

TSE:2327



NS Solutions

 **NIPPON STEEL**

3rd Quarter Results FY2025 and FY2025 Guidance

January 30, 2026

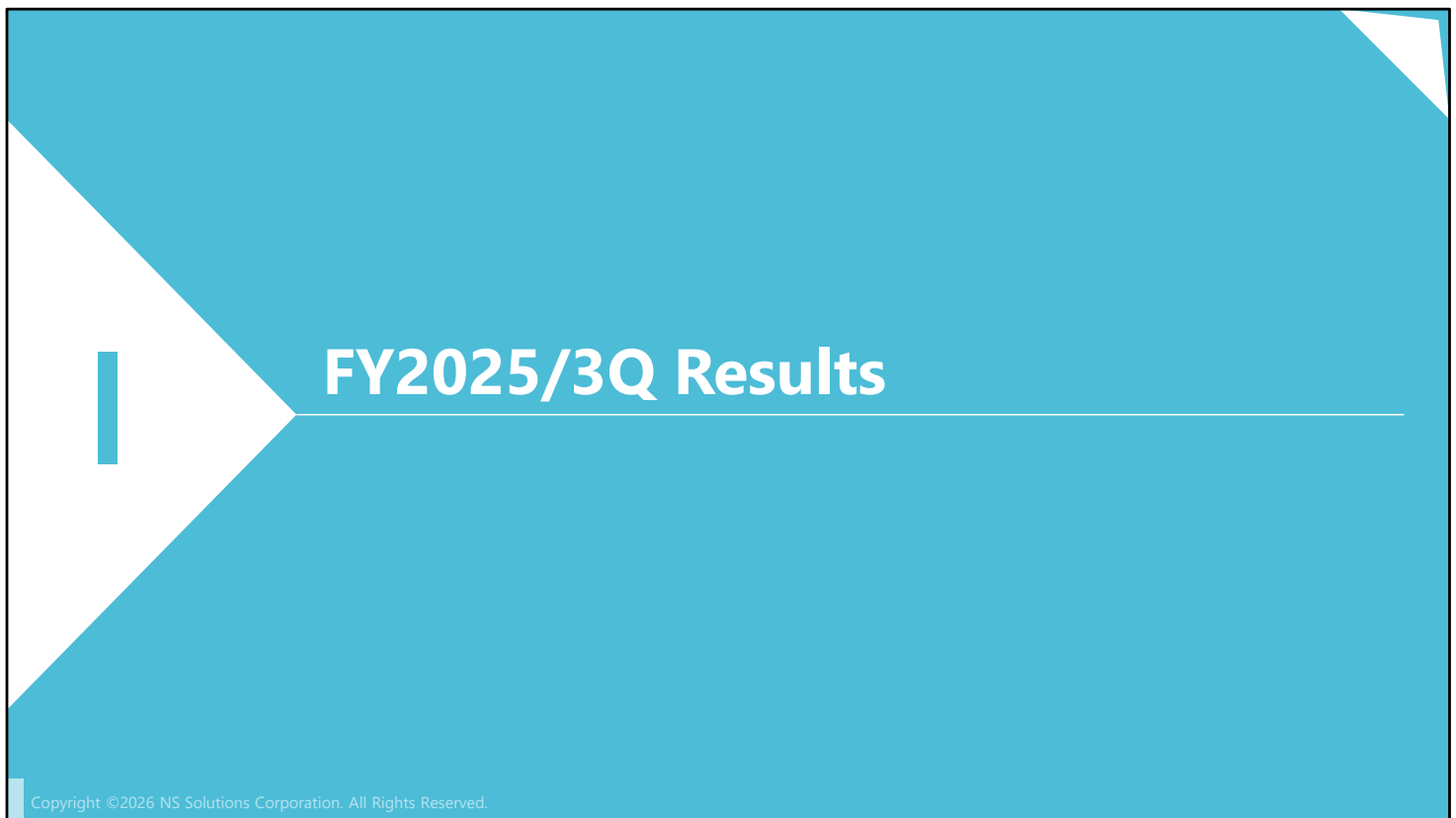
NS Solutions Corporation

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Hello everyone. My name is TOJO, Director in charge of finance.

Thank you very much for taking time out of your busy schedule to attend our financial results briefing today.

I will now explain the financial results announced at 3:30 PM today and our outlook for this fiscal year.



First, I will explain the results for the third quarter of the fiscal year.

I -1. FY2025/3Q Highlights

- In a favorable business environment, including the impact of Infocom becoming a subsidiary, revenue and gross profit increased significantly.
- Operating profit increased by 5% as sales revenue growth covered the rise in SG&A expenses driven primarily by investments toward transforming the business model.

¥ in billion	A	B	C	D=B+C	E=B-A	F=D-A	
	FY2024 /3Q	Existing Business	Impact of the Acquisition of Infocom	FY2025 /3Q	Existing Business	Difference YoY rate	
Revenue	240.3	261.6	13.8	275.4	+21.3	+35.1	15%
Gross Profit <GP Margin>	59.3 <24.7%>	66.7 <25.5%>	6.4	73.1 <26.5%>	+7.4 <+0.8%>	+13.8 <+1.9%>	23%
SG&A and Other Profit	29.7	35.7 *	6.4	42.1	+6.0	+12.4	42%
Operating Profit <OP Margin>	29.6 <12.3%>	31.0 <11.9%>	-0.0	31.0 <11.3%>	+1.4 <-0.5%>	+1.4 <-1.1%>	5%
Profit before tax	30.3	* Including M&A costs (¥0.7bn) and PPA(¥1.0bn)		31.8		+1.5	5%
Profit attributable to owners of parent	20.4			21.1		+0.7	4%

