

To: Our Shareholders

I would like to express my sincere gratitude to you for your continued support.

Encountering a wide range of social issues that have rapidly grown complex, it has become essential for us to shift the paradigm not only for business enterprise, but also across society as a whole, to address challenges for the future. Information technology (IT) will play a major role in such social change. To fulfill its commitment to society, NSSOL's role is to work with customers to create value using IT with the goal of providing effective solutions to social issues. And as we move forward into the future, the importance of this role will only increase.

Against this backdrop, we have established a PURPOSE that serves as the reason for NSSOL's existence in society, and will promote sustainability management based on our value creation process, whereby contributing to the realization of a sustainable society as a member of the global community.

Based on the Medium-term Business Strategy 2021–2025, the NSSOL Group will execute investments for growth and secure sustainable growth potential, mainly in our focus areas. In addition, we will further sharpen our unrivaled strengths and grow into a company with a distinctive presence in the market by appealing to and gaining recognition from our client companies for the added value we offer. To this end, we are committed to building a strong company by developing an environment in which each and every employee can do their job in a spontaneous and energetic manner to increase employee engagement, which is our growth driver.

We ask for the continued understanding and support of our shareholders.

Yours truly,
Kazuhiko Tamaoki
Representative Director & President
NS Solutions Corporation

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Securities code: 2327

June 2, 2023

(Date of commencement of electronic provision measures: May 30, 2023)

To Shareholders with Voting Rights:

Kazuhiko Tamaoki
Representative Director & President
NS Solutions Corporation
1-17, Toranomom 1-chome, Minato-ku,
Tokyo, Japan

**NOTICE OF
THE 43RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We hereby inform you that the 43rd Annual General Meeting of Shareholders (the “Meeting”) of NS Solutions Corporation (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures as “Notice of the 43rd Annual General Meeting of Shareholders” on the following Company website.

The Company website:

<https://www.nssol.nipponsteel.com/ir/shareholders.html>

In addition to the website shown above, the Company also has posted the same information on the following websites on the internet.

The Tokyo Stock Exchange (TSE) website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(To view the information, please access the TSE website shown above, enter the company name or securities code, click on “Search,” and then select “Basic information” and “Documents for public inspection/PR information” in this order.)

The Portal of Shareholders’ Meeting (operated by Sumitomo Mitsui Trust Bank):

<https://www.soukai-portal.net>

(Please scan the QR code printed on the enclosed Voting Rights Exercise Form or enter your ID and initial password.)

* Please note that the websites above may be temporarily inaccessible due to scheduled maintenance or other reasons.

If you are unable to view the website, please access other websites or try again later.

If you are unable to attend the meeting in person, you can exercise your voting rights in writing or via electromagnetic means. Please review the accompanying Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

[When exercising voting rights in writing (Voting Rights Exercise Form)]

Please indicate your approval or disapproval of each Proposal on the enclosed Voting Rights Exercise Form and return it so that it can reach us no later than **Tuesday, June 20, 2023 at 5:20 p.m.** If there is no indication of approval or disapproval of each Proposal in the space provided, it shall be deemed as an indication of approval.

[When exercising voting rights via electromagnetic means (the internet, etc.)]

In accordance with “Guide to Exercising Your Voting Rights Via the Internet, etc.” (page 6) below (in Japanese), please access the The Portal of Shareholders’ Meeting site via the smartphone or other devices (by logging in the site with the log-in QR code indicated on the Voting Rights Exercise Form), or otherwise access the The Portal of Shareholders’ Meeting site (<https://www.soukai-portal.net>) or the voting rights exercise website (<https://www.web54.net>) via the internet, and exercise your voting rights no later than **Tuesday, June 20, 2023 at 5:20 p.m.** by entering your approval or disapproval, following the instructions on the screen.

[When a proxy exercises voting rights on your behalf]

Please have your proxy submit your Voting Rights Exercise Form and a form stating that you give power of attorney to your proxy. Only one shareholder entitled to exercise voting rights is qualified to be a proxy.

<Notice of live-streaming of the General Meeting of Shareholders>

The Meeting will be live-streamed on the internet. For more details, please refer to “Guide to Live Online Streaming” on page 7 (in Japanese). Please note that you will not be able to exercise voting rights, ask questions, or make a motion while viewing the live-streamed meeting.

- 1. Date and Time:** Wednesday, June 21, 2023 at 10:00 a.m. Japan time
(The reception will start at 9:00 am.)
- 2. Place:** Conference Room of the Company, 17F, Tranomon Hills Business Tower,
1-17, Toranomon 1-chome, Minato-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be reported:** The Business Report, Consolidated Financial Statements for the Company's 43rd Fiscal Year (April 1, 2022–March 31, 2023), results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 43rd Fiscal Year (April 1, 2022–March 31, 2023)
- Proposals to be resolved:**
- Proposal 1:** Election of Ten (10) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 2:** Election of Three (3) Directors Who Are Audit & Supervisory Committee Members

(Notes)

1. When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please be aware of your health condition until the Meeting date. If you are in poor health, such as if you have a cold, please consider not attending the Meeting from the viewpoint of health and safety considerations for other shareholders.
2. If you plan to exercise your voting rights diversely, please notify the Company to that effect and of the reason thereof in writing or via electromagnetic means no later than Thursday, June 15, 2023.
3. If any amendments are made to matters subject to the electronic provision measures, such amendments will be posted on the respective websites where the matters are posted.
4. The English versions of the notice of convocation and the Reference Documents for the General Meeting of Shareholders are placed and provided on the Company website shown below:
The Company website (<https://www.nssol.nipponsteel.com/en/>)
5. Pursuant to laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following matters subject to the electronic provision measures are not included in the documents required to be sent to shareholders who make a request for delivery of documents.
 - Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements as part of Consolidated Financial Statements
 - Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements as part of Non-consolidated Financial StatementsAccordingly, the documents sent to shareholders constitute only part of the documents audited by the Accounting Auditor and the Audit & Supervisory Committee in the preparation of the Audit Report.
6. Questions regarding the agenda of the Meeting will be accepted in advance via the Company website. Of the questions we receive, we plan to share with you some of the items that we believe will be of interest to shareholders in general during the Meeting.
Period for accepting questions: Tuesday, May 30, 2023 to Sunday, June 11, 2023
To send us your questions in advance, please access the following website:
<https://www.nssol.nipponsteel.com/prequestion/>
7. We appreciate your understanding in advance that no souvenirs will be provided to shareholders and no food or beverages will be available during the Meeting.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Ten (10) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the close of the Meeting. Accordingly, the Company proposes to elect ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members).

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Kazuhiko Tamaoki (December 2, 1961) [Reappointment]	<p>April 1985 Joined Nippon Steel Corporation</p> <p>April 2001 Seconded to the Company</p> <p>February 2002 Director, Sales Department, Infrastructure Solutions Division-III of the Company</p> <p>March 2003 Left Nippon Steel Corporation</p> <p>April 2012 Director, Human Resources Department of the Company</p> <p>April 2015 Executive Officer and Director, Human Resources Department of the Company</p> <p>April 2016 Executive Officer and Director, Retail & Service Business System Solutions Division, Industrial & Retail Business System Solutions Bureau of the Company</p> <p>April 2018 Executive Officer and Director, Human Resources Bureau of the Company</p> <p>June 2018 Executive Director, Executive Officer, and Director, Human Resources Bureau of the Company</p> <p>April 2019 Executive Director and Senior Executive Officer in charge of Steelmaking System Solutions Units, Sales Planning & Management Bureau, and Human Resources Bureau, and Director of Human Resources Bureau of the Company</p> <p>June 2020 Executive Director and Senior Executive Officer in charge of Sales Planning & Management Bureau and Human Resources Bureau, and Director of Human Resources Bureau of the Company</p> <p>April 2021 Executive Director and Managing Executive Officer in charge of Sales Planning & Management Bureau, Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, and Internal Control & Audit Department of the Company</p> <p>June 2022 Executive Director and Managing Executive Officer in charge of Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, and Internal Control & Audit Department of the Company</p> <p>April 2023 Representative Director & President of the Company (to present)</p>	7,216

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Atsuki Matsumura (May 18, 1961) [Reappointment]	<p>April 1986 Joined Nippon Steel Corporation</p> <p>April 1992 Chief Researcher, Semiconductor Substrate Technology Research Center, Electronics Laboratories, Technology Development Bureau of Nippon Steel Corporation</p> <p>April 2001 Seconded to Wacker NSCE Corporation SOI/SIMOX Group Leader</p> <p>October 2004 Transferred to Siltronic Japan Corporation (renamed in 2004)</p> <p>August 2008 President and Representative Director and General Manager, Sales Management Department of Siltronic Japan Corporation</p> <p>November 2012 Left Siltronic Japan Corporation</p> <p>December 2012 Joined Nippon Steel & Sumitomo Metal Corporation Senior Principal Manager, Corporate Planning Division</p> <p>April 2015 Advisor of Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2015 Audit & Supervisory Board Member of the Company</p> <p>April 2016 Executive Officer of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2017 Executive Officer and General Manager, Business Process Reform Promotion Department of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2019 Managing Executive Officer of Nippon Steel Corporation</p> <p>March 2020 Left Nippon Steel Corporation</p> <p>April 2020 Joined the Company Managing Executive Officer in charge of Steelmaking System Solutions Bureau and IoX Solution Business Promotion Department</p> <p>June 2020 Executive Director and Managing Executive Officer in charge of Steelmaking System Solutions Units and IoX Solution Business Promotion Department of the Company</p> <p>April 2021 Executive Director and Senior Managing Executive Officer in charge of Steelmaking System Solutions Units and IoX Solution Business Promotion Department of the Company</p> <p>April 2022 Executive Director and Senior Vice President in charge of Manufacturing Industry Digital Transformation Center, Industrial Business System Solutions Units, Steelmaking System Solutions Units, and IoX Solution Business Promotion Department of the Company</p> <p>April 2023 Executive Director and Senior Vice President in charge of Manufacturing Industry Digital Transformation Center, Industrial Business System Solutions Units, Steelmaking System Solutions Units, and Technology Bureau of the Company (to present)</p>	1,748

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Masunao Kuroki (January 10, 1967) [Reappointment]	<p>April 1989 Joined Nippon Steel Corporation</p> <p>April 2001 Seconded to the Company</p> <p>March 2003 Left Nippon Steel Corporation</p> <p>April 2005 Director, Sales Department-I, Financial System Solutions Division of the Company</p> <p>April 2010 Director, Sales Department, Retail & Service Business System Solutions Division of the Company</p> <p>April 2011 Deputy Director, Retail & Service Business System Solutions Division of the Company</p> <p>October 2014 Director, Sales Division, Financial System Solutions Bureau of the Company</p> <p>April 2016 Deputy Director, Financial System Solutions Bureau of the Company</p> <p>April 2017 Executive Officer and Deputy Director, Financial System Solutions Bureau of the Company</p> <p>April 2018 Executive Officer and Director, Retail & Service Business System Solutions Division, Industrial & Retail Business System Solutions Bureau of the Company</p> <p>April 2020 Executive Officer and Director, Financial System Solutions Bureau of the Company</p> <p>April 2021 Senior Executive Officer and Director, Financial System Solutions Bureau of the Company</p> <p>April 2022 Senior Executive Officer in charge of Retail & Service Business System Solutions Units, Financial System Solutions Units, and Sales Planning & Management Bureau of the Company</p> <p>June 2022 Executive Director and Senior Executive Officer in charge of Retail & Service Business System Solutions Units, Financial System Solutions Units, and Sales Planning & Management Bureau of the Company</p> <p>April 2023 Executive Director and Senior Executive Officer in charge of Digital Solution & Consulting Unit, Retail & Service Business System Solutions Units, Financial System Solutions Units, and Sales Planning & Management Bureau of the Company (to present)</p>	2,346

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Tatsuya Endo (June 16, 1964) [New appointment]	<p>April 1991 Joined Nippon Steel Corporation</p> <p>April 2001 Seconded to the Company</p> <p>March 2003 Left Nippon Steel Corporation</p> <p>October 2007 Director, Technology Planning Department, IT Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2009 Director, IT Engineering Department, IT Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2010 Director, Systems Engineering Department-II, IT Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2011 Director, Systems Engineering Department-III, IT Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2012 Director, Systems Engineering Department-I, IT Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2015 Director, IT Service Solution Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2017 Director, IT Infrastructure Service Engineering Division, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2019 Executive Officer and Deputy Director, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2020 Executive Officer and Director, Public Sector System Solutions Division of the Company</p> <p>April 2022 Executive Officer and Director, IT Infrastructure Solutions Bureau of the Company</p> <p>April 2023 Senior Executive Officer in charge of Telecom Solutions Unit and IT Service & Engineering Unit of the Company (to present)</p>	3,868

