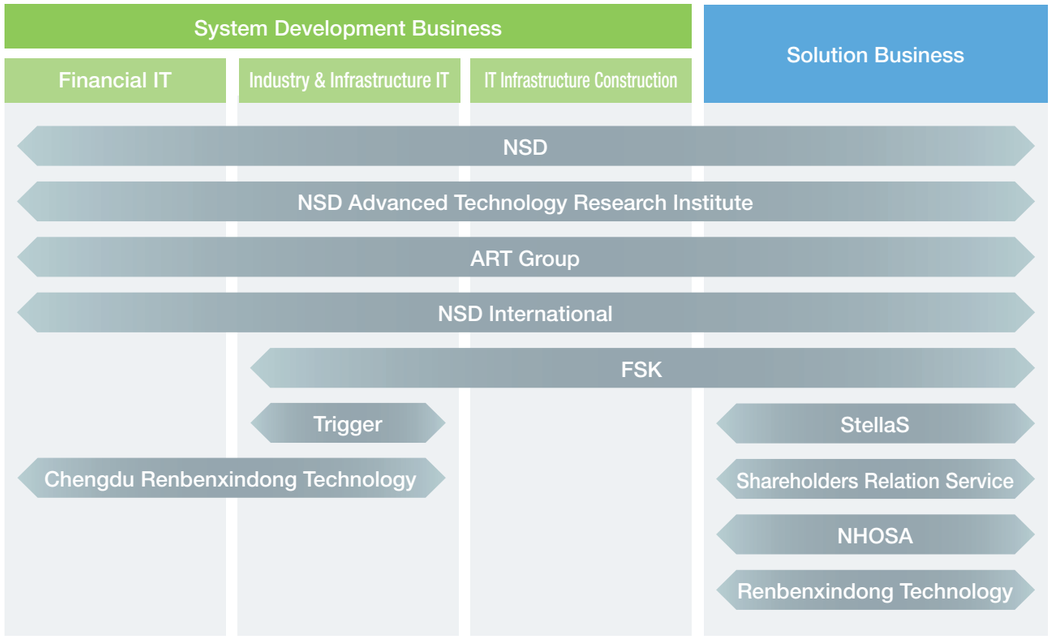
Segment Overview

NSD's primary business is comprised of the system development business and the solution business.

The system development business provides tailor-made services in application development, IT infrastructure construction and others, based on specific customer needs to help customers pursue their management strategies and resolve their management issues.

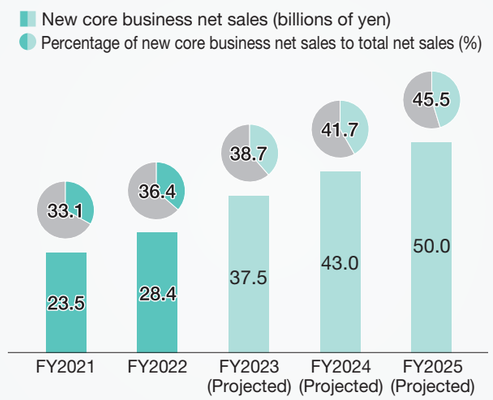
The solution business develops and provides customers with solutions as IT products that address issues common to many customers, such as challenges common to each industry and those related to security.



New Core Business

New core business refers to business domains to focus on under the medium-term management plan as a driver of the NSD Group's future growth. In the current medium-term management plan, we have defined the development areas that leverage new technologies or help achieve DX in the system development business as well as the solution business as new core businesses.

In fiscal 2022, new core business net sales increased by 20.7% year on year to 28.4 billion yen, making a steady increase in the quantitative aspect. We have set a target of achieving new core business net sales of 50.0 billion yen (which accounts for 45% of consolidated net sales) in fiscal 2025, the final year of the current medium-term management plan.

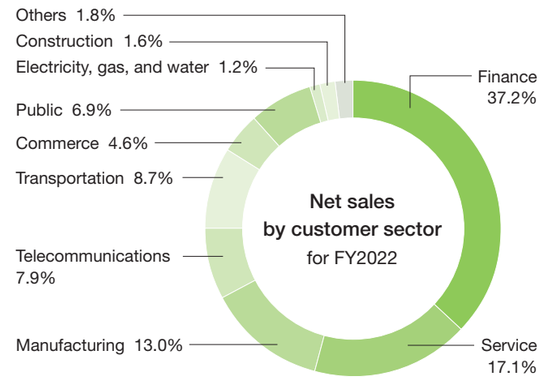


System Development Business

We provide comprehensive system services based on customer needs, from system planning and design to development and post-installation operational support.

This business segment comprises the three subsegments of financial IT, industry & infrastructure IT, and IT infrastructure construction, and has a well-balanced sector portfolio consisting of major blue-chip companies in a wide range of sectors, including finance, service, manufacturing, telecommunications, and transportation.

Having greater responsiveness in upstream processes has recently enabled us to support customers in building their business models. In addition, with the use of advanced technology, we appropriately meet customers' needs for digital transformation.



Strengths in the System Development Business

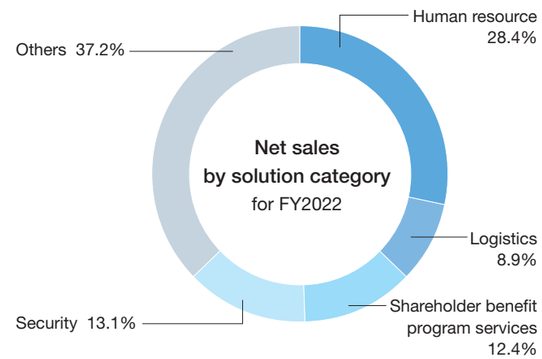
- In-depth operational knowledge and technical expertise gained from many years of business dealings with customers in a number of industries
- Ability to apply AI, IoT, and other advanced technology in actual business settings
- Around 4,000 engineers with advanced expertise
- Solid customer base centered on major blue-chip companies

Solution Business

With our technological development capabilities honed in system development and advanced technology application capability, we develop and provide a variety of IT-powered solutions to solve various business and social issues.

We offer a wide range of solutions, including one-stop human resource solutions that support companies with their recruitment and staffing services, logistics solutions with enhanced functions that support companies with their commercial warehouse operations, and complete outsourcing services for shareholder benefit programs.

We have been expanding our range of solutions through M&A and included a receipt computer system for dental clinics and RFID-based solutions in fiscal 2023.



Strengths in the Solution Business

- Wealth of technical skills gained from system development
- Ability to apply AI, IoT, and other advanced technology in actual business settings
- Ability to gain insight into customer needs using a customer base consisting of companies in a number of industries
- Extensive solutions offered by multiple subsidiaries with strengths in specific fields

Financial IT

Subsegment Overview

We provide software development and system consulting for financial services customers, such as banks, insurers, and securities companies.

Main Examples of Development

- Banking: accounting systems (deposits, forex, lending, etc.) and information systems (customer information file and anti-money laundering)
- Trust: pension management systems and securities agency systems
- Securities: online trading systems and order-taking systems
- Insurance: policy management systems and sales support systems
- Credit cards: credit information management systems and e-commerce payment systems



Vision in the Medium-Term Management Plan

- **Accurately respond to the diverse needs of customers from legacy systems to systems that utilize new technology, and further deepen our business relationships**

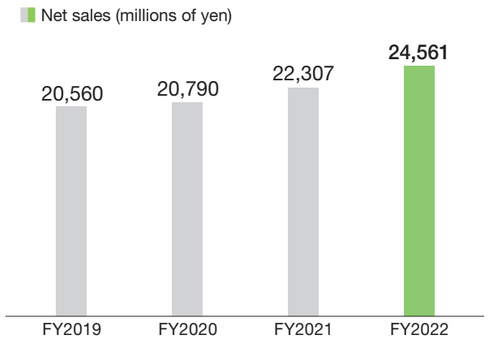
As the promotion of DX has been accelerating in recent years, banks, insurers, and other financial services companies have been making a transition to next-generation systems, giving rise to the need for reconfiguring legacy systems into more flexible systems.

NSD has many years of experience developing and maintaining key customer systems and understands every aspect of these systems. In addition to this knowledge, we will further deepen our relationships with customers by focusing on the development of engineers who can handle open system development from upstream processes through, for example, the enhancement of their open system design know-how.

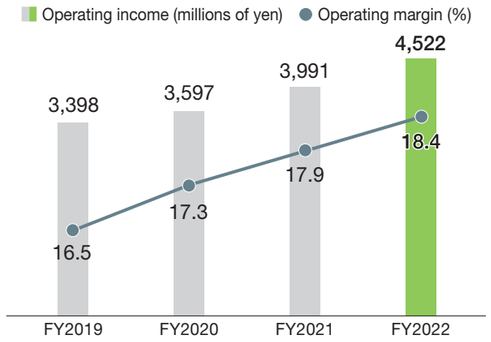
FY2022 Results

Subsegment net sales increased by 10.1% year on year to 24,561 million yen and operating income increased by 13.3% to 4,522 million yen due to a significant increase in orders from banks resulting from an increase in the numbers of system renewal projects mainly in mega banks and existing system development projects, in addition to a steady increase in orders from insurance companies and credit card companies.

Net Sales



Operating Income / Operating Margin



Industry & Infrastructure IT

Subsegment Overview

We provide software development and system consulting to customers in industries like manufacturing, telecommunications, transportation, and the public sector.

Main Examples of Development

- Service: election reporting system
- Transportation: operations plan management system
- Manufacturing: product supply-demand management system
- Telecommunications: calling rate management system
- Commerce: order management system
- Electricity: power rate management system
- Construction: design management system



Vision in the Medium-Term Management Plan

- **Improve response capabilities to new technology and DX projects by working with the Advanced Technology Strategic Business Unit**
- **Increase orders in new fields utilizing 5G / 6G**

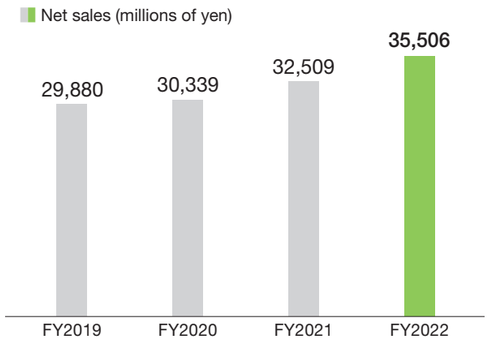
In the industry & infrastructure IT subsegment, we do business with customers in a wide range of industries, and there is growing demand for new technology and DX across all these industries.

NSD is exploring innovation in the development of new technologies and DX-related fields. It is also improving the responsiveness of our software development by sharing technologies within the company horizontally and vertically. Furthermore, it focuses on training open system engineers to meet the various needs of our customers. As the need for services that address large capacity and low latency utilizing 5G and 6G technology is expected to increase, we will improve our expertise and technology related to telematics services with the aim of increasing orders in new fields.

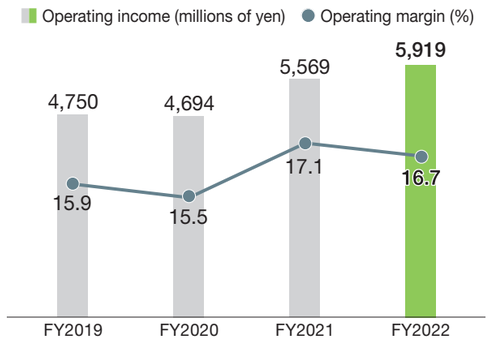
FY2022 Results

Subsegment net sales increased by 9.2% year on year to 35,506 million yen due to a steady increase in orders from the manufacturing, transportation, and public sectors, in addition to the effect of M&A of Trigger Inc. Operating income increased by 6.3% year on year to 5,919 million yen mainly due to an increase in cost of sales resulting from a base pay raise, as well as to M&A costs and amortization of goodwill.

Net Sales



Operating Income / Operating Margin



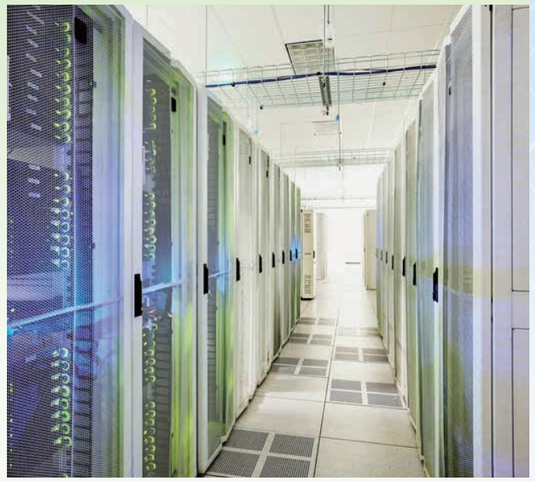
IT Infrastructure Construction

Subsegment Overview

We provide services for IT infrastructure and network construction, system consulting, and system maintenance and operation to a broad range of customers, including financial institutions and the public sector.

Main Services

- Planning and procurement: consulting services and IT infrastructure service sales support
- Design, construction, and implementation: design and build-up support of cloud, platforms, networks, storage, virtualization infrastructure and security, and application development support
- Operation and maintenance: system management and maintenance services, system operation services, life cycle management services, and help desk services



Vision in the Medium-Term Management Plan

- Foster technical skills and mobilization capabilities that lead a response to non-functional requirements mainly using cloud technology
- Expand new business to help companies transit away from legacy systems and promote government digitalization

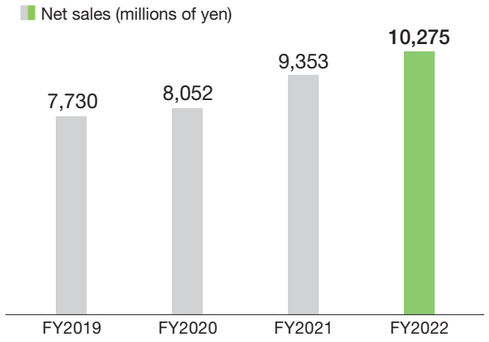
The key to sustainable growth in the IT infrastructure field is improving our responsiveness to virtualization technology, cloud use, operation automation, and other technologies following the needs of today. We will share knowledge and expertise with the Advanced Technology Strategic Business Unit and NSD Advanced Technology Research Institute to enhance our technical skills and mobilization capabilities.