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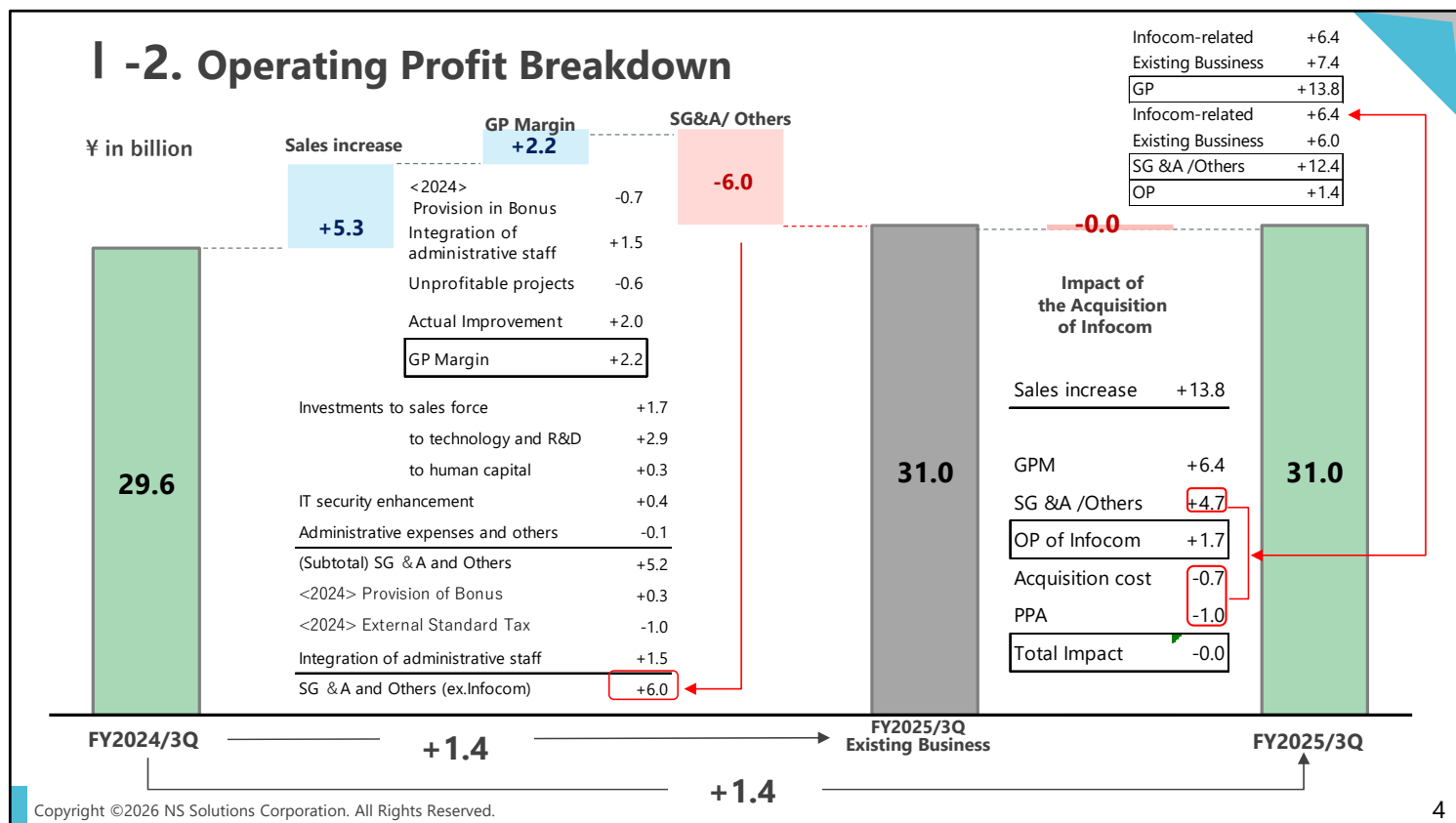
Japan's IT demand environment continues to be favorable. Revenue reached ¥275.4 billion, an increase of ¥35.1 billion, or +15%, compared to the same period last year. This includes the impact of the ¥13.8 billion consolidation of Infocom starting in the second quarter. Even excluding this, revenue increased by ¥21.3 billion, or 9%.

Gross profit was ¥73.1 billion, an increase of ¥13.8 billion (+23%) compared to the same period last year. The gross profit margin was 26.5%, a significant improvement of +1.9 percentage points compared to the same period last year. I will explain the analysis of the margin improvement later.

SG&A expenses increased by ¥12.4 billion year-on-year to ¥42.1 billion. This increase is due to accelerated investments toward transforming our revenue model, as well as higher expenses related to Infocom, including acquisition-related costs.

Operating profit increased by ¥1.4 billion, or 5%, year-on-year to ¥31.0 billion. Net income attributable to owners of the parent increased by ¥0.7 billion, or 4%, year-on-year to ¥21.1 billion.

Furthermore, revenue, gross profit, operating profit, and net income all reached record highs for a third quarter.



Regarding the analysis of changes in operating profit, I will first explain the portion excluding the impact of Infocom.

The increase in gross profit due to higher sales was ¥5.3 billion. The improvement in gross profit margin was ¥2.2 billion. However, the breakdown includes a ¥0.7 billion negative impact from the previous fiscal year's bonus provision, a ¥1.5 billion positive impact from the integration of administrative departments in the current fiscal year, and a ¥0.6 billion negative impact from unprofitable projects in the first half. Excluding these factors, the net improvement in gross profit margin was approximately ¥2.0 billion, or +0.8 percentage points. Of the ¥6.0 billion increase in SG&A expenses, the net increase excluding organizational restructuring impacts and prior-period one-time factors was ¥5.2 billion.

The impact of the Infocom acquisition resulted in a net effect on operating profit of approximately ¥1.7 billion, offset by acquisition-related costs of ¥0.7 billion and a PPA adjustment of ¥1.0 billion, leaving the net effect nearly neutral.

Consequently, the Group's overall operating profit increased by ¥1.4 billion compared to the same period last year.

I -3. Sales by Segment / Customer Industry

- Sales increased across all sectors amid a favorable business environment.

