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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under IFRS)

April 26, 2024

Company name: NS Solutions Corporation
Listing: Tokyo Stock Exchange
Securities code: 2327
URL: https://www.nssol.nipponsteel.com
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Scheduled date of Annual General Meeting of Shareholders: June 19, 2024
Scheduled date of commencing dividend payments: June 3, 2024
Scheduled date of filing annual securities report: June 20, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	310,632	6.5	35,001	10.3	35,437	10.4	24,241	10.2
March 31, 2023	291,688	7.9	31,738	6.2	32,101	4.6	22,000	7.2

	Total comprehensive income		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent
Fiscal year ended	Million yen	%	Yen	Yen	%
March 31, 2024	44,579	348.1	264.96	–	11.1
March 31, 2023	9,947	(55.6)	240.46	–	11.0

	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended	%	%
March 31, 2024	10.2	11.3
March 31, 2023	9.9	10.9

(Reference) Share of profit (loss) of investments accounted for using equity method
For the fiscal year ended March 31, 2024: 31 million yen
For the fiscal year ended March 31, 2023: 18 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Million yen	Million yen	Million yen	%	Yen
March 31, 2024	374,637	244,783	236,829	63.2	2,588.51
March 31, 2023	319,908	207,800	200,523	62.7	2,191.60

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(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	26,154	(8,570)	(15,078)	103,975
March 31, 2023	26,032	(5,635)	(14,943)	101,322

2. Cash Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	–	35.00	–	40.00	75.00	6,862	31.2	3.4
Fiscal year ended March 31, 2024	–	40.00	–	45.00	85.00	7,776	32.1	3.6
Fiscal year ending March 31, 2025 (Forecast)	–	33.50	–	33.50	67.00		50.0	

(Note) At the Board of Directors' meeting held on April 26, 2024, the Company resolved to carry out a 2-for-1 stock split of common stock effective on July 1, 2024. The annual dividends per share for the fiscal year ending March 31, 2025 (forecast) are based on the amount taking into consideration the stock split. Annual dividends per share for the fiscal year ending March 31, 2025 (forecast) without taking the stock split into account would be 134.00 yen.

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

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	153,000	5.7	15,000	2.4	15,200	1.3	9,800	3.2	53.56
Full year	330,000	6.2	36,000	2.9	36,500	3.0	24,500	1.1	133.89

(Note) Basic earnings per share is based on the amount taking into account the stock split described in note under *2. Cash Dividends*. Basic earnings per share for the fiscal year ending March 31, 2025 without taking into account the stock split would be 107.11 yen for the first half and 267.78 yen for full year.

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*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

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

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

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

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

As of March 31, 2024:	91,501,000 shares
As of March 31, 2023:	91,501,000 shares

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

As of March 31, 2024:	8,544 shares
As of March 31, 2023:	4,845 shares

3) Average number of shares outstanding during the period:

Fiscal year ended March 31, 2024:	91,490,822 shares
Fiscal year ended March 31, 2023:	91,494,644 shares

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

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

- The forecasts stated above are based on information available as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors hereafter.
- At the Board of Directors' meeting held on April 26, 2024, the Company resolved to carry out a 2-for-1 stock split of common stock effective on July 1, 2024. For details of the stock split, please see *Significant subsequent events* under *5. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements* on page 22 of the attached document.

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1. Overview of Financial Results

(1) Operating Results

The Japanese economy saw mild recovery, despite some stagnation, during the fiscal year ended March 31, 2024. However, the outlook remains uncertain, as there is a risk of a slowdown in the country's economy as it faces downward pressure from slowing overseas economies, such as with the impact associated with global monetary tightening and concerns about the outlook for the Chinese economy. In addition, close attention should be paid to the impact of rising prices, the situation in the Middle East, and financial market fluctuations due to the Bank of Japan ending negative interest rates.

Corporate earnings have generally improved, and system investment by client companies has remained firm, as needs for digital transformation (DX) with the purpose of expanding business and increasing competitiveness continued to be strong.

Based on the Medium-term Business Strategy 2021–2025 published in April 2021, NS Solutions Corporation (hereinafter, the "Company," and the Company and its subsidiaries are collectively referred to as the "Group") defined four focus areas for business growth: DX in manufacturing industry, support to digital platformer, digital workplace solutions, and IT outsourcing. We are endeavoring to expand our business by capturing customer needs for DX to the greatest extent possible.

As part of our efforts to promote customers' DX, the Company teamed up with Nippon Steel Corporation to develop a production planning system with mathematical optimization technology, which is designed to realize business reform, with the system already starting full operations. We also introduced a local 5G system, a high-capacity data transmission system that will improve efficiency of maintenance and inspection work at electricity companies' power plants by enabling remote monitoring of sites using video and voices as well as streamline the process to transfer technical expertise, and a supply and demand management system that leverages "PPPlan," the Company's supply chain management cloud service for the food industry. In addition, the Company has commenced providing "ConSeek," an integrated business management platform service for financial institutions as well as a modernization project for an insurance company's backbone system.

Moreover, in the AI domain, where the Company has accumulated knowledge, we have started to offer support services powered by generative AI and ChatGPT as well as total support services for "Oracle Cloud VMware Solution," which aids in lifting backbone systems to the cloud. In addition, we continued to work to expand sales of virtual desktop service "M³DaaS@absonne[*1]" and electronic transaction and contract service "CONTRACTHUB[*2]" in an effort to facilitate business growth in our focus areas.

As part of our growth-focused investments, the Company has also entered into business alliances with AI startup company ExaWizards Inc., and NIPPON STEEL TEXENG. CO., LTD. in the digital manufacturing field. In addition, we made NS Solutions BizTech Corporation a Group company and have signed an agreement for a capital and business alliance with TOHO SYSTEM SCIENCE CO., LTD., in an effort to strengthen our abilities to respond to customers' DX needs.

