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Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under IFRS)

July 30, 2024

Company name: NS Solutions Corporation
Listing: Tokyo Stock Exchange
Securities code: 2327
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Scheduled date of commencing dividend payments: –
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 Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	76,826	11.7	8,815	33.9	9,021	31.2	5,381	33.8
June 30, 2023	68,773	5.6	6,581	1.5	6,875	3.4	4,022	(7.6)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Million yen	%	Yen	Yen
June 30, 2024	16,876	68.5	29.41	–
June 30, 2023	10,015	–	21.99	–

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Basic earnings per share were calculated assuming the stock split had taken place at the beginning of the previous fiscal year.

(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
As of	Million yen	Million yen	Million yen	%
June 30, 2024	383,724	250,785	243,036	63.3
March 31, 2024	374,637	244,783	236,829	63.2

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2. Cash Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	40.00	–	45.00	85.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		33.50	–	33.50	67.00

(Note 1) Revision to the forecast for dividends announced most recently: None

(Note 2) The Company carried out a 2-for-1 stock split of common stock as of 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	16,000	9.3	16,200	7.9	10,500	10.5	57.39
Full year	330,000	6.2	37,000	5.7	37,500	5.8	25,200	4.0	137.73

(Note 1) Revision to the financial results forecast announced most recently: Yes

(Note 2) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Basic earnings per share is based on the amount taking into account the stock split. Basic earnings per share for the fiscal year ending March 31, 2025 without taking into account the stock split would be 114.78 yen for the first half and 275.47 yen for the full year.

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*** Notes:**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (NS Solutions BizTech Corporation)
Excluded: None
(Note) For further details, please see *Business combination, etc.* under *2. Condensed Quarterly Consolidated Financial Statements and Primary Notes (5) Notes to Condensed Quarterly Consolidated Financial Statements* on page 13 of the attached document.

(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 June 30, 2024:	183,002,000 shares
As of March 31, 2024:	183,002,000 shares

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

As of June 30, 2024:	41,488 shares
As of March 31, 2024:	17,088 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024:	182,969,198 shares
Three months ended June 30, 2023:	182,975,342 shares

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. The numbers of shares presented above were calculated assuming the stock split had taken place at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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.

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1. Qualitative Information on Quarterly Financial Results

(1) Operating Results

Analysis of operating results

The Japanese economy saw continued signs of a mild recovery during the three months ended June 30, 2024. However, there was also a risk of a slowdown in the country's economy as it faced downward pressure from slowing overseas economies, such as with the impact of sustained high interest rates in Europe and the U.S., concerns about the outlook for the Chinese economy, the situation in the Middle East, and other factors.

Although close attention should be paid to the impact of rising prices and the yen's depreciation on corporate earnings, domestic companies' earnings have continuously improved. System investment by client companies remained firm, as the need 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") is 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, we implemented a production planning system with mathematical optimization technology at Nippon Steel Corporation, reducing weekly planning time by over 70%. Additionally, the supply and demand management system that leverages "PPPlan," a cloud service introduced in a food company, optimized inventory levels for 500 items. Furthermore, we continue to focus on expanding sales of solutions with proven track records, including total support services for "Oracle Cloud VMware Solution," which aids in lifting backbone systems to the cloud, the virtual desktop service "M³DaaS@absonne," the electronic transaction and contract service "CONTRACTHUB," and several other offerings.

In the AI domain, where the Company has accumulated knowledge, we have introduced an AI platform into the research and development infrastructure of a pharmaceutical company to advance the AI-powered drug discovery process. Additionally, we conducted demonstration tests on the use of ChatGPT within the IT department of a retail business to eliminate reliance on individuals in handling inquiries, aiming to enhance the efficiency and sophistication of various AI-powered operations performed by customers. We have also launched AI platforms such as "Databricks" and "Alli LLM App Market," in an effort to strengthen our abilities to respond in the AI domain through collaborations with other companies.

