



NS Solutions



Financial Information for the Fiscal Year ended March 31, 2021

(April 1, 2020 through March 31, 2021)

April 28, 2021

NS Solutions Corporation

FORWARD-LOOKING STATEMENTS

This document includes statements of forward-looking descriptions regarding the intent, belief or current expectations of NS Solutions Corporation (the “Company”) or its officers in terms of its operation and financial condition.

Accordingly, such statements contain risks and uncertainties since they are neither historical facts nor guarantees of future performance. Actual results may be varied and influenced by various factors. The Company does not undertake to revise such forward-looking descriptions to reflect those factors.



I . Consolidated Financial Results for FY 2020

II . Outlook for FY 2021

III . Appendix

I

Consolidated Financial Results for FY 2020

I - 1 . Highlights of Consolidated Financial Results

(¥ in billions)

FY 2020 (April 1, 2020- March 31, 2021)		YoY change	Difference with Company Estimate
Sales	252.0	- 22.9	- 3.0
Operating Profit	24.5	- 3.8	+0.6
Net Profit	17.0	- 1.6	+ 1.0

I -2. Consolidated Financial Results

(¥ in billions)	FY 2019	FY 2020	Difference	FY 2020 Company Estimate	Difference with Company Estimate
	A	B	B-A	C	B-C
Sales	274.8	252.0	-22.9	255.0	-3.0
Business solutions	180.1	162.3	-17.8	164.0	-1.7
Service solutions	94.8	89.7	-5.1	91.0	-1.3
Gross Profit	56.6	52.0	-4.6	52.6	-0.6
<Gross Profit Margin>	<20.6%>	<20.6%>	<+0.0%>	<20.6%>	<-0.0%>
SG&A	28.2	27.4	-0.8	28.7	-1.3
Operating Profit	28.4	24.5	-3.8	23.9	+0.6
Recurring Profit	28.3	25.1	-3.2	24.0	+1.1
Profit attributable to owners of parent	18.6	17.0	-1.6	16.0	+1.0

I -3. Semiannual Consolidated Results

(¥ in billions)	FY 2019		FY 2020		Difference	
	1H	2H	1H	2H	1H	2H
	A	B	C	D	C-A	D-B
Sales	136.8	138.1	119.1	132.9	-17.7	-5.2
Business Solutions	89.8	90.3	74.0	88.3	-15.8	-2.0
Service Solutions	47.0	47.8	45.1	44.7	-1.9	-3.1
Gross Profit	28.5	28.1	25.0	26.9	-3.5	-1.2
<Gross profit margin>	<20.8%>	<20.3%>	<21.0%>	<20.3%>	<+0.2%>	<-0.1%>
SG&A	14.3	13.9	13.9	13.5	-0.4	-0.4
Operating Profit	14.2	14.2	11.1	13.4	-3.0	-0.8
Recurring Profit	14.2	14.1	11.4	13.7	-2.8	-0.3
Profit attributable to owners of parent	8.7	9.8	7.9	9.1	-0.8	-0.8
Nippon Steel Sales	(27.3)	(28.7)	(26.4)	(26.3)	(-0.9)	(-2.4)

I -4. Sales by Service and Segment (1H/2H)

