TSE:2327

NS Solutions

NIPPON STEEL

2025-2027
Medium-Term Business Plan

February 28, 2025

NS Solutions Corporation

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Agenda

Company Profile

I. NSSOL 2030 Vision and surrounding business environment

II. Outline of the 2025-2027 Medium-Term Business Plan

III. Business Growth Strategy by Segments and M&A

IV. Financial Strategy

V. Evolution of Sustainable Management

VI. Summary

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

0

Company Profile

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Overview of NSSOL

- NS Solutions Corporation is one of the leading ICT companies in Japan, offering system integration, IT services, and consulting in management and systems

Company information

Representative Director & President
- Kazuhiko Tamaoki

Launched
- April 1, 2001

Number of employees
- 8,740 (as of the end of December 2024)

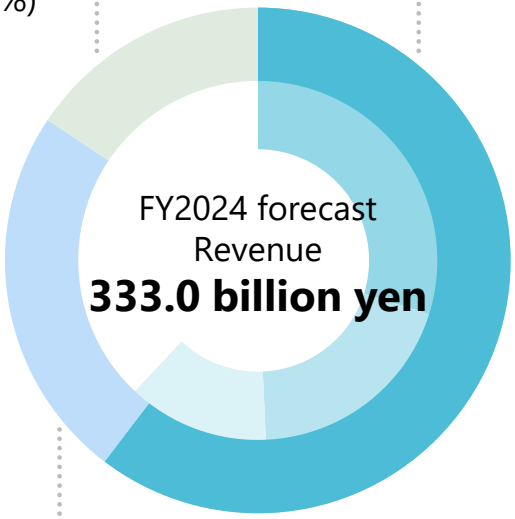
Major shareholders
- Nippon Steel Corporation (Shareholding ratio: 63.4%)

Stock exchange listing
- Tokyo Stock Exchange Prime Market
- Nagoya Stock Exchange Main Market
- Fukuoka Stock Exchange Main Market

FY2024 forecast: Revenue by Segment and customer industry (¥ in billions)

Group companies
52.0 billion yen (16%)

Business Solutions
201.0 billion yen (60%)



Consulting & Digital Services
80.0 billion yen (24%)

Manufacturing, Nippon Steel Group
92.5 billion yen (28%)
- One-stop DX support and provision of various solutions for the global manufacturing industry
- IT support for the entire system lifecycle for Nippon Steel and its Group companies

Retail and Service, Digital Platformer
63.5 billion yen (19%)
- Developing solutions for both online and offline aspects of internet business and distribution industries

Financial Service
45.0 billion yen (14%)
- Consistent support throughout the system lifecycle, from application building to maintenance, for major financial service institutions, including megabanks

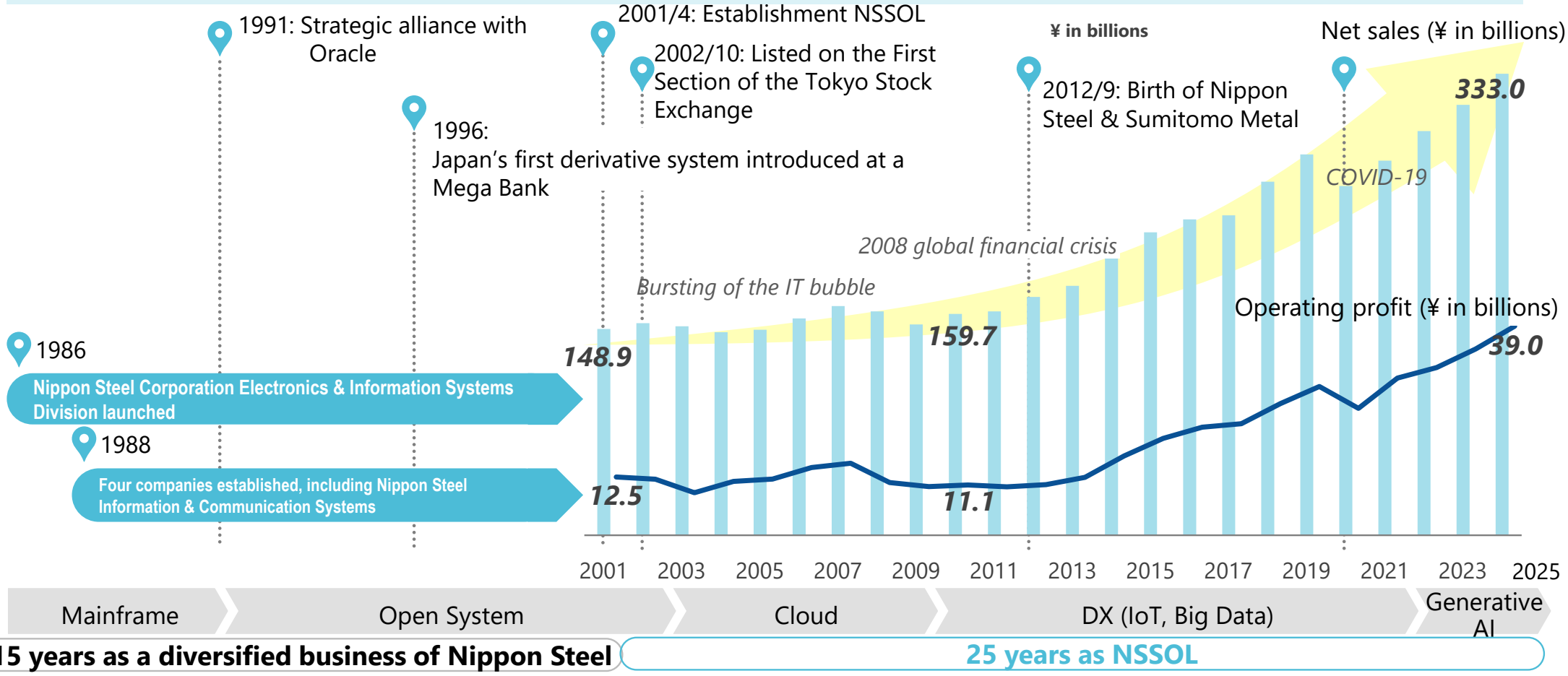
Consulting and Digital services
80.0 billion yen (24%)
- Providing cross-industry consulting applications
- System building, operation and maintenance for companies and government agencies that support social infrastructure

Group companies
52.0 billion yen (16%)
- Regional subsidiaries (Hokkaido, East Japan, Chubu, Kansai, Kyushu)
- Overseas subsidiaries (China, Thailand, Singapore, Indonesia, USA, UK)
- Joint ventures (NCI, NHS)
- NS BizTech, etc.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

History of NS Solutions

- NSSOL has grown since the 2010s along with the trend of DX and the expansion of Nippon Steel as business opportunities.



Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Reflection on the Medium-term Business Strategy (FY2021-2025)

- All targets are expected to be achieved one year ahead of schedule.
- Sales growth has outperformed expectations, and investments in business infrastructure and DX acceleration are also progressing well.

	M-term Business Strategy Targets (FY2021-FY2025)		FY2024 Forecast of Cumulative Results (FY2021-FY2024)	Evaluation
Consolidated sales growth rate (CAGR)	**5-6%**	→	**7.2%**	○ (expected to be achieved)
Focus area sales growth rate (CAGR)	**10% or more**	→	**10.6%**	○ (expected to be achieved)
Investment to strengthen business infrastructure	50.0-75.0 billion yen/5 years (4-year equivalent: **40-60 billion yen**)	→	4-year cumulative total **54.4 billion yen**	○ (expected to be achieved)
Investments for accelerating DX	10.0-15.0 billion yen/5 years (4-year equivalent: **8-12 billion yen**)	→	4-year cumulative total **15.5 billion yen**	○ (expected to be achieved)

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Transition of Key Focus Areas