*1. Ranked first in "DaaS market share" for the 10th consecutive year
(Referencing from Fuji Chimera Research Institute, Inc., "2023 Current Trends and Future Prospects of Cloud Computing")

* 2. Cumulative number of documents registered exceeded 30 million at the end of April 2023; achieved number one share in the market for electronic contract service (companies with over 1,000 employees) for the seventh consecutive year
(Referencing from ITR Corporation, "ITR Market View: EC Site Creation/CMS/SMS Transmission Service/Electronic Billing Service/Electronic Contract Service Markets 2023")

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To promote sustainability management, we have organized our value creation process based on our goals to achieve the purpose of our existence in society, defined five material issues, and are working to address them. The Company has been committed to fostering a corporate culture in which everyone can work with vigor and enthusiasm, including the promotion of D&I. Continuing from last year, the Company was awarded the highest gold rating in the Pride Index 2023, which is an evaluation index for initiatives related to LGBTQ+ and other sexual minorities. The Company also launched "*Soshiki-no-Mirai* Human Capital Series," a service to help visualize human capital, to support the practice of human capital management leveraging technology. Additionally, the Company is engaged in various business activities from an ESG perspective to create a prosperous society. This includes the establishment of "GRID BOX," an incubator that promotes the training of top-level IT engineers and the creation of employment opportunities in regional areas jointly with Izumo City in Shimane Prefecture and companies in that prefecture, and visiting lectures at elementary and junior high schools which has now exceeded 200 times in total, offering the use of "K3Tunnel," a programming learning site ran by the Company. As a result of these efforts, the Company was selected again as an index component of the FTSE4Good Index Series, FTSE Blossom of Japan Index, and FTSE Blossom Japan Sector Relative Index, which are ESG investment benchmarks.

Revenue for the fiscal year ended March 31, 2024 amounted to 310,632 million yen, an increase of 18,944 million yen compared to 291,688 million yen for the previous fiscal year. This was due to favorable conditions in digital workplace solutions, the cloud services and Oracle solutions, in addition to higher sales to major banks and Nippon Steel Corporation. Operating profit came in at 35,001 million yen, an increase of 3,263 million yen compared to 31,738 million yen for the previous fiscal year. This was due to increased gross profit including an improved gross profit margin, despite a rise in selling, general and administrative expenses as a result of the implementation of measures to strengthen human capital, including recruiting and training, and the promotion of internal infrastructure improvement in addition to enhancing sales capability.

An overview of the fiscal year ended March 31, 2024 by service field (Business Solutions and Consulting & Digital Service) is as follows.

Business Solutions

Revenue for the fiscal year ended March 31, 2024 amounted to 231,516 million yen, an increase of 14,026 million yen compared to 217,489 million yen for the previous fiscal year.

Retail and Platform field
Revenue from this field increased year on year.

Financial Services field
Revenue from this field increased year on year due to higher sales to major banks.

Consulting & Digital Service

Revenue for the fiscal year ended March 31, 2024 amounted to 79,116 million yen, an increase of 4,918 million yen compared to 74,198 million yen for the previous fiscal year owing to favorable sales in digital workplace solutions, the cloud services, and Oracle solutions.

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(2) Financial Position

Total assets as of March 31, 2024 amounted to 374,637 million yen, an increase of 54,728 million yen compared to 319,908 million yen at the end of the previous fiscal year. This was mainly due to increases of 24,548 million yen in other financial assets, 9,861 million yen in right-of-use assets, 9,440 million yen in other current assets, and 4,103 million yen in contract assets.

Total liabilities as of March 31, 2024 amounted to 129,853 million yen, an increase of 17,744 million yen compared to 112,108 million yen at the end of the previous fiscal year. This was mainly due to increases of 9,762 million yen in lease liabilities, 8,241 million yen in contract liabilities, 5,591 million yen in deferred tax liabilities, partly offset by a decrease of 6,211 million yen in retirement benefit liability.

Total equity as of March 31, 2024 amounted to 244,783 million yen, an increase of 36,983 million yen compared to 207,800 million yen at the end of the previous fiscal year. The breakdown mainly includes 25,157 million yen of profit, 19,422 million yen of other comprehensive income, and 7,319 million yen of dividends paid. As a result, the ratio of equity attributable to owners of parent to total assets was 63.2%.

(3) Cash Flows

The balance of cash and cash equivalents as of March 31, 2024 was 103,975 million yen. Net increase in cash and cash equivalents for the fiscal year ended March 31, 2024 was 2,652 million yen, compared to a net increase of 5,616 million yen for the previous fiscal year. Cash flows by activity type are as follows.

i) Cash flows from operating activities

Cash flows from operating activities for the fiscal year ended March 31, 2023 resulted in a cash inflow of 26,032 million yen. This mainly consists of 32,101 million yen of profit before tax and 12,620 million yen of depreciation and amortization, a 9,848 million yen increase in trade and other receivables, a 2,449 million yen increase in contract assets, and a 1,846 million yen increase in inventories, partly offset by a 4,542 million yen increase in trade and other payables and income taxes paid of 10,912 million yen. On the other hand, cash flows from operating activities for the fiscal year ended March 31, 2024 resulted in a cash inflow of 26,154 million yen. This mainly consists of 35,437 million yen of profit before tax and 12,050 million yen of depreciation and amortization, a 2,728 million yen increase in trade and other receivables, a 4,086 million yen increase in contract assets, and a 3,608 million yen increase in inventories, 6,596 million yen of contribution to retirement benefit trust, a 6,840 million yen increase in trade and other payables, and income taxes paid of 11,968 million yen.

ii) Cash flows from investing activities

Cash flows from investing activities for the fiscal year ended March 31, 2023 resulted in a cash outflow of 5,635 million yen. This mainly consists of 4,400 million yen of purchase of property, plant and equipment and intangible assets and 6,942 million yen of purchase of other financial assets, partly offset by 5,812 million yen of proceeds from sale and redemption of other financial assets. On the other hand, cash flows from investing activities for the fiscal year ended March 31, 2024 resulted in a cash outflow of 8,570 million yen. This mainly consists of 3,122 million yen of purchase of property, plant and equipment and intangible assets, and 6,623 million yen of purchase of other financial assets, 9,216 million yen of proceeds from sale and redemption of other financial assets and an 8,143 million yen decrease in advance payments for purchase of shares of subsidiaries and associates.

iii) Cash flows from financing activities

Cash flows from financing activities for the fiscal year ended March 31, 2023 resulted in a cash outflow of 14,943 million yen. This mainly consists of 8,189 million yen of repayments of lease liabilities and 6,496 million yen of dividends paid. On the other hand, cash flows from financing activities for the fiscal

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year ended March 31, 2024 resulted in a cash outflow of 15,078 million yen. This mainly consists of 7,444 million yen of repayments of lease liabilities and 7,319 million yen of dividends paid.