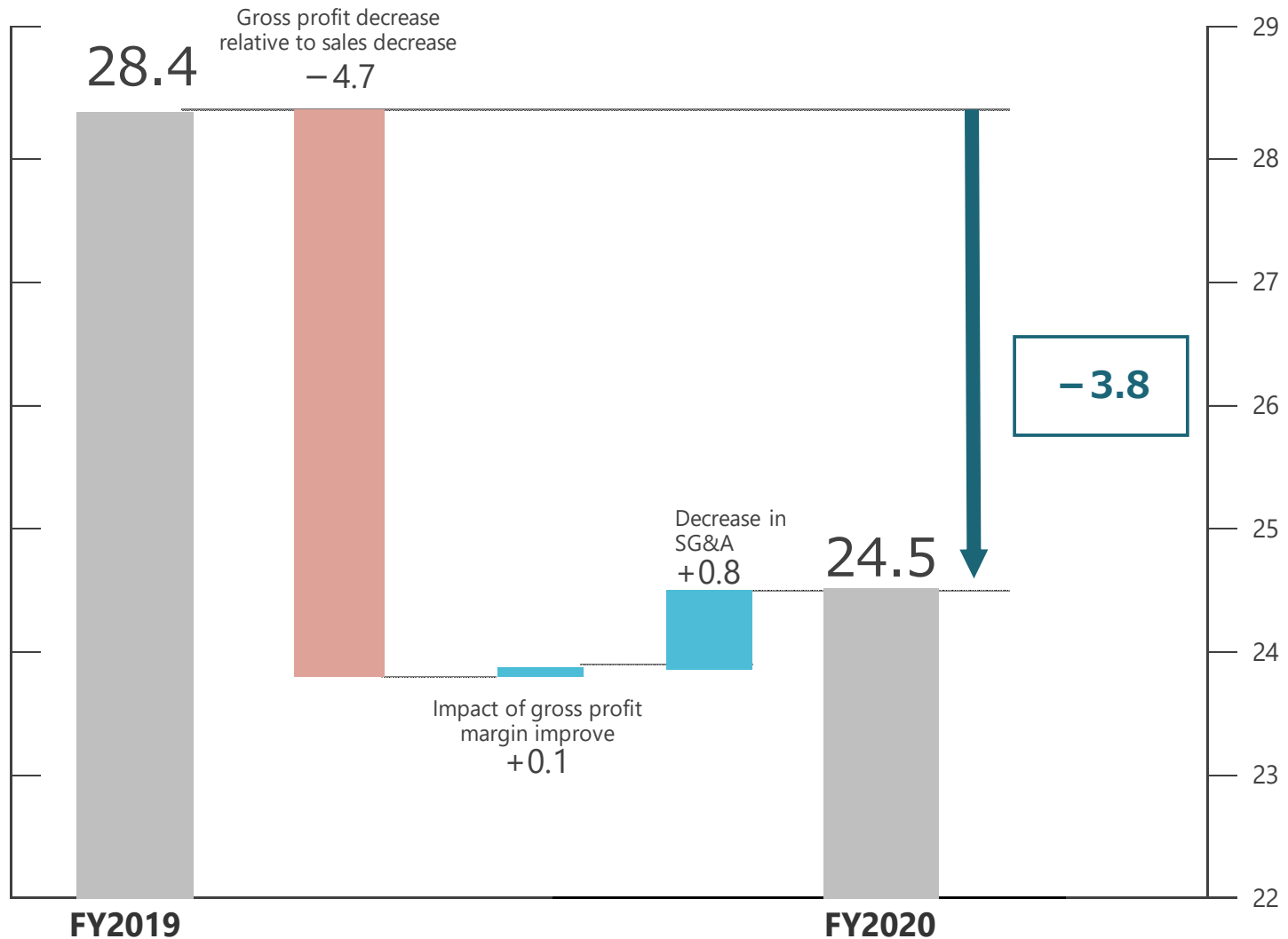
(¥ in billions)	FY 2019		FY 2020		Difference		2H company estimate E	Difference with 2H company estimate D-E
	1H	2H	1H	2H	1H	2H		
	A	B	C	D	C-A	D-B		
Business Solutions	75.1	73.5	60.3	72.0	-14.9	-1.5	74.7	-2.8
Manufacturing, Retail and Service	42.3	34.6	34.3	35.2	-8.0	+0.6	36.7	-1.5
Financial Services	15.8	15.1	13.9	18.3	-1.9	+3.2	16.1	+2.2
Government, Public organizations and Others	17.0	23.8	12.1	18.5	-4.9	-5.3	21.9	-3.4
Service Solutions	43.9	45.9	43.2	41.9	-0.7	-4.0	42.8	-0.9
IT Platform	16.6	17.4	16.7	16.0	+0.1	-1.5	18.3	-2.3
Nippon Steel Group	27.3	28.5	26.5	26.0	-0.8	-2.5	24.5	+1.5
Subsidiaries	17.7	18.7	15.6	19.0	-2.1	+0.3	18.4	+0.6
Total	136.8	138.1	119.1	132.9	-17.7	-5.2	135.9	-3.0
Nippon Steel Sales	(27.3)	(28.7)	(26.4)	(26.3)	(-0.9)	(-2.4)	(23.6)	(+2.6)
Total Order	136.0	132.3	116.3	143.5	-19.7	+11.2	-	-

I -5. Sales by Service and Segment (FY2020)