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. We are endeavoring to solve social issues through IT by participating in a research project led by the Ministry of Health, Labour and Welfare, which aims to accelerate the secondary use of medical and other information among medical institutions through the leveraging of data utilization technologies in which we have extensive experience. In parallel, we have launched "NSDDD Cloud for Government," a cloud service designed to promote the use of public and private sector data by local governments. Additionally, the Company is engaged in various business activities from an ESG perspective to create a prosperous society. This includes supporting the "RIKOCHALLENGE SUMMER OF 2024—Experience the Work in Science and Engineering!" jointly organized by the Cabinet Office, the Ministry of Education, Culture, Sports, Science and Technology, and the Japan Business Federation (Keidanren). We are committed to ongoing support for next-generation education by delivering visiting lectures to elementary and junior high schools and 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 Japan Index, and FTSE Blossom Japan Sector Relative Index, which are ESG investment benchmarks.

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Revenue for the three months ended June 30, 2024 amounted to 76,826 million yen, an increase of 8,052 million yen compared to 68,773 million yen for the same period of the previous fiscal year. This was due to strong performance mainly in the fields of cloud-based services and software products, in addition to higher sales primarily in the financial services field. Operating profit amounted to 8,815 million yen, an increase of 2,233 million yen compared to 6,581 million yen for the same period of the previous fiscal year. This was due to increased gross profit resulting from higher revenue and adjustments in provision for bonuses associated with the salary system change, despite a rise in selling, general and administrative expenses as a result of the enhancement of human capital, including recruiting and training, as well as enhanced investments in technology, research and development, and other areas.

(2) Financial Position

1) Analysis of financial position

Total assets at the end of the three months ended June 30, 2024 amounted to 383,724 million yen, an increase of 9,087 million yen compared to 374,637 million yen at the end of the previous fiscal year. This was mainly due to increases of 16,333 million yen in other financial assets (non-current assets) and 12,583 million yen in cash and cash equivalents, partly offset by a decrease of 21,198 million yen in trade and other receivables.

Total liabilities at the end of the three months ended June 30, 2024 amounted to 132,938 million yen, an increase of 3,085 million yen compared to 129,853 million yen at the end of the previous fiscal year. This was mainly due to increases of 6,852 million yen in contract liabilities, 4,143 million yen in deferred tax liabilities, and 2,906 million yen in trade and other payables, partly offset by decreases of 6,120 million yen in bonus payable included in other current liabilities, 3,372 million yen in income taxes payable, and 1,940 million yen in consumption taxes payable included in other current liabilities.

Total equity at the end of the three months ended June 30, 2024 amounted to 250,785 million yen, an increase of 6,002 million yen compared to 244,783 million yen at the end of the previous fiscal year. The breakdown mainly includes 5,546 million yen of profit, 11,329 million yen of other comprehensive income, 4,117 million yen of dividends paid, and a reduction of 6,320 million yen in capital surplus. As a result, the ratio of equity attributable to owners of parent to total assets was 63.3%.

2) Cash flows

Statement of cash flows

The balance of cash and cash equivalents at the end of the three months ended June 30, 2024 was 116,559 million yen. Net increase in cash and cash equivalents for the three months of the current fiscal year was 12,583 million yen, compared to a net increase of 11,007 million yen for the same period of 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 three months ended June 30, 2023 resulted in a cash inflow of 14,275 million yen. This is mainly attributable to 6,875 million yen of profit before tax and 3,022 million yen of depreciation and amortization, a 23,450 million yen decrease in trade and other receivables, a 5,483 million yen increase in contract assets, and a 9,356 million yen increase in inventories, partly offset by a 11,237 million yen increase in trade and other payables, a 5,536 million yen decrease in bonus payable, and income taxes paid of 6,525 million yen. On the other hand, cash flows from operating activities for the three months ended June 30, 2024 resulted in a cash inflow of 17,411 million yen. This is mainly attributable to 9,021 million yen of profit before tax and 3,036 million yen of depreciation and amortization, a 21,916 million yen decrease in trade and other receivables, a 3,835 million yen increase in contract assets,