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Akimi Tojo (June 21, 1965) [New appointment]	<p>April 1989 Joined Nippon Steel Corporation</p> <p>April 2001 Seconded to the Company</p> <p>March 2003 Left Nippon Steel Corporation</p> <p>April 2007 Director, Sales Department-III, Industrial Business System Solutions Division of the Company</p> <p>April 2008 Director, Sales Department-IV, Industrial Business System Solutions Division of the Company</p> <p>October 2008 Director, Corporate Planning & Strategic Alliance Department of the Company</p> <p>September 2009 Director, IT Service Division, IT Infrastructure Solutions Bureau of the Company</p> <p>March 2011 Director, Data Center Division, IT Infrastructure Solutions Bureau of the Company</p> <p>July 2012 Seconded to NS Solutions (Shanghai) Co., Ltd. as Director & President</p> <p>April 2016 Director, IoX Solution Business Promotion Department of the Company</p> <p>April 2020 Executive Officer and Director, Retail & Service Business System Solutions Bureau of the Company</p> <p>April 2022 Executive Officer and Director, Corporate Planning & Strategic Alliance Department of the Company</p> <p>April 2023 Senior Executive Officer in charge of Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, and Internal Control & Audit Department of the Company (to present)</p>	3,373

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Hiroyuki Morita (July 16, 1958) [Reappointment]	<p>April 1982 Joined Nippon Steel Corporation</p> <p>April 1989 Seconded to the Company</p> <p>March 2003 Left Nippon Steel Corporation</p> <p>October 2004 Director, Corporate Planning & Marketing Department, Financial System Solutions Division of the Company</p> <p>April 2006 Director, Sales Department-III, Financial System Solutions Division of the Company</p> <p>April 2008 Director, Information Solutions Division, Financial System Solutions Bureau of the Company</p> <p>April 2010 Operating Officer of the Company</p> <p>June 2012 Executive Director, Director, Corporate Planning & Strategic Alliance Department, and Director, Accounting & Finance Department of the Company</p> <p>June 2013 Senior Executive Officer and Director, Retail & Service Business System Solutions Division, Industrial & Retail Business System Solutions Bureau of the Company</p> <p>June 2015 Executive Director, Senior Executive Officer, and Director, Industrial & Retail Business System Solutions Bureau of the Company</p> <p>April 2016 Executive Director, Managing Executive Officer, Director, Industrial & Retail Business System Solutions Bureau, and Director, Sales Planning & Management Bureau of the Company</p> <p>April 2019 Representative Director & President of the Company</p> <p>April 2023 Executive Director and Senior Advisor of the Company (to present)</p>	16,697

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Yaichi Aoshima (February 11, 1965) [Reappointment] [Outside] [Independent]	April 1999 Associate Professor, Institute of Innovation Research, Hitotsubashi University April 2007 Associate Professor, Institute of Innovation Research, Hitotsubashi University April 2012 Professor, Institute of Innovation Research, Hitotsubashi University December 2014 Expert Member, Expert Panel on Basic Policy, Council for Science, Technology and Innovation, Cabinet Office June 2015 Executive Director of the Company (to present) April 2018 Director of Institute of Innovation Research, Hitotsubashi University (to present) [Significant concurrent positions] Director of Institute of Innovation Research, Hitotsubashi University Outside Director of Techpoint, Inc.	0
[Reason for nomination and outline of expected roles] While Mr. Yaichi Aoshima has never been directly involved in corporate management other than as an outside director, he has long engaged in research on management strategy and other areas as the Director of the Institute of Innovation Research, Hitotsubashi University. Based on his insight as a research expert in the field of management strategy and the track record as a Director of the Company, we expect him to continue to provide valuable advice and recommendations to the Board of Directors of the Company and fulfill an appropriate supervisory function. Therefore, we propose to elect him as an Outside Director.			

- Notes:
1. Mr. Yaichi Aoshima is a candidate for Outside Director as stipulated in the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of the appointment of Mr. Yaichi Aoshima as an independent officer as stipulated in the rules of the Tokyo Stock Exchange.
 3. Mr. Yaichi Aoshima is currently an Outside Director of the Company and will have served as Outside Director for eight (8) years at the close of the Meeting.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	<p data-bbox="231 481 411 548">Ichiro Ishii (June 15, 1955)</p> <p data-bbox="223 577 419 672">[Reappointment] [Outside] [Independent]</p>	<p data-bbox="470 275 1257 365">April 1978 Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)</p> <p data-bbox="470 371 1246 405">June 2010 Executive Officer of Tokio Marine Holdings, Inc.</p> <p data-bbox="470 405 1201 461">June 2013 Managing Executive Officer of Tokio Marine Holdings, Inc.</p> <p data-bbox="470 468 1174 524">June 2015 Senior Managing Director of Tokio Marine Holdings, Inc.</p> <p data-bbox="470 530 1262 586">April 2017 Vice President Director of Tokio Marine Holdings, Inc.</p> <p data-bbox="470 593 1257 627">October 2018 Executive Advisor of Tokio Marine Holdings, Inc.</p> <p data-bbox="470 627 1222 660">April 2020 Advisor of Deloitte Tohmatsu LLC (to present)</p> <p data-bbox="470 660 1086 716">June 2020 Executive Director of the Company (to present)</p> <p data-bbox="470 723 986 880">[Significant concurrent positions] Advisor of Deloitte Tohmatsu LLC Outside Director of NOHMI BOSAI LTD. Outside Director of Terra Motors Corporation Representative Director of troisH Co., Ltd.</p>	0
<p data-bbox="196 891 807 925">[Reason for nomination and outline of expected roles]</p> <p data-bbox="196 925 1465 1010">Mr. Ichiro Ishii has abundant global experience and deep insight in corporate management. We expect him to continue to provide valuable advice and recommendations to the Board of Director of the Company and fulfill an appropriate supervisory function. Therefore, we propose to elect him as an Outside Director.</p>			

- Notes:
1. Mr. Ichiro Ishii is a candidate for Outside Director as stipulated in the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of the appointment of Mr. Ichiro Ishii as an independent officer as stipulated in the rules of the Tokyo Stock Exchange.
 3. Mr. Ichiro Ishii is currently an Outside Director of the Company and will have served as Outside Director for three (3) years at the close of the Meeting.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Rie Horii (April 7, 1960) [New appointment] [Outside] [Independent]	<p>April 1983 Joined Sumitomo Mitsui Trust Bank, Limited.</p> <p>May 1991 Joined Kao Corporation</p> <p>April 2005 Seconded to Kao Customer Marketing Co., Ltd. (currently Kao Group Customer Marketing Co., Ltd.)</p> <p>April 2008 General Manager, Chain Store Department, Kinki Branch of Kao Customer Marketing Co., Ltd.</p> <p>April 2010 General Manager, Chain Store Department, International Customer Marketing Unit of Kao Customer Marketing Co., Ltd.</p> <p>November 2013 General Manager, Employment and Education Department, Human Resource Development Unit of Kao Customer Marketing Co., Ltd.</p> <p>January 2016 Executive Officer and Deputy General Manager, Human Resource Development Unit and Manager, Diversity & Inclusion Promotion Office of Kao Group Customer Marketing Co., Ltd.</p> <p>January 2018 Representative Director and President and Executive Officer, Sofina Beauty Counseling Co., Ltd. (currently Kao Beauty Brands Counseling Co., Ltd.)</p> <p>June 2021 General Manager, Minato Ward Gender Equality Center Libra</p> <p>June 2022 Executive Officer, EQ Partners, Inc. (to present)</p> <p>[Significant concurrent positions] Executive Officer, EQ Partners, Inc.</p>	0
<p>[Reason for nomination and outline of expected roles] Ms. Rie Horii has deep insight in corporate management and marketing and has held key positions that help promote diversity. We expect her to provide valuable advice and recommendations to the Board of Director of the Company and fulfill an appropriate supervisory function. Therefore, we propose to elect her as an Outside Director.</p>			

- Notes: 1. Ms. Rie Horii is a candidate for Outside Director as stipulated in the Companies Act.
2. The Company has notified the Tokyo Stock Exchange of the appointment of Ms. Rie Horii as an independent officer as stipulated in the rules of the Tokyo Stock Exchange.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
10	Hiroto Naito (July 5, 1967) [New appointment]	<p>April 1991 Joined Nippon Steel Corporation</p> <p>July 2012 Leader, Marketing Administration & Planning Group, Marketing Administration & Planning Division of Nippon Steel Corporation</p> <p>November 2013 Manager, Automotive Flat Products Group-I, Automotive Flat Products Division, Flat Products Unit of Nippon Steel Corporation</p> <p>April 2016 General Manager, General Administration Department, Hirohata Works of Nippon Steel Corporation</p> <p>April 2018 General Manager, General Administration Division of Nippon Steel Corporation</p> <p>April 2019 General Manager, Corporate Planning Division of Nippon Steel Corporation</p> <p>April 2021 Executive Officer of Nippon Steel Corporation (assigned to serve as General Manager, Corporate Planning Division) (to present)</p> <p>[Significant concurrent position] Executive Officer of Nippon Steel Corporation</p>	0

Note: Mr. Hiroto Naito currently serves as Executive Officer of Nippon Steel Corporation, the parent company of the Company.

(Agreement Limiting Liability)

The Company has entered into an agreement with Mr. Yaichi Aoshima and Mr. Ichiro Ishii to the effect that, if each of them has acted in good faith and without gross negligence in performing his duties, the liability under Article 423, Paragraph 1 of the Companies Act is limited to an amount that can be reduced in accordance with Article 425, Paragraph 1 of the Companies Act. If Proposal 1 is approved as originally proposed, this agreement will continue. If the election of Ms. Rie Horii and Mr. Hiroto Naito is approved as originally proposed, the Company will enter into the same agreement with each of them.

(Indemnity Agreement)

The Company has entered into an agreement with Mr. Kazuhiko Tamaoki, Mr. Atsuki Matsumura, Mr. Masunao Kuroki, Mr. Hiroyuki Morita, Mr. Yaichi Aoshima, and Mr. Ichiro Ishii to indemnify them for costs set forth in Article 430-2, Paragraph 1 (1) of the Companies Act and losses set forth in Article 430-2, Paragraph 1 (2) to the extent provided for by laws and regulations. If Proposal 1 is approved as originally proposed, this agreement will continue. If the election of Mr. Tatsuya Endo, Mr. Akimi Tojo, Ms. Rie Horii, and Mr. Hiroto Naito is approved as originally proposed, the Company will enter into the same agreement with each of them.

Proposal 2: Election of Three (3) Directors Who Are Audit & Supervisory Committee Members

The terms of office of Directors who are Audit & Supervisory Committee Members Mr. Masayuki Takahara, Mr. Tetsuro Higuchi, and Mr. Shuichiro Hoshi will expire at the close of the Meeting. Accordingly, the Company proposes to elect three (3) Directors who are Audit & Supervisory Committee Members.

The Audit & Supervisory Committee has given its consent to this proposal.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Masayuki Takahara (December 26, 1960) [Reappointment]	April 1984 Joined Nippon Steel Corporation June 1995 Seconded to the Company October 1997 Director, Administration Group, Administration Department, Solutions Division of the Company March 2003 Left Nippon Steel Corporation April 2011 Director, Sales Department-IV, Public Sector System Solutions Bureau of the Company July 2012 Director, General Administration Department of the Company January 2018 Director, Office Development Promotion Group, General Administration Department of the Company July 2020 Head Secretary, Audit & Supervisory Board of the Company June 2021 Director (Full-time Audit & Supervisory Committee Member) of the Company (to present)	5,431

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Shuichiro Hoshi (September 7, 1969) [Reappointment] [Outside] [Independent]	April 2000 Assistant Professor, Faculty of Economics, Shinshu University	0
		April 2005 Assistant Professor, Graduate School Division of Law, Shinshu University	
April 2007 Associate Professor, Graduate School Division of Law, Shinshu University			
April 2009 Professor, Legal Studies, Faculty of Urban Liberal Studies (currently Faculty of Law), Tokyo Metropolitan University (to present)			
April 2017 Dean, Faculty of Urban Liberal Studies and Head of Legal Studies (currently Dean, Faculty of Law), Tokyo Metropolitan University			
June 2019 Audit & Supervisory Board Member (not full time) of the Company			
June 2021 Director (Audit & Supervisory Committee Member) of the Company (to present)			
[Significant concurrent positions] Professor of Faculty of Law, Tokyo Metropolitan University			
[Reason for nomination and outline of expected roles] While Mr. Shuichiro Hoshi has never been directly involved in corporate management in the past, he has been engaged in studies on information protection such as cybersecurity issues for many years as a university professor. We expect him to fulfill an audit function of the Company by using his knowledge and insight as a legal expert. Therefore, we propose to elect him as an Outside Director.			