(¥ in billions)	FY 2019		FY 2020		Difference		Comments
	A	IT platform	B	IT platform	B-A	IT platform	
Business Solutions	148.6	43.8	132.2	32.5	-16.4	-11.3	
Manufacturing, Retail and Service	76.9	28.1	69.5	21.0	-7.4	-7.1	Sales increase in transportation, retail and platformer. Reactionary decline in the manufacturing
Financial Services	30.9	10.1	32.2	8.1	+1.3	-2.0	Increase in demand for changes in financial system revision
Government, Public organizations	40.8	5.6	30.6	3.4	-10.2	-2.3	
Service Solutions	89.8		85.1		-4.7		
IT Platform	34.0	<43.8>	32.7	<32.5>	-1.4	<-11.3>	
Nippon Steel Group	55.8		52.5		-3.3		
Subsidiaries	36.4		34.6		-1.8		
Total	274.8		252.0		-22.9		
Nippon Steel Sales	(56.0)		(52.6)		(-3.3)		

I -6. FY 2020 Operating Profit Breakdown

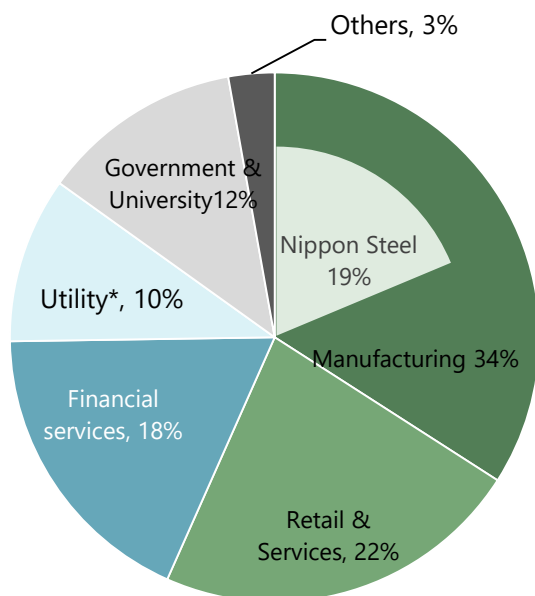
(¥ in billions)



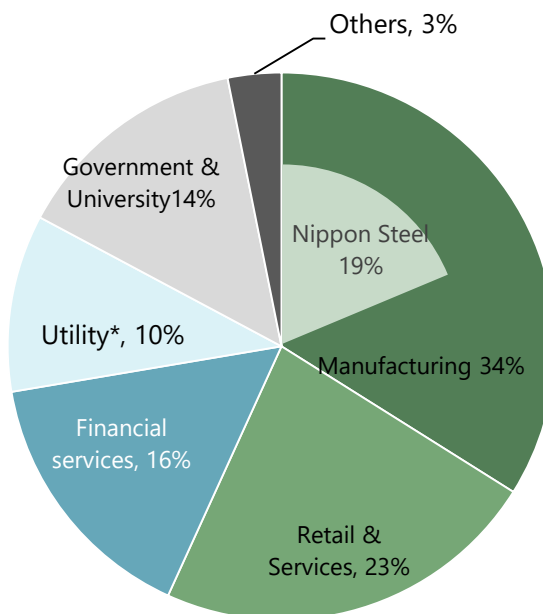
I -7. Sales Breakdown by Industry Segment

FY 2018~FY 2020

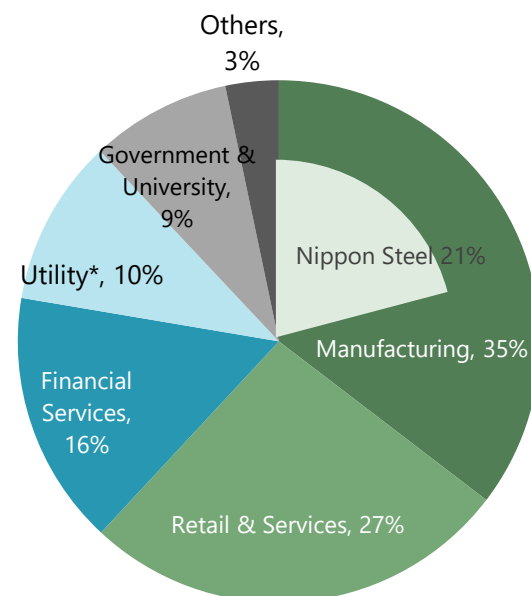
FY 2018
255.1 Billions of yen



FY 2019
274.8 Billions of yen



FY 2020
252.0 Billions of yen



*Utility : Transportation, Telecom and Electric Power

II

Outlook for FY 2021

II - 1 . Market trend

Business Environment

Due to the impact of the new COVID-19, the level of economic activity remains severe in some industries, but measures to prevent the spread of the infection are expected to improve the level of socioeconomic activity.
IT needs such as DX are expected to remain strong, but the impact of the infection on the economy will be closely monitored.