In addition, there is a growing movement by companies to break away from legacy systems and by government to promote digitalization. This necessitates response to non-functional requirements such as security and scalability on a different level than before. To make the best proposals for these requests, we will focus on improving our consulting capabilities in addition to enhancing our technical skills as mentioned above.

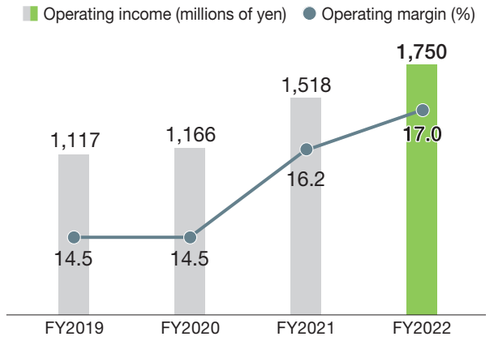
FY2022 Results

Subsegment net sales increased by 9.9% year on year to 10,275 million yen due to a significant increase in orders from the public and financial sectors, including those for infrastructure construction projects from government agencies, cloud computing projects from banks and insurance companies, and business process outsourcing projects from local governments. Operating income increased by 15.3% year on year to 1,750 million yen partly due to an improvement of profitability.

Net Sales



Operating Income / Operating Margin



Solution Business

Subsegment Overview

We offer an extensive lineup of solutions, from highly ubiquitous security software to packages for specific industries.

Main Examples of Solutions

- Medical and healthcare: receipt computer system for dental clinics, dialysis treatment support system for medical institutions, medical incident management system, and remote health support service
- Human resource: recruitment management system and staffing services support system
- Logistics: commercial warehouse management system
- Operation improvement: RFID* solutions, and tools for analyzing the movement of workers in factories, warehouses, and other work sites

  *Automatic identification technology that uses radio waves to read and write information on IC tags in a non-contact manner
- Security: secure file-sharing system and solutions to prevent misdirected emails
- SR and IR support: complete outsourcing services for shareholder benefit programs



Vision in the Medium-Term Management Plan

- Expand the scale of the solution business into the second pillar of the Company

We aim to expand the solution business by expanding our lineup of niche-top solutions and putting more effort into selling our existing solutions so as to make the solution business our second earnings base along with the system development business.

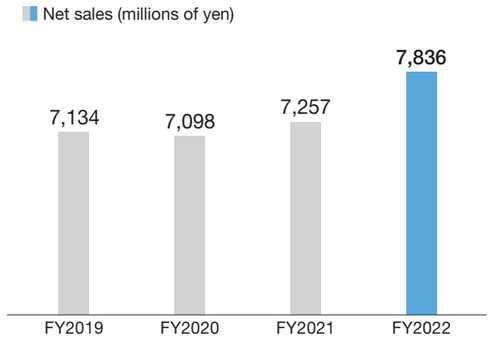
We will put a particular focus on developing and offering solutions that utilize advanced technology and will work with our customers on research and planning to create new solutions.

We will also accelerate the expansion of our lineup of solutions through M&A.

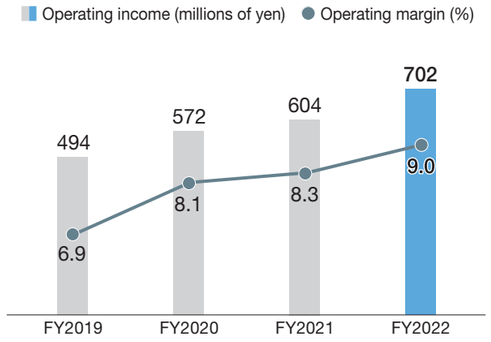
FY2022 Results

Segment net sales increased by 8.0% year on year to 7,836 million yen due to a significant increase in orders for rental business solutions in addition to an increase in orders for shareholder benefit program services, while there was a decrease in sales of human resource solutions and logistics solutions due to the absence of sales of large-scale projects in the previous fiscal year and delays of orders. Operating income increased by 16.2% year on year to 702 million yen partly due to an improvement of profitability.

Net Sales



Operating Income / Operating Margin



Sustainability

Sustainability Declaration

Recognizing that the realization of a sustainable society is essential, we fulfill our social responsibilities by actively contributing to the sound development of society through the creation and provision of new solutions beneficial to people and society , viewing coexistence and co-prosperity with employees, customers, and shareholders as the very essence of our corporate activities. We simultaneously strive for sustainable growth by promoting ESG initiatives.



Environmental Initiatives



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Environmental Initiatives

NSD recognizes that the conservation of the earth's environment is one of the issues for management.
In an effort to limit our impact on the environment, the Group is working to reduce energy consumption and waste derived from our business activities in accordance with our Environmental Policy.
NSD will contribute to a better, more prosperous global environment in collaboration with our customers and business partners across various industries.

Environmental Policy

To create a sustainable society, the NSD Group will, in accordance with the Group's Sustainability Declaration, systematically and continuously work to conserve the earth's environment, including tackling the problem of climate change, helping to build a better, more prosperous global environment in collaboration with customers and business partners across various industries.

1. We will help conserve the global environment by reducing the impact our business activities, services, and products have on the environment.
2. We will clarify and comply with all environmental laws, regulations, and agreements associated with our business activities, as well as the requirements of our customers and local communities.
3. We will actively work to save resources and reduce waste by recycling to reduce the impact our offices have on the environment.
4. We will establish an environmental management system and set environmental targets, reviewing them regularly to make continuous improvements. We will also deliver education and promote activities on environmental issues to raise awareness among each and every employee on the environment.

Climate Change & Energy Management

●Tackling climate change

In order to address the increasingly serious issue of global climate change, NSD has positioned climate change and energy management as one of its material items, and is working to reduce greenhouse gas (CO_2) emissions by setting medium- to long-term targets in line with the framework of the Paris Agreement.

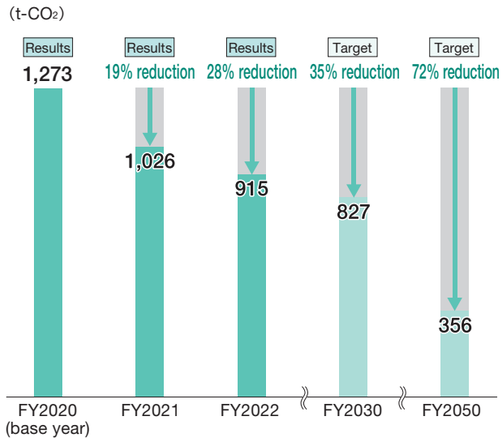
We conduct business with customers in a wide range of industries, and so we recognize the importance of predicting the impact that climate change, which brings more abnormal weather, storms and flood damage, will have on our business activities. Based on this understanding, we will analyze the risks and opportunities that climate change poses to our business and we will disclose all such information.

●Reducing greenhouse gas (CO_2) emissions

Since NSD is mainly engaged in software development and does not have facilities, such as data centers, which use large amounts of energy, the Group's direct CO_2 emissions are very small. As such, we are working to reduce CO_2 emissions by attempting to cut down on the amount of electricity and air conditioning we use in our offices.

To achieve these reductions, we have set and are working towards long-term targets of a 35% reduction by fiscal 2030, ending March 31, 2031, and a 72% reduction by fiscal 2050 (compared to fiscal 2020 levels). CO_2 emissions in fiscal 2022 were 915 t-CO_2, a 28.1% reduction compared to fiscal 2020 (base year).

▶ CO_2 emissions and reduction targets



* Coverage: Head office, branch offices, business sites, consolidated subsidiaries (excluding overseas subsidiaries)
* Energy measured: Scope 2 emissions only
* CO_2 emissions calculation formula: Electricity consumption at each site × Emission factor at each site
(Emission factors are based on those of the electric power companies as disclosed by the Ministry of the Environment)

●Renewable energy and LED lighting

NSD has few in-house facilities with many of its offices rented in office buildings. Since it is difficult for us to introduce renewable energy and LED lighting by ourselves when implementing initiatives in our offices, we are making requests to the building management companies at each of our sites to switch to renewable energy CO2-free energy tariffs and to change to LED lighting.

We have already switched to renewable energy power at our head office and Nagoya branch office. LED lighting has also been introduced at several business sites, including our head office.

Waste Management

NSD has been working to reduce waste, mainly with the recycling of computers that are no longer used in its business. We recognize that the reuse and recycling of waste and resources through separation is one of the issues of conserving the environment.

In accordance with our Environmental Policy, we will continue to actively work to reduce waste by going paperless and through the reuse and recycling of computers in order to reduce the impact our offices have on the environment.

●100% computer reuse/recycling rate maintained

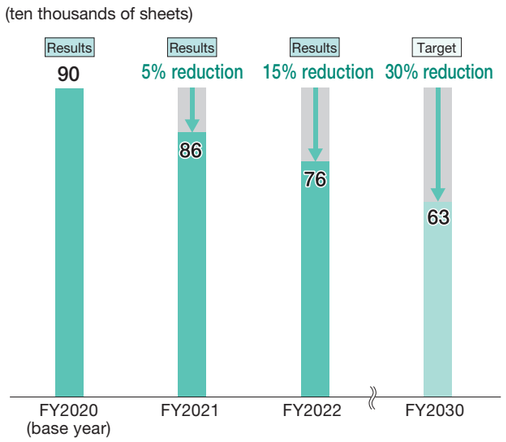
In terms of the reuse and recycling of computers, the department in charge regularly shares information and coordinates efforts within the Company. As such, we have been able to maintain a 100% reuse/recycling rate.

●Going paperless

As part of its efforts to go paperless, NSD is introducing EDI transactions in its supply chain, working to convert internal documents into electronic form, and cutting down on the amount of printer paper it buys and uses.

Taking advantage of countermeasures in light of the pandemic, NSD's move to go paperless has made great progress with the implementation of computer workflow systems and remote working.

▶ Sheets of printing paper used and reduction targets



Environmental Management System

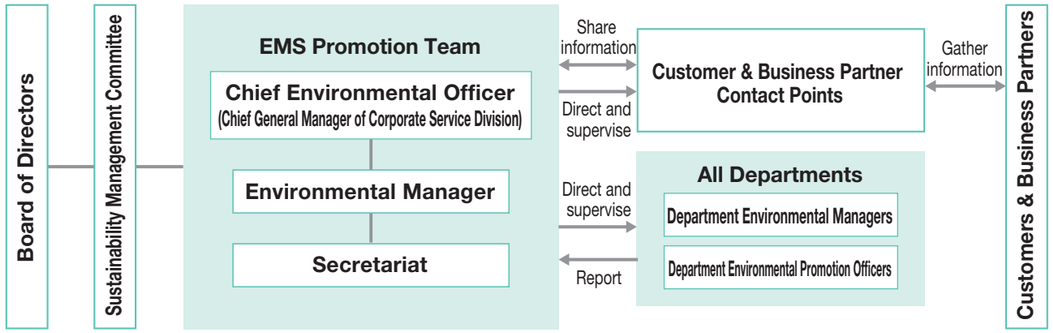
●Environmental management structure

To ensure that our environmental initiatives are carried out, NSD has established an EMS* Promotion Team under the Sustainability Management Committee.

The EMS Promotion Team directs and supervises the environmental initiatives in each department of the Company, and works to continuously improve the Company's environmental measures through dedicated internal contact points with customers and business partners across various industries.

*EMS: Environmental Management System

▶ Environmental management structure



●ISO 14001:2015 certification

NSD has established an environmental management system in compliance with the ISO 14001:2015 certification standard, and operates and manages it using a PDCA cycle in order to clarify the impact of its business operations on the global environment and work to improve it.

Specifically, the EMS Promotion Team takes the lead in formulating annual environmental targets that lead to environmental conservation, such as reducing the amount of electricity and copy paper used at offices, disseminates details of them to employees each month in cooperation with department environmental promotion officers, encourages employees to work toward achieving them, and reports on the state of their achievement.

To raise environmental awareness among each and every employee, we also provide environmental education (e-learning) for all employees, conduct regular internal audits to assess the state of our environmental activities, and implement initiatives to achieve targets and make continuous improvements.

Certified organization	NSD Co., Ltd. Head Office
Scope of certification	System Development Business • Planning, design, and development of IT systems • Construction of IT infrastructure Solution Business • Provision of services that utilize IT • Sales of software products
Certification body	Japan Quality Assurance Organization (JQA)
Standard	ISO 14001:2015 / JIS Q 14001:2015
Certificate number	JQA-EM7822
Initial date (expiry date)	February 3, 2023 (February 2, 2026)



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Social Initiatives

Recognizing that our employees are our greatest asset, NSD strives to;
operate a fair personnel system that rewards contribution; provide ample and well-suited opportunities for skill development;
create a comfortable working environment, and;
create a workplace where diverse human resources can thrive with job satisfaction.
These initiatives are being promoted not only within the Company but throughout the whole supply chain.
We are also aiming for coexistence and co-prosperity with society by actively engaging in social contribution.

Human Resource Development

In order to respond to changes in the business environment, such as with the ever-advancing cutting-edge technologies and rapid progress in digital transformation, NSD not only conducts a range of technical training programs so that employees can acquire leading-edge technological skills, but also provides soft skills training that encourages employees to be self-starters. In this way, NSD enhances both the technical and human capabilities of its workforce.

In addition to such training programs, NSD nurtures employee growth through the practice of assigning the right person to the right job.

Training to improve technical skills

NSD conducts training for employees based on their position and experience in the Company. The training is aimed at giving employees the basics of systems development and project management, including risk management training and drawing up project plans for systems development.

We also have some elective training programs so that employees can improve their skills. This type of training seeks to provide employees with system development skills related to trends in technology, new technologies and DX-related businesses, as well as the project management skills required for the respective roles and positions of the employee. In fiscal 2022, we conducted training on various topics such as Agile development—test-driven development and automation and Getting started with Angular. We also provide our employees with opportunities to participate in a variety of training programs, including external group training, SEcollege (a course for system engineers), and e-learning courses.

