

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



NS Solutions Integrated Report 2022

NS Solutions Corporation Integrated Report 2022



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.**

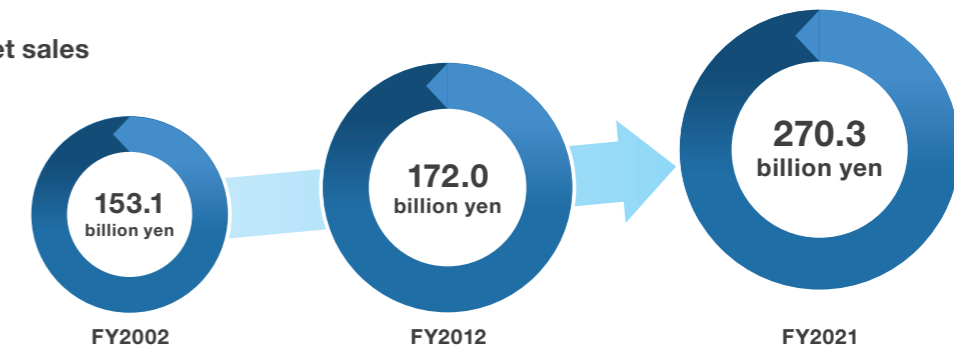
**The power of accrued knowledge and technology,
driven by individual passion.**



History of NS Solutions

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

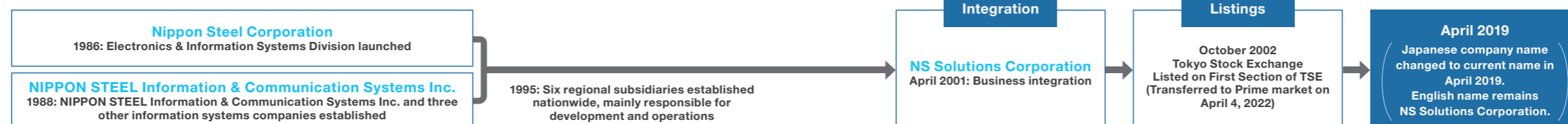
Consolidated net sales



*1 Now called Technology Bureau Systems Research & Development Center

*2 Now called Digital Transformation & Innovation Center *3 Now called Technology Bureau Architecture & Technology Department

Corporate History



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Logo



NS Solutions

“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.

Period covered

Fiscal year 2021 (from April 1, 2021 to March 31, 2022)

Scope

NS Solutions Corporation (NSSOL) and NSSOL Group Companies (21 subsidiaries and 1 affiliate)

Month of publication

October 2022

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Guidelines Used as a Reference

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

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

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

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 the working population. 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 deep and long-lasting customer relationships fostered by tackling with their management challenges, we are committed to solving diverse social issues and grow as a responsible enterprise together with our customers.

Sustainability Management Initiatives

NSSOL's corporate philosophy is as follows.

Corporate Philosophy

Creation, Reliability, Growth

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

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.

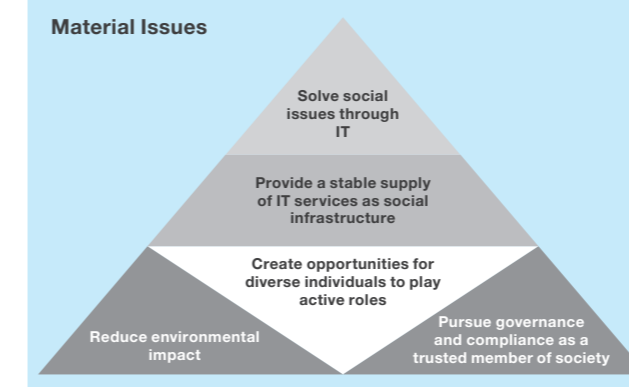
The PURPOSE has been created through corporate-wide dialogues among members from executives to junior staff, shaping our existence value and unique role in the society.

Purpose

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

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



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.

Values

Move! to Change

Move! toward Future

Move! with Everyone

Move! as a Professional

P.28

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 continued to introduce self-selective learning, role-based pay for key positions, a mandatory retirement age of 65, and a system that enables early appointment of young employees. We also 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.

FY2021-2025 Medium-Term Business Strategy

With a view to the advent of a digital society around 2030, we have formulated the FY2021-2025 Medium-Term Business

Strategy for sustainable business growth. The strategy was announced in April 2021.

As our medium-term business strategy, we operate our business activities based on the following four areas.

Medium-Term Business Strategy: Four Areas



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.

Focus Areas		Investments for Growth	
		Investments	Medium-term investment amounts
DX in Manufacturing industry	Digital Workplace Solutions	Investment to strengthen business infrastructure	50-75 billion yen (10-15 billion yen/year)
Digital Platformer	IT Outsourcing	Investment for accelerating DX	10-15 billion yen (2-3 billion yen/year)
		M&A and others	Investing actively

Based on this, we have set business growth targets for our business operations. We will maximize our capture of DX needs and aim for business growth that exceeds the growth of the IT services sector.

In FY2021, the first year of our medium-term business strategy period, we steadily captured demand for IT investment, with all focus areas performing solidly and exceeding our targets. Going forward, we will continue to engage in initiatives to realize our medium-term business strategy.

Medium-term Business Growth Goals			
Sales growth rate		Sales growth rate in the focus areas	
Annual rate	+5-6%	Annual rate	+10% or more (FY2025: 160 billion yen)
FY2021 Results			
Sales growth rate		Sales growth rate in the focus areas	
	+7%		+18%
Investment to strengthen business infrastructure		Investment for accelerating DX	
	15.0 billion yen		2.8 billion yen

ESG initiatives

We will engage actively in ESG initiatives based on the material issues we have set.

Firstly, with regard to the environment, we will incorporate the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in our activities based on the conventional ISO 14000 series and enhance our efforts to reduce environmental impact. As part of these efforts, we have set greenhouse gas (GHG) emission reduction targets and announced our support for the TCFD recommendations in April 2022.

GHG emissions reduction targets	
FY2030	50% reduction in Scope 1+2 emissions (compared to FY2015)
FY2050	Carbon neutrality in Scope 1+2 emissions

In terms of human rights and other social initiatives, we have implemented measures such as management of working hours, work style reforms, promotion of active roles for women (empowerment) and anti-harassment measures. In FY2022, we established an updated human rights policy to identify and

strengthen measures against various human rights issues, including the status of our work style reform and diversity and inclusion initiatives.

As for governance, we have been working steadily to enhance our management system in response to social demands for the enhancement of corporate governance.

In FY2021, we transitioned from a company with a Board of Company Auditors to a company with an Audit & Supervisory Committee status, with the aim of further enhancing corporate governance by increasing the speed of decision-making, enhancing discussions on management policies and other matters at Board of Directors' meetings, and strengthening the supervisory function of the Board of Directors. We will continue to pursue improvements in our governance and compliance as a trusted member of society.

Conclusion

NSSOL chose to be listed on the Prime Market as part of reorganization of the Tokyo Stock Exchange in April 2022.

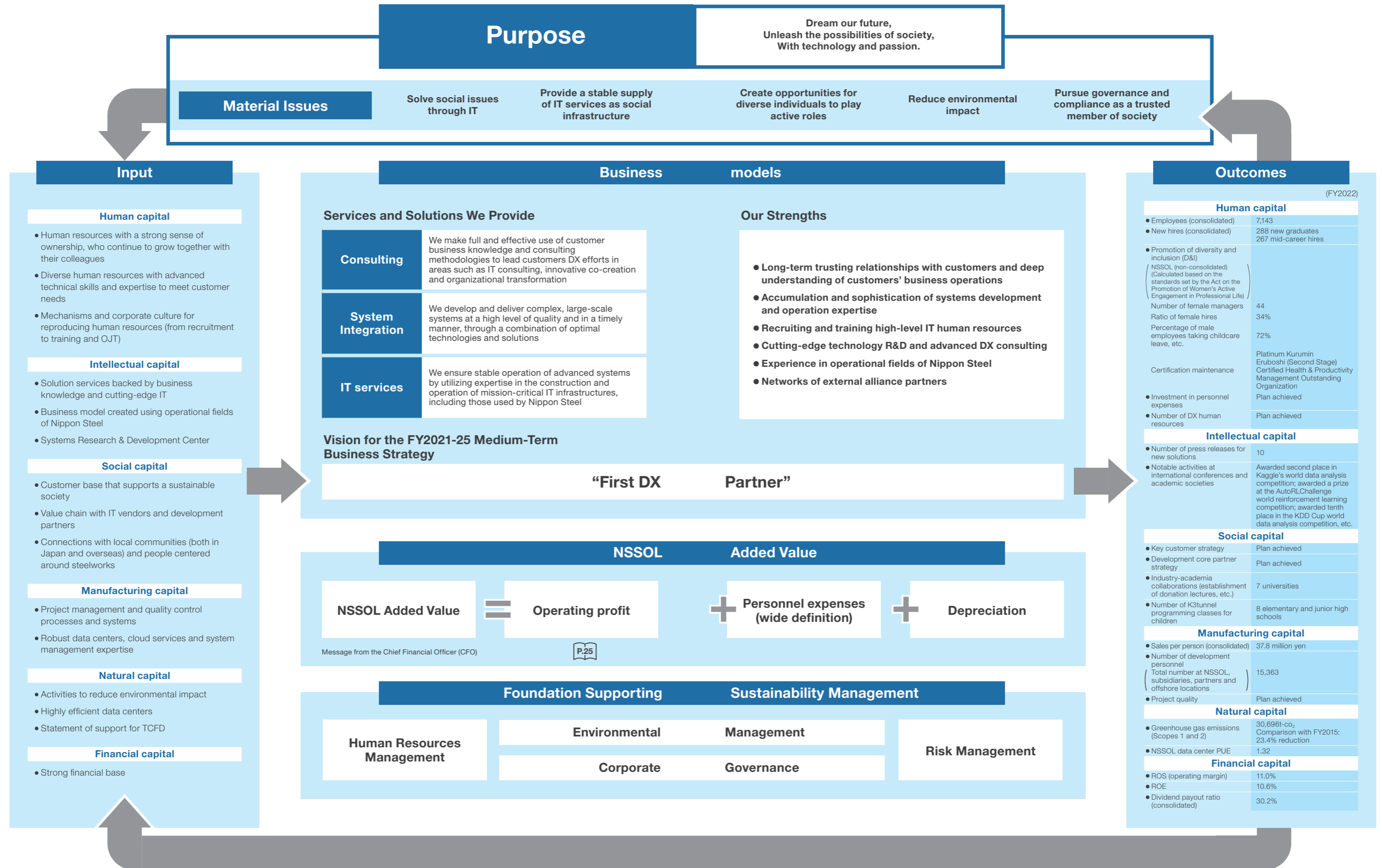
It is trust from all stakeholders including customers that drives our business growth and the foundation for trust is corporate governance and compliance. Dutifully following the NSSOL Global Code of Business Conduct, established in April 2015 as our basic philosophy on compliance, we will continue to work on the Materiality of "pursuing governance and compliance as a trusted member of society." By doing so, every employee will engage in business processes by demonstrating the highest ethical standard and a proper attitude toward work, thereby earning the trust of customers and society and striving for sustainable growth.

Additionally, by embedding the sustainability management based on our newly formulated purpose, vision and values, into standard practice in each employee's day-to-day work, we will tackle material issues such as solving social issues through IT, and promoting an even higher level of sustainability management.

To cater to the true needs of our customers in the face of drastically changing business conditions, we will increase the level of our sensitivity to change, constantly reviewing our ways of thinking and styles of working, and enhancing our competitiveness (through differentiation and the ability to respond flexibly to changes). Going forward, I am committed to talking directly with employees about what we need to do to achieve this. We at the NSSOL Group, will work together to explore the leading edge together with stakeholders and realize our PURPOSE "Dream our future, unleash the possibilities of society, with technology and passion."

Through these efforts, we will continue working to increase our corporate value in the medium-to long-term, by gaining trust as an indispensable member of society, and contributing to its sustainable growth.

Value Creation Process

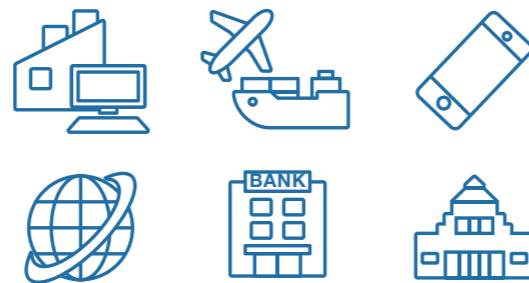


Strengths of Our Business Model

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

NSSOL 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.

Industries we provide solutions for



2 Accumulation and sophistication of systems development and operation expertise

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

industry 24 hours a day, 365 days a year. In particular, the next-generation operation service Emerald has achieved further standardization and cost reductions by reviewing conventional siloed (isolated) operations and building an automated, pooled system.

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 NSSOL Academy—a system to develop Leading Professionals (LPs) with advanced expertise, extensive experience, and strong leadership to support the business operations of customer companies and grow together with them, and to nurture the next generation of professionals through autonomous learning opportunities centered on LPs. We have also established a standardized, high-quality OJT (on-the-job) training system with diverse learning opportunities, including Career Link (a database of skills and achievements that can be accessed and viewed freely by all employees), NS Learning (a learning management system), and a job-specific mentoring system.



4 Cutting-edge technology R&D and advanced DX consulting

NSSOL'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.

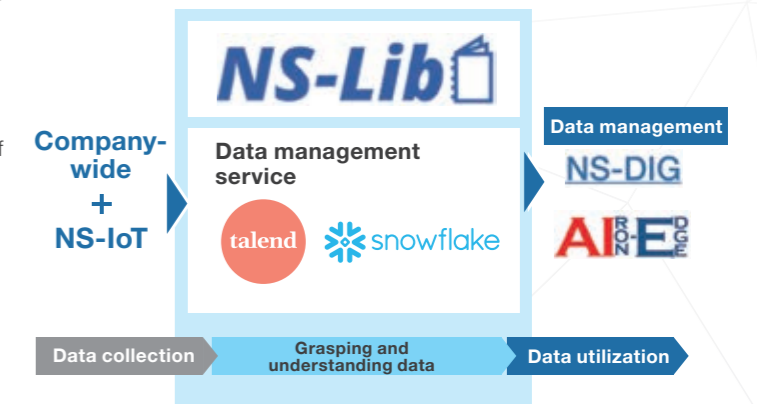


5 Experience in operational fields of Nippon Steel

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 users to correctly grasp and understand the meaning of the data and utilize it safely for information security purposes. We have also provided the results obtained with 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.