Market Trend

Manufacturing, Retail and Service

DX investment is active, especially among platformers.

Financial Services

IT investment is steady such as modification for financial system revision

Government, Public organizations and others

Expecting large OA infrastructure projects from central government agencies, etc.

IT Platform

IT needs for digital workplace solutions and IT outsourcing are active

Nippon Steel Group

Advancing Nippon Steel's digital transformation

Ⅱ - 2 . Outlook for FY2021

(¥ in billions)	FY 2020	FY 2021	Difference
	A	Company Estimate B	B-A
Sales	252.0	265.0	+13.0
Business solutions	162.3	170.5	+8.2
Service solutions	89.7	94.5	+4.8
Gross Profit	52.0	55.5	+3.6
<Gross Profit Margin>	<20.6%>	<20.9%>	<+0.3%>
SG&A	27.4	30.0	+2.6
Operating Profit	24.5	25.5	+0.9
Recurring Profit	25.1	26.0	+0.9
Profit attributable to owners of parent	17.0	17.1	+0.1

II - 3 . Semiannual Outlook for FY 2021

(¥ in billions)	FY 2020			FY 2021 Company Estimate			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	A	B	C	D	E	F	D-A	E-B	F-C
Sales	119.1	132.9	252.0	127.5	137.5	265.0	+8.4	+4.6	+13.0
Business Solutions	74.0	88.3	162.3	81.0	89.5	170.5	+7.0	+1.2	+8.2
Service Solutions	45.1	44.7	89.7	46.5	48.0	94.5	+1.4	+3.3	+4.8
Gross Profit	25.0	26.9	52.0	26.8	28.7	55.5	+1.8	+1.8	+3.5
<Gross profit margin>	<21.0%>	<20.3%>	<20.6%>	<21.0%>	<20.9%>	<20.9%>	<+0.0%>	<+0.6%>	<+0.3%>
SG&A	13.9	13.5	27.4	15.0	15.0	30.0	+1.1	+1.5	+2.6
Operating Profit	11.1	13.4	24.5	11.8	13.7	25.5	+0.7	+0.3	+1.0
Recurring Profit	11.4	13.7	25.1	12.0	14.0	26.0	+0.6	+0.3	+0.9
Profit attributable to owners of parent	7.9	9.1	17.0	7.6	9.5	17.1	-0.3	+0.4	+0.1
Nippon Steel Sales	(26.4)	(26.3)	(52.6)	(27.0)	(25.5)	(52.5)	(+0.6)	(-0.8)	(-0.1)
Order backlog at the beginning of the period	126.9	124.1	-	134.7	-	-	+7.8	-	-

Ⅱ -4. Outlook for FY 2021

Sales Outlook by Segment / Customer Industry

(¥ in billions)	FY 2020		FY 2021		Difference		Comments
	A	IT platform	B	IT platform	B-A	IT platform	
Business Solutions	132.2	32.5	140.0	35.0	+7.8	+2.5	
Manufacturing, Retail and Service	69.5	21.0	71.5	21.5	+2.0	+0.5	Sales increase in platformer
Financial Services	32.2	8.1	32.0	8.0	-0.2	-0.1	
Government, Public organizations	30.6	3.4	36.5	5.5	+5.9	+2.1	Received orders for the government sector projects
Service Solutions	85.1		90.0		+4.9		
IT Platform	32.7	<32.5>	35.5	<35.0>	+2.8	<+2.5>	Sales increase in Digital work place solution and IT outsourcing
Nippon Steel Group	52.5		54.5		+2.0		Increase in Nippon Steel IT investment for DX and reorganization of steel works
Subsidiaries	34.6		35.0		+0.4		
Total	252.0		265.0		+13.0		
Nippon Steel Sales	(52.6)		(52.5)		(-0.1)		