Aiming to give and help employees improve their project management skills, NSD also encourages employees to obtain Project Management Professional (PMP)® certification which is granted to those who have a certain level of experience, education, and knowledge in project management. The purpose of this training is to help those employees who are expected to go on to promote projects acquire the right kind of project management expertise.

- The PMI® ATP logo is a registered trademark of the Project Management Institute, Inc.
- PMP® is a registered trademark of the US-based Project Management Institute.

Training to improve soft skills

NSD conducts training for employees based on their position and experience in the Company to help them develop their soft skills around the idea of becoming self-starters. Such training includes facilitation and coaching, vision formation, and strengthening value proposition capabilities. By combining these programs with on-the-job training to encourage employees to gain the job knowledge and expertise as well as the skills specific to each workplace, we help support the growth of our employees with respect to every individual's unique characteristics.

We also conduct training on specific topics to foster an awareness of compliance issues, ensure a thorough understanding of information security, and improve leadership skills for junior employees.

Health and Productivity Management Initiatives

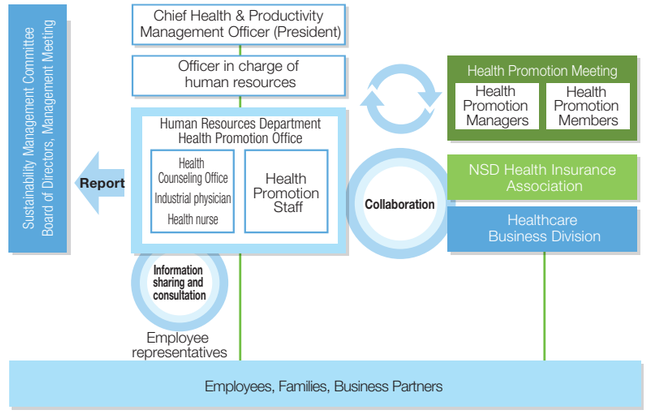
For each and every employee to fully demonstrate their capabilities and play an active role, they must be physically and mentally healthy and have a fulfilling private life. The Chief Health & Productivity Management Officer is the president. The top officer responsible for planning and implementing initiatives is the officer in charge of human resources. The Human Resources Department promotes health and productivity management in cooperation with the Healthcare Business Division and the NSD Health Insurance Association.

Especially, the NSD Health Insurance Association takes advantage of its unique characteristics as the Group's unified health insurance association to actively support the health promotion of employees and their families in cooperation with the Company.

The Health Promotion Office (part of the Human Resources Department) engages in health and productivity management across the organization through the efforts of industrial physicians and health nurses, who are healthcare professionals.

In addition, with the aim of instilling the philosophy of health and productivity management, we have established the "Health Promotion Meeting" consisting of both managers and non-managers from our various business units and divisions. By collecting the opinions of employees, we are working to smoothly carry out health and productivity management measures.

Organizational structure for promoting health and productivity management



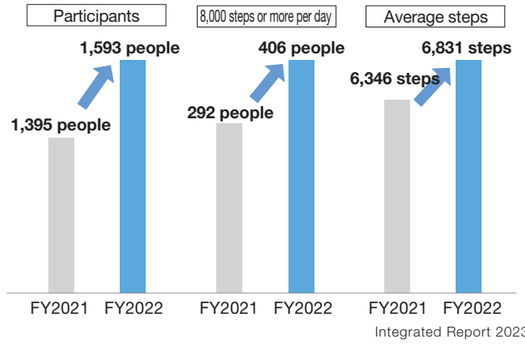
Health promotion and disease prevention

NSD strives to help improve employees' lifestyle habits and health literacy to prevent physical and mental illnesses. We drew up a "Health and Productivity Management Strategy Map," which clarifies relations between initiatives and effects, and are strategically promoting each measure.

We introduced a health points system in fiscal 2017 using a health app developed in-house to improve employees' health literacy by supporting them to achieve health goals that they set themselves and providing health information. Although there was previously an issue with lack of exercise due to work centered primarily around desk work, the percentage of employees walking over 8,000 steps a day and the average number of steps have increased as a result of encouraging exercise using this system. For example, as an in-house event using this system, we have held a walking rally event that involved a virtual tour around Japan by converting the number of steps logged in the app. In this event, we aim to make walking even more fun by earning local specialties and points by reaching checkpoints along the route. As a result, both the number of participants and the average number of steps increased compared to before the event, leading to improved employee health.

We have also put into place a consultation system staffed by staff from the Health Counseling Room and Health Promotion Office, providing ongoing follow-up or encouraging employees to undergo more thorough examinations based on the results of health checkups. We are also focusing on initiatives to prevent the occurrence of mental and physical illnesses, such as operating a BMI improvement program that provides exercise and dietary guidance to employees with a high BMI, providing e-learning on mental and physical health, and streaming videos on mindfulness.

Number of participants and effectiveness of the walking rally event



Balancing work with childcare, nursing care and medical treatment

NSD has created a considerate system so that employees bringing up children can continue to work comfortably with peace of mind. As well as establishing a system that surpasses the requirements of Japanese law, such as allowing childcare leave to be extended until the end of April of the fiscal year following the date the child reaches the age of two, and allowing employees with children to work shorter hours until the child finishes elementary school, we provide support for employees returning to work and provide information even during childcare leave. We have established a corporate culture where employees can feel free to take childcare leave and NSD follows up with them when they return to work. As a result, the percentage of female employees taking childcare leave has been 100% since fiscal 2000, when we began taking this statistic. We also encourage male employees to take childcare leave, with the number of male employees doing so, on the rise. Our target is more than 50% of male employees taking childcare leave.

We have also created a system where employees can balance work and caring for family members by taking leave or working shorter hours. Industrial physicians and public health nurses counsel employees who are being treated for cancer, cardiac diseases, or brain diseases and share information with their bosses. In this way, we help employees being treated for a medical condition balance treatment and work.

As a result of improving the work environment, the percentage of women among all employees continues to rise, and the average length of service continues to increase for both men and women.

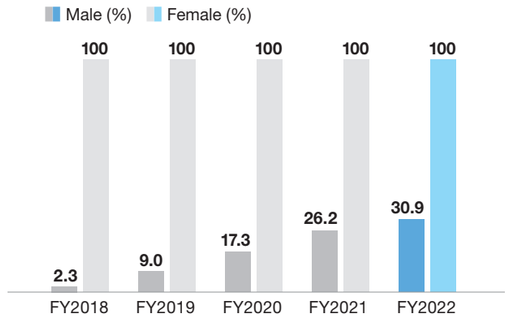
Reducing long overtime hours and creating an environment where employees can feel free to take paid leave

NSD aims to achieve average overtime hours of 20 or less and employees taking 75% or more of their paid leave. We strive to reduce overtime hours and create an environment where employees can feel free to take paid leave.

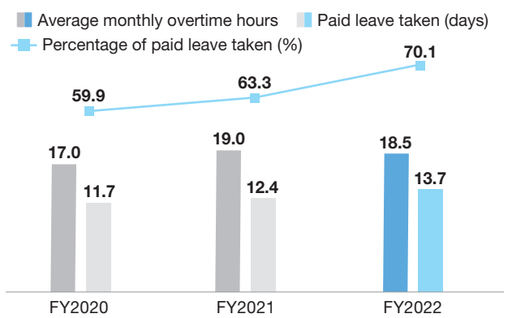
We allow employees to take half-day leave and take leave by the hour. We also provide leave for meritorious long service. We provide a variety of leave options so that each employee can take leave flexibly in ways that are convenient for them.

We are striving to reduce overtime hours by strengthening management—that is, by providing training to managers and increasing the percentage of PMP-certified employees.

▶ Ratio of employees taking childcare leave



▶ Average monthly overtime hours (non-statutory) and paid leave taken



Diversity & Inclusion

NSD strives to create and maintain a comfortable working environment, creating a workplace where diverse human resources can play an active role with job satisfaction, regardless of gender, sexual orientation, age, educational background, race, ethnicity, nationality, ideology, beliefs, or physical, intellectual, or mental disability.

Efforts to promote women's advancement in the workplace

In order to promote the active participation of women in the workplace, NSD has set a target of increasing the ratio of female employees to 23% or more by fiscal 2025 and to 10% or more for women in management positions by fiscal 2030. Our recruitment activities are based on the policy of ensuring that at least 50% of all new graduates hired each year are women. Our aim is to increase the ratio of female talent, including in management positions as core to the Company's human resources, by increasing the ratio of female employees.

As part of our efforts in recruiting new graduates, we provide opportunities for female students to come and speak with female employees of different age groups and careers helping to give them an idea of what their career could be like after joining the Company. We have also set up a page on our website introducing some of our female engineers and managers in an effort to provide more information.

■ Ratio of women

	2019	2020	2021	2022	2023
Employees (March 31)	17.0%	17.6%	18.7%	19.3%	19.6%
Managers (March 31)	3.5%	3.5%	4.7%	5.4%	6.2%

	2019	2020	2021	2022	2023
New graduate hires (joined April 1)	30.9%	37.2%	35.7%	32.3%	46.7%

Creating a workplace where diverse human resources can thrive

Diversity in the workforce and equal opportunity initiatives

To support a balance between childcare, nursing care, medical treatment and employment, NSD is enhancing some of our benefits programs, including the accrual leave system and return-to-work interviews, and actively working to foster an internal culture that makes it easy to benefit from such systems with, for example, messages from senior management, educational booklets, and seminars on work-life balance.

D&I training

NSD carries out training on diversity and inclusion in an effort to create a workplace free from discrimination. Furthermore, we respect the diversity of our employees and promote understanding through e-learning programs and educational booklets on LGBTQ issues.



Human rights initiatives

NSD supports international norms on human rights stipulated in the UN's International Bill of Human Rights and the International Labour Organization's ILO Declaration on Fundamental Principles and Rights at Work. In compliance with laws and regulations, we respect the basic labor rights of workers to act collectively, bargain collectively, and the right to organize.

At any time in or outside of the workplace, we will not engage in any behavior or make any remark that violates human rights, and we will not discriminate on the basis of gender, sexual orientation, age, educational background, race, ethnicity, nationality, ideology, beliefs, or physical, intellectual, or mental disability.

In addition, we do not tolerate forced labor or child labor under any circumstances.

Supply Chain Management

NSD's business operations are supported by many business partners. We recognize that further deepening cooperation with these business partners will be vital to our efforts to achieve a sustainable society. To this end, as well as engaging in equal and fair business transactions, we are actively promoting work style reforms together with our business partners, such as telework and reducing working hours by streamlining business processes.

Sustainable procurement

Sustainable Procurement Guidelines

To work with our business partners toward the realization of a sustainable society, we created guidelines, with reference to the Code of Conduct developed by the Responsible Business Alliance, an industry coalition dedicated to corporate social responsibility in global supply chains, to outline the matters in which we expect our business partners to engage. As such, we have requested that our business partners understand and implement our Sustainable Procurement Guidelines.

Regular sharing of information with senior management of business partners

NSD visits its business partners regularly to hold dialogue with senior management so as to gain their understanding of our approach to sustainable procurement and request their active involvement in our sustainability activities.

We are also working to inform business partners about our approach to sustainability through a dedicated contact desk.

Supporting sustainability activities of business partners

To promote sustainability initiatives together with our business partners, NSD checks the status of sustainability ini-

tiatives undertaken by all business partners with whom we currently do business, using a checklist created based on our Sustainability Procurement Guidelines. In order to help our business partners better understand sustainability, the checklist also includes a description of specific sustainability initiatives.

The same checklist is used as a reference in selecting new business partners.

●Initiatives to deepen collaboration with business partners

Fair and equitable business transactions

Whenever we commence business dealings with a new business partner, the Development Support Department, which is a department responsible for procurement, reviews the transaction to ensure compliance with laws.

We have also established a whistleblowing hotline that is accessible to our business partners in an effort to prevent fraud and scandals.

Creating a comfortable work environment for our diverse workforce

NSD is also working to foster workplaces that are comfortable and offer diverse work styles for our business partners, too, in much the same way as our own employees.

As part of this effort, we have expanded our network equipment for remote connections to establish a telework environment accessible also to business partners.

We are working to prevent long working hours by sharing working hour data with the managers of our business partners and discussing ways to increase the efficiency of business processes. Each procurement department uses an IT system to carefully monitor the working hours of dispatched workers in particular to ensure compliance with Article 36 of the Labor Standards Act.



Training support for business partners

NSD offers the same IT training programs provided to its new employees to the new employees of its business partners, too, to help enhance their IT skill level.

Rigorous information security countermeasures with business partners

To maintain good supply chains, having a high degree of information security awareness is vital so that measures can be continuously taken.

NSD assesses new business partners based on its Information Security Policy to make sure that they have an appropriate information security management system in place. If they fail to satisfy our requirements, we may refuse to do business with them.

Additionally, every year we provide information security training to our business partners to foster understanding of and ensure compliance with our Information Security Policy.

Contributing to Society

●Developing talent in IT for the future

As an initiative to develop talent to lead the way forward in information technology, NSD supports activities to foster creativity as well as programming courses for children.

Sponsor of the All Japan KOSEN Programming Contest

The contest invites technical college students from national, public, and private schools nationwide to submit programs and source codes with the aim of supplying the very best talent to the IT industry.
(Organized by the Japan Federation of KOSEN Association)

Sponsor of the PCN Kids Programming Contest

The contest invites elementary and junior high school students from across Japan to participate in games, online programming, digital crafts, and more, providing children with the opportunity to take on new challenges and create new things.
(Organized by the Programming Club Network (PCN))

Sponsor of CyberSakura

CyberSakura is an educational program aimed at fostering future talent in cybersecurity. The program aims to improve literacy in computers, networks, and security for junior high and high school students nationwide through practice sessions where students can gain practical experience, as well as competitions where students compete for the highest score.
(Organized by L community)

●Contributing to local communities

Regional revitalization initiatives

In addition to our main offices in Tokyo, Osaka, Nagoya, and Fukuoka, NSD is branching out to regional areas, opening offices in Sendai and Hiroshima in 2022. With this expansion into regional areas, we are responding to the needs of those choosing to remain in their communities, creating employment opportunities in local areas, as well as helping to develop and provide work for IT engineers.

We donate to regional revitalization projects operated by local governments, and support the promotion of the IT industry and the development of IT human resources through industry-academia-government collaboration.

