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

NS Solutions
Integrated Report 2022

Printed in Japan
Purpose

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

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

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

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

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

We support customer digital transformation (DX) with our history—our DNA—of taking on social issues with cutting-edge technology.

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

Establishment and expansion of bases, etc.

1987
- Launched NSSUN OEM sales

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

1995
- Established a base in Silicon Valley, USA

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

1997
- Established a base in Shanghai, China

1999
- Built an Internet-based music content distribution service system

2000
- NS Solutions Corporation was established. (Japanese company name changed to current name in April 2019. English name remains NS Solutions Corporation.)

In the early 2000s, the widespread popularization of the Internet brought about major changes in corporate activities and consumer behavior. In response to the changing trends of the times, NS Solutions built large-scale websites—primarily for customers in the manufacturing and distribution industries—and worked on many supply chain management systems based on demand forecasts, as well as product lifecycle management systems projects.

System building and service provision (examples)

1980
- World’s first online operation of integrated manufacturing processes successfully implemented

1988
- NIPPON STEEL Information & Communication Systems Inc.
  Now called Technology Bureau Systems Research & Development Center

1991
- Strategic alliance with Oracle Corporation

1996
- Established SDC Center to strengthen development capabilities

Alliances

1988
- Strategic alliance with Oracle Corporation

1997
- Established a base in Singapore

2002
- Established a base in Thailand and the UK

2007
- Established NS Financial Management Consulting, Inc.

2008
- Made Financial Engineering Group, Inc. a consolidated subsidiary

2010
- Developed core technologies for large-scale mission-critical systems (ERP, SCM, CRM) using Oracle packages

2013
- Established SDC Center to strengthen development capabilities

2014
- Established NSSOL Academy

2017
- Made Network Value Components Ltd. a consolidated subsidiary

2020
- Signed partnership agreement with Nokia in local 5G business

Corporate History

1960: Electronics & Information Systems Division launched

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

2012
- Opened fifth data center
  - Launch of Provision of Comprehensive IT Outsourcing Service NSFITOS

2013
- Established Solution Planning and Consulting Center

2014
- Established a base in India

2017
- Made Network Value Components Ltd. a consolidated subsidiary

2020
- Signed partnership agreement with Nokia in local 5G business

2021
- Established a base in Indonesia

2022
- Established a base in Tokyo

NS Solutions Corporation

April 2001: Business integration

Integration

NS Solutions Corporation

October 2002
- Tokyo Stock Exchange Listed on First Section of TSE
  (Transferred to Prime market on April 4, 2022)

Listings

2020
- Signed partnership agreement with Nokia in local 5G business

*1 Now called Technology Bureau Systems Research & Development Center

*2 Now called Digital Transformation & Innovation Center

*3 Now called Technology Bureau Architecture & Technology Department

2001
- Fourteen major vendors including Intel and Dell collaborated to establish the Grid Utility Verification Center

2005
- Customer/Server

2010
- Cloud

2020
- DX (IoT-Big Data)

2011
- Established a base in Singapore

2012
- Opened fifth data center
  - Launch of Provision of Comprehensive IT Outsourcing Service NSFITOS

2013
- Established SDC Center to strengthen development capabilities

2014
- Established NSSOL Academy

2017
- Made Network Value Components Ltd. a consolidated subsidiary

2020
- Signed partnership agreement with Nokia in local 5G business

2021
- Established a base in Tokyo

NS Solutions

Integrated Report 2022
“Trust” and “growth” are our symbols.

We have the trust that the Nippon Steel Group has cultivated over many years.

We also have a strong determination to aim for further growth as a system integrator.

We have made “trust” and “growth” the basis for our corporate image, as our logo.

Based on the motif of the “NS” in the brand name “NS Solutions”, the “N” represents a profound sense of trust, while the “S” represents a sense of dynamism to achieve growth.

The blue square at the center of the “N” represents advancement, while the yellow arrow between the “N” and the “S” represents the direction of our growth.

We call this logo the “Growing NS.”

Please look forward to the future growth of NS Solutions.

Editorial Policy

This is our first Integrated Report. It has been compiled with basic matters in mind.

In the first half of the report, after a brief overview of the Company’s history, we have tried to carefully explain our value creation process, our strengths, and our Medium-Term Business Strategy for FY2021-25 based on them.

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

To give a deeper understanding of our business, we have also introduced each business division (Division / Center, etc.)

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

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

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

Please note that actual business results may vary.
Message from the President

Promoting sustainability initiatives throughout all our business activities

Hiroyuki Morita
Representative Director and President

Introduction

NS Solutions (NSSOL), established in 2001, celebrated its 21st anniversary in April 2022. Since its establishment, we have been building up systems integration capabilities ranging from systems development, operation to consulting services, and have resolved diverse issues for our customers.

Today we confront the rapid change and uncertainty for the future such as the prolonged effects of the COVID-19 pandemic, heightened geopolitical risks stemming from the Ukraine crisis, severer disasters caused by climate change and the transition to a decarbonized society. In Japan, shifts in social structure also unfold with the progressive mobility in the labor market, the decrease and aging in population, and the resulting decline in productivity. These changes that are occurring on a global scale or are unique to Japan, have a significant impact on our lives. They are also intricately intertwined, making them painfully hard to resolve.

These complex social issues must be solved by society as a whole toward a paradigm shift. Information technology (IT) is playing a major role in these efforts. Digital transformation (DX) initiatives utilizing IT already are progressing across many industries. We recognize our increasing responsibility to solve social issues with customers through effective use of IT.

Through the implementation of this philosophy, we will work to create social value. We will also work actively toward achieving the UN-led SDGs (Sustainable Development Goals) and contribute to the realization of a sustainable society as a member of the global society.

Our People are the most invaluable assets of our business to accelerate SDGs initiatives. To deliver unsurpassed value to customers it is essential for us to become a company which allows creative, high-level IT professionals to exert their full potential.

We have been making efforts on work style reform since 2015. In order to continue being a highly engaging, rewarding company that is attractive to creative, high-level IT human resources, we are working continuously to create a comfortable working environment, enhance human resources development, develop our human resources systems, promote active roles for women, promote diversity and inclusion, and develop other aspects of our organization and corporate culture. In FY2021, we conducted engagement surveys to quickly identify and respond to company and workplace issues. We will continue working to be a company full of energy and vitality, where employees feel the attractiveness of the workplace and can appreciate their own growth and be satisfied with their job.

Corporate Philosophy

NSSOL’s corporate philosophy is as follows.

Creation, Reliability, Growth

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

In line with the corporate philosophy and ESG, we have been engaged in various business activities to create a prosperous society. As our society undergoes major structural changes, the role of companies has become more important to the society than ever before.

In FY2021, which marked the 20th anniversary as NSSOL, we defined our PURPOSE for the next decades by bringing the philosophy – purpose, vision and value – up to date and determined to enhance corporate value through sustainability management based on our value creation process.

The PURPOSE has been created through corporate-wide initiatives among members from executives to junior staff, shaping our existence value and unique role in the society.

Sustainability Management Initiatives

We share the PURPOSE across the company and make it a common ground among all employees as the guiding principle of sustainability management. In accordance with international frameworks, we also formulated our value creation process, in which five material issues are identified, to put the sustainability management in place.

Material Issues

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

As a member of society, companies certainly have a responsibility to take steps to resolve social issues. We have established our new philosophy consisting of our PURPOSE as the starting point for engaging in the efforts, our vision of becoming an indispensable First DX Partner in overcoming the difficulties of achieving DX for our customers (the medium-term vision for NSSOL), and four key values that all employees should keep in mind.

Purpose

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

Values

Move! toward Future
Move! with Everyone
Move! as a Professional

Through the implementation of this philosophy, we will work to create social value. We will also work actively toward achieving the UN-led SDGs (Sustainable Development Goals) and contribute to the realization of a sustainable society as a member of the global society.
Based on our medium-term vision First DX Partner, as DX needs accelerate toward 2025, we will work to achieve DX for customers’ businesses and build a prosperous society. We believe that this is the role that we should fulfill as IT professionals. In addition to building deep relationships with customers and supporting their IT systems, as the First DX Partner, we will continue to convey our vision for the future, tackle challenges and work together with customers toward the realization of DX in their businesses.

We define DX as “the continuous and cross-sectional transformation of organizations, business processes, and systems through data and digital technology.” As the First DX Partner, it is our role to integrate everything and support the realization of DX. To that end, we work to ascertain the true needs of our customers from a high and broad-ranging perspective, continuing to refine the value that we provide, and supporting our customers’ DX beyond the framework of conventional SI.

During this medium-term business strategy period, we have defined Focus Areas to drive business growth and have decided to actively invest management resources in them to accelerate growth.

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Value Creation Process

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

**Input**
- Human capital
  - Human resources with a strong sense of ownership, who continue to grow together with their colleagues
  - Diverse human resources with advanced technical skills and expertise to meet customer needs
  - Mechanisms and corporate culture for reproducing human resources (from recruitment to training and OJT)
- Intellectual capital
  - Solution services backed by business knowledge and cutting-edge IT
  - Business model created using operational fields of Nippon Steel
  - Systems Research & Development Center
- Social capital
  - Customer base that supports a sustainable society
  - Value chain with IT vendors and development partners
  - Connections with local communities (both in Japan and overseas) and people centered around steelworks
- Manufacturing capital
  - Project management and quality control processes and systems
  - Robust data centers, cloud services and system management expertise
- Natural capital
  - Activities to reduce environmental impact
  - Highly efficient data centers
  - Statement of support for TCFD
- Financial capital
  - Strong financial base

**Services and Solutions We Provide**

**Consulting**
We make full and effective use of customer business knowledge and consulting methodologies to lead customers’ DX efforts in areas such as IT consulting, innovative co-creation and organizational transformation

**System Integration**
We develop and deliver complex, large-scale systems at a high level of quality and in a timely manner, through a combination of optimal technologies and solutions

**IT services**
We ensure stable operation of advanced systems by utilizing expertise in the construction and operation of mission-critical IT infrastructures, including those used by Nippon Steel

**Vision for the FY2021-25 Medium-Term Business Strategy**
**“First DX”**

**Our Strengths**
- Long-term trusting relationships with customers and deep understanding of customers’ business operations
- Accumulation and sophistication of systems development and operation expertise
- Recruiting and training high-level IT human resources
- Cutting-edge technology R&D and advanced DX consulting
- Experience in operational fields of Nippon Steel
- Networks of external alliance partners