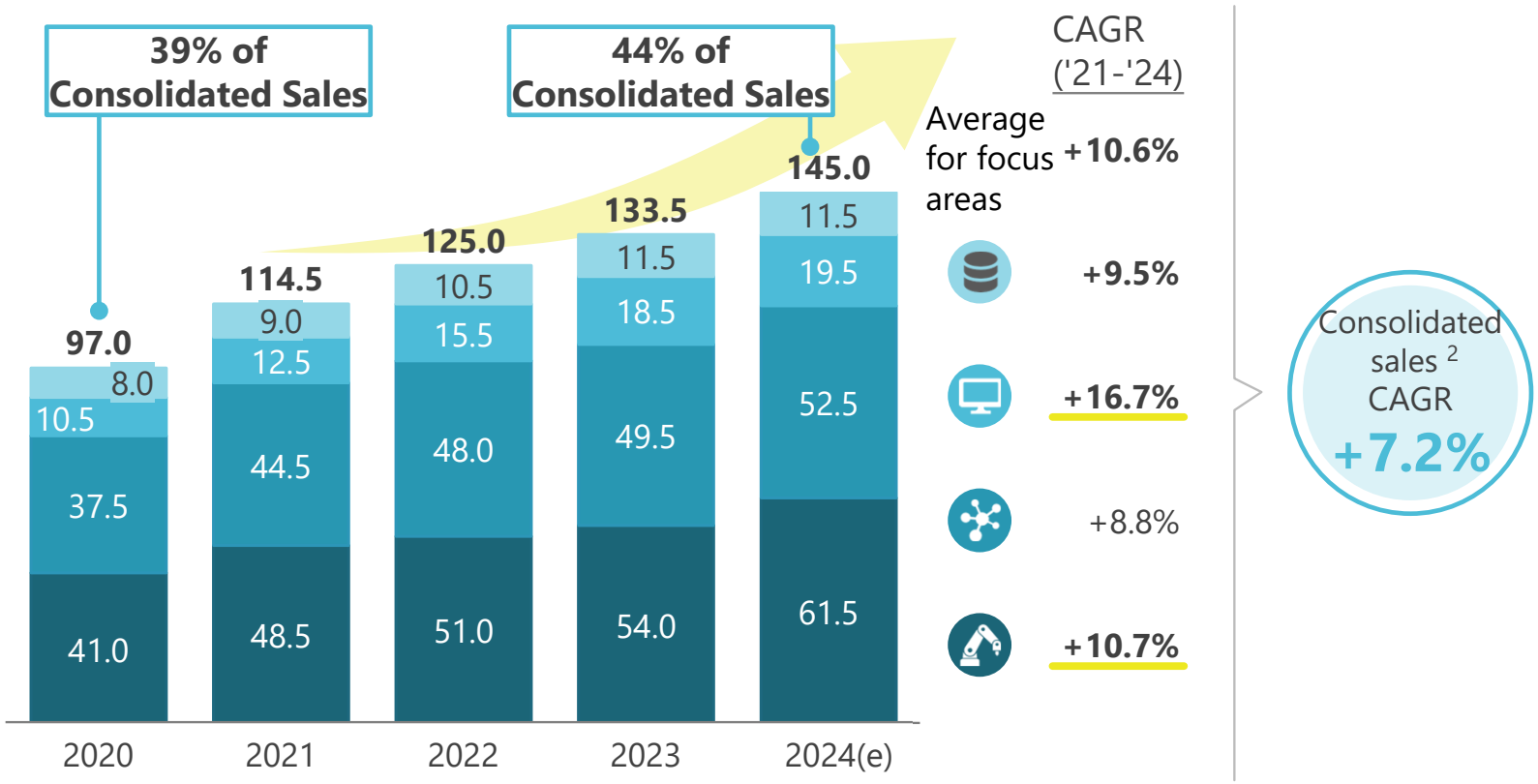
- In the previous Medium-Term Business Plan, growth in the focus areas drove overall company growth, with consolidated revenue expected to achieve a 7.2% increase.

Targets of the previous M-Term Business Policy

- DX in the Manufacturing Industry
- Digital Platformer Support
- Digital Workplace Solutions
- IT Outsourcing

The above areas have been designated as key growth drivers. We will actively invest management resources in them with the aim of accelerating company-wide growth.

Focus areas and sales by area for FY2021-2024[1] (¥ in billions)



1. JGAAP basis 2. IFRS basis

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

NSSOL's Foundational Strengths Driving Transformation and Growth

- Leveraging our operational insights, technological expertise, and human resources as strengths to thrive in a dynamic competitive environment.

Growth Drivers for NSSOL

Operational insights

- **Understanding the industry agenda** and needs through industry-leading clients.
- **Deep insights on business operation** beyond system needs, as the user-origin SI company.

Technological expertise

- **Deeply understand advanced technology** and apply it appropriately and timely at sites
- **Data analysis and application** based on mathematical statistics knowledge
- Development and operation of **mission-critical systems**
- **Horizontal deployment and productization of knowledge** cultivated at sites

Human Resources

- Recruiting, training, and developing **highly skilled IT professionals**
  Over 60% of our employees have proven experience as PMs, consultants, and architects with leadership experience, and engineers who can lead cutting-edge technologies such as AI.
- **Proactive workforce** with a strong challenge-oriented mindset

- DNA that thoroughly understands worksites and operations
- Deep relationships with top-tier industry clients

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

I

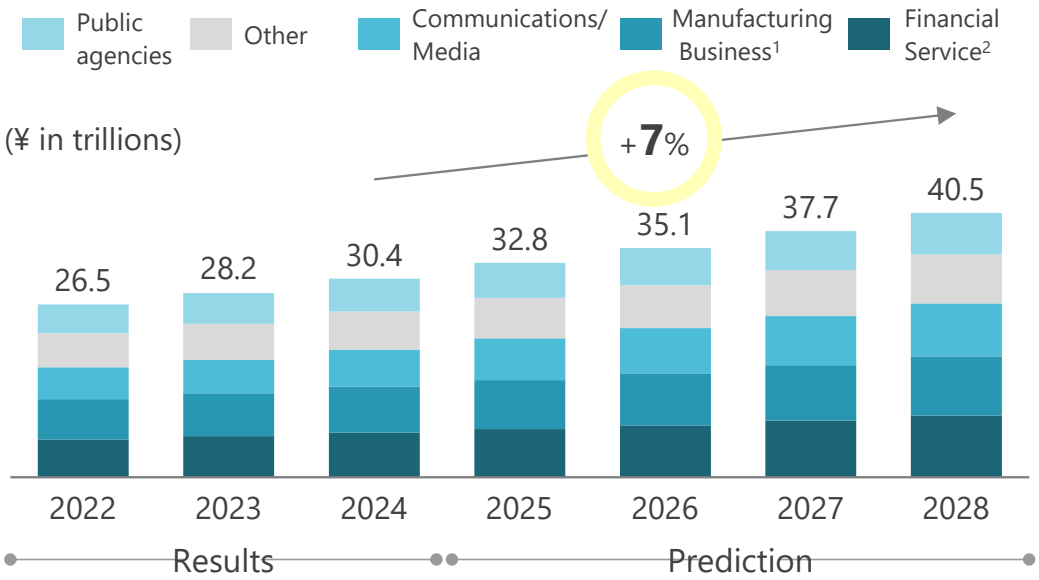
NSSOL 2030 Vision and Surrounding Business Environment

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

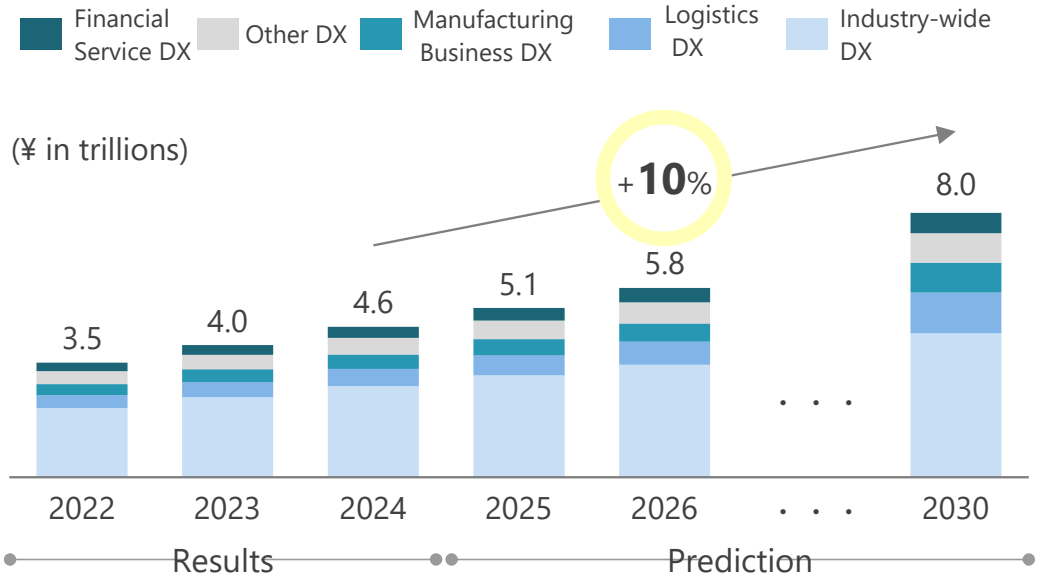
Future Outlook of Japan's IT/DX market

- Domestic IT investments will continue to expand, driven by DX and structural reforms.