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



6 Networks of external alliance partners

Through NSSOL USA's efforts in search of new technologies and startup companies in Silicon Valley and networking activities with startup companies utilizing venture capital funds in which it invests, we have been the first to pioneer and supply overseas products such as Oracle (in 90's) and DataRobot (in recent years) ahead of other companies in Japan, 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.

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.

3 Future Goals

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)

NSSOL's Sustainability Management

The roles that companies are expected to play in our rapidly changing and increasingly diverse society are also changing significantly.

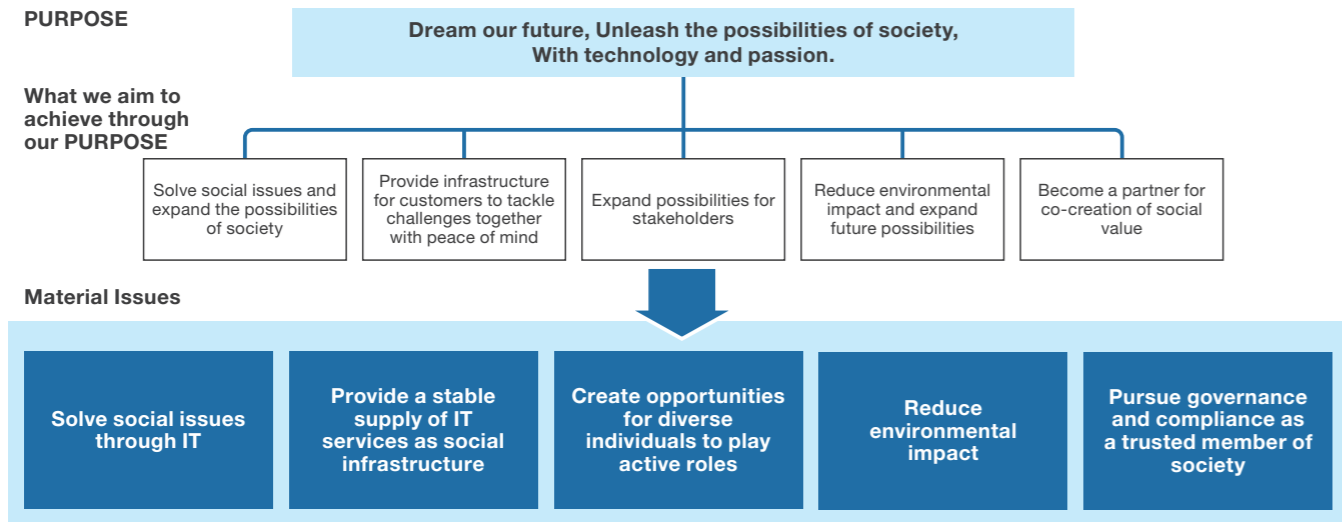
Going forward, we will engage in sustainability management to create social value through our business activities by demonstrating the significance of our existence in society, as expressed in our PURPOSE—Dream our future, Unleash the possibilities of society, With technology and passion.

Implementing Sustainability Management

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

in sustainability management. We have also set KPIs to manage progress for each material issue over the medium-to long-term. As a management system for sustainability management, we have established a system centered around the Sustainability Committee.

Purpose and Material Issues



Purpose Creating Process

In FY2021, we created our PURPOSE—the significance of our existence in society—through the following process.

- Starting considerations with a primary focus on young and mid-career employees**
We regarded considering our PURPOSE as an opportunity to foster a sense of unity among employees, and asked young and mid-career employees take the central role in discussing their vision of the society they want to create, NSSOL's strengths to contribute to it, and the value we provide as a company.
- Exchanging opinions with all employees**
We also exchanged opinions at an online workshop for all employees, deepening the level of discussions on what should be incorporated into our PURPOSE, and the values that employees want to hold dear.
- Organizing and deciding on specific proposals**
Based on the above discussions, we arranged the specific wording of our PURPOSE and values, organized a system in line with our existing corporate philosophy, etc., and consulted with senior management to make the final decision. Going forward, we will proceed to share these internally.

Material Issue Identification Process

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

- Identifying and organizing social issues**
Referring to international frameworks such as ISO26000, the GRI Standards and the SDGs, we identified a wide range of social issues and selected candidates for key themes from those with a high level of relevance to the Group's business.
- Assessing levels of priority and importance**
For the candidate themes selected in Step 1, we assessed the level of impact on the Group's business and identified issues accordingly.
- Interviews, discussions, and final decision**
For the issues identified in Step 2, we conducted interviews and discussions with both internal and external directors, executives and employees, and consulted with senior management to make the final decision regarding our material issues.

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 PDCA cycle.

Material Issues	Reasons for choosing themes	NSSOL's Efforts	KPIs and Results / Achievements
1 Solve social issues through IT	<ul style="list-style-type: none"> - It is our primary mission to provide value to customers through IT, and solving social issues for customers contributes to the sustainability of society. - Recognition of our contributions to customers has a positive impact on our business continuity. 	<ul style="list-style-type: none"> - Contributing to society through customer businesses that support a wide range of social infrastructure - Solving sustainability issues such as declining birthrate, aging population and global environmental problems with IT - Creating new value with IT for a future-oriented society 	<p>Achievements in contributing to solving social issues through customer businesses</p> <ul style="list-style-type: none"> - Contributing to improving operational efficiency through systematization and shifting to IT-based operations in the steel industry and other manufacturing industries, and ultimately to measures against the decline in the working population - Contributing to the development and improvement of social infrastructure (supporting people's lives) through systems development for government agencies, financial institutions, public service providers (such as railways and telecommunications service providers) and platformers, etc. <p>Achievements in creating and providing solutions and services that encourage the resolution of social issues</p> <ul style="list-style-type: none"> - Promoting work style reform through digital workplace solutions such as M²DaaS - Contributing to paperless operation through the electronic contract service CONTRACTHUB
2 Provide a stable supply of IT services as social infrastructure	<ul style="list-style-type: none"> - The safe and stable operation of information systems is important for the sustainability of society. As a systems integrator, we have an obligation to fulfill that responsibility. 	<ul style="list-style-type: none"> - Increasing the sophistication of project management by utilizing advanced technology - Ensuring stable operation of systems, earning the trust of stakeholders - Ensuring information security, supporting peace of mind for society 	<p>Number of IT service faults</p> <ul style="list-style-type: none"> - Achieving target number of service faults <p>Achievements in increasing sophistication of development and operation by utilizing advanced technologies</p> <ul style="list-style-type: none"> - Formulating cloud security guidelines - Applying cloud-native technology to in-house SaaS development - Continuously improving the development platform Tetralink
3 Create opportunities for diverse individuals to play active roles	<ul style="list-style-type: none"> - Hiring and training excellent human resources is essential for the continuity of our business. Being a highly engaging organization is necessary to ensure that excellent human resources wish to join and continue working for us, so it is also a material issue necessary for our continuous growth. 	<ul style="list-style-type: none"> - Promoting diversity, enabling all employees to work with energy and enthusiasm - Recruiting, training and producing high-level IT professionals - Fostering a culture of respect for human rights, valuing others and mutual acceptance 	<p>Diversity & Inclusion</p> <ul style="list-style-type: none"> - Producing female managers through strategies to train female leaders - Encouraging male employees to take childcare leave - Implementing diversity and inclusion measures such as LGBTQ company-wide training <p>Improvement of autonomous training environment and fostering of corporate culture</p> <ul style="list-style-type: none"> - Promotion of "self-selective" capacity development (development of autonomous training course systems, etc.) - Strengthening the activities of the NSSOL Academy (NSSOL's autonomous learning organization) <p>Progress in work style reforms</p> <ul style="list-style-type: none"> - Expanding and enhancing our telecommuting system - Reducing overtime hours and encouraging employees to take annual paid leave <p>Employee engagement</p> <ul style="list-style-type: none"> - Introducing engagement surveys - Establishing a cycle for improving engagement with the participation of all employees (dialogue meetings and autonomous activities on an individual departmental basis)
4 Reduce environmental impact	<ul style="list-style-type: none"> - Reducing GHG (greenhouse gas) emissions is extremely important for ensuring the sustainability of society. - We will contribute to the sustainability of society by working to reduce GHG emissions and providing solutions that contribute to reducing the environmental impact of our customers (and their businesses). 	<ul style="list-style-type: none"> - Utilizing IT to contribute to the reduction of environmental impact through customers - Making active use of renewable energy in the data center business - Rigorously improving the efficiency of electric power and other resources we use, to reduce environmental impact - Reducing GHG emissions to zero by 2050 	<p>Sales from IT outsourcing services</p> <ul style="list-style-type: none"> - FY2021 result 9.0 billion yen <p>Greenhouse gas emissions (Scopes 1 and 2)</p> <ul style="list-style-type: none"> - FY2021 result 30,696t-co₂ - Comparison with FY2015 23.4% reduction
5 Pursue governance and compliance as a trusted member of society	<ul style="list-style-type: none"> - Thorough legal compliance and governance are the foundations of corporate survival, and are a major prerequisite for fulfilling social responsibilities. 	<ul style="list-style-type: none"> - Ensuring thorough compliance with laws and regulations - Strengthening internal control (risk management) - Ensuring fairness and transparency, both as an organization and in our business operations 	<p>Initiatives for improving governance (FY2021 results)</p> <ul style="list-style-type: none"> - Shifted to a Company with an Audit and Supervisory Committee system - Shifted to the Prime Market of the Tokyo Stock Exchange (April 2022) - Thorough "Global Code of Business Conduct"

System for Promoting Sustainability Management

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

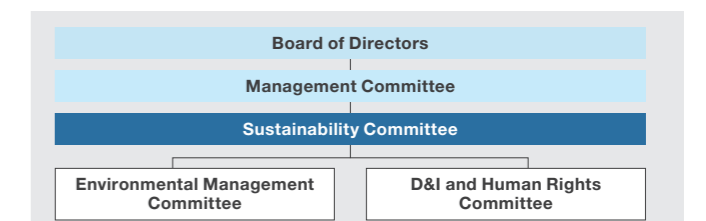
In FY2022, based on the material issues "Reduce Environmental Impact" and "Create Opportunities For Diverse Individuals To Play Active Roles", we established the Environmental Management Committee and the D&I and Human Rights Committee to address individual issues.

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

Member

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

Structure



Sustainability Agenda Items

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

FY2021-2025 Medium-Term Business Strategy

“First DX Partner”

In FY2021, we established the FY2021-25 Medium-Term Business Strategy. Our vision for this Medium-Term Business Strategy is to become “First DX Partner.”

Changes in the business environment

- Demographic change
- Accelerated advances in IT
- Spread of COVID-19
- Acceleration of DX

Medium-Term Business Strategy

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

Vision


“First DX Partner”

Growth Targets


Consolidated sales growth rate **+5~6%**

Focus area sales growth rate **+10% or more**


Focus Areas




DX in Manufacturing industry



Digital Platformer



Digital Workplace Solutions



IT Outsourcing

Investments for Growth

- 1 Investments to strengthen business infrastructure **50.0–75.0 billion yen**
- 2 Investments for accelerating DX **10.0–15.0 billion yen**
- 3 M&A and other investments / financing

NSSOL’s Recognition of the Business Environment

The business environment 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.

Medium-Term Business Strategy

1 Steadily meet evolving needs for DX

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

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

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

3 Further strengthen the acquisition and training of excellent human resources

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

4 Continue to implement thorough internal control and risk management

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

What is “First DX Partner?”

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

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

What is NSSOL’s understanding of DX?

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

To achieve this, it is necessary to go beyond individual optimization and integrate everything—including all manner of systems, data and technologies.

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

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

NSSOL's Growth Story

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

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

Focus area sales growth rate

+10% or more increase in annual growth rate



DX in Manufacturing industry

Focus Area 01

Growth Points

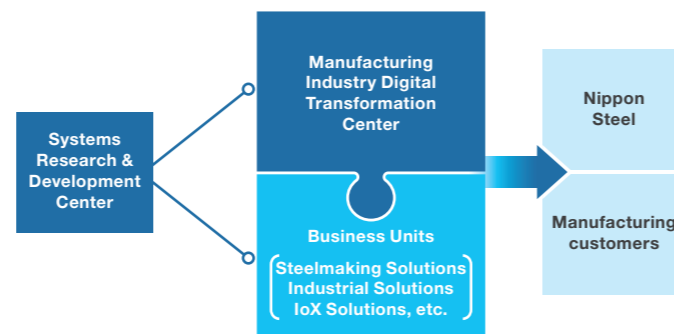
- Driving DX at Nippon Steel
- Expanding solutions for the manufacturing industry, utilizing the operational fields of Nippon Steel

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

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 loX solutions and enterprise 5G.



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 M³DaaS 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.

Business process Improvement				
RPA UIPath WinActor	AI DataRobot	BI and data utilization ThoughtSpot Data utilization support	Idea generation support ideagram	Assessment of upstream process Consulting
Infrastructure Virtual desktops M ³ DaaS	Communications Information infrastructure cloud Teams nsconnect	Cloud data management box	Paperless Electronic contracts CONTRACTHUB	Workflow AgileWorks
Security NSSEINT	Web conferencing Zoom/WebEx/Teams		Document management Ns-greent openext D-QUICK7	

Achieving high performance

Achieving work-everywhere capabilities



Digital Platformer

Focus Area 02

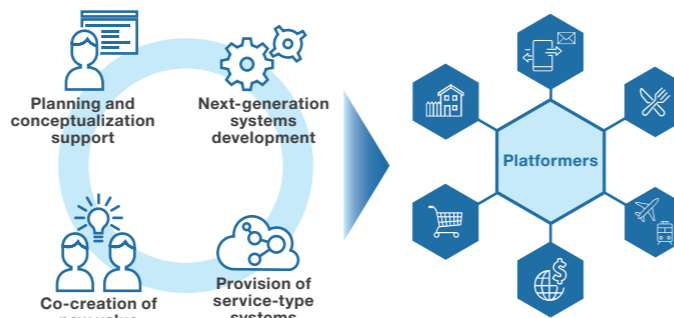
Growth Points

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

NSSOL 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 tailwind.

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



IT Outsourcing

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.



NSFITOS Framework-based IT Outsourcing Service			
Consulting / engineering	New areas such as AP development		
	Consulting		
	IT design in multi-cloud infrastructure		
Infrastructure / platforms	On premise	Managed cloud	Public cloud
	Data center / cloud connection		
Operation	Operation supporting multi-cloud		
	AP operation, PC/OA operation, security operation, etc.		

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
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1 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.