Information on capital resources and liquidity of funds

i) Basic policy

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

Therefore, we seek to maintain sufficient internal reserves to prepare for capital requirements for business growth and business risks such as wide-area disasters. The capital requirements include those for initiatives to steadily capture evolving DX needs, continuously enhance high-value-added businesses and overall corporate value, further strengthen acquisition and training of excellent human resources, and conduct thorough internal controls and risk management. At the same time, regarding profit distribution, our basic policy is to implement appropriate and stable distribution of dividends to shareholders.

We aim for a consolidated dividend payout ratio of 30%, with a focus on returning profits to shareholders in line with consolidated performance.

ii) Capital requirements and financing

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

As for working capital on hand, the Company concentrates surplus funds from subsidiaries in the Company for centralized management by implementing the cash management system (CMS) and also having certain of its domestic subsidiaries implement the same system. Note that the Company's CMS is administered by Nippon Steel Corporation with 96,131 million yen deposited in the system as of March 31, 2024 being presented as part of cash and cash equivalents.

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

(4) Outlook for the Fiscal Year Ending March 31, 2025

While the political climate outside Japan continues to be uncertain and close attention should be paid, demand for IT in Japan is expected to remain strong for the fiscal year ending March 31, 2025. We are seeing some customers narrow down their area for investments, but in general, we believe that there are high demand in all areas for DX investment, data-driven management, AI-powered process improvement, legacy system replacement, and addressing shortage of IT personnel at each company.

Under this business environment and based on our assessment of markets by service and client industry sector, we have forecast consolidated revenue of 330,000 million yen and consolidated operating profit of 36,000 million yen for the fiscal year ending March 31, 2025.

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

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

The Company believes in the importance of maintaining and strengthening its competitiveness into the future and enhancing its corporate value. Regarding the allocation of profit, the Company's basic policy is to ensure appropriate and stable dividends to shareholders and the retention of internal reserves for business growth and to prepare for business risks. Regarding dividends, the Company places importance on return of profits in accordance with consolidated business performance and aims for a consolidated payout ratio of 30%

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

For the distribution of surplus with a record date of the last day of the fiscal year under review (March 31, 2024), the Company will issue a dividend of 45.0 yen per share, an increase of 5 yen on its most recent dividend forecast. As a dividend of 40.0 yen per share was issued for the distribution of surplus with a record date of September 30, 2023, the annual total dividend will be 85.0 yen. This is an increase of 10 yen compared with the previous fiscal year (FY2022).

At the Board of Directors' meeting held on April 26, 2024, the Company has resolved to change its consolidated payout ratio from the current 30% to 50%, reflecting its aim to make more aggressive shareholder returns. The Company plans to issue a total annual dividend of 67.0 yen per share for the distribution of surplus in the next fiscal year.

(Note) At the Board of Directors' meeting held on April 26, 2024, the Company resolved to carry out a 2-for-1 stock split of common stock effective on July 1, 2024. The annual dividends per share for the fiscal year ending March 31, 2025 (forecast) are based on the amount taking into consideration the stock split. Annual dividends per share for the fiscal year ending March 31, 2025 (forecast) without taking the stock split into account would be 134.0 yen.

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2. Status of the NSSOL Group

The Group (consisting of the Company and its consolidated subsidiaries) operates in a single information service segment, which is classified into Business Solutions and Consulting & Digital Service based on the type of services provided to customers.

The Company and its affiliated companies consist of the Company, the parent company, 19 consolidated subsidiaries, and one associate accounted for using the equity method as of March 31, 2024.

(1) Consolidated subsidiaries

i) Local subsidiaries in Japan

Hokkaido NS Solutions Corporation, East Japan NS Solutions Corporation, NS Solutions Chubu Corporation, NS Solutions Kansai Corporation, Kyushu NS Solutions Corporation

These subsidiaries share responsibility for software development, system operation and maintenance services, etc. for the Business Solutions projects won by the Company and projects for Nippon Steel Corporation. They are also responsible for system development projects for customers in the regional markets.

ii) IT service subsidiaries

NSSLC Service Corporation

With its advanced expertise, this subsidiary provides high-quality and highly efficient operation and maintenance service in a one-stop and seamless manner.

Network Value Components Ltd.

With its advanced expertise and product development capability in the field of network security, this subsidiary sells products and provides maintenance service related to the field.

iii) Consulting subsidiaries

NS Financial Management Consulting, Inc.

This subsidiary provides management consulting services and other services related to corporate practice, such as business administration, internal control, and internal audit for financial institutions.

Financial Engineering Group, Inc.

With its advanced modeling, data mining and consulting capabilities, this subsidiary provides solution services for customers in the financial, distribution, and service sectors.

iv) Special subsidiary

Act Corporation

This subsidiary was established as a special subsidiary under the Act to Facilitate the Employment of Persons with Disabilities, which aims to expand employment of persons with disabilities, and provides certain services of the Company's employee welfare program, office services, local services through activities in the agricultural sector, etc., and various other services using IT.

v) Joint venture subsidiaries

NCI Systems Integration, Inc., NIPPON STEEL Hitachi Systems Solutions, Inc.

These subsidiaries each provide uniquely distinctive business solutions and engage in sales of and other services related to information system products, while at the same time planning and designing systems

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and developing software for the Company's projects in the financial, manufacturing, and other sectors.

vi) Local subsidiaries overseas

NS Solutions (Shanghai) Co., Ltd.

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in China.

NS Solutions Asia Pacific Pte. Ltd.

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in Singapore. In addition, it is responsible for marketing operations in the Southeast Asia region.

Thai NS Solutions Co., Ltd.

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in Thailand.

PT. NSSOL SYSTEMS INDONESIA

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in Indonesia.

PT. Sakura System Solutions

This subsidiary sells in-house developed packaged software and hardware, and also provides services, such as system operation and maintenance services.

NS Solutions USA Corporation

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in the United States, and also promotes human network building, dissemination of information to the Company, and collaboration for the commercialization of new solution businesses.

NS Solutions IT Consulting Europe Ltd.

This subsidiary provides services, such as system planning and design, software development, and system operation and maintenance services in Europe.