Donations to date are as follows.

- Oct 3, 2022: Sendai City's promotion project for growth industries to develop IT human resources
- Apr 21, 2023: Hiroshima City's support project for universities developing human resources who contribute to the local society

Initiatives to support disaster-affected areas

In the wake of the Great East Japan Earthquake, in addition to providing network diagnostic services* free of charge and gifting money to affected areas, NSD passed on donations from employees to the West Japan Heavy Rain Disaster Relief Fund, helping to provide disaster relief and assist with recovery from natural disasters.

* A service that quickly collects and analyzes the communication status of network equipment and work devices such as the servers, switches and routers of companies in disaster-stricken areas, and then makes proposals for system recovery and business continuity



Photo courtesy of PCN

Social contribution through a shareholder benefit program

NSD offers shareholder benefits that allow shareholders to select preferential products from a product catalog. With this shareholder benefit program, we have established the following donation options as a way for our shareholders to contribute.

- Supporting IT education for the children of the future
- Supporting children's cafeterias
- Support for disaster areas
- Support for developing countries

Social Innovation with IT

The rise of new technologies in recent years, such as AI and IoT, has led to the use of big data and business digitalization. Information technology, therefore, not only helps to improve operational efficiency but also plays a role in creating new businesses. Against this backdrop, NSD makes full use of new technologies in developing systems for customers, helping to solve through digital transformation (DX), the many different problems customers face.

Through the development and provision of solutions and products, NSD is working to solve many of the issues common to its customers.

NSD Group's Advanced Technology Initiatives ▶▶ P.29

Aiming to enhance corporate governance and achieve sustainable growth



Toru Takeuchi
Outside Director

Kumiko Jinnouchi
Outside Director

Atsuhiro Kawamata
Outside Director

At NSD, we have appointed three independent outside directors who possess a wealth of experience and deep expertise in corporate management, legal affairs, accounting, and other specialized fields. These outside directors actively provide suggestions and proposals on management issues. As key members of the Governance Committee, an advisory body to the Board of Directors, they shared their evaluation of the effectiveness of our Board, as well as their views on themes going forward and the role of outside directors.

Impressions of NSD

Kawamata Before my appointment in June 2020, I lacked knowledge about the IT industry and NSD, and had a preconception of IT companies being rather dry. However, in reality, I found NSD to be a conventional Japanese company in the best sense of the word—everyone is very earnest, and management greatly values its employees. On the other hand, at a time when many companies were scrambling to respond to the pandemic, I was also impressed by NSD's quick decision-making in establishing a policy for vaccinations early on. All meetings, including those of the Board of Directors, were held online. However, when I asked questions about pre-meeting materials, including inquiries about industry terms and accounting standards, I received replies by the next day, which facilitated a smooth understanding even in an online environment. In the post-pandemic period, I am now able to directly hear from internal directors and executive officers in face-to-face meetings, further deepening my understanding of the Group.

Jinnouchi I was appointed in June 2019, but even before my tenure, NSD had a system in place for outside directors to participate in meetings of the Management Meeting and the Executive Meeting, and to conduct preliminary deliberations ahead of the Board of Directors meetings. I remember feeling what a wonderful company this was, where the issues under consideration are brought forth as agenda items with a clear structure at the next Board of Directors meeting, enabling even more fruitful discussion to take place.

In fiscal 2022, resolutions were passed at the Board of Directors meetings regarding the M&A of three domestic companies (Trigger Inc., ART Holdings Co., Ltd, and NHOSA Corporation). Both Director Kawamata and Director Takeuchi have expertise in corporate management, and I was greatly impressed at how the practical discussions on non-superficial acquisition schemes related to M&A were conducted with great intensity among internal and outside directors, resulting in a speedy resolution.

Takeuchi When I was approached about serving as an outside director, what I checked first was the Company's sales revenue situation, and then the staff composition and the years of service of the employees. At the time, NSD had over 3,000 employees and was growing with the goal of reaching 100 billion yen in net sales. I also found that it had many employees with longer years of service compared with IT industry peers. I had the strong impression that this was a company that valued its people and was poised for even greater growth in the future. Furthermore, in a landscape where many companies view the role of outside directors as a mere formal requirement, the requests I received to attend not only the Board of Directors meetings but also meetings of the Management Meeting and the Executive Meeting, where practical discussions take place, really resonated with me and led to my acceptance of the position of outside director.

What left the most significant impression on me also at the Board of Directors meetings were the resolutions regarding the M&A projects. In my former position, I had extensive experience with M&A and faced various challenges, so I have my own set of checkpoints to avoid failure. I asked detailed questions about whether the evaluation of the business was entirely outsourced to consulting firms, about the purpose of the acquisition, and about how the business would be managed post-acquisition. The executive officer in charge responded with sincerity, allowing me to make an informed decision having fully understood the situation.

Kawamata As you have both mentioned, the fiscal 2022 agenda for the Board of Directors involved major management decisions, including three acquisition projects and the dissolution of a capital and business alliance contract with Pro-Ship Incorporated. In my former position, I was involved with post-acquisition management and post-merger integration (PMI) over a long period of time, and governance is an area that requires particular attention. In recent years, it is not uncommon for corporate scandals to arise not within the parent company itself, but rather within its group companies. If something occurs within an acquired company, from the date of acquisition, it becomes the responsibility of the parent company. The excuse that the company has only just joined the group is not a valid reason. If the acquired company's business type is different, standardizing all aspects of governance to match that of the parent company can be challenging. However, by implementing consistent group governance measures, such as having a centralized whistleblowing hotline across the group and managing data through system integration, it is possible to confidently engage in group management with a sense of security. For this reason, I advised the management team during the Board of Directors meetings to prepare for Group management with ample margin when an acquisition takes place, and work has now commenced on this initiative.

Talent Development for the Next Generation

Jinnouchi I believe that the remarkable development of our Group thus far can be attributed to the business acumen of the current management team, including President Imajo. The next challenge will be how to develop successors who will inherit the DNA of the current management team, and it is essential to establish a proper course of action for this. Our Governance Committee is composed of President Imajo, who is the chairperson, and us three outside directors, which allows us to exchange opinions candidly on a wide range of management themes. The president's diligence in his consideration of the Company's future comes across very clearly, and it is precisely for this reason that we sometimes pose tough questions to him, making for a very tense atmosphere in the meetings. I hope to contribute to the development of a management succession plan while making use of this forum.

Takeuchi During the pandemic, the president and the internal directors primarily handled the Q&A sessions through remote meetings. Going forward, however, I would like to increase interactions with executive officers and senior employees in face-to-face meetings to understand who the potential leaders of the next generation might be. Generally speaking, if a superior is too capable, their subordinates tend to become dependent on instructions and precedents, which can decrease their inclination to problem-solve independently. This can



ultimately pose issues for the company's continued growth and sustainability. To mitigate against such negative aspects, I believe it's important to pass on forms of tacit knowledge to the next generation, such as the current management team's thoughts on the business and their judgment criteria, in the form of explicit knowledge such as written documents or videos. With the increase in the size of the Company and the number of employees through M&A, I feel it is essential to create a framework that allows us to maintain our unique characteristics while also enabling the expression of individuality and growth.

In recent years, the mobility of talent has increased, and the appointment of employees with specialized knowledge has become an indispensable element for corporate growth. On the other hand, when considering sustainable growth, it is also crucial to have employees who not only possess specialized knowledge but also have a deep understanding of the company's essence, including its social significance and long-term growth prospects. Even in Western blue-chip companies, where the mobility of talent is more fluid than in Japan, the core talent that supports the company outside of specialized professions are those who love the company and work there for a long period of time. The same is true for management. During periods of transformation, there may be a demand for professional managers. However, in companies that are experiencing stable growth, it is often the core members with long years of service who support the management, and this is true not only in Japan but also in Western countries. From this perspective, I feel that if we can properly convey the current management team's business philosophy and NSD's raison d'être, i.e., purpose, to the next generation, the Company will continue to become even better.

Kawamata From the perspective of talent, diversity is also an important management theme. Regrettably, it seems undeniable that the IT industry as a whole still tends to be a male-dominated one. As part of our efforts to ensure diversity, we have set targets for the proportion of female staff in management positions and alike, and we are also enhancing our education and training programs related to career development for women and mid-career hires. Regarding diversity in management, enhancing the ratio of female directors is being considered within the Corporate Governance Code. It is a fact that Japanese companies often require a degree of external impetus to initiate change, but ultimately, I believe it comes down to the resolute determination and ability of management to implement "change" that makes the difference.

Taking diversity from a different perspective, when looking at the global market, companies that create innovation have a number of outstanding geniuses among their staff. Those who are not constrained by conventional wisdom have changed the world. From that perspective, I believe that if a company can cultivate a culture that allows talented employees to develop their abilities without being confined to existing frameworks, further growth can be expected. We have already established an Advanced Technology Strategic Business Unit, and we are advancing new initiatives for new technologies and DX by expanding incentive systems for those who hold qualifications in AI and cloud-related fields, for example. I am looking forward to steadily nurturing these initiatives and incubating new businesses.

The Role of the Outside Directors

Jinnouchi After four years of experience as an outside director, I have come to realize that there is an inherent disparity in the amount of information between management and outside directors, and realistically speaking, it is challenging for us to surpass management in making executive decisions. Why then, one might ask, are outside directors deemed necessary? It is because they can make objective judgments from an external perspective that is not present within the organization, as well as promote various viewpoints based on societal trends, including SDGs and the empowerment of women. I believe that outside directors can ensure objectivity and provide insights for risk avoidance, mitigating the danger of biased management decisions being made due to unconscious biases and noise that may affect those who have been with the same organization for many years. In that sense, I believe that outside directors also hold value as a part of the diversity within corporations.



IT firms are facing significant changes in the industry environment, and it is not easy to envisage the future outlook of NSD in five to ten years' time. I make use of the analytical skills I have honed as an attorney-at-law to detect and present any discrepancies between the Company's performance forecasts, management plans, and future vision with the actual state of affairs, in the hope of bringing these to the attention of the management team.

Takeuchi Indeed. As a company grows, there tends to be a homogenization of thought with the president at the apex, and diversity can be lost. At such times, I believe that the value of outside directors lies in offering suggestions based on experience of different corporate cultures from outside the company. To make suggestions, it is necessary to have a good understanding of the company's internal affairs, but there have been times when I have had unnecessary concerns due to a lack of understanding.

For example, at NSD, the shortage of engineers was a serious issue against the backdrop of our expanding system development business. I was quite concerned about securing personnel due to the increasing burden on existing employees, but the Company had already considered various measures, and recently was able to increase the workforce by approximately 400 engineers by acquiring ART Group through M&A. I would like to ensure that we strengthen our back office to accommodate the increased number of employees moving forward. As I mentioned earlier, now that the pandemic has subsided and we are finally able to interact with on-site operations, I want to accurately understand the gap between our current state and our ideal state in order to provide more precise advice.

Also, as I have not been in the outside director role for very long, I feel that I am able to view NSD more objectively. Hopefully, I can provide advice on aspects that may be difficult to notice from within the Company itself.

Kawamata Company management must be conducted from the perspective of stakeholders that encompass our entire society. In doing so, the external viewpoints provided by outside directors are essential. Additionally, it could be said that the role of an outside director is akin to being a bridge between the common sense of those within and outside the company, especially given that discrepancies in this regard can lead to a higher risk of misconduct. As I mentioned earlier, I hope to be able to provide advice in my dual role of acting as both a brake and an accelerator, utilizing my experience in PMI and group governance, including overseas acquisitions.



As I stated at the beginning, NSD's strengths lie in its culture of earnestness and sincerity in dealing with every matter. Corporate culture is, in essence, all about the people. It is my hope that, while preserving an earnest corporate culture, we will remain a youthful company that expands the potential of each and every employee and produces outstanding talent.

Takeuchi In my former position, I not only served as an executive in accounting and finance but also managed the operations of an overseas headquarters. During that time, I focused on devising various strategies tailored to each region to engage a diverse workforce, as well as on establishing management metrics to serve as specific goals. For NSD to achieve further growth, I would also like to see the setting of indicators to motivate people, in addition to accounting KPIs. I believe that younger employees in recent years are getting job satisfaction not only from remuneration but also from contributing to society through their work. Personally, I would be grateful if I am able to serve as a close confidant to NSD's management and leadership, as well as utilize my own experience.

Jinnouchi I also believe that NSD's strengths lie in its people, and that a management team that values its employees leads to a business that gains the trust of its customers. Recently, there has been much discussion about how the evolution of IT, such as generative AI, will change daily life. This includes not only the positive aspects of such changes, but worrisome elements as well. I believe that the societal role of IT companies is to support the transformation of society in a direction that makes people happy, and to do so by solving social issues with IT. For that reason also, it is my wish that NSD will continue to grow as a warm and caring company that values its people.



G

Governance Initiatives

NSD Group recognizes that both corporate governance and compliance are critical components of company management.
We will continue to strive to maintain and strengthen relevant systems to further solidify the foundation for NSD's existence.
As an IT company, NSD is focused on enhancing data privacy and security as well as improving quality management.

Corporate Governance

NSD's basic approach to corporate governance is to earn the trust of our shareholders and investors by applying the principles and provisions of our Management Philosophy and Basic Management Policy towards accelerating decision-making, clarifying management responsibilities, enhancing and strengthening our compliance structure, and engaging in timely and appropriate information disclosure. We believe that a firm corporate governance structure is the foundation that will enable us to secure appropriate profits and make sustainable increases to our corporate value.

●Corporate governance structure

NSD has adopted an Audit & Supervisory Board structure. In addition to the General Meeting of Shareholders and directors, our corporate bodies include the Board of Directors, the Audit & Supervisory Board, Audit & Supervisory Board members, and accounting auditors. We have also established various committees, including the Governance Committee as an advisory body to the Board of Directors, the Management Meeting and the Executive Meeting as deliberation bodies for the President & CEO, and the Sustainability Management Committee and the Risk Management Committee subordinate to the Board of Directors. To accelerate decision-making by the Board of Directors and strengthen auditory functions, we also have adopted an executive officer system to promote dynamic business execution.