2 Investments to accelerate DX

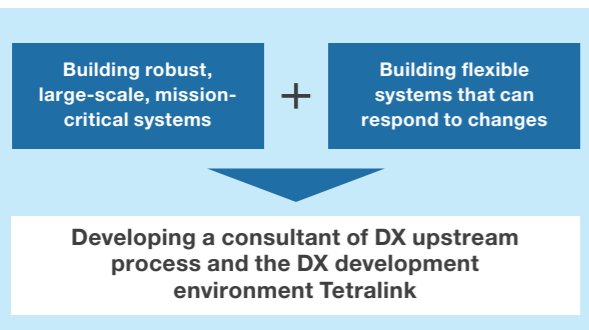
In addition to investments to strengthen our business infrastructure, we will invest intensively on a scale of 10–15 billion yen during this medium-term business strategy in order to accelerate DX and achieve our vision of being First DX Partner, focusing on intensive development of DX human resources,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

3 M&A and 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.

Strengthening our Capabilities for Growth

Achieving the ambidextrous systems building capabilities required for DX



As DX continues to advance, the nature of IT systems will change, and the capabilities required for IT system development building will also change accordingly.

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

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

Creating an Organization with High Engagement

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

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

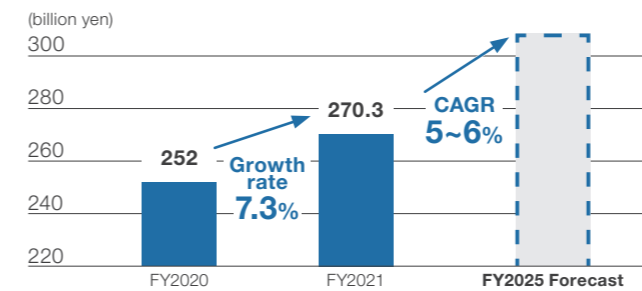
Aiming to create a company that emphasizes job satisfaction in particular



Progress of Our Medium-Term Business Strategy

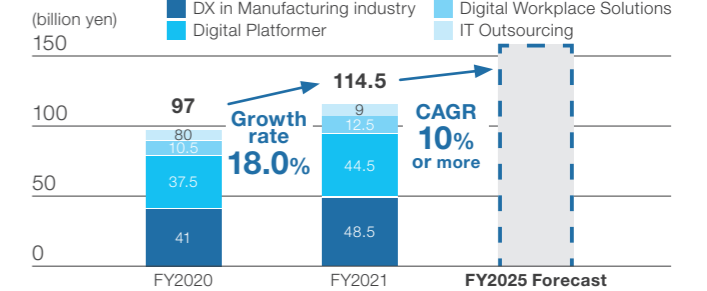
FY2021 Sales Results

Consolidated sales growth rate



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

Focus area sales growth rate



In FY2021, the revenue growth rate in our focus areas was +18.0%, exceeding our Medium-Term Business Strategy rate of +10% or higher 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, etc.

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 challenges in new fields and businesses. In FY2021, we are developing the following new solutions.

- Enepharos: Electric power trading risk management service
- PPPlan: 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 Arithmer, 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.

Focus Area Topics for FY 2021

PLANETARY—a service brand supporting transformation to digital manufacturing

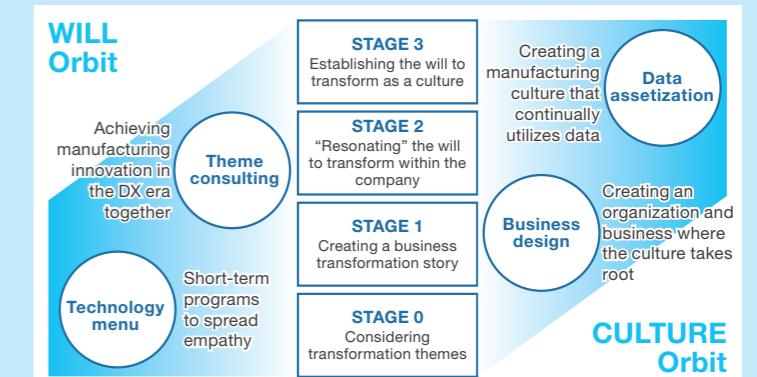
On August 25, 2021, we announced the service brand PLANETARY, which will transform the manufacturing industry into a digital manufacturing industry, as one concrete embodiment of our First DX Partner vision. PLANETARY will support the transformation of the traditional manufacturing industry into an industry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

For the past 50 years, we have been introducing large-scale systems for mission-critical operations at Nippon Steel. In addition to this, we have also supported other customers in the manufacturing industry in their shift toward IT—from the dawn of ERP, SCM, and ECM to all mission-critical / core systems.

In the future, the whole NSSOL Group will work to support the accelerating digital transformation of the manufacturing industry under the unified brand PLANETARY, with practical capabilities leveraging our experience in IT support for various manufacturing operations and our strengths having the operational fields of Nippon Steel.

- Specifically, for the process of considering transformation themes and creating business transformation stories (WILL Orbit), we will provide theme consulting and technology menu services.
- For the process of generating empathy / resonating the will to change within companies and establishing it as a culture (CULTURE Orbit), we will provide business design and data assetization services.

PLANETARY: Two orbits leading to digital manufacturing



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
Kazuhiko Tamaoki

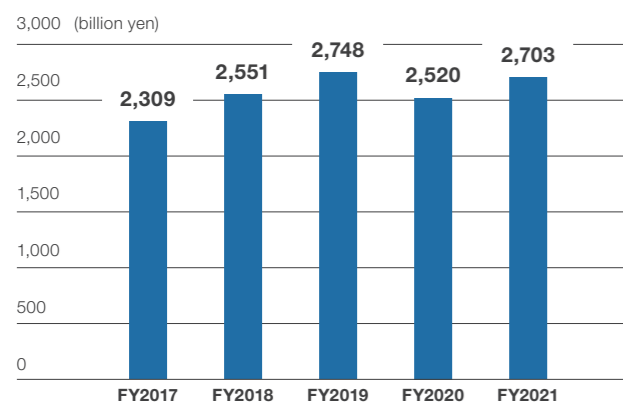


Business Performance

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 increased sales in both the Business Solutions and Service Solutions businesses. In the Business Solutions business, sales for platformer support and regulatory compliance projects in the finance field were strong, while in the Service Solutions Business, sales to Nippon Steel remained strong. In terms of earnings, although SG&A expenses increased due to active investments (which included strengthening sales capabilities, recruitment and training, and internal infrastructure development), we were able to achieve an operating margin of 11.0% through operations emphasizing added value and rigorous project risk control.

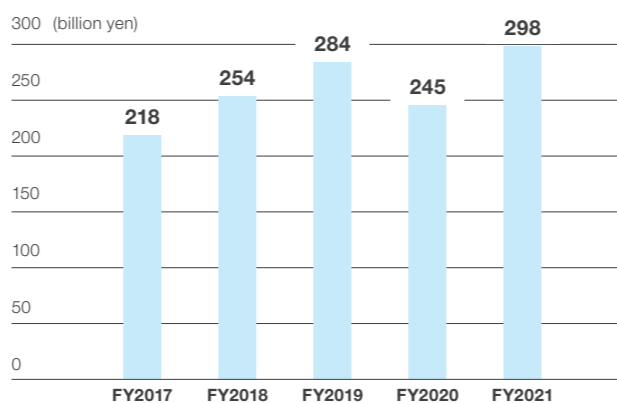
Consolidated revenue



Outlook for FY2022

NSSOL has applied International Financial Reporting Standards (IFRS) since FY2022 to guarantee international comparability of its financial statements. In FY2022, we will continue to capture strong DX needs and aim for record operating profit of 31.0 billion yen (IFRS). In terms of revenue, we aim to grow our business by supporting platformers and steadily capturing demand for digitalization / DX—in the Japanese steel industry (Nippon Steel) and other manufacturing industries. We will continue to invest actively in strengthening sales capabilities, R&D, recruitment and education / training, and improving internal infrastructure. Through the continuation of operations emphasizing added value and initiatives to improve productivity, we will work to maintain and improve our operating margin.

Consolidated operating profit



Financial Management and Growth Investments

Financial Management

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

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 Arithmer, 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.

Shareholder Returns

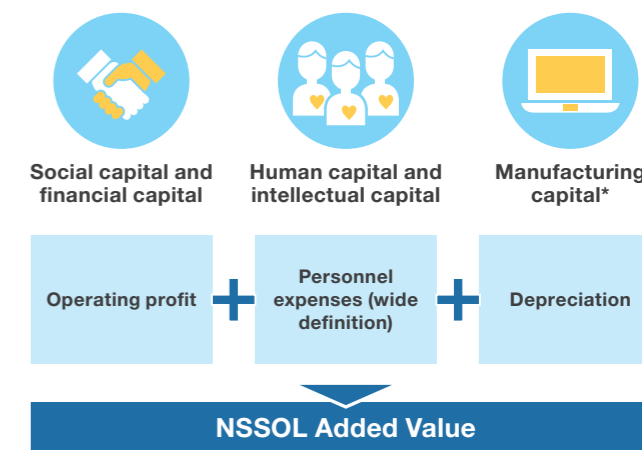
We aim for a consolidated dividend payout ratio of 30%. We have gradually increased dividends per share over the past ten years, from 20 yen per share in FY2012 to 66 yen per share in FY2021. The dividend forecast for FY2022 is 70 yen per share, which is a record high. Going forward, we will continue to increase dividends to meet the expectations of our shareholders by achieving steady growth in profits.

Maintaining and Improving Capital Efficiency

In addition to aiming to maintain and improve business profitability through operations emphasizing added value and measures to improve productivity, we also set hurdle rates for capital investment, M&A and other investments based on cost of capital, and are making decisions with awareness of investment profitability. During the current medium-term business strategy period, we will aim to expand our business by making active investments for growth. We aim to maintain and improve capital efficiency (ROE) by achieving business growth, expanding profits, and paying appropriate shareholder returns.

NSSOL Added Value

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.



*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.

Social and Environmental Initiatives Supporting Sustainability Management

For us to continue providing value and realize our PURPOSE—Dream our future,Unleash the possibilities of society,With technology and passion—we must first ensure the survival of our planet and harness the power of people in society to bring change.

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



Society

NSSOL Material Issue

Creating opportunities for diverse human resources to play active roles

Recruiting, training and producing high-level IT professionals

Promoting diversity, enabling all employees to work with energy and enthusiasm

Fostering a culture of respect for human rights, valuing others and mutual acceptance

1 Human Resources Policy

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

To become a highly engaging company that appeals to employees, we strive to create a comfortable and rewarding workplace, build a HR development environment that supports the autonomous growth of employees, and develop personnel systems that respond to the contributions of employees in a timely and appropriate manner, through autonomous career

development. 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.

2 NSSOL Human Resources Values

Having diverse human resources work together to achieve our PURPOSE and Vision requires our employees to share common values. From FY2021 through FY2022, we established the 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.

Values (Four Core Images) and 12 Value Copies

1 Move! to Change

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

2 Move! toward Future

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

3 Move! with Everyone

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

4 Move! as a Professional

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

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.

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.

*Example: NSSOL ranked top in the "Attractiveness of work" and "Likely to acquire specialized skills such as IT" categories of the Nikkei Computer x Rakuten Minshu "2022 Graduate IT Industry New Graduate Employment Popular Companies Ranking" (ranked fourth for 2021 graduates).

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

a skill and achievement database open to all employees) and NS Learning (a Learning Management System), and high-quality OJT training systems (including training follow-up sheets and job-specific mentoring systems) which are standardized for each job. In response to the deepening level of DX, we are also utilizing this platform to promote HR development measures that flexibly combine both internal and external training with planned project assignments after training, based on the visualized state of employee capabilities.

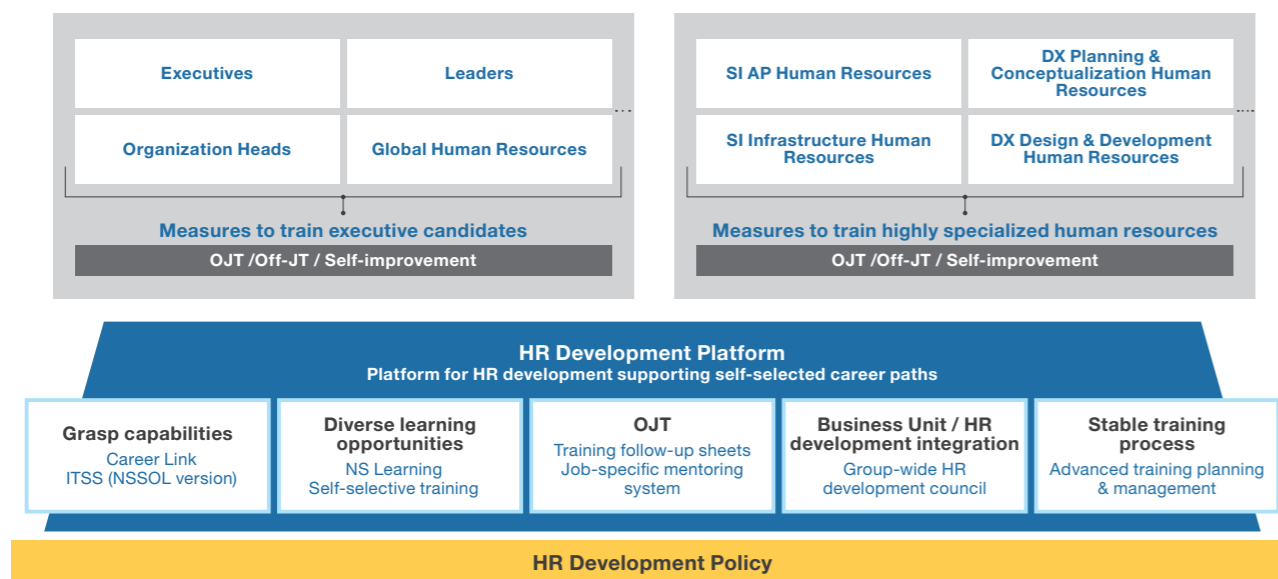
NSSOL Academy

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.