¥ in billion	A	B	C=B-A	D	D-B	Steel	CONS/DIG	Group
	FY2024/3Q	FY2024/3Q After Reclassifications		FY2025/3Q	Change YoY			
Business Solutions	147.6	142.8	-4.7	156.4	9% +13.5			
Manufacturing, Nippon Steel Group	69.3	69.3		75.7	+6.5			+3.2
Retail and Service, Digital Platformer	44.3	39.6	-4.7	46.2	+6.7			+1.6
Financial Service	34.0	34.0		34.4	+0.4			+0.4
Consulting & Digital Service	56.3	61.1	+4.7	65.6	7% +4.5			
Government, Educational and Research Institutions	14.9	14.9		18.1	+3.2			
IT Infrastructure Services	41.5	46.2	+4.7	47.5	+1.3			
Group Business	36.4	36.4		53.4	47% +17.1			
Total	240.3	240.3		275.4	15% +35.1			
<FYI> Revenue to Nippon Steel	47.6	47.6		52.7	+5.1			

*Some areas have been reclassified from "Retail and Service, Digital Platformer" to "Consulting & Digital Services", and comparisons for the prior period are presented with figures after reclassification.

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Revenue by Service and Customer Industry.

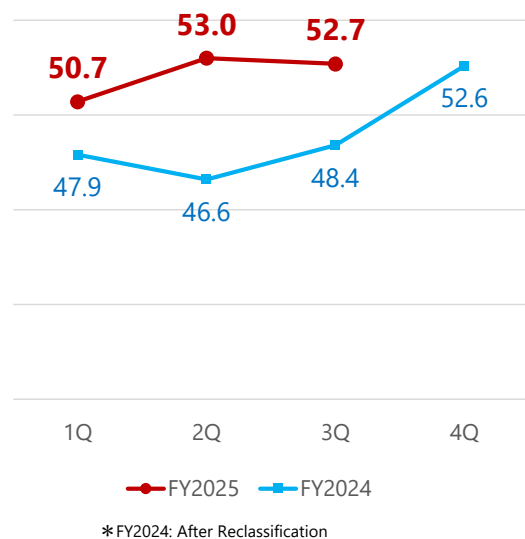
Details will be explained on the next slide, but all divisions are showing generally steady growth.

Note that the increase for subsidiaries is significant at +¥17.1 billion, or +47% year-on-year. This includes approximately +¥13.8 billion attributable to the impact of Infocom, which was acquired through M&A and became a consolidated subsidiary last July.

I -4. Business Solutions Segment

¥ in billions

Quarterly Sales Trends (¥ bn)



	FY2024/3Q After Reclassifications	FY2025/3Q	Change YoY
Business Solutions	142.8	156.4	9% +13.5
Manufacturing, Nippon Steel Group	69.3	75.7	+6.5
Retail and Service, Digital Platformer	39.6	46.2	+6.7
Financial Service	34.0	34.4	+0.4

“Manufacturing” and “Retail” areas are recovering

- ✓ Revenue from Nippon Steel is stable.
- ✓ Manufacturing increased in Auto, Industrial machinery, Electronics and Chemical, etc.
- ✓ Retail and Service, Digital Platformer increase in sales mainly in Retail and Travel.
- ✓ Financial Services offset the impact of the previous year's Oracle projects with its asset-based business, achieving increased revenue.

Business Solutions Division Status

Revenue increased by 9% year-on-year, representing a ¥13.5 billion increase. In the industrial sector, automotive, industrial machinery, electronics, and chemicals performed well.

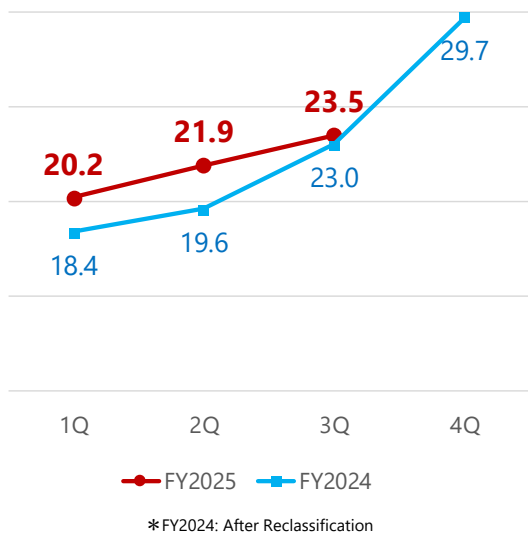
For Retail and Service, Digital Platformer, growth was centered on the travel and retail sectors.

In the financial sector, the decline from the previous year's Oracle project was offset primarily by asset-based business.

I -5. Consulting & Digital Service Segment

¥ in billions

Quarterly Sales Trends (¥ bn)



	FY2024/3Q After Reclassifications	FY2025/3Q	Change YoY
Consulting & Digital Service	61.1	65.6	7% +4.5
Government, Educational and Research Institutions	14.9	18.1	+3.2
IT Infrastructure Services	46.2	47.5	+1.3

Revenue growth primarily driven by government agencies, CMP, and security-related businesses

- ✓ Major Factors of Sales Increase/Decrease in IT Infrastructure (¥ in billions)
 - CMP : +1.9
 - Security : +0.9

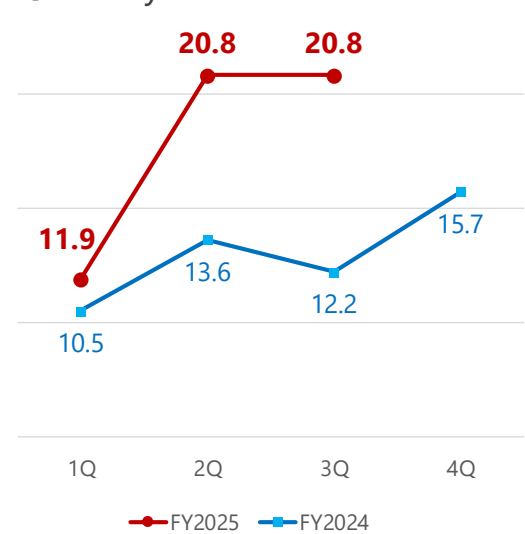
Revenue for the Consulting & Digital Services segment increased by 7% year-on-year, or ¥4.5 billion, to ¥65.6 billion.