**Business Models**

**NSSOL Added Value**

**Human Resources Management**

**Environmental Management**

**Corporate Governance**

**Risk Management**

**NSSOL Data Center PUE**

**Foundation Support**

**Sustainability Management**

**Output**

**Human capital**

**Intellectual capital**

**Social capital**

**Manufacturing capital**

**Natural capital**

**Financial capital**

**Human capital**
- Employees (consolidated): 22,444
- New hires (consolidated): 338 new graduates, 287 and career hires
- Employees (consolidated): 7,143
- Number of female managers: 44
- Ratio of female hires: 34%
- Annual rotating internship Plan achieved

**Intellectual capital**
- Number of patents released for new solutions: 15
- Activities at international conferences and academic societies

**Social capital**
- Key customer strategy Plan achieved
- Development core partner strategy
- Industry academies: 7 universities
- Certified Health & Productivity Eruboshi (Second Stage)
- Platinab Kurumin Platinum Kurumin
- 72%
- Number of press releases for partnerships:
- NSSOL (non-consolidated) 6,230
- NSSOL (consolidated) 6,137
- Purpose (non-consolidated) 1,008
- Purpose (consolidated) 827

**Manufacturing capital**
- Sales per person (consolidated): 36.8 million yen
- Number of DX human resources: 2,576
- NSSOL Data Center (Scopes 1 and 2)
- ROE 10.6%
- OPEX of NSSOL (non-consolidated) 20.8%
- ROE 10.6%
- OPEX of NSSOL (non-consolidated) 20.8%
- NSSOL Data Center PUE: 1.43
- Manufacturing capital Plan achieved
- Social capital Plan achieved

**Natural capital**
- Greenhouse gas emissions (Scopes 1 and 2)
- Compared with FY2015: 23.6% reduction
- Natural capital Plan achieved

**Financial capital**
- OPEX (operating expenses): 10.8%
- ROE: 10.6%
- OPEX (operating expenses): 10.8%
Our Strengths

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

2. Accumulation and sophistication of systems development and operation expertise
   NISSOL was spun out of the information systems division of Nippon Steel, a large-scale IT user, and has been building and operating IT infrastructure for various industries and business processes for many years. Our comprehensive IT outsourcing service, NSITOS, is the culmination of that accumulated expertise, supporting mission-critical operations in the steel

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

4. Cutting-edge technology R&D and advanced DX consulting
   NISSOL’s Systems Research & Development Center—known to the industry as a rare presence among system integrators—is an R&D center with 130 researchers specializing in information systems, engaged in both cutting-edge research on IT and practical business applications.
   Our Digital Transformation & Innovation Center provides advanced DX consulting that supports customers’ digital transformation efforts in collaboration with our Business Units, which have knowledge of customer business processes, and our Systems Research & Development Center, which ensures the effectiveness of our advanced technologies.

5. Experience in operational fields of Nippon Steel
   We have accumulated extensive insights and knowledge on approaching DX projects for large corporate customers by applying our experience in the operational fields of Nippon Steel—a major manufacturing company, where we have provided full DX support in a range of areas including business process and production process reform.
   For example, we built the integrated data platform NS-Lib, which collects various company-wide data using AI and IoT, allowing us to correctly grasp and understand the meaning of the data and utilize it safely for information security purposes. We have also provided the results obtained with NS-Lib to other customers engaged in DX. Our IoT solution “Anzen Mimamori-kun (Safety Watcher)” has achieved results through use and utilization in the industrial field of wearable devices, making it possible to deploy the solutions for many customers who have similar issues of ensuring the safety of on-site workers at vast sites and large-scale facilities.

6. Networks of external alliance partners
   Through NISSOL USA’s efforts in search of new technologies and startup companies in Silicon Valley and networking activities with startup companies utilizing venture capital, in which it invests, we have been the first to pioneer and supply overseas products such as Oracle (in 90’s) and DataRobot (in recent years) ahead of other companies in Japan, and built deep collaborative relationships with many partners both in Japan and overseas. Going forward, we will continue to leverage our network of alliance partners to combine cutting-edge technologies, products and services to provide optimal solutions for our customers.

Strengthening Our Business Model

Industries we provide solutions for

Message

Value Creation Process

Sustainability

Corporate Governance

Business Activities

Data

Integrated Report 2022

NS Solutions
Future Technology Goals

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

The Systems Research & Development Center has set three “future goals” to be achieved through technology in order to make companies (business and information systems) and society more sustainable.

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

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

2. Bringing the intellectual abilities of machines closer to humans
AI that enables companies to collect necessary information, understand business process content and existing system specifications, execute business processes and/or generate new information systems in specific areas of corporate operations.

3. Creating corporate information systems that can be used for many years to come
Sustainable information systems that ensure sustainability in response to changes in the social and business environments and methods (technologies)—including modular architectures, integration and continuity of development and operation (DevOps, etc.), public clouds, and AI implementations that replace human thinking.

10 R&D Themes

1. Data analysis technologies
2. Optimization and Simulation technologies
3. Smart machines
4. Ambient technologies
5. BizDevOps lifecycle
6. SI process resilience technologies
7. Cloud-native development and operation technologies
8. Digital Twins
9. Data management
10. Data security
Materiality (Material Issues)

NSSSL’s Sustainability Management

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

Implementing Sustainability Management

To implement sustainability management, we first established our PURPOSE to outline the significance of our existence in society. Based on this purpose, we will work to create social value. Also on this purpose, we have established the material issues (sustainability key issues). By establishing material issues, we are clarifying specifically how we will engage in sustainability management. We have also set KPIs to manage progress for each material issue over the medium to long-term.

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

Purpose and Material Issues

**PURPOSE**

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

What we aim to achieve through our PURPOSE

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

Material Issues

Solve social issues through IT

- Provide infrastructure that allows customers to tackle challenges together with peace of mind
- Create opportunities for diverse individuals to play active roles
- Reduce environmental impact
- Pursue governance and compliance as a trusted member of society

Material Issues and KPIs

We have set KPIs for each of our selected material issues to work toward from a medium-to-long-term perspective, and will implement sustainability management by confirming the results of each KPI and implementing a PVCGA cycle.

**System for Promoting Sustainability Management**

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

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

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

**Material Issues**

**Reasons for choosing themes**

- Solve social issues through IT
- Providing a stable supply of IT services as social infrastructure
- Solving social issues through IT
- Reducing environmental impact
- Pursue governance and compliance as a trusted member of society

**NSSSL’s Efforts**

- Contributing to society through customer businesses that support a wide range of social activities
- Developing corporate citizenship, aiming for social contributions and global environmental awareness and IT
- Creating new value with IT for a future-oriented society
- Solving social issues and expanding possibilities
- Providing infrastructure to support social infrastructure
- Solving social issues through IT
- Providing a stable supply of IT services as social infrastructure
- Solving social issues through IT
- Reducing environmental impact
- Pursuing governance and compliance as a trusted member of society

**KPIs and Results**

- Achievements in contributing to solving social issues through customer businesses
- Achievements in gaining improvements in energy efficiency through systematicatization and shifting IT-based operations in the field
- Achievements in promoting new business initiatives, and contributing to the improvement of social dialogues
- Achievements in expanding social contributions and contributing to development for government agencies, financial institutions, public organizations, other businesses, and other stakeholders
- Achievements in creating social proposals and services that allow the recognition of our contributions to IT work through digital workplace solutions such as M浔s
- Achievements in expanding IT-related contribution through the electronic contract service CORTIX

**Message Data**

**Value Creation Process**

**Corporate Governance**

**Business Activities**

**Data**

**Integrated Report 2022**
The business environment surrounding NSSOL and its customers is undergoing various discontinuous changes, including changes in population structure (demographics) and accelerated advances in IT, as well as the impact of the COVID-19 pandemic on the global economy and changes in social behavior. Under these circumstances, we have continued to engage in DX initiatives in line with the paradigm shift in business in various industries. We believe that demand for DX will continue to accelerate further in the medium-to-long term, in view of social changes caused by the COVID-19 pandemic.

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As DX shifting into higher gear at various companies, the whole Group will work to deepen the level of relationships with customers, aim to maximize acquisition of customer needs associated with DX initiatives and expand our business.

In particular, for FY2021-25, we have set DX in manufacturing industry, digital platformer, digital workplace solutions, and IT outsourcing as focus areas to drive business growth, and will aim to actively invest management resources to accelerate growth.

NS SOL’s Growth Story

**DX in Manufacturing industry**

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

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

We are the core company in the Nippon Steel Group’s system solutions business. In addition to enhancing DX at Nippon Steel by making full and effective use of data and digital technologies, we will also leverage our strengths in the operational fields of Nippon Steel—one of the world’s leading manufacturing companies—to enhance our practical capabilities to support the DX activities of other customers in the manufacturing industry.

In this area, the Manufacturing Industry Digital Transformation Center will utilize its insights and expertise in the industrial and steelmaking domains to powerfully drive DX activities in the manufacturing industry, including IoT solutions and enterprise S5.

**Digital Platformer**

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

NS SOL has extensive experience in dispatching highly skilled IT professionals to support the creation of new businesses from the IT side to leading Japanese platformer customers, and working together with them and supporting them from planning and conceptualization support to systems development. Platformer customers are expected to make vigorous IT investments as consumer online needs accelerate and the market expands, with DX acting as a catalyst.

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

**Digital Workplace Solutions**

**Focus Area 03**

**Growth Points**

- Expansion of solutions anticipating changes after the COVID-19 pandemic
- Integration capabilities tailored to customer business processes

Due to changes in social behavior triggered by the COVID-19 pandemic, new work styles are being adopted rapidly throughout society under the keywords of “remote” and “contactless,” and there are growing needs to quickly introduce flexible and secure teleworking environments, digitalize contracts and approval operations, and paperless operations.

In response to these needs, NSSOL will provide top solutions that are regarded highly by customers—such as the virtual desktop M iCloud and the electronic contract solution CONTRACTHUB—and support customers in considering their future visions for work styles in the post-COVID era. We provide comprehensive integration tailored to customer business processes, from the introduction to the operation of IT measures, and offer powerful support for customers to improve their productivity.