Ⅱ -5. Outlook for 1H FY 2021

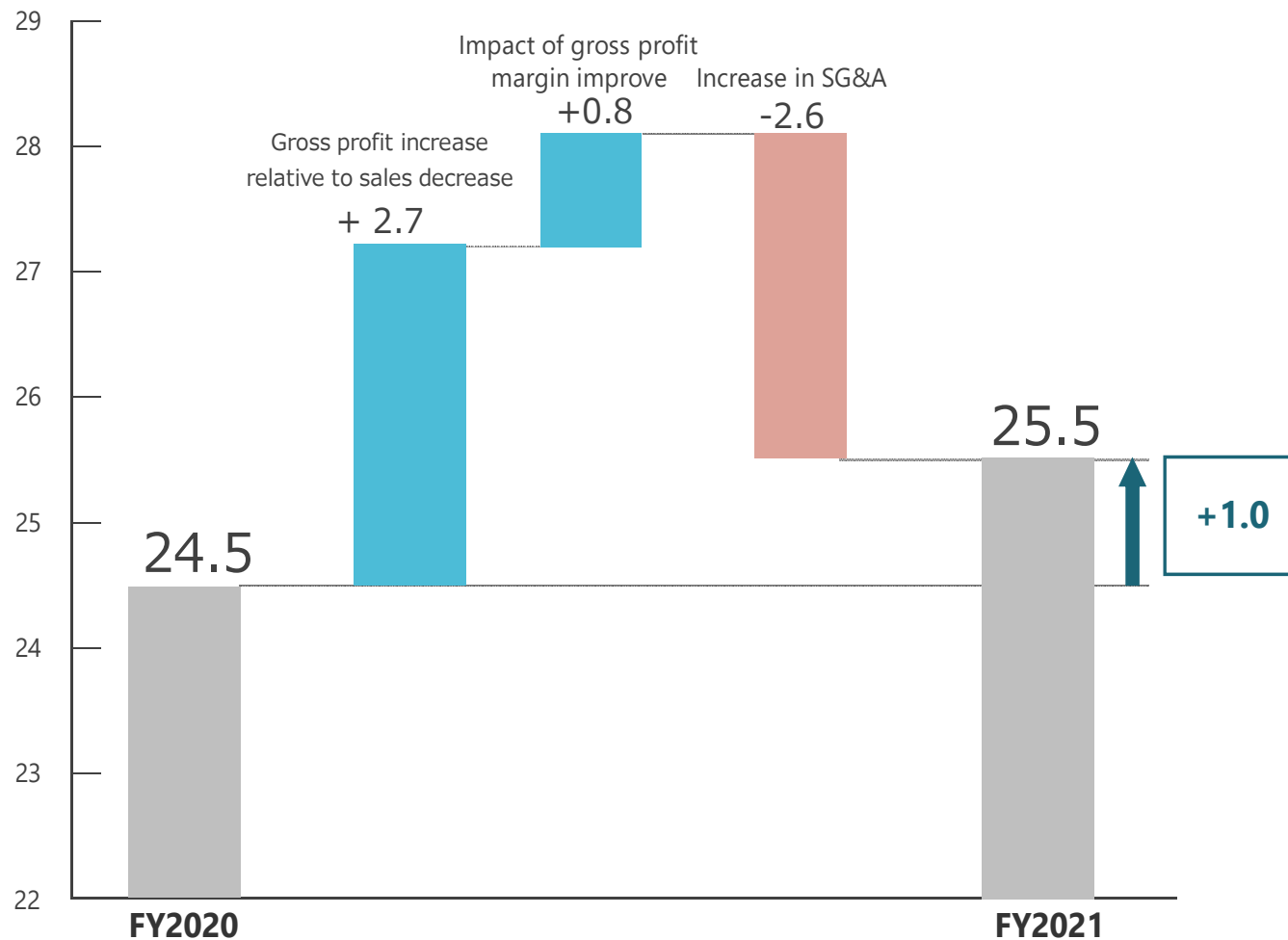
Sales Outlook by Segment / Customer Industry