Within IT infrastructure, sales in the cloud solutions field and security-related areas remained strong.

I -6. Group Business

¥ in billions

Quarterly Sales Trends (¥ bn)



	FY2024/1H	FY2025/1H	Change YoY
Group Business	36.4	53.4	47% +17.1

Significant increase due to Infocom consolidation impact.

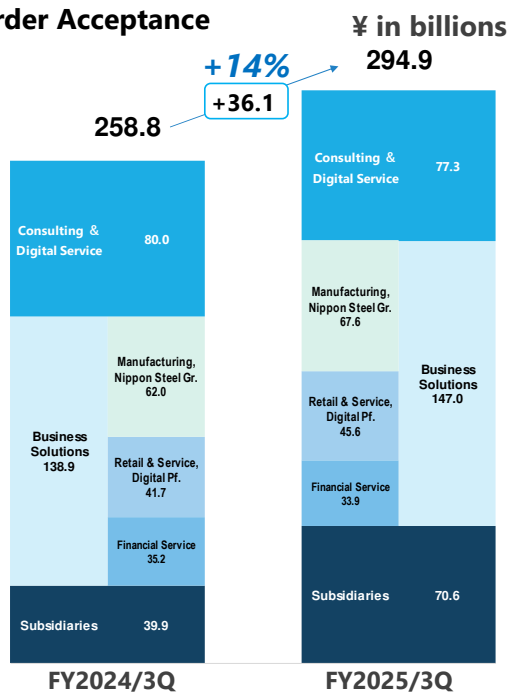
Other group companies also performing well.

- Sales in Infocom +13.8
- ERP projects in joint ventures continue to perform well.
- Projects for local companies at regional subsidiaries are performing well.

Group business revenue saw a significant increase to ¥53.4 billion, up ¥17.1 billion or 47% year-on-year, driven by the ¥13.8 billion consolidation effect from Infocom. For group companies other than Infocom, ERP projects at joint venture companies continued to perform well.

I -7. FY2025/3Q Order Acceptance

Order Acceptance



Consulting & Digital Service Segment

YoY-¥2.7 bn

- ✓ Significant recovery from the end of the first half (-¥17.4 billion) due to securing a large-scale contract for the Ministry of Defense

Business Solutions Segment

YoY+¥8.2 bn

- ✓ Manufacturing & NSC +5.6
Increased Food Industries.
- ✓ Retail & Service, Digital Pf. +3.9
Increased in retail sector, etc.
- ✓ Financial Service -1.3
A slight decrease, primarily due to the rebound effect from Oracle projects for megabanks in the same period last year.

Group Business

YoY+¥30.7 bn

- ✓ Significant increase due to Infocom's consolidation effect (¥28.6bn)

Next is the status of cumulative orders received for the third quarter.

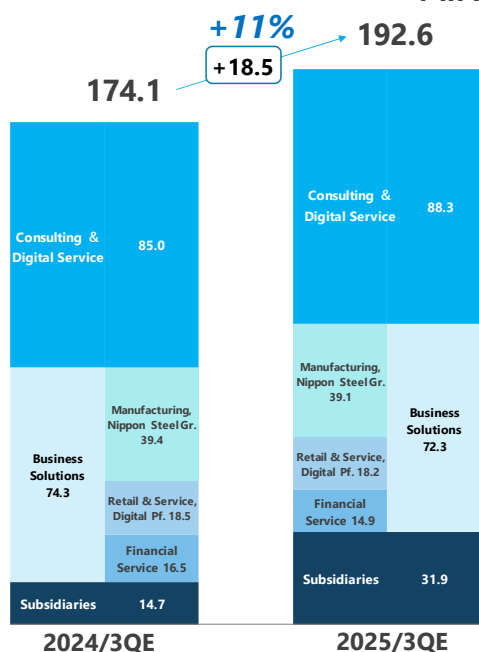
The total orders received for the entire company increased by ¥36.1 billion, or 14%, compared to the same period last year. However, this figure includes the effect of newly consolidating Infocom, which amounted to ¥28.6 billion, including the inclusion of the order backlog at the beginning of the period. Therefore, on an existing business basis, the increase was ¥7.5 billion, or 3%.

At the end of the previous fiscal period, orders in Consulting & Digital Services were affected by a reactionary decline in government projects from the previous year and the loss of large-scale projects. However, orders recovered significantly in October due to a large-scale order worth approximately ¥27 billion from the Ministry of Defense.