Domestic IT market



Domestic DX market



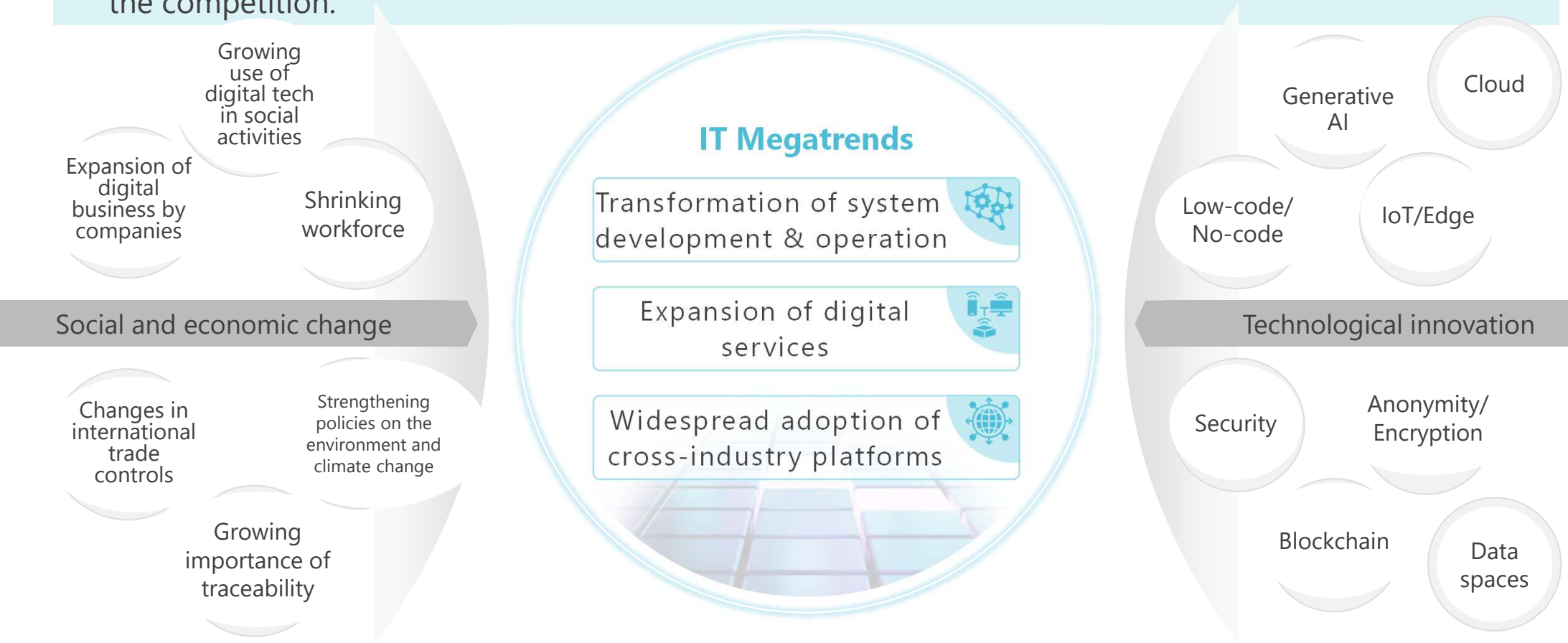
There are various IT/DX demands in each industry, such as demand for DX to realize a carbon neutral society, demand for labor-saving and automation in delivery operations, and the use of generative AI at customer contact points. It is expected that high growth of the high single digits to the 10% range will continue in the future.

1. Includes resources; 2. Includes banking and insurance
Note: The definition of the domestic IT market is the total IT expenditure of companies on software, hardware, IT and communications services, etc.
Source: Gartner Verticals_Forecast_4Q24; Fuji Chimera Research Institute, Inc. Future Outlook for the 2024 Digital Transformation Market

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Medium- to Long-term IT Megatrends

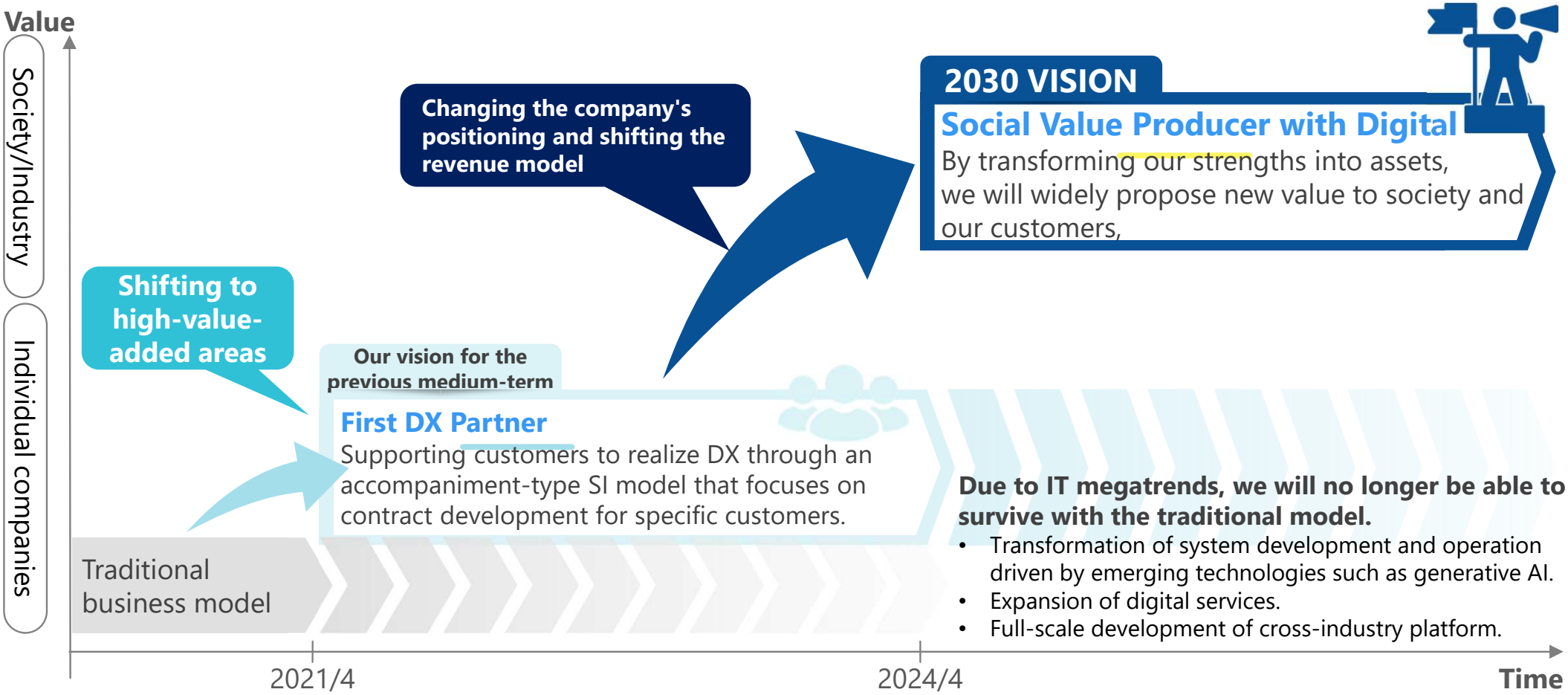
- While domestic IT investment is expected to remain steady, **a transformation from the traditional business model is necessary** to capture the IT megatrend to 2030 and achieve growth that outpaces the competition.



Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Building of New Business Models

- Evolution from the traditional accompaniment-type SI model (=**Partner**) to the **Producer-type** that proactively proposes new value.
- By transforming company's strengths into assets, we aim to build a stable, **high-profit business structure** that ranks among the industry's best.



Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Our Goal for NSSOL 2030 Vision

Our Vision

Social Value Producer with Digital

Envisioning and realizing the future of society through the power of digital technology

Our Target Structure

	Target Structure
Revenue	around ¥500 bn
Operating profit	around ¥100 bn
Operating profit margin	around 20 %
ROE	around 15 %

- Over ¥100 bn investment for strengthening R&D, solutions development, and human resources
- Creating business of the scale of ¥ 100 bn through M&A.
- Further improvement of capital efficiency for enhancing corporate value

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

II

Outline of the 2025-2027 Medium-Term Business Plan

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

NSSOL's Ambition for the 2025-2027 Medium-Term Business

Achieving even higher profitability through business model transformation, leveraging our unique strengths.

We aim to establish a high-profit structure by transitioning to the TAM-type SI model[1].

Focus on IT megatrends to achieve growth exceeding the industry average.

In addition to base demand growth in the domestic IT market, IT megatrends will be accurately captured through business model transformation.

Proactive growth investment and external expansion through M&As.

We will allocate our ample cash reserves to growth investments and M&As, establishing a growth foundation for realizing our vision.

Advancing governance and enhancing shared shareholder value.

We will improve TSR through the steady implementation of measures to strengthen governance and strategic execution capabilities.

