared to the same period last year, driven by a favorable business environment.
Gross profit was ¥46.1 billion, an increase of ¥7.8 billion (+20%) compared to the same period last year. The gross profit margin improved by 1.4 percentage points to 25.9%.

SG &A amounted to ¥27.9 billion, an increase of ¥7.6 billion, or 7.6%, compared to the same period last year, including special factors that will be explained later.

Operating income increased by ¥0.1 billion, or 1%, to ¥18.3 billion compared to the same period last year.
Overall, we believe we have largely achieved our targets.



Regarding the analysis of changes in operating profit, I will first explain the portion excluding the impact of the Infocom acquisition.

The increase in gross profit due to higher sales was +¥3.6 billion.

The improvement in gross profit margin was +¥1.0 billion, but the breakdown shows a -¥0.7 billion impact from the prior period's bonus provision, a +¥1.0 billion impact from the current period's management department integration, and unfortunately, a -¥0.6 billion impact in the current period due to the occurrence of unprofitable projects. Excluding these factors, the net improvement in gross profit margin was approximately +¥1.3 billion, or +0.7 percentage points. Regarding SG&A expenses, costs related to the previously disclosed unauthorized access incident amounted to approximately +¥0.3 billion. Otherwise, expenses were largely in line with initial projections.

The net impact of the Infocom acquisition was approximately -¥0.4 billion. This reflects net effects of approximately ¥0.8 billion in net operating profit, offset by -¥0.7 billion in acquisition-related costs and -¥0.5 billion in quarterly PPA adjustments.

As the initial forecast did not factor in the impact of Infocom, this ¥400 million loss, combined with the impact of unprofitable operations and measures against unauthorized access totaling ¥300 million, resulted in a net negative impact of ¥900 million. The first half results show that this ¥1.3 billion negative factor was covered by increased sales volume and gross margin.

Ⅰ-3. Sales by Segment / Customer Industry

- Sales increased across all sectors amid a favorable business environment.

¥ in billion	A FY2024/1H	B FY2024/1H After Reclassifications	C=B-A	D FY2025/1H	D-B Change YoY	
Business Solutions	97.4	94.4	-2.9	**103.6**	**10%**	**+9.2**
Manufacturing, Nippon Steel Group	45.5	45.5	0.0	**50.6**		**+5.1**
Retail and Service, Digital Platformer	29.0	26.1		**29.8**		**+3.7**
Financial Service	22.8	22.8		**23.3**		**+0.4**
Consulting & Digital Service	35.1	38.0	+2.9	**42.1**	**11%**	**+4.0**
Government, Educational and Research Institutions	8.8	8.8		**10.5**		**+1.7**
IT Infrastructure Services	26.3	29.2	+2.9	**31.5**		**+2.3**
Group Business	24.2	24.2		**32.7**	**35%**	**+8.5**
Total	156.6	156.6		**178.4**	**14%**	**+21.8**
<FYI> Revenue to Nippon Steel	30.5	30.5		**35.4**		**+4.9**

Manufacturing NS Group +2.3
C & D +2.2
Group +0.4

＊Some areas have been reclassified from "Retail and Service, Digital Platformer" to "Consulting & Digital Services", and comparisons for the prior period are presented with figures after reclassification.

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Revenue by Service and Customer Industry.

As mentioned earlier, demand remains strong. NSSOL's standalone Business Solutions segment grew by +10%, and Consulting & Digital Services increased by +11%, with all segments achieving revenue growth.

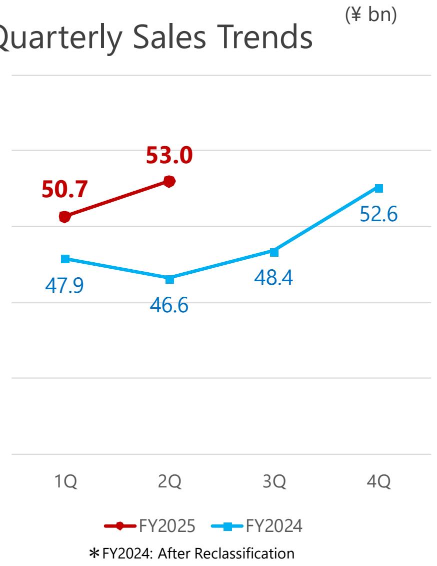
Group operations saw significant growth of +35% (+¥8.5 billion), primarily driven by the new consolidation effect of Infocom (+¥7.0 billion).

Regarding Nippon Steel, as referenced in the lower section of the table, revenue increased by ¥4.9 billion, partly due to growth in the Consulting & Digital Services segment.

Details will be explained in the following slides.

Ⅰ-4. Business Solutions Segment

Quarterly Sales Trends



¥ in billions

	FY2024/1H After Reclassifications	FY2025/1H	Change YoY	
Business Solutions	94.4	103.6	10%	+9.2
Manufacturing, Nippon Steel Group	45.5	50.6		+5.1
Retail and Service, Digital Platformer	26.1	29.8		+3.7
Financial Service	22.8	23.3		+0.4

"Manufacturing" and "Retail" areas are recovering

- ✓ Revenue from Nippon Steel is stable.
- ✓ Manufacturing increased in industrial machinery, electronics and chemical, etc.
- ✓ Retail and Service, Digital Platformer increase in sales mainly in retail.
- ✓ Financial Services offset the impact of the previous year's Oracle projects with its asset-based business, achieving increased revenue.

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Business Solutions Division Status

Revenue increased by 10% year-on-year, representing a ¥9.2 billion increase.

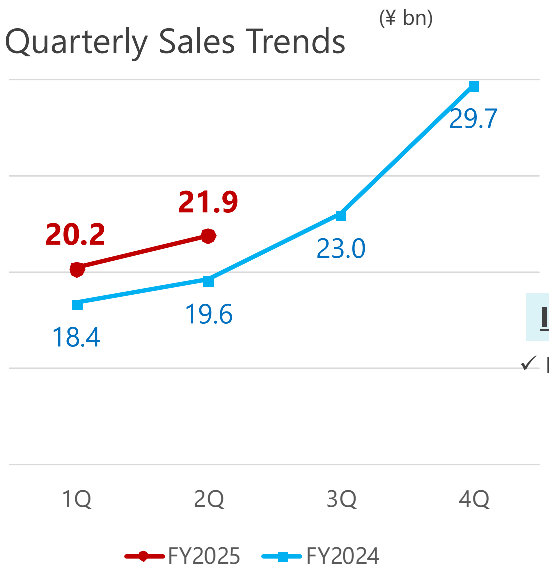
In the industrial sector, strong performance was seen in industrial machinery, electronics, and chemicals.

For distribution and platform providers, growth was centered on the retail sector.

In the financial sector, the decline from the previous year's Oracle project was offset primarily by asset-based business.

Ⅰ-5. Consulting & Digital Service Segment

Quarterly Sales Trends



＊FY2024: After Reclassification

¥ in billions

	FY2024/1H After Reclassifications	FY2025/1H	Change YoY	
Consulting & Digital Service	38.0	**42.1**	**11%**	**+4.0**
Government, Educational and Research Institutions	8.8	**10.5**		**+1.7**
IT Infrastructure Services	29.2	**31.5**		**+2.3**

Increased sales of IT infrastructure (cloud solution, etc.)