This system is practical for our Group since our Group business domains do not branch into various sectors and because this system will enable us to build an effective and efficient governance structure that is ideal for our business scope. In addition to Audit & Supervisory Board member functions, we have also appointed multiple outside directors to strengthen and enhance management monitoring functions.

Board of Directors

The Board of Directors is comprised of seven directors, of which three are outside directors. The Board of Directors convenes, as a general rule, at least once per month to decide on important matters related to management and business execution, as well as to monitor the status of execution of duties by each director. Board of Directors meetings are attended by three Audit & Supervisory Board members, who confirm the legality of decision-making and execution of duties by directors.

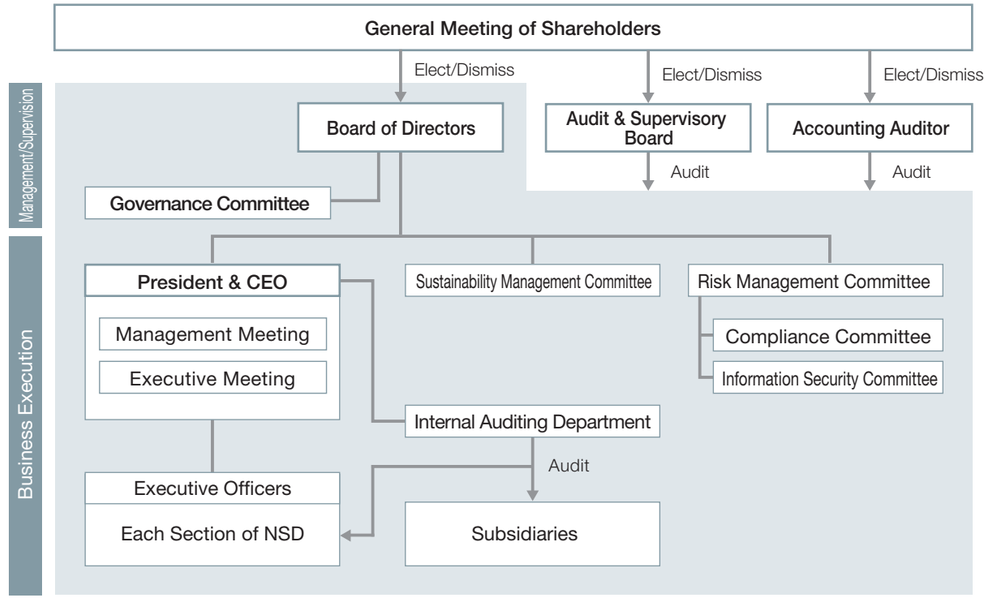
Audit & Supervisory Board and Audit & Supervisory Board members

The Audit & Supervisory Board is comprised of one full-time Audit & Supervisory Board member and two outside Audit & Supervisory Board members. The Audit & Supervisory Board members audit the status of the execution of duties by directors and the design and operation of the internal controls system by attending Board of Directors meetings and other important meetings as well as by examining the status of business and assets. The Audit & Supervisory Board holds regular meetings to determine audit policy and the division of duties for Audit & Supervisory Board members, and to discuss the audit results of each Audit & Supervisory Board member.

Governance Committee

We have established a Governance Committee as an advisory body to the Board of Directors to ensure fairness, transparency, and objectivity in decision-making conducted by the Board of Directors. The Governance Committee is chaired by the President & CEO, and is comprised of a total of four members: the President & CEO and three outside directors. The Committee provides advice and recommendations to the Board of Directors based on deliberations of various matters, including the nomination and removal of directors and Audit & Supervisory Board members and remuneration systems for directors, and decides on matters delegated by the Board of Directors.

▶Corporate governance structure map



▶Structures of each organization (as of October 1, 2023)

Name	Position	Board of Directors	Audit & Supervisory Board	Governance Committee	Management Meeting	Executive Meeting
Yoshikazu Imajo	President & CEO	◎		◎	◎	◎
Hideshi Maekawa	Director, Senior Managing Executive Officer	○			○	○
Osamu Yamoto	Director, Senior Managing Executive Officer	○			○	○
Hidetaka Kikawada	Director, Managing Executive Officer	○			○	○
Atsuhiro Kawamata	Outside Director	○		○	○	○
Kumiko Jinnouchi	Outside Director	○		○	○	○
Toru Takeuchi	Outside Director	○		○	○	○
Kiyoshi Kondo	Full-Time Audit & Supervisory Board Member	○	◎		○	○
Kunio Kawa	Outside Audit & Supervisory Board Member	○	○			
Chieko Nishiura	Outside Audit & Supervisory Board Member	○	○			
Satoshi Kiyota	Managing Executive Officer					○
Atsuji Kobayashi	Managing Executive Officer					○
Akio Shinno	Managing Executive Officer					○
Tatsuo Kawauchi	Executive Officer					○
Masataka Komatsu	Executive Officer					○

◎ Chair, ○ Member

Management Meeting and Executive Meeting

We have established a Management Meeting and an Executive Meeting as deliberation bodies for the President & CEO.

The Management Meeting is chaired by the President & CEO, and is comprised of a total of eight members: seven directors (including three outside directors), and a full-time Audit & Supervisory Board member. The Management Meeting convenes at least once per month to deliberate and report on important matters related to management, including management plans and management strategy.

The Executive Meeting is chaired by the President & CEO, and is comprised of a total of 13 members: seven directors (including three outside directors), a full-time Audit & Supervisory Board member, and five executive officers. The Executive Meeting is convened at least once per month to deliberate and report on important matters related to business execution, including budget creation and the status of implementation.

Various committees

We have established a Sustainability Management Committee and a Risk Management Committee that are subordinate to the Board of Directors, as well as a Compliance Committee and an Information Security Committee that are subordinate to the Risk Management Committee.

Sustainability Management Committee

The purpose of the Sustainability Management Committee is to tackle SDGs/ESG initiatives across the organizations. The Committee is chaired by the President & CEO, and is comprised of related officers and department managers.

Risk Management Committee

The purpose of the Risk Management Committee is to conduct Group risk management. The Committee is chaired by the President & CEO, and is comprised of related officers, including the officer in charge of internal controls, as well as department managers.

Compliance Committee

The purpose of the Compliance Committee is to respond to compliance violations and draft prevention measures. The Committee is chaired by the President & CEO, and is comprised of related officers and department managers.

Information Security Committee

The purpose of the Information Security Committee is to outline Group security measures and information security policy. The Committee is chaired by Head of Corporate Service Division, and is comprised of related officers and department managers.

●Activities of the Board of Directors and the Governance Committee

Activities of the Board of Directors

In fiscal 2022, the Board of Directors held 15 meetings and adopted resolutions or reported on the following matters:

Matters resolved

The Board of Directors passed resolutions on the Company's management strategy, including the annual budget, the review of the Medium-Term Management Plan, organizational changes, business alliances and M&As. It also adopted resolutions on financial strategies, including a financial plan and shareholder return measures such as dividends and share buybacks, and on officer personnel matters, including the selection of candidates for directors and Audit & Supervisory Board members and the appointment of executive officers.

Matters reported

The Board of Directors monitored matters including the status of budget execution, employment and retirement status, sustainability activities and health and productivity management initiatives, and directed necessary actions accordingly

Activities of the Governance Committee

In fiscal 2022, the Governance Committee held five meetings to select candidates for directors and Audit & Supervisory Board members and presented them to the Board of Directors. The Committee also verified the appropriateness of the amount of bonuses for each individual officer as proposed by executive directors and presented to the Board of Directors the total amount of payment.

●Officer remuneration

Policy and details of director remuneration

The remuneration of NSD's directors is calculated based on the roles and responsibilities of each position, while also emphasizing links with performance in order to strengthen the incentive for enhancing the Company's performance. Therefore, director remuneration consists of base remuneration as fixed remuneration, bonus as short-term incentive-based remuneration, and stock remuneration as medium- to long-term incentive-based remuneration. The ratio of incentive-based remuneration to the total remuneration of each individual director is at least 40%.

However, outside directors, who occupy a position of independence from business execution and who are responsible for the supervision of management, only receive base remuneration, which is fixed remuneration, because performance-linked remuneration is not suited to their role.

Base remuneration

Base remuneration is paid monthly as fixed remuneration for the performance of duties. It is paid according to the base remuneration table following the roles and responsibilities of each position.

Bonus

Bonuses are paid annually as short-term incentive-based remuneration for achieving the business plan for each fiscal year. They are calculated by reflecting the performance and qualitative evaluation results in the standard bonus amount prescribed by position following the bonus calculation standards. Performance evaluations use net sales, operating income, ordinary income and net income (consolidated basis) as financial indicators for appropriately reflecting performance in each year under evaluation. The ratio calculated based on the rate of achievement of these targets is used as an evaluation indicator. Qualitative evaluations consider the directors' roles, implementation of responsibilities, and their activities for the year under evaluation that cannot be assessed using financial indicators.

Stock remuneration

Stock remuneration provides an incentive for continuously enhancing the Company's corporate value and promotes shared value between directors and shareholders. It comprises restricted shares issued annually as medium- to long-term incentive-based remuneration.

Procedures for approving director remuneration

The details and procedures for approving director remuneration are stipulated in the Policy on Remuneration for Directors and Executive Officers. This policy is determined by the Board of Directors based upon deliberations held at meetings of the Governance Committee.

The Governance Committee, entrusted by the Board of Directors, approves the basic remuneration table, bonus calculation standards and standard bonus amount, and stock remuneration threshold amount based on this policy.

With regard to bonuses, executive directors conduct performance and qualitative evaluations of those eligible for payment through consultation, and formulate a plan for the amount of bonuses for each individual. The Governance Committee verifies the appropriateness of the individual payment amounts, and then the total payment amount is to be resolved at a meeting of the Board of Directors.

●Internal controls system

NSD has established and operates an internal controls system in compliance with the Basic Policy on Establishment of Internal Controls System established under the provisions of the Companies Act and the Regulations for Enforcement of the Companies Act. We report the status of the system and its implementation to the Board of Directors every fiscal year as part of our assessment of the internal controls system as a whole, and when required, we make improvements to the system.

Additionally, we have established the Governance Committee as an advisory body to the Board of Directors. This committee ensures fairness, transparency and objectivity in decisions made by the Board of Directors and works to strengthen NSD's corporate governance.

▶Total remuneration for each officer category (FY2022)

Category	Payment amount (thousands of yen)	Total amount for each type of remuneration (thousands of yen)			Number of recipients
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Outside directors)	196,320 (25,200)	122,700 (25,200)	57,000 (—)	16,620 (—)	7 (3)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	28,800 (13,200)	28,800 (13,200)	—	—	4 (3)
Total	225,120	151,500	57,000	16,620	11

*1. Director remuneration does not include salary paid to directors who serve concurrently as employees.

*2. Fixed remuneration is the amount of base remuneration paid during the fiscal year ended March 31, 2023, performance-linked remuneration is the amount of bonus with the fiscal year as an eligible period, and non-monetary remuneration is the amount of stock remuneration incurred as an expense during the fiscal year.

Compliance

NSD recognizes that compliance forms an important foundation of its corporate activities. Accordingly, we have established the NSD Group Code of Conduct and the NSD Group Behavioral Guidelines, and have developed a compliance structure. In addition, through training and other means, we strive to increase awareness of compliance among officers and employees and to carefully abide by laws and regulations.

●Compliance structure

NSD has established the Compliance Committee under the Risk Management Committee, which carries out company-wide cross-functional risk management.

The Compliance Committee is chaired by the President & CEO and consists of members, including related officers and department managers. It strives to ensure employee compliance with laws and regulations through response to compliance violations and the formulation of preventive measures.

Following the changing operating environment and increasingly diverse and complex nature of business activities, it is becoming even more important to foster awareness of legal compliance among employees and increase their compliance literacy. Toward this end, we are actively working to enhance our training and awareness program on compliance.

●Compliance training

NSD considers compliance training to be a mandatory component of training on its Risk Management Rules. Every year, we provide comprehensive training to officers and employees and also offer separate training sessions as needed.

The training curriculum is expansive and covers a host of subjects from laws and regulations to labor management and harassment.

●Compliance and workplace harassment hotlines

From the standpoint of ensuring the effectiveness of our compliance structure and in an effort to prevent compliance violations and harassment in the workplace, NSD has established a compliance hotline and harassment hotline allowing all individuals involved in the NSD Group's operations, including officers, employees and business partners, to submit a report or share a concern without fear of reprisal.

Each hotline has both internal and external (law office) contact points, providing an environment where reports or consultations can be made without hesitation.

●Ensuring fair trade and preventing corruption

Ensuring fair trade

The NSD Group Code of Conduct and the NSD Group Behavioral Guidelines both require that our actions abide by correct corporate ethics and comply with relevant laws and regulations, including Japan's Unfair Competition Prevention Act and Anti-Monopoly Act.

Prior to commencing business dealings with a new customer or business partner, we review the transaction to ensure compliance with various laws and ordinances, such as Japan's Subcontractor Act and Temporary Staffing Services Act.

Actions to prevent corruption

We engage in fair business activities following social norms and comply with anti-corruption laws and regulations, including Japan's Unfair Competition Prevention Act.

We have established an Anti-Bribery and Corruption Policy to prohibit business entertainment and gift giving, along with the provision of improper money, goods, benefits, or other economic benefits to public officials and those in similar positions. Through compliance training, we ensure that appropriate action is taken in all relevant situations.

Data Privacy & Security

As an IT company responding to the era of digital transformation, NSD is working on data privacy and security as one of our most important challenges in order to earn the trust of customers and society.

Recognizing information security incidents such as leaks and unlawful disclosure of information as major risks for corporate management, we strive to safely and securely handle information assets (maintain confidentiality, integrity, and availability), including personal information, as a company that handles important information for customers and employees.

●Basic Policy on Information Security

To maintain the confidentiality, integrity, and availability of all information assets, and thereby earning the trust of customers and society, NSD has established its Basic Policy on Information Security in an effort to ensure the security of information.

Moreover, specific measures are stipulated in the Information Security Standards and the Information Security Procedures as sub-provisions of the Basic Policy on Information Security to ensure that measures are effective.