(¥ in billions)	FY 2020		FY 2021		Difference		Comments
	A	IT platform	B	IT platform	B-A	IT platform	
Business Solutions	60.3	16.4	67.0	18.5	+6.7	+2.1	
Manufacturing, Retail and Service	34.3	11.1	36.0	11.5	+1.7	+0.4	Sales increase in platformer
Financial Services	13.9	3.7	16.0	3.5	+2.1	-0.2	IT investment is steady such as modification for financial system revision
Government, Public organizations	12.1	1.6	15.0	3.5	+2.9	+1.9	Received orders for the government sector projects
Service Solutions	43.2		44.5		+1.3		
IT Platform	16.7	<16.4>	17.0	<18.5>	+0.3	<+2.1>	
Nippon Steel Group	26.5		27.5		+1.0		
Subsidiaries	15.6		16.0		+0.4		
Total	119.1		127.5		+8.4		
Nippon Steel Sales	(26.4)		(27.0)		(+0.6)		

Ⅱ -6. FY2021 Operating Profit Outlook Breakdown

YOY

(¥ in billions)



Ⅱ – 7. Shareholders Return Policy

The management believes it is important for the company to maintain and increase its competitiveness and to continue to enhance the company's enterprise value in the long run.

Our basic policy with respect to profit sharing is to secure fair and stable shareholder returns, while also retaining earnings that are sufficient to grow the Company's business.

We consider it important to return to shareholders profits that are in line with the company's consolidated results. We aim for a consolidated dividend payout ratio of 30%.