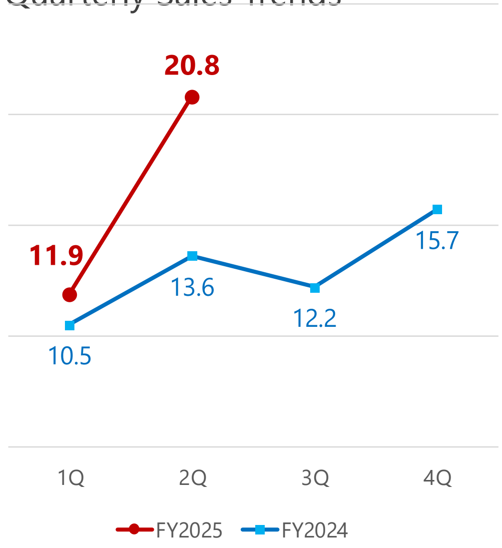
✓ Major Factors of Sales Increase/Decrease in IT Infrastructure (¥ in billions)
・CMP : +1.3
・Security : +0.8

Revenue for the Consulting & Digital Services segment increased by 11% year-on-year, or ¥4.0 billion, to ¥42.1 billion.

Within IT infrastructure, sales in the cloud solutions field and security-related areas remained strong.

Ⅰ-6. Group Business

Quarterly Sales Trends (¥ bn)



¥ in billions

	FY2024/1H	**FY2025/1H**	**Change** YoY	
Group Business	24.2	**32.7**	**35%**	**+8.5**

Infocom became a consolidated subsidiary starting in FY2025/2Q.

- Sales in Infocom +7.0
- ERP projects in joint ventures continue to perform well.
- Projects for local companies at regional subsidiaries are performing well.

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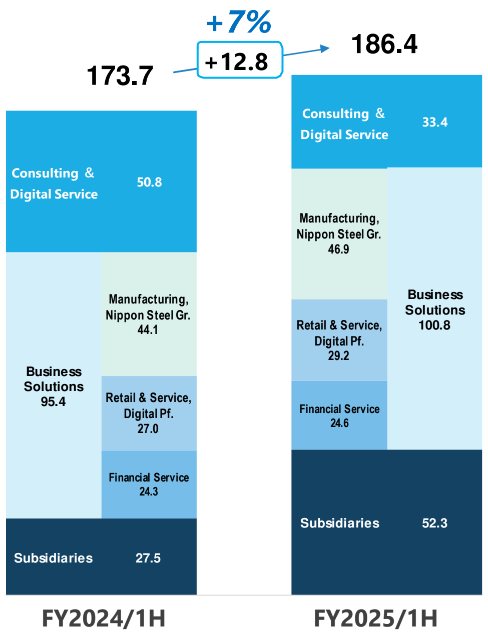
Group business revenue saw a significant increase to ¥32.7 billion, up ¥8.5 billion or 35% year-on-year, driven by the ¥7.0 billion consolidation effect from Infocom.

For group companies other than Infocom, ERP projects at joint venture companies continued to perform well.

Ⅰ-7. FY2025/1H Order Acceptance

Order Acceptance ¥ in billions



Consulting & Digital Service Segment

YoY-¥17.4 bn
- ✓ Revenue declined due to the loss of a major project in the first quarter and a decrease in government-related projects compared to the same period last year.

Business Solutions Segment

YoY+¥5.4 bn
- ✓ Manufacturing & NSC +2.9
  Increased Food Industries.
- ✓ Retail & Service, Digital Pf. +2.2
  Increased in retail sector, etc.
- ✓ Financial Service +0.3
  Offset the year-on-year decline in Oracle projects with asset-based projects to maintain flat performance

Group Business

YoY+¥24.8 bn
- ✓ Significant increase due to Infocom's consolidation effect (¥24.8bn)

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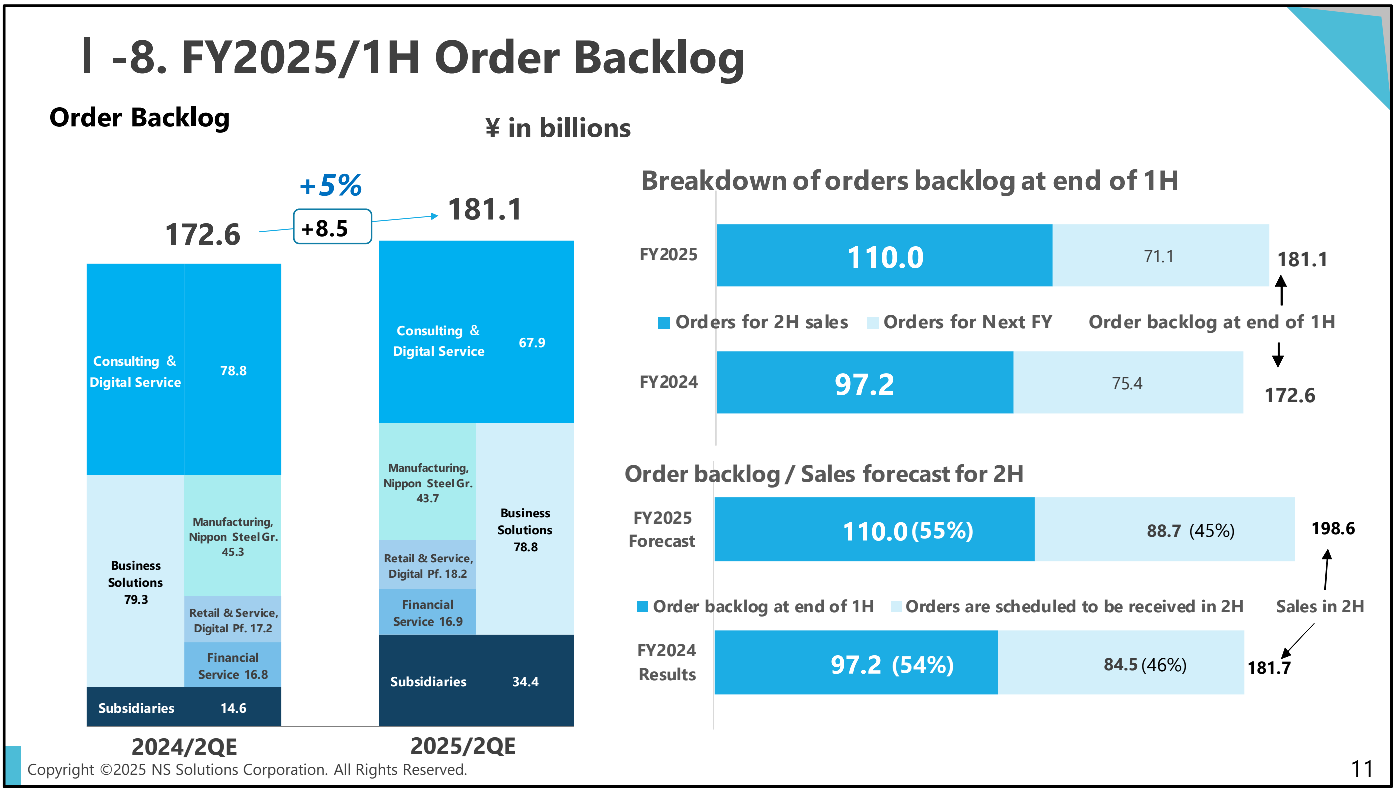
Next is the status of orders received in the first half.

Total orders received increased by ¥12.8 billion, or 7%, compared to the same period last year. However, this figure includes the effect of newly consolidated Infocom, amounting to ¥24.8 billion, which incorporates the order backlog at the start of the period. Therefore, on an existing business basis, orders decreased by ¥12.0 billion, or 7%.

Negative factors include a reactionary decline in the Consulting & Digital segment due to last year's government-related projects, compounded by the loss of a large-scale project mentioned in the Q1 briefing.

However, we secured a large-scale government order worth approximately ¥20 billion this October. We will continue to focus on building up orders across all segments.



Next is the status of our order backlog as of the end of September.

The order backlog increased by ¥8.5 billion, or 5%, compared to the same period last year. However, this figure includes the impact of Infocom, amounting to ¥17.9 billion. Therefore, on a net basis, it represents a decrease of ¥9.4 billion compared to the same period last year. The primary reason for the decrease in the order backlog, similar to the order intake, is the Consulting & Digital segment. Therefore, we expect the order backlog heading into the end of December to improve significantly due to the large-scale orders secured in October, as mentioned earlier.