- Notes:
1. Mr. Shuichiro Hoshi is a candidate for Outside Director as stipulated in the Companies Act.
 2. The Company has notified the Tokyo Stock Exchange of the appointment of Mr. Shuichiro Hoshi as an independent officer as stipulated in the rules of the Tokyo Stock Exchange.
 3. Mr. Shuichiro Hoshi is currently an Outside Director of the Company and will have served as Outside Director for two (2) years at the close of the Meeting.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Kazuhiro Fujita (May 5, 1965) [New appointment] [Outside] [Independent]	<p>October 1990 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>May 1997 Established Fujita and Partners (to present)</p> <p>August 1998 Joined Deloitte Tohmatsu Consulting Co., Ltd.</p> <p>September 2001 Deloitte Consulting LLP New York Office</p> <p>June 2005 Executive Officer and Principal, ABeam Consulting Ltd.</p> <p>August 2007 Executive Officer and Principal, Manufacturing and Distribution Control Business Department of ABeam Consulting Ltd.</p> <p>August 2010 Partner, Strategy Consulting, Global Business Service, IBM Japan, Ltd.</p> <p>October 2013 Supervisory Officer, KENEDIX Private Investment Corporation (to present)</p> <p>May 2014 Partner, Tokyo Kyodo Accounting Office (to present)</p> <p>June 2021 External Director, DAIHO CORPORATION (to present)</p> <p>[Significant concurrent positions] Representative Partner of Fujita and Partners Partner of Tokyo Kyodo Accounting Office External Director of DAIHO CORPORATION Supervisory Officer of KENEDIX Private Investment Corporation</p>	0
<p>[Reason for nomination and outline of expected roles] Mr. Kazuhiro Fujita has abundant global experience and deep knowledge of corporate management, as well as an extensive experience and expertise in finance and accounting as a certified public accountant over many years. We expect him to fulfill an audit function of the Company by using his knowledge and insight. Therefore, we propose to elect him as an Outside Director.</p>			

- Notes: 1. Mr. Kazuhiro Fujita is a candidate for Outside Director as stipulated in the Companies Act.
2. The Company has notified the Tokyo Stock Exchange of the appointment of Mr. Kazuhiro Fujita as an independent officer as stipulated in the rules of the Tokyo Stock Exchange.

(Agreement Limiting Liability)

The Company has entered into an agreement with Mr. Masayuki Takahara and Mr. Shuichiro Hoshi to the effect that, if they have acted in good faith and without gross negligence in performing their duties, the liability under Article 423, Paragraph 1 of the Companies Act is limited to an amount that can be reduced in accordance with Article 425, Paragraph 1 of the Companies Act. If Proposal 2 is approved as originally proposed, this agreement will continue. If the election of Mr. Kazuhiro Fujita is approved as originally proposed, the Company will enter into the same agreement with him.

(Indemnity Agreement)

The Company has entered into an agreement with Mr. Masayuki Takahara and Mr. Shuichiro Hoshi to indemnify them for costs set forth in Article 430-2, Paragraph 1 (1) of the Companies Act and losses set forth in Article 430-2, Paragraph 1 (2) to the extent provided for by laws and regulations. If Proposal 2 is approved as originally proposed, this agreement will continue. If the election of Mr. Kazuhiro Fujita is approved as originally proposed, the Company will enter into the same agreement with him.

(Reference)

Composition of the Board of Directors (Skill Matrix of Directors) *in the case that each of candidates for Directors is elected at the Meeting

		Business management	Sales/Marketing	Technology/R&D	Global	Accounting/Finance	Legal affairs/ Risk Management	Personnel/Labor/ HR Development	ESG/SDGs	Business area of expertise			
										Applications	IT infrastructures	Customer's business category	
Executive Directors	Kazuhiko Tamaoki	●	●			●	●	●		●	●	Retail & Service, Iron and steel	
	Atsuki Matsumura	●		●	●					●		Industrial, Iron and steel	
	Masunao Kuroki	●	●							●		Retail & Service, Finance	
	Tatsuya Endo*	●		●					●		●	Utilities	
	Akimi Tojo*	●	●		●	●			●		●	●	Industrial, Retail & Service
	Hiroyuki Morita**	●	●		●				●				
Non-executive Directors	Yaichi Aoshima			●	●				●				
	Ichiro Ishii	●			●		●						
	Rie Horii*	●	●					●	●				
	Hiroto Naito*	●	●										
Directors who are Audit & Supervisory Committee Members	Masayuki Takahara		●				●						
	Shuichiro Hoshi						●						
	Kazuhiro Fujita*	●			●	●							

* An asterisk (*) indicates a newly appointed candidate.

** The position of an Executive Director and Senior Advisor is equivalent to that of an Executive Director in terms of responsibilities.

Business Report

(43rd Fiscal Year: April 1, 2022–March 31, 2023)

1. Overview of the NSSOL Group

(1) Business Progress and Results

(Economic and industry environment)

Japan saw signs of a mild economic recovery despite weakness in some sectors during the fiscal year ended March 31, 2023, but the outlook remains uncertain. There is a risk of slowdown in the Japanese economy as it faces downward pressure from the downturn of overseas economies mainly due to global monetary tightening. In addition, close attention should be paid to the impact of rising prices, supply-side constraints, and fluctuations in financial and capital markets.

Although corporate earnings at large have improved, some signs of weakening were observed and the system investment by client companies has increased moderately.

(Sales progress and results of the NSSOL group)

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

For the focus area of DX in manufacturing industry, we proceeded with our efforts to promote DX for Nippon Steel Corporation. These efforts included the building of “NS-IoT,” a wireless IoT sensor platform for centralized management of data from steel manufacturing sites, and the launch of its actual operation in April for the purpose of early detection of abnormalities in facilities. We also built “NS-Lib,” an integrated data platform that allows for grasping management information and KPIs on a real-time basis and taking appropriate actions. These efforts to integrate data accumulated individually at each steel manufacturing site and data required for management purposes were highly evaluated and contributed to Nippon Steel’s winning of the grand prize in Data Management 2023 sponsored by the Japan Data Management Consortium. Moreover, the Company started to offer the integrated data management platform “DATAOPTERYX” to enterprises promoting DX. With the platform, we developed an infrastructure for utilizing integrated data together with a pharmaceutical company. Furthermore, we implemented initiatives to support DX promotion at manufacturing sites for customers in the manufacturing industry. Specifically, this included the start of the provision of “nsraven,” a local 5G solution, to enable remote operation of overhead cranes in factories.

For the remaining three focus areas, we have taken on the following initiatives to drive their growth: supporting platformers such as Internet service providers and electronic commerce operators and players in the financial services sector to promote their DX in the digital platformer area; expanding functions such as those to enhance the security of our virtual desktop service “M³DaaS@absonne” in the digital workplace solutions area; and providing new solutions to help establish multi-cloud environments in the IT outsourcing area.

As part of other efforts to achieve growth, we worked to enhance our capabilities to meet the needs of DX services by entering into capital and business alliance as well as strategic partnership agreements with companies having respective strengths in fields such as AI, data utilization, support for digitalization of business processes, and affluent human resources capable of promoting DX. Furthermore, the Company also worked to develop new solutions, which include “Enepharos,” energy trading and risk management services; “FINARCH,” services for financial institutions to optimize the use of the cloud; “PPPlan,” cloud services to support DX of supply and demand planning for the food industry; and “NAYASAPO,” a career reflection tool to improve employee engagement.

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. Regarding the reduction of environmental impacts, which is one of the material issues, the Company has endorsed the TCFD recommendations, set a reduction target for GHG emissions, and is proceeding with efforts to contribute to achieving the target. In addition, we have established the Group's human rights policy, promoting the development of environments where diverse people can take an active part. As a result, the Company received the highest gold rating in the PRIDE Index 2022, which is an evaluation index for initiatives related to LGBTIQ+ and other sexual minorities. Based on these efforts, the Company has publicly announced the multi-stakeholder policy. The Company is also engaged in various business activities from an ESG perspective to create a prosperous society. Specifically, as an initiative for programming education, the Company and Nippon Steel Corporation worked together to develop programming learning materials on the theme of steel production management targeting upper elementary school students, and held on-site classes. We have also started activities to help improve financial literacy among young people, including junior high and high school students. As a result of these efforts, the Company has been newly selected as an index component of the FTSE Blossom Japan Sector Relative Index, in addition to the FTSE4Good Index Series and FTSE Blossom Japan Index, which are ESG investment benchmarks.

Revenue for the fiscal year ended March 31, 2023 amounted to 291,688 million yen, an increase of 21,355 million yen compared to 270,332 million yen for the previous fiscal year. This was due to higher sales in large-scale infrastructure development projects for government agencies and an increase in sales to Nippon Steel Corporation and the Nippon Steel Group as well as strong and steady sales of the platformer-related business. Operating profit came in at 31,738 million yen, an increase of 1,851 million yen compared to 29,886 million yen for the previous fiscal year. This is because an increase in gross profit resulting from the sales growth more than offset an increase in selling, general and administrative expenses caused by investments to accelerate DX and strengthen the business infrastructure.

An overview of the fiscal year ended March 31, 2023 by service field (Business Solutions and Service Solutions) is as follows.

Business Solutions

Revenue for the fiscal year ended March 31, 2023 amounted to 189,776 million yen, an increase of 14,095 million yen compared to 175,680 million yen for the previous fiscal year.

Manufacturing, Retail and Service field

Revenue from this field increased year on year due to strong and steady sales of solutions for platformers, though partly offset by a reactionary decrease in sales from clients in the transportation sector, from whom the Company won large-scale projects.

Financial Services field

Revenue from this field was flat year on year.

Government, Public Organizations and Others field

Revenue from this field increased year on year due to the winning of large-scale infrastructure development projects for government agencies.

Service Solutions

Revenue for the fiscal year ended March 31, 2023 amounted to 101,911 million yen, an increase of 7,259 million yen compared to 94,651 million yen for the previous fiscal year.

IT Platform field

Revenue from this field increased year on year, contributed primarily by the cloud business.

Steel field

Revenue from this field increased year on year due to robust sales of solutions for both Nippon Steel Corporation and the Nippon Steel Group.

(2) Capital Investment

The Group's capital investments in the fiscal year ended March 31, 2023 amounted to 6,132 million yen.

(3) Financing

Not applicable.

(4) Issues to Be Addressed

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

Looking ahead to the arrival of the digital society around the year 2030, the Company recognizes the promotion and execution of its business to realize the Medium-term Business Strategy 2021–2025 published in April 2021 as its challenge for the achievement of sustainable business growth.

Current IT investment has still remained on a recovery trend as we assess that customers' willingness to invest in IT is resiliently strong to meet their growing DX needs. Meanwhile, we need to be mindful of downside risks to the economy, such as soaring energy prices, rising raw material prices, and uncertainties in U.S. and European financial and capital markets arising from geopolitical risks.

(i) Overview of the Medium-term Business Strategy 2021–2025 (published in April 2021)

(a) The Medium-term Business Strategy 2021–2025

The Company will engage in business operations with the following four pillars as its medium-term business strategy:

- Steadily capture evolving DX needs
- Continuously enhance high-value-added businesses and overall corporate value
- Further strengthen acquisition and training of outstanding human resources
- Continuously conduct thorough internal controls and risk management

(b) Company vision

Defining its medium-term vision as “First DX Partner,” together with its customers, the Company will strive to solve issues for the realization of DX.

(c) Growth strategy

Looking ahead to the full-scale deployment of DX by Japanese companies, the Company aims to expand its business by capturing needs associated with DX promotion to the maximum extent as a whole-company effort, while deepening its relationships with its customers.

- Focus areas

For this medium-term period, the Company has defined the following four focus areas for business growth, into which the Company will put its management resource aggressively and will work on accelerating the growth of entire Company:

Digital transformation (DX) in manufacturing industry

Digital platformer

Digital workplace solutions

IT outsourcing

- Investments for growth
 - Investments to strengthen business infrastructure (Medium-term amount: 50.0–75.0 billion yen)
 - Investments to accelerate DX (Medium-term amount: 10.0–15.0 billion yen)
 - M&A investments and loans, etc.
 - Creation of highly engaged organizations
- (d) Medium-term business growth targets
- Consolidated revenue growth (CAGR): 5–6%
 - Revenue growth in focus areas (CAGR): 10% or higher
- (e) Sustainability initiatives

(ii) Progress of Medium-term Business Strategy

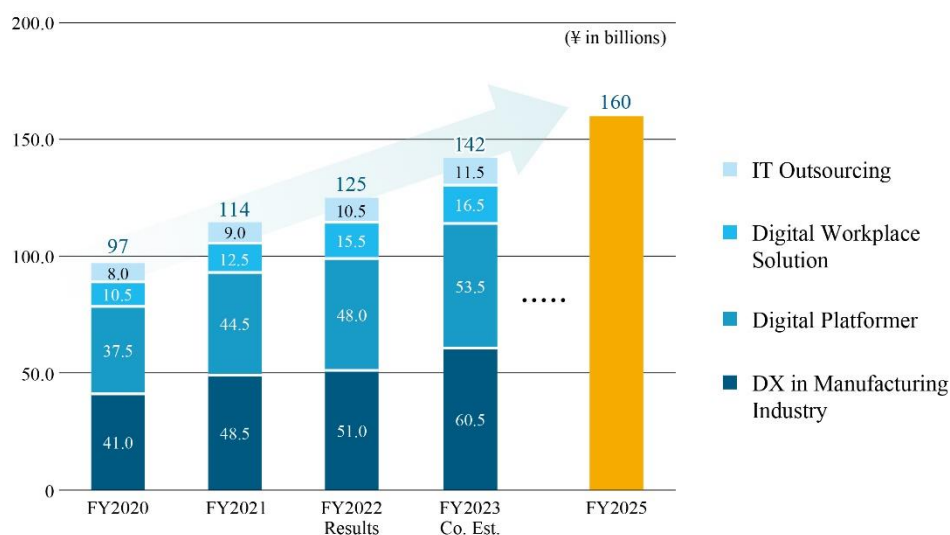
The progress of the Medium-term Business Strategy (in terms of the cumulative total of FY2021–FY2022) is as follows. All of the indicators performed well, and the Company will make steady efforts to realize the Medium-term Business Strategy.