**Focus Area 04**

**Growth Points**

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

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

In response to these changes in demand, we will seek to grow our business with a primary focus on NSFITOS—which provides a range of services from managed cloud services (including data centers) to integrated operations.
**Investments for Growth**

1. **Investments to strengthen business infrastructure**
   - 50.0–75.0 billion yen

2. **Investments for accelerating DX**
   - 10.0–15.0 billion yen

3. **M&A and other investments / financing**

**Progress of Our Medium-Term Business Strategy**

**FY2021 Sales Results**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2021 Forecast</th>
<th>FY2021</th>
<th>Growth rate</th>
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<tr>
<td>Sales</td>
<td>280</td>
<td>270</td>
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<tr>
<td>CAGR</td>
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<td>252</td>
<td>7.3%</td>
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</tbody>
</table>

The consolidated revenue growth rate in FY2021 was +7.3%, exceeding our Medium-Term Business Strategy rate of +5–6% per annum.

**FY2021 Investment Results**

1. **Investments to strengthen business infrastructure**
   - We invested 15.0 billion yen to strengthen our business infrastructure. This included investments in improving IT environments and private cloud systems.

2. **Investments to accelerate DX**
   - We invested 2.8 billion yen to accelerate DX. We are working to intensively train / develop DX human resources and promote engagement in changes in new fields and businesses. In FY2022, we are developing the following new solutions:
     - Enhance Electric power trading risk management service
     - FYFAN: DX support cloud service for supply and demand planning in the food industry
     - HATCHUB: Electronic contract service specialized for purchasing operations

3. **M&A and other investments / financing**
   - In April 2022 we invested in Arttirn, Inc., a company with advanced mathematical AI technology. We will continue to enhance our ability to respond to DX needs and promote the development of AI solutions and services.

**PLANETARY—a service brand supporting transformation to digital manufacturing**

On August 25, 2021, we announced the service brand PLANETARY, which will transform the manufacturing industry into a digital manufacturing industry, one concrete embodiment of our First DX Partner vision. PLANETARY will support the transformation of the traditional manufacturing industry into an industry in which the culture of digital transformation (DX) has taken root.

For the past 50 years, we have been introducing large-scale systems construction capabilities required for DX by equipping ourselves with the capabilities to build flexible systems that respond to changes—which will become increasingly necessary with the advancement of DX—in addition to our strengths in building robust, large-scale, mission-critical systems.

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

**Creating an Organization with High Engagement**

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

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

Aiming to create a company that emphasizes job satisfaction in particular:

Building robust, large-scale, mission-critical systems + Building flexible systems that can respond to changes

Developing a consultant of DX upstream process and the DX development environment Tetralink

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Aiming to create a company that emphasizes job satisfaction in particular:

Building flexible, critical systems

Developing a consultant of DX upstream process and the DX development environment Tetralink

**Investments to strengthen business infrastructure**

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

**Investments to accelerate DX**

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

**M&A and other investments / financing**

We will also actively invest in M&A, etc., with the aims of expanding our focus areas and strengthening our production structure.
Message from the Chief Financial Officer (CFO)

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

Director
Senior Managing Director and CFO
Kazuhiro Tamaoki

Business Performance

FY2021 Results

Consolidated revenue in FY2021 were 270.3 billion yen and ordinary profit was 30.8 billion yen (Japan basis). By steadily capturing the strong DX needs of our customers, we were able to achieve record high operating profit and ordinary profit. In terms of consolidated revenue, we were able to achieve an operating margin of 11.0% through operations training, and internal infrastructure development), we were able (which included strengthening sales capabilities, recruitment and education / training, and improving internal infrastructure. Through the continuation of operations capturing the strong DX needs of our customers, we were able to achieve steady growth in profits.

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Consolidated operating profit

In April 2022, we formulated a value creation process based on our Purpose. At the same time, we defined “NSSOL Added Value” as an indicator to measure the progress and sophistication of our value creation process. NSSOL Added Value is a combination of operating profit (financial capital), which is the outcome of business activities based mainly on our long-term customer base (social capital), with (1) broadly defined personnel expenses (recruitment-related expenses, education/ training-related expenses, measures to encourage engagement, etc.) which indicate the accumulation of human and intellectual capital, and (2) depreciation and amortization (which indicate the accumulation of manufacturing capital*, etc.) Through NSSOL Added Value, we will promote sustainability management and engage in dialogues with stakeholders regarding the progress and sophistication of our value creation process.

Investments for Growth

In FY2021—the first year of our medium-term business strategy—we made growth investments of 15.0 billion yen to strengthen our business base and 2.8 billion yen in investments to accelerate DX. We will continue to invest actively in human capital, including recruitment and reskilling, as growth investments. We will also invest in new services that lead to sustainability and ESG, such as Enepharos, an electric power trading and risk management service, and PPPlan, a cloud service to support DX for supply-demand planning in the food industry. In terms of M&A and other investments, in April 2022 we have formed a capital and business alliance with Amthm, Inc.—a company with advanced AI technology capabilities. Also in April 2022, we set a limit for the sale of cross-shareholdings (planned amount: 20 billion yen / sale period FY2022–25) with the aim of acquiring funds for investments for growth. Going forward, we will continue to make investments for growth and take necessary measures to maintain a sound financial base.

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NSSOL Added Value

In addition to the accumulation of manufacturing capital, this includes the accumulation of intellectual capital through investment in in-house IT infrastructure and natural capital through investments in Enepharos, an electric power trading and risk management service, and PPPlan, which reduces food loss.
For us to continue providing value and realize our PURPOSE—Dream our future, Unleash the possibilities of society, With technology and passion—we must first ensure the survival of our planet and harness the power of people in society to bring change.

For this reason, NSSOL considers “creating opportunities for diverse human resources to play active roles” and “reducing environmental impact” to be particularly important material issues.

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

To become a highly engaging company that appeals to employees, we strive to create a comfortable and rewarding workplace, build a HR development environment that supports the autonomous growth of employees, and develop personnel systems that respond to the contributions of employees in a timely and appropriate manner, through autonomous career development. So that we can respond to rapid changes in the business environment and continue to grow as a company, we have placed the keywords autonomy, decentralization and cooperation at the core of our human resources policies, based on the belief that it is necessary to create an environment in which each and every employee can work autonomously and actively engage in transformation, and to build a foundation for promoting change through cooperation.

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

Going forward, we will incorporate these values into our human resources policies in various ways, to enable us to attract human resources who share these values and constantly embody them in our daily work.
HR Strategies to Support the Recruitment, Growth, and Active Participation of Diverse Human Resources

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

Recruitment

In our recruitment of new graduates, we convey the appeal of NSSOL through our relationships with society and careful communication with students. This enables stable recruitment of human resources who will form the core of our company in the future. In addition to supporting university research and educational activities by providing donation lectures and securing naming rights to multiple university facilities, we are also working actively to produce students who aspire to IT-related careers by raising awareness of the importance of IT utilization in industry among university students.

Human resources development

To attract diverse and creative human resources who can respond flexibly to changes and human resources seeking autonomous growth, and to actively support the growth of employees who are willing to take on the challenges of a new environment, we are investing generously in HR development and expanding self-selective skills development measures, in which employees choose what they learn.

As a HR development platform to realize these goals, we have established a variety of learning opportunities, including Career Link (a system for grasping professional capabilities using NSSOL Academy)

NSSOL Academy

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

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

To further accelerate business growth by recruiting diverse human resources with the skills and abilities necessary for our business, we are also actively engaged in mid-career recruitment activities. Since FY2020, we have been increasing mid-career hires at a pace of more than 1.5 times every year.

Evaluation Framework

Under our evaluation framework, we evaluate “performance (results)” for managerial positions and “competency and performance (results)” for senior-level specialists and below, and reflect them in employee compensation. In addition to competency and performance (results), in order to ensure fair evaluations, we clearly define the requirements for each qualification level, and have multiple evaluators conducting multifaceted evaluations.

Personnel systems

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

Pay for Core Managerial Roles

In April 2022, we introduced a role-based pay system for core managerial positions* and introduced a system to treat employees according to the mission and level of their role / position.

To contribute further to customers and create new value for society according to each role, going forward, we will reflect the timely and appropriate treatment of diverse human resources in a wide range of diversified roles, taking their value in the job market into account.

*Mandatory retirement age at 65

The mandatory retirement age has been set at 65 as of April 2022. From the perspective of emphasizing and promoting the autonomy and diversity of our employees, we aim to facilitate flexible work styles according to each employee’s individual life stage, and are working to create environments and provide support for every employee to continue to grow and play an active role, regardless of their age.

Joint / Side Jobs

To expand career options in anticipation of longer working periods, we have established a joint / side job system—in order to create an environment in which employees can continue to work autonomously and energetically, even in more diverse, long-term careers.

Initiatives Toward Flexible Work Styles such as Remote Work

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

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

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

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

- Flextime
- Discretionary work system
- Exemption from overtime
- Refresh vacation 9*1
- Incremental annual paid leave

*Refresh vacation 9* is a period of continuous leave (of nine days or more, including annual paid leave of five days or more, weekends and holidays) declared by the employee him or herself.
Respecting the Individuality and Values of Each Employee and Creating an Environment Where They Can Make Fully Effective Use of their Abilities

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

Promotion of Health Management

It is our belief that health is the foundation of everything we do in our work. We engage in measures that lead to the improvement of the health and quality of life for every employee, based on our basic policy of comprehensive health management balancing mind and body. While work styles and lifestyles have changed drastically, such as with the expansion of telework due to the COVID-19 pandemic, we are working to improve the health of our employees and re-energize the workplace by improving lifestyle habits and revitalizing communication in cooperation with the Health Insurance Society, under a dedicated organizational unit—the Health Management Group—which is part of the Human Resources Department.

Promotion of Female Participation and Career Advancement

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Promotion of Female Participation and Career Advancement

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

Target 1: Increase the number of female key-position employees (department manager and section manager level) to more than double the current number by FY2025.
Target 2: Maintain and continue the role of employment of female new graduates at 35% or more.

In order to achieve these targets, in addition to practical initiatives such as the formulation of individual training / development plans for female management candidates, we are also implementing specific initiatives to widely install (and implement) policies and declarations, etc., regarding diversity and the promotion of female participation and career advancement among employees.

Balancing work and childcare

With regard to balancing work with childcare, we are providing support not only for continuing to work, but also implementing various measures to create a workplace environment where employees with childcare responsibilities can still continue to enthusiastically and energetically, without losing their sense of satisfaction. In particular, we are expanding our efforts in response to the increase in the rate of male employees taking childcare leave to 72.2% and the number of days taken to 73 days (FY2021), such as by revising training for employees and supervisors of employees returning to work after taking leave—which was previously only for women—to include male employees in FY2022.