Furthermore, the coverage ratio of the order backlog at the end of the first half against the projected sales for the second half is nearly the same as last year's ratio.

Ⅰ-9. Balance sheet / Cash flow

Balance sheet

	Mar.31, 2025	Sep.30, 2025	Change	
Cash and cash equivalents	192.9	112.9	-80.0	Infocom acquisition / Corporate tax payment
Trade and other receivables, etc	70.2	62.4	-7.8	
Inventories	32.1	33.1	+1.1	
Property, plant and equipment and Contract asset	29.6	45.2	+15.6	
Listed strategic holdings	0.9	1.1	+0.2	Alliance with Delivery Consulting Inc.
Other Assets	95.6	150.6	+55.0	Infocom Intangible Assets
Total Aseets	421.3	405.3	-16.0	
Trade and other payables	30.7	28.9	-1.8	
Contract liabilities and Lease liabilities	56.7	59.7	+3.0	Unpaid corporate taxes, etc. ¥24.9bn
Othe liabilities	64.1	41.8	-22.3	
Total Liabilities	151.5	130.4	-21.1	
Total equity attributable to owners of parent	261.2	266.0	+4.9	
Non-controlling interests	8.6	8.9	+0.3	
Total equity	269.8	274.9	+5.1	
Total liabilities and equity	421.3	405.3	-16.0	

Cash flow

	FY2024/ 1H	FY2025/ 1H	Change	
Profit before tax	18.2	18.8	+0.7	
Depreciation and amortization	6.0	6.4	+0.3	
Working capital increase/decrease	11.6	-2.2	-13.7	
Income taxes paid	-7.6	-30.4	-22.8	Stock sale gains from the previous year
Others	-4.2	-4.9	-0.7	
Operating Cash Flows	24.0	-12.3	-36.3	
CAPEX	-2.0	-1.7	+0.3	
Acquisition and sales of financial assets, etc.	73.2	-0.4	-73.6	Previous Year: Strategic Stock Sale
Others	1.3	-54.5	-55.8	Impact of Infocom's Subsidiary Status
Investing Cash Flows	72.3	-56.7	-129.1	
Dividends paid	-4.1	-6.9	-2.7	
Othres	-4.2	-3.9	+0.3	
Financial Cash Flows	-8.3	-10.7	-2.5	
Effect of exchange rate change	0.3	-0.2	-0.5	
Net increase in cash and cash equivalents	88.3	-80.0	-168.3	

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The balance sheet and cash flow status at the end of the first half.

Both reflect the significant impact of the sale of strategically shares in the previous period and the associated income tax payment for the current period, as well as the impact of the acquisition costs for Infocom in the current period.

Ⅰ-10. Infocom as an NSSOL Group Company <from July 2025>

By mutually leveraging and complementing the strengths and expertise cultivated by both companies, we will accelerate our efforts to achieve the NSSOL 2030 Vision through the realization of a TAM business model.

Achieving synergy

- Strengthening Asset-Based Sales
- Strengthening the SI Business
- Cross-selling to customers of both companies

In addition to Infocom's profits, we aim to achieve approximately ¥10 bn in increased sales by the end of FY 2027 through synergies.

Infocom's Asset-Based Solution

GRANDIT

- Purely Domestic, Fully Web-Based ERP
- All-in-One Solution
- Suitable for a Wide Range of Company Sizes and Industries
- Number of Implemented Companies: Over 1,500
- Partner Companies: Over 70 in Japan

CWS Change Work Style

- Package system specialized for medical institutions
- Implemented at over 400 medical institutions nationwide

mProbe Cloud-Based Regional Healthcare Collaboration

Effective Patient Acquisition Strategy Through Regional Healthcare Collaboration DX

Emergency Call Emergency Contact / Safety Confirmation System

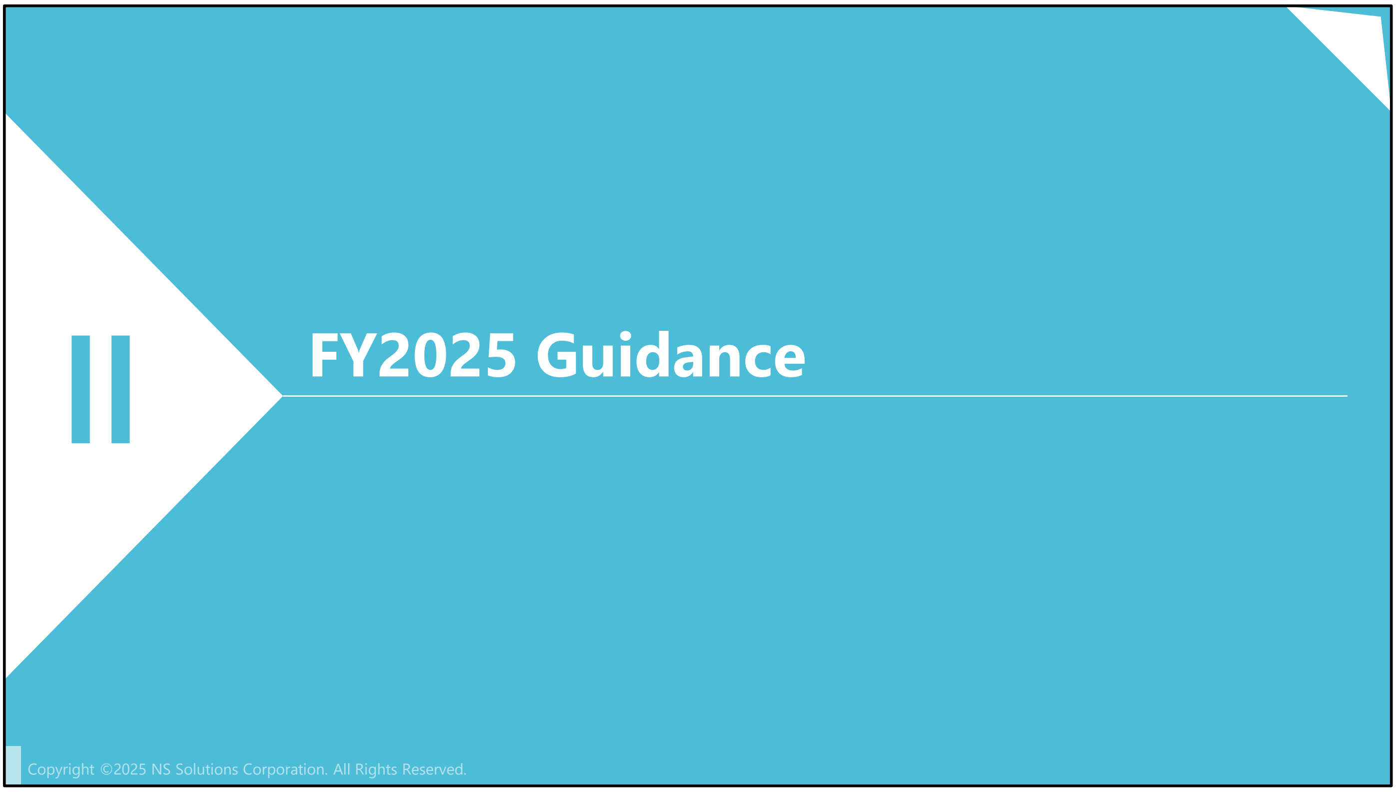
- Comprehensive support for crisis management.
- Since launching the service in 1995, a total of 5,200 companies have adopted it.

FY2025	FY2026～	FY2027
Infocom related Profit (2Q～) ⊖ Acquisition cost ≒ 0	Infocom profit ⊕ Synergy	Increased Sales Approx. ¥10 bn

This slide reiterates the explanation regarding the acquisition of Infocom as a subsidiary.