(Progress of the Medium-term Business Strategy)

	FY2021–FY2022 (Cumulative total)	Medium-term business period (FY2021–FY2025)
Consolidated revenue growth (CAGR)	8%	5–6%
Revenue growth in focus areas (CAGR)	14%	10% or higher
Investment to strengthen business infrastructure	28.1 billion yen	50.0–75.0 billion yen (10.0–15.0 bn yen per year)
Investments to accelerate DX	6.5 billion yen	10.0–15.0 billion yen (2.0–3.0 bn yen per year)

Specific initiatives for focus areas and growth investment are as follows:

(Progress by focus area)



Revenue from the focus areas amounted to 125.0 billion yen for FY2022, up 14% from 97.0 billion yen for FY2020.

During FY2023, the Group will take on the following initiatives in each of the focus areas.

- Digital transformation (DX) in manufacturing industry
 - Develop business in the data utilization field cultivated through projects for Nippon Steel Corporation

- Digital platformer
Promote a shift of internal human resources and external growth measures to enhance capabilities to respond to continued strong willingness to make IT investment
- Digital workplace solutions
Further enhance and strengthen range of solutions
- IT outsourcing
Strengthen design capabilities for envisaging ideals of, and IT governance in, infrastructure operation to respond to the increasing complexity and sophistication of IT environments and requirements

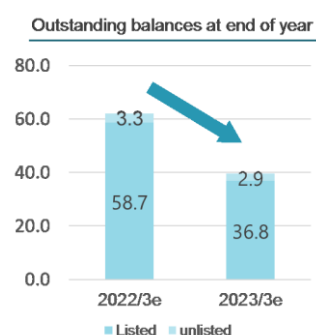
(Growth investment)

Specific initiatives for growth investment are as follows:

Item	Description
Investments to strengthen business infrastructure	<ul style="list-style-type: none"> • Development of IT environment • Investment in private cloud services
Investments to accelerate DX	<ul style="list-style-type: none"> • Intensive development of DX talent • Development of new solutions including: <ul style="list-style-type: none"> - DATAOPTERYX, an integrated data management platform - FINARCH, services for financial institutions to optimize the use of the cloud - NAYASAPO, a career reflection tool to improve employee engagement
M&A and other investments / financing	<p>Investments with the aims of promoting DX, accelerating growth of the focus areas, and strengthening our production structure</p> <ul style="list-style-type: none"> • Strengthening of organizational capability for DX through equity participations in Arithmer, Inc., a company with advanced mathematical AI technology; and ESTYLE, Inc., a company with high consulting capabilities and technical expertise in data science • Expansion of resources for development and operation through an equity participation in Human Creation Holdings Inc., a company with a pool of DX human resources • Expansion of the market share • Entry into a new market through an equity participation in Round Two Solutions Co., Ltd., a company providing SAP solutions in the Southeast Asian region

Since the announcement of the “Notice for Establishment of an Estimated Selling Amount of Cross-Shareholdings with the Aim to Secure Funds for Growth Investments” disclosed in April 2022, the Company has been selling cross-holding shares to secure funds for growth investments.

The balance of cross-holding shares as of March 31, 2023 reduced to 36.8 billion yen of listed shares and 2.9 billion yen of unlisted shares.








b. Promotion of sustainability management

In the promotion of sustainability management, we have organized our value creation process based on our goals to achieve the purpose of our existence in society, defined the following five material issues, and are working to address them.

- Solve social issues through IT
- Provide a stable supply of IT services as social infrastructure
- Create opportunities for diverse individuals to play active roles
- Reduce environmental impact
- Pursue governance and compliance as a trusted member of society

Our initiatives of sustainability management by material issue are as follows:

(Initiatives by material issue)

Materiality	Activities	Relevant SDGs
Solve social issues through IT	<ul style="list-style-type: none"> • The company is also developing an integrated data utilization platform that utilizes AI and data science to speed up new drug development. • Contributing to work safety management using IoT devices. • Providing M3DaaS, a virtual desktop environment with the No.1 market share for 10 consecutive years, makes remote work more secure and comfortable. • Contributing to a paperless work environment with CONTRACTHUB, an electronic contract service. 	
Provide a stable supply of IT services as social infrastructure	<ul style="list-style-type: none"> • Provide robust and efficient IT services by applying cutting-edge technologies such as cloud-native. 	
Create opportunities for diverse individuals to play active roles	<ul style="list-style-type: none"> • The company will also introduce as system of pay for key personnel roles and a mandatory retirement age of 65, as well as a system of dual/secondary employment, and expand remote work to enable employees to work from home in remote areas. • Engagement survey and PDA cycle for workplace dialogue. • Women’s activities (Platinum Kurumin), LGBTQ+ (PRIDE Gold). • Human rights policy and the multi-stakeholder policy established. • NSSOL Academy for autonomous learning and development of core human resources. 	
Reduce environmental impact	<ul style="list-style-type: none"> • Provide cloud services through highly energy-efficient data centers. • Expansion of the scope of the environmental management system, introduction of green electricity, and calculation of greenhouse gas Scope 3. 	
Pursue governance and compliance as a trusted member of society	<ul style="list-style-type: none"> • Enforce the NSSOL Group’s Code of Conduct, “Global Business Conduct.” • Reinforcement of the risk management system. 	

c. Thorough risk management

For risk management that supports business growth, the Company will continue to strive for the penetration and firm establishment of measures to prevent a recurrence of the case of certain of the Company's recorded purchase and resale of goods transactions announced in February 2020. Based on the rebuilt internal control PDCA, individual divisions will promote risk management activities linked to medium-term and annual business plans, and confirm and update their recognition of material risks in light of the comprehensive risk framework. Based on these actions, the individual departments will continue to engage in activities for the further strengthening of risk management process and the penetration and firm establishment of those processes across the entire Group, such as establishing rules for risk control and monitoring their implementation and taking measures to improve risk sensitivity. The Company will also strive to comply with laws, regulations, and rules to act with high ethical standards through the communication of messages from top management and compliance training for employees.

The Company will continue to place efforts into responses to various risks that it recognizes as material risks, such as risks in system-building projects, service business, information security, and labor management.

Regarding system-building projects, the Company has rebuilt and begun operating its project risk management framework in light of the expansion of project scales and the reality of increasingly complex and sophisticated projects. We will continue to strive for the early detection of and early response to risks.

Regarding service business risks, the Company will continue to strengthen its risk monitoring as well as response capabilities by performing drills to prepare for severe disruptions, among other measures.

Regarding information security, the Company will revise rules and guidelines, streamline business processes to prevent errors and reduce workload, and further improve security levels through e-learning and incident training; let alone take system implementation measures such as anti-virus measures, implementation of EDR (Endpoint Detection and Response) solutions, and multi-factor authentication.

Regarding labor management risks, the Company will properly ascertain and manage the actual situation of employees' working conditions and work to reduce workloads by promoting the standardization and systematization of work processes. Regarding harassment risk, the Company will strive for the thorough prevention of harassment by continuing activities to raise employee awareness, thoroughly educating employees, and reinforcing the use of the helpline.

The Company will work to maintain and strengthen its business continuation response capabilities against various risks such as natural disasters, including large-scale earthquakes and storm and flood damage. In terms of business continuity risk, the Company will continue to strengthen response capability with various measures. This includes implementation of regular disaster drills and the development of safety confirmation systems based on the business continuity plan (BCP), the expansion of decentralized development systems in Japan and overseas through the use of the cloud-based in-house development environment platform, "TetraLink."

d. Enhancement of management structure

We have adopted the system of a company with an Audit & Supervisory Committee, with the aim of further enhancing corporate governance by increasing the speed of decision-making, enhancing discussions on management policies and other matters at Board of Directors' meetings, and strengthening the supervisory function of the Board of Directors.

The Company stipulates in its Articles of Incorporation that the number of Directors should be no more than

13, three (3) of whom will be Directors who are Audit & Supervisory Committee Members. Currently, the Company elects 13 Directors, and the composition of the Board of Directors as a whole should be optimized in consideration of the balance of experience, insight and expertise as well as diversity, such as gender and internationality. The ratio of Outside Directors on the Board of Directors exceeds one-third (5 out of 13), and efforts have been made to ensure objectivity in multifaceted discussions and decision-making of the Board of Directors and to strengthen its supervisory function over management.

The Company will continue to work on enhancing corporate governance centered on the Board of Directors, such as improving the operation of the Board of Directors, by incorporating issues identified in evaluation of the effectiveness of the Board of Directors and diversity, including gender. In this way, the Company will strive for sustainable growth and the enhancement of medium- to long-term corporate value of the Group.

(5) Trends in Assets and Income

a. The NSSOL Group

(Millions of yen, unless otherwise specified.)

	40th fiscal year ended March 31, 2020	41st fiscal year ended March 31, 2021	42nd fiscal year ended March 31, 2022		43rd fiscal year ended March 31, 2023 (Fiscal year under review)
	Japanese GAAP	Japanese GAAP	Japanese GAAP	IFRS	IFRS
Net sales/Revenue	274,843	251,992	270,332	270,332	291,688
Operating profit	28,387	24,549	29,815	29,886	31,738
Ordinary profit	28,275	25,101	30,811	—	—
Profit attributable to owners of parent	18,552	16,982	19,977	20,521	22,000
Profit per share/Basic earnings per share (yen)	202.76	185.60	218.33	224.27	240.46
Total assets	240,448	272,223	296,790	325,764	319,908
Net assets/Total equity	155,392	186,128	203,429	204,569	207,800

Notes: 1. From the fiscal year under review, the Company prepared the consolidated financial statements in accordance with IFRS. For reference, figures in accordance with IFRS for the 42nd fiscal year are also presented.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards from the beginning of the 42nd fiscal year.

b. The Company

(Millions of yen, unless otherwise specified.)

	40th fiscal year ended March 31, 2020	41st fiscal year ended March 31, 2021	42nd fiscal year ended March 31, 2022	43rd fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales	238,423	217,362	235,519	253,658
Operating profit	21,360	18,517	23,178	25,296
Ordinary profit	22,967	20,642	25,945	27,165
Profit	17,225	15,292	18,079	21,566
Profit per share (yen)	188.25	167.13	197.59	235.71
Total assets	231,148	262,887	286,431	285,300
Net assets	125,938	154,708	169,124	169,090

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 42nd fiscal year.

(6) Material Matters Concerning the Parent Company and Subsidiaries

a. Material matters concerning the parent company

(i) Nippon Steel Corporation is the parent company of the Company and owns 58,033,800 shares of the Company (63.4% voting rights).

(ii) Business transactions with the parent company

(a) Particulars of the transactions to be given due consideration so as not to harm the interests of the Company

The parent company entrusts the Company with building internal information systems and with the work of operating and maintaining those systems. Prices and other transaction conditions are reasonably determined with reference to the conditions of contracts with other customers and market prices.

The Company also deposits funds with the parent company based on rational judgment in consideration of market interest rates and other factors.

For material transactions and actions with the parent company, the Company forms a Parent Company Transactions Deliberation Committee, all of whose members are Independent Outside Directors, every time such a transaction or action arises. The committee conducts its deliberations and considerations, and the Board of Directors makes a decision based on the results of those deliberations.

(b) Judgement of the Board of Directors as to whether such transactions may harm the Company's interest or not and the reasons therefor

The Board of Directors has judged that its transactions with the parent company were made under the same conditions as general transactions of the Company and that they do not harm the interests of the Company.