Employment of People with Disabilities: Establishment of a New Subsidiary

NSSOL has been working to employ people with disabilities for many years. In April 2021, we established the special subsidiary Act Corporation, with the main aim of expanding opportunities for people with disabilities to play active roles. In addition to expanding employment in existing areas, the company is also working to create new employment opportunities in the agricultural field and other areas.

Through collaboration between agriculture, welfare and companies, we are engaging in “agriculture-welfare collaboration” initiatives to solve problems faced in each field and help to create a society that coexists with local communities.

Human Rights

We have established the NSSOL Group Global Code of Business Conduct (2015) and the My Links (My Human Rights) Declaration (2021) to communicate our approach to human rights both inside and outside the company and implement various measures relating to human rights issues. In order to respond appropriately to growing social demands for human rights, we have also established a Human Rights Policy, and are working to increase the level of our efforts to date.
NSSOL Group positions the reduction of environmental impact as one of the most important issues in managing the company, and thus, to fulfill our corporate social responsibility, works toward reducing the environmental impact which may arise when we engage in our business activities as well as reducing the environmental impact of throughout society through our business, and thereby contributes to the preservation of the global environment and the realization of sustainable society by, among other means, taking appropriate measures for climate change issues.

Environmental Policy

NSSOL, NSSOL Chubu, NSSOL Hokkaido NSSOL, East Japan Kansai, Kyushu NSSOL, NVC, Kawasaki, Kyushu NSSOL, NVC, Act., NCI, NHS

Promotion Structure

NSSOL has established a Sustainability Committee, chaired by the Representative Director and President, to carry out initiatives relating to material issues. With regard to reducing environmental impact, including responses to the issue of climate change, an Environmental Management Committee—chaired by the Director responsible for Corporate Administration Bureau—has been established under the Sustainability Committee, to analyze business risks and opportunities due to climate change, deliberate on response measures, manage targets and results of indicators relating to environmental impact, and engage in activities to reduce such impact.

Environmental Management System

NSSOL has acquired ISO14001 certification—an international standard for environmental management systems—for offices and data centers in its head office area. We have also created the NSSOL EMS, our own environmental management system, combining ISO-compliant initiatives with responses to the TCFD recommendations. As of FY2022, we have expanded the scope of coverage to regional bases and group companies in Japan.

Promoting the Use of Renewable Energy

NSSOL Group is switching to the use of electric power derived from renewable energy sources. As of FY2021, we have switched 100% of electric power for office use at our head office (Minato-ku, Tokyo) to green electricity, which has been granted environmental value through non-fossil fuel certificates.

Examples of Specific Initiatives of NSSOL EMS

- Reducing power consumption
  - Reduce working hours by implementing work style reforms, turning off lights in unused areas, optimizing temperature settings for air conditioning / cooling / heating, thorough power-saving settings for PCs and monitors, utilizing power-saving equipment
  - Promoting paperless operations by installing displays in conference rooms and utilizing communication tools

- Waste
  - Persons in charge assigned to each floor to ensure thorough separation and management of garbage generated on a daily basis

- Education
  - Conducting e-learning (once a year for employees, and for partners upon appointment), distributing information on NSSOL EMS initiatives via the internal intranet

- Priority given to purchasing green products for internal use (office supplies and consumables)
# Corporate Governance

## Officers

### Representative Director & President

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Term of Office</th>
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<tbody>
<tr>
<td>Hiroiyuki Morita</td>
<td>Representative Director</td>
<td>January 2018</td>
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### Executive Directors

#### Takashi Oshiro

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<tr>
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#### Kazuhiro Tamaoki

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</table>

### Executive Director (Audit & Supervisory Committee Members)

#### Tetsuro Higuchi

<table>
<thead>
<tr>
<th>Position</th>
<th>Term of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director (Audit &amp; Supervisory Committee Member)</td>
<td>January 2018</td>
</tr>
</tbody>
</table>

### Board of Directors Membership (Skills Matrix)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Term of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiroiyuki Morita</td>
<td>Independent</td>
<td>June 2013</td>
</tr>
<tr>
<td>Takashi Oshiro</td>
<td>Independent</td>
<td>April 2018</td>
</tr>
<tr>
<td>Kazuhiro Tamaoki</td>
<td>Independent</td>
<td>April 2018</td>
</tr>
<tr>
<td>Masunao Kuroki</td>
<td>Independent</td>
<td>April 2018</td>
</tr>
<tr>
<td>Atsuki Ishii</td>
<td>Independent</td>
<td>April 2018</td>
</tr>
<tr>
<td>Ichiro Ishii</td>
<td>Independent</td>
<td>April 2018</td>
</tr>
</tbody>
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*NB Solutions* Integrated Report 2022
Corporate Governance Structure

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

Organizational design
Company with an Audit and Supervisory Committee

Number of directors
13

Term of appointment for directors
One year (two years for Audit & Supervisory Board Members)

Voluntary committees
Officer Personnel and Remuneration Committees

Remuneration system
(1) Fixed remuneration
(2) Performance-linked remuneration (short term & medium-long term)

Audit & Supervisory Committee
NSSOL’s Audit & Supervisory Committee consists of one internal director who is a Full-time Audit & Supervisory Committee member and two outside directors, including one with considerable knowledge of finance and accounting. We have also established the Audit & Supervisory Committee Office (with two members), as a dedicated organizational to support the execution of duties by the Audit & Supervisory Committee.

Audits are conducted from the perspectives of legality and appropriateness of the execution of duties by directors, in accordance with our annual audit policy and audit plan. Daily audit activities are carried out systematically, in close cooperation with the Internal Control & Audit Department. Audit & Supervisory Board Members strive to maintain a constant grasp on the internal situation by attending Board of Directors and Management Committee meetings, viewing materials of internal meetings and receiving reports from persons in charge of each department, and seek to improve the quality of audits by conducting written reviews and on-site surveys using check sheets based on the priority audit items in the audit plan.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors regularly analyses 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.

Director Remuneration System

(1) Policy on determining remuneration
A. Directors (excluding those who are Audit & Supervisory Committee Members)

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

(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 & Remuneration Meeting, attended by the president (Hiroyuki Morita), one internal director (Kazuhiko Tanakita) and three outside directors (Yazuki Yasui, Atsuko Ishii, and Ichiro Iwashita).

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

Based on the third-party evaluation, the Board judged that its effectiveness was ensured, as each agenda item submitted and reported to the Board of Directors was discussed through appropriate procedures in accordance with the Companies Act and internal regulations, and the effects of the transition to a new organizational model and compliance with the revised Corporate Governance Code were also confirmed.

Remuneration for outside directors consists of fixed remuneration only.

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

B. Directors who are Audit & Supervisory Committee Members

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

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

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

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

Establishment of an Internal Control & Audit Department

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

Risk management systems

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

The General Manager of the Internal Control & Audit Department confirms the status of the development and operation of the internal control system for the entire Group, assesses and evaluates the state of compliance with laws and regulations in each department, and takes necessary measures to prevent violations of laws and regulations. Details of these issues are reported to the Internal Control Committee, and important matters are reported to the Management Committee and the Board of Directors. We have also established—and operate—an internal reporting system to accept reports and consultations regarding risks in the execution of business. In the event of an incident or situation that has significant impact on business management, a crisis response headquarters is established, with the president as its director, to respond as necessary to minimize damage and impact on the company.

Employees are obliged to comply with laws and regulations and perform their duties appropriately. Employees who violate laws and regulations are subject to strict punishment in accordance with the provisions of the Rules of Employment, etc.

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Strategy

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Internal Feedback Measures

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

Since we established an outside director, NSSOL has achieved stable business growth by providing customer-oriented solutions backed by advanced technology and high-level human resources. Solid management—achieving customer requirements one by one and producing results—has been a key characteristic of NSSOL, and the source of its strength until now. At the same time, major developments are also taking place, with CK progressing rapidly, general-purpose technologies becoming more sophisticated, and platforms increasing their dominance in the market. Continuing to contribute to the creation of value for customers under such conditions requires a corporate strategy that includes more flexible and robust allocation of resources than ever before. I believe that aiming to become a “First DX Partner” means that NSSOL will enter the next stage of growth under such a new strategy. NSSOL’s strong balance sheet and talented human resources will make it possible to achieve this. The transition to a company with an Audit & Supervisory Committee system will also promote flexible strategic decision-making by the executive side. I expect to see new growth qualitatively different from one before.

Effectiveness of the Board of Directors

To entrust the execution of bold strategies to the executive side, it is also necessary to have a mechanism in place to tighten the reins. I think the current Board of Directors is functioning effectively in that respect. In addition to lively discussions at Board of Directors meetings, there are detailed explanations of the agenda in advance, and opportunities for Q&A at that stage as well. After Board of Directors meetings, there is an offline meeting to discuss not only company-wide themes but also individual business activities. There are also opportunities to interact with non-officer personnel, such as executive review meetings and sites visits, enabling us to understand NSSOL’s actual business activities. The role of an independent director is to check the internal logic from an external perspective, but we cannot give appropriate monitoring without a sufficient understanding of the company’s operations. The current situation—in which we have access to business information—helps us to fulfill our roles as independent directors. At the same time, to support new growth, I think it is necessary to pay more attention to the diversity and expertise of the members of the Board of Directors.

Strengthening Internal Control and Increasing Organizational Openness

Over the past few years, NSSOL has rapidly strengthened its internal control system. This is inevitable and necessary as business becomes more complex and competitive. We have comprehensively identified possible risks and carefully developed organizational structures and processes to prevent failures to respond as necessary. This is a very important achievement. No matter what system and mechanisms are in place, though, it is impossible to completely avoid the occurrence of internal control problems if each employee does not have the appropriate awareness. I believe that having an organization with an open culture, where people can converse openly without hesitation will enable us to achieve a higher level of internal control, so I would like us to place an emphasis on day-to-day communication.

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.

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.

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NS Solutions’ Integrated Strengths

With integrated strengths backed by cutting-edge technologies and deep business knowledge, NSSOL provides total support for customers’ system life cycles from consulting, planning, design and system building to operation and maintenance—providing truly valuable information systems to its customers.

NSSOL classifies its operations into the Business Solutions segment and Service Solutions segment, based on the types of services provided to customers. In order to solve customers’ business issues and support the creation of new business models, we deliver comprehensive services including consulting, planning, system building, operation and maintenance, and building specific systems, and providing operational expertise.