This business, with annual sales of nearly ¥30 billion, possesses excellent assets including the ERP “Grandit”, which has already been implemented by over 1,500 companies, and a solid SI business.

Going forward, we will work to realize synergies by complementing and combining the operational expertise, assets, and customer bases of both NSSOL and Infocom. Our plan is to increase the combined sales of both companies by over ¥10 billion by fiscal year 2027.



Next, I will explain the full-year guidance.

Ⅱ-1. Market Trend and Our Initiative

Market Trend

- Japan's IT demand continues to show steady growth.
- Advances in new technologies, including the adoption of AI and generative AI, are accelerating changes in the industry's production structure.

8.1% ↗
CAGR 2024-2029 : Gartner (Aug.2025)

NSSOL's Initiative

- ✓ Managing to both steadily execute the "Four Fundamental Transformations" of the mid-term management plan and respond to the current robust demand
- ✓ Promoting the shift to TAM-based business models and the necessary investments required for this purpose
- ✓ Strengthening offerings to customers and promoting the shift from cost-based contracts to value-based contracts
- ✓ Control of administrative overhead costs
- ✓ **Thorough implementation of recurrence prevention measures based on reflections from unauthorized access incidents and unprofitable project.**

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Recognition of the Current Business Environment and Our Initiatives.

IT demand in Japan continues to remain robust.

Meanwhile, as anticipated in our mid-term management plan, the adoption of new technologies, including generative AI, is advancing at a considerable pace, bringing changes to the production structure within our business SI industry.

In the second half of this fiscal year, to achieve the first-year targets of our mid-term management plan, we will focus on the five initiatives outlined here:

- ✓ Managing to both steadily execute the "Four Fundamental Transformations" of the mid-term management plan and respond to the current robust demand
- ✓ Promoting the shift to TAM-based business models and the necessary investments required for this purpose
- ✓ Strengthening offerings to customers and promoting the shift from cost-based contracts to value-based contracts
- ✓ Control of administrative overhead costs
- ✓ Thorough implementation of recurrence prevention measures based on reflections from unauthorized access incidents and unprofitable project.

Ⅱ-2. FY2025 Forecast

- Add Infocom's sales to the initial forecast

¥ in billion

	FY2024			FY2025(e)			Difference YoY			Difference vs Previous forecast		
	1H	2H	FY	1H(e)	2H(e)	**FY (e)**	1H	2H	**FY**	1H	2H	**FY**
							14%	*9%*	***11%***			
Revenue	156.6	181.7	338.3	178.4	198.6	**377.0**	+21.8	+16.9	**+38.7**	+10.4	+9.6	**+20.0**
							20%	*25%*	***23%***			
Gross Profit	38.4	43.3	81.7	46.1	54.4	**100.5**	+7.8	+11.0	**+18.8**	+3.5	+6.0	**+9.5**
<Gross Profit Margin>	<24.5%>	<23.9%>	<24.2%>	<25.9%>	<27.4%>	**<26.7%>**	<+1.4%>	<+3.5%>	**<+2.5%>**	<+0.5%>	<+1.8%>	**<+1.2%>**
							38%	*29%*	***33%***			
SG & A and Other Profit	20.2	23.0	43.2	27.9	29.6	**57.5**	+7.6	+6.7	**+14.3**	+4.3	+5.2	**+9.5**
		+2.2			+6.5		*1%*	*21%*	***12%***			
Operating Profit	18.1	20.4	38.5	18.3	24.7	**43.0**	+0.1	+4.4	**+4.5**	-0.7	+0.7	**+0.0**
<Operating Profit Margin>	<11.6%>	<11.2%>	<11.4%>	<10.2%>	<12.4%>	**<11.4%>**	<-1.3%>	<+1.2%>	**<+0.0%>**	<-1.1%>	<-0.2%>	**<-0.6%>**
							3%	19%	***12%***			
Profit before tax	18.2	20.9	39.1	18.8	24.9	**43.7**	+0.6	+3.9	**+4.6**	-0.6	+0.6	**+0.0**
							-1%	*16%*	***8%***			
Profit attributable to owners of parent	12.2	14.9	27.0	12.0	17.2	**29.2**	-0.2	+2.3	**+2.2**	-0.6	+0.6	**+0.0**

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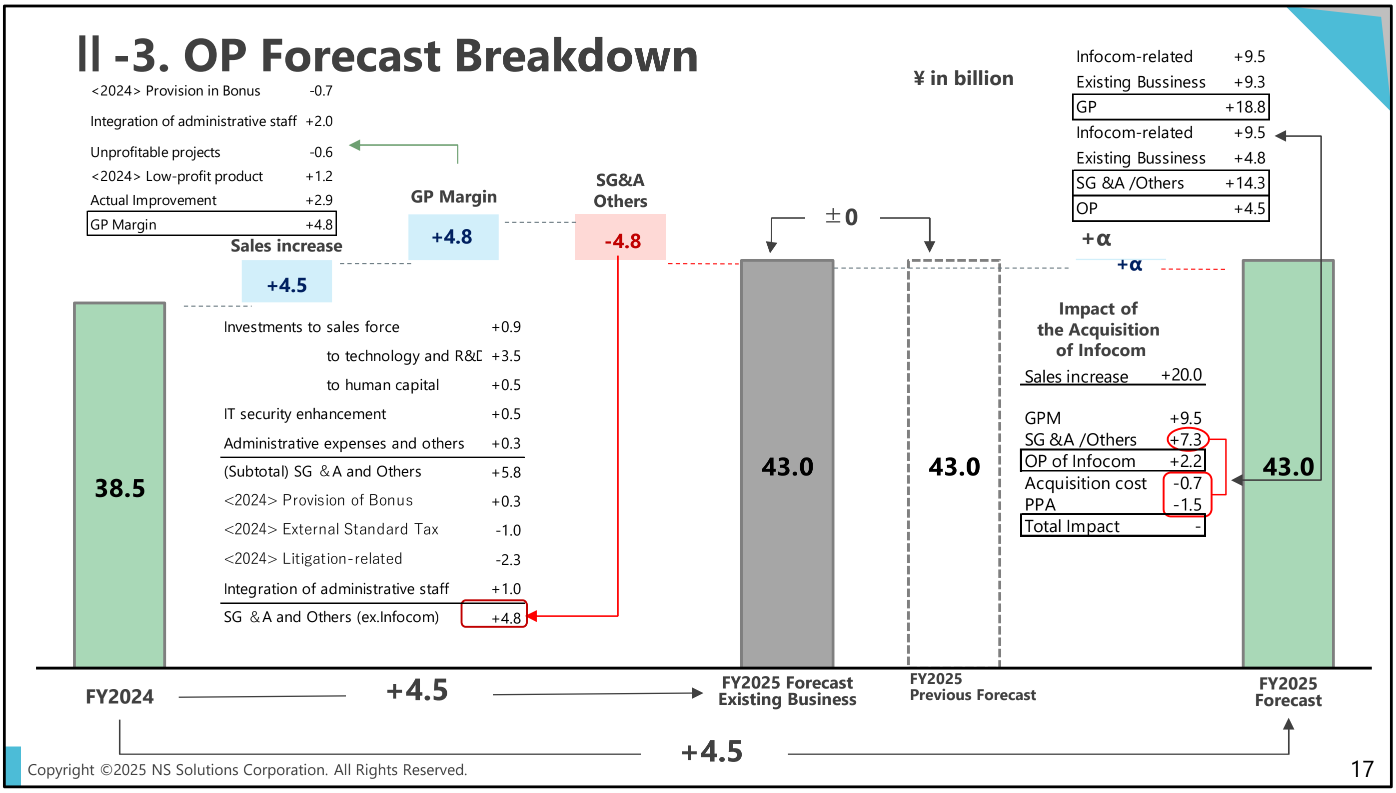
The above represents our performance outlook for the current fiscal period based on the prevailing business environment.