(2) Associate

Himawari Operation Enterprise Corporation

(Notes) 1. Hokkaido NS Solutions Corporation, East Japan NS Solutions Corporation, NS Solutions Chubu Corporation, NS Solutions Kansai Corporation, and Kyushu NS Solutions Corporation were renamed to NS Solutions Hokkaido Corporation, NS Solutions East Japan Corporation, NS Solutions Chubu Corporation, NS Solutions Kansai Corporation, and NS Solutions Kyushu Corporation, respectively, effective on April 1, 2024.

2. Effective on April 1, 2024, the Company acquired 1,000 shares (100% of the issued shares) of TEXENG SOLUTIONS CORPORATION and made it a Group company. It was renamed to NS Solutions BizTech Corporation effective on the same day.

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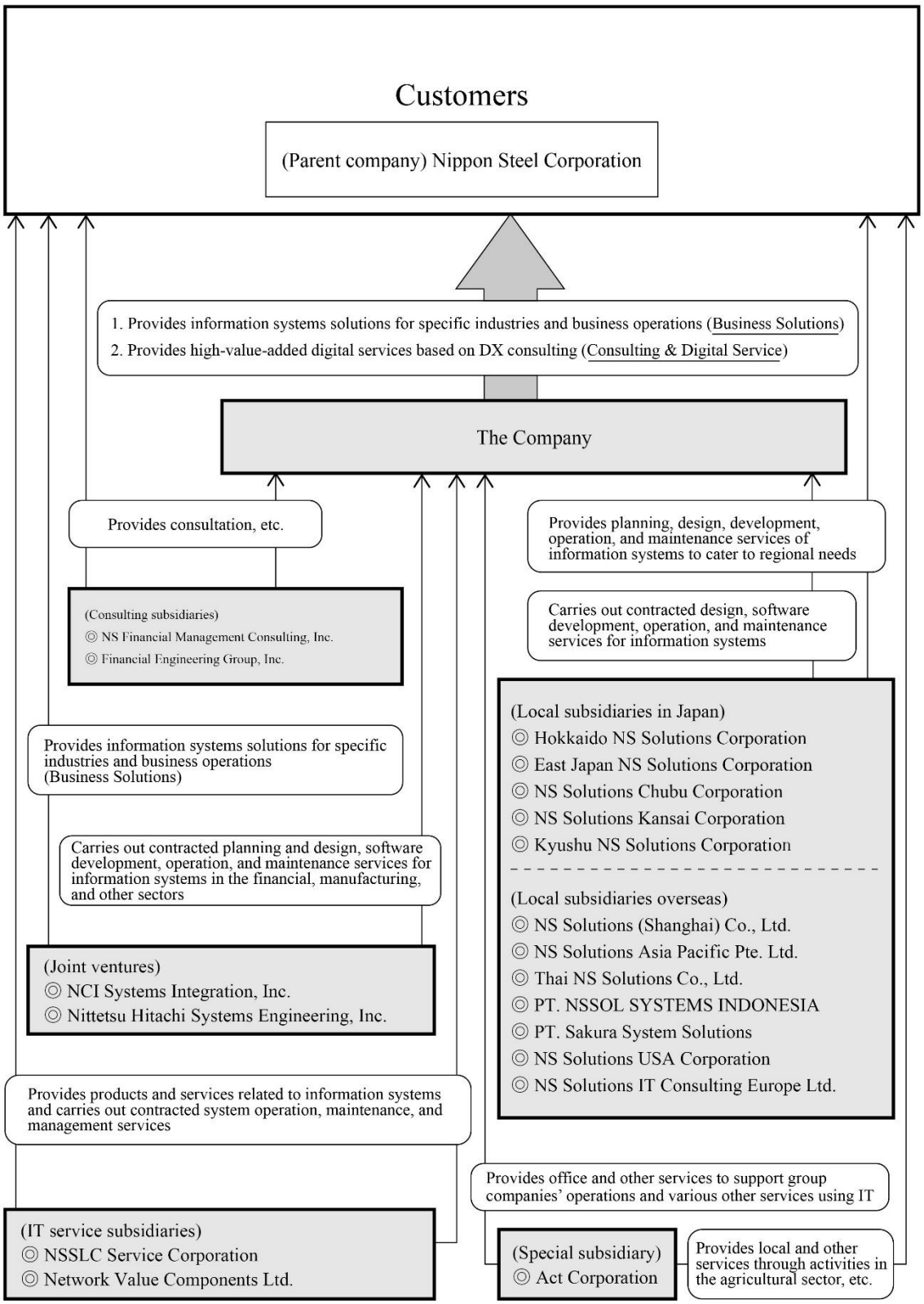

Note 1: ◎ mark denotes consolidated subsidiaries

Note 2: Hokkaido NS Solutions Corporation, East Japan NS Solutions Corporation, NS Solutions Chubu Corporation, NS Solutions Kansai Corporation, and Kyushu NS Solutions Corporation were renamed to NS Solutions Hokkaido Corporation, NS Solutions East Japan Corporation, NS Solutions Chubu Corporation, NS Solutions Kansai Corporation, and NS Solutions Kyushu Corporation, respectively, effective on April 1, 2024.

Note 3: Effective on April 1, 2024, the Company acquired 1,000 shares (100% of the issued shares) of TEXENG SOLUTIONS CORPORATION and made it a Group company. It was renamed to NS Solutions BizTech Corporation effective on the same day.

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3. Management Policy

(1) Basic Policy for Corporate Management

We have formulated the following corporate philosophy to establish a leading position in Japan's information services industry and contribute to creating a prosperous society through sustainable business growth and high profitability.

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

To achieve this, we are promoting our business based on the following four basic policies.

(i) We achieve business growth by planning visionary solutions and preferentially investing management resources in such solutions, targeting emerging markets with high-growth potential that utilize information technology (IT).

(ii) We pursue differentiation and profitability of our business by establishing business units that integrate production and sales for target markets, building optimal business models for each business unit, and establishing a system to provide optimal services to customers across the Group in line with their business development and innovation.

(iii) We obtain and strengthen the trust of our customers and advanced technological capabilities in recognition that both of them are the very sources of our competitiveness.

(iv) We provide integrated services ranging from consulting to solution design, development, operation, and maintenance, by building the Business Solutions and the Consulting & Digital Service as the pillars of our business.