Basic Policy on Information Security

1. We will establish and comply with an information security policy in order to protect information assets from threats of disaster, damage, negligence, and willful intent.
2. We will make our employees aware of the importance of information security and ensure that they are fully aware of our policy so that they can handle information assets appropriately.
3. We will comply with laws and regulations regarding information security and the protection of personal information.
4. We will inspect and audit our compliance with the information security policy in an effort to operate it appropriately.
5. We will continuously ensure the effectiveness of our information security policy in response to social and technological changes.

●Information security management system

NSD has established the Information Security Committee under the Risk Management Committee to strengthen information security. The committee regularly assesses information security risks facing the company as a whole, puts in place preventive measures, and reports on the status of compliance with rules.

Moreover, we are taking physical measures by developing systems such as equipment and functions to prevent the risk of information leaks, malware and other virus infections, as well as unauthorized access to the Internet and e-mails.

●Employee training on information security

Every year, NSD carries out training for employees on the Company's rules and risks. Furthermore, we regard problems related to information security that occur on a daily basis outside NSD as issues of our own. As such, we verify whether there are any similar problems within the Company, and make them known to all employees. When laws and regulations such as the Act on the Protection of Personal Information are revised, we provide education to employees to ensure thorough compliance with such laws and regulations.

●Cyber attack countermeasures

In addition to information leaks and cyberattacks by hackers, the risks of organized terrorist cyberattacks from other countries, such as ransomware demanding money and the shutting down of vital infrastructure, have recently come to the fore.

In light of these heightened security risks, NSD outsources vulnerability assessments of internal and external systems to a third-party in order to prevent unauthorized access and malware infection. Furthermore, we are working to strengthen security by providing targeted attack countermeasures, firewalls, web content filtering, and an intrusion prevention system (IPS).

As targeted email attacks are evolving and becoming even more sophisticated, we will strengthen our defenses and provide training and education to eliminate human vulnerabilities.

Quality Management

To provide quality that satisfies our customers, NSD aims to improve quality and productivity by way of continuous implementation of the PDCA cycle through three initiatives: quality management based on quality guidelines, process improvements through the rollout of a standard process, and training for improving our technical skills.

We have established the Quality Support Department as a specialized unit in charge of quality management, and the Technology & Process Support Department as a specialized unit in charge of process improvements and technical skills training.

●Quality management based on quality guidelines

Based on quality guidelines, NSD evaluates and improves quality in every phase and process, from project estimates to delivery. For projects over a certain size, members of the Quality Support Department are given exclusive responsibility, and together with the departments in charge of development, work on quality assurance activities.

Process improvement through the rollout of a standard process

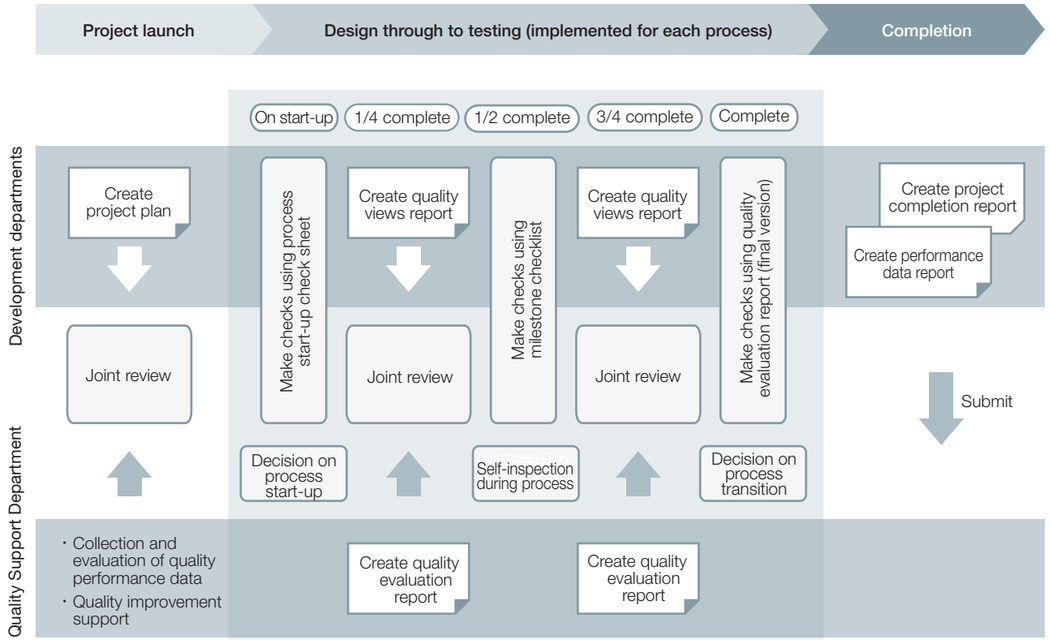
As part of our efforts for process improvement, we have established an NSD standard process, which is being rolled out across the Company.

By using the NSD standard process, we are working to standardize the work procedures and templates used at the development site.

Furthermore, NSD has adopted Capability Maturity Model Integration (CMMI)* as an improvement model and created an NSD standard process by imparting our experience and achievements in CMMI theory.

*CMMI is a framework developed at Carnegie Mellon University's Software Engineering Institute to improve software development processes.

Project flow for quality evaluation and improvement



Achieving QCD+CE

At NSD, we define the successful elements of a project in terms of achieving the five elements QCD+CE, and we proceed with a project with these elements in mind.

We define the three basic elements of project success as: Quality, ensuring the quality demanded by the customer; Cost, achieving the target productivity; and Delivery, meeting not only the delivery date to the customer but also the completion of each process. We have also defined two additional elements of project success as an organization: Customer satisfaction; and Employee satisfaction, or upskilling of project members. At NSD, our aim is to ensure we achieve all these five elements in every project.



Management System (As of October 1, 2023)

Directors



Yoshikazu Imajo
(Born October 13, 1961)

President & CEO

Attendance record in FY2022:
Board of Directors mtgs: 14/15
Governance Committee mtgs: 5/5
Term of office: 17 years

Apr. 1984	Joined NSD Co., Ltd. (NSD)
Apr. 2005	Executive Officer Chief General Manager, Systems Division 1
Jun. 2006	Director & Executive Officer Deputy Operating Officer
Jun. 2007	Managing Director & Executive Officer Deputy Operating Officer
Apr. 2008	Senior Managing Director, COO
Apr. 2009	President & CEO, COO
Apr. 2011	President & CEO (present position)



Hideshi Maekawa
(Born February 16, 1962)

Director,
Senior Managing Executive Officer

Attendance record in FY2022:
Board of Directors mtgs: 15/15
Term of office: 17 years

Apr. 1982	Joined NSD
Apr. 2006	Executive Officer Head of Corporate Staffs Division
Jun. 2006	Director & Executive Officer Head of Corporate Staffs Division
Apr. 2013	Director & Senior Executive Officer Head of Public & Telecommunication Business Division Senior General Manager, IT Services Business Division
Apr. 2014	Managing Director Head of IT Services Business Division
Apr. 2016	Senior Managing Director Head of Industrial Business Division
Jun. 2017	Director, Senior Managing Executive Officer
Apr. 2018	Director, Senior Managing Executive Officer Head of Corporate Administration Division
Jun. 2020	Director, Senior Managing Executive Officer Head of Corporate Service Division Head of Corporate Planning Division (present position)



Osamu Yamoto
(Born February 20, 1963)

Director,
Senior Managing Executive Officer

Attendance record in FY2022:
Board of Directors mtgs: 15/15
Term of office: 9 years

Apr. 1987	Joined NSD
Sep. 2007	Executive Officer Chief General Manager, Systems Division 5
Apr. 2014	Senior Executive Officer Head of Public & Telecommunication Business Division
Jun. 2014	Director & Senior Executive Officer Head of Public & Telecommunication Business Division
Jun. 2016	Managing Director Head of Public & Telecommunication Business Division Senior General Manager, Business Sales Division
Jun. 2017	Director, Managing Executive Officer Head of Public & Telecommunication Business Division Senior General Manager, Business Sales Division
Apr. 2018	Director, Senior Managing Executive Officer COO (present position)



Hidetaka Kikawada
(Born May 18, 1973)

Director,
Managing Executive Officer

Attendance record in FY2022:
Board of Directors mtgs: 11/11
Term of office: 1 year

Apr. 1998	Joined NSD
Jul. 2015	Chairman & CEO, Chengdu Renbenxindong Technology Ltd.
Apr. 2017	Executive Officer Chief General Manager, Public & Telecommunication Business Division 1
Apr. 2018	Executive Officer Chief General Manager, Advanced Technology Promotion Division
Apr. 2019	President & CEO, NSD Advanced Technology Research Institute Co., Ltd. (present position)
Oct. 2021	Managing Executive Officer Head of Advanced Technology Strategic Business Unit
Jun. 2022	Director & Managing Executive Officer Head of Advanced Technology Strategic Business Unit (present position)



Atsuhiro Kawamata
(Born August 14, 1961)

Director

Attendance record in FY2022:
Board of Directors mtgs: 14/15
Governance Committee mtgs: 5/5
Term of office: 3 years

Outside Director | Independent Officer

Apr. 1984	Joined Japan Tobacco Inc. (JT)
Nov. 2005	Director, Business Planning Department, Food Business Division
Jul. 2008	Senior Vice President, Head of China Division, Tobacco Business Headquarters
Jan. 2015	President & CEO, TableMark Holdings Co., Ltd. (Retired in December 2018) President & CEO, TableMark Co., Ltd. (Retired in December 2018)
Jan. 2019	Senior Vice President, Head of Food Business, Food Business Planning Division, JT
Jan. 2020	Advisor, JT (present position)
Jun. 2020	Outside Director, NSD (present position)

* Term of office represents the period as of June 2023.

Directors and Audit & Supervisory Board Members



Kumiko Jinnouchi
(Born February 16, 1967)

Director

Attendance record in FY2022:
Board of Directors mtgs: 15/15
Governance Committee mtgs: 5/5
Term of office: 4 years

Outside Director | Independent Officer

Apr. 1989	Joined The Sanwa Bank, Limited. (now MUFG Bank, Ltd.) (Retired in June 1995)
Jan. 2002	Registered as an attorney-at-Law (Dai-ni Tokyo Bar Association)
Jan. 2014	Established Jinnouchi Law Offices Representative Attorney-at-law (present position)
Jun. 2019	Outside Director, NSD (present position)



Toru Takeuchi
(Born January 1, 1959)

Director

Attendance record in FY2022:
Board of Directors mtgs: 15/15
Governance Committee mtgs: 5/5
Term of office: 2 years

Outside Director | Independent Officer

Apr. 1981	Joined Nitto Denko Corporation
Apr. 2002	General Manager of Accounting & Finance Department
Jun. 2010	Vice President, General Manager of Corporate Accounting Division
Jun. 2011	Director, Vice President, General Manager of Corporate Accounting Division
Jun. 2014	Director, Senior Vice President, General Manager of Corporate Sector
Jun. 2015	Director, Executive Vice President, General Manager of Corporate Strategy Sector
Jun. 2018	Director, Senior Executive Vice President (Retired in June 2020)
Jun. 2021	Outside Director, NSD (present position)



Kiyoshi Kondo
(Born September 19, 1954)

Full-Time Audit & Supervisory Board Member

Attendance record in FY2022:
Board of Directors mtgs: 15/15
Audit & Supervisory Board mtgs: 15/15
Term of office: 7 years

Apr. 1977	Joined Toyo Trust and Banking Company, Limited (now Mitsubishi UFJ Trust and Banking Corporation)
Apr. 2006	Joined NSD Executive Officer General Manager, Public Relations Department
Jun. 2008	Director
Apr. 2011	Director & Executive Officer General Manager, Office of President
Apr. 2013	Director & Senior Executive Officer General Manager, Office of President
Apr. 2015	Managing Director
Jun. 2016	Full-Time Audit & Supervisory Board Member (present position)



Kunio Kawa
(Born July 16, 1955)

Audit & Supervisory Board Member

Attendance record in FY2022:
Board of Directors mtgs: 11/11
Audit & Supervisory Board mtgs: 11/11
Term of office: 1 year

Outside Audit & Supervisory Board Member | Independent Officer

Nov. 1990	Joined Mitsubishi Gas Chemical Company, Inc. (MGC)
Jun. 2009	Executive Officer General Manager, Corporate Planning Division
Jun. 2012	Director, Managing Executive Officer
Apr. 2015	Director, Senior Managing Executive Officer
Jun. 2015	Representative Director, Senior Managing Executive Officer
Apr. 2018	Director
Jun. 2018	Audit & Supervisory Board Member
Jun. 2020	Executive Advisor (Retired in June 2022)
Jun. 2022	Outside Audit & Supervisory Board Member, NSD (present position)



Chieko Nishiura
(Born March 1, 1984)

Audit & Supervisory Board Member

Term of office: New appointment

Outside Audit & Supervisory Board Member | Independent Officer

Dec. 2006	Joined ShinNihon LLC (now Ernst & Young ShinNihon LLC) (Retired in September 2014)
Dec. 2009	Registered as a certified public accountant
Sep. 2014	Established Nishiura Certified Public Accountant Office (present position)
Jun. 2016	Of Counsel, S&N Partners LAW AND ACCOUNTING OFFICE (present position)
Jun. 2023	Outside Audit & Supervisory Board Member, NSD (present position)

* Term of office represents the period as of June 2023.

Expertise Expected of Members of the Board of Directors

Name		Expected expertise				
		Corporate Management	IT	Legal & Compliance	Finance & Accounting	Global Business
Directors	Yoshikazu Imajo	○	○	○	○	○
	Hideshi Maekawa	○	○	○	○	○
	Osamu Yamoto	○	○			
	Hidetaka Kikawada	○	○			○
	Atsuhiro Kawamata	○		○	○	○
	Kumiko Jinnouchi	○		○	○	
	Toru Takeuchi	○		○	○	○
Audit & Supervisory Board Members	Kiyoshi Kondo	○		○	○	
	Kunio Kawa	○		○	○	
	Chieko Nishiura			○	○	

Executive Officers

Names of executive officers who are not directors and their responsibilities are presented below.