In the Business Solutions segment, we provide solutions that meet customer needs based on our extensive knowledge and experience in various industries, business types and business processes.

In the Service Solutions segment, we provide IT infrastructure solutions and outsourcing services, combining platform building technologies to meet mission-critical requirements with advanced operational expertise.

We also provide a full outsourcing service for Nippon Steel, including the planning and development of various information systems. By providing these services throughout the entire system lifecycle, we cater to a wide range of customer needs relating to information systems.

Business Solutions

Digital Transformation & Innovation Center

Provides value creation consulting that contributes to customers’ DX and innovation.

Manufacturing Industry Digital Transformation Center

Consolidates knowledge relating to DX business for the manufacturing industry and provides upstream consulting, proposals and execution support.

Industrial Business System Solutions Bureau

Supports the construction of value chains for many customers, with a focus on the manufacturing and transportation fields.

Retail & Service Business System Solutions Bureau

Provides solutions that contribute to the planning and development of the latest internet services, with a focus on digital platforms.

Service Solutions

IT Infrastructure Solutions Bureau

Provides services and solutions such as system building and operation, multi-cloud, digital workplace, and security solutions, based on our vast expertise accumulated over many years as IT infrastructure professionals.

Digital Technology & Solution Division

Develops solutions utilizing the latest digital technologies horizontally across multiple industries.

Steelmaking System Solutions Bureau

Provides full outsourcing services for the Nippon Steel Group, including planning, system building, operation and management in all business areas.

Subsidiaries

Japan

Hokkaido NS Solutions Corporation

NS Solutions Kansai Corporation

NS Solutions Osaka Corporation

NSSLC Service Corporation

NS Financial Engineering Group, Inc.

NS Financial System Solutions Bureau

NS Solutions (Shanghai) Co., Ltd.

Thai NS Solutions Co., Ltd.

PT. Sakura System Solutions Indonesia

PT. NISSOL SYSTEMS INDONESIA

PT. NSSOL SYSTEMS MALAYSIA

Subsidiaries

Overseas

NSS Solutions India Private Limited

NSS Solutions Malaysia Sdn Bhd

NSS Solutions Pte Ltd

NSS Solutions Thailand Co., Ltd.

PT.NSSOL SYSTEMS PERU

PT.NSSOL SYSTEMS ROMANIA

PT.NSSOL SYSTEMS SOUTH KOREA

PT.NSSOL SYSTEMS THAILAND

PT.NSSOL SYSTEMS UK

PT.NSSOL SYSTEMS USA
The Digital Transformation & Innovation Center plays the role of a cross-organizational core hub, as NSSOL’s Center of Excellence (CoE). It cooperates with various divisions, with their deep knowledge of customer’s operations and systems, and the Systems Research & Development Center, with its advanced technological capabilities, to achieve its mission of enhancing DX response capabilities for customers at a company-wide level.

**Target Fields / Characteristics**

- The Digital Transformation & Innovation Center focuses on the use of IT in DX promotion, the planning and launch of new businesses, and organizational transformation.
- Numerous efforts are required to solidify peripheral areas to make DX a corporate activity—is indispensable for business management, and the digital transformation (DX) is a way to expand the customer experience value (CX) of BtoB and BtoC service businesses, with the aim of improving corporate value, performance, and customer loyalty.

**DX Reform Lead**

The Center consists of four departments that provide specialized professional support for customers’ DX needs, from the perspective of digital data—in a business environment facing rapid market changes and increasing uncertainty. We support customers’ business and organizational reforms by consolidating the planning and conceptualization of new businesses, data utilization, system design, and system capabilities.

**Market Environment Analysis and Strategy**

**Growth opportunities**

- Responding to needs to drive and execute operations in areas where the required capabilities are not limited to the so-called Si domain, such as IT planning, strategy formulation, system development and operation, but also extend to the planning and formulation of corporate strategies and DX strategies.

**Medium-term Threats**

- Changes in processes, such as agile and internalized production, accompanying rapid technological advances, the progressive trend toward the use of services such as SaaS, fostering the ability to master them, and responding to business model implementations based on these prerequisites.

**Data Technology & Consulting Department**

- Specializes in the planning and conceptualization phase, which is important in driving DX.
- Supports customers’ innovation creation and organizational transformation.

**Architecture & Consulting Department**

- Plans and conceptualizes enterprise-wide architecture.
- Supports project-based application of architecture design technologies.

**Business Innovation & Consulting Department**

- Specializes in the planning and conceptualization phase, which is important in driving DX.
- Supports customers’ innovation creation and organizational transformation.

**Service Design Department**

- Drives and implements service design and agile development, with an emphasis on customer experience and user experience.

**Digital Transformation & Innovation Center**

Executive Officer
Director, Digital Transformation & Innovation Center
Takashi Saito

**Industrial Business System Solutions Bureau**

Executive Officer
Industrial Business System Solutions Bureau
Director, Manufacturing Industry Digital Transformation Center
Fumitoshi Sato

**Target Fields / Characteristics**

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

In the digital manufacturing area, in particular, we are considering the following services and expertise we provide under a unified brand—PLANETARY—to better support customers’ DX activities in the manufacturing industry.

**Market Environment Analysis and Strategy**

**Growth opportunities**

- Increased sophistication of management centered on maximum utilization of data, and emergence of needs to ensure adaptability to environmental changes.

**Medium-term Threats**

- Changes in areas of customer’s IT investment due to societal demands such as the SDGs.

**Key Points of Business Activities**

The Center plays an important role in NSSOL, which seeks to integrate all systems and support the realization of DX by customers. From the perspective of stakeholder related to information systems (1), we support comprehensive consideration for responding to and contributing to medium-term corporate strategies, IT strategies, DX strategies and CX strategies (2), co-creation of new businesses, and reducing risks and TCO (Total Cost of Ownership).

(1) Stakeholders related to information systems: Business managers, system users (business units, BtoB/BtoC service users) and system providers (system development, BtoB/BtoC service business units, etc.)

(2) DX strategies: Customer experience strategies. Strategies to expand the customer experience value (CX) of BtoB and BtoC service businesses, with the aim of improving corporate value, performance, and customer loyalty.

In response to the increasingly complex and sophisticated needs of companies to utilize IT, we work to resolve customer issues—and further to create a sustainable society—for providing a wide range of consulting services that are unique to NSSOL, as a service integrator, with solid technical capabilities, diverse perspectives, and awareness of implementation and operation of systems.

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

When building IT systems, we provide optimal solutions for our customers by combining the range of solutions we have been working on for many years with new solutions, such as our manufacturing performance data utilization and integrated data management platforms, across multiple business divisions or areas. In the area of digital manufacturing, in particular, under our PLANETARY brand, we are responding firmly to customers’ increasingly diversifying, complex, and sophisticated DX and other information investment needs—including (1) enhancing products and services throughout the life cycle, (2) automating value chain processes (including factories and production), (3) restructuring supply chains, (4) creating markets based on new value that did not exist before—and providing services that contribute to solving social issues such as the need for energy-saving and addressing the declining working population. In response to these changes, we will continue working to develop diverse and advanced human resources within NSSOL, to meet the expectations of our customers.

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

**One-stop DX support**

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

**Key Points of Business Activities**

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In the digital manufacturing area, in particular, we are considering the following services and expertise we provide under a unified brand—PLANETARY—to better support customers’ DX activities in the manufacturing industry.

**Response to DX needs in the manufacturing industry**

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

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

Business Activities

In the telecommunication carrier business, we will expand our business in the network, application, and operation areas based on the following points.

1. **Support for the introduction of 5G network-related systems**: We will seek to expand our business by leveraging our capabilities to identify and propose advanced solutions, overseas and provide our expertise in introducing them, with a view to the introduction of network-integrated services in Europe and Asia, with the expansion of non-telecom services by telecom carriers. In particular, we will focus on areas contributing to the stable provision of services to telecom carriers, including failure prevention, control of massive network traffic, and service monitoring.

2. **Service system development support for telecom carriers**: We will respond to service development related to our expertise, such as network provisions, network-to-network or network-to-clouds, service design, and service monitoring and maintenance. When providing services, we will actively appoint offshore companies to enable global agile development.

3. **Enterprise business**: In the enterprise business, we will develop the market by combining our services with various use cases in which we excel, with a particular focus on local 5G. By making widespread use of our successful case studies, we will accelerate DX — particularly in the manufacturing industry — and contribute to strengthening our customers’ competitiveness.

**Enterprise Local 5G**

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

The finance business is all the very forefront of IT, where the ability to quickly identify, analyze, and utilize information determines everything.

Based on the deep business knowledge and implementation capabilities in financial engineering and risk regulation that NSSOL has cultivated over the past 20 years, the Financial System Solutions Bureau has consistently supported system life cycles—from application building to maintenance—with a competitive advantage unrivaled by other companies, in fields such as derivatives and risk management.

**Market & Business Administration Solutions**

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

We also provide numerous business administration solutions with respect to various financial regulations, including Basel III.

**Market Environment Analysis and Strategy**

**Growth opportunities**

- While financial functions being unbundled* and a wide range of industries accelerate the incorporation of financial functions, development and enhancement of environment for delivering financial services that did not exist in the past have been observed
- Structural changes in roles played by traditional financial institutions as a result of the revision of the Banking and deregulation. Specifically, the appearance of new business operators from other industries providing and delivering—rebundling—services that did not exist in the past, as the monopoly on financial services such as loans and payment settlement comes to an end
- Expansion of climate change initiatives and progress in ESG investment

**Medium-Term Threats**

- Accelerated globalization of Japanese financial institutions
- Continued long-term growth in the domestic market, control of cost, and accelerated depreciation of the yen
- Accelerated integration/consolidation of regional financial institutions

**Key Points of Business Activities**

In the business environment of Japanese banks, which are our main customers, developments such as the revision of the Banking Act and deregulation are laying the groundwork for encouraging market entry by business operators from different industries. Increased sophistication of business operations and expansion of business domains by businesses in the financial industry—"unbundling*"—and progress in capital and business alliances are also expected. Such companies—including NSSOL—will need to respond to game-changing developments accompanying the aggregation and reorganization of the marketplace.

Major banks are already moving to support IT investment, shifting to internalization and making large-scale reductions in numbers of physical branches, envisioning a full-scale business model reform. We also assume that major securities companies will pursue internalization and DX as they transition their core systems to cloud services.