(c) If the judgement of the Board of Directors differs from the opinion of the Outside Directors, such opinion

Not applicable.

b. Material matters concerning subsidiaries

Company name	Head office	Capital (Million yen)	Ownership ratio (%)	Main business
Hokkaido NS Solutions Corporation	Muroran-shi, Hokkaido	80	100.0	Development, operation and maintenance, etc. of information systems
East Japan NS Solutions Corporation	Chuo-ku, Tokyo	98	100.0	Development, operation and maintenance, etc. of information systems
NS Solutions Chubu Corporation	Tokai-shi, Aichi	60	100.0	Development, operation and maintenance, etc. of information systems
NS Solutions Kansai Corporation	Osaka-shi, Osaka	70	100.0	Development, operation and maintenance, etc. of information systems
Kyushu NS Solutions Corporation	Fukuoka-shi, Fukuoka	90	100.0	Development, operation and maintenance, etc. of information systems
NSSLC Service Corporation	Chuo-ku, Tokyo	250	100.0	Operation and maintenance, etc. of information systems
Network Value Components Ltd.	Ota-ku, Tokyo	381	100.0	Sales and maintenance, etc. of network security-related products
NS Financial Management Consulting, Inc.	Minato-ku, Tokyo	45	100.0	Consulting, etc. for financial institutions

Company name	Head office	Capital (Million yen)	Ownership ratio (%)	Main business
Financial Engineering Group, Inc.	Chuo-ku, Tokyo	99	100.0	Consulting, etc. for financial institutions
Act.	Chuo-ku, Tokyo	10	100.0	Various IT-based services, Group company support business, etc.
NCI Systems Integration, Inc.	Nakano-ku, Tokyo	300	51.0	System solution business, etc.
Nittetsu Hitachi Systems Engineering, Inc.	Chuo-ku, Tokyo	250	51.0	System solution business, etc.
NS Solutions (Shanghai) Co., Ltd.	Shanghai, China	5,100,000 USD	93.8	Development, operation and maintenance, etc. of information systems
NS Solutions Asia Pacific Pte. Ltd.	Singapore	400,000 SGD	100.0	Development, operation and maintenance, etc. of information systems
Thai NS Solutions Co., Ltd.	Bangkok, Thailand	120 million THB	100.0	Development, operation and maintenance, etc. of information systems
PT. NSSOL SYSTEMS INDONESIA	Jakarta, Indonesia	2,500,000 USD	100.0	Development, operation and maintenance, etc. of information systems
PT. Sakura System Solutions	Jakarta, Indonesia	5.8 billion Rp	51.1	Development, operation and maintenance, etc. of information systems
NS Solutions USA Corporation	San Mateo, United States	300,000 USD	100.0	Development, operation and maintenance, etc. of information systems, market research, etc.
NS Solutions IT Consulting Europe Ltd.	London, United Kingdom	400,000 GBP	100.0	Development, operation and maintenance, etc. of information systems

Notes: 1. Calculation of ownership ratios includes indirect holdings through subsidiaries.
2. Nittetsu Hitachi Systems Engineering, Inc. was renamed to NIPPON STEEL Hitachi Systems Solutions, Inc. effective on April 1, 2023.

(7) Principal Business

	Details of business
Business Solutions	Provide solutions covering entire system life cycle to meet customers' needs, based on abundant knowledge and experience related to business and operations
Service Solutions	Provide full outsourcing services related to services and information systems, mainly for systems infrastructure that meets mission critical demands

(8) Principal Business Locations

- a. Head office: Minato-ku, Tokyo
- b. Business offices: Hokkaido Regional Office (Muroran-shi, Hokkaido), Chubu Regional Office (Nagoya-shi, Aichi), Kansai Regional Office (Osaka-shi, Osaka), Kyushu Regional Office (Fukuoka-shi, Fukuoka), Systems Research & Development Center (Yokohama-shi, Kanagawa)
- c. Other business offices: Refer to “(6) Material Matters Concerning the Parent Company and Subsidiaries b. Material matters concerning subsidiaries” above.

(9) Employees

Number of employees of the NSSOL Group	Change from the end of the previous fiscal year
7,458	An increase of 315 employees

Note: The number of employees represents the number of employees working in the business. Temporary workers are not included as their total number is less than 10% of the total number of employees.

(10) Major Lenders

Not applicable.

(11) Acts of Reorganization, etc.

Not applicable.

(12) Other Material Matters Regarding the Status of the NSSOL Group

Not applicable.

2. Status of Shares

- (1) Total Number of Shares Authorized to Be Issued 423,992,000 shares
(2) Total Number of Issued Shares 91,501,000 shares of common stock
(including 4,845 treasury shares)
(3) Number of Shareholders 6,131
(4) Top 10 Shareholders

Name of shareholders	Investment in the Company	
	Number of shares held	Percentage of ownership (%)
Nippon Steel Corporation	58,033,800	63.42
The Master Trust Bank of Japan, Ltd. (trust account)	5,705,100	6.23
JPMorgan Chase Bank 385632 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	3,689,646	4.03
Custody Bank of Japan, Ltd. (trust account)	3,039,800	3.32
NS Solutions Employee Stock Ownership Association	2,054,125	2.24
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1,420,638	1.55
State Street Bank and Trust Company 505103 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1,108,967	1.21
CEP LUX-ORBIS SICAV (Standing proxy: Citibank, N.A., Tokyo Branch)	924,600	1.01
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing proxy: Citibank, N.A., Tokyo Branch)	817,150	0.89
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	668,485	0.73

Notes: 1. Percentage of ownership is calculated based on the total number of shares issued excluding 4,845 treasury shares.

2. According to the statement of large-volume holdings made available for public inspection on February 6, 2023, 4,643,700 shares (percentage of ownership: 5.08%) of the Company were held by MFS Investment Management K.K. as of January 31, 2023. However, the Company did not include such information in the table above because it was not able to confirm the number of shares effectively held by the company as of March 31, 2023.

- (5) Shares Delivered to Directors of the Company as Compensation for the Execution of Their Duties during the Fiscal Year Under Review

The details of the share-based compensation granted during the fiscal year under review are as follows.

	Number of shares	Number of eligible Directors
Directors (excluding Directors who are Audit & Supervisory Committee Members)	4,030 shares	6

Note: The details of the share-based compensation of the Company are as stated in 4. (2) Compensation, etc. for Directors in the Fiscal Year Under Review.

(6) Other Material Matters Regarding Shares

Not applicable.

3. Matters Regarding Share Acquisition Rights

Not applicable.

4. Company Officers

(1) Directors

a. As of March 31, 2023

Name	Position and responsibility	Significant concurrent positions
Hiroyuki Morita	Representative Director & President	
Takashi Oshiro	Executive Director and Senior Vice President in charge of Telecom Solutions Unit, Public Sector System Solutions Unit, IT Infrastructure Solutions & Service Units, and Digital Technology & Solution Unit	
Atsuki Matsumura	Executive Director and Senior Vice President in charge of Manufacturing Industry Digital Transformation Center, Industrial Business System Solutions Units, Steelmaking System Solutions Units, and IoX Solution Business Promotion Department	
Kazuhiko Tamaoki	Executive Director and Managing Executive Officer in charge of Corporate Administration Bureau, Corporate Planning & Strategic Alliance Department, Accounting & Finance Department, Legal & Intellectual Property Department, Human Resources Bureau, and Internal Control & Audit Department	
Katsuhiko Yoshida	Executive Director and Senior Executive Officer in charge of Digital Transformation & Innovation Center, and Technology Bureau	
Masunao Kuroki	Executive Director and Senior Executive Officer in charge of Retail & Service Business System Solutions Units, Financial System Solutions Units, and Sales Management Bureau	
Yaichi Aoshima	Executive Director	Director of Institute of Innovation Research, Hitotsubashi University Outside Director of Techpoint, Inc.
Atsuko Ishii	Executive Director	Outside Director of Mitsui Sumitomo Insurance Company, Limited Outside Director (Audit & Supervisory Committee Member) of Kawasaki Heavy Industries, Ltd.
Ichiro Ishii	Executive Director	Advisor of Deloitte Tohmatsu LLC Outside Director of NOHMI BOSAI LTD. Outside Director of Terra Motors Corporation Representative Director of troisH Co., Ltd.

Name	Position and responsibility	Significant concurrent positions
Hirofumi Funakoshi	Director	Managing Executive Officer of Nippon Steel Corporation
Masayuki Takahara	Director (Full-time Audit & Supervisory Committee Member)	
Tetsuro Higuchi	Director (Audit & Supervisory Committee Member)	Representative Director of Higuchi CPA Office
Shuichiro Hoshi	Director (Audit & Supervisory Committee Member)	Professor, Faculty of Law of Tokyo Metropolitan University

- Notes: 1. Directors Mr. Yaichi Aoshima, Ms. Atsuko Ishii, Mr. Ichiro Ishii, Mr. Tetsuro Higuchi, and Mr. Shuichiro Hoshi are Outside Directors.
2. The Company has notified the Tokyo Stock Exchange of the appointment of Directors Mr. Yaichi Aoshima, Ms. Atsuko Ishii, Mr. Ichiro Ishii, Mr. Tetsuro Higuchi, and Mr. Shuichiro Hoshi as independent officers as stipulated by provisions of the Exchange.
3. Director (Audit & Supervisory Committee Member) Mr. Tetsuro Higuchi is a qualified certified public accountant and possesses considerable knowledge of finance and accounting.
4. The Company has appointed Mr. Masayuki Takahara as Full-time Audit & Supervisory Committee Member to ensure the effectiveness of audits.
5. The Company has entered into a limited liability agreement with the Directors (excluding Executive Directors or equivalents) under Article 427, Paragraph 1 of the Companies Act to the effect that any liability for damages owed to the Company by a Director as a result of the Director's neglect of his or her duties is limited to an amount that can be reduced in accordance with Article 425, Paragraph 1 of the Companies Act, if the Director has acted in good faith and without gross negligence in performing his or her duties.
6. The Company has entered into an agreement with each Director to indemnify them for costs set forth in Article 430-2, Paragraph 1 (1) of the Companies Act and losses set forth in Article 430-2, Paragraph 1 (2) to the extent provided for by laws and regulations. This agreement provides that the Company will have no obligation to compensate each Director's costs in the event that the Company pursues each Director's liability (excluding in cases of shareholder litigation) or for costs in the event of the Director's bad faith or gross negligence in performing his or her duties.

b. As of April 1, 2023

The current status of Directors are as follows due to changes in their position and responsibility on April 1, 2023.

Name	Position and responsibility	Significant concurrent positions
Kazuhiko Tamaoki	Representative Director & President	
Atsuki Matsumura	Executive Director and Senior Vice President in charge of Manufacturing Industry Digital Transformation Center, Industrial Business System Solutions Units, Steelmaking System Solutions Units, and Technology Bureau	
Masunao Kuroki	Executive Director and Senior Executive Officer in charge of Digital Solution & Consulting Unit, Retail & Service Business System Solutions Units, Financial System Solutions Units, and Sales Planning & Management Bureau	
Hiroyuki Morita	Executive Director and Senior Advisor	
Takashi Oshiro	Executive Director, Assistant to President	
Katsuhiko Yoshida	Executive Director, Assistant to President	
Yaichi Aoshima	Director	Director of Institute of Innovation Research, Hitotsubashi University Outside Director of Techpoint, Inc.
Atsuko Ishii	Director	Outside Director of Mitsui Sumitomo Insurance Company, Limited Outside Director (Audit & Supervisory Committee Member) of Kawasaki Heavy Industries, Ltd.
Ichiro Ishii	Director	Advisor of Deloitte Tohmatsu LLC Outside Director of NOHMI BOSAI LTD. Outside Director of Terra Motors Corporation Representative Director of troisH Co., Ltd.
Hirofumi Funakoshi	Director	Executive Vice President of Nippon Steel Corporation
Masayuki Takahara	Executive Director (Full-time Audit & Supervisory Committee Member)	
Tetsuro Higuchi	Executive Director (Audit & Supervisory Committee Member)	Representative Director of Higuchi CPA Office
Shuichiro Hoshi	Executive Director (Audit & Supervisory Committee Member)	Professor, Faculty of Law of Tokyo Metropolitan University

- Notes: 1. Directors Mr. Yaichi Aoshima, Ms. Atsuko Ishii, Mr. Ichiro Ishii, Mr. Tetsuro Higuchi, and Mr. Shuichiro Hoshi are Outside Directors.
2. The Company has notified the Tokyo Stock Exchange of the appointment of Directors Mr. Yaichi Aoshima, Ms. Atsuko Ishii, Mr. Ichiro Ishii, Mr. Tetsuro Higuchi, and Mr. Shuichiro Hoshi as independent officers as stipulated by provisions of the Exchange.
3. Director (Audit & Supervisory Committee Member) Mr. Tetsuro Higuchi is a qualified certified public accountant and possesses considerable knowledge of finance and accounting.
4. The Company has appointed Mr. Masayuki Takahara as Full-time Audit & Supervisory Committee Member to ensure the effectiveness of audits.
5. The Company has entered into a limited liability agreement with the Directors (excluding Executive Directors or equivalents) under Article 427, Paragraph 1 of the Companies Act to the effect that any liability for damages owed to the Company by a Director as a result of the Director's neglect of his or her duties is limited to an amount that can be reduced in accordance with Article 425, Paragraph 1 of the Companies Act, if the Director has acted in good faith and without gross negligence in performing his or her duties.
6. The Company has entered into an agreement with each Director to indemnify them for costs set forth in Article 430-2, Paragraph 1 (1) of the Companies Act and losses set forth in Article 430-2, Paragraph 1 (2) to the extent provided for by laws and regulations. This agreement provides that the Company will have no obligation to compensate each Director's costs in the event that the Company pursues each Director's liability (excluding in cases of shareholder litigation) or for costs in the event of the Director's bad faith or gross negligence in performing his or her duties.

(2) Compensation, etc. for Directors in the Fiscal Year Under Review

- a. Total amount of compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members

Category	Total amount of compensation (Million yen)	Total amount of compensation by type (Million yen)			Number of recipients
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding Directors who are Audit & Supervisory Committee Members)	298	189	95	13	10
(of which, Outside Directors)	30	30	–	–	3
Directors who are Audit & Supervisory Committee Members	44	44	–	–	3
(of which, Outside Directors)	20	20	–	–	2

- b. Matters concerning performance-linked compensation

The performance-linked compensation consists of short-term performance-linked compensation and medium- to long-term performance-linked compensation. The short-term performance-linked compensation is linked to profit attributable to owners of parent for the fiscal year under review and the growth rate of profit attributable to owners of parent compared with that for the previous fiscal year. These indicators are chosen to directly and timely reflect consolidated earnings on executive compensation. The medium- to long-term performance-linked compensation consists of the share-based compensation with restriction on transfer and a medium- to long-term performance-linked monetary compensation corresponding to evaluation of efforts for materiality toward realization of sustainability management.