- The Business Solutions provides information systems solutions for specific industries and business operations.
- The Consulting & Digital Service provides high-value-added digital services based on DX consulting.

(2) Issues to Be Addressed

a. Business operations for the realization of the Medium-term Business Strategy 2021–2025

The Company recognizes the promotion and execution of its business to realize the Medium-term Business Strategy 2021–2025 published in April 2021 as its challenge for the achievement of sustainable business growth. The three-year cumulative results for FY2021–FY2023 are as presented below, showing that all indicators performed well.

(Progress of the Medium-term Business Strategy)

	Cumulative total results (FY2021–FY2023)	Medium-term business period target (FY2021–FY2025)
Consolidated revenue growth (CAGR)	7.2% (per year)	5–6%
Revenue growth in focus areas (CAGR)	11.2% (per year)	10% or higher
Investments to strengthen business infrastructure	40.4 billion yen (3-year total)	50.0–75.0 billion yen (30.0–45.0 bn yen per 3 years)
Investments to accelerate DX	10.5 billion yen (3-year total)	10.0-15.0 billion yen (6.0–9.0 bn yen per 3 years)

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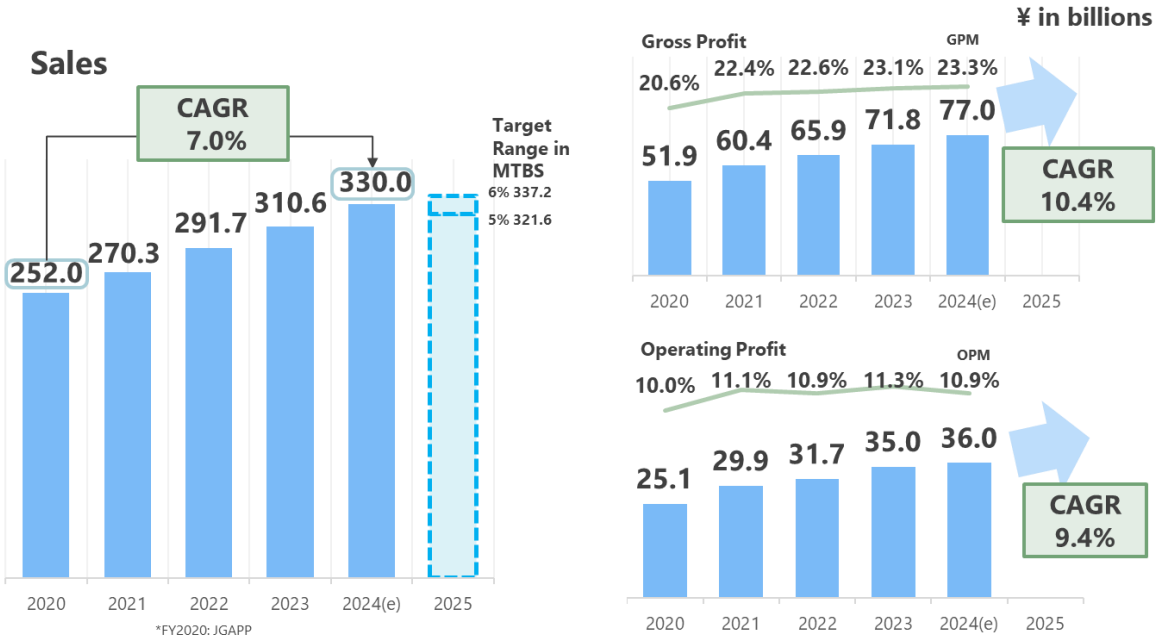
Progress and the outlook for FY2024 are as follows:

(Progress of revenue and profit)



Revenue for FY2023 was 310.6 billion yen. The revenue growth rate for the three years up to FY2023 was 7.2% per year, exceeding the medium-term business period target reflecting strong performance. Revenue forecast for FY2024 is 330.0 billion yen, bringing the four-year expected growth rate to 7% per year, exceeding the growth target.

Profit margin also improved steadily owing to our operation that emphasizes added values. In the four years up to FY2024, the Company expects a solid growth with gross profit increasing at 10.4% per year and operating profit at 9.4% per year.

(Progress by focus area)

DX in Manufacturing Industry

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

Support to Digital Platformer

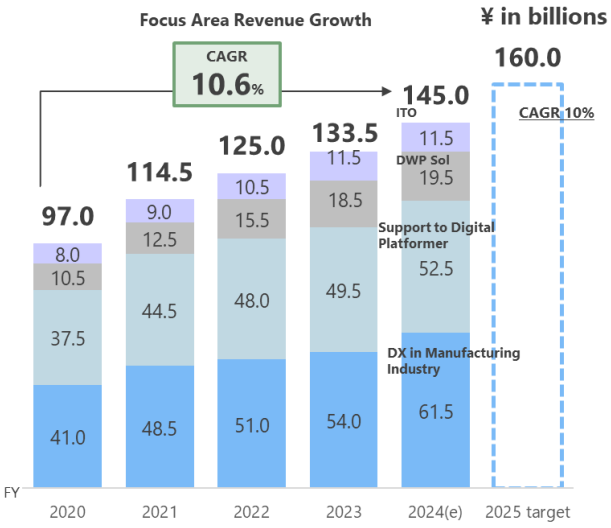
Supporting Japan's leading platform clients, we work closely with them to meet their diverse needs, from planning and conceptual support to system development.

Digital Workplace Solutions

Providing a safe, comfortable, and highly productive environment that makes full use of the latest technology by optimally combining various AI solutions, etc.

IT Outsourcing

Business growth centered on NSFITOS, which provides integrated services from managed cloud services, including data centers, to integrated operations in response to changing IT infrastructure and operations needs.



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Revenue from the focus areas amounted to 133.5 billion yen for FY2023, up 11.2% from 97.0 billion yen for FY2020. Revenue forecast for the focus area for FY2024 is 145.0 billion yen and the annual growth rate forecast is 10.6%.

(Growth investment)

During FY2023 the Company spent 16.2 billion yen in total for investments to strengthen business infrastructure and investments to accelerate DX. We are making active investments with projected investments for FY2024 at 19.0 billion yen and the annual average investments for four years from FY2021 to FY2024 at approximately 17.5 billion yen. We are also actively engaging in M&A and other investments and financing activities.