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a 6,651 million yen increase in inventories, a 10,273 million yen increase in trade and other payables, a 6,557 million yen decrease in bonus payable, and income taxes paid of 7,539 million yen.

ii) Cash flows from investing activities

Cash flows from investing activities for the three months ended June 30, 2023 resulted in a cash inflow of 2,604 million yen. This is mainly attributable to 4,632 million yen of proceeds from sale and redemption of other financial assets, partly offset by 1,142 million yen of purchase of other financial assets and 1,130 million yen of purchase of property, plant and equipment, and intangible assets. On the other hand, cash flows from investing activities for the three months ended June 30, 2024 resulted in a cash inflow of 1,605 million yen. This is mainly attributable to 3,418 million yen of proceeds from sale and redemption of other financial assets and 1,308 million yen of proceeds from acquisition of shares of affiliated companies resulting in change in scope of consolidation, 2,347 million yen of purchase of other financial assets and 757 million yen of purchase of property, plant and equipment, and intangible assets.

iii) Cash flows from financing activities

Cash flows from financing activities for the three months ended June 30, 2023 resulted in a cash outflow of 5,922 million yen. This is mainly attributable to 3,659 million yen of dividends paid and 1,947 million yen of repayments of lease liabilities. On the other hand, cash flows from financing activities for the three months ended June 30, 2024 resulted in a cash outflow of 6,540 million yen. This is mainly attributable to 4,117 million yen of dividends paid and 1,986 million yen of repayments of lease liabilities.

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 investments and other needs toward 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 50%, 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 108,423 million yen deposited in the system as of June 30, 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.

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(3) Consolidated Financial Results Forecast and Other Forward-looking Information

The following revisions have been made to the consolidated financial results forecast for the fiscal year ending March 31, 2025, announced on April 26, 2024, as profit is expected to increase compared to the initial forecast.

Revised forecast of the consolidated financial results for the first half of the fiscal year ending March 31, 2025 (April 1, 2024 to September 30, 2024)

	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
Previously announced forecast (A)	153,000	15,000	15,200	9,800	53.56
Revised forecast (B)	153,000	16,000	16,200	10,500	57.39
Differences (B−A)	−	1,000	1,000	700	3.83
Change (%)	−	6.7%	6.6%	7.1%	7.1%
(Reference) Results of the first half of the previous fiscal year ended March 31, 2024	144,774	14,642	15,012	9,500	51.92

Revised forecast of the consolidated financial results for the full year of the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	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
Previously announced forecast (A)	330,000	36,000	36,500	24,500	133.91
Revised forecast (B)	330,000	37,000	37,500	25,200	137.73
Differences (B−A)	−	1,000	1,000	700	3.83
Change (%)	−	2.8%	2.7%	2.9%	2.9%
(Reference) Results of the previous fiscal year ended March 31, 2024	310,632	35,001	35,437	24,241	132.48

(Note) The Company carried out a 2-for-1 stock split of common stock as of July 1, 2024. Basic earnings per share for the fiscal year ended March 31, 2024 and the fiscal year ending March 31, 2025 (forecast) were calculated assuming the stock split had taken place at the beginning of the previous fiscal year. Basic earnings per share for the fiscal year ending March 31, 2025 without taking into account the stock split would be 114.78 yen for the first half and 275.47 yen for the full year.

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.

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2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	103,975	116,559
Trade and other receivables	67,767	46,568
Contract assets	18,162	21,999
Inventories	25,176	31,884
Other financial assets	1,555	571
Other current assets	11,620	4,560
Total current assets	228,258	222,143
Non-current assets		
Property, plant and equipment	16,901	16,746
Right-of-use assets	34,801	33,343
Goodwill	2,923	2,923
Intangible assets	3,847	3,769
Investments accounted for using equity method	212	203
Other financial assets	83,597	99,931
Deferred tax assets	3,969	4,310
Other non-current assets	124	351
Total non-current assets	146,379	161,580
Total assets	374,637	383,724