1. NSSOL's new business model, which consists of SI **T**ransformation, **A**sset Driven, and **M**ulti Company Platform (details to follow)

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Target Indicators of 2025-2027 MTBP

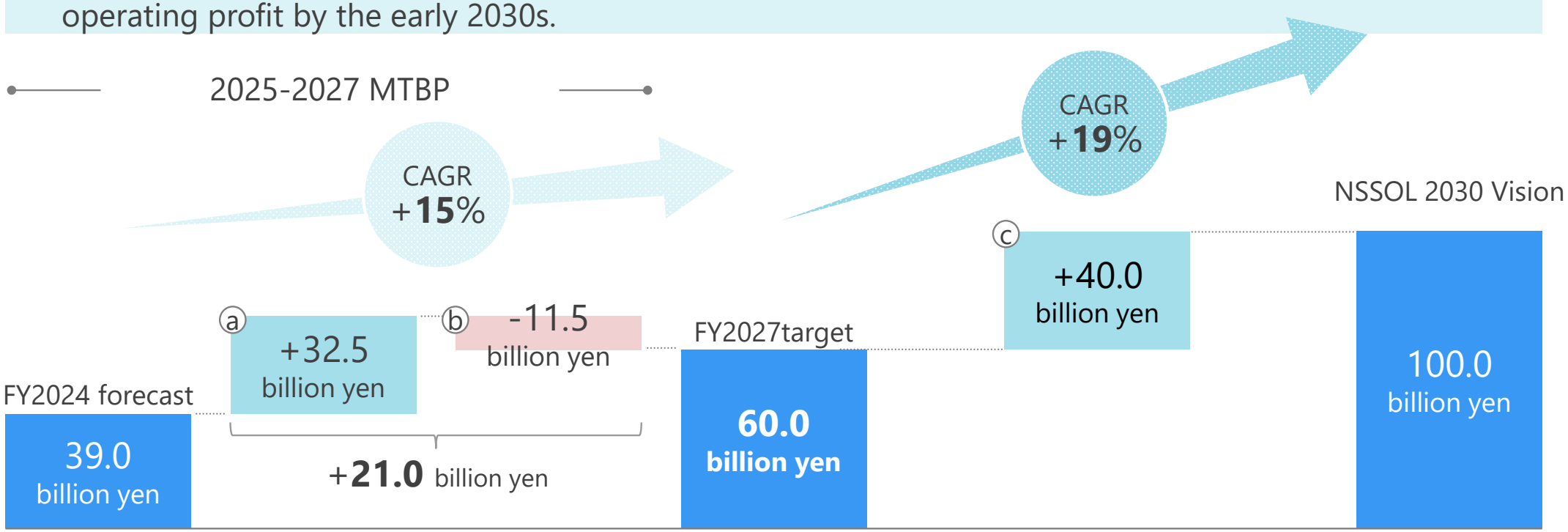
We have set FY2027 target to achieve the early realization of NSSOL 2030 Vision, aiming for 100 billion yen in operating profit and an ROE of 15%.

	FY2024 forecast	FY2027 plan	NSSOL 2030 Vision
Revenue	¥330.0 bn	**¥450.0** bn	¥500.0 bn
Operating profit (Operating margin)	¥39.0 bn (11.8%)	**¥60.0** bn (13%)	¥100.0 bn (20%)
ROE	Approx. 11%	Approx. **13%**	Approx. 15%
Capital invested for M&A	(2022-2024 total) Approx. ¥10 bn	**¥150.0 bn / 3 years**	N/A
Shareholder returns	Payout ratio 50%	Payout ratio **50%**	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approx. **75%**	-
Growth Investments/Sales Ratio (excluding M&A)	2.7%	Approx. **5%**	-

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Projected Consolidated Operating Profit

- During the current MTBP period, we will accelerate the implementation of various initiatives, including M&A and growth investments to transform our business model, and aim to achieve 100 billion yen in operating profit by the early 2030s.



ⓐ Improved profits

- Increase in gross profit due to increased organic sales: +17.0 billion
- Improved gross profit margin: +8.5 billion yen
- M&A effect: +7.0 billion yen

ⓑ : Increased costs

Upfront investments for growth in the next medium-term period and beyond

- Increased SG&A expenses through growth investments/enhancing human capital, etc.: -13.5 billion yen

ⓒ: Improved profits

Drastic increase in revenue building on upfront investments

- Increase in gross profit due to business transformation
- Improved operating margin due to the TAM type SI
- M&A effect, etc.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Transformation in the 2025-2027 MTBP

- We position this phase as a foundation for achieving the NSSOL 2030 Vision, undertaking four fundamental transformations to transition into a highly profitable company.

Highly profitable company

Aiming for **operating profits of 100 billion yen** in the early 2030s.

1 Transforming our SI Business Model

Shifting from a “Customized development type SIer" to a highly profitable model based on "TAM type SIer".

2 Transforming our Customer Approach

From individual customer issues to perspectives to customer's management issues and social agendas.

3 Transforming the Technology and R&D

Building of provision-type IT service platforms
Enhancing the collaboration between research and development and business operations.

4 Transforming In-house Operations and Management

Improving in-house operational productivity and building a data-driven management infrastructure.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

1 Transforming Our SI Business Model - *The Business Model We Aim For*

- Aiming to transform from a traditional SI model to a business model centered on three revenue models (TAM type) that embody the Social Value Producer concept.

	SI Transformation (T-type)	Asset Driven (A-type)	Multi Company Platform (M-type)
	Incorporate innovations such as generative AI into our value delivery process to provide high-productivity customer-specific system development and operation and maintenance services.	Convert our strengths into unique assets, and provide them to multiple customers as best practices.	NSSOL provides a platform for multiple companies to use jointly as the main business entity.
Value provided	Solving individual company management issues		Solving cross-industry issues/ social issues
How we can achieve this	Developing with high productivity using generative AI and other technologies	Converting them into company assets and providing them to customers	
Target gross profit margin (2027→2030)	27%→30%	30%→40%	20%→30%

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

1 Transforming Our SI Business Model - *Strategy for TAM-type realization*

- Existing our SI experience
- Operational insights
- Cutting-edge technology

Asset Driven

- Commercialize NSSOL's business knowledge and assets

Example of prior commercialization Products

ConSeek DIGNITAS PPMP

CloudHarbor CONTRACTHUB absonne

SI Transformation

- Improving development efficiency by Generative AI
- Move from cost-based to value-based pricing

Multi Company Platform

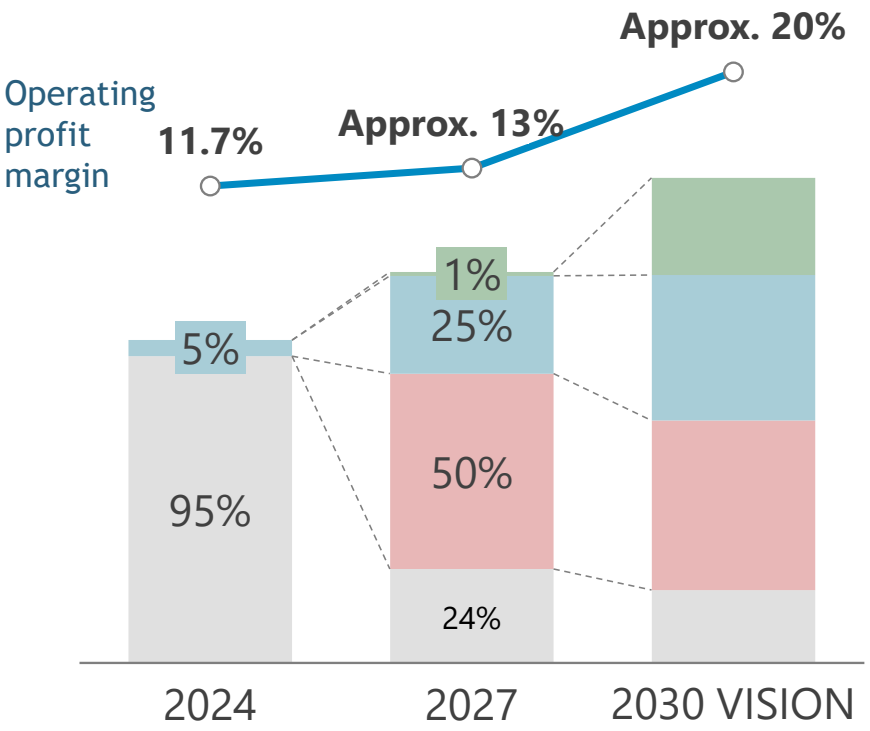
- Building a platform used by many companies

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

1 Transforming Our SI Business Model - *Changes in our portfolio*

- We aim to achieve our company-wide operating profit target by transitioning to the highly profitable TAM-type model.

Our business portfolio



M-type
Developing platforms for the materials industry, etc.

A-type
Converting the operational insights we have accumulated into assets and provide them to a wide range of customers.

T-type
Advancing the application of cutting-edge technologies such as generative AI in development while gradually transitioning to value-based contracts.

Traditional SI-type
Supporting legacy system, etc.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

1 Transforming Our SI Business Model - *Initiatives for realization*

- The implementation of three changes to transform the business model.