Specific initiatives for the fiscal year ending March 31, 2025 are as follows:

Item	Description
Investments to strengthen business infrastructure	• Transformation Promotion Center established in January 2023 (reorganized as Transformation Center in January 2024) will take the lead in accelerating initiatives that contribute to improving operational efficiency and employee engagement • Investment to realize “The Next-Gen Development Process”
Investments to accelerate DX	• Launch reskilling programs with capacity of 400 to 500 employees per year, focusing on developing DX talents • Strengthen investments for creating new solutions, etc.
M&A and other investments / financing	• Made NS Solutions BizTech Corporation, a company that has engineers with deep business insights in a wide range of domain including manufacturer, financial institution, retailer, and service company, one of the Group company • Invest in TOHO SYSTEM SCIENCE CO., LTD., a company that has high technical know-how in areas expanding from IT consulting to the entire lifecycle of a system including implementation, creation, and operation of IT, principally in the finance field

Since the announcement of the “Notice for Establishment of an Estimated Selling Amount of Cross-Shareholdings with the Aim to Secure Funds for Growth Investments” disclosed in April 2022, the Company has been selling cross-holding shares to secure funds for growth investments. Although we carried out sales totaling 7.1 billion yen during FY2023, the balance of cross-holding shares as of March 31, 2024 increased by 20.3 billion yen to 59.9 billion yen due to higher share prices (a 27.5 billion yen rise). For fiscal year ending March 31, 2025, we will continue with the divestment of cross-holding shares in accordance with our policy.

b. NSSOL 2030 Vision

We have positioned FY2025, the 25th anniversary of our founding, as the year of our “second founding.” To launch new activities to embark on the next stage of our journey, we have formulated “NSSOL 2030 Vision” to map out the future we aspire toward.

(i) Medium- / long-term external environment and IT megatrends

Looking into 2030, the external environment surrounding the Company will undergo further and larger changes. The three topics presented below will be the important IT megatrends for the Company.

・Transformation of system development and operation through generative AI and other new technologies

System development and operation are changing due to shrinking of IT specialist force and emergence of new technologies that dramatically improve development productivity

・Expansion of digital services

Industry cloud platforms providing functions for specific industries are becoming more common, lowering the barrier for companies to launch digital businesses

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・Widespread adoption of cross-industry platforms

Rising social needs and evolution of technologies are driving widespread adoption of cross-industry platforms that promote information distribution and utilization

(ii) NSSOL's vision

Given such external environment and IT megatrends, the expected roles of IT has expanded from the traditional role of helping solve individual companies' challenges, to solving society-wide and cross-industry challenges. We must make a new start to become the "producer" that envisions and realizes the future for society and business, from the current position of being a "partner" of client companies. To reflect this challenge, we have defined our vision as follows:

Social Value Producer with Digital

(iii) Actions for realizing our vision

We will work towards realizing the vision through following actions.

(a) Expand beneficiaries of value we provide

We will strengthen our capabilities through investments in the following areas in order to expand into new areas the range of beneficiaries of the value that we provide: acquiring technologies and developing solutions, human capital, and external growth such as M&A.

(b) Realize diverse methods of providing value

We will convert the business insights and technologies acquired under SI model business into assets and offer new value through three business models.

・Provide sustainable IT services with SI transformation model
・Provide best practices with asset driven model
・Provide platforms for co-creation and coexistence with multi-company platform model

(c) Utilize and strengthen our insights and technological expertise

We will shift to new business models by leveraging and strengthening our insights and technological expertise through following initiatives.

・Strengthen human resources
・Accelerate solution development
・Acquire and apply advanced technologies
・Utilize field of Nippon Steel Corporation Group
・Implement external growth strategy
・Transforming operating model

(iv) Target revenue structure

We will strive to achieve the following structure by the early 2030s through top-of-the industry growth.

	FY2024 projection	Target structure
Revenue	330.0 billion yen	Around 500.0 billion yen
Operating profit	36.0 billion yen	**Around 100.0 billion yen**
Operating profit margin	10.9%	Around 20%
ROE	10.2%	**Around 15%**

Initiatives to realize the revenue structure

・Over 100.0 billion yen investments for strengthening human resources and solutions development for building assets, among others
・Creating business of the scale of 100.0 billion yen through M&A.

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・Further improvement of capital efficiency for enhancing corporate value

(v) The position of our vision and the Mid-term Business Plan

The six years up to FY2030 will be split into three-year halves. The first three years will be spent on establishing foundation for growth, and the second three years on accelerating the growth. We will be drawing up FY2027 Mid-term Business Plan covering the first three years during the fiscal year ending March 31, 2025.



c. Promotion of sustainability management

In the promotion of sustainability management, we have organized our value creation process based on our goals to achieve the purpose of our existence in society, and defined five material issues.
The Company's material issues and main initiatives to address them are as follows:

Materiality	Activities	Relevant SDGs
Solve social issues through IT	・Contributing to improving operational efficiency through systematization and shifting to IT-based operations in manufacturing industries, and ultimately to measures against the decline in the working population. ・Contributing to the development and improvement of social infrastructure through systems development for government agencies, financial institutions, public service providers and platformers, etc. Contributing to solving regional issues by supporting local governments in promoting DX and smart cities. ・Promoting work style reform through digital workplace solutions such as "M3DaaS". ・Contributing to the improvement of labor productivity through the voluntary resolution of employee concerns and increased employee engagement with the career reflection tool Nayasapo. ・Contributing to paperless operation through the electronic contract service "CONTRACTHUB". ・Contributing to ensuring safety in on-site work through IoX Solution "Anzen Mimamori-kun (Safety Watcher)".	
Provide a stable supply of IT services as social infrastructure	・Providing robust and efficient IT services applying cloud-native and other advanced technologies.	
Create opportunities for diverse individuals to play active roles	・Producing female managers through strategies to train female leaders. ・Promoting D&I measures for mutual understanding among employees with diverse attributes and characteristics. ・Promotion of "self-selective" capacity development (development of autonomous training course systems, etc.) ・Strengthening the activities of the NSSOL Academy (NSSOL's autonomous learning organization) ・Establishment of an environment that supports diverse and autonomous careers, including an internal job application system, career support system, and dual/secondary employment system. ・Expanding and enhancing our telecommuting system and reducing overtime hours and encouraging employees to take annual paid leave. ・Establishing a cycle for improving engagement with the participation of all employees.	
Reduce environmental impact	・Continue to support GHG Scope 1+2 reduction targets and support green power deployment. ・Providing cloud services through highly energy-efficient data centers.	
Pursue governance and compliance as a trusted member of society	・Further strengthening of corporate governance as a company with an Audit Committee. ・Thorough "Global Business Conduct" ・Strengthening risk management systems	