*Unbundling and rebundling: financial services are made up of a large number of functions that are tied ("bundled") together. However, due to changes such as the revision of the Banking Act and deregulation, the bundled financial services that have traditionally been provided by financial institutions are being dismantled ("unbundled") and new financial services that did not exist in the past are being created ("rebundled") and some functions now being handled by different industries.

**Financial System Solutions Bureau**

Our advanced project execution capabilities contribute to the building and operation of very high-difficulty systems. Going forward, we will utilize the business insights and engineering capabilities cultivated through our many years of experience in this field to drive public DX and support the resolution of social issues.

**Building and operating large-scale network infrastructure for central government ministries and agencies**

We provide large-scale networks (such as LANs and WANs) for central government ministries and agencies using advanced security technologies—providing digital services utilizing cloud platforms, creating and analyzing statistics based on various government data, and delivering solutions for advanced data use.

**Market Environment Analysis and Strategy**

**Growth opportunities**

- Expansion of IT investment and business opportunities based on the Japanese government’s Priority Policy Program for Realizing Digital Society
- Use of digital technologies to solve social issues accelerated by unified effort of the public and private sectors
- Increasing need for DX in administrative services in the future as the use of IT progresses rapidly throughout society
- Renewal of information systems to promote DX at central government ministries and agencies
- Advancement of public-private data utilization (healthcare, smart cities, etc.) which is one of the Japanese government’s key focus policies

**Medium-Term Threats**

- Changes in the way the government operates, as result of rapid social and environmental changes. In particular, fundamental changes in the building and operation of existing IT systems in central government ministries and agencies, which are the Division’s main business
- Response to information security risks due to the increasing scale and severity of cyberattacks targeting critical infrastructure as IoT continues to rapidly penetrate society

**Key Points of Business Activities**

By mainly handling projects relating to public institutions such as government ministries / agencies and local government offices, the Public Sector System Solutions Division conducts activities that contribute to the realization of the SDGs action plan set forth by the Japanese government and the resolution of social issues such as the declining birthrate, aging population and shrinking workforces that underlie it.

- Stable provision of high-quality IT infrastructure services to the public institutions that operate the county and society
- We provide highly reliable, high-quality IT infrastructure to public institutions by leveraging our various strengths—which include high-level project management capabilities, development and system-building capabilities, stable operation capabilities, and vendor-free procurement capabilities—gained through our experience in building and operating large-scale public systems with a high level of public interest. In system renewal, we propose and build optimal multi-cloud environments by combining customer’s business and system knowledge cultivated through many years of experience with cutting-edge cloud technologies.

We are also supporting efforts to increase operational efficiency and implement work style reforms at various government ministries and agencies by providing digital workplaces, leveraging our track record of introducing many telework environments during the COVID-19 pandemic.

- Digitalization of healthcare with data security at its core
- Going forward, we will create a new personal data utilization business combining data management and data utilization services, with our strengths in data security, to develop businesses that contribute to the creation of a “healthy aging society,” in which medical information is utilized in various fields.
Medium-Term Threats

- Intensified competition due to the emergence of OT* vendors
- Full-scale market entry into the IoT market in the industrial field by large-scale IT platforms
- Intensified competition to secure digital human resources in the field of data utilization domain
- OT (Operation Technology) refers to technologies for controlling and monitoring hardware devices and equipment (facilities), mainly used in manufacturing and social infrastructure.

Medium-Term Threats

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

Key Points of Business Activities

With intensifying global competition, the declining birthrate, aging population and aging facilities, there are more and more issues of increasing complexity to be addressed in order to conduct sustainable corporate activities. And the challenge of these issues is growing significantly. To enhance on-site operational capabilities and improve the sustainability, which is a key source of competitiveness in industry, we develop and provide solutions and services with higher added value by combining technologies for data utilization such as AI, ML, and data management, in addition to the insights gained through our development of solutions such as safety monitoring and work support for factory workers.

Specifically, in order to create smart factories that can demonstrate high performance improvement such as new awareness by combining and utilizing data on the 4M’s of manufacturing (Man, humans / Machine: facilities / Materials: goods and materials / Method: operation and work) and optimization for a wider range of operations, we aim to increase added value by creating integrated solutions that combine many related applications such as AI and ML—supported by our platform that can centrally handle structured and unstructured data at the core.

In response to intensifying competition for digitally oriented human resources, we will also collaborate with external partners such as consultants in business domains, and secure human resources in the field of data management, with a key focus on accumulating knowledge and developing upstream human resources through project execution.

The IT Infrastructure Solutions Bureau contributes to the business growth of customers through support for organizational reform that enables customers to grow continuously, provision of stable IT infrastructure as social infrastructure, and providing IT environments where diverse human resources can play active roles. We also contribute to solving social issues such as reducing CO₂ emissions, and the decline in the working population.

1. Support for organizational reform that enables customers to grow continuously

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

2. Provision of stable IT infrastructure as social infrastructure

With the shortage of IT human resources, we are achieving the shift of human resources to the growth fields of our customers by increasing sophistication using advanced technologies such as AI—through outsourcing utilizing our own services such as the managed cloud "absorbe", the operation service "emerald", and our energy-efficient data centers. We also provide services necessary for ensuring business continuity in a centralized manner against various security threats and BCP risks such as system faults and natural disasters.

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

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

The Digital Technology & Solution Division works to solve customer issues by providing solutions focused around the latest digital technologies and digital workspaces.

1. We work together with customers to facilitate the practical application of AI to actual business processes, based on knowledge gained through providing the introduction of DatаРobot to over 100 companies and a deep understanding of business issues specific to each industry. In addition to continuing the evolution of our proprietary DatаРobot add-one such as INVERSOl, we will continue to expand our human resources development and system integration services to drive forward the implementation of AI in society, including the development of new AI solutions based on customer needs and solving social issues.

2. Our division has an extensive track record of leading the market. Going forward, 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., face-to-face) and contactless solutions. We will also continue to respond to drastically changing market needs through our agile development system.

3. With regard to market entry from companies in neighboring business fields, we will seek to differentiate ourselves from our competitors by combining our existing expertise in workflow and document management solutions with new knowledge of U/D design in order to support the smooth introduction of solutions by our customers. We regard this as an effective solution, for customers to easily improve the productivity of their internal processes and to solve social issues such as the declining working population.

4. We have many customers with whom we have built trusting relationships. Going forward, our agile human resources will support the use of IT in our customer's respective competitive business areas using a U/D design approach, contributing to the further business growth of our customers.

**Market Environment Analysis and Strategy**

**Growth opportunities**

- Increasing needs for resilient AI utilization and internalized production management, AI and system integration, against the backdrop of a shrinking working population
- Growing use of unstructured data such as natural language and innovation by combining technologies such as machine learning and optimization
- Rapid increase in the need for electronic contracts, which are essential for remote work and facilitating the shift away from traditional stamps / seals
- Increase in new opportunities due to market entry to changes in IT needs surrounding electronic contracts, due to the shift to electronic invoicing and digital transformation of BtoB / BtoC transactions
- Growing needs for IT and support services due to internalization of in-house processes to promote DK

**Medium-term Threats**

- Intensifying competition due to new entrants into the electronic contract market (ERP vendors, EDI vendors, etc.) and increased activities of existing competitors
- Intensified competition due to the entry of solutions that are closely related to the BPM market (ERP, groupware, workflow, etc.)
- Decline in corporate profitability leading to a decline in motivation for IT investment in areas where investors can benefit from sustained investments

**Low-code platform introduction support**

Introducing BPM and low-code platforms can be very challenging for customers to do by themselves. Our division provides helpful support, from consulting with customers on the business processes they want to transform, to selecting and introducing tools and helping customers to expand and improve by themselves.
Target Fields / Characteristics

NSSOL's overseas bases accurately identify and understand the needs of Japanese global companies and other customers expanding overseas markets and support their sustainable growth. We make effective use of development methods suitable for the short-cycle business investments that are peculiar to overseas businesses to maximize returns on our customers' investments, while at the same time following Japanese-style development technologies.

Support for corporate overseas expansion

Since establishing our first base in Shanghai in 2002, we have gone on to provide NSSOL BiBooster, a business system that vertically launches operations for customers expanding overseas, in China, Thailand, Singapore, and Indonesia. Currently, we also incorporate agile development methods and BPM functions to help our customers steer their overseas businesses toward DX.

Market Environment Analysis and Strategy

Business support utilizing advanced specialist expertise

In London, one of the financial capitals of the world, NSSOL Solutions IT Consulting Europe, Ltd. is developing systems to make fully effective use of sophisticated financial engineering at the bases of major Japanese financial institutions. In Singapore, Asia's financial center, NSSOL Solutions Asia Pacific Pte. Ltd. supports the internal development of major Japanese financial institutions, and provides solutions and services developed in Japan to local customers.

Growth opportunities

- Maintaining development strategies for each customer, against the backdrop of huge markets in China and Indonesia.
- Growing DX needs from Japanese customers in Singapore (a huge financial hub) and Thailand (global production base).
- Supply of excellent and affordable resources through M&A and alliances to cover shortages of resources in Japan.
- Accumulation of the latest technologies ahead of others by stationing IT researchers in China—a major global power in IT on par with the United States.

Medium-term threats

- Acceleration of overseas investment by Japanese companies and the explicit decline in the Japan market.
- Major changes in the market as China grows into the world's second largest IT power.
- Decline of the Japanese "scratch development" model with the global rise of standardization technologies.
- Increase in market entry by global IT vendors due to the decline in scratch development and knowledge of some Japanese IT vendors becoming obsolete.

Key Points of Business Activities

Our overseas locations support the sustainable growth of customers—and NSSOL itself—by providing support for customers who concern themselves about social issues such as market shrinkage and labor shortages due to the declining birthrate and aging population in Japan, and by developing new sales channels. To enable acquisition of tacit knowledge that is difficult to verbalize—such as intuition and know-how that are necessary for welding—including individual differences, we have created a scoring model using skilled workers' physical movements as training data, while taking into account individual differences. In addition to measuring the stability of the weld pool in the virtual space, we have created a function that evaluates good or bad posture and body movements of the trainee by motion capture, in reference to an AI model prepared in advance. To draw a comparison with a golf lesson, for example, a teaching professional will observe the student's swing and analyze and instruct the student from various angles on how to raise their arms, shift their center of gravity, hit a ball, and swing well or badly. In a similar way, trainee welders can engage in training while receiving objective assessments and advice on body orientation and how to move the welding torch from the AI trainer in the virtual space. We believe that this will solve a pressing issue in weld quality due to undesirable working environments. Welding, in particular, is an area that has been automated from early on, but manual welding by skilled workers is still required for various welding operations with complex requirements—making welding a necessary skill not only in manufacturing but also during maintenance.