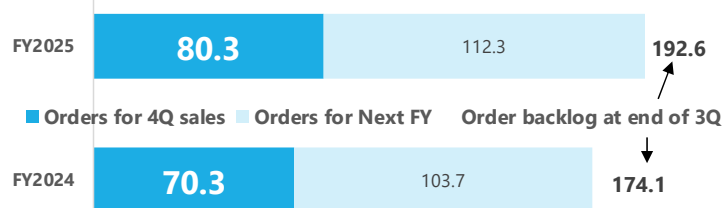
I -8. FY2025/3Q Order Backlog

Order Backlog

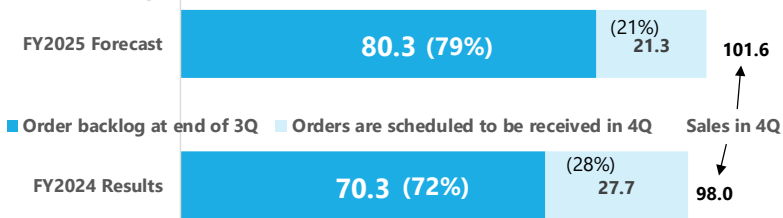
¥ in billions



Breakdown of orders backlog at end of 3Q



Order backlog / Sales forecast for 4Q



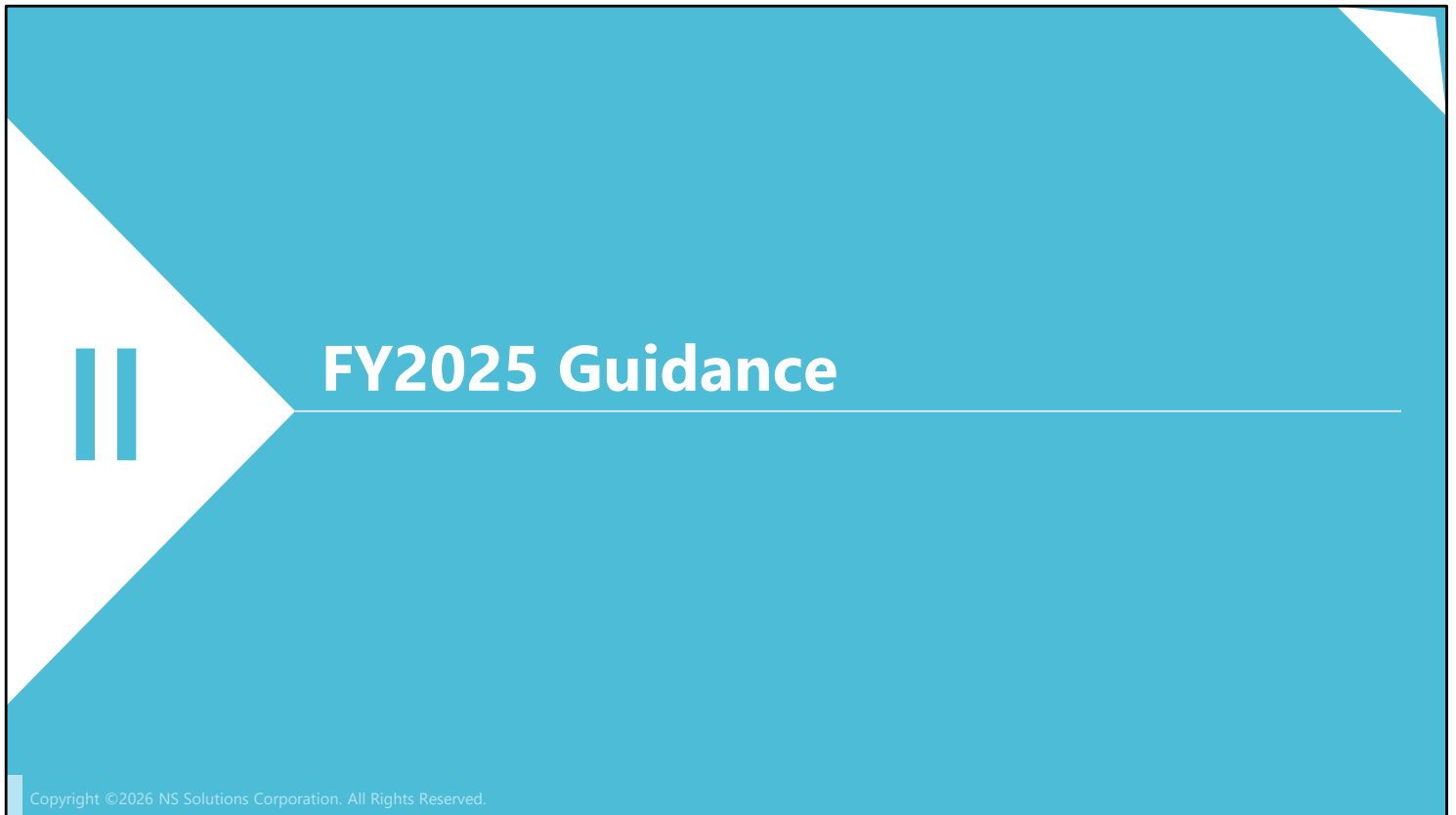
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Next is the status of our order backlog as of the end of December.

The order backlog increased by ¥18.5 billion, or 11%, compared to the same period last year. However, this figure includes the impact of Infocom, amounting to ¥14.8 billion. Therefore, on a net basis, it represents an increase of ¥3.7 billion compared to the same period last year.

Regarding the coverage ratio of the order backlog at the end of the third quarter relative to the fourth-quarter sales forecast, it stands at a rate approximately 7 percentage points higher than last year. We consider this to be steady progress toward achieving the full-year outlook.



Next, I will explain the full-year guidance.

II -1. FY2025 Forecast

- We will reliably achieve an operating profit of ¥43 billion this fiscal year. This will help us to achieve the 2027 fiscal year operating profit target of ¥60 billion.

¥ in billion

	FY2024				FY2024 Forecast				YoY		
	1H	3Q	4Q	Full Year	1H	3Q	4Q	Full Year	vs. FY2024	Ex. Infocom	Infocom
Revenue	156.6	83.7	98.0	338.3	178.4	97.0	101.6	377.0	+38.7	+18.7	+20.0
Gross Profit	38.4	21.0	22.4	81.7	46.1	27.0	27.4	100.5	+18.8	+9.3	+9.5
<Gross Profit Margin>	<24.5%>	<25.0%>	<22.8%>	<24.2%>	<25.9%>	<27.8%>	<27.0%>	<26.7%>	<2.5%>	<+1.3%>	
SG & A and Othr Profit	20.2	9.5 ^{*1}	13.5	43.2	27.9	14.2	15.4	57.5	+14.3	+4.8	^{*2} +9.5
Operating Profit	18.1	11.5	8.9	38.5	18.3	12.7	12.0	43.0	+4.5	+4.5	-
<Operating Profit Margin>	<11.6%>	<13.7%>	<9.1%>	<11.4%>	<10.2%>	<13.1%>	<11.8%>	<11.4%>	<0.0%>	<+0.7%>	
Profit before tax	18.2	12.1	8.8	39.1	18.8	13.0	11.9	43.7	+4.6		
Profit attributable to owners of parent	12.2	8.2	6.6	27.0	12.0	9.1	8.1	29.2	+2.2		

*1 Including litigation-related expenses (¥2.3 billion)

*2 Including M&A costs (¥0.7 billion) and PPA (¥1.5 billion)