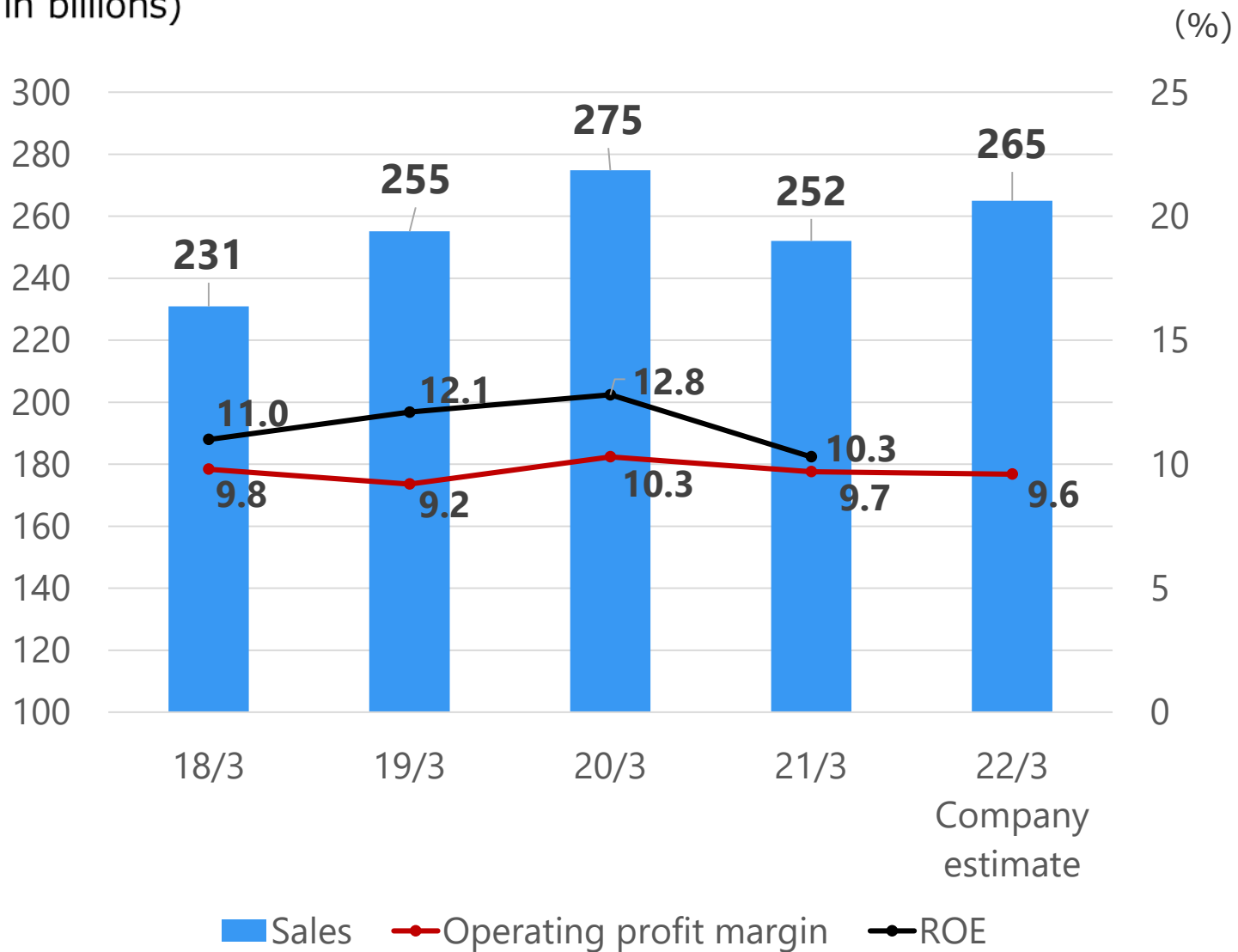
Plan for FY 2021 Dividend

FY 2021
56.0 yen

(Reference)
FY 2020
52.5 yen

II - 8 Major KPI Trends

(¥ in billions)

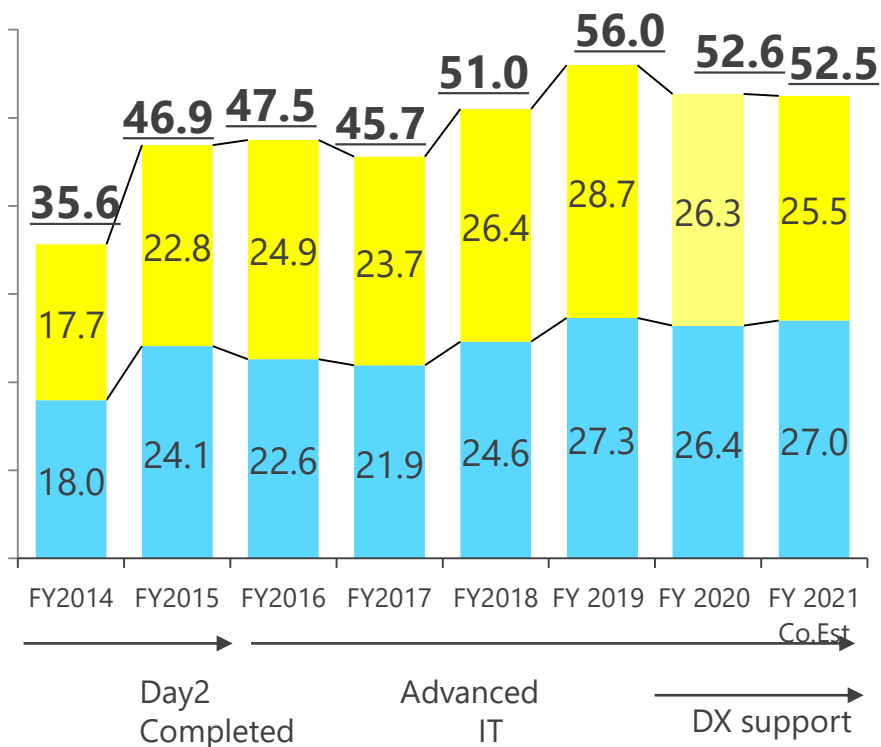


II -9. Nippon Steel Business

1. Sales trend of NSC

(¥ in billions)