Overview of HR Development Measures



Personnel systems

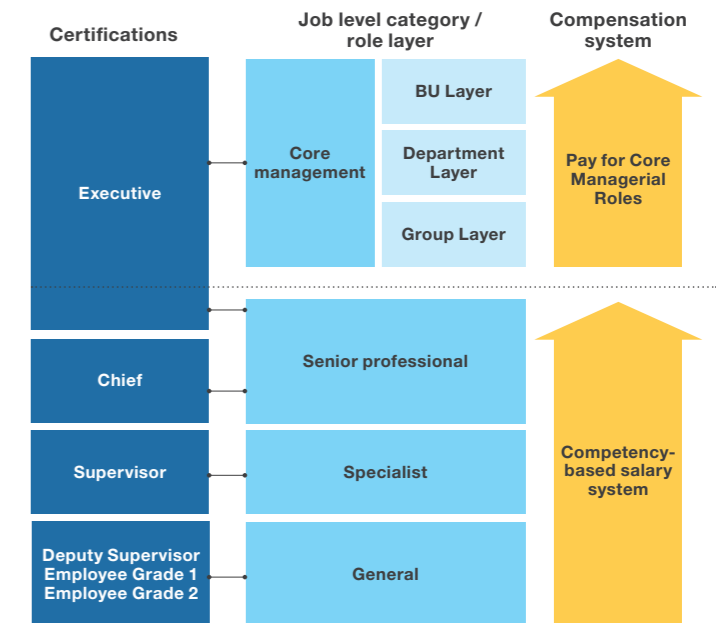
We have developed and operate a personnel system that increases the motivation and enhances the abilities of each employee through fair evaluation and treatment, and autonomous career development. It also enables flexible work styles tailored to each individual's life and career stage.

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 specialized roles, taking their value in the job market into account.

*Core managerial position: section manager level or higher.



Evaluation Framework

Under our evaluation framework, we evaluate "performance (results) in roles" for managerial positions and "competency and performance (results)" for senior-level specialists and below, and reflect them in employee compensation. 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.

Internal Open Recruitment

We are expanding the range of opportunities we offer for employees to consider their careers autonomously, gain work experience, improve their abilities in various businesses and projects, and achieve their desired careers, including an internal open recruitment (open challenge system).

Mandatory retirement at age 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 flexibility of working hours and the way in which employees take days off, to create a more comfortable workplace.

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

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

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

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.

Main initiatives

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



D&I

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

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

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 rate of employment of female new graduates at 30% 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 instill (and implement) policies and declarations, etc., regarding diversity and the promotion of female participation and career advancement among employees.

Main initiatives

- Training to promote awareness and behavioral reforms to promote active participation and career advancement for female employees
- Group mentoring by next-generation female leaders and existing managers
- Regular mentoring by external mentors
- Training to promote understanding of women’s health issues
- Training on unconscious bias



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

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

Main initiatives

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



Balancing work and childcare

With regard to balancing work with childcare, we are providing support not only for continuing to work, but also implementing various measures to create a workplace environment where employees with childcare responsibilities can still continue to work enthusiastically and energetically, without losing their sense of satisfaction. In particular, 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 Jinken (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.

Human Rights Policy

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

Based on this policy, we deepen the understanding of human rights in each and every officer and employee of the

entire NSSOL Group to ensure their greater awareness of human rights. We also ask all our related business partners for their understanding and cooperation with this policy, to proceed together with efforts to respect human rights throughout the supply chain. (Preface to NSSOL Group Human Rights Policy)

*See the NSSOL website for details. (URL: <https://www.nssol.nipponsteel.com/sustainability/human-rights/index.html>)

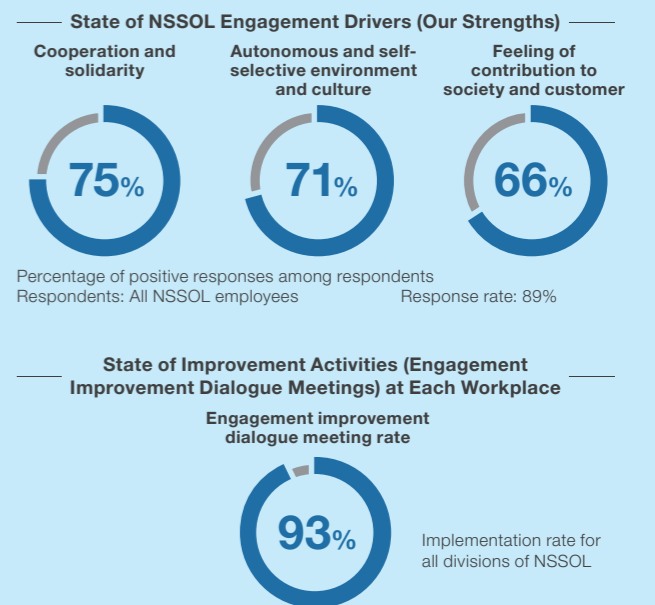
Engagement surveys

To continue increasing the level of employee engagement, it is important to grasp and recognize the situation of the organization in a timely manner and make necessary improvements at each company and workplace. At NSSOL, we conduct an annual engagement survey to achieve this.

In this survey, we measure NSSOL “engagement drivers,” which are values and strengths that we value, and which are thought to affect engagement, and KPIs that are used to check the level of engagement. In FY2021, our survey showed once again that our strengths are a sense of solidarity and autonomy in the workplace, and a high sense of contribution to work.

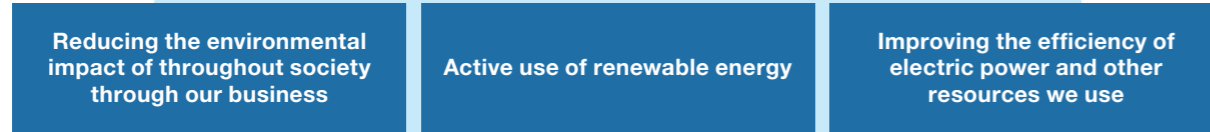
Survey results are immediately aggregated and shared within the company, leading to the consideration of company-wide engagement improvement measures and the implementation of improvement activities (engagement improvement dialogue meetings) at each workplace.

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



Environment

NSSOL Material Issue
Reducing environmental impact



Environmental Policy

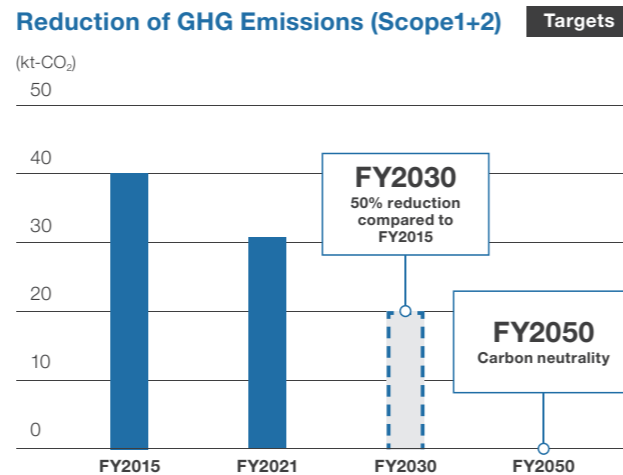
NSSOL Group positions the reduction of environmental impact as one of the most important issues in managing the company, and thus, to fulfill our corporate social responsibility, works toward reducing the environmental impact which may arise when we engage in our business activities as well as reducing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

global environment and the realization of sustainable society by, among other means, taking appropriate measures for climate change issues.

*See the NSSOL website for details.
(URL: <https://www.nssol.nipponsteel.com/sustainability/environmental.html#environmental-policy>)

Environmental targets

NSSOL Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2022, and set reduction targets for greenhouse gas (GHG) emissions.



GHG emissions Results

Unit: Tons CO ₂	FY2021	Percentage composition
Scope1	137	0.4%
Scope2	30,559	99.6%
Scope1+2 <small>NSSOL</small>	30,696	100.0%
Of which data centers	19,821	64.6%
Of which offices, etc.	10,875	35.4%
Scope3	308,814	-

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.

Climate change risks and opportunities

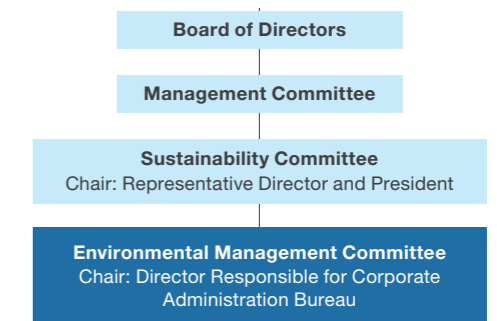
Based on the TCFD framework, we conduct scenario analyses using a Below 2°C Scenario and a 4°C Scenario, considering as far ahead as 2050. In the Below 2°C Scenario, although there are risks such as increased power procurement costs and reputational risks due to delays in responding to climate change, it is our assessment that DX needs such as energy conservation and efficiency improvement can be regarded as business opportunities.

Reducing the environmental impact of throughout society through our business

We promote resource and energy conservation by streamlining and increasing the efficiency of customers' business processes. For example, our data centers have achieved high energy efficiency with a PUE value of 1.4 or less. Through the provision of housing services and cloud services such as absonne utilizing these data centers, we contribute to reducing the environmental impact of our customers and society.

Promotion Structure

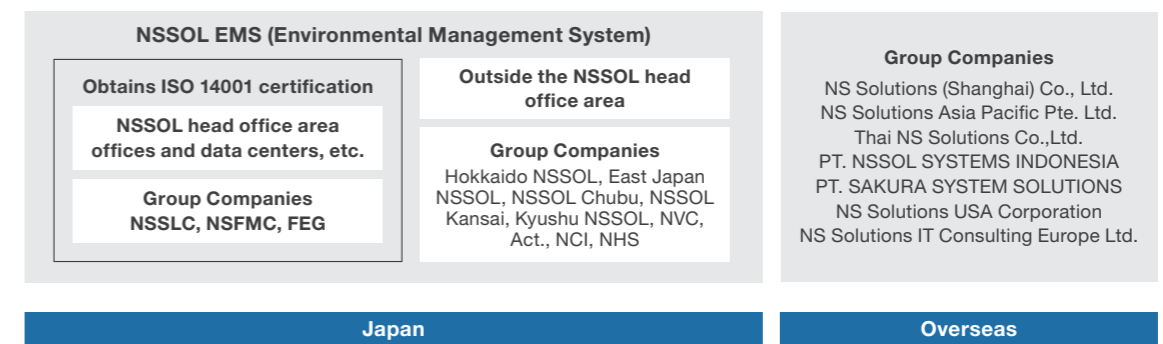
NSSOL has established a Sustainability Committee, chaired by the Representative Director and President, to carry out initiatives relating to material issues. With regard to reducing environmental impact, including responses to the issue of climate change, an Environmental Management Committee—chaired 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.



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

Corporate Governance

Officers

Representative Director & President

Hiroyuki Morita



June 2013 NSSOL: Senior Executive Officer, Director of Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau
June 2015 NSSOL: Executive Director and Senior Executive Officer, Director of Industrial Business & Retail & Service Business System Solutions Bureau
April 2016 NSSOL: Executive Director and Managing Executive Officer, Director of Industrial Business & Retail & Service Business System Solutions Bureau / Director, Sales Planning and Management Bureau
April 2019 NSSOL: Representative Director and President (current post)

Board Meeting Attendance **16** / 16

Executive Director

Atsuki Matsumura



April 2019 Nippon Steel Corporation: Managing Executive Officer
April 2020 NSSOL: Managing Executive Officer in charge of Steelmaking System Solutions Bureau, Ix Solution Business Promotion Department
June 2020 NSSOL: Director and Managing Executive Officer in charge of Steelmaking System Solutions Bureau, Ix Solution Business Promotion Department
April 2021 NSSOL: Director and Senior Vice President in charge of Steelmaking System Solutions Bureau, Ix Solution Business Promotion Department
April 2022 NSSOL: Executive Director and Managing Executive Officer (current post)

In charge of Manufacturing Industry Digital Transformation Center, Industrial Business Systems Solutions Units, Steelmaking System Solutions Units, Ix Solution Business Promotion Department

Board Meeting Attendance **16** / 16

Executive Director

Katsuhiko Yoshida



April 2016 NSSOL: Executive Officer, Director of Industrial Systems Solution Division, Industrial Business & Retail & Service Business System Solutions Bureau
June 2019 NSSOL: Executive Director and Executive Officer, Director of Technology Bureau and Academy Center
April 2020 NSSOL: Executive Director and Senior Executive Officer in charge of Financial System Solutions Units, Technology Bureau and Ix Solutions Business Promotion Department, Director of Technology Bureau
June 2020 NSSOL: Executive Director and Senior Executive Officer in charge of Financial System Solutions Units and Technology Bureau, Director of Technology Bureau
April 2021 NSSOL: Executive Director and Senior Executive Officer in charge of Digital Transformation & Innovation Center, Financial System Solutions Units and Technology Bureau
June 2022 NSSOL: Executive Director and Senior Executive Officer (current post)

In charge of Digital Transformation & Innovation Center and Technology Bureau

Board Meeting Attendance **16** / 16

Executive Director **Outside**

Yaichi Aoshima



April 2012 Professor, Hitotsubashi University Institute of Innovation Research
June 2015 NSSOL: Executive Director (current post)
April 2018 Head Director, Hitotsubashi University Institute of Innovation Research

Independent

Board Meeting Attendance **15** / 16

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

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

Executive Director **Outside**

Ichiro Ishii



April 2017 Tokio Marine Holdings, Inc.: Executive Director and Vice President
October 2018 Tokio Marine Holdings, Inc.: Full-time advisor
June 2020 NSSOL: Executive Director (current post)

Independent

Board Meeting Attendance **16** / 16

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

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

Executive Director

Takashi Oshiro



April 2016 NSSOL: Executive Director and Managing Executive Officer, Director, IT Infrastructure Solutions Bureau
April 2019 NSSOL: Executive Director and Managing Executive Officer in charge of Telecom Solutions Unit, Public Sector System Solutions Unit, IT Infrastructure Solutions & Service Units
April 2021 NSSOL: Executive Director and Senior Vice President in charge of Telecom Solutions Unit, Public Sector System Solutions Unit, IT Infrastructure Solutions & Service Units
April 2022 NSSOL: Director and Senior Vice President (current post)

In charge of Telecom Solutions Unit, Public Sector System Solutions Unit, IT Infrastructure Solutions & Service Units, Digital Technology & Solution Unit

Board Meeting Attendance **16** / 16

Executive Director

Kazuhiko Tamaoki



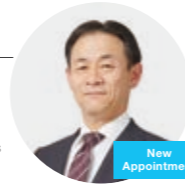
April 2016 NSSOL: Executive Officer, Director, Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau
June 2018 NSSOL: Executive Director and Executive Officer, Director of Human Resources Bureau
April 2019 NSSOL: Executive Director and Senior Executive Officer in charge of Steelmaking System Solutions Units, Sales Planning & Management Bureau, Human Resources Bureau (Director)
April 2021 NSSOL: Executive Director and Managing Executive Officer in charge of Sales Planning & Management Bureau, Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, Internal Control & Audit Department
June 2022 NSSOL: Executive Director and Managing Executive Officer (current post)

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

Board Meeting Attendance **16** / 16

Executive Director

Masunao Kuroki



April 2018 NSSOL: Executive Officer, Director of Retail & Service Business System Solutions Division, Industrial Business & Retail & Service Business System Solutions Bureau
April 2020 NSSOL: Executive Officer, Director of Financial System Solutions Bureau
April 2021 NSSOL: Senior Executive Officer, Director of Financial System Solutions Bureau
June 2022 NSSOL: Executive Director and Senior Executive Officer (current post)

In charge of Retail & Service Business System Solutions Units, Financial System Solutions Units, Sales Planning & Management Bureau

Executive Director **Outside**

Atsuko Ishii



April 1980 Joined the Ministry of Labor (now the Ministry of Health, Labour and Welfare, MHLW)
June 2016 Retired from MHLW
January 2018 Commission Member, The Consumer Commission, Cabinet Office of Japan (Expert Examination Committee on Whistleblower Protection)
June 2019 NSSOL: Executive Director (current post)

Independent

Board Meeting Attendance **15** / 16

Status of important concurrent holding of positions Outside Director, Mitsui Sumitomo Insurance Group Holdings, Inc. / Outside Director (Audit & Supervisory Committee Member), Kawasaki Heavy Industries Ltd.