4. Basic Approach to Selection of Accounting Standards

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

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5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	101,322	103,975
Trade and other receivables	65,822	67,767
Contract assets	14,059	18,162
Inventories	21,526	25,176
Other financial assets	2,472	1,555
Other current assets	2,180	11,620
Total current assets	207,383	228,258
Non-current assets		
Property, plant and equipment	18,661	16,901
Right-of-use assets	24,939	34,801
Goodwill	2,923	2,923
Intangible assets	3,731	3,847
Investments accounted for using equity method	181	212
Other financial assets	58,132	83,597
Deferred tax assets	3,814	3,969
Other non-current assets	141	124
Total non-current assets	112,525	146,379
Total assets	319,908	374,637

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(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trade and other payables	24,656	23,263
Contract liabilities	16,282	24,523
Lease liabilities	7,242	6,936
Other financial liabilities	1,145	819
Income taxes payable	6,445	7,857
Provisions	526	1,080
Other current liabilities	16,320	16,756
Total current liabilities	72,619	81,237
Non-current liabilities		
Lease liabilities	17,786	27,855
Other financial liabilities	216	104
Retirement benefit liability	10,944	4,732
Provisions	3,111	2,870
Deferred tax liabilities	3,352	8,943
Other non-current liabilities	4,077	4,108
Total non-current liabilities	39,489	48,615
Total liabilities	112,108	129,853
Equity		
Share capital	12,952	12,952
Capital surplus	9,951	9,953
Retained earnings	153,016	174,625
Treasury shares	(17)	(32)
Other components of equity	24,620	39,330
Total equity attributable to owners of parent	200,523	236,829
Non-controlling interests	7,277	7,954
Total equity	207,800	244,783
Total liabilities and equity	319,908	374,637

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

Consolidated Statements of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Revenue	291,688	310,632
Cost of sales	(225,752)	(238,790)
Gross profit	65,935	71,841
Selling, general and administrative expenses	(33,007)	(36,634)
Share of profit (loss) of investments accounted for using equity method	18	31
Other income	283	253
Other expenses	(1,491)	(491)
Operating profit	31,738	35,001
Finance income	582	692
Finance costs	(219)	(256)
Profit before tax	32,101	35,437
Income tax expense	(9,385)	(10,280)
Profit	22,715	25,157
Profit attributable to:		
Owners of parent	22,000	24,241
Non-controlling interests	715	915
Earnings per share		
Basic earnings per share (yen)	240.46	264.96

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Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	22,715	25,157
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability (asset)	335	114
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(13,375)	19,044
Total of items that will not be reclassified to profit or loss	(13,039)	19,158
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	272	263
Total of items that may be reclassified to profit or loss	272	263
Total other comprehensive income, net of tax effect	(12,767)	19,422
Comprehensive income	9,947	44,579
Comprehensive income attributable to:		
Owners of parent	9,202	43,638
Non-controlling interests	745	941

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(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	Remeasurement of net defined benefit liability (asset)
Balance at beginning of period	12,952	9,950	134,844	(2)	39,892	–
Profit	–	–	22,000	–	–	–
Other comprehensive income	–	–	–	–	(13,375)	310
Comprehensive income	–	–	22,000		(13,375)	310
Dividends of surplus	–	–	(6,496)	–	–	–
Purchase of treasury shares	–	–	–	(50)	–	–
Disposal of treasury shares	–	0	–	0	–	–
Share-based payment transactions	–	0	–	34	–	–
Transfer from other components of equity to retained earnings	–	–	2,667	–	(2,357)	(310)
Total transactions with owners	–	0	(3,828)	(14)	(2,357)	(310)
Balance at end of period	12,952	9,951	153,016	(17)	24,159	–

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Exchange differences on translation of foreign operations	Total			
Balance at beginning of period	193	40,086	197,831	6,738	204,569
Profit	–	–	22,000	715	22,715
Other comprehensive income	267	(12,797)	(12,797)	30	(12,767)
Comprehensive income	267	(12,797)	9,202	745	9,947
Dividends of surplus	–	–	(6,496)	(207)	(6,703)
Purchase of treasury shares	–	–	(50)	–	(50)
Disposal of treasury shares	–	–	0	–	0
Share-based payment transactions	–	–	35	–	35
Transfer from other components of equity to retained earnings	–	(2,667)	–	–	–
Total transactions with owners	–	(2,667)	(6,510)	(207)	(6,717)
Balance at end of period	460	24,620	200,523	7,277	207,800

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

(Millions of yen)

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

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

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(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before tax	32,101	35,437
Depreciation and amortization	12,620	12,050
Impairment losses	1,151	177
Interest income	(232)	(269)
Dividend income	(297)	(276)
Interest expenses	101	92
Share of loss (profit) of investments accounted for using equity method	(18)	(31)
Decrease (increase) in trade and other receivables	(9,848)	(2,728)
Decrease (increase) in contract assets	(2,449)	(4,086)
Decrease (increase) in inventories	(1,846)	(3,608)
Increase (decrease) in trade and other payables	4,542	6,840
Increase (decrease) in bonus payable	850	991
Increase (decrease) in consumption tax payable etc.	189	(786)
Contribution to retirement benefit trust	–	(6,596)
Other	(349)	461
Subtotal	36,516	37,667
Interest received	231	271
Dividends received	297	276
Interest paid	(101)	(93)
Income taxes paid	(10,912)	(11,968)
Net cash provided by (used in) operating activities	26,032	26,154
Cash flows from investing activities		
Payments into time deposits	(49)	(301)
Proceeds from withdrawal of time deposits	–	265
Purchase of property, plant and equipment, and intangible assets	(4,400)	(3,122)
Purchase of other financial assets	(6,942)	(6,623)
Proceeds from sale and redemption of other financial assets	5,812	9,216
Advance payments for purchase of shares of subsidiaries and associates	–	(8,143)
Other	(54)	137
Net cash provided by (used in) investing activities	(5,635)	(8,570)
Cash flows from financing activities		
Repayments of lease liabilities	(8,189)	(7,444)
Dividends paid	(6,496)	(7,319)
Dividends paid to non-controlling interests	(207)	(263)
Purchase of treasury shares	(50)	(51)
Other	0	–
Net cash provided by (used in) financing activities	(14,943)	(15,078)
Effect of exchange rate changes on cash and cash equivalents	163	148
Net increase (decrease) in cash and cash equivalents	5,616	2,652
Cash and cash equivalents at beginning of period	95,706	101,322
Cash and cash equivalents at end of period	101,322	103,975

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(5) Notes to Consolidated Financial Statements

Going concern assumption

Not applicable.