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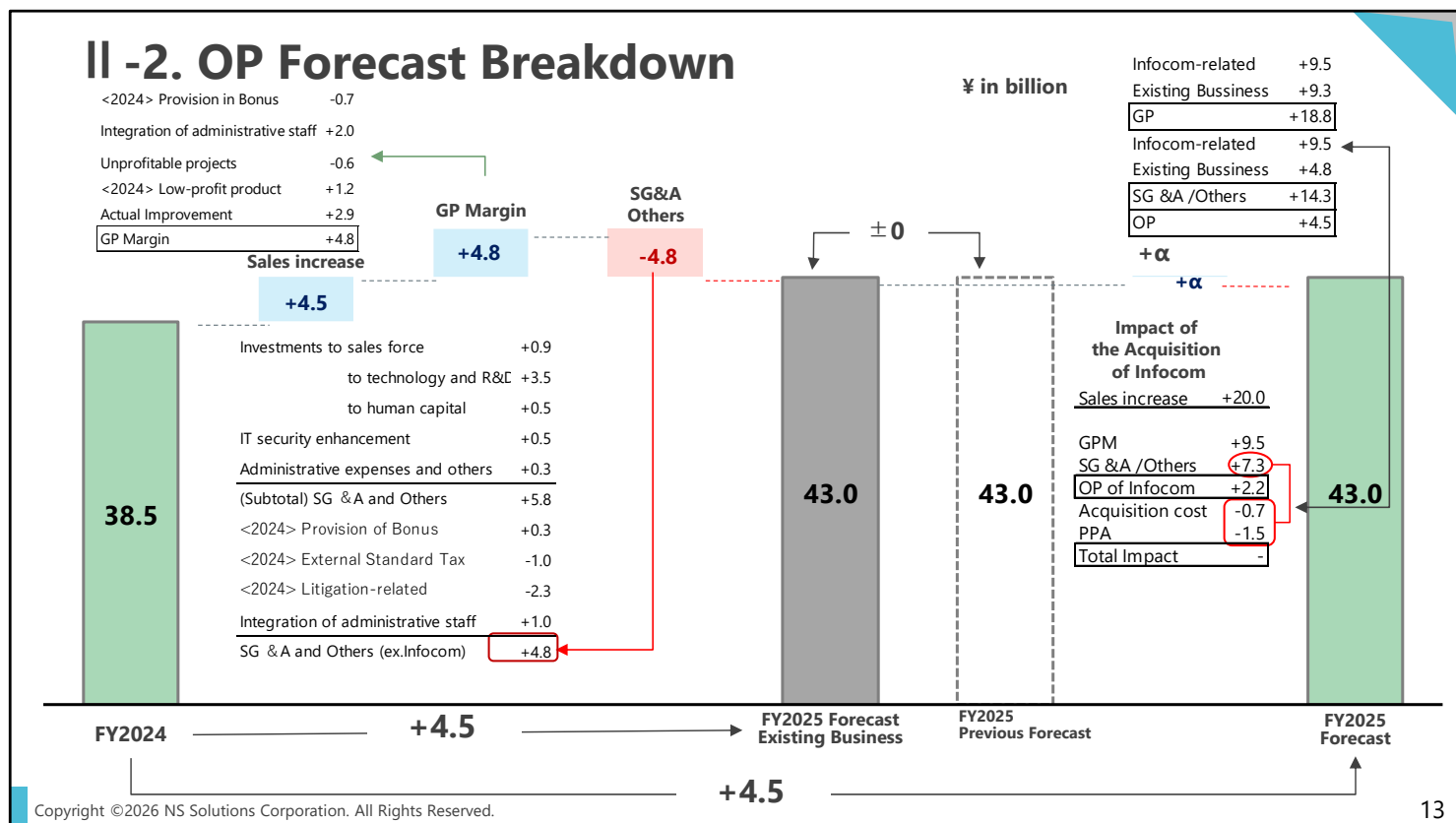
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This is our full-year earnings outlook.

There are no changes from our previous announcement.

We project revenue to increase by ¥38.7 billion year-on-year to ¥377.0 billion, operating profit to increase by ¥4.5 billion to ¥43.0 billion, and net income to increase by ¥2.2 billion to ¥29.2 billion.

To achieve the FY2027 medium-term plan target of ¥60 billion in operating profit, we aim to reliably achieve operating profit of ¥43 billion this fiscal year.



Factors affecting operating profit, excluding the impact of Infocom, were: an increase in gross profit due to higher sales of +¥4.5 billion, and an improvement in gross profit margin of +¥4.8 billion. The breakdown is as follows: the impact of the previous fiscal year's bonus accrual was -¥0.7 billion, the impact of the administrative department integration was +¥2.0 billion, and in addition to the -¥600 million from unprofitable projects in the first half, the rebound effect from low-margin product projects in the previous fiscal year's 4Q was +¥1.2 billion. Excluding these, the net improvement in gross profit margin was +¥2.9 billion.

Increased SG&A expenses totaled ¥4.8 billion for the full year. While the cumulative nine-month total through December already shows a ¥6.0 billion increase compared to the first half of the previous year, suggesting a smaller increase in Q4, the previous Q4 included a ¥2.3 billion special factor related to litigation expenses. Therefore, the actual three-month comparison for Q4 shows an increase of approximately ¥1.1 billion.

Regarding the impact of Infocom, including acquisition-related costs and PPA, we anticipate virtually no effect on this fiscal year's operating profit.

While there may be some fluctuations in the stage-by-stage profit and loss for the full-year results, as mentioned earlier, we are committed to ensuring the achievement of the ¥43 billion operating profit target.

II -3. Dividend Forecast

1. Dividend Policy

We believe it is important to maintain and strengthen our competitiveness and increase our shareholder value in the future. Our basic policy for distributing profits is to pay appropriate and stable dividends to shareholders and to secure internal reserves for investment in business growth and to prepare for business risks.

In terms of dividends, we aim for a consolidated dividend **payout ratio of 50%**, placing an emphasis on returning profits to shareholders in line with consolidated business performance.