Reasons for nomination and overview of expected roles Ms. Ishii has extensive experience and high-level insights into employment and labor issues, having held important positions in a wide range of fields, including director of the Equal Employment, Children and Families Bureau while working for the Ministry of Health, Labour and Welfare (MHLW). She has been invited to serve as an outside director to make valuable recommendations to the Board of Directors—which is working to implement work style reforms—and fulfill an appropriate supervisory function.

Executive Director

Hirofumi Funakoshi



April 2019 Nippon Steel: Executive Officer, Head of Corporate Planning Division
April 2021 Nippon Steel: Managing Executive Officer (current post)
June 2021 NSSOL: Executive Director (current post)

Board Meeting Attendance **16** / 16

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

Audit & Supervisory Committee Members

Director (Audit & Supervisory Committee Member)

Masayuki Takahara



July 2012 NSSOL: Director of General Administration Department
January 2018 NSSOL: Director of Office Development Promotion Group, General Administration Department
July 2020 NSSOL: Head Secretary, Audit & Supervisory Board
June 2021 NSSOL: Executive Director (Full-Time Audit & Supervisory Committee Member) (current post)

Board Meeting Attendance **16** / 16

Audit & Supervisory Committee Attendance **13** / 13

Executive Director (Audit & Supervisory Committee Member) **Outside**

Shuichiro Hoshi



April 2017 Dean, Faculty of Urban Liberal Studies and Head of Legal Studies (now Dean, Faculty of Law), Tokyo Metropolitan University (English name remains unchanged)
June 2019 NSSOL: Auditor (not full time)
June 2021 NSSOL: Executive Director (Audit & Supervisory Committee Member) (current post)

Independent

Board Meeting Attendance **16** / 16

Audit & Supervisory Board Attendance **4** / 4

Audit & Supervisory Committee Attendance **13** / 13

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

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

Executive Director (Audit & Supervisory Committee Member) **Outside**

Tetsuro Higuchi



January 2001 Representative Director, Higuchi CPA Office (current post)
June 2013 NSSOL: Auditor (not full time)
June 2021 NSSOL: Executive Director (Audit & Supervisory Committee Member) (current post)

Independent

Board Meeting Attendance **16** / 16

Audit & Supervisory Board Attendance **4** / 4

Audit & Supervisory Committee Attendance **13** / 13

Status of important concurrent holding of positions Representative Director, Higuchi CPA Office

Reasons for nomination and overview of expected roles Mr. Higuchi was invited to serve as an Outside Director (Audit & Supervisory Committee Member) to make use of his extensive auditing experience as a certified public accountant, his expert insights in finance and accounting, and his track record as an Outside Audit & Supervisory Board Member and Outside Director (Audit & Supervisory Committee Member) in auditing NSSOL.

Board of Directors Membership (Skills Matrix)

	Business management	Sales and marketing	Technologies and R&D	Global	Accounting and finance	Legal affairs and risk management	Personnel affairs, labor and human resources development	ESG/SDGs	Business domain of professional expertise		
									Application	IT infrastructure	Customer industry / business type
Executive Directors in charge of business execution	Hiroyuki Morita	●	●		●			●	●		Industrial, Retail & Services, Financial
	Takashi Oshiro	●		●	●			●		●	Telecom, Public Sector
	Atsuki Matsumura	●		●	●				●		Steelmaking
	Kazuhiko Tamaoki	●	●			●	●	●	●	●	Retail & Services, Steelmaking
	Katsuhiko Yoshida	●		●	●				●		Industrial, Financial
Non-executive directors	Masunao Kuroki	●	●						●		Retail & Services, Financial
	Yaichi Aoshima			●	●			●			
	Atsuko Ishii					●	●	●			
Executive Directors serving as Audit & Supervisory Committee members	Ichiro Ishii	●			●						
	Hirofumi Funakoshi	●					●				
	Masayuki Takahara		●				●				
	Tetsuro Higuchi				●						
	Shuichiro Hoshi					●					

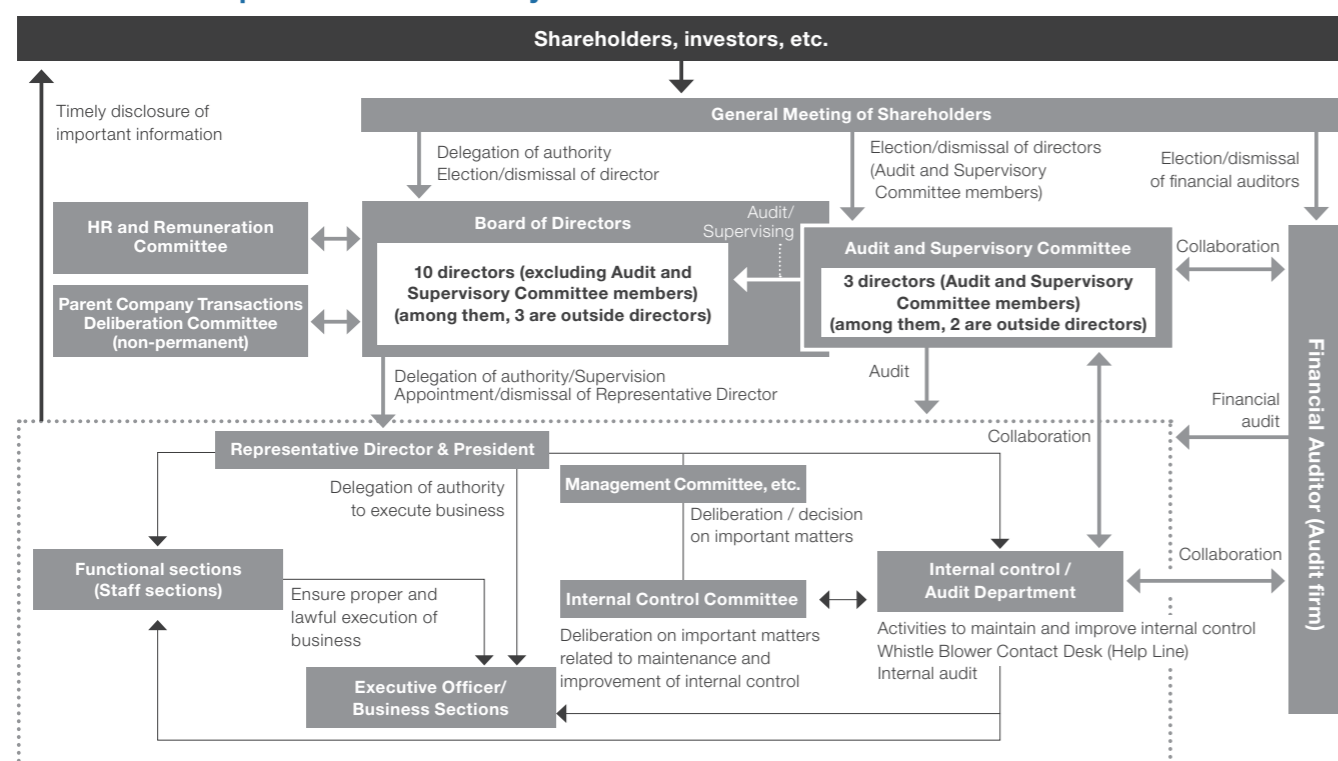
Corporate Governance Structure

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)

Board of Directors	Audit & Supervisory Committee	Officer Personnel and Remuneration Committees
Independent Outside Directors 5/13 directors	Female Directors 1/13 directors	Independent Outside Directors 2/3 directors
		Independent Outside Directors 3/5 directors

Overview of Corporate Governance System



Board of Directors and Management Committee

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

All of NSSOL's directors appropriately fulfill their roles and responsibilities to make flexible decisions in response to changes in the business environment, and ensure objectivity and

transparency in multifaceted consideration and decision-making at the Board of Directors.

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

Audit & Supervisory Committee

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

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

Evaluation items	FY2021
Number of items for discussion and reports made to the Board of Directors	101
Average deliberation time (per agenda item)	20 minutes
Average attendance rate	98.6%
Improvement measures and issues to be addressed	Efforts to enhance discussions at Board of Directors meetings and enhance the Board's supervisory function to increase the effects of transitioning to a new organizational model

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 proceedings 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.

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 Tamaoki) and three outside directors (Yaichi Aoshima, Atsuko Ishii, and Ichiro Ishii).

Remuneration for outside directors consists of fixed remuneration only.

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

B. Directors who are Audit & Supervisory Committee Members

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

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

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

Establishment of an Internal Control & Audit Department

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

Risk management systems

NSSOL has established and maintains an internal control system based on autonomous internal control.

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

The General Manager of the Internal Control & Audit Department confirms the state of the development and operation of the internal control system for the entire Group, ascertains and evaluates the state of compliance with laws and regulations in each department, and takes necessary measures to prevent violations of laws and regulations. Details of these issues are reported to the Internal Control Committee, and important matters are reported to the Management Committee and the Board of Directors. We have also established—and operate—an internal reporting system to

Helpline

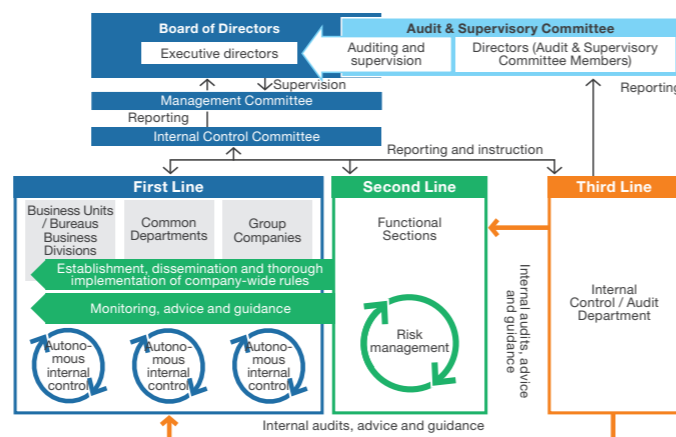
NSSOL established a Compliance Desk in 2003. In April 2006, we established a helpline with a new external point of contact, in response to the enforcement of the Whistleblower Protection Act. Since April 2008, the helpline has been operating as a point of contact for consultations and reporting (whistleblowing)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

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.

accept reports and consultations regarding risks in the execution of business.

In the event of an incident or situation that has significant impact on business management, a crisis response headquarters is established, with the president as its director, to respond as necessary to minimize damage and impact on the company.

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



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

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

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

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

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

Message from an Outside Director

Balancing the Execution of Bold Strategies with Internal Control

Outside Director **Yaichi Aoshima**



Advancing to the Next Stage of Growth

Since I became 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 DX progressing rapidly, general-purpose technologies becoming more sophisticated, and platformers 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 bold 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 intensive executive review meetings* and site 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.

*A study meeting in which the directors of business units / bureaus participate in discussions on management issues.

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.

1 IR System

The Public Relations & Investor Relations Group—established within the Sustainability Department of the Corporate Administration Bureau, under the supervision of the director in charge of the Corporate Administration Bureau and the Accounting & Finance Department—handles investor relations in cooperation with other relevant departments.

2 Approach to Dialogues

In addition to dialogues with shareholders (handled mainly by the Public Relations & Investor Relations Group), quarterly financial results briefings

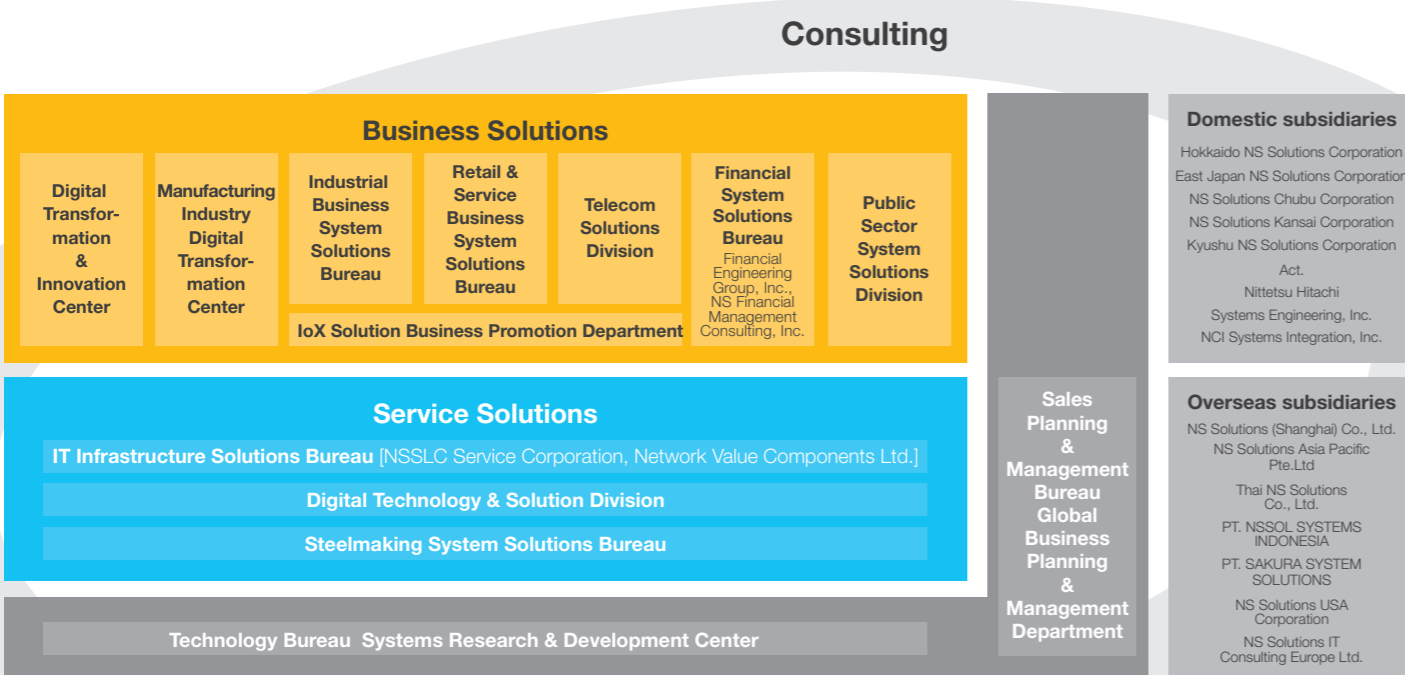
are held by the representative director (president) or director in charge of the Corporate Administration Bureau and the Accounting & Finance Department, and directors and executive officers provide interviews with investors and analysts both in Japan and overseas, to a reasonable extent.