Compared to the previous outlook, we have revised upward our sales revenue forecast by approximately ¥20 billion, reflecting the consolidated impact of Infocom for the nine-month period starting in July.

Regarding operating profit, we will strive to recover from the slight delay in the first half by intensifying sales expansion efforts and focusing on profit improvement initiatives, including the promotion of TAM-based business models.



Regarding the analysis of the operating profit forecast, excluding the impact of Infocom.

Increased revenue led to a ¥4.5 billion rise in gross profit, while the improvement in gross profit margin contributed an additional ¥4.8 billion.

The breakdown is similar to the first half: the impact of the previous fiscal year's bonus accrual was -¥700 million, the impact of administrative department integration was +¥2.0 billion, and in addition to the -¥600 million from unprofitable projects in the first half, the rebound effect from low-margin product projects in the previous fiscal year's fourth quarter was +¥1.2 billion. Excluding these, the net gross profit margin improvement effect was +¥2.9 billion.

SG&A increased by ¥4.8 billion for the full year.

While the increase in the second half appears smaller compared to the first half's ¥4.1 billion year-on-year increase, this is due to a ¥2.3 billion special factor related to litigation expenses in the second half of the previous year. Excluding this, the actual year-on-year increase for the second half is approximately ¥2.0 billion. Regarding the impact of Infocom, including acquisition-related costs and PPA, we anticipate the effect on this fiscal year's operating profit to be nearly zero.

We will strive to reliably achieve 43 billion yen this fiscal year, aiming towards our mid-term target operating profit of 60 billion yen for fiscal year 2027.

Ⅱ-4. Sales Forecast by Segment / Customer Industry

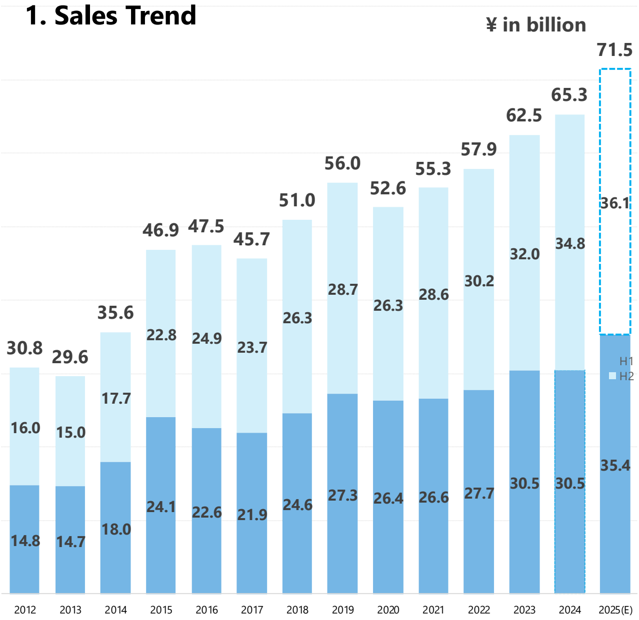
¥ in billion	A FY2023	B FY2023 After Reclassifications	B-A	C FY2024 Forecast	C-B Change	Change vs Previous Forecast
Business Solutions	202.7	195.5	-7.2	**203.5**	**+8.0**	**+5.5**
Manufacturing, Nippon Steel Group	95.4	95.4	-	**98.0**	**+2.6**	**+1.5**
Retail and Service, Digital Platformer	61.5	54.3		**59.5**	**+5.2**	**+2.5**
Financial Service	45.7	45.7		**46.0**	**+0.3**	**+1.5**
Consulting ＆ Digital Service	83.5	90.7	+7.2	**96.5**	**+5.8**	**-7.0**
Government, Educational and Research Institutions	26.1	26.1		**25.5**	**-0.6**	**-3.5**
IT Infrastructure Services	57.4	64.6	+7.2	**71.0**	**+6.4**	**-3.5**
Subsidiaries	52.1	52.1		**77.0**	**+24.9**	**+21.5**
Total	338.3	338.3		**377.0**	**+38.7**	**+20.0**
<FYI> Revenue to Nippon Steel	65.3	65.3		**71.5**	**+6.2**	**-1.5**

＊Some areas have been reclassified from “Retail and Service, Digital Platformer” to “Consulting & Digital Services”, and comparisons for the prior period are presented with figures after reclassification.

The breakdown of sales forecasts by segment has been revised based on actual results for the first half and other factors.

Ⅱ-5. Sales to Nippon Steel

1. Sales Trend



2. Topix

・Nippon Steel is shifting its budget from **maintenance to development projects** such as DX projects. (The company's sales forecast for the current fiscal year has been revised from ¥73 billion to ¥71.5 billion.)

・**New investment projects** such as the NSC Nagoya New Hot Rolling Mill are progressing smoothly.

・**ERP projects for Nippon Steel Group** companies are increasing.

・NSSOL will collaborate with Nippon Steel in **the Nippon Steel Group's new medium-to-long-term management plan starting in fiscal 2026,** contributing to enhancing the competitiveness of group companies both domestically and internationally through advanced IT initiatives.

Sales to Nippon Steel Corporation.

As shown in the graph on the left, sales to Nippon Steel Corporation for the current fiscal year are projected to reach ¥71.5 billion. This represents an increase of approximately ¥6.2 billion compared to the previous fiscal year, driven by production structure measures and DX initiatives.

The Nippon Steel Group is currently formulating a new medium-to-long-term management plan starting in fiscal 2026. We intend to contribute to enhancing the competitiveness of both internal and external group companies through the advanced IT initiatives.

Ⅱ-6. Dividend Forecast

1. Dividend Policy

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

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

2. Dividend Forecast

	FY2024	FY2025 forecast Interim	FY2025 forecast Year-end	FY2025 forecast	YoY
Profit attributable to Owners of parent (¥ in billions)	27.0	12.0	17.2	**29.2**	+2.2
EPS (Yen per Share)	147.8	65.6	94.0	**159.6**	+11.8
Dividends (Yen per Share)	74.0	40.0	40.0	**80.0**	+6.0
POR	50.1%			**50.1%**	0.1%

Regarding the dividend outlook, we anticipate an annual dividend of 80 yen per share, representing a 6-yen increase compared to the previous fiscal year, consistent with our initial forecast.

We will continue to steadily accumulate profits and appropriately return the results of our corporate value growth to our shareholders.

Next, I will explain the progress of our 2025-2027 Mid-Term Management Plan, which we announced in February.

Ⅲ-1. Summary of the FY2025-2027 MTBP

The FY2025-FY2027 Medium-Term Business Plan is positioned as a foundation period for achieving significant profit growth in the next Medium-Term Business Plan, and we will strive to implement four fundamental transformations.