Major company-wide initiatives

1 Transforming Our SI Business Model

2 Transforming Our Customer Approach

- A Introduction of an offering-based proposal process for customer issues.
- B Strengthening our approach from ultra-upstream consulting.
- C Building a sales promotional structure for N-to-N sales expansion models.
- D Transitioning to value-based pricing and contracts for customers.

+

3 Transforming the Technology and R&D

- A Enhancing collaboration with research and development and business operations.
- B Achieving advanced development productivity through the promotion of standardization.
- C Promoting the use of generative AI.

+

4 Transforming In-House Operations and Management

- A Strengthening business scalability through standardization and consolidation of operations.
- B Strengthening KPI management for revenue and various indicators.
- C Renewing in-house infrastructure systems to achieve the above.

Organizational culture and human resources

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

2 Transforming our Customer Approach

- Shifting from Individual Customer Issues to Perspectives to Customer's Management issues and Social agendas.

	Current situation		Our vision	Initiatives for realization
A Introduction of an offering-based proposal process for customer issues	On-site needs	〉	**Proactive proposals** for solving management issues	Establishing an **Offering Promotion Center** • Building of an offering menu
B Strengthening our approach from ultra-upstream consulting	Acquiring projects under system requirements (RFP-based)	〉	**Inflow from upstream**	Strengthening **consulting functions and considering acquiring think tank functions**
C Building a sales promotional structure for N-to-N sales expansion models	Business Divisions silo	〉	**Providing customers with optimal proposals from company-wide solutions**	Establishing a **Strategic Sales Department** • Building a N-to-N sales expansion model that provides a company-wide offering menu to multiple customers
D Transitioning to value-based pricing and contracts for customers	Cost-based	〉	**Value-based**	Transition to a **value-based pricing model**

M&A + allocation of in-house resources

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

3 Transforming the Technology and R&D

- Strengthen the integration and standardization of R&D and business operations.
- Promote company-wide adoption of new platform for improving productivity.

		Initiatives in the current interim period	Expected effects
A	Enhancing collaboration with research and development and business operations	Increase in the setting of research and development themes and activity levels at the Technology Bureau and Systems Research & Development Center, with the aim of applying the results to business/product development as the ultimate goal	- Improved ability to create solutions - Cost reduction in investment activities.
B	Achieving advanced development productivity through the promotion of standardization.	NSSOL will deploy "**Nestorium**", an IT service platform based on composable architecture and cloud-native technology, to achieve high productivity across the enterprise.(next page)	- New projects on **Nestorium** **200**% improvement in development productivity - Improvement in company-wide development productivity of **20**% or more
C	Promotion of the use of generative AI throughout the company	The establishment of an AI Utilization Promotion Center to promote the use of generative AI in development sites and common departments	- Supporting a **20**% improvement in back office's productivity

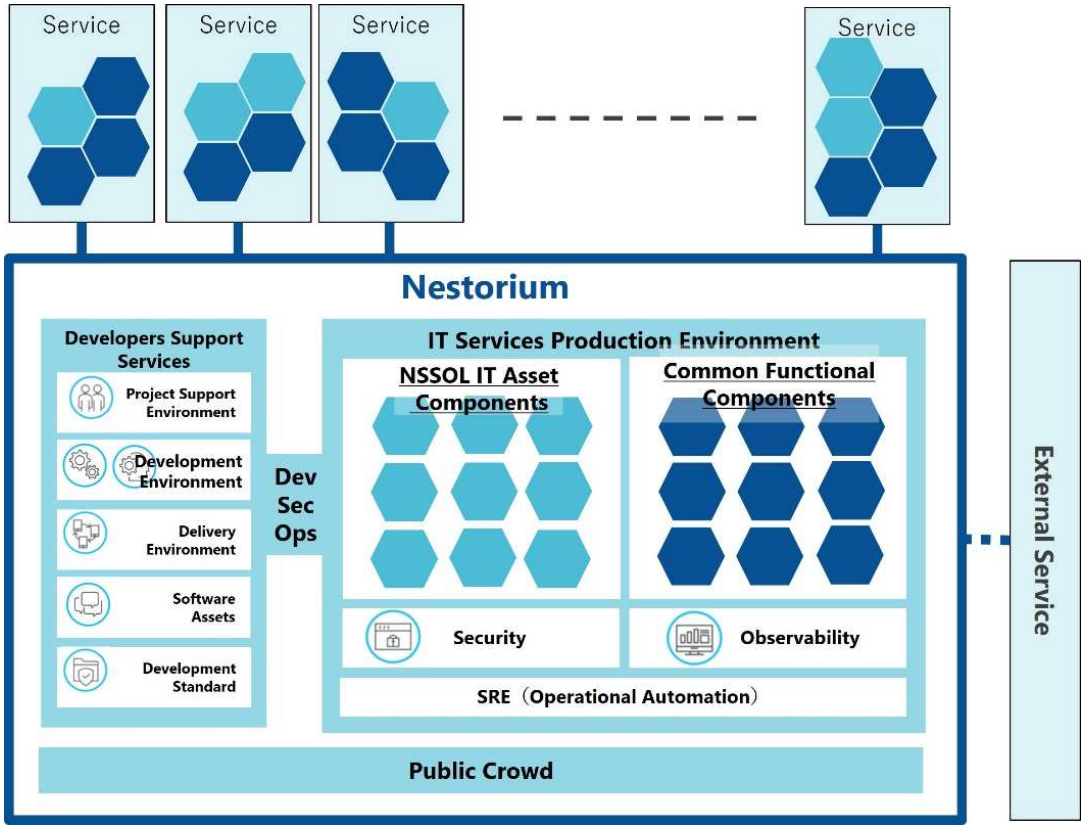
Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

What is “Nestorium” ?

- Nestorium
  ※Trademark pending

Nest : A “nest” for incubating many new services

Torium : A “torium” where a variety of services converge.



Nestorium Features and Key Functions

- Company-wide standard IT service platform with flexible and scalable architecture based on cloud-native technology.
- Various development support tools such as generative AI and automation technologies are equipped to achieve high development productivity.
- Componentize our IT assets developed in research and business units to promote technology reusability and combine quality and efficiency.
- SRE drives operational efficiency and optimization and improves system reliability and availability.
- Accelerate the speed of business by quickly providing business units with a secure and safe environment.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

4 Transforming In-House Operations and Management

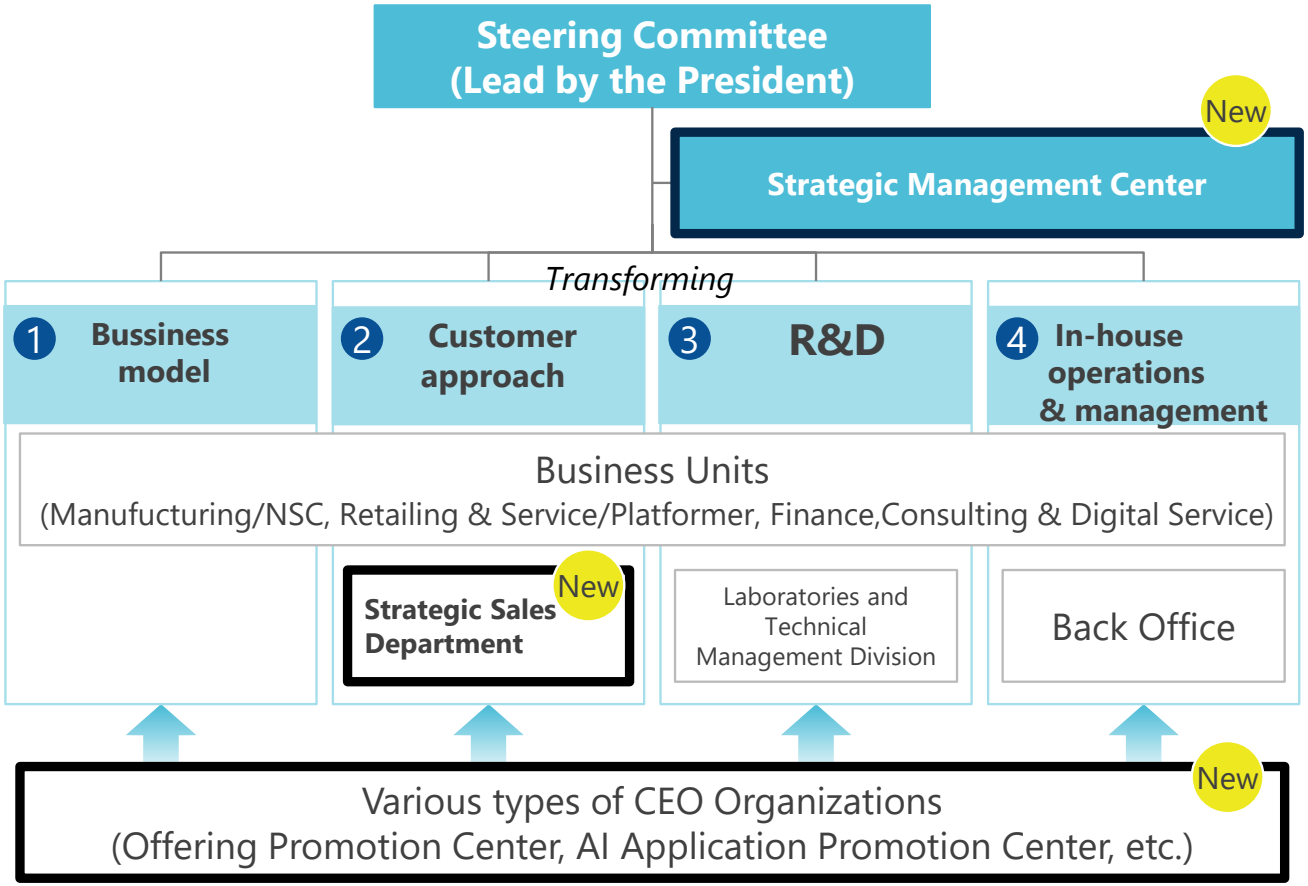
- Enhancing **administrative productivity by 20%** through the consolidation of common functions and business foundation development, while simultaneously **advancing KPI-driven management**.