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(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	23,263	26,170
Contract liabilities	24,523	31,376
Lease liabilities	6,936	6,712
Other financial liabilities	819	2,642
Income taxes payable	7,857	4,484
Provisions	1,080	1,367
Other current liabilities	16,756	8,339
Total current liabilities	81,237	81,093
Non-current liabilities		
Lease liabilities	27,855	26,540
Other financial liabilities	104	−
Retirement benefit liability	4,732	5,202
Provisions	2,870	2,856
Deferred tax liabilities	8,943	13,087
Other non-current liabilities	4,108	4,159
Total non-current liabilities	48,615	51,845
Total liabilities	129,853	132,938
Equity		
Share capital	12,952	12,952
Capital surplus	9,953	3,632
Retained earnings	174,625	177,478
Treasury shares	(32)	(94)
Other components of equity	39,330	49,067
Total equity attributable to owners of parent	236,829	243,036
Non-controlling interests	7,954	7,749
Total equity	244,783	250,785
Total liabilities and equity	374,637	383,724

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

Condensed Quarterly Consolidated Statements of Profit or Loss

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	68,773	76,826
Cost of sales	(52,653)	(58,098)
Gross profit	16,120	18,728
Selling, general and administrative expenses	(9,566)	(9,967)
Share of profit (loss) of investments accounted for using equity method	(8)	(8)
Other income	54	89
Other expenses	(18)	(25)
Operating profit	6,581	8,815
Finance income	322	346
Finance costs	(29)	(140)
Profit before tax	6,875	9,021
Income tax expense	(2,679)	(3,474)
Profit	4,195	5,546
Profit attributable to		
Owners of parent	4,022	5,381
Non-controlling interests	172	165
Earnings per share		
Basic earnings per share (yen)	21.99	29.41

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Condensed Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	4,195	5,546
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit liability (asset)	(0)	0
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	5,754	11,186
Total of items that will not be reclassified to profit or loss	5,754	11,187
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	65	142
Total of items that may be reclassified to profit or loss	65	142
Total other comprehensive income, net of tax effect	5,819	11,329
Comprehensive income	10,015	16,876
Comprehensive income attributable to		
Owners of parent	9,841	16,706
Non-controlling interests	173	169

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(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2023 (April 1, 2023 to June 30, 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	9,951	153,016	(17)	24,159	–
Profit	–	–	4,022	–	–	–
Other comprehensive income	–	–	–	–	5,754	(0)
Comprehensive income	–	–	4,022	–	5,754	(0)
Dividends of surplus	–	–	(3,659)	–	–	–
Purchase of treasury shares	–	–	–	(51)	–	–
Transfer from other components of equity to retained earnings	–	–	1,696	–	(1,696)	0
Total transactions with owners	–	–	(1,963)	(51)	(1,696)	0
Balance at end of period	12,952	9,951	155,075	(69)	28,217	–

	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	–	–	4,022	172	4,195
Other comprehensive income	64	5,818	5,818	1	5,819
Comprehensive income	64	5,818	9,841	173	10,015
Dividends of surplus	–	–	(3,659)	(263)	(3,923)
Purchase of treasury shares	–	–	(51)	–	(51)
Transfer from other components of equity to retained earnings	–	(1,696)	–	–	–
Total transactions with owners	–	(1,696)	(3,711)	(263)	(3,974)
Balance at end of period	525	28,743	206,654	7,187	213,841

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Three months ended June 30, 2024 (April 1, 2024 to June 30, 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	9,953	174,625	(32)	38,611	–
Profit	–	–	5,381	–	–	–
Other comprehensive income	–	–	–	–	11,186	0
Comprehensive income	–	–	5,381	–	11,186	0
Dividends of surplus	–	–	(4,117)	–	–	–
Purchase of treasury shares	–	–	–	(61)	–	–
Transfer from other components of equity to retained earnings	–	–	1,588	–	(1,588)	(0)
Increase (decrease) by business combination	–	(6,320)	–	–	–	–
Total transactions with owners	–	(6,320)	(2,528)	(61)	(1,588)	(0)
Balance at end of period	12,952	3,632	177,478	(94)	48,210	–