Profit attributable to owners of parent on a consolidated basis, including that for the fiscal year under review, is as stated in 1. (5) Trends in Assets and Income.

c. Details of non-monetary compensation, etc.

The Company have introduced a plan of share-based compensation with restriction on transfer (hereinafter referred to as the “Plan”) to provide incentives for the Directors to encourage them to make continuous efforts to improve corporate value of the Company as well as to promote further sharing of our values with our shareholders.

The total amount of compensation to be paid to subject Directors for granting shares with restriction on transfer under the Plan will be limited to 25 million yen per year, which is separate from the current limit of compensation for Directors. The total number of common shares of the Company to be issued or disposed of under the Plan is set to be 17,000 shares or less per year.

The overview of the share-based compensation with restriction on transfer paid in the fiscal year under review is as follows. The amount paid in per share was determined to be 3,445 yen, which was the closing price of common shares of the Company on the Tokyo Stock Exchange on June 20, 2022 (the business day immediately preceding the day of the Board of Directors’ resolution) to eliminate arbitrariness from the decision-making process.

Transfer-restricted period

The transfer-restricted period is from the delivery date of the shares with restriction on transfer to the date when the subject Director forfeits position of Director of the Company or any other position specified by the Board of Directors.

The subject Director shall not transfer, pledge, or otherwise dispose of the allotted shares from July 21, 2022 (date of payment) until the date when the subject Director forfeit a position of both Director and Executive Officer of the Company.

Conditions for canceling the transfer restriction

Under the condition that the subject person has continuously been in a position of either Director or Executive Officer of the Company from July 1, 2022 to March 31, 2023 (hereinafter referred to as the “Service Period”), the Company shall cancel the transfer restriction for all of the allotted shares as of the expiration of the transfer-restricted period; provided, however, if said subject person forfeits any position set forth above before the expiration of the Service Period, the number of months from July 2022 to the month including the date of such forfeiture divided by 9 at the time of expiration of the transfer-restricted period (however, if it exceeds 1, it shall be deemed as 1.) multiplied by the number of the allotted shares (however, as a result of the calculation, any fraction below 1 share shall be rounded down) shall be the number of the shares for the restriction to be canceled.

d. Matters concerning the resolution of the Annual General Meeting of Shareholders regarding compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members

The maximum amount of compensation for the Company’s Directors (excluding Directors who are Audit & Supervisory Committee Members) was resolved, at the 41st Annual General Meeting of Shareholders held on June 18, 2021, to be 350 million yen per year (including 35 million yen per year for Outside Directors). At the end of this Annual General Meeting of Shareholders, there will be ten (10) members (including three (3) Outside Directors for the above to be applied to.

In addition, separately from the above compensation limit, it was resolved to introduce a share-based compensation plan with restriction on transfer at the 42nd Annual General Meeting of Shareholders held on June 21, 2022, where Directors excluding Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) shall receive restricted stock compensation. The total amount of compensation to be paid for granting shares with restriction on transfer shall be within 25 million yen per year with the total number of common shares to be issued or disposed of under the Plan being within 17,000 shares per year. At the end of this Annual General Meeting of Shareholders, there will be ten (10) members (including three (3) Outside Directors) for the Plan to be applied to.

It was resolved at the 41st Annual General Meeting of Shareholders held on June 18, 2021 that the amount of monetary compensation for Directors who are Audit & Supervisory Committee Members of the Company

shall be within 54 million yen per year. At the time of the conclusion of this Annual General Meeting of Shareholders, the number of members for this to be applied to will be three (3).

e. Policy for determining the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

(i) Determination method of policy for determining the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

The Company has established a policy for determining the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) (hereinafter “Determination Policy”). Specifically, the Determination Policy is established by resolution of the Board of Directors after deliberation by the HR and Remuneration Committee, consisting of the Representative Director & President (Mr. Hiroyuki Morita), an internal Director (Mr. Kazuhiko Tamaoki) and three Independent Outside Directors (Mr. Yaichi Aoshima, Ms. Atsuko Ishii, and Mr. Ichiro Ishii), from the perspective of the improvement of transparency and objectivity.

(ii) Overview of details of Determination Policy

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members), excluding Outside Directors, consists of fixed compensation by position that is prescribed in accordance with roles and responsibilities of each Director (excluding Directors who are Audit & Supervisory Committee Members) and a performance-linked compensation.

The performance-linked compensation consists of short-term performance-linked compensation and medium- to long-term performance-linked compensation. The short-term performance-linked compensation is linked to profit attributable to owners of parent for the fiscal year under review and the growth rate of profit attributable to owners of parent compared with that for the previous fiscal year. The medium- to long-term performance-linked compensation consists of the share-based compensation with restriction on transfer and a medium- to long-term performance-linked monetary compensation corresponding to evaluation of efforts for materiality toward realization of sustainability management. In addition, the actual amount to be paid is calculated in consideration of evaluation by the Representative Director & President concerning performance in areas of which each Director (excluding Directors who are Audit & Supervisory Committee Members) is in charge (within 5% of each amount of compensation by position).

The compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) is fixed compensation only.

(iii) Reasons why the Board of Directors judged that the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) for the fiscal year under review are in line with the Determination Policy

In determining the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members), from the perspective of transparency and objective, the HR and Remuneration Committee, the majority of whose members are Independent Outside Directors, has conducted deliberations, including regarding consistency with the Determination Policy. For this reason, the Board of Directors respects the results of those deliberations and has judged the details of compensation, etc. to be aligned with the Determination Policy.

f. Policy for determining the details of compensation, etc. for individual Directors who are Audit & Supervisory Committee Members

From the perspective of prioritizing independence and objectivity toward management, compensation for Directors who are Audit & Supervisory Committee Members is fixed compensation, and the amount of compensation for each of Directors who are Audit & Supervisory Committee Members is determined by consultation with Directors who are Audit & Supervisory Committee Members.

- g. Matters concerning delegation of determination of the details of compensation, etc. for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

For the fiscal year under review, the Board of Directors resolved at a meeting held on June 21, 2022 to delegate the determination of the actual amounts of compensation to be paid to individual Directors (excluding Directors who are Audit & Supervisory Committee Members) to the Representative Director & President, Mr. Hiroyuki Morita. The details of that authority are the determination of specific compensation in consideration of evaluation by Mr. Morita concerning performance (within 5% of each amount of compensation by position), and Mr. Morita is to determine the specific compensation pursuant to that authority. The reason for delegating that authority to Mr. Morita is that the Representative Director & President is the most suitable person to evaluate each Director (excluding Directors who are Audit & Supervisory Committee Members), while taking a broad overview of the entire Company.

(3) Matters Concerning Outside Officers

a. Significant concurrent positions

- Outside Director Mr. Yaichi Aoshima is a faculty member at the Institute of Innovation Research, Hitotsubashi University and an Outside Director of Techpoint, Inc. The Company has no special relationship with either the Institute of Innovation Research of Hitotsubashi University or Techpoint, Inc.
- Outside Director Ms. Atsuko Ishii is an Outside Director of Mitsui Sumitomo Insurance Company, Limited and an Outside Director (Audit & Supervisory Committee Member) of Kawasaki Heavy Industries, Ltd. The Company has no special relationship with either Mitsui Sumitomo Insurance Company, Limited or Kawasaki Heavy Industries, Ltd.
- Outside Director Mr. Ichiro Ishii is an Advisor of Deloitte Tohmatsu LLC, an Outside Director of NOHMI BOSAI LTD., an Outside Director of Terra Motors Corporation, and a Representative Director of troisH Co., Ltd. The Company has no special relationship with either Deloitte Tohmatsu LLC, NOHMI BOSAI LTD., Terra Motors Corporation, or troisH Co., Ltd.
- Outside Director (Audit & Supervisory Committee Member) Mr. Tetsuro Higuchi is the Representative Director of Higuchi CPA Office. The Company has no special relationship with Higuchi CPA Office.
- Outside Director (Audit & Supervisory Committee Member) Mr. Shuichiro Hoshi is a faculty member at the Faculty of Law of Tokyo Metropolitan University. The Company has no special relationship with Tokyo Metropolitan University.

- b. Relationship with the Company or with a specified associated service provider of the Company
Not applicable.

c. Principal activities

Category	Name	Overview of principal activities and duties performed concerning the roles expected of Outside Directors
Director	Yaichi Aoshima	Mr. Aoshima attended all of the 14 meetings of the Board of Directors held in the fiscal year under review. Leveraging his many years of academic experience as a research expert in the field of management strategy, he has provided useful comments for the management of the Company as required and made efforts in the supervision of the executive management team.
Director	Atsuko Ishii	Ms. Ishii attended all of the 14 meetings of the Board of Directors held in the fiscal year under review. Leveraging her abundant experience of many years and deep insight in the fields of employment and labor, she has provided useful comments for the management of the Company as required and made efforts in the supervision of the executive management team.
Director	Ichiro Ishii	Mr. Ishii attended all 14 meetings of the Board of Directors held in the fiscal year under review. Leveraging his abundant global experience and insight in corporate management, he has provided useful comments for the management of the Company as required and made efforts in the supervision of the executive management team.
Director (Audit & Supervisory Committee Member)	Tetsuro Higuchi	Mr. Higuchi attended all of 14 meetings of the Board of Directors and all of 18 meetings of the Audit and Supervisory Committee held in the fiscal year under review. He has provided useful remarks regarding the Company's management as appropriate utilizing his abundant auditing experience as a certified public accountant over many years.
Director (Audit & Supervisory Committee Member)	Shuichiro Hoshi	Mr. Hoshi attended all of 14 meetings of the Board of Directors and all of 18 meetings of the Audit and Supervisory Committee held in the fiscal year under review. He has provided useful remarks regarding the Company's management as appropriate utilizing his knowledge and experience over many years as a legal expert.

d. Total amount of compensation, etc. received from the Company's parent company or a subsidiary of the Company's parent company

Not applicable.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC (1-2 Tsukudo-cho, Shinjuku-ku, Tokyo)

Note: Some of the Company's consolidated overseas subsidiaries have received audits from audit firms other than the Company's Accounting Auditor.

(2) Accounting Auditor's Compensation, etc.

	Compensation amount
(i) Compensation, etc. as Accounting Auditor for the fiscal year	63 million yen
(ii) Compensation, etc. as Accounting Auditor for the fiscal year under review payable by the Company and its subsidiaries	73 million yen
(iii) Total cash and other financial benefits payable by the Company and its subsidiaries	76 million yen

Notes: 1. The audit agreements between the Company or its subsidiaries and the Accounting Auditor do not distinguish between the amount of Accounting Auditor's compensation, etc. being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act. As it is not practically possible to make such distinction, the amounts in (i) and (ii) include the compensation, etc. derived from the audit under the Financial Instruments and Exchange Act.

2. In addition to obtaining the necessary materials and reports from the Directors, relevant divisions within the Company, and the Accounting Auditor, the Audit & Supervisory Committee has confirmed the status of execution of the audit plan and audits in the previous fiscal year, the details of the audit plan for the fiscal year under review, the appropriateness of the audit framework and audit hours required and the estimates of compensation. As a result of that confirmation, the Committee has determined that the Accounting Auditor's compensation, etc. is of a reasonable level and has agreed to its payment.

(3) Details of Non-audit Services

As non-audit services other than services provided under Article 2 (1) of the Certified Public Accountants Act, the Company has engaged the Accounting Auditor for guidance and advice regarding its transition to the International Financial Reporting Standards (IFRS).

(4) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

Should there occur an event that would justify the dismissal of the Accounting Auditor or a significant obstacle to the Accounting Auditor's continuation of the audit, the Company's Audit & Supervisory Committee shall consider the dismissal or non-reappointment of the Accounting Auditor and take the necessary action pursuant to the Companies Act.

6. Systems and Policies of the Company

(1) Basic Policy on Internal Control Systems

Based on the NS Solutions Corporate Philosophy, the Company aims to continuously improve our corporate value and become a company that is trusted by society. In addition, to comply with relevant laws and ensure the reliability of its financial reports and the effectiveness and efficiency of its business processes, the Company has established the following internal control system (to ensure the appropriateness of business operations, etc.) and operates them appropriately. The Company also strives to make continuous improvements to those systems from the perspective of the further strengthening of corporate governance.