Segment information

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

Per share information

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

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

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Basis for determining basic earnings per share		
Profit attributable to owners of parent	22,000	24,241
Profit not attributable to common shareholders of parent	–	–
Profit used to calculate basic earnings per share	22,000	24,241
Average number of common shares outstanding during the period (Shares)	91,494,644	91,490,822
Basic earnings per share (Yen)	240.46	264.96

Significant subsequent events

Conversion into subsidiary through share acquisition

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

1) Name of the acquired company and details of business
   Name of the acquired company: TEXENG SOLUTIONS CORPORATION
   Details of business: Software development, operation and maintenance services of information systems, etc.

2) Date of acquisition
   April 1, 2024

3) Number of shares to be acquired, acquisition price, and percentage of interests after acquisition
   Number of shares to be acquired: 1,000 shares
   Acquisition price: Approximately 8.1 billion yen

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The Company has made advance payments for the share acquisition in fiscal year ended March 31, 2024. The actual acquisition price may not be the same as it will be adjusted based on TEXSOL's balance sheets and other information as of the date of acquisition.

The amount prepaid for the share acquisition is included in "Other current assets" in the consolidated statements of financial position, and as "Advance payments for purchase of shares of subsidiaries and associates" in the consolidated statements of cash flows.

Percentage of interests after acquisition: 100%

4) Details and amount of major acquisition-related costs
Advisory fees and commissions: 48 million yen

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

6) Method used to obtain control of the acquiree
Share acquisition with cash as consideration

7) Carrying amount of assets acquired and liabilities assumed

(Millions of yen)

Assets		Liabilities	
Item	Carrying amount	Item	Carrying amount
Current assets	2,820	Current liabilities	1,850
Non-current assets	1,234	Non-current liabilities	564
Total assets	4,054	Total liabilities	2,414

The above are provisional figures based on the balance sheets as of March 31, 2024 and the actual amount to be transferred may differ.

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

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Stock split and associated amendment to the Articles of Incorporation

At the Board of Directors' meeting held on April 26, 2024, the Company resolved to carry out a 2-for-1 stock split of common stock effective on July 1, 2024, and to make partial amendment to the Articles of Incorporation in relation to the stock split.

1. Purpose of the stock split

The purpose of the stock split is to improve the liquidity of the Company's stock and further expand its investor base by reducing the stock price per investment unit.

2. Outline of the stock split

(1) Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of June 30, 2024 (effectively June 28, 2024, as the day itself is a closing day for the administrator of the shareholder register) will be split into two shares.

(2) Increase in the number of shares as a result of the stock split

(i)	Total number of issued shares prior to the stock split	91,501,000 shares
(ii)	Number of shares to be increased as a result of the stock split	91,501,000 shares
(iii)	Total number of issued shares after the stock split	183,002,000 shares
(iv)	Total number of authorized shares after the stock split	732,008,000 shares

(3) Schedule of the stock split

(i)	Date of public notice of the record date	June 13, 2024
(ii)	Record date of the stock split	June 30, 2024

*Substantial record date is June 28, 2024 as June 30, 2024 falls on a non-business day of the shareholder registry administrator.

(iii)	Effective date of the stock split	July 1, 2024

3. Effects on per share information

Assuming the stock split was carried out in the beginning of the fiscal year ended March 31, 2023, per share information for fiscal years ended March 31, 2023 and 2024 would be as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Average number of common shares outstanding during the period (Shares)	182,989,288	182,981,644
Basic earnings per share (Yen)	120.23	132.48

	As of March 31, 2023	As of March 31, 2024
Total number of issued shares at the end of the period (excluding treasury shares) (Shares)	182,992,310	182,984,912
Equity attributable to owners of parent per share (Yen)	1,095.80	1,294.26

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4. Summary of amendment to the Articles of Incorporation

(1) Reason for the amendment

In conjunction with this stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, the Company will amend Article 6 (Total Number of Authorized Shares) of its Articles of Incorporation, effective July 1, 2024.

(2) Details of the amendment

Before amendment	After amendment
Chapter 2 Shares	Chapter 2 Shares
(Total Number of Authorized Shares)	(Total Number of Authorized Shares)
Article 6. The total number of shares authorized to be issued by the Company shall be 423,992,000 shares.	Article 6. The total number of shares authorized to be issued by the Company shall be 732,008,000 shares.

* Changes have been underlined.

(3) Schedule of the amendment

Effective date July 1, 2024

5. Other

The amount of stated capital will not change as a result of this stock split.

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6. Status of Production, Orders Received and Sales

While the Group operates in a single segment of the information services, its activities can be disaggregated by service field, and the following are the results of production, orders received and sales by service field for the fiscal year ended March 31, 2024.

(1) Production

(Millions of yen)

Service field name	Production amount	YoY change
Business Solutions	231,528	6.5%
Consulting & Digital Service	82,824	8.9%
Total	314,353	7.1%

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

(2) Orders received

(Millions of yen)

Service field name	Orders received	YoY change	Order backlog	YoY change
Business Solutions	239,052	4.7%	96,412	8.5%
Consulting & Digital Service	81,404	(4.5)%	59,125	4.0%
Total	320,457	2.2%	155,538	6.7%

(3) Sales

(Millions of yen)

Service field name	Sales amount	YoY change
Business Solutions	231,516	6.4%
Consulting & Digital Service	79,116	6.6%
Total	310,632	6.5%

The following are the amount of sales to a major customer and its percentage to the total sales for the last two fiscal years.

(Millions of yen)

Customer	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Sales amount	% of total	Sales amount	% of total
Nippon Steel Corporation	57,912	19.9	62,509	20.1

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