NSSOL R&D: Supporting Businesses

In addition to the business divisions responsible for current business operations, we also have departments that specialize in IT research and development (R&D). We identify emerging or cutting-edge technologies which are difficult for our business departments to reach. We examine and comprehend them, make specific proposals to our customers.

Furthermore, we bring them to fruition as our own production technologies. As a result, we ensure our material issues of solving social issues through IT and providing a stable supply of IT services as social infrastructure.

Solving Social Issues: Passing on Skills in the Digital Age

Training of skilled workers has become a pressing issue due to the decline in the working population and the distancing of young people due to undesirable working environments. Welding, in particular, is an area that has been automated from early on. However, manual welding by skilled workers is still required for various welding operations with complex requirements—making welding a necessary skill not only in manufacturing but also during maintenance.

NSSOL R&D, the R&D division of NSSOL, is supporting businesses with the latest technologies, application / use technologies and development methods that original customers and put them to effective use in customer support in close cooperation with Japan headquarters (AI, robots, data science, etc.).

In London, one of the financial capitals of the world, NSSOL Solutions IT Consulting Europe, Ltd. is developing systems to make fully effective use of sophisticated financial engineering at the bases of major Japanese financial institutions. In Singapore, Asia's financial center, NSSOL Solutions Asia Pacific Pte. Ltd. supports the internal development of major Japanese financial institutions, and provides solutions and services developed in Japan to local customers.

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Together with the National Institute of Advanced Industrial Science and Technology (AIST) HCM Research and Development Center and the Japan Welding Engineering Society (JWES), we are currently engaged in the development of a new virtual reality (VR) simulator that will enable the transfer of skills suitable for the digital age. Strict simulations of physical welding phenomena, especially in real life, are difficult since they are very complex and need large-scale computation. On the other hand, for skilled craftspersons who have intelligent judgements, it is necessary that the appearance of the virtual welding pool (the pool of molten metal) resembles that of the real as closely as possible. Our solution to this problem is the combination of a simulation model (based on a physical model) and an image prediction model of a weld pool created using machine learning.
### Consolidated Financial Results

<table>
<thead>
<tr>
<th></th>
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<th>FY2020</th>
<th>FY2021</th>
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<tbody>
<tr>
<td><strong>Statement of Income (Millions of yen)</strong></td>
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<tr>
<td>Revenue</td>
<td>230,860</td>
<td>255,116</td>
<td>274,843</td>
<td>251,992</td>
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<td>Cost of sales</td>
<td>182,629</td>
<td>202,820</td>
<td>218,244</td>
<td>200,042</td>
<td>210,011</td>
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<td>Gross profit</td>
<td>48,230</td>
<td>52,295</td>
<td>56,598</td>
<td>51,950</td>
<td>60,321</td>
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<td>Selling, general and administrative expenses</td>
<td>26,386</td>
<td>26,910</td>
<td>28,210</td>
<td>27,400</td>
<td>30,505</td>
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<td>Operating profit</td>
<td>21,844</td>
<td>25,385</td>
<td>28,387</td>
<td>24,549</td>
<td>29,815</td>
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<td>Ordinary profit</td>
<td>22,279</td>
<td>16,713</td>
<td>18,552</td>
<td>16,982</td>
<td>19,977</td>
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<tr>
<td>Profit attributable to owners of parent</td>
<td>14,105</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Balance sheet (end of year)</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>Total assets</td>
<td>219,077</td>
<td>232,779</td>
<td>240,448</td>
<td>272,223</td>
<td>296,790</td>
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<td>Current assets</td>
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<td>149,478</td>
<td>162,882</td>
<td>171,834</td>
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<tr>
<td>Non-current assets</td>
<td>82,565</td>
<td>83,301</td>
<td>77,565</td>
<td>100,388</td>
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<td>Total liabilities</td>
<td>78,710</td>
<td>86,878</td>
<td>85,055</td>
<td>86,094</td>
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<td>Current liabilities</td>
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<td>68,629</td>
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<td>60,694</td>
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<td>Non-current liabilities</td>
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<td>18,249</td>
<td>16,955</td>
<td>25,400</td>
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<td>Total net assets</td>
<td>140,366</td>
<td>145,901</td>
<td>155,392</td>
<td>186,128</td>
<td>203,429</td>
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<td><strong>Cash Flow Statement</strong></td>
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<tr>
<td>Cash flow from operating activities</td>
<td>13,138</td>
<td>19,690</td>
<td>19,366</td>
<td>17,544</td>
<td>32,313</td>
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<td>Cash flow from investing activities</td>
<td>-6,145</td>
<td>-1,624</td>
<td>-2,975</td>
<td>10,414</td>
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<td>Cash flow from financing activities</td>
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<td>Capital Investment, depreciation and R&amp;D expenses</td>
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<tr>
<td>Capital investment</td>
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<td>Depreciation</td>
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<td>Research and development (R&amp;D) expenses</td>
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<td>1,996</td>
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<td><strong>Financial Indicators</strong></td>
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<td>Gross profit margin (%)</td>
<td>20.9</td>
<td>20.5</td>
<td>20.6</td>
<td>20.6</td>
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<td>Operating profit margin (%)</td>
<td>9.5</td>
<td>10.0</td>
<td>10.3</td>
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<td>ROE (%)</td>
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<td>12.8</td>
<td>10.3</td>
<td>10.6</td>
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<tr>
<td>ROA (%)</td>
<td>10.7</td>
<td>11.4</td>
<td>11.9</td>
<td>9.8</td>
<td>10.8</td>
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<td>Dividend payout ratio (%)</td>
<td>33.6</td>
<td>30.8</td>
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### Orders received

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<tr>
<td>Manufacturing, Retail &amp; Service</td>
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<td>Financial Services</td>
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<td>Government, Public Organizations and Others</td>
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### Sales by Segment / Customer Industry

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</tr>
</tbody>
</table>

### Performance by Segment

<table>
<thead>
<tr>
<th>Segment Information</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing, Retail &amp; Service</td>
<td>60,233</td>
<td>67,786</td>
<td>77,232</td>
<td>66,783</td>
<td>77,217</td>
</tr>
<tr>
<td>Financial Services</td>
<td>35,034</td>
<td>31,750</td>
<td>28,762</td>
<td>35,336</td>
<td>34,446</td>
</tr>
<tr>
<td>Government, Public Organizations and Others</td>
<td>22,661</td>
<td>47,849</td>
<td>38,278</td>
<td>39,103</td>
<td>23,703</td>
</tr>
<tr>
<td><strong>Service Solutions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nippon Steel Group</td>
<td>52,457</td>
<td>55,206</td>
<td>54,581</td>
<td>53,574</td>
<td>56,529</td>
</tr>
<tr>
<td><strong>Subsidiaries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32,034</td>
<td>34,274</td>
<td>37,127</td>
<td>34,362</td>
<td>37,097</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>254,808</td>
<td>271,077</td>
<td>268,298</td>
<td>259,777</td>
<td>271,593</td>
</tr>
</tbody>
</table>
## Non-Financial Information

### Human Resources FY2017 FY2018 FY2019 FY2020 FY2021

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees (consolidated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,232</td>
<td>6,434</td>
<td>6,639</td>
<td>6,958</td>
<td>7,14 3</td>
</tr>
<tr>
<td>Average age</td>
<td>39.4 years old</td>
<td>39.6 years old</td>
<td>39.6 years old</td>
<td>39.8 years old</td>
<td>40.0 years old</td>
</tr>
<tr>
<td>Average duration of service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>13.4 years</td>
<td>13.6 years</td>
<td>13.7 years</td>
<td>13.6 years</td>
<td>14.0 years</td>
</tr>
<tr>
<td>Female</td>
<td>8.3 years</td>
<td>8.5 years</td>
<td>8.5 years</td>
<td>8.7 years</td>
<td>8.9 years</td>
</tr>
<tr>
<td>Total</td>
<td>12.6 years</td>
<td>12.8 years</td>
<td>12.8 years</td>
<td>12.7 years</td>
<td>13.0 years</td>
</tr>
<tr>
<td>Number of new graduate hires (joining the company on April 1 of next fiscal year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>96</td>
<td>103</td>
<td>114</td>
<td>97</td>
<td>113</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>49</td>
<td>50</td>
<td>50</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>144</td>
<td>152</td>
<td>164</td>
<td>147</td>
<td>172</td>
</tr>
<tr>
<td>Number of mid-career hires (joining the company during the relevant fiscal year)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>53</td>
<td>63</td>
<td>75</td>
<td>67</td>
<td>79</td>
</tr>
<tr>
<td>Female</td>
<td>12</td>
<td>17</td>
<td>19</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>80</td>
<td>94</td>
<td>73</td>
<td>99</td>
</tr>
<tr>
<td>Number of employees who left the company for their own reasons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2.2%</td>
<td>3.4%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Female</td>
<td>3.1%</td>
<td>2.2%</td>
<td>3.9%</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Total</td>
<td>2.3%</td>
<td>3.2%</td>
<td>3.2%</td>
<td>3.2%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Percentage of employees with disabilities</td>
<td>1.79%</td>
<td>2.09%</td>
<td>2.23%</td>
<td>2.20%</td>
<td>2.37%</td>
</tr>
<tr>
<td>Number of temporary employees</td>
<td>681</td>
<td>723</td>
<td>744</td>
<td>664</td>
<td>709</td>
</tr>
<tr>
<td>Male</td>
<td>818</td>
<td>851</td>
<td>857</td>
<td>905</td>
<td>949</td>
</tr>
<tr>
<td>Female</td>
<td>30</td>
<td>30</td>
<td>33</td>
<td>41</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>848</td>
<td>881</td>
<td>890</td>
<td>946</td>
<td>991</td>
</tr>
<tr>
<td>Number of managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>69</td>
<td>47</td>
<td>61</td>
<td>80</td>
<td>63</td>
</tr>
<tr>
<td>Female</td>
<td>2</td>
<td>3</td>
<td>10</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>50</td>
<td>71</td>
<td>85</td>
<td>66</td>
</tr>
<tr>
<td>Number of newly appointed managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>964</td>
<td>959</td>
<td>975</td>
<td>997</td>
<td>1,003</td>
</tr>
<tr>
<td>Female</td>
<td>111</td>
<td>122</td>
<td>133</td>
<td>144</td>
<td>158</td>
</tr>
<tr>
<td>Total</td>
<td>1,075</td>
<td>1,081</td>
<td>1,108</td>
<td>1,141</td>
<td>1,161</td>
</tr>
<tr>
<td>Hours spent on education and training for employee development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hours</td>
<td>135,536</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average hours / person</td>
<td>59.9 hours / month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly average overtime hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of days of paid leave taken</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>15.6 days / year</td>
<td>16.4 days / year</td>
<td>15.0 days / year</td>
<td>13.7 days / year</td>
<td>14.6 days / year</td>
</tr>
<tr>
<td>Female</td>
<td>41</td>
<td>47</td>
<td>40</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>58</td>
<td>59</td>
<td>66</td>
<td>71</td>
</tr>
<tr>
<td>Number of employees taking childcare leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Number of employees taking caregiving leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