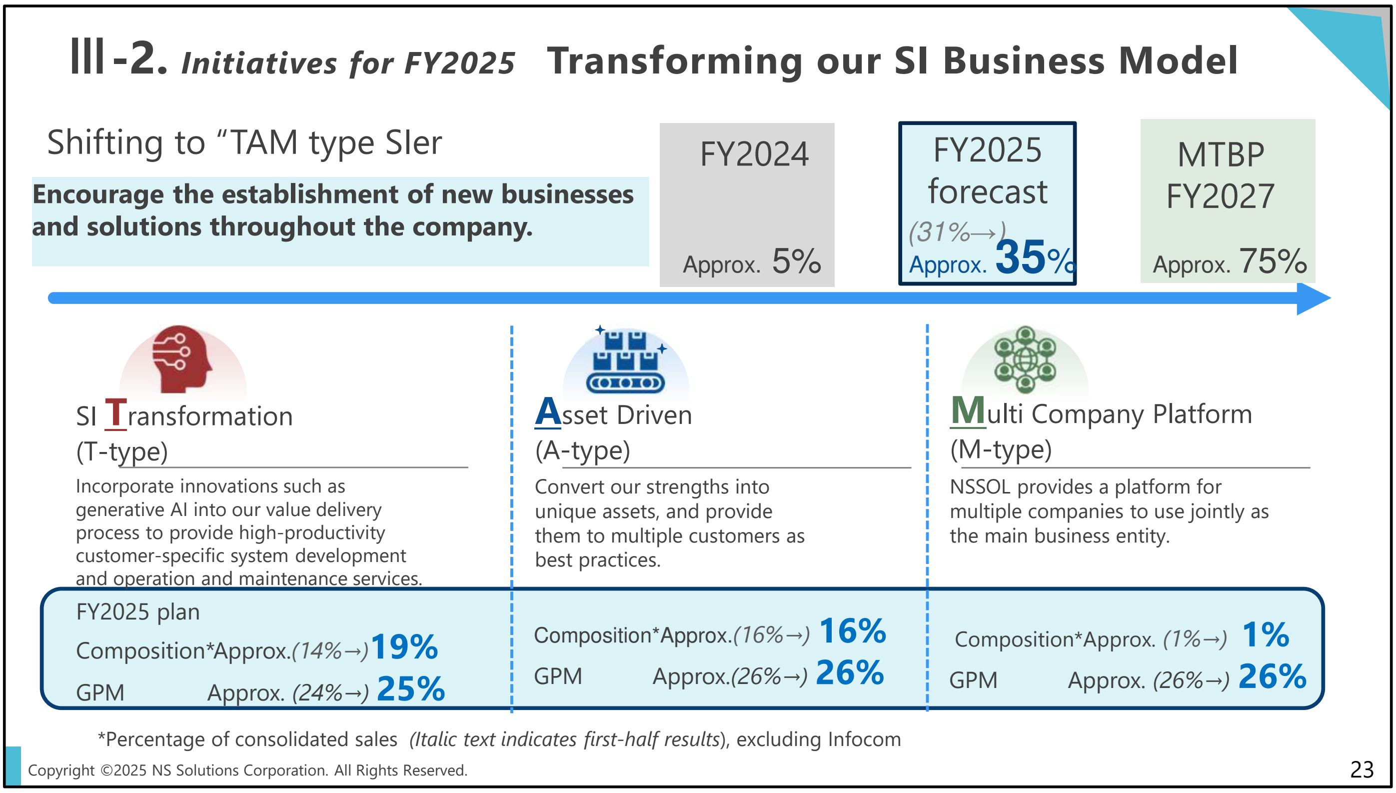
1. Transforming our SI Business Model
2. Transforming our Customer Approach
3. Transforming the Technology and R&D
4. Transforming In-house Operations and Management

We have set targets aimed at the early achievement of the 100.0 billion yen operating profit target of the NSSOL 2030 Vision

	FY2024 forecast	FY2027 plan	NSSOL 2030 Vision
Revenue	¥330.0 bn	**¥450.0** bn	¥500.0 bn
Operating profit (Operating margin)	¥39.0 bn (11.8%)	**¥60.0** bn (13%)	¥100.0 bn (20%)
ROE	Approx. 11%	Approx. **13%**	Approx. 15%
M&A	(2022-2024 total) Approx. ¥10.0 bn	**¥150.0** bn / 3 years	N/A
Shareholder returns	Payout ratio 50%	Payout ratio **50%**	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approxi. **75%**	-
Growth investments/Sales Ratio (excluding M&A)	2.7%	Approx, **5%**	-

This is the overall picture of the mid-term plan.

Over the three years of the plan, we will work on transformation in the four areas of “SI business model,” “customer approach,” “technology and R&D” and “in-house operations and management,” and by 2027, the final year of the plan, we will achieve the goals of 450 billion yen in sales revenue, 60 billion yen in operating income, and ROE of approx. 13%.



"Transforming our SI Business Model" is the most important item to achieve this goal.
Three SI models embodying "Social Value Producers", moving away from the traditional individual contract SI business.

In the current fiscal year, we plan to increase the ratio of sales from these three models combined to 35% of total sales.

The first-half results accounted for 31% of the total composition ratio.

While there was some variation by sector, overall progress was satisfactory.

（FYI）A(Asset)-Type Business

ConSeek

Integrated Management Platform Service for Financial Institutions

- **Strengths as A-Type Business**
  - ✓ Based on extensive implementation experience in the financial institution management domain, services aligned with regulatory compliance and practical needs are prepared as assets and available for provision.
  - ✓ Develop and provide treasury functions for corporate finance departments by leveraging market-based transaction management assets.

CloudHarbor

Compréhensive Cloud-Native Transformation Support Service

- **Strengths as A-Type Business**
  - ✓ All components required for cloud-native transformation are prepared as assets and require no customization.
  - ✓ Depending on your cloud usage, you can also select and utilize only what you need in a pluggable manner.

Delifit AI | TRIPHOO | NAYASAPO | PPPlan | Geminant | PPMP

For details on each solution, please visit our website. https://www.nssol.nipponsteel.com/ss/

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This is a representative example of our A-Type solution.

Ⅲ-3. *Initiatives for FY2025* Transforming

Customer Approach
Technology / R&D
Operation / Management

Transforming of
Customer Approach

- From individual customer issues to perspectives to customer's management issues and social agendas.

✓ While preparing the company-wide offering menu and company-wide managed offering block, we are launching offerings for key customers.
✓ Intelligent Force and Delivery Consulting Enter into Capital and Business Alliance Agreement to Strengthen Consulting Capabilities

Transforming of
Technology / R&D

- Building of provision-type IT service platforms.
- Enhancing the collaboration between research and development and business operations.

✓ Vigorously promote measures to expand the use of AI in the development process
✓ System Development AI Agent “NSDevia” Now Available

Nestorium NSDevia Powered by Jitera

Transforming of
Operation /Management

- Enhancing administrative **productivity by 20%** through the consolidation of common functions and business foundation development, while simultaneously advancing KPI-driven management.

✓ The organizational restructuring and personnel reassignments have been completed. Further progress will be made in consolidating operations and sharing best practice.
✓ Average time saved per month for AI users: 9.4 hours → Implementing measures to expand the heavy user base

Regarding the other three transformation areas, “Customer Approach,” “Technology,” and “Operations/Management”, we established a new promotion organization in April and are vigorously advancing initiatives.

For Offerings, menu refinement and unified branding efforts are underway, with actual customer outreach commencing in the second half of the fiscal year.

We are also strengthening our consulting domain, including through partnerships with other companies.

On the technology front, we are expanding the utilization of “Nestorium,” our company-wide standard IT service platform.

We have also begun offering a system development AI agent to customers under the brand name “NS DEVIA.”

Furthermore, we are promoting the integration of back office and strengthening our business infrastructure with the goal of improving internal operational efficiency by 20%.

We are also deploying generative AI in back-office operations and hosting events like an internal generative AI utilization contest.

Ⅲ-4. *Initiatives for FY2025* Targeted Indicators

- Ensuring Business Model Transformation Plan Moves Forward
- Aggressive investment in growth and M&A to achieve the FY2027 Target.

	FY2024 Results	FY2025 Forecast	FY2027 Target
Revenue	¥ 338.3 bn	¥377.0 bn	¥450.0 bn
Operating profit (Operating margin)	¥38.5 bn (11.4%)	¥43.0 bn (12.0%)	¥60.0 bn (13%)
ROE	10.9%	Approx. 11%	Approx. 13%
Capital invested for M&A	¥1.6 bn	Over ¥60 bn	¥150.0 bn / 3 years
Shareholder returns	Payout ratio 50.1%	Payout ratio 50%	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approx. 35%	Approx. 75%
Growth Investments/Sales Ratio (excluding M&A)	3.6%	Approx. 4%	Approx. 5%

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This fiscal year marks the beginning of a period of transformation, with various new initiatives being launched across all internal departments.