	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	719	39,330	236,829	7,954	244,783
Profit	–	–	5,381	165	5,546
Other comprehensive income	137	11,325	11,325	4	11,329
Comprehensive income	137	11,325	16,706	169	16,876
Dividends of surplus	–	–	(4,117)	(374)	(4,491)
Purchase of treasury shares	–	–	(61)	–	(61)
Transfer from other components of equity to retained earnings	–	(1,588)	–	–	–
Increase (decrease) by business combination	–	–	(6,320)	–	(6,320)
Total transactions with owners	–	(1,588)	(10,499)	(374)	(10,874)
Balance at end of period	856	49,067	243,036	7,749	250,785

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(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	6,875	9,021
Depreciation and amortization	3,022	3,036
Interest income	(65)	(108)
Dividend income	(160)	(156)
Interest expenses	21	58
Share of loss (profit) of investments accounted for using equity method	8	8
Decrease (increase) in trade and other receivables	23,450	21,916
Decrease (increase) in contract assets	(5,483)	(3,835)
Decrease (increase) in inventories	(9,356)	(6,651)
Increase (decrease) in trade and other payables	11,237	10,273
Increase (decrease) in bonus payable	(5,536)	(6,557)
Increase (decrease) in consumption tax payable etc.	(3,297)	(2,032)
Other	(123)	(227)
Subtotal	20,591	24,747
Interest received	70	106
Dividends received	160	156
Interest paid	(21)	(58)
Income taxes paid	(6,525)	(7,539)
Net cash provided by (used in) operating activities	14,275	17,411
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	252	−
Purchase of property, plant and equipment, and intangible assets	(1,130)	(757)
Purchase of other financial assets	(1,142)	(2,347)
Proceeds from sale and redemption of other financial assets	4,632	3,418
Proceeds from acquisition of shares of affiliated companies resulting in change in scope of consolidation	−	1,308
Other	(8)	(17)
Net cash provided by (used in) investing activities	2,604	1,605
Cash flows from financing activities		
Repayments of lease liabilities	(1,947)	(1,986)
Dividends paid	(3,659)	(4,117)
Dividends paid to non-controlling interests	(263)	(374)
Purchase of treasury shares	(51)	(61)
Net cash provided by (used in) financing activities	(5,922)	(6,540)
Effect of exchange rate changes on cash and cash equivalents	49	107
Net increase (decrease) in cash and cash equivalents	11,007	12,583
Cash and cash equivalents at beginning of period	101,322	103,975
Cash and cash equivalents at end of period	112,330	116,559

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(5) Notes to Condensed Quarterly Consolidated Financial Statements

Going concern assumption

Not applicable.

Segment information, etc.

A reportable segment is a component of the Group for which discrete financial information is available, and which is subject to regular review by the Board of Directors to make decisions about the allocation of management resources and assess its performance.

The Company and its consolidated subsidiaries operate in a single business segment, which is the information services business. This segment provides comprehensive services such as information systems planning, software development, hardware and equipment selection, and system operation and maintenance. Consequently, no segmentation breakdown is available.

Thus, segment information is omitted.

Business combination, etc.

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 is 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. The business combination transaction under common control has been accounted for using carrying amounts.

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: 7,977 million yen
   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

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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
Cash and cash equivalents	1,308	Trade and other payables	697
Trade and other receivables	1,392	Contract liabilities	3
Inventories	24	Lease liabilities	200
Other current assets	94	Other financial liabilities	36
Total current assets	2,820	Income taxes payable	193
Property, plant and equipment	90	Provisions	244
Right-of-use assets	284	Other current liabilities	473
Intangible assets	3	Total current liabilities	1,849
Other financial assets	255	Lease liabilities	83
Deferred tax assets	372	Retirement benefit liability	379
Other non-current assets	231	Provisions	45
Total non-current assets	1,238	Other non-current liabilities	42
		Total non-current liabilities	551
Total assets	4,058	Total liabilities	2,401

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

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