I. Matters required for the execution of duties by the Audit & Supervisory Committee

a. Matters concerning Directors and employees to assist the Company's Audit & Supervisory Committee in its duties

The Company has established an Audit & Supervisory Committee Office and assigns full-time employees (hereinafter "Staff Members of the Office") to support the duties of the Audit & Supervisory Committee and assist with the smooth execution of those duties. No Directors will be assigned to assist the Audit & Supervisory Committee in its duties.

b. Matters concerning the independence of Staff Members of the Office from other Directors (excluding Directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of the Audit & Supervisory Committee's direction of the Staff Members of the Office

The Staff Members of the Office shall work full-time for the Office and perform their duties under the direction of the Audit & Supervisory Committee. In addition, regarding the personnel transfer and evaluation, etc. of the Staff Members of the Office, the Director of the Human Resources Bureau shall consult with the Audit & Supervisory Committee in advance to ensure their independence from the executive divisions and the effectiveness of the Audit & Supervisory Committee's direction of the Staff Members of the Office.

c. System for Directors, employees, etc. of the Company and its subsidiaries to report to the Audit & Supervisory Committee

The Company's Directors (excluding Directors who are Audit & Supervisory Committee Members), Executive Officers, division heads, and other employees will report to the Audit & Supervisory Committee either directly or through the relevant department of the Company, such as the Internal Control & Audit Department, in a timely and appropriate manner in accordance with laws and regulations or the rules of the Company, on the status of the execution of duties, the status of the development and operation of internal control systems (including the status of the operation of internal whistleblowing systems; the same shall apply hereinafter), major accidents and incidents, and other matters related to risk management. They will also report on other material management issues to the Board of Directors, Corporate Management Committee, Internal Control Committee, and others, and share information with the Audit & Supervisory Committee.

In addition, the directors, corporate auditors, employees, etc. of Group companies of the Company will report to the Audit & Supervisory Committee either directly or through the relevant department of the Company, such as the Internal Control & Audit Department, in a timely and appropriate manner in accordance with laws and regulations or the rules of the Company, etc., on the status of the execution of duties by each Group company, the status of the development and operation of internal control systems, major accidents and incidents, and other matters related to risk management.

d. Systems to ensure that persons making reports referred to in the preceding section will not be treated unfavorably for having made such reports

Under the rules, etc. concerning internal whistleblowing, the Company will not treat unfavorably any

person who has made a report as stated in the preceding section to the Audit & Supervisory Committee for having made such a report.

- e. Matters concerning policies for the handling of expenses, etc. incurred for the execution of duties by Audit & Supervisory Committee Members

The Company will record in its budget such expenses recognized as necessary for the execution of duties by Audit & Supervisory Committee Members and will handle any requests for reimbursement of such expenses made by Audit & Supervisory Committee Members appropriately in accordance with the provisions of the Companies Act.

- f. Other systems for ensuring that audits by the Audit & Supervisory Committee are conducted effectively

The Director of the Internal Control & Audit Department of the Company will strive to coordinate closely with the Audit & Supervisory Committee, including meeting with the Committee on a regular basis and at other times as deemed necessary to exchange opinions on the status of the operation of the internal control systems and other matters. In addition, the Company will strive to develop an environment that enables the Committee to conduct audits in an organized and efficient manner.

- II. Systems to ensure that execution of duties by the Company's Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the appropriateness of the business operations of the corporate group consisting of the Company and its subsidiaries

- a. Systems to ensure that the execution of duties by the Company's Directors complies with laws and regulations and the Articles of Incorporation

The Board of Directors will make decisions or receive reports about important matters of management under the Rules of the Board of Directors and other rules.

Pursuant to decisions of the Board of Directors, Directors who execute business operations (hereinafter "Executive Directors") will perform their duties according to the business operations respectively assigned to them, supervise employees' execution of their duties, and report on the status of such supervision to the Board of Directors.

All relations with anti-social forces and organizations that threaten the order and safety of civic society are banned, and any unreasonable demands will be met with a resolute response.

- b. Systems for the preservation and management of information pertaining to the execution of duties by the Company's Directors

Various types of information pertaining to the execution of duties, including minutes of Board of Directors meetings, will be preserved and managed appropriately by the relevant department in charge of such management upon the establishment of preservation and management methods and the determination of that department in charge according to the degree of importance of the information, pursuant to internal rules that are in compliance with laws and regulations and the Articles of Incorporation.

In addition, the Company will strive to make timely and appropriate disclosures of material corporate information, including management plans and financial information, in accordance with methods provided in laws and regulations, etc.

- c. Rules and other systems concerning the loss-related risk management of the Company

The heads of each division will identify and assess risks associated with business in their respective divisions based on a risk assessment checklist and conduct risk control appropriate to the characteristics of each risk. They will also establish operational rules with regulations, manuals, etc. for the execution of business operations. The Internal Control & Audit Department and the functional units will monitor

the status of compliance with these rules and manuals to ascertain and assess the status of risk management in each division and provide advice and guidance.

In the event of an incident or situation that would have a significant impact on business management, a crisis response headquarters will be established, with the President as its director, to respond as necessary to minimize the damage, impact and other effects on the Company.

d. Systems to ensure efficiency in the execution of duties by the Company's Directors

The Board of Directors will make decisions on important executive matters, including management plans, business strategies, capital expenditure, and investment and loans, in accordance with the Rules of the Board of Directors, after such matters are deliberated in the respective company-wide deliberation bodies and the Corporate Management Committee.

Business operations based on decisions of the Board of Directors, etc. will be executed by the individual Executive Directors, Executive Officers, and heads of individual divisions, etc.

e. Systems to ensure that the execution of duties by the Company's employees complies with laws and regulations and the Articles of Incorporation

The Company will build and develop internal control systems based on autonomous internal control.

In addition to developing autonomous internal control systems for their respective divisions, the heads of each division will strive to ensure thorough compliance with laws, regulations, and rules, to prevent violations of laws and regulations relating to business operations. Furthermore, they will develop and enhance educational systems for employees, including holding regular workshops regarding compliance with laws, regulations, and rules and producing and distributing manuals. If they become aware of any acts or facts that may constitute a violation of laws and regulations, they will report it to the Director of the Internal Control & Audit Department without delay.

The Director of the Internal Control & Audit Department will confirm the status of development and operation of internal control systems across the entire Group, identify and evaluate the status of compliance with laws, regulations, and rules in each division, and take the necessary measures, such as measures to prevent violations of laws and regulations, etc. Furthermore, in addition to reporting these details to the Internal Control Committee, the Director of the Internal Control & Audit Department will report any material matters to the Corporate Management Committee and the Board of Directors. An internal whistleblowing system will also be established and operated to provide consultation and take reports regarding risks in the execution of business operations.

Employees are obligated to comply with laws, regulations, and rules and to perform their duties appropriately. Any employees who violate applicable laws and regulations, etc. will be subjected to strict punishment in accordance with the provisions of the Rules of Employment, etc.

f. Systems to ensure the appropriateness of business operations by the corporate group consisting of the Company and its parent company and subsidiaries

The Company and each of its subsidiaries will share business strategies and manage their business in a unified manner as a group under the NS Solutions Corporate Philosophy and thoroughly familiarize their employees with business operation policies and other related matters. The Company will set forth basic rules for the control of Group companies in the Rules for Control of Group Companies and work to ensure their appropriate application.

Group companies will build and develop internal control systems based on autonomous internal control and take various steps to enhance their measures related to internal control, including sharing information with the Company. Each responsible division will confirm the status of internal controls at each Group company and, where necessary, provide assistance in their improvement. For matters at and above a certain level of importance, including material matters that would have a significant impact on Group management, the responsible divisions will require each Group company to consult with and report to them in advance. They will also receive regular reports from the directors of each Group

company regarding the execution of business operations, important management issues, and other matters in an effort to understand the status of each company, and take any necessary actions in response.

The Director of the Internal Control & Audit Department will coordinate with the individual functional units to understand and evaluate the status of internal control of the Group as a whole, as well as providing guidance and advice to the individual responsible divisions and individual Group companies.

To ensure the appropriateness of the Company's business operations, as a member of the Nippon Steel Group, the Company shares the Nippon Steel Group's corporate philosophy and will conduct appropriate business operations, ensuring the independence of its management activities as a listed company. The terms and conditions of contracts and transactions with the Company's parent company will be decided in a reasonable manner in accordance with laws and regulations.

(2) Operating Status of Internal Control Systems

- a. Systems to ensure that the execution of duties by the Company's Directors complies with laws and regulations and the Articles of Incorporation and systems to ensure that the execution of duties by the Company's employees complies with laws and regulations and the Articles of Incorporation

The framework of the internal control systems of the Company is that, under the Basic Rules for Internal Control and on the basis of autonomous internal control activities at the responsibility of division heads, the Internal Control & Audit Department proposes basic policies for internal control systems, compiles the internal control activity plans developed by the individual divisions, formulates company-wide internal control plans, and pursues activities for the maintenance and improvement of internal controls, while the functional units set forth, maintain, and manage (including their improvement) company-wide rules and monitor the status of their implementation and compliance by individual divisions. The Internal Audit Group in the Internal Control & Audit Department then confirms and evaluates the status and results of such monitoring by conducting audits.

In FY2022, the Company continued its efforts for the penetration and firm establishment of recurrence prevention measures, etc. related to the case of certain of the Company's recorded purchase and resale of goods transactions announced in February 2020. In addition, based on the rebuilt internal control PDCA, the individual divisions promoted risk management activities linked to the medium-term and annual business plans, and engaged in activities for the further strengthening of risk management process and the penetration and firm establishment of those processes across the entire Group, such as confirming and updating their recognition of material risks in light of the comprehensive risk framework, establishing rules for risk control and monitoring their implementation, and taking measures to improve risk sensitivity.

The Internal Audit Group conducts internal audits of all Business Divisions, Common Departments, and subsidiaries in Japan and of overseas subsidiaries.

The Internal Control Committee, chaired by the President, deliberates on matters related to the maintenance and strengthening of internal control systems overall, including the evaluation of the implementation of internal control plans and internal control activities, and oversees the continuous improvement of internal control activities. In addition to the Internal Control Committee meetings, meetings of general managers in charge of internal control are regularly held to share information regarding internal control with divisions within the Company and with subsidiaries and to thoroughly familiarize them with policies for responding to individual risks.

The Board of Directors also confirms the status of the construction and implementation of internal control systems each fiscal year.

- b. Systems for the preservation and management of information pertaining to the execution of duties by the Company's Directors

The Company appropriately manages the minutes of Board of Directors meetings and Corporate Management Committee meetings and other records in accordance with laws and regulations and internal rules.

c. Rules and other systems concerning the loss-related risk management of the Company

Under the Basic Rules for Internal Control, the foundation of the Company's risk management is to recognize risks in the pursuit of business by each division and implement risk controls regarding the various risks inherent across the whole of its business activities. The functional units monitor the status of implementation and compliance by individual divisions. Through these activities, the Company strives for the continuous improvement of risk management activities.

Under the Risk Management Rules, in the event of a situation that would have a serious impact on management, a crisis response headquarters will be convened, headed by the President, and necessary actions will be taken.

The Company also conducts response training that envisages the occurrence of a serious incident and initial response and action training that envisages the occurrence of a large-scale earthquake, based on the earthquake disaster readiness BCP.

d. Systems to ensure efficiency in the execution of duties by the Company's Directors

The Board of Directors met 14 times and the Corporate Management Committee met 36 times in FY2022 to decide on important management matters under the Rules for Approval Authority.

e. Systems to ensure the appropriateness of business operations by the corporate group consisting of the Company and its parent company and subsidiaries

A report on transactions with the parent company is made to the Board of Directors every fiscal year, and judgment is made as to whether those transactions will harm the interests of the Company.

Regarding subsidiaries, under the Rules for Control of Group Companies, important matters are deliberated on and approved by either the Company's Board of Directors or the Corporate Management Committee.

f. Matters concerning employees who will assist the Company's Audit & Supervisory Committee in its duties in the event of a request by the Committee for the assignment of such employees

The Company has established an Audit & Supervisory Committee Office and assigned full-time employees who are assisting the Audit & Supervisory Committee in its duties. Those employees are independent from the execution of business operations and comply only with the directions and orders of the Audit & Supervisory Committee.

g. Matters concerning the independence from the Directors of the employees in the preceding section

Personnel transfers and evaluations of those employees are conducted upon prior consultation with the Audit & Supervisory Committee.

h. Systems for reporting to the Audit & Supervisory Committee by the Company's Directors and employees

Prior briefings are given to the Audit & Supervisory Committee regarding important matters for decision and other matters. The relevant divisions report to the Audit & Supervisory Committee where necessary regarding various issues related to business operations.

Regarding the details of reports made to the whistleblowing contact desk (helpline), the facts of such reports and the particulars of actions taken in response are reported to the Audit & Supervisory Committee on each occasion that such a report is made.

i. Systems for reporting to the Audit & Supervisory Committee by the directors, corporate auditors, and

employees of subsidiaries

Prior briefings are given to the Audit & Supervisory Committee regarding important matters for decision-making and other matters. The relevant divisions, such as the General Administration Department, report to the Audit & Supervisory Committee where necessary regarding various issues related to the business operations of subsidiaries.

- j. Systems to ensure that persons making reports to the Audit & Supervisory Committee will not be treated unfavorably for having made such reports

Under the Helpline Operation Rules, no person who makes a report to the Audit & Supervisory Committee has been treated unfavorably for having made such reports. Information about the internal whistleblowing system is communicated to employees through company newsletters and other means.