3 Internal Feedback Measures

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

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.



Planning, designing, system building

Operation and maintenance

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 on customers information systems from the perspectives of management and information technology, planning, designing and building specific systems, and providing operation and maintenance services.

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 P.43
Provides value creation consulting that contributes to customers' DX and innovation.

Manufacturing Industry Digital Transformation Center P.44 Column
Consolidates knowledge relating to DX business for the manufacturing industry and provides upstream consulting, proposals and execution support.

Industrial Business System Solutions Bureau P.44
Supports the construction of value chains for many customers, with a focus on the manufacturing and transportation fields.

Retail & Service Business System Solutions Bureau P.45
Provides solutions that contribute to the planning and development of the latest Internet services, with a focus on digital platformers.

Telecom Solutions Division P.46
Provides solutions mainly to telecommunications carriers. Also engages in enterprise 5G business.

Financial System Solutions Bureau P.47
Provides solutions utilizing our business knowledge in fields such as financial engineering, with a focus on mega banks and major securities companies.

Public Sector System Solutions Division P.48
Provides large-scale network infrastructure and operation services for central government ministries / agencies, universities, and research institutions.

IoT Solution Business Promotion Department P.49
Provides solution services such as data analysis and utilization platforms using IoT, with a focus on the manufacturing industry.

Service Solutions

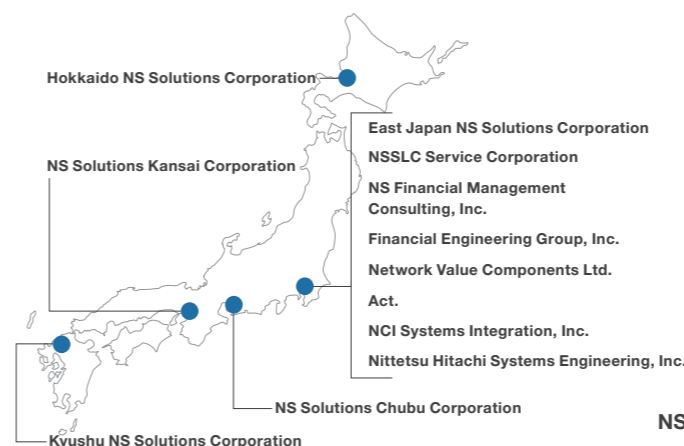
IT Infrastructure Solutions Bureau P.50
Provides services and solutions such as system building and operation, multi-cloud, digital workplace, and security solutions, based on our vast expertise accumulated over many years as IT infrastructure professionals.

Digital Technology & Solution Division P.51
Develops solutions utilizing the latest digital technologies horizontally across multiple industries.

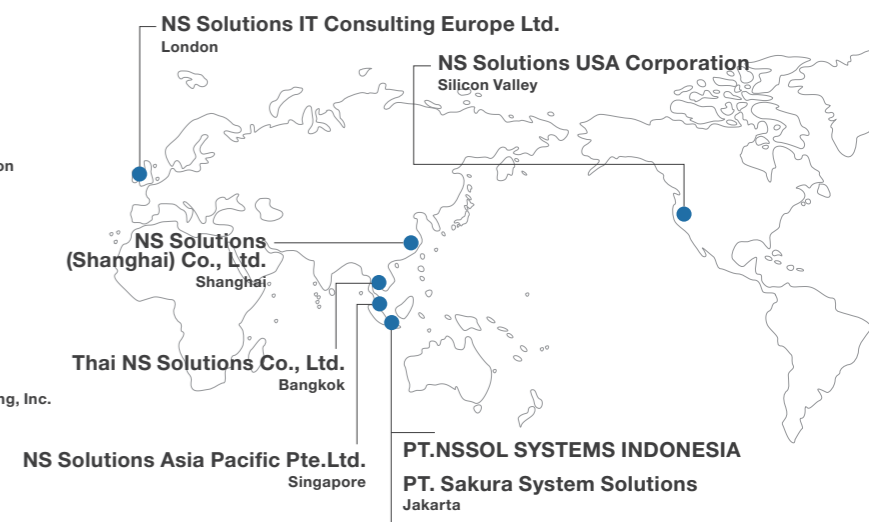
Steelmaking System Solutions Bureau P.52
Provides full outsourcing services for the Nippon Steel Group, including planning, system building, operation and management in all business areas.

Subsidiaries

Japan



Overseas



Digital Transformation & Innovation Center

Executive Officer
Director, Digital Transformation & Innovation Center
Takashi Saito



Target Fields / Characteristics

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.

DX Reform Lead

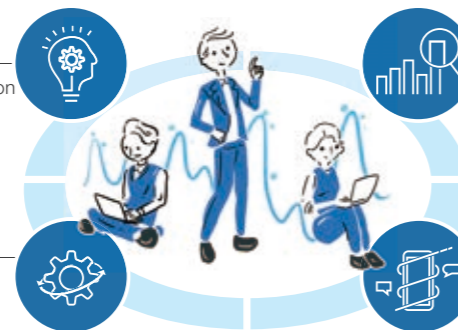
The Center consists of four departments that provide specialized professional support for customers' DX needs, from the perspective of digital data—in a business environment facing rapid market and technological changes and increasing uncertainty. We support customers' business and organizational reforms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

Business Innovation & 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.



Data Technology & Consulting Department

- Possesses specialized knowledge in the field of data utilization.
- Supports planning and project execution of entire data utilization processes, and creation of schemes for data utilization processes.

Service Design Department

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

Market Environment Analysis and Strategy

Growth opportunities

- With the progress of information systems technologies and services and rapid changes in customer's business environments, many companies now recognize that DX (digital transformation)—utilizing IT to transform corporate activities—is indispensable for business management, and the market is expected to continue growing in the future
- Numerous efforts are required to solidify peripheral areas to make DX a source of true competitiveness, including the formulation of medium-term corporate strategies, IT strategies and DX strategies that form the basis for the use of IT in DX promotion, the planning and launch of new businesses, and the organizational reforms needed to support them. These efforts are also accompanied by growing needs for our knowledge, experience, and comprehensive capabilities

Medium-Term Threats

- 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
- Foray into the SI domain by consulting firms that specialize in planning and formulating corporate and DX strategies
- 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

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 stakeholders related to information systems¹, we support comprehensive consideration for responding and contributing to medium-term corporate strategies, IT strategies, DX strategies and CX strategies², co-creation of new businesses, and reducing risks and TCO (Total Cost of Ownership).

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—by 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.

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

² CX 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.

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 consolidating the solutions, services and expertise we provide under a unified brand—PLANETARY—to better support customers' DX activities in the manufacturing industry.

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 their issues under the unified brand PLANETARY, which consolidates all of the solutions, services, and expertise provided by NSSOL.



Responding to DX needs in the manufacturing industry

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

ERP, SCM and ECM, etc.

We have supported our numerous customers in building their value chains in areas such as ERP (Enterprise Resource Planning), SCM (Supply Chain Management), ECM (Engineering Chain Management) for many years.

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
- Growing demand for supply chain reconstruction, waste loss reduction and labor saving, etc., relating to response to the SDGs
- Growing IT demand to respond to new business processes such as remote work and automation as part of the New Normal
- Increasing utilization of digital technologies in response to changes in consumer values and diversification of purchasing styles
- Opportunities for integration between companies and creation of new businesses, as markets are being eliminated due to population decline

Medium-Term Threats

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

Manufacturing Industry Digital Transformation Center

Against the backdrop of social changes such as a declining working population, Japanese manufacturing companies are facing various challenges—such as improving added value and passing on skills to the next generation of workers—by making full use of digital technology and data. The Manufacturing Industry Digital Transformation Center was established in April 2021, as a CoE that provides marketing, solutions planning, upstream consulting, proposal and execution support for manufacturing companies, consolidating NSSOL's knowledge of DX business for the manufacturing industry.

Key Points of Business Activities

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

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.

Retail & Service Business System Solutions Bureau

Executive Officer
Director, Retail & Service
Business System Solutions
Bureau
Toru Arisawa



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 development to system building and operation.

Platformer Support

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

Internet Business Domain

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

Retail & Healthcare Domain

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

Market Environment Analysis and Strategy

Growth opportunities

- Accelerating shift toward online services due to changes in consumer lifestyles and business models transforming through digital technologies
- Improvement of CX through Internet channels, pursuit of highly convenient services, and integration of the Internet with the real world
- Growing needs to respond to social issues such as reducing waste loss, supply chain reconstruction, automation and labor saving
- Growing opportunities to utilize our strengths (track record of co-creation and internalized production support) with the widespread penetration of customer preference for internalization in DX

Medium-Term Threats

- Changes in customer's IT investment areas due to social demands such as SDGs (decrease in investment in the domestic market due to global shift, etc.)
- Shortage of IT-oriented human resources, particularly digital human resources aiming to create new businesses
- Shrinking of the traditional SI market due to active introduction of SaaS

Key Points of Business Activities

The strengths of our business division are as follows.

- Product development capabilities for co-creation with customers (i.e., capabilities possessed by platformer companies)
- Extensive business knowledge, application of this knowledge to other areas, and development model for in-house services
- Strong and diverse customer portfolio (both online and real), integration capabilities, and connection to social issues

1 Further enhancement of product development capabilities and increased sophistication of business base

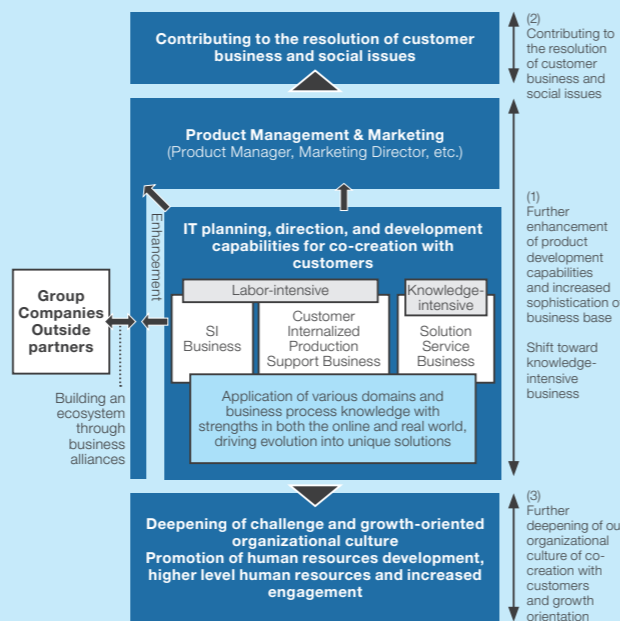
Going forward, we will continue to enhance our operation, management, and marketing functions for new products to increase added value and actively develop unique products that will lead to knowledge-intensive businesses. At the same time, we will begin to form full-scale business alliances with outside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

2 Contributing to the resolution of customer business and social issues

Our diverse range of customers—both online and real—provides us with close points of contact to social issues. We will continue to contribute to social issues such as reducing waste loss and enabling sustainable procurement in retail, disease prevention by utilizing health and medical data, measures to address labor shortages by providing various platform services, and increasing operational efficiency through the effective use of AI.

3 Further deepening of our organizational culture of co-creation with customers and growth orientation

Our organizational culture of working alongside customers from the planning stages allows even young employees to take on new challenges, and is one of our key assets. Going forward, we will continue working to foster an appropriate business mindset, create an environment where employees can improve themselves, and increase engagement.



Telecom Solutions Division

Executive Officer
Director, Telecom Solutions
Division
Toshiaki Yoshida



Target Fields / Characteristics

The Telecom Solutions Division engages mainly in business operations aimed at telecommunications carriers. Specifically, we are responsible for the construction and operation of network facilities, services, and platforms for each customer, the development of information systems and service systems, and

supporting communication networks from various aspects as part of social infrastructure. We have also launched local 5G service and are contributing to the realization of DX for our customers, with total services including applications and operation.

Network services

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

Application Services

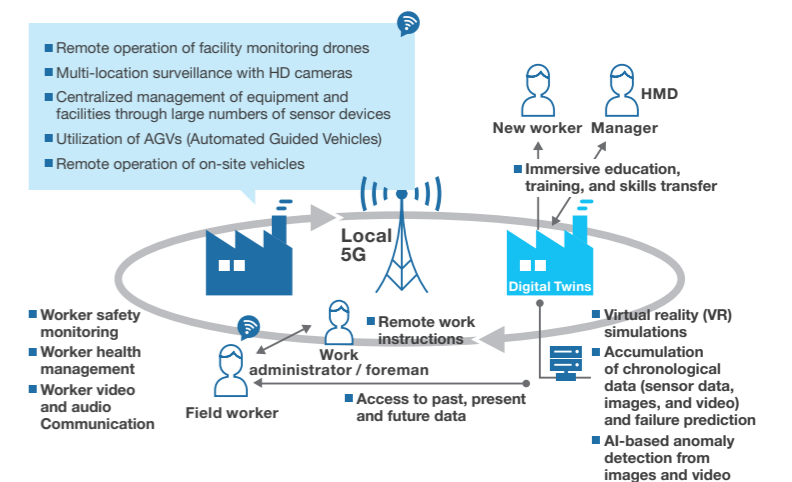
We provide service planning support and system development in collaboration with customers, contributing to the creation of various new services, such as web services for mobile carriers.

Operation Services

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

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.