As mentioned in our performance outlook, cost management inevitably takes priority this year, resulting in noticeable increases in SG&A expenses and other costs.

However, I believe that effective management requires balancing short-term performance with investment in the future.

We will continue to pursue focused and disciplined business operations.

We appreciate the understanding of our shareholders and investors.

Thank you.

Ⅳ Appendix

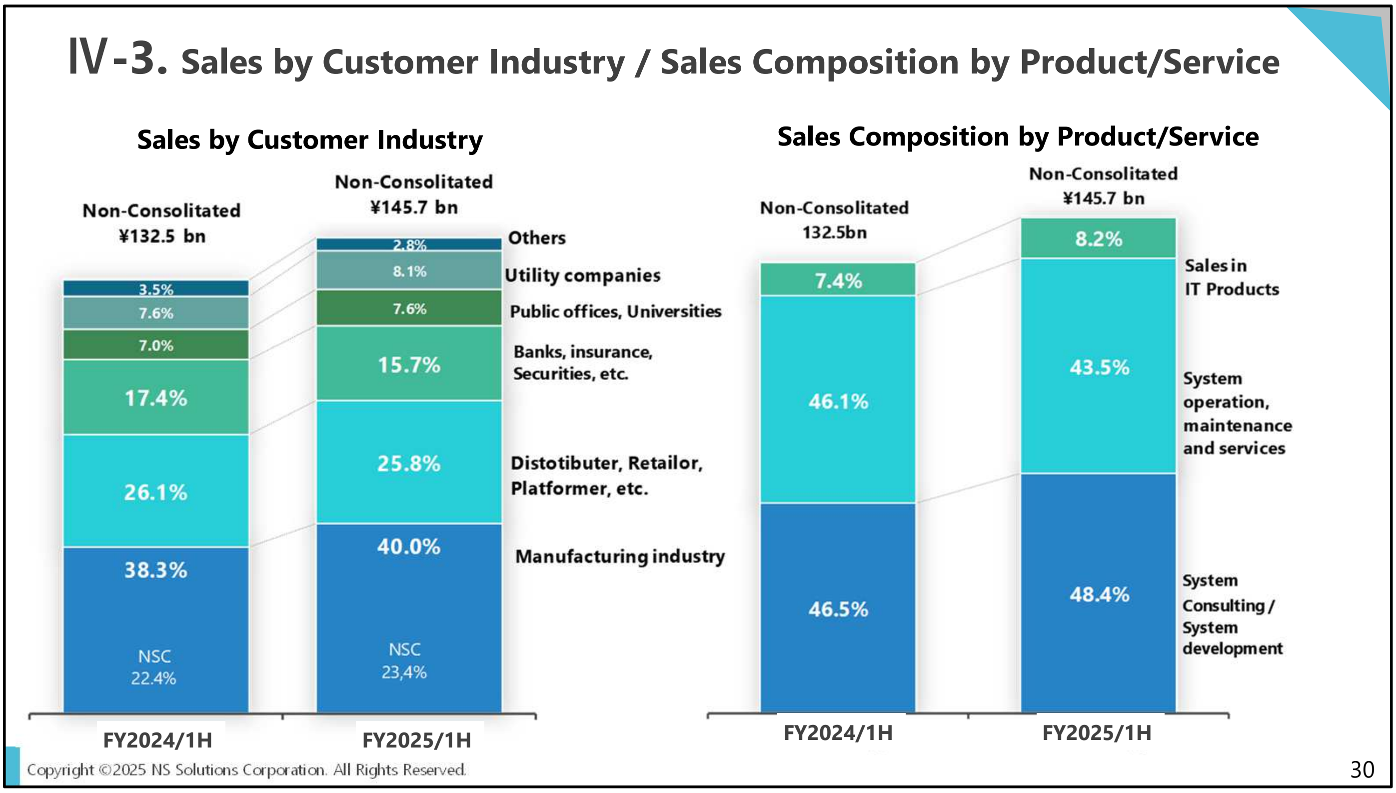
Ⅳ-1. Gross Profit Magin Model (FY2025)

¥ in billion	Sales	Proportion of total	Gross profit margin	Gross profit	SGA etc.	Operating margin	Operating profit
Traditional-type		65%	26%				
T-type		19%	25%				
A-type		16%	26%				
M-type		1%	26%				
Organic total	357.0	100%	25.5%	91.0	48.0	12.0%	43.0
External growth	20.0			9.5	7.9		+α
Acquisition cost PPA					1.6		
Target for FY2025	377.0		26.7%	100.5	57.5	11.4%	43.0
Target for FY2025	450.0			-	-	13.3%	60.0

Ⅳ-2. Quarterly Sales by Segment / Customer Industry

¥ in billion	FY2023		FY2024				FY2025	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Business Solutions	47.1	51.0	47.9	46.6	48.4	52.6	50.7	**53.0**
Manufacturing, Nippon Steel Group	22.1	23.4	22.4	23.1	23.8	26.2	24.6	**26.0**
Retail and Service, Digital Platformer	14.5	16.8	12.9	13.2	13.5	14.7	14.8	**15.0**
Financial Service	10.6	10.8	12.5	10.3	11.2	11.7	11.3	**11.9**
Consulting & Digital Service	18.5	26.0	18.4	19.6	23.0	29.7	20.2	**21.9**
Government, Educational and Research Institutions	5.9	11.9	3.9	5.0	6.0	11.3	4.3	**6.3**
IT Infrastructure Services	12.6	14.0	14.5	14.6	17.0	18.4	15.9	**15.6**
Group Business	9.7	13.6	10.5	13.6	12.2	15.7	11.9	**20.8**
Total	75.3	90.5	76.8	79.8	83.7	98.0	82.7	**95.7**
<FYI> Revenue to Nippon Steel	16.0	16.0	15.3	15.3	17.1	17.7	17.8	**17.6**

＊FY2023 figures are presented prior to the reclassification in the telecom sector.


Ⅳ-3. Sales by Customer Industry / Sales Composition by Product/Service
Sales by Customer Industry
Non-Consolitated ¥132.5 bn
Non-Consolitated ¥145.7 bn
3.5%
7.6%
7.0%
17.4%
26.1%
38.3%
NSC 22.4%
2.8%
8.1%
7.6%
15.7%
25.8%
40.0%
NSC 23,4%
Others
Utility companies
Public offices, Universities
Banks, insurance, Securities, etc.
Distotibuter, Retailor, Platformer, etc.
Manufacturing industry
FY2024/1H
FY2025/1H
Sales Composition by Product/Service
Non-Consolitated 132.5bn
Non-Consolitated ¥145.7 bn
7.4%
46.1%
46.5%
8.2%
43.5%
48.4%
Sales in IT Products
System operation, maintenance and services
System Consulting / System development
FY2024/1H
FY2025/1H
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Ⅳ-4. Major One-Time Factors, Major Projects by Quarter

¥ in billion

	FY2023		FY2024				FY2025	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales	75.3	90.5	76.8	79.8	83.7	98.0	82.7	98.0
Major Projects	Ⓑ O 1.0 Ⓒ G 2.3	Ⓒ G 4.8	Ⓑ O 3.0 ⓈNewly subsidiaries 1.2	ⓈNewly subsidiaries 1.2	ⓈNewly subsidiaries 1.3	ⓈNewly subsidiaries 1.4		ⓈNewly subsidiaries 7.0
O.P.	8.7	11.7	8.8	9.3	11.5	8.9	8.5	8.9
One-Time			Provision for bonuses+1.0	Dual corporate tax -1.0		Litigation-related reserves -2.3 Lower profit product -1.0		Acquisition Cost -0.7
Order	74.8	99.8	86.5	87.2	85.2	97.0	75.2	111.2
Major Projects	Ⓑ O 4.2 Ⓑ O 4.5	Ⓒ G 6.1	Ⓑ O 3.0 Ⓒ G 7.3 ⓈNewly subsidiaries 2.2	Ⓒ G 4.0 ⓈNewly subsidiaries 1.4	Ⓒ G 5.0 ⓈNewly subsidiaries 1.2	ⓈNewly subsidiaries 1.4		ⓈNewly subsidiaries 24.8

Ⓑ: Business Solutions, Ⓒ:Consulting & Digital Service,Ⓢ: Subsidiaries 、 O:Oracle, G:Government Project

Ⅳ-5. NSSOL's Strengths in the AI and Data Science Field

Addressing various challenges in automation and productivity improvement, we stand by our customers and provide comprehensive support.