	Perspective	Initiatives in the current medium-term period	Our vision
Operations	A Achieving business scalability through standardization and consolidation of operations.	• Optimization of back office - Reorganized corporate divisions and indirect divisions of each business unit. - Upgrading, standardizing and sharing of operations • Renewal of Integrated Management System - Planning a large-scale investment	Increase the productivity of administrative departments by 20%, and maintain the current number of personnel in common departments even when expanding the business.
Management	B Strengthening KPI management for revenue and various indicators. C Renewing the Internal Integrated Management System.		Visualize performance instantly and with high resolution, ensuring the foundation for uncovering customer needs and making proactive proposals.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Execution structure for the Medium-Term Plan

- A new Strategic Management Center will be established to drive the initiatives of each task force.



Establishment of a new oversight organization

Under the direct control of management, we will establish a new organization to oversee the implementation of strategies, and to comprehensively manage and promote the progress of each initiative,

KPI Monitoring

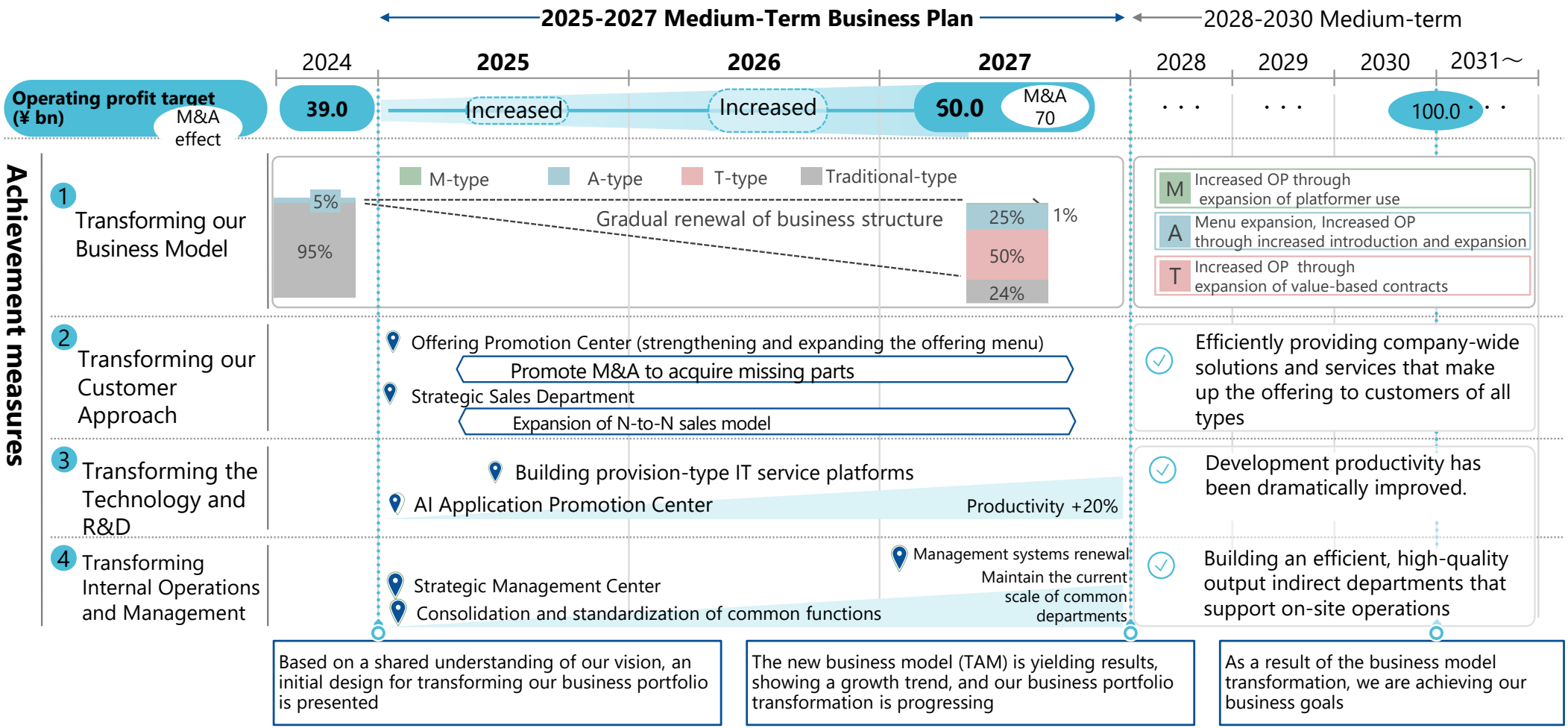
Monitoring company-wide performance and progress of key measures using KPIs

- T/A/M sales ratio, operating margin, growth investment amount, ROE, etc.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Timeline for our "Transformation"

During this medium-term period, we will solidify our foundation and aim to reap the benefits in the next medium-term plan



Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

III

Business Growth Strategy by Segments and M&A

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Sales Targets by Segment

	FY2024 forecast Revenue	FY2027 target Revenue	FY2027 target Growth rate	2025-2027 focus points
Business Solutions	20.10	228.0	+13%	—
Manufacturing, Nippon Steel Group	92.5	103.0	+11%	- Promoting the conversion of carbon neutrality and global SCM into assets - Operating and maintaining generative AI, developing new open systems, making applications towards modernization
Retail and Service, Digital Platformer	63.5	79.0	+24%	- Promoting the conversion of human resources, travel, and retail domains to assets
Financial Services	45.0	46.0	+2%	- Putting existing packages onto the Cloud, expansion of packages for non-financial institutions - Expanding the lineup of global products
Consulting & Digital Services	80.0	104.0	+30%	- Strengthening upstream consulting resources - Strengthening investment in generative AI and AI platforms - Investment in data visualization, prediction, and optimization technologies
Group business <Global>	52.0 <12.0>	71.0 <25.0>	+27%	- Regional subsidiaries: Strengthening assets to expand business to medium-sized companies - Foreign subsidiaries: Developing non-Japanese local markets by creating high value-added - JV: Expanding synergy with JV partners
Organic total (Operating Profit)	333.0 (39.0)	403.0 (53.0)	+21% (+36%)	
External growth operating profit)	-	47.0 (7.0)	-	- Acquiring and strengthening missing parts that are the premise of each business - Acquiring and strengthening company-wide capabilities
Grand total (operating profit)	333.0 (39.0)	450.0 (60.0)	+21% (+53%)	

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Global Strategy

Marketing Strategy

We aim to double revenue by creating high value-added in existing domains and entering new domains and growth markets.

2024	2027
12.0 →	**25.0**

Revenue: + **13.0** billion yen

Growth Strategy

- Further sharpening the strengths of each location
- Expansion into the local non-Japanese market
- Acquire global solutions (SOL for financial markets, SOL for European manufacturing industry, etc.)

Area

- China, ASEAN, etc.

Resource Strategy

We will strengthen the delivery structure and improve production capacity through the optimization of the allocation of foreign and domestic delivery functions.

Reallocation of function distribution

Reallocation and duplication of production functions with total consideration of internal and external group companies and partners.

Enhanced delivery capabilities

- Cloud engineering
- Non-development functions (e.g., upstream, testing, operations and maintenance)
- Global Agile Development

Area

- Existing base: China
- New base: India, Vietnam, other Southeast Asia

Strengthening the Group through M&A

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

M&A Growth Strategy

- To accelerate the realization of the NSSOL 2030 Vision, we will make active investments.
- Laying the groundwork in FY2025-FY2027 fiscal years, we plan to realize return on investment in FY2027-FY2030.