Market Environment Analysis and Strategy

Growth opportunities

- Introduction of network-related systems relating to 5G capital investment by telecom carriers. In particular, increased investment in network-related systems required to deliver 5G-specific services
- Strong demand for service system development due to the expansion of non-telecom services by telecom carriers
- Improved efficiency and sophistication of operational business processes with the aim of providing stable services to telecom carriers
- Promoting the adoption of local 5G to drive DX for enterprise and government customers

Medium-Term Threats

- Delays in widespread adoption of 5G and capital investment by telecom carriers due to stagnation of killer services
- Weakening of investment and intensified competition with competing system integrators due to saturation of non-telecom services by telecom carriers
- Shrinkage in the scale of telecom carriers and decline in investment due to the provision of communication equipment and services by cloud vendors (AWS, Azure, etc.)
- Low motivation for local 5G investment, mainly in the manufacturing industry, due to factors such as the depreciation of the yen and prolonged semiconductor shortages

Key Points of Business Activities

In the telecom 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-related systems relating to 5G capital investment by telecom carriers. In particular, we will focus on areas contributing to the stable provision of services by telecom carriers, including security measures, control of massive network traffic, and service monitoring.

2 Service system development support for telecom carriers

We will expand our service domain by taking advantage of our extensive pool of human resources and experience in agile development and scrum development, in response to the expansion of non-telecom services by telecom carriers. When developing services, we will actively appoint offshore companies to enable global agile development.

3 Operation for telecom carriers

We will continue to contribute to solving social issues such as labor saving and addressing the declining working population by making full use of our experience in developing and operating network operation systems and applying our cutting-edge IT technology to pursue an ideal state together with telecom carriers, such as in zero-touch operation and other operational business processes that carriers aim to achieve.

4 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.



Financial System Solutions Bureau

Executive Officer
Director, Financial System Solutions Bureau
Takumi Maehara



Target Fields / Characteristics

The finance business is at 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.

In recent years, financial institutions have been tightening regulations on sustainable finance and GHG emissions with a view to solving social and environmental issues.

In response to these moves to tighten regulations, the Financial System Solutions Bureau has begun to provide solutions and services relating to green loans, the volume of transactions for which is expected to increase in the future, and GHG emission measurement, which relates to the tightening of regulations.

Market & Business 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 rates, foreign exchange, bonds, and derivatives to middle and back-office operations such as risk management.

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

“Enepharos”

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



Enepharos

GHG Emission Measurement Service

In the future, financial institutions will be required to improve their accuracy in measuring and reporting the GHG emissions of businesses they lend to and invest in. Emission reduction targets for business partners will be adopted as lending criteria for financial institutions, and financial institutions will begin to support their business partners in achieving these targets through transition finance.

We aim to provide a GHG emission measurement service promptly.

Market Environment Analysis and Strategy

Growth opportunities

- While financial functions are being unbundled* and a wide range of industries accelerate the incorporation of financial functions, development and enhancement of environment for delivering financial products and 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 Act and deregulation. Specifically, the appearance of new business operators from other industries providing and delivering—rebundling*—new 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 low growth in the domestic market, continued low interest rates 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 different industries—rebundling*—and progress in capital and business alliances are also expected. SI companies—including NSSOL—will need to respond to game-changing developments accompanying the segregation and reorganization of the marketplace.

Major banks are already moving to suppress 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.

In view of these developments, we will make maximum effective use of the financial business expertise and system-building capabilities that we have cultivated thus far, and engage in business activities with the aims of (1) continuing to work alongside financial institutions (our biggest customers) to increase the sophistication of their operations, and (2) shifting to a financial platform business that also targets “non-financial” institutions, such as by providing financial functions and services to retail / distribution businesses and telecom carriers, and to other general business operators. (3) In recent years, Japanese banks have been diversifying their earnings by expanding ESG-related loans and non-core business domains, and driving the digital transformation for their innovation and operation. NSSOL will continue to support them in operations that contribute to solving social issues.

*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 (“unbundling”), with new financial services that did not exist in the past being created (“rebundling”) and some functions now being handled by different industries.



Public Sector System Solutions Division

Executive Officer
Director, Public Sector System Solutions Division
Hisaya Ito



Target Fields / Characteristics

The Public Sector System Solutions Division builds systems and provides services for central government ministries / agencies, universities, and research institutions. IT is utilized in all kinds of operations by customers in the public domain. In addition to providing public services, here are many very important, large-scale systems that are directly linked to the management of the country, protecting the lives and property of the public.

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.

Large-scale data (“Big Data”) operations relating to space and science

Research institutes in the fields of space and science acquire, process, accumulate, and utilize vast amounts of data over long periods of time. Our HAGANE systems—capable of maintaining equipment for up to ten years—support cutting-edge research by eliminating the hassle of system updates and making continuous use of important research data.



Driving digital transformation in healthcare

By leveraging our advanced anonymity processing technologies, we can enable safe and secure use of sensitive personal health and medical data. We support the new era of “100-year life expectancy” by improving the efficiency of drug discovery and clinical research activities, and detecting and preventing illnesses before they occur.

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 workforce that underlie it.

1 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.

2 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.

IoX Solution Business Promotion Department

Director, IoX Solution Business Promotion Department
Satoshi Toda



Target Fields / Characteristics

The IoX Solution Business Promotion Department supports sustainable growth by providing solutions that utilize the latest digital technologies such as IoT, AI, and ML (machine learning), for front-line divisions in the industrial field. We are developing our business in the following three main areas.

- Provision of smart factory solutions through the digital transformation of manufacturing sites and utilization of digital data
- Provision of data analysis, data utilization platforms, and services to achieve data-driven management and operations
- Provision of supply chain traceability platform services to improve operational efficiency and enhance quality information management by visualizing the movement of things within and between companies in the supply chain

What is IoX?

IoX is a concept that promotes DX at manufacturing sites, etc., through the sophisticated linkage and coordination of data on all kinds of “things”—including people, facilities, and environments—on a single platform.



Smart Factory Solutions

Smart Factory Solutions ensure safety, support factory work, and support sustainable factory site reform by improving work quality, through the digital transformation of manufacturing sites. Actual examples include Anzen Mimamori-kun (literally, “Safety Watch Boy”) and ARPATIO.

Data platform

Data platforms drive the capitalization of data assets and help to acquire new insights. We achieve data-driven management by consolidating and integrating important company-wide data, cataloging its significance, and operating in accordance with corporate governance rules.

Market Environment Analysis and Strategy

Growth opportunities

- Growing needs to strengthen operational capabilities to solve social issues in industrial fields, such as maintaining and improving competitiveness and productivity associated with the changeover from the current generation of skilled engineers to the next generation, against the backdrop of the declining birthrate and aging population
- Growing needs for data utilization and data governance due to the acceleration of DX
- Expansion of new application areas and added value of IoX solutions due to the further widespread adoption of edge devices for IoT and improved accuracy through technological innovations in sensing, communications, and control, etc.

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 platformers
- Intensifying competition to secure digital human resources in the field of data utilization domain

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

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 environment is changing 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, AI and ML—with 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.

IT Infrastructure Solutions Bureau

Executive Officer Director, IT Infrastructure Solutions Bureau
Tatsuya Endo



Target Fields / Characteristics

The 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.

We also provide the IT outsourcing service NSFITOS, to meet growing needs for the development of IT-related governance and outsourcing.

We also offer deployment consulting catering to the needs of companies for remote work solutions—which are growing at an accelerated pace due to the COVID-19 pandemic—and one-stop engineering and various services relating to cloud security, including AI, BPM (Business Process Management), communication infrastructure, terminal / device management, and authentication.

Digital Workplace Solutions

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

IT Outsourcing

NSFITOS delivers organizational reform and IT outsourcing to support customers' DX activities. We support the shift of human resources to customer growth fields with multi-cloud services centered on the managed cloud “absonne” and the operation service “emerald”—modernized through the use of hyperautomation platforms.

Security solutions

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



Market Environment Analysis and Strategy

Growth opportunities

- Growing needs for IT services due to a decline in the working population and a shortage of IT-oriented human resources at companies
- Evolution and 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

Medium-Term Threats

- Commoditization and intensification of competition in the areas of system building and operation
- Shift of customer needs from traditional SI to services

Key Points of Business Activities

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

2 Provision of stable IT infrastructure as social infrastructure

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 “absonne”, 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.

Digital Technology & Solution Division

Executive Officer
Director, Digital Technology & Solution Division
Hisashi Norikane



Target Fields / Characteristics

The Digital Technology & Solution Division develops solutions utilizing the emerging digital technologies across multiple industries. Our key focus areas include AI utilizing data science and machine learning, document management and workflows that support work style reforms and improved operational

efficiency, electronic contracts that expedite BtoB / BtoC transactions, and enterprise BPM and low-code platforms that support in-house production. We have extensive experience in solutions and provide consistent support, from consulting to integration and operation.

Consultations on AI system introduction and utilization

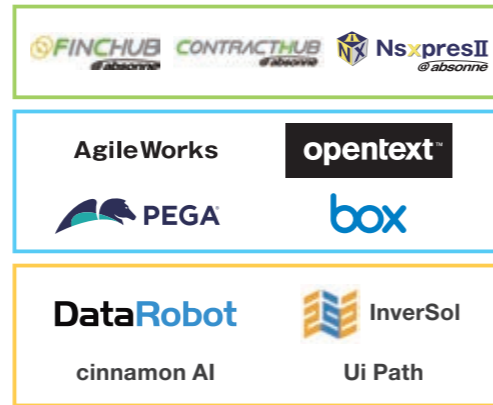
NSSOL is the No.1 reseller of DataRobot, a cutting-edge AI platform, in Japan. We provide consistent support in areas including AI theme creation, model development and operation, on-site applications, human resources training and system interconnection, etc.

We also plan and develop new AI solutions that utilize natural language processing, reinforcement learning, and hyperautomation, combining AI and RPA.

Electronic contract services

CONTRACTHUB is an electronic contract service that eliminates the need for paper contracts and stamps / seals. It is continually evolving to meet the needs of specific industries and business processes. We are supporting the digital transformation of contract-related operations through electronic contract services such as KENCHUB, for the real estate industry, FINCHUB, for housing loans and corporate loans for financial institutions, and HATCHUB, for general purchasing operations (such as indirect materials).

Solution map



Low-code platform introduction support

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

Market Environment Analysis and Strategy

Growth opportunities

- Increasing needs for resilient AI utilization and internalized production, AI operation 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 in facilitating the shift away from traditional stamps / seals. Increase in new opportunities due for 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 DX

Medium-Term Threats

- Intensifying competition among AI platforms and with other AI/DX consulting service providers
- 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

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 workplaces.

- 1** We work together with customers to facilitate the practical application of AI to actual business processes, based on knowledge gained through supporting the introduction of DataRobot to over 100 companies and a deep understanding of business issues specific to each industry. In addition to continuing the evolution of our proprietary DataRobot add-ons such as InverSol, we will also 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., non 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 UX* 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 customer's respective competitive business areas using a UX design approach, contributing to the further business growth of our customers.

*UX (User eXperience): The concept of providing users with experiences that make them want to continue using the system, which is necessary to maximize system benefits.

Steelmaking System Solutions Bureau

Senior Executive Officer
Director, Steelmaking System Solutions Bureau
Yoshihiro Kumamoto



Target Fields / Characteristics

The Steelmaking System Solutions Bureau provides IT support for the Nippon Steel Group in the system lifecycle for all business system domains that underpin corporate activities, from planning and development to operation and maintenance. Going forward, we will continue to engage in these activities in the spirit of challenge, making full use of the knowledge and experience we

have cultivated so far to enable Nippon Steel—our largest customer—to achieve its goal of becoming “a digitally advanced company in the steel industry.” Another important part of our role is to communicate information on achievements within the company and utilize know-how.

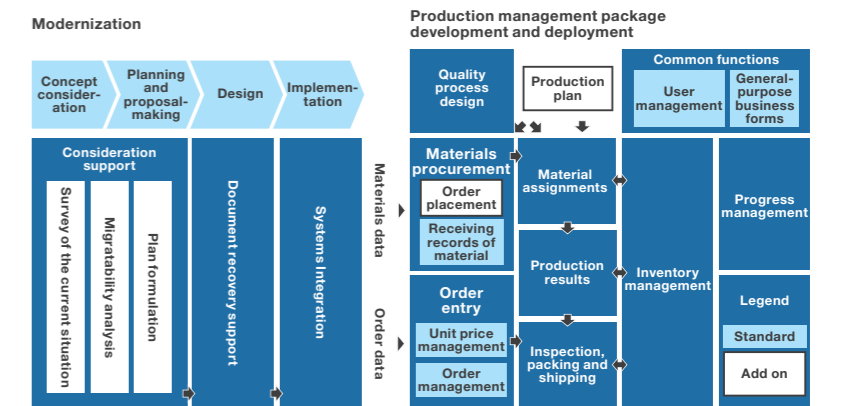
Steelmaking System Solutions Bureau strengths

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

Application of advanced IT for the Nippon Steel Group

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

Application of expertise accumulated through systems development activities for Nippon Steel



Market Environment Analysis and Strategy

Growth opportunities

- Nippon Steel is a massive equipment / facilities-based industrial operator with manufacturing bases at six steelworks in 14 districts nationwide. It plays an important role in providing society with steel, which is a key material. Through the application of advanced IT technologies, we support Nippon Steel in its increasingly complex corporate operations and grow together with it.
- Provide IT support for changes in production structure, equipment support for increasingly sophisticated production varieties, and changes in logistics operations, etc.
- Responsible for the core operations in the expansion of DX measures, securing opportunities to create new solutions
- Overseas business expansion in line with Nippon Steel's global strategies

Medium-Term Threats

- Our mission is to respond to the management issues of the Nippon Steel Group and continue to provide stable, high-quality, high-level IT services in the medium-to long-term, amid major changes in the social environment. The following issues can be seen as threats.
- Sustainable securing human resources in response to the decline in the working population and the diversification of business content

Key Points of Business Activities

Our mission and the essence of our evolution as a company is to think together to enable smart manufacturing, enhance flexible and optimal supply systems, and build business intelligence infrastructure through the combination of real world and digital technologies under the banner of Nippon Steel DX—under which Nippon Steel seeks to reform its overall business processes.