Name	Position	Responsibilities
Satoshi Kiyota	Managing Executive Officer	Head of Financial Business Unit
Atsuji Kobayashi	Managing Executive Officer	Head of Social Infrastructure Business Unit, and General Manager of Social Infrastructure Business Division 2, Social Infrastructure Business Unit
Akio Shinno	Managing Executive Officer	Head of Industry & Solution Business Unit, in charge of IT Infrastructure Business Division
Tatsuo Kawauchi	Executive Officer	Head of Development Support Division
Yoshihiko Kurihara	Executive Officer	General Manager of Corporate Planning Department, Corporate Planning Division
Masataka Komatsu	Executive Officer	General Manager of Healthcare Business Division
Hajime Shinagawa	Executive Officer	General Manager of IT Infrastructure Business Division
Shingo Shinohara	Executive Officer	General Manager of Social Infrastructure Business Division 1, Social Infrastructure Business Unit, and General Manager of Social Platform Division
Toshiya Shimura	Executive Officer	General Manager of Market Development Business Division
Masaru Sugiura	Executive Officer	General Manager of Industrial Business Division 2 and General Manager of Enterprise Business Division, Industry & Solution Business Unit
Shinji Suzuki	Executive Officer	General Manager of Financial Business Division 1, Financial Business Unit
Umon Takahashi	Executive Officer	General Manager of Advanced Solution Business Division, Advanced Technology Strategic Business Unit
Shuji Takahashi	Executive Officer	General Manager of Industrial Business Division 1, Industry & Solution Business Unit
Tsuyoshi Takeda	Executive Officer	General Manager of Financial Business Division 2, Financial Business Unit
Kiyoharu Taniguchi	Executive Officer	General Manager of Financial Business Division 3, Financial Business Unit
Mayuko Miike	Executive Officer	General Manager of Human Resources Department, Corporate Service Division
Kiyokimi Yagi	Executive Officer	General Manager of Corporate Secretary Department, Corporate Service Division

Financial and Non-Financial Data

Key Financial Data (Consolidated)*1

(millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Results										
Net sales	40,285	42,990	51,585	55,234	58,080	61,944	65,063	66,184	71,188	**77,982**
New core business net sales	—	—	—	—	—	—	—	18,004	23,537	**28,411**
Cost of sales	31,655	33,777	40,674	43,762	46,172	48,780	51,118	52,145	55,350	**60,431**
Gross profit	8,630	9,213	10,911	11,472	11,907	13,164	13,945	14,038	15,837	**17,550**
Selling, general, and administrative expenses	3,781	4,069	4,532	4,298	3,989	4,509	4,400	4,195	4,422	**5,025**
Operating income	4,848	5,144	6,378	7,173	7,918	8,654	9,545	9,842	11,414	**12,524**
EBITDA (Operating income + Amortization of goodwill + Depreciation)	5,180	5,507	6,904	7,666	8,470	9,355	10,208	10,509	12,156	**13,351**
Ordinary income	5,076	5,326	6,456	7,300	8,119	8,756	9,661	9,955	11,654	**12,662**
Net income attributable to owners of the parent	3,165	2,973	3,110	4,543	5,368	5,817	6,314	6,373	7,823	**10,219**
Orders received (System Development Business)	35,015	35,576	42,836	43,778	46,415	48,999	58,916	59,817	67,640	**72,411**
Order backlog (System Development Business)	7,085	7,195	8,511	8,460	9,423	10,068	13,175	13,895	17,581	**19,830**
Profitability Indices										
Gross profit margin (%)	21.4	21.4	21.2	20.8	20.5	21.3	21.4	21.2	22.2	**22.5**
Operating margin (%)	12.0	12.0	12.4	13.0	13.6	14.0	14.7	14.9	16.0	**16.1**
EBITDA margin (%)	12.9	12.8	13.4	13.9	14.6	15.1	15.7	15.9	17.1	**17.1**
Ratio of net income to net assets attributable to NSD shareholders (ROE) (%)	7.5	6.9	7.5	10.8	12.1	12.6	13.8	13.7	15.7	**19.3**
Ratio of ordinary income to total assets (%)	10.6	10.9	13.2	14.7	15.5	15.9	17.6	17.6	19.0	**19.3**
Financial Position										
Current assets	33,924	34,887	34,543	37,073	34,425	35,819	39,654	44,068	48,206	**55,119**
Non-current assets	14,385	14,910	13,649	13,836	19,621	20,058	14,230	15,390	15,067	**13,040**
Total assets	48,309	49,797	48,193	50,910	54,046	55,878	53,885	59,458	63,274	**68,159**
Current liabilities	3,926	6,345	6,171	6,525	7,392	7,701	7,820	8,823	9,435	**11,123**
Non-current liabilities	1,352	744	459	407	640	830	1,086	1,461	1,994	**1,577**
Total liabilities	5,278	7,090	6,631	6,932	8,033	8,532	8,907	10,284	11,429	**12,701**
Net assets	43,030	42,707	41,561	43,977	46,013	47,345	44,978	49,173	51,844	**55,458**
Per Share Indices										
Net income per share (EPS) (yen)	38.10	36.02	35.49	52.90	63.38	69.65	78.21	80.10	99.37	**132.31**
Net assets per share (yen)	513.98	473.17	471.17	505.34	537.08	566.36	557.46	613.71	657.57	**711.73**
Annual dividend per share (yen)	16.0	39.0	18.5	22.0	26.0	30.0	46.0	42.0	52.0	**67.0**
Capital Expenditure, Depreciation & Amortization and Research & Development Expenses										
Capital expenditure	1,249	998	532	295	213	314	553	689	560	**390**
Depreciation & amortization	274	297	413	424	443	468	427	423	492	**490**
Research & development expenses	224	239	263	147	65	157	155	118	184	**190**
Cash Flows										
Cash flows from operating activities	3,412	4,512	2,304	5,115	6,457	5,461	6,764	8,157	7,244	**10,067**
Cash flows from investing activities	1,034	285	263	1,500	-5,822	-412	4,285	-658	-377	**6,018**
Cash flows from financing activities	-2,255	-4,937	-3,463	-2,692	-3,321	-4,556	-8,569	-3,628	-6,146	**-7,574**
Free cash flow	4,447	4,798	2,568	6,615	634	5,048	11,050	7,499	6,867	**16,085**
Cash and cash equivalents at end of period	21,986	21,930	20,942	24,875	22,168	22,681	25,172	29,029	29,757	**38,297**
Shareholder Returns*3										
Dividend payout ratio (%)	42.0	108.3	52.1	41.6	41.0	43.1	58.8	52.4	52.3	**50.6**
Total return ratio (%)	73.6	165.7	112.1	63.7	66.3	77.1	137.5	67.7	86.3	**74.9**
Stock Price Indicators										
Year-end stock price (yen)	587.73	885.50	832.00	804.00	1,085.50	1,288.50	1,440.00	1,841.00	2,192.00	**2,384.00**
Market capitalization	48,844	79,028	72,398	69,009	91,693	106,697	114,789	145,822	170,657	**183,254**
Price-earnings ratio (PER) (x)	16.97	24.58	23.44	15.20	17.13	18.50	18.41	22.98	22.06	**18.02**
Total shareholder return (TSR) (%)*4	—	—	—	—	—	121.5	139.7	180.5	217.6	**241.5**
(Comparison index: TOPIX including dividends [%])	(—)	(—)	(—)	(—)	(—)	(95.0)	(85.9)	(122.1)	(124.6)	**(131.8)**

*1 Changes in accounting standards and policies are reflected in the financial data for the fiscal year in which they were adopted and beyond (not retroactively adopted).
*2 In the event of a stock split, etc., per share indices are calculated based on the number of shares as of the end of the most recent fiscal year.
*3 Fiscal 2014 and 2019 indicators for dividend payout ratio and total return ratio are calculated to include the Company's 45th and 50th anniversary commemorative dividends.
*4 Total shareholder return is the total return, including dividends and capital gains, and is calculated with the stock price at the end of fiscal 2017 as a base of 100%.

Financial and Non-Financial Data

Key Financial Data (Consolidated)

(millions of yen)

	FY2018	FY2019	FY2020	FY2021	FY2022
By Segment					
Net sales					
System Development Business					
Financial IT	20,368	20,560	20,790	22,307	**24,561**
Industry & Infrastructure IT	28,248	29,880	30,339	32,509	**35,506**
IT Infrastructure Construction	6,915	7,730	8,052	9,353	**10,275**
Solution Business	6,524	7,134	7,098	7,257	**7,836**
Adjustment	-482	-241	-97	-239	**-197**
Total	61,573	65,063	66,184	71,188	**77,982**
Operating income					
System Development Business					
Financial IT	3,117	3,398	3,597	3,991	**4,522**
Industry & Infrastructure IT	4,483	4,750	4,694	5,569	**5,919**
IT Infrastructure Construction	982	1,117	1,166	1,518	**1,750**
Solution Business	120	494	572	604	**702**
Adjustment	-211	-215	-188	-268	**-368**
Total	8,492	9,545	9,842	11,414	**12,524**
System Development Business (By Industry)					
By customer industry					
Finance	21,195	21,867	21,319	22,840	**26,127**
Service	9,272	9,477	10,272	11,303	**11,998**
Manufacturing	6,566	7,142	7,578	8,402	**9,103**
Telecommunications	4,947	5,120	5,670	5,605	**5,560**
Transportation	4,104	5,089	4,976	5,706	**6,066**
Commerce	2,522	2,874	3,000	3,086	**3,229**
Public	3,595	3,087	3,007	4,133	**4,859**
Electricity, Gas, Water	1,520	1,823	1,541	792	**856**
Construction	1,195	1,284	1,362	1,295	**1,139**
Others	196	188	366	787	**1,220**
Total	55,117	57,956	59,097	63,954	**70,162**
Breakdown of Financial sector					
Major Banks	7,567	8,326	7,417	8,194	**9,636**
Other Banks	2,776	2,528	2,586	2,524	**3,040**
Insurance Companies	7,580	8,087	8,333	8,272	**8,862**
Securities Companies	1,325	1,319	1,113	1,201	**1,315**
Credit card Companies	1,491	1,077	994	1,595	**2,045**
Others	455	528	873	1,052	**1,228**
Total	21,195	21,867	21,319	22,840	**26,127**
Solution Business (By Solution Category)					
Human Resource	—	1,807	1,877	2,288	**2,222**
Logistics	—	744	746	808	**694**
Shareholder Relation Services	—	1,277	1,069	904	**969**
Security	—	1,016	832	1,076	**1,027**
Others	—	2,261	2,560	2,155	**2,906**
Total	—	7,107	7,087	7,233	**7,819**

Key Non-Financial Data

	FY2018	FY2019	FY2020	FY2021	FY2022
Personnel					
Number of employees (consolidated)	3,428	3,467	3,522	3,560	**3,595**
Male	2,804	2,809	2,818	2,830	**2,826**
Female	624	658	704	730	**769**
Number of employees (non-consolidated)	3,003	3,051	3,080	3,106	**3,109**
Male	2,493	2,514	2,505	2,506	**2,499**
Female	510	537	575	600	**610**
Ratio of female employees (%)	17.0	17.6	18.7	19.3	**19.6**
Ratio of female managers (%)	3.5	3.5	4.7	5.4	**6.2**
Number of new graduate hires	137	139	137	129	**130**
Male	100	96	86	83	**88**
Female	37	43	51	46	**42**
Ratio of women in new graduate hires (%)	27.0	30.9	37.2	35.7	**32.3**
Number of mid-career hires	10	15	11	20	**18**
Male	10	8	8	11	**16**
Female	0	7	3	9	**2**
Turnover ratio (%)*6	2.8	3.8	2.6	2.9	**3.5**
Average years of service	14.3	14.6	14.8	15.0	**15.3**
Male	15.3	15.5	15.8	16.1	**16.3**
Female	10.1	10.3	10.3	10.6	**10.9**
Average salary (yen)	6,362,181	6,411,394	6,423,166	6,515,058	**6,714,129**
Average monthly overtime hours	19.4	19.9	17.0	19.0	**18.5**
Number of paid leave days taken	14.2	13.9	11.7	12.4	**13.7**
Ratio of paid leave days taken (%)	73.8	72.4	59.9	63.3	**70.1**
Number of employees taking childcare leave	32	27	47	37	**36**
Male	2	8	13	17	**17**
Female	30	19	34	20	**19**
Ratio of employees taking childcare leave (%)	27.6	25.0	43.1	43.5	**48.7**
Male	2.3	9.0	17.3	26.2	**30.9**
Female	100	100	100	100	**100**
Ratio of employees returning from childcare leave (%)	100	96.9	100	95.7	**97.3**
Number of employees working reduced hours due to childcare	75	94	94	100	**103**
Number of employees using the family care leave system	2	1	3	3	**0**
Number of employees using the short-term family care leave system	1	4	6	3	**4**
Number of employees working reduced hours due to family care	1	1	3	2	**2**
Number of IT credential holders*7	4,014	4,001	4,353	4,527	**4,629**
Environment					
CO_2 emissions (Scope 1) (t-CO_2)*8	87	96	64	77	**86**
CO_2 emissions (Scope 2) (t-CO_2)*8	1,341	1,280	1,273	1,026	**915**
Electricity consumption (kWh)	2,282,297	2,248,712	2,301,866	2,382,447	**2,375,359**
Governance					
Number of female directors	1	1	1	1	**1**
Ratio of female directors (%)	16.7	16.7	16.7	14.3	**14.3**
Number of independent outside directors	2	3	3	3	**3**
Ratio of independent outside directors (%)	33.3	50.0	50.0	42.9	**42.9**
Number of independent outside Audit & Supervisory Board members	2	2	2	2	**2**
Ratio of independent outside Audit & Supervisory Board members (%)	66.7	66.7	66.7	66.7	**66.7**

*5 Unless otherwise indicated, the data represent non-consolidated figures.
*6 The turnover rate is calculated excluding mandatory retirements and persons using the Company's early retirement incentive program.
*7 The number of IT credential holders represents the total number of holders of Information Technology Engineer Certification, PMP® (Project Management Professional; PMP® is a registered trademark of PMI, USA) credential, various vendor credentials, and credentials issued by other organizations.
*8 CO_2 emissions cover the head office, branch offices, business sites, and consolidated subsidiaries (excluding overseas subsidiaries) and are calculated by multiplying electricity consumption at each site by the emissions factor at each site.