- k. Matters concerning policies for the advance payment and procedures for reimbursement of expenses, etc. incurred in the execution of duties by Audit & Supervisory Committee Members and other handling of expenses or liabilities incurred in the execution of those duties

The Company appropriately records expenses that will be incurred in the execution of duties by Audit & Supervisory Committee Members in the budget at the beginning of the fiscal year. For expenses paid on an urgent or extraordinary basis, the Company accommodates subsequent requests for reimbursement made by Audit & Supervisory Committee Members.

- l. Other systems to ensure that audits by the Audit & Supervisory Committee are conducted effectively
Audit & Supervisory Committee Members attend meetings of the Corporate Management Committee as well as the Board of Directors meetings, share business strategies and management issues, and audit the status of the execution of duties by the Directors.

Outside Director meetings are also held between the Outside Directors and the Audit & Supervisory Committee, where members exchange opinions about the status of the Company's audits and other matters with the Outside Directors.

(3) Policy Concerning Decisions on Distribution of Surplus, Etc.

The Company believes in the importance of maintaining and strengthening its competitiveness into the future and enhancing its corporate value. Regarding the allocation of profit, the Company's basic policy is to ensure appropriate and stable dividends to shareholders and the retention of internal reserves for business growth.

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

For the distribution of surplus with a record date of the last day of the fiscal year under review (March 31, 2023), the Company wishes to issue a dividend of 40.0 yen per share, an increase of 5.0 yen on its most recent dividend forecast. As a dividend of 35.0 yen per share was issued for the distribution of surplus with a record date of September 30, 2022, the annual total dividend will be 75.0 yen. This is an increase of 9.0 yen compared with the previous fiscal year (FY2021).

Regarding dividends, the Company places importance on return of profits in accordance with consolidated business performance and aims for a consolidated payout ratio of 30%.

The Company plans to issue a total annual dividend of 80.0 yen per share for the distribution of surplus in the next fiscal year.

Monetary amounts, numbers of shares, and other figures in this report have been rounded down to the stated unit.
Ratios have been rounded up or down to the nearest stated unit.

Consolidated Statement of Financial Position
(as of March 31, 2023)

(Millions of yen)

ASSETS		LIABILITIES	
Item	Amount	Item	Amount
Current assets:	207,383	Current liabilities:	72,619
Cash and cash equivalents	101,322	Trade and other payables	24,656
Trade and other receivables	65,822	Contract liabilities	16,282
Contract assets	14,059	Lease liabilities	7,242
Inventories	21,526	Other financial liabilities	1,145
Other financial assets	2,472	Income taxes payable	6,445
Other current assets	2,180	Provisions	526
Non-current assets:	112,525	Other current liabilities	16,320
Property, plant and equipment	18,661	Non-current liabilities:	39,489
Right-of-use assets	24,939	Lease liabilities	17,786
Goodwill	2,923	Other financial liabilities	216
Intangible assets	3,731	Retirement benefit liability	10,944
Investments accounted for using equity method	181	Provisions	3,111
Other financial assets	58,132	Deferred tax liabilities	3,352
Deferred tax assets	3,814	Other non-current liabilities	4,077
Other non-current assets	141	Total liabilities	112,108
		EQUITY	
		Equity attributable to owners of parent	200,523
		Share capital	12,952
		Capital surplus	9,951
		Retained earnings	153,016
		Treasury shares	(17)
		Other components of equity	24,620
		Non-controlling interests	7,277
		Total equity	207,800
Total assets	319,908	Total liabilities and equity	319,908

Note: Amounts less than one million yen are rounded down.

Consolidated Statement of Profit or Loss
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Revenue		291,688
Cost of sales		(225,752)
Gross profit		65,935
Selling, general and administrative expenses	(33,007)	
Share of profit (loss) of investments accounted for using equity method	18	
Other income	283	
Other expenses	(1,491)	
Operating profit		31,738
Finance income	582	
Finance costs	(219)	
Profit before tax		32,101
Income tax expense	(9,385)	
Profit		22,715
Profit attributable to:		
Owners of parent		22,000
Non-controlling interests		715

Note: Amounts less than one million yen are rounded down.

Non-consolidated Balance Sheet
(as of March 31, 2023)

(Millions of yen)

ASSETS		LIABILITIES	
Item	Amount	Item	Amount
Current assets:	195,262	Current liabilities:	98,484
Cash and deposits	2,455	Accounts payable - trade	20,008
Deposits paid	95,315	Lease obligations	1,235
Notes receivable - trade	277	Accounts payable - other	4,451
Accounts receivable - trade	57,553	Income taxes payable	5,079
Contract assets	13,765	Accrued consumption taxes	3,997
Securities	2,000	Contract liabilities	15,654
Work in process	20,434	Deposits received	40,763
Raw materials and supplies	128	Asset retirement obligations	50
Prepaid expenses	681	Provision for bonuses	6,773
Accounts receivable - other	1,101	Provision for loss on order received	141
Short-term loans receivable from subsidiaries and associates	260	Allowance for program product warranty	163
Other	1,289	Provision for loss on business withdrawal	161
Allowance for doubtful accounts	(0)	Other	4
Non-current assets:	90,037	Non-current liabilities:	17,725
Property, plant and equipment	19,321	Lease obligations	1,664
Buildings	8,029	Provision for retirement benefits	6,673
Structures	29	Provision for loss on business withdrawal	170
Tools, furniture and fixtures	6,817	Asset retirement obligations	2,775
Land	2,398	Deferred tax liabilities	3,514
Leased assets	1,584	Other	2,926
Construction in progress	461	Total liabilities	116,210
Other	0		
Intangible assets	4,625		
Software	3,701	Shareholders' equity:	145,752
Leased assets	923	Share capital	12,952
Other	0	Capital surplus	9,951
Investments and other assets	66,090	Legal capital surplus	9,950
Investment securities	49,751	Other capital surplus	0
Shares of subsidiaries and associates	9,778	Retained earnings	122,866
Investments in capital of subsidiaries and associates	444	Legal retained earnings	163
Long-term loans receivable from subsidiaries and associates	500	Other retained earnings	122,703
Long-term prepaid expenses	24	Retained earnings brought forward	122,703
Guarantee deposits	5,510	Treasury shares	(17)
Other	113	Valuation and translation adjustments	23,337
Allowance for doubtful accounts	(32)	Valuation difference on available-for-sale securities	23,337
Total assets	285,300	Total net assets	169,090
		Total liabilities and net assets	285,300

Note: Amounts less than one million yen are rounded down.

Non-consolidated Statement of Income
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Net sales		253,658
Cost of sales		203,132
Gross profit		50,525
Selling, general and administrative expenses		25,228
Operating profit		25,296
Non-operating income:		
Interest and dividend income	2,442	
Interest income on securities	21	
Gain on investments in investment partnerships	25	
Cancellation penalty income	38	
Other	25	2,553
Non-operating expenses:		
Interest expenses	77	
Loss on retirement of non-current assets	137	
Foreign exchange losses	62	
Loss on valuation of investment securities	290	
Provision for loss on business withdrawal	115	
Other	1	685
Ordinary profit		27,165
Extraordinary income:		
Gain on sale of investment securities	3,397	3,397
Extraordinary losses:		
Impairment losses	1,151	1,151
Profit before income taxes:		29,410
Income taxes - current	8,207	
Income taxes - deferred	(363)	7,844
Profit		21,566

Note: Amounts less than one million yen are rounded down.

Report of Accounting Auditor on Consolidated Financial Statements

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 17, 2023

To the Board of Directors
NS Solutions Corporation

KPMG AZSA LLC

Tokyo Office

Yu Kohno

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Yoshimasa Hamada

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Audit Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of NS Solutions Corporation (the "Company") for the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is as stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of their duties with regard to the design and operation of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read through the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards. This includes designing and operating such internal controls as management determines are necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to a going concern when it is required to do so in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and performs the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal controls relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a

going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or in the event that the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue an opinion with an exceptive item on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the accounting principles prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, which omits certain disclosure items required under the designated International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal controls identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan regarding independence as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act.

Report of Accounting Auditor on Non-Consolidated Financial Statements

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 17, 2023

To the Board of Directors
NS Solutions Corporation

KPMG AZSA LLC

Tokyo Office

Yu Kohno

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Yoshimasa Hamada

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Audit Opinion

Pursuant to Article 436, Paragraph 2, item (i) of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the notes to the non-consolidated financial statements, and the accompanying supplementary schedules (hereinafter "non-consolidated financial statements, etc.") of NS Solutions Corporation (the "Company") for the 43rd fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is as stated in "Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, Etc." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the Directors' execution of their duties with regard to the design and operation of the reporting process for the other information.

Our opinion on the non-consolidated financial statements, etc. does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, etc., our responsibility is to read through the other information and, in doing so, consider whether the other information is materially

inconsistent with the non-consolidated financial statements, etc. or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Non-Consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes designing and operating such internal controls as management determines are necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. in accordance with the premise of a going concern, and for disclosing matters relating to a going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements, etc. from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and performs the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal controls relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements, etc. on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements, etc. in the audit report, or in the event that the notes to the non-consolidated financial statements, etc. pertaining to the significant uncertainty are inappropriate, issue an opinion with an exceptive item on the non-consolidated financial statements, etc. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the non-consolidated financial statements, etc. are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements, etc. including related notes, and whether the non-consolidated financial statements, etc. fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal controls identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan regarding independence as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act.

Report of Audit & Supervisory Committee

[English Translation of the Audit & Supervisory Committee Members' Report Originally Issued in the Japanese Language]

Audit Report

The Audit & Supervisory Committee has audited the execution of duties by Directors of NS Solutions Corporation for the 43rd fiscal year from April 1, 2022 to March 31, 2023. The Audit & Supervisory Committee hereby reports the method and result of its audit as follows:

1. Auditing Method and Details Thereof

The Audit & Supervisory Committee received regular reports from the Directors, employees and other relevant personnel on the details of the resolutions of the Board of Directors concerning matters listed in Article 399-13, Paragraph 1, item (i) (b) and (c) of the Companies Act and the status of establishment and operation of the frameworks designed based on such resolutions (internal control system), sought explanations as necessary, expressed opinions thereon, and conducted an audit in the following manner.

- i. In accordance with the audit plan (including auditing policy) established by the Audit & Supervisory Committee and the assignment of duties, etc., in cooperation with the division in charge of internal control of the Company, attended important meetings, received reports from Directors, employees and other relevant personnel regarding the status of execution of their duties, sought explanations as necessary, inspected important approval documents and other documents, and examined the operations and financial position of head office and the main business locations. The Audit & Supervisory Committee endeavored to keep communication and shared information with the directors, corporate auditors and other related personnel of the subsidiaries, and received reports from the subsidiaries regarding their businesses, as necessary.
- ii. As for the matters to be given due consideration under Article 118, item (v) (a) of the Regulations for Enforcement of the Companies Act and the judgement and reasons under item (v) (b) of those Regulations as described in the Business Report, the Audit & Supervisory Committee examined their contents based on discussions at the meetings of Board of Directors and other relevant meetings.
- iii. The Audit & Supervisory Committee monitored and verified whether the Accounting Auditor maintained its independence and carried out its audits correctly, received reports from the Accounting Auditor regarding the execution of its duties, and requested explanations, as necessary. In addition, the Audit & Supervisory Committee received notification from the Accounting Auditor that the “systems for ensuring that the execution of the duties of financial auditor is being carried out correctly” (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) had been established in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above methodology, the Audit & Supervisory Committee examined the business report and its accompanying supplementary schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and related supplementary schedules, as well as the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) pertaining to the fiscal year under review.

2. Results of Audit

(1) Results of audit of Business Report and other relevant documents

- a. In our opinion, the Business Report and its supplementary schedules accurately present the conditions of the Company in accordance with applicable laws and regulations and the Articles of Incorporation.
- b. We found no evidence of inappropriate conduct concerning the execution of duties by the Directors nor material facts in violation of laws and regulations or the Articles of Incorporation.
- c. In our opinion, the contents of the resolutions of the Board of Directors related to internal control systems are fair and reasonable. In addition, we have found no matters worthy of note regarding the descriptions in the Business Report and the Directors' execution of their duties regarding such internal control systems.
- d. With respect to transactions with the parent company and other relevant entities stated in the Business Report, we have found no matters worthy of note regarding particulars to be given due consideration so as not to harm the interests of the Company in undertaking the transactions or regarding the judgment of the Board of Directors related to whether or not the transaction harms the interests of the Company and the reasons therefor.

(2) Results of audit of non-consolidated financial statements and the supplementary schedules

In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

(3) Results of audit of consolidated financial statements

In our opinion, the method and the results of the audit used and conducted by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

May 18, 2023

The Audit & Supervisory Committee of NS Solutions Corporation

Audit & Supervisory Committee Member (full-time)	Masayuki Takahara (Seal)
Audit & Supervisory Committee Member	Tetsuro Higuchi (Seal)
Audit & Supervisory Committee Member	Shuichiro Hoshi (Seal)

(Note) Audit & Supervisory Committee Members Tetsuro Higuchi and Shuichiro Hoshi are Outside Directors as stipulated in Article 2, item (xv) and Article 331, Paragraph 6 of the Companies Act.