Target Indicators

M&A investment amount

FY2025-FY2027 plan

- **¥150.0 bn**/ 3 years

FY2022-FY2024 forecast:
¥10.0 bn / 3 years

M&A effect[1]

- Sales: **¥47.0 bn** or more
- Operating profit: **¥7.0 bn** or more

(NSSOL 2030 Vision:
Business creation of around 100.0 billion yen)

M&A Growth Strategies

Effect of M&A

- Acquiring and strengthening missing parts that are the premise of each business.
  - The ultra-upstream consulting capabilities necessary for strengthening offerings.
  - Capabilities necessary for business model transformation, new business creation, etc.
- Acquiring and strengthening company-wide capabilities.

Investment criteria

- Hurdle rates set above cost of capital (7-8%)

Implementation structure

- Strengthen M&A staff capabilities
- Establish the "External Growth Promotion Working Group" to assign corporate and division members

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Major M&A Target Areas

Company-wide offerings	Acquisition and strengthening of business consulting capabilities to support the management strategies of our clients from the formulation stage through to their implementation.
Manufacturing domain	Acquire global cutting-edge technologies and solutions for the realization of a Software Defined Factory[1]. 1.A futuristic factory where machinery and equipment, logistics, process management, and process control at the manufacturing site are comprehensively controlled by software.
Financial domain	Acquire market-based global solutions with a focus on the global market.
Distribution and services domains	Acquire travel, staffing, and retail industry solutions.
IT infrastructures domains	Acquire cutting-edge technologies and solutions in AI, cyber security, data utilization, advanced system operation, etc.
Global	Entry into local markets and acquire local consumer-related IT services,

Strengthening company-wide capabilities

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

IV Financial Strategy

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Financial Policy

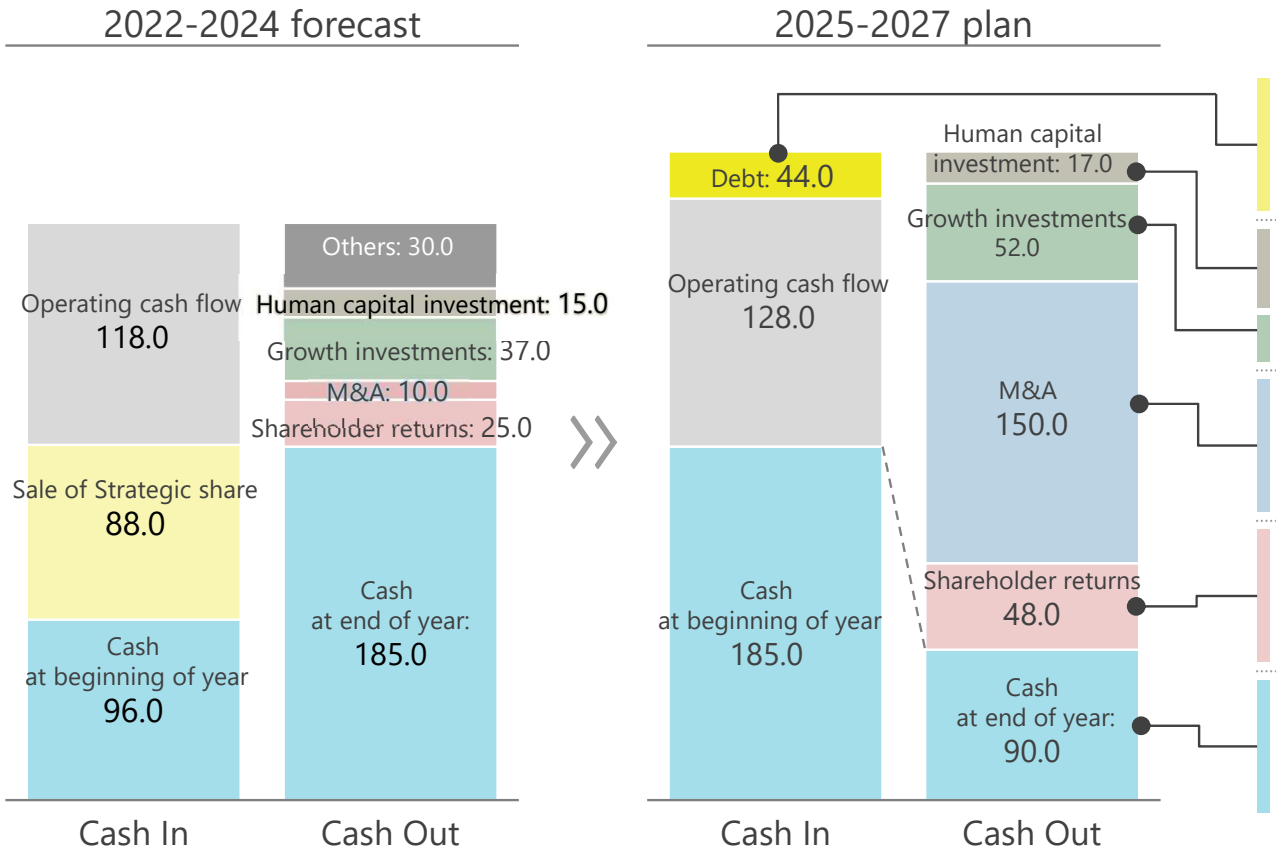
- Leveraging abundant accumulated cash as a source of fund, we will implement more aggressive growth investments and enhanced shareholder returns.

	Key themes	Initiatives	KPI Indicators
Cash In	Optimization of working capital	• Compress to the average level of domestic competing systems integrators.	Monthly sales 2.4 months' worth
	Utilization of financial leverage	• While carefully considering the balance with financial soundness, utilize borrowing when executing large-scale M&A that contributes to returns.	-
Cash Out	Make aggressive growth investments	• Aggressive and reliable executing M&A and growth investments to transform the business model.	¥150.0 bn/3 years
	Stable shareholder returns	• Make steady annual increases based on the dividend amount for FY2024.	Payout Ratio 50%

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Cash Allocation Policy

- Cash will be allocated for M&A ,investment for growth and shareholder returns, with additional borrowing utilized as needed for further capital requirements.



Cash In (Debt)	Utilize accumulated cash on hand **Utilize borrowing when making large investments, etc.**
Human capital investment Growth investments	Up-front investment for transformation implementation costs
M&A	Actively execute M&A for business model transformation **Scale of ¥150.0 bn /3 years**
Shareholder returns	Make steady annual increases based on the dividend amount for FY2024 **Payout ratio: 50%**
Cash on Hand	We expect sales to be around 2.4 months, the same level as our competitors **Reduction of approx. ¥100.0 bn**

Operating cash flow :Growth investments,Human capital investment Before deductions

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Measures to Reduce the Cost of Capital

- Management with a focus on the cost of capital and stock prices-

- Target ROE in NSSOL 2030 vision is around 15%.
- Taking into account the factors contributing to this increase, we will continue to make efforts to reduce it

Current cost of capital

1. Our CAPM-based WACC is estimated to be 6%

2. Cost of capital is 7-8%
(≈ Analyst's average value)

Current ROE (around 11%) exceeds our cost of capital by 2-4%.

Measures to control and reduce the cost of capital

Factors that increase our cost of capital[1]	MTBP 2025-2027 Policies
"The medium- to long-term numerical targets are unclear, making performance forecasts difficult."	This medium-term business plan discloses target values for operating profit, etc.
"Volatility of performance due to the nature of a cost based business"	Reduction in volatility through the introduction of the TAM type SI model
"Due to the low share liquidity, they cannot be bought or sold when desired."	• Stock split • Enhanced IR staff • Dual listing on Stock Exchange
"We have not been able to design incentives for the management team."	Revision of officer remuneration, including the introduction of ROE as a medium- to long-term performance indicator, etc.

Future planned initiative

1. Based on interviews with sell-side analysts

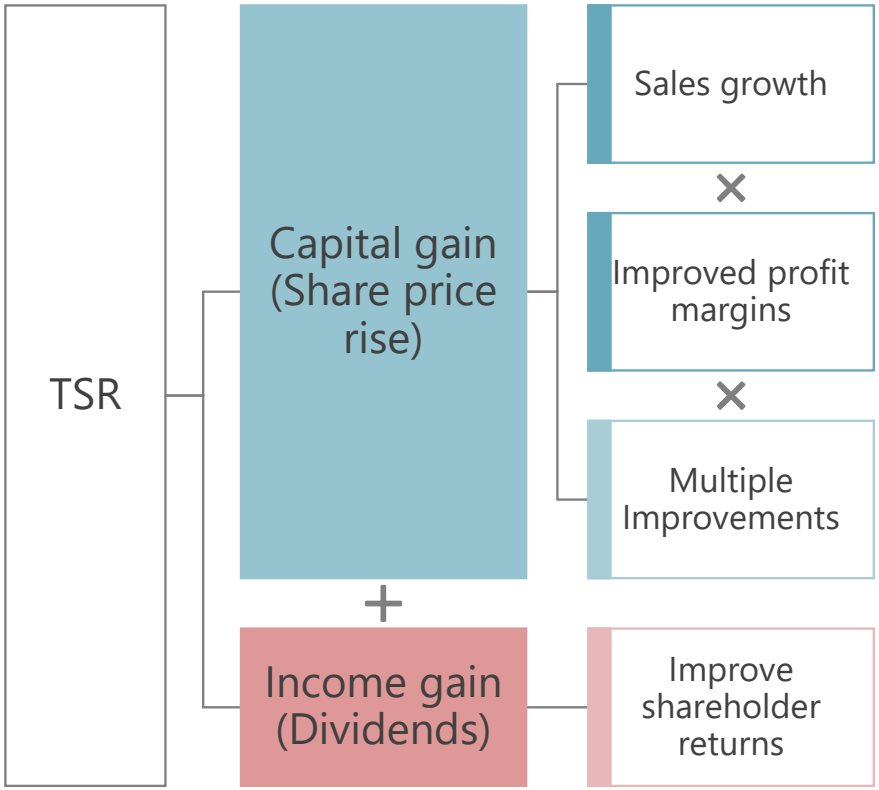
Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Initiatives for TSR Improvement

- Management with a focus on the cost of capital and stock prices-

- We will continue to steadily improve TSR (Total Shareholder Return), an indicator of shareholder value, and aim to achieve management that contributes to shareholder returns.