Company Information (As of March 31, 2023)

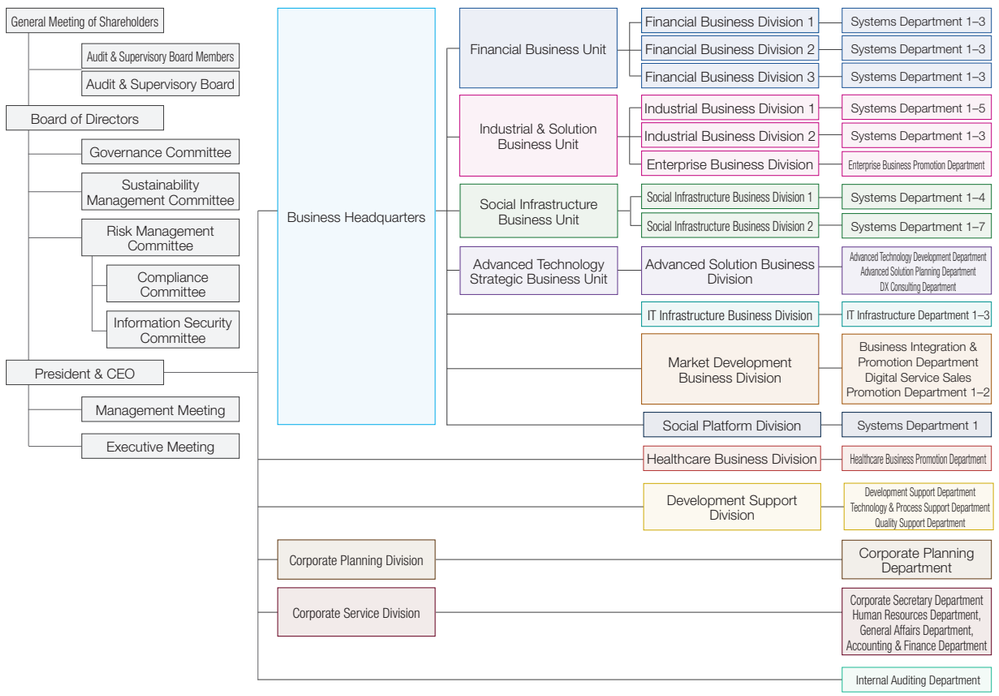
Corporate Profile

Name	NSD Co., Ltd.	
Established	April 8, 1969	
Business lines	System Development Business	(1) Planning, design and development of IT systems (2) Construction of IT infrastructure
	Solution Business	(1) Provision of services that utilize IT (2) Sales of software products
Capital	7,205 million yen	
Number of employees (consolidated)	3,595	

Offices

Head Office	WATERRAS TOWER, 2-101 Kanda-awajicho, Chiyoda-ku, Tokyo, Japan
Osaka Branch Office	DOJIMA AVANZA, 1-6-20 Dojima, Kita-ku, Osaka-shi, Osaka, Japan
Nagoya Branch Office	NAGOYA Lucent Tower, 6-1 Ushijimacho, Nishi-ku, Nagoya-shi, Aichi, Japan
Fukuoka Branch Office	Kyukan Jotenjidori Building, 1-13-1 Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka, Japan
Sendai Business Site	AER, 1-3-1 Chuo, Aoba-ku, Sendai-shi, Miyagi, Japan
Hiroshima Business Site	HIROSHIMA TRAIN VERT BUILDING, 1-2-22 Kamiyacho, Naka-ku, Hiroshima-shi, Hiroshima, Japan

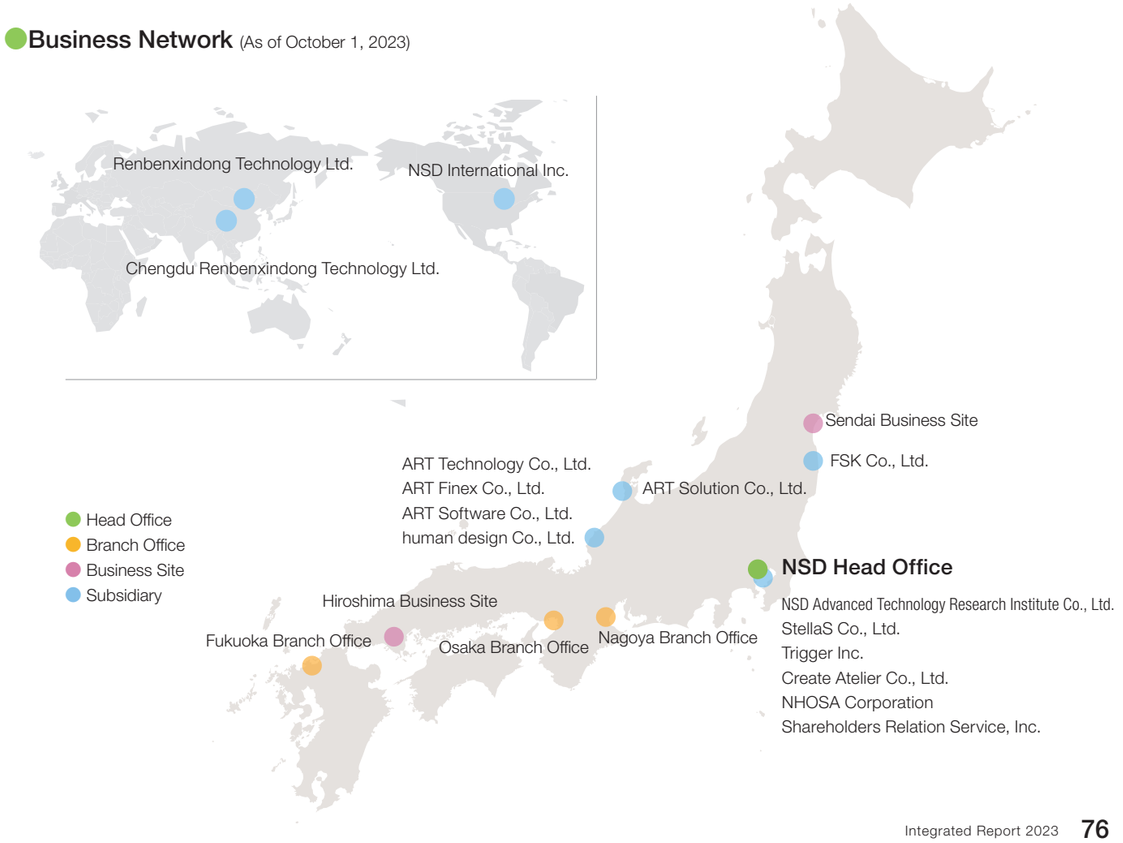
Organizational Chart (As of October 1, 2023)



Group Companies (As of October 1, 2023)

Company name	Address	Business lines
NSD Advanced Technology Research Institute Co., Ltd.	Chiyoda-ku, Tokyo	Research and development of advanced technology and creation of new businesses
StellaS Co., Ltd.	Chiyoda-ku, Tokyo	Human resource solutions and logistics solutions
FSK Co., Ltd.	Iwaki-shi, Fukushima	System construction, operation support, maintenance, and business support
Trigger Inc.	Chiyoda-ku, Tokyo	IT consulting and system development
ART Technology Co., Ltd.	Sabae-shi, Fukui	System development and solutions
ART Finex Co., Ltd.	Sabae-shi, Fukui	RFID product development and solutions
ART Software Co., Ltd.	Fukui-shi, Fukui	System development and solutions
ART Solution Co., Ltd.	Kanazawa-shi, Ishikawa	System development and solutions
Create Atelier Co., Ltd.	Minato-ku, Tokyo	System development and solutions
NHOSA Corporation	Nakano-ku, Tokyo	Development and sales of systems for dental clinics and dialysis facilities
Shareholders Relation Service, Inc.	Chiyoda-ku, Tokyo	IR support services for individual shareholders
human design Co., Ltd.	Fukui-shi, Fukui	Temporary staffing and education support
NSD International, Inc.	New York State, USA	Services for Japanese companies in the United States
Chengdu Renbenxindong Technology Ltd.	Chengdu, China	Offshore development and services for Japanese companies in China
Renbenxindong Technology Ltd.	Beijing, China	Health management services in China

Business Network (As of October 1, 2023)

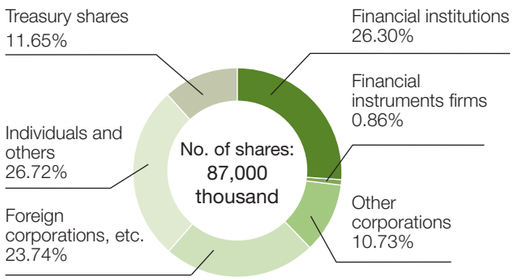


Company Information (As of March 31, 2023)

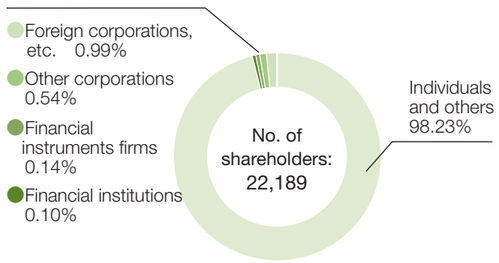
Stock Information

Stock exchange of listing	Prime Market of Tokyo Stock Exchange
Securities code	9759
Number of shares per trading unit	100
Number of authorized shares	200,000,000
Number of issued shares	87,000,000
Number of shareholders	22,189
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo

Share Distribution by Type of Shareholder



Shareholder Distribution by Type

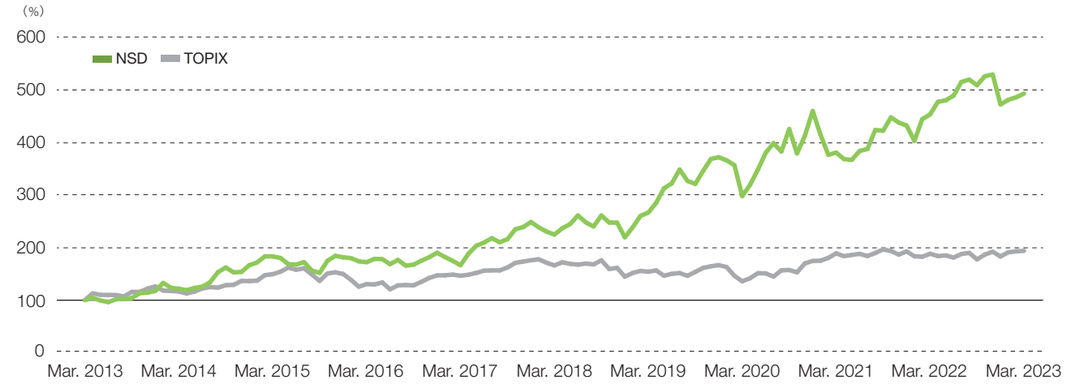


Major Shareholders

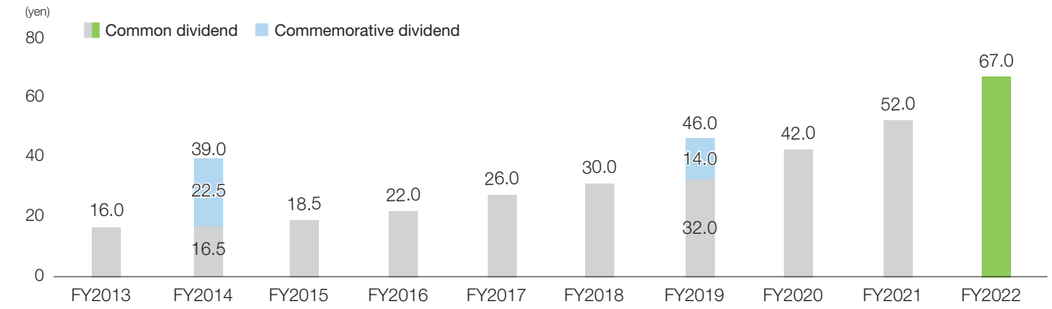
Name	Number of shares held (thousands)	Ownership ratio (%)*
The Master Trust Bank of Japan, Ltd.	9,509	12.37
IPC Co., Ltd.	5,658	7.36
Custody Bank of Japan, Ltd.	4,050	5.26
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	4,024	5.23
Northern Trust Co. (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	3,792	4.93
State Street Bank and Trust Company (Standing proxy: Mizuho Bank, Ltd.)	3,329	4.33
The Nomura Trust and Banking Co., Ltd.	3,258	4.23
KD Associates, Ltd.	2,697	3.50
NSD Employee Stock Ownership Association	2,211	2.87
The Dai-ichi Life Insurance Company, Limited	2,072	2.69

* Although the Company owns treasury stock (10,131 thousand shares), it is excluded from the calculation of ownership ratio.

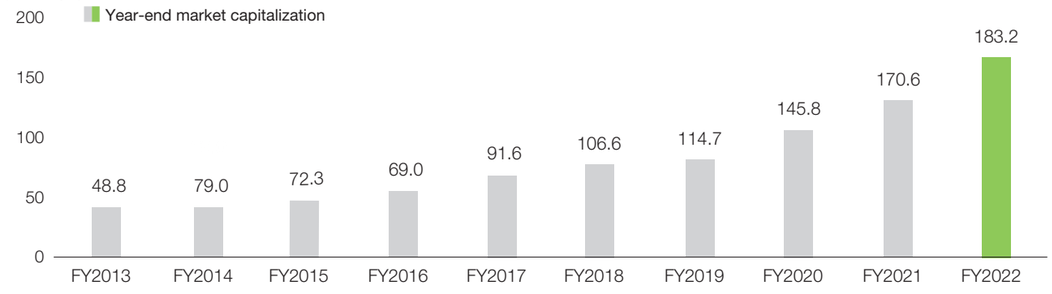
NSD's Stock Price (Comparison with TOPIX)



Dividend per Share



Market Capitalization



Our website

Corporate Information
https://www.nsd.co.jp/english/

Investor Relations
https://www.nsd.co.jp/english/ir/index.html

Sustainability
https://www.nsd.co.jp/english/sustainability/