High technological capabilities based on research and development

- Over 180 researchers possess expertise in AI and machine learning, system architecture, and improving SI productivity, conducting research on practical cutting-edge technologies.
- In the AI field, we placed 6th (out of 1,514 teams) in the "Kaggle - Santa 2024 - The Perplexity Permutation Puzzle" competition and earned a Gold Medal.

Extensive project management experience

- We possess AI implementation expertise gained through deployments at over 150 companies, covering both traditional SI and cutting-edge AI.
- Well-versed in project management methodologies specific to the AI field, which is often described as "highly uncertain"

Comprehensive support covering development and operations

- Instead of ending with one-off service implementations or model development, we provide comprehensive support, including consulting, development of business applications, and operation, maintenance and training. Further progress will be made in consolidating operations and sharing best practice.

Broad technical offerings through collaboration with partners

- Strengthen collaboration with vendors possessing distinctive technologies to provide a wide range of solutions

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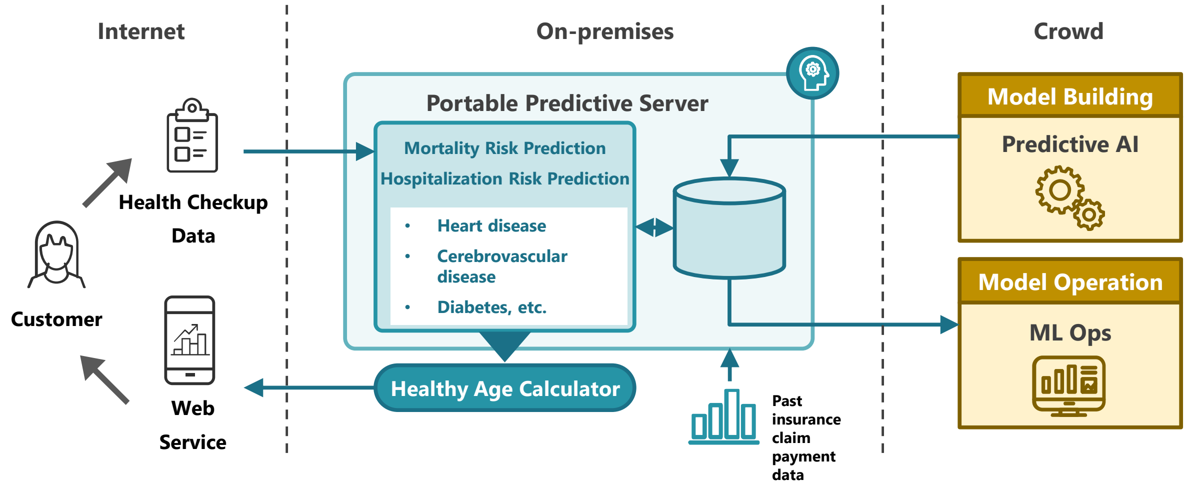
Case 1

Meiji Yasuda Life Insurance Co., Ltd.

AI-Based Customer Health Metric Calculation Service

Calculate a health-active age indicator using AI to assess customer health status and prevent disease
Developing proprietary AI models also facilitates new service creation



Case 1

for Retail Industry; Supermarket Prepared Foods Section Operations Support

Delifit AI

AI automatically creates plans to minimize waste and maximize profits through demand forecasting and optimization.

Before: Sales floor operations reliant on veteran staff

- Planning and ordering dependent on individual skills
- Being consumed by back-office tasks
- Management of unstaffed stores is highly demanding

After: AI-Powered Store Operations

- AI-assisted planning and ordering that doesn't rely on veterans
- Streamlining operations to focus on management
- Enabling stable order operations with AI

Input

- Product Information
- Promotion/Flyer Information
- POS Data
- Sales Budget
- Weather data

Delifit AI AI requires prediction × AI optimization

- Visitor Forecast
- Demand Forecast
- Optimization Engine

> AI-calculated customer forecasts are used to determine daily budgets.
> Optimal product combinations and quantities are calculated to maximize gross profit while meeting budget targets.

Recipe Management Feature | Food Ordering Function

Output

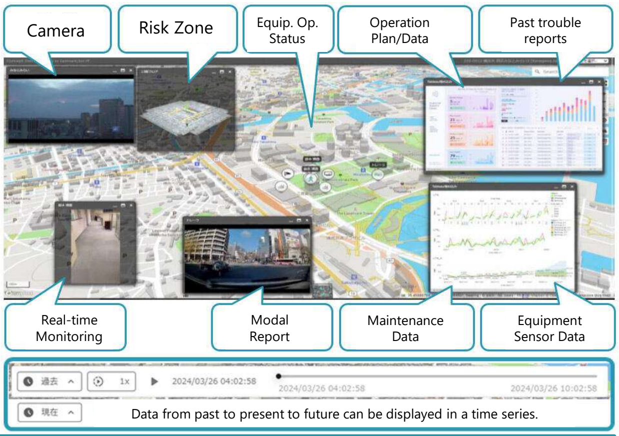
Sales Plan

Case 3

for Manufacturing;

Digital Twin Solutions "Geminant"

- **This digital twin solution provides manufacturing, energy and transportation companies, as well as those in other industries with manufacturing and logistics facilities, with a range of benefits.**
- **It enables centralized visualization of operational, maintenance, security and logistics information for these facilities within a 3D digital space.**
- **This solution provides comprehensive situational awareness through bird's-eye visual monitoring (Visible Twin). Furthermore, by incorporating planning data and simulation results, it enables actual versus planned analysis and anomaly prediction (Touchable Twin).**



AI

- AI analysis of images and video captured by fixed cameras and quadrupedal robots for meter reading
- AI-based condition monitoring solutions for detecting early signs of equipment abnormalities and failures

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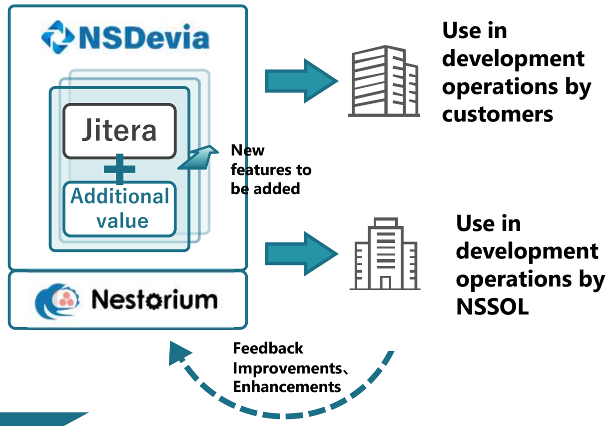
NSDevia Supporting Sustainable IT System Development

- ✓ As part of our NSDevia service, we have implemented the 'Jitera' feature on Nestorium.
- ✓ We promote development using AI agents powered by NSDevia. This aims to enhance productivity not only within our company, but also for our customers.
- ✓ NSDevia plans to progressively expand its range of AI-powered services to include project management support and the automation of testing and operational tasks.



Strongly supporting sustainable productivity improvement in system development environments

NS Solutions
NIPPON STEEL

Social Value Producer with Digital

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

Unless otherwise noted, all financial figures are on consolidated basis.