TSR driver



Initiatives for TSR improvement

- While carrying out model transitions, we aim to grow at a rate higher than the market growth rate.
- Acquiring opportunities for sales growth through actively pursuing M&A.

- Work to transition to a customer value and asset-based revenue model and aim to generate industry-leading profits.
- Strengthen scalability by improving in-house operations efficiency.

- By actively disclosing information and strengthening dialogue with investors than ever before, we will dispel any sense of uncertainty.
- Improve capital efficiency through optimization of capital allocation.

- As a shareholder return policy, maintain a payout ratio of 50%, and increase dividends continuously in line with future profit growth.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

V

Evolution of Sustainable Management

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Human Resources Strategy

- To realize our VISION, we will secure human resources to drive business model transformation.
- To achieve this, we have implemented 4 measures, including strengthening recruitment and development, and revising the evaluation and compensation system.

Securing human resources to contribute to business model transformation

Desired human resources profile

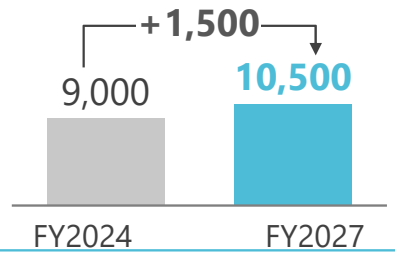
In addition to high technology and precise building and operation, those who are able to propose assets to solve our customers' management issues while incorporating evolving cutting-edge technologies.

+

Those who are able to anticipate market needs, define and create our own unique value, and accurately deliver that value to customers.

Targeted scale of personnel

(excl. M&A) (unit: people)



Human resources shift strategy

Strengthening of recruitment

- Recruitment of new graduated from diverse educational departments.
- Expansion of career recruitment channels.

Strengthening of training

- Cultivate hard skills by expanding self-selection training, etc.
- Develop soft skills through activities such as exchanges with other companies.

Revising our evaluation system and benefits

- Achieving the highest level of remuneration in the industry.
- Strengthening of the linkage between organizational targets and individual goals.

Respecting diversity

- Strengthening of initiatives to achieve a 30% rate of managerial positions held by women.
- Promotion of LGBTQ+ measures.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Evolution of Governance

- From the three perspectives of "Strengthening corporate governance," "Enhancing strategic execution capabilities," and "Realizing social value," we are implementing various measures for governance evolution.

Strengthening corporate governance

- **Selling all shares of publicly listed Strategic-share holdings in principle[1]**
  - The ratio of cross-shareholdings/assets is projected to decrease to 2% in FY2024 (was 23% in FY2023)
- **Accelerate decision-making and strengthen oversight**
  - Reduce the number of directors by 2
    (after the AGM in June 2025: 5 internal directors, 6 independent outside directors)

Enhancing strategic execution capabilities

- **Setting and reviewing materiality and KPIs** in line with business model transformation
  - From the traditional "Partner" perspective to the "Producer" perspective to actively engage in solving social issues
- **Building an executive organization to achieve the MTBP**
  - From April 2025, the Strategic Management Center will be established to monitor the progress of the four fundamental reform initiatives and ensure appropriate control.

Realizing social value

- **Consider early adoption of the Japanese version of the Exposure Drafts of Sustainability Disclosure Standards (SSDS)**
  - Prepare for voluntary application before mandatory application
- **Strengthen efforts to halve GHG emissions by FY2030**
  In addition to reducing our own GHG emissions, we contribute to our customers' and society's efforts by providing solutions.

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Autonomous business operations while leveraging synergies with Nippon Steel

NS Solutions
NIPPON STEEL

Pursuing value as a listed company

Independent management	As a publicly traded company, we pursue the common interests of our shareholders and engage in autonomous decision-making. Approximately 80% of our transactions are with companies other than our parent company
Governance	As a company listed on the Prime Market, we have the discipline to build and maintain a high-level governance system
Growth potential	As a publicly traded company, we are also conscious of shareholder value and returns, and have a desire for growth
Human Resources	Improving recruiting power and employee motivation by leveraging the brand of a publicly listed company

Synergy with Nippon Steel

Contributing to sales and profits	**For the Nippon Steel Group**		Stable sales of over 60 billion yen per year and high-level profits Growth potential of overseas subsidiaries aiming for 100 million tons of Group crude steel
	For general customers	**Solution/Service**	Developing solutions that have been proven in the field of Nippon Steel into assets and expanding them into other industries
		Quality/Service Level	Contributing to sales and profits through solutions based on stable quality and service standards that have matured in the severe environment of steel manufacturing
		Brand Power	Contributing to sales and profits by leveraging Nippon Steel's brand value and credibility for top management, and utilizing it in M&A
Contributing to the acquisition of management resources	**Human Resources**		Acquiring excellent local talent through subsidiaries in steel mill districts, global name recognition in Japan and across the world, and a sense of security
	Funds		Raising funds by leveraging Nippon Steel's creditworthiness in line with changes in cash position

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

VI Summary

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

Summary

The FY2025-FY2027 Medium-Term Business Plan is positioned as a foundation period for achieving significant profit growth in the next Medium-Term Business Plan, and we will strive to implement four fundamental transformations.

1. Transforming our SI Business Model
2. Transforming our Customer Approach
3. Transforming the Technology and R&D
4. Transforming In-house Operations and Management

We have set targets aimed at the early achievement of the 100.0 billion yen operating profit target of the NSSOL 2030 Vision

	FY2024 forecast	FY2027 plan	NSSOL 2030 Vision
Revenue	¥330.0 bn	**¥450.0** bn	¥500.0 bn
Operating profit (Operating margin)	¥39.0 bn (11.8%)	**¥60.0** bn (13%)	¥100.0 bn (20%)
ROE	Approx. 11%	Approx. **13%**	Approx. 15%
M&A	(2022-2024 total) Approx. ¥10.0 bn	**¥150.0** bn / 3 years	N/A
Shareholder returns	Payout ratio 50%	Payout ratio **50%**	Payout ratio 50%
TAM-type/Sales Ratio	Approx. 5%	Approxi. **75%**	-
Growth investments/Sales Ratio (excluding M&A)	2.7%	Approx, **5%**	-

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

NS Solutions

NIPPON STEEL

Social Value Producer with Digital

https://www.nssol.nipponsteel.com/en/

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the "Company") or its officers in terms of its operation and financial condition.
Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors. NS Solutions, NSSOL, NS logos are either registered trademarks or trademarks of NS Solutions Corporation.
All other company and product names in this material are either registered trademarks or trademarks of their respective owners.
Unless otherwise noted, all financial figures are on consolidated basis.
*SI=System Integration

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.

(Reference) Operating Profit Model (FY2027)

¥ in billions	Sales	Proportion of total	Gross profit margin	Gross profit	SGA etc.	Operating margin	Operating profit
Traditional-type		24%	23.5%				
T-type		50%	26.5%				
A-type		25%	30.0%				
M-type		1%	20.0%				
Organic total	403.0	100%	26.6%	107.0	54.0	13.2%	53.0
External growth	47.0	-	-	-	-	14.9%	7.0
Target for FY2027	450.0			-	-	13.3%	60.0
FY2024 forecast	333.0		24.5%	81.5	42.5	11.6%	39.0
Change	+117.0		+2.1%	-	-	+1.7%	+14.0

2027 will be a milestone in business model transformation
→ **Profitability will further improve towards 2030**
- Gross profit margin of AM-type improves with scalability
- Investments in selling, general and administrative expenses peak out in the current medium-term period
- 2027's M&A effects are still being reaped

Copyright ©2025 NS Solutions Corporation. All Rights Reserved.