2. Dividend Forecast

	FY2024	FY2025		YoY	
		Interim	Year-end		forecast
Profit attributable to Owners of parent (¥ in billions)	27.0	12.0	17.2	29.2	+2.2
EPS (Yen per Share)	147.8	65.6	94.0	159.6	+11.8
Dividends (Yen per Share)	74.0	40.0	40.0	80.0	+6.0
POR	50.1%			50.1%	0%

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Regarding the dividend outlook, we anticipate an annual dividend of 80 yen per share, representing a 6-yen increase compared to the previous fiscal year, as initially projected.

We will continue to steadily accumulate profits and appropriately return the results of our corporate value growth to our shareholders.

II -4. Notice of Business Briefing Session

Wednesday, March 18, 2026, 4:00 PM ZOOM Meeting

Presentation Topics: 1. About the Offering
2. About the Financial Solution Businesses

Further details will be sent via email.
We sincerely hope you will join us.

Finally, I would like to inform you that on Wednesday, March 18th, we plan to hold business briefings on the specific details of the "Transforming our Customer Approach" and "Transforming our SI Business Model" which form the core of our mid-term management plan. These briefings will cover our "Offering" and "Financial Solution" businesses.

We look forward to your participation.

That concludes my presentation.



Appendix

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III-1. Quarterly Performance Trends

	FY2024				FY2025			Change
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	3Q
Revenue	76.8	79.8	83.7	98.0	82.7	95.7	97.0	+13.3
Gross Profit	18.7	19.6	21.0	22.4	21.0	25.1	27.0	+6.0
<Gross Profit Margin>	<24.4%>	<24.6%>	<25.0%>	<22.8%>	<25.4%>	<26.3%>	< 27.8% >	<+2.7%>
SG&A	9.9	10.3	9.5	13.5	12.4	15.4	14.2	+4.7
Operating Profit	8.8	9.3	11.5	8.9	8.5	9.8	12.7	+1.3
<Operating Profit Margin>	<11.5%>	<11.7%>	<13.7%>	<9.1%>	<10.3%>	<10.2%>	< 13.1% >	<-0.6%>
Profit before tax	9.0	9.1	12.1	8.8	8.8	10.0	13.0	+0.8
Profit attributable to owners of parent	5.4	6.8	8.2	6.6	5.1	6.9	9.1	+0.9

III-2. Quarterly Sales by Segment / Customer Industry

¥ in billion	FY2024				FY2025			YOY		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q
Business Solutions	47.9	46.6	48.4	52.6	50.7	53.0	52.7	+2.8	+6.4	+4.3
Manufacturing, Nippon Steel Group	22.4	23.1	23.8	26.2	24.6	26.0	25.2	+2.1	+2.9	+1.4
Retail and Service, Digital Platformer	12.9	13.2	13.5	14.7	14.8	15.0	16.4	+1.9	+1.9	+2.9
Financial Service	12.5	10.3	11.2	11.7	11.3	11.9	11.2	-1.2	+1.6	-0.0
Consulting & Digital Service	18.4	19.6	23.0	29.7	20.2	21.9	23.5	+1.7	+2.3	+0.4
Government, Educational and Research Institutions	3.9	5.0	6.0	11.3	4.3	6.3	7.5	+0.4	+1.3	+1.5
IT Infrastructure Services	14.5	14.6	17.0	18.4	15.9	15.6	16.0	+1.3	+1.0	-1.1
Group Business	10.5	13.6	12.2	15.7	11.9	20.8	20.8	+1.3	+7.2	+8.6
Total	76.8	79.8	83.7	98.0	82.7	95.7	97.0	+5.9	+15.9	+13.3
<FYI> Revenue to Nippon Steel	15.3	15.3	17.1	17.7	17.8	17.6	17.3	+2.6	+2.3	+0.2

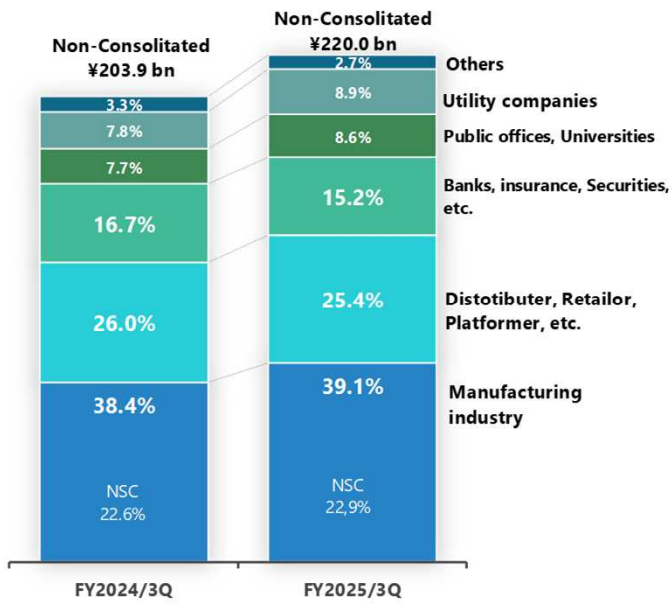
III-3. Sales Forecast by Segment / Customer Industry

	A	B	B-A	C	C-B
	FY2024	FY2024		FY2025	Change
¥ in billion		After Reclassifications		Forecast	
Business Solutions	202.7	195.5	-7.2	203.5	+8.0
Manufacturing, Nippon Steel Group	95.4	95.4		98.0	+2.6
Retail and Service, Digital Platformer	61.5	54.3	-7.2	59.5	+5.2
Financial Service	45.7	45.7		46.0	+0.3
Consulting & Digital Service	83.5	90.7	+7.2	96.5	+5.8
Government, Educational and Research Institutions	26.1	26.1		25.5	-0.6
IT Infrastructure Services	57.4	64.6	+7.2	71.0	+6.4
Subsidiaries	52.1	52.1		77.0	+24.9
Total	338.3	338.3		377.0	+38.7
<FYI> Revenue to Nippon Steel	65.3	65.3		71.5	+6.2