- 1 Contributing to smart manufacturing**
We contribute to safety, stable production, and quality improvement and tackle the issues posed by Japan's diminishing working population by applying the latest digital technologies such as AI and IoT, demonstrating practical effectiveness in the field, and pursuing technologies for automating and optimizing continuously evolving business processes.
- 2 Responding to enhance flexible and optimal supply systems**
We are working to build an integrated production planning platform, as a digital platform that supports flexible production planning. By driving the digital transformation of the entire steelmaking supply chain, we aim to improve the profitability of all Group companies, maximize corporate value, and create new value, including value for consumers.
- 3 Building business intelligence infrastructure**
We are working to build an effective integrated data platform infrastructure that supports decision-making and can continue to transform business operations, from the management level to the factory site.
- 4 Resource strategies to support business**
In order to prepare for the expanding IT demand, we will take advantage of our characteristic of being located in steelworks districts nationwide to further strengthen our business capabilities by allocating the appropriate resources and upgrading the skills of lower level engineer, collaborating with other business units and regional subsidiaries within NSSOL and seeking to enhance the responsiveness of our overseas subsidiaries.

Sales Planning & Management Bureau Global Business Planning & Management Department

Executive Officer
Director, Sales Planning & Management Bureau,
Global Business Planning & Management Department
Yasuhiro Okada



Target Fields / Characteristics

NSSOL's overseas bases accurately identify and understand the needs of Japanese global companies and other customers expanding into overseas markets and support their sustainable growth. 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 NS BizBooster, 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.

Production automation support

In China, where a zero-corona policy is underway, production automation is progressing. At Nippon Steel (Shanghai) Co., Ltd., DX supports a consistent range of operations from production line automation, quality inspections, and shipping to store management by combining robots, AI, RFID, and various sensors.

Business support utilizing advanced specialist expertise

In London, one of the financial capitals of the world, NS 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, NS 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.

Market Environment Analysis and Strategy

Growth opportunities

- Maintaining expansion 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 of 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 will result in 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 concerned 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.

1 Safe and secure support for customers' overseas expansion (including offshore development)

We support the overseas expansion of customer systems safely and securely, from each of our locations.

We are also working to strengthen offshore development in China—which offers linguistic superiority—to further improve quality for greater peace of mind.

2 Responding to the unique needs of customer's overseas bases

Our primarily local staff respond to any IT needs (including production, sales, logistics, and store management) that arise at

customers' overseas bases on an individual basis.

We also provide various support to local customers through M&A and alliances with local IT vendors, as part of our efforts to expand the markets in those countries.

3 Acquisition and accumulation of cutting-edge technologies

We rapidly acquire and accumulate cutting-edge basic technologies, application / use technologies and development methods that originate overseas, and put them to effective use in customer support in close cooperation with Japan headquarters (AI, robots, data science, etc.).

Technology Bureau Systems Research & Development Center

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



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.

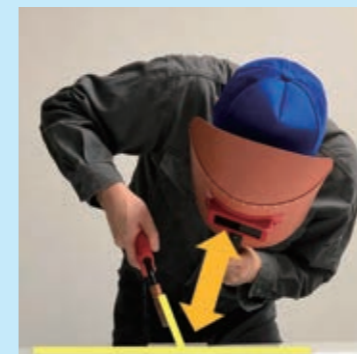
Solving Social Issues: Passing on Skills in the Digital Age

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, 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.

Together with the National Institute of Advanced Industrial Science and Technology (AIST) HCMC Consortium 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 time, are difficult since they are very complex and needs large-scale computation. On the other hand, for skilled craftspeople make intelligent judgements, it is necessary that the appearance of the virtual weld 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.

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.

Our way of thinking stated above is not limited apply to welding, but are also applicable in various aspects of manufacturing, and we are engaged in research and development efforts with the goal of leading to provide systems for transfer of skills more efficiently to future generations.



▶ Create a scoring model using skilled workers' physical movements as training data, while accounting for individual differences



▶ In addition to measuring the stability of the weld pool, the system also analyzes and evaluates the movement of the welding torch and the posture of the welder



▶ The system can replays body movements made during training

Finance

Consolidated Financial Results (Millions of yen)	FY2017	FY2018	FY2019	FY2020	FY2021
Statement of Income (Millions of yen)					
Revenue	230,860	255,116	274,843	251,992	270,332
Cost of sales	182,629	202,820	218,244	200,042	210,011
Gross profit	48,230	52,295	56,598	51,950	60,321
Selling, general and administrative expenses	26,386	26,910	28,210	27,400	30,505
Operating profit	21,844	25,385	28,387	24,549	29,815
Ordinary profit	22,279	25,812	28,275	25,101	30,811
Profit attributable to owners of parent	14,105	16,713	18,552	16,982	19,977
Balance sheet (end of year)					
Total assets	219,077	232,779	240,448	272,223	296,790
Current assets	136,512	149,478	162,882	171,834	187,686
Non-current assets	82,565	83,301	77,565	100,388	109,103
Total liabilities	78,710	86,878	85,055	86,094	93,360
Current liabilities	58,912	68,629	68,100	60,694	62,165
Non-current liabilities	19,798	18,249	16,955	25,400	31,195
Total net assets	140,366	145,901	155,392	186,128	203,429
Cash Flow Statement					
Cash flow from operating activities	13,138	19,690	19,366	17,544	32,313
Cash flow from investing activities	-6,145	-1,624	-2,975	10,414	-8,540
Cash flow from financing activities	-5,926	-16,255	-6,796	-7,395	-6,845
Capital Investment, depreciation and R&D expenses					
Capital investment	7,590	2,647	7,817	3,764	9,032
Depreciation	4,607	4,858	5,205	6,145	5,523
Research and development (R&D) expenses	1,618	1,678	1,996	1,694	1,942
Financial Indicators					
Gross profit margin (%)	20.9	20.5	20.6	20.6	22.3
Operating profit margin (%)	9.5	10.0	10.3	9.7	11.0
ROE (%)	11.0	12.1	12.8	10.3	10.6
ROA (%)	10.7	11.4	11.9	9.8	10.8
Dividend payout ratio (%)	33.6	30.8	32.1	28.3	30.2

Sales by Segment / Customer Industry (Millions of yen)	FY2017	FY2018	FY2019	FY2020	FY2021
Segment information					
Orders received					
Business Solutions	117,929	147,386	144,273	141,223	135,367
Manufacturing, Retail & Service	60,233	67,786	77,232	66,783	77,217
Financial Services	35,034	31,750	28,762	35,336	34,446
Government, Public Organizations and Others	22,661	47,849	38,278	39,103	23,703
Service Solutions	84,845	89,418	86,897	84,191	99,129
IT Platform	32,387	34,211	32,316	30,616	42,599
Nippon Steel Group	52,457	55,206	54,581	53,574	56,529
Subsidiaries	32,034	34,274	37,127	34,362	37,097
Total	234,808	271,077	268,298	259,777	271,593
Revenue					
Business Solutions	120,462	136,369	148,590	132,227	145,587
Manufacturing, Retail & Service	58,919	65,962	76,903	69,459	76,239
Financial Services	33,449	30,775	30,892	32,164	34,987
Government, Public Organizations and Others	28,094	39,630	40,794	30,602	34,361
Service Solutions	78,251	84,745	89,832	85,135	89,932
IT infrastructure	32,616	33,183	34,049	32,682	35,193
Steelmaking	45,635	51,562	55,782	52,452	54,738
Subsidiaries	32,148	34,001	36,419	34,629	34,812
Total	230,860	255,116	274,843	251,992	270,332
Order balance					
Business Solutions	62,066	73,081	68,763	77,760	66,012
Manufacturing, Retail & Service	27,670	29,494	30,364	27,147	27,349
Financial Services	11,156	12,131	10,091	13,172	12,283
Government, Public Organizations and Others	23,238	31,455	28,308	37,440	26,380
Service Solutions	50,314	54,987	52,053	51,108	49,827
IT infrastructure	19,238	20,266	18,533	16,466	23,788
Nippon Steel Group	31,076	34,721	33,519	34,641	26,038
Subsidiaries	5,082	5,355	6,063	5,795	7,997
Total	117,463	133,424	126,880	134,664	123,837

Non-Financial Information

Human Resources		FY2017	FY2018	FY2019	FY2020	FY2021
Employees (consolidated)	Total	6,232	6,434	6,639	6,958	7,143
Average age		39.4 years old	39.6 years old	39.6 years old	39.8 years old	40.0 years old
Average duration of service	Male	13.4 years	13.6 years	13.7 years	13.6 years	14.0 years
	Female	8.3 years	8.5 years	8.5 years	8.7 years	8.9 years
	Total	12.6 years	12.8 years	12.8 years	12.7 years	13.0 years
Number of new graduate hires (joining the company on April 1 of next fiscal year)	Male	96	103	114	97	113
	Female	48	49	50	50	59
	Total	144	152	164	147	172
Number of mid-career hires (joining the company during the relevant fiscal year)	Male	53	63	75	57	79
	Female	12	17	19	6	20
	Total	65	80	94	63	99
Number of employees who left the company for their own reasons	Male	53	84	77	78	101
	Female	13	10	20	21	21
	Total	66	94	97	99	122
Percentage of employees who left the company for their own reasons	Male	2.2%	3.4%	3.1%	3.1%	3.8%
	Female	3.1%	2.2%	3.9%	3.8%	3.5%
	Total	2.3%	3.2%	3.2%	3.2%	3.7%
Percentage of employees with disabilities		1.79%	2.09%	2.23%	2.20%	2.37%
Number of temporary employees		681	723	744	684	709
Number of managers	Male	818	851	857	905	949
	Female	30	30	33	41	42
	Total	848	881	890	946	991
Number of newly appointed managers	Male	69	47	61	80	63
	Female	2	3	10	5	3
	Total	71	50	71	85	66
Number of assistant manager grade employees	Male	964	959	975	997	1003
	Female	111	122	133	144	158
	Total	1,075	1,081	1,108	1,141	1,161
Hours spent on education and training for employee development	Total hours					195,305
	Average hours / person					59.9 hours / person
Monthly average overtime hours		24.9 hours / month	23.4 hours / month	9.2 hours / month	11.4 hours / month	8.3 hours / month
Average number of days of paid leave taken		15.6 days / year	16.4 days / year	15.5 days / year	13.7 days / year	14.6 days / year
Number of employees taking childcare leave	Male	12	11	19	27	32
	Female	41	47	40	39	39
	Total	53	58	59	66	71
Number of employees taking caregiving leave	Male	0	0	0	0	1
	Female	0	0	0	0	3
	Total	0	0	0	0	4

Environment		FY2015	FY2017	FY2018	FY2019	FY2020	FY2021
GHG emissions	Scope 1 (fuels) (t-CO ₂)	222	-	170	493	140	137
	Scope 2 (electricity) (t-CO ₂)	39,852	-	38,024	36,169	32,790	30,559
	Scope1+2(t-CO₂)	40,074	-	38,194	36,662	32,930	30,696
	Comparison with FY2015 (%)	-	-	-4.7%	-8.5%	-17.8%	-23.4%
	Of which data centers (t-CO ₂)	25,310	-	24,396	23,499	20,546	19,821
	Of which offices, etc. (t-CO ₂)	14,764	-	13,798	13,163	12,384	10,875
	Scope3(t-CO₂)	-	-	-	-	-	308,814

Corporate Governance		FY2017	FY2018	FY2019	FY2020	FY2021
Total number of directors (excluding those who are Audit & Supervisory Committee Members)		10	10	10	10	10
Outside directors		2	2	2	3	3
Female directors		0	0	1	1	1
Audit & Supervisory Committee Members*		-	-	-	-	3
Outside Audit & Supervisory Committee Members		-	-	-	-	2
Number of Board of Directors meetings (times)		12	14	18	16	16
Average attendance rate of directors (%)		99%	100%	98%	100%	99%

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

Number of helpline reports and consultations		FY2017	FY2018	FY2019	FY2020	FY2021
Number of reports and consultations (cases)		-	-	31	32	20

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



GX League basic concept



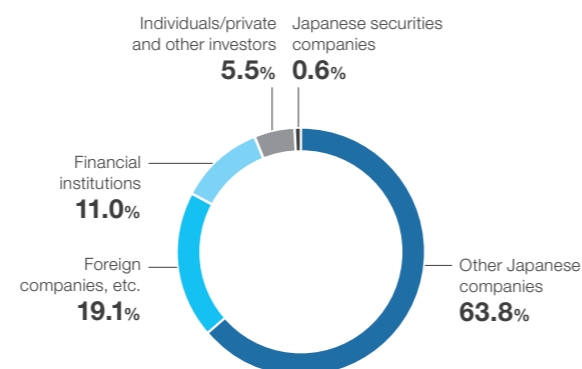
Stock information

Stock information

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

Ownership by shareholder

(as of March 31, 2022)



Primary shareholders (as of March 31, 2022)

Name	Address	Number of shares held (thousand shares)	Ratio of the number of shares owned to the number of shares issued (excluding treasury shares) (%)
Nippon Steel Corporation	2-6-1, Marunouchi, Chiyoda-Ku, Tokyo	58,033	63.42
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	5,057	5.53
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	3,863	4.22
JPMorgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF LONDON, E14 5JP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	3,668	4.01
NS Solutions Employee Stock Ownership Association	1-17-1 Toranomon, Minato-ku, Tokyo	2,064	2.26
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)	1,184	1.29
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)	1,015	1.11
AVI Global Trust PLC (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	51 NEW NORTH ROAD EXETER DEVON EX4 4EP UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	677	0.74
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: HSBC Tokyo Branch, Custody Service Department)	ONE LINCOLN STREET, BOSTON MA USA 02111(3-11-1 Nihonbashi, Chuo-ku, Tokyo)	525	0.57
The Bank of New York Mellon 140044 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A.(2-15-1, Konan, Minato-ku, Tokyo)	488	0.53
Total		76,579	83.69

*In addition to the above, there are 923 shares of treasury stock held by the Company.

Gross shareholder yield and share price (as of March 31, 2022)

Fiscal year end	2018/3	2019/3	2020/3	2021/3	2022/3
Total shareholder return(%) (Comparison index: TOPIX including dividends)(%)	128.4 (115.9)	128.6 (110.0)	116.5 (99.6)	155.1 (141.5)	164.9 (144.3)
Highest share price (yen)	3,275	3,750	3,935	3,700	4,065
Lowest share price (yen)	2,131	2,408	2,234	2,365	3,030

Corporate Information

Company Information (as of March 31, 2022)

Company name	NS Solutions Corporation
Capital	12,953JPY million
Headquarters	105-6417 Toranomon Hills Business Tower, 1-17-1 Toranomon, Minato-ku, Tokyo TEL: +81-3-6899-6000
Established	October 1, 1980
Description of business	<ul style="list-style-type: none"> • Consultation on business and information systems • Planning, design, development, implementation, operation and maintenance of information systems • Development, manufacturing and sales of information systems software and hardware • Provision of outsourcing services using information technology
Revenue	270.3JPY billion (consolidated, FY2021)
Number of employees	7,143 (consolidated, FY2021)

List of affiliated companies (as of April 1, 2022)

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