### Environment FY2015 FY2017 FY2018 FY2019 FY2020 FY2021

| Scope1 (fuel) (t-CO2) | 222 - 170 | 493 140 | 137 |
| Scope2 (electricity) (t-CO2) | 39,852 - 38,024 | 36,169 32,790 | 30,559 |
| Scope3 (t-CO2) | 40,074 - 38,194 | 36,662 32,930 | 30,696 |
| Comparison with FY2015 (%) | - -4.7% -8.5% -17.8% -23.4% |

### External recognition

Adoption as a constituent of ESG stock indices

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

Initiatives joined and supported

Task Force on Climate-related Financial Disclosures

Leadership Participation in the FTSE4Good Index Series, the FTSE Blossom Japan Index, and the FTSE Blossom Japan Sector Relative Index

Integrated Report 2022
## Stock Information

### Stock Information

- **Stock code**: 2377
- **Stock exchange listing**: Tokyo Stock Exchange Prime Market
- **Last day of the fiscal year**: March 31
- **Annual General Meeting of Shareholders**: June
- **Total shares**: 150 shares
- **Shares authorized to be issued by the Company**: 403,992,000 shares
- **Number of issued shares**: 39,501,000 shares
- **Administrator of shareholders’ register**: 1-4-1 Minato-ku, Chiyoda-ku, Tokyo (Standing proxy: SSBTC CLIENT OMNIBUS ACCOUNT Services Department of Mizuho Bank, Ltd.)
- **Dividend record date**: Last day of March and September

### Ownership by Shareholder

#### as of March 31, 2022

<table>
<thead>
<tr>
<th>Individual/private and other investors</th>
<th>Japanese securities companies</th>
<th>Financial institutions</th>
<th>Foreign companies</th>
<th>Other Japanese companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.5%</td>
<td>6.6%</td>
<td>11.0%</td>
<td>19.1%</td>
<td>63.6%</td>
</tr>
</tbody>
</table>

**Number of shares held (thousand shares)**

- Individual/private and other investors: 58,035
- Japanese securities companies: 6,342
- Financial institutions: 2,064
- Foreign companies: 2,266
- Other Japanese companies: 76,579

**Ratio of the number of shares owned to the number of shares issued (excluding treasury shares) (％)**

- Individual/private and other investors: 63.42
- Japanese securities companies: 11.29
- Financial institutions: 2.26
- Foreign companies: 1.29
- Other Japanese companies: 7.14

### Primary Shareholders as of March 31, 2022

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Number of shares held (thousand shares)</th>
<th>Ratio of the number of shares owned to the number of shares issued (excluding treasury shares) (％)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nippon Steel Corporation</td>
<td>2-6-1, Minato-ku, Chiyoda-ku, Tokyo</td>
<td>58,035</td>
<td>63.42</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust account)</td>
<td>2-15-3 Hamamatsucho, Minato-ku, Tokyo</td>
<td>5,037</td>
<td>5.53</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust account)</td>
<td>1-8-12, Hamamatsucho, Chuo-ku, Tokyo</td>
<td>3,863</td>
<td>4.22</td>
</tr>
<tr>
<td>JP Morgan Chase Bank (Standing proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td>
<td>25 BANK STREET, CANNARY WHARF LONDON, E14 S.LP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)</td>
<td>3,688</td>
<td>4.01</td>
</tr>
<tr>
<td>NS Solutions Employee Stock Ownership Association</td>
<td>1-7-1 Toranomon, Minato-ku, Tokyo</td>
<td>2,064</td>
<td>2.26</td>
</tr>
<tr>
<td>State Street Bank and Trust Company 505001 (Standing proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td>
<td>P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)</td>
<td>1,164</td>
<td>1.29</td>
</tr>
<tr>
<td>State Street Bank and Trust Company 505013 (Standing proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td>
<td>P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)</td>
<td>1,015</td>
<td>1.11</td>
</tr>
<tr>
<td>AIF Global Trust PLC (Standing proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td>
<td>51 NEW NORTH ROAD E14 E16 DEVON EXA 6EP UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)</td>
<td>677</td>
<td>0.74</td>
</tr>
<tr>
<td>SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: HSBC Tokyo Branch, Custody Services Department)</td>
<td>ONE LINDON STREET, BOSTON MA USA 02110-111, Nihonbashii, Chuo-ku, Tokyo</td>
<td>525</td>
<td>0.57</td>
</tr>
<tr>
<td>The Bank of New York Mellon 140044 (Standing proxy: Settlement &amp; Clearing Services Department of Mizuho Bank, Ltd.)</td>
<td>240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)</td>
<td>488</td>
<td>0.53</td>
</tr>
</tbody>
</table>

**Total**

76,579 83.69

*In addition to the above, there are 903 shares of stock held by the Company.

### Gross Shareholder Yield and Share Price as of March 31, 2022

<table>
<thead>
<tr>
<th>Fiscal year end</th>
<th>2018/3</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
<th>2022/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total shareholder return(％)</td>
<td>128.4</td>
<td>128.6</td>
<td>118.5</td>
<td>151.1</td>
<td>164.9</td>
</tr>
<tr>
<td>(Comparison index: TOPIX including dividends)(％)</td>
<td>(115.6)</td>
<td>(110.5)</td>
<td>(99.6)</td>
<td>(141.6)</td>
<td>(144.3)</td>
</tr>
<tr>
<td>Highest share price (yen)</td>
<td>3,275</td>
<td>3,750</td>
<td>3,935</td>
<td>3,700</td>
<td>4,085</td>
</tr>
<tr>
<td>Lowest share price (yen)</td>
<td>2,131</td>
<td>2,408</td>
<td>2,234</td>
<td>2,365</td>
<td>3,050</td>
</tr>
</tbody>
</table>

## Corporate Information

### Company Information as of March 31, 2022

- **Company name**: NS Solutions Corporation
- **Capital**: 12,953 JPY million
- **Headquarters**: 10286, U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)
- **Established**: October 1, 1980
- **Description of business**: 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**: 270.3 JPY billion (consolidated, FY2021)
- **Number of employees**: 7,143 (consolidated, FY2021)

### List of Affiliated Companies as of April 1, 2022

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido NS Solutions Corporation</td>
<td>Sapporo Head office: Nihon Sainai Kita Kurokawa building 10F, F-1-1, Kitashinchi-ku, Sapporo-shi, Hokkaido</td>
</tr>
<tr>
<td>East Japan NS Solutions Corporation</td>
<td>Tokyo Head office: Tokyo Sumitomo Twin Building East Tower, 2-27-1, Shinjuku-ku, Tokyo</td>
</tr>
<tr>
<td>NS Solutions Chubu Corporation</td>
<td>NTT Solutions Corporation: 1-17-16, Meiji-mirai 1-2, Naka-ku, Nagoya-shi, Aichi</td>
</tr>
<tr>
<td>NS Solutions Kansai Corporation</td>
<td>OAP Tower 34F, 1-6-30, Tamatsukuri, Kitaku, Osaka-shi, Osaka</td>
</tr>
<tr>
<td>Kyushu NS Solutions Corporation</td>
<td>2-3-7, Hakata-ku, Fukuoka-shi, Fukuoka</td>
</tr>
<tr>
<td>NSILC Service Corporation</td>
<td>Tokyo Sumitomo Twin Building East Tower, 2-27-1, Shinjuku-ku, Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>NS Financial Management Consulting, Inc.</td>
<td>Toranomon Hills Business Tower 27F, 1-17-1 Toranomon, Minato-ku, Tokyo</td>
</tr>
<tr>
<td>Network Value Components Ltd.</td>
<td>Technosport Tajoesuim Building, 2-16-2 Minami-kamata, Ota-ku, Tokyo</td>
</tr>
<tr>
<td>Act.</td>
<td>3-20-5, Hatchobori, Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>NS Solutions (Shanghai) Co., Ltd.</td>
<td>15F, New Huai Lian Mansion (M), 775 Huai Hai Rd (M), Shanghai, 200020, China</td>
</tr>
<tr>
<td>NS Solutions Asia Pacific Pte Ltd.</td>
<td>16 Raffles Quay #17-01 Hong Leong Building Singapore 049581</td>
</tr>
<tr>
<td>Thai NS Solutions Co., Ltd.</td>
<td>1 Empire Tower, 31st Floor South Sathorn Road, Yanawa, Sathorn, Bangkok 10120, Thailand</td>
</tr>
<tr>
<td>PT. NISSOL SYSTEMS INDONESIA</td>
<td>HDI INVESTMENT, 4th floor A, Probiobong No.18, RT1/1/FW2, Gondangdia, Menteng, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10350, Indonesia</td>
</tr>
<tr>
<td>PT. Sakura System Solutions</td>
<td>HDI INVESTMENT, 4th floor A, Probiobong No.18, RT1/1/FW2, Gondangdia, Menteng, Kota Jakarta Pusat, Daerah Khusus Ibukota Jakarta 10350, Indonesia</td>
</tr>
<tr>
<td>NS Solutions USA Corporation</td>
<td>2000 Alameda de las Pulgas, Suite159, San Mateo, CA, 94403, USA</td>
</tr>
<tr>
<td>NS Solutions IT Consulting Europe Ltd.</td>
<td>Building 3, Chiswick Park 565 Chiswick High Road Chiswick London W4 5YA</td>
</tr>
</tbody>
</table>