■ 1H Sales ■ 2H Sales



2. Initiatives

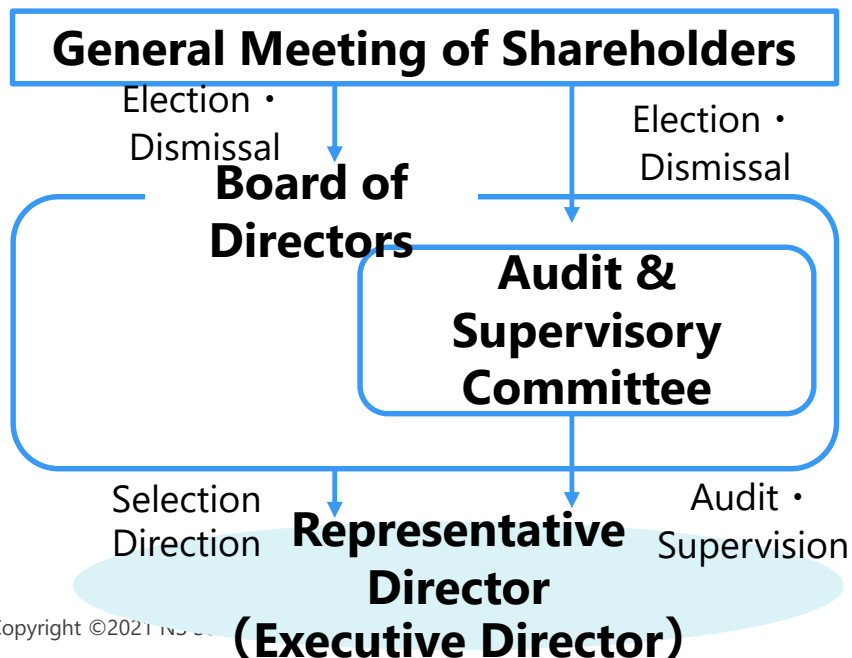
- Support for merger with Nippon Steel Nisshin (April 1, 2020)
- Transfer of NI Information System operations and employees to NSSOL Group (April 1, 2020)
- Integration and reorganization (April 1, 2020)
- Nippon Steel Corporation Medium- to Long-Term Management Plan (March 5, 2021)
 - Promotion of DX
 - ~Strengthen business competitiveness by leveraging data and digital technologies

II - 1 0 . Transition to a Company with an Audit & Supervisory Committee

As of February 19, 2021

NSSOL has been continuously striving to achieve sustainable growth and the mid-to long term improvement of its corporate value in response to the trust of all stakeholders, including shareholders and business partners

- Expediting decision-making
- Further enhancement of discussions on management policies, etc. at Board of Directors meetings
- Strengthen the supervisory function of the Board of Directors



The transition to a Company with an Audit & Supervisory Committee is scheduled to take place following the approval of a proposal for requisite amendments to the Articles of Incorporation at the General Meeting of Shareholders to be held in June 2020











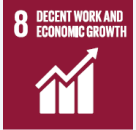


Appendix

III. ESG Initiative

NSSOL is making efforts in various business activities in terms of ESG (environment, society, governance) aimed at the creation of a plentiful society based on the company's corporate philosophy.

Furthermore, the company is also actively promote on the Sustainable Development Goals (SDGs) led by the UN and will contribute to the realization of a sustainable society as a member of global society.

	Operation policy	Examples for activities during FY 2020	Major SDGs
E Envir onm ent	- Conservation of the global environment through IT	<ul style="list-style-type: none"> - Reductions in environmental impacts based on optimization solutions in the industrial operations for production and transportation - Contributing to a power-saving society through an electricity monitoring system for the transportation industry - Contributions to the monitoring and forecasting of climate change through the operation of the Himawari weather satellites 	 
	- Promotion of activities to reduce environmental impacts	<ul style="list-style-type: none"> - Provision of cloud services by highly energy-efficient data centers - Promotion of activities to save resources such as electrical power and paper. 	 

	Operation policy	Examples for activities during FY 2020	Major SDGs
S Society	<ul style="list-style-type: none"> Resolution of social issues through IT 	<ul style="list-style-type: none"> Contribution to pathological image diagnosis support through AI research and development Realization of safety measures and virtual two-person work to contribute to countermeasures against the three densities under the COVID-19: Safety Watchman, ARPATIO (remote work support) Provision of a virtual desktop environment (M3DaaS/VDI) that contributes to “work from home” under COVID-19. 	 
	<ul style="list-style-type: none"> Co-existence with society and the community, Realization of rewarding workplaces 	<ul style="list-style-type: none"> Promotion of work-style reform and female participation (Platinum Kurumin Certification) Development of high level IT human resources (NSSOL Academy) Educational support for next-generation (endowed courses for universities) Programming classes at elementary schools (K3Tunnel) Support for cultural, artistic and sporting activities 	  
G Governance	<ul style="list-style-type: none"> Provision of high quality IT solutions and IT services 	<ul style="list-style-type: none"> Provision of robust and efficient IT services (NSFITOS) Organizational expansion of project risk management and quality management 	
	<ul style="list-style-type: none"> Strengthening of corporate governance and compliance 	<ul style="list-style-type: none"> Securement of diversity on the Board of Directors and Board of Auditors Thorough implementation of “Global Code of Business Conduct,” the NSSOL Group code of conduct Expansion of the help line by Compliance Promotion Department Transition to a company with an Audit Committee (scheduled for June 2009) 	



Answers to power your future

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