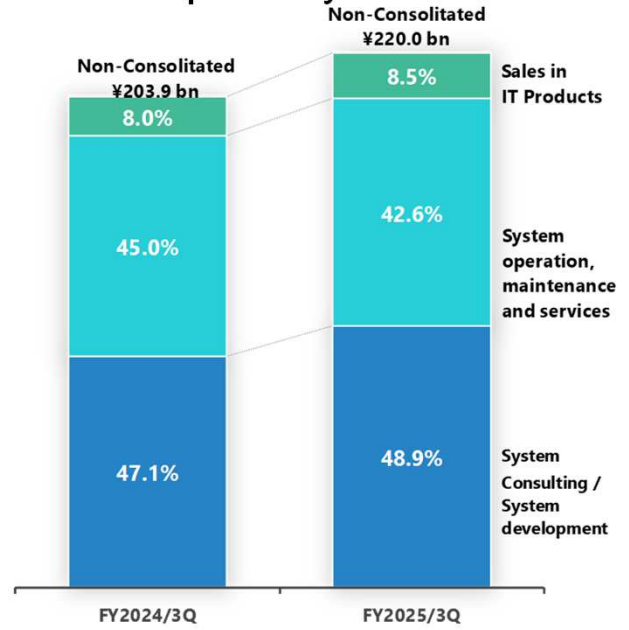
*Some areas have been reclassified from "Retail and Service, Digital Platformer" to "Consulting & Digital Services", and comparisons for the prior period are presented with figures after reclassification.

III -4. Sales by Customer Industry / Sales Composition by Product/Service

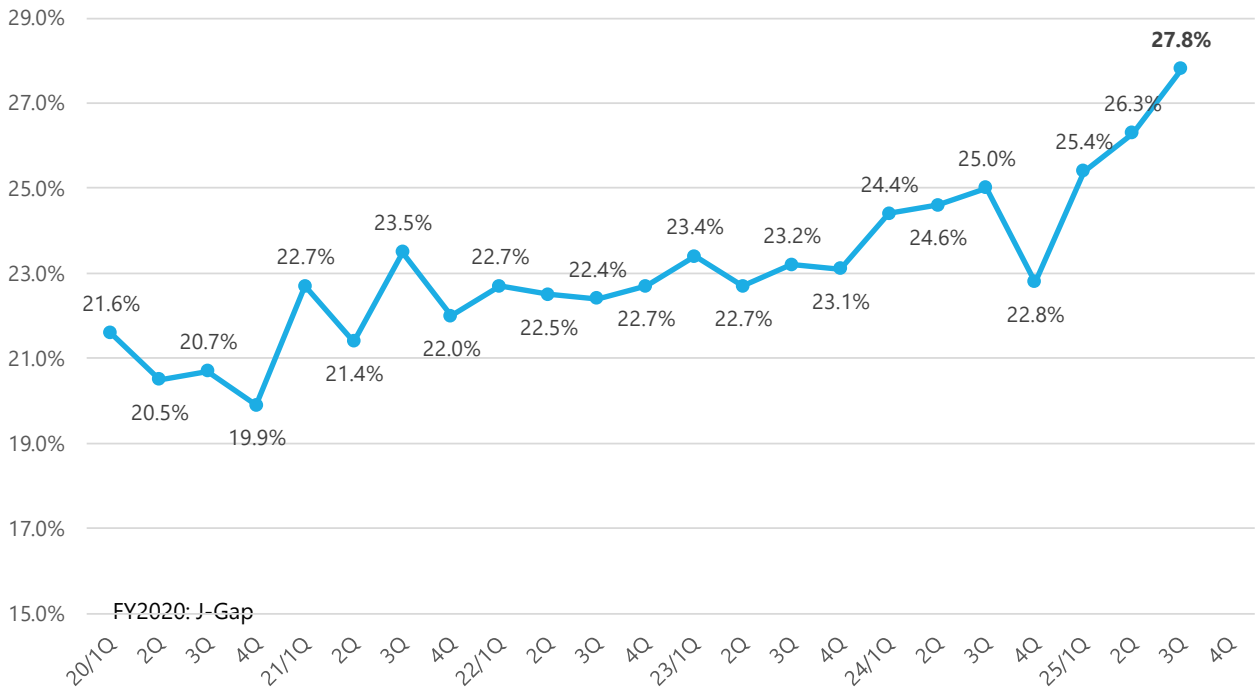
Sales by Customer Industry



Sales Composition by Product/Service



III-5. Trend in Gross Profit Margin



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III -5. Major One-Time Factors, Major Projects by Quarter

¥ in billion

	FY2024				FY2025		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	76.8	79.8	83.7	98.0	82.7	98.0	97.0
Major Projects	Ⓚ O 3.0 Ⓚ Newly subsidiaries 1.2	Ⓚ Newly subsidiaries 1.2	Ⓚ Newly subsidiaries 1.3	Ⓚ Newly subsidiaries 1.4		Ⓚ Newly subsidiaries 7.0	Ⓚ Newly subsidiaries 6.8
O.P.	8.8	9.3	11.5	8.9	8.5	8.9	12.7
One-Time	Provision for bonuses +1.0	Dual corporate tax -1.0		Litigation-related reserves --2.3 Lower profit product -1.2		Acquisition Cost -0.7	
Order	86.5	87.2	85.2	97.0	75.2	111.2	108.5
7	Ⓚ O 3.0 Ⓚ G 7.3 Ⓚ Newly subsidiaries 2.2	Ⓚ G 4.0 Ⓚ Newly subsidiaries 1.4	Ⓚ G 5.0 Ⓚ Newly subsidiaries 1.2	Ⓚ Newly subsidiaries 1.4		Ⓚ Newly subsidiaries 24.8	Ⓚ G 26.8 Ⓚ Newly subsidiaries 3.8

Ⓚ: Business Solutions, Ⓚ: Consulting & Digital Service, Ⓚ: Subsidiaries, Ⓚ: Oracle, Ⓚ: Government Project

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NS Solutions

 **NIPPON STEEL**

Social Value Producer with Digital

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