Financial Information for the Second Quarter of the Fiscal Year ending March 31, 2022

(April 1, 2021 through September 30, 2021)

NS Solutions

NIPPON STEEL

October 29, 2021

NS Solutions Corporation

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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.

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Agenda

Ⅰ. Consolidated Financial Results for 1H of FY Mar. 2022

Ⅱ. Outlook for FY March 31, 2022

Ⅲ. Topics

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Consolidated Financial Results for 1H of FY Mar. 2022

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I -1. Consolidated Results for 1H of FY Mar. 2022

¥ in billions

	FY Mar.2021 1H	FY Mar. 2022 1H	Difference	(YoY)	FY Mar. 2022 1H (Co. Est)	Difference	
Sales	119.1	130.8	+11.7	+10%	127.5	+3.3	+3%
Business solutions	74.0	85.5	+11.5	+16%	81.0	+4.5	+6%
Service solutions	45.1	45.3	+0.2	+0%	46.5	-1.2	-3%
Gross Profit	25.0	28.8	+3.8	+15%	26.8	+2.0	+7%
Gross Profit Margin	21.0%	22.0%	<+1.0%>		21.0%	<+1.0%>	
SG&A	13.9	15.0	+1.1	+8%	15.0	+0.0	+0%
Operating Profit	11.1	13.8	+2.6	+24%	11.8	+2.0	+17%
Recurring Profit	11.4	14.3	+2.9	+26%	12.0	+2.3	+19%
Profit attributable to owners of parent	7.9	9.2	+1.3	+17%	7.6	+1.6	+21%

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I -2. 1H of FY ending March 31, 2021 Quarterly Consolidated Results

¥ in billions

	FY Mar.2021			FY Mar.2022			Difference		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	A	B	C	D	E	F	D-A	E-B	F-C
Sales	56.6	62.4	119.1	65.5	65.3	130.8	+8.9	+2.8	+11.7
Business solutions	34.9	39.1	74.0	43.2	42.3	85.5	+8.3	+3.2	+11.5
Service solutions	21.7	23.3	45.1	22.3	23.0	45.3	+0.6	-0.3	+0.2
Gross Profit	12.2	12.8	25.0	14.8	14.0	28.8	+2.6	+1.2	+3.8
Gross Profit Margin	21.6%	20.5%	21.0%	22.6%	21.4%	22.0%	+1.0%	+0.9%	+1.0%
SG&A	7.1	6.7	13.9	7.7	7.3	15.0	+0.6	+0.6	+1.1
Operating Profit	5.1	6.0	11.1	7.1	6.6	13.8	+2.0	+0.6	+2.6
Recurring Profit	5.4	6.0	11.4	7.5	6.8	14.3	+2.1	+0.8	+2.9
Profit attributable to owners of parent	3.1	4.8	7.9	4.6	4.6	9.2	+1.5	-0.2	+1.3
Nippon Steel Sales	12.7	13.7	26.4	13.7	13.0	26.6	+1.0	-0.7	+0.3

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Ⅰ -3. 1H of FY Mar. 2022
Sales by Segment / Customer Industry

¥ in billions

	FY Mar.2021		FY Mar. 2022		Difference		
	1H	IT platform	1H	IT platform	1Q	IT platform	Comments
Business Solutions	60.3	16.4	71.8	20.4	+11.5	+4.0	
Manufacturing, Retail and Service	34.3	11.1	36.5	11.7	+2.2	+0.6	Increase in earnings received in transportation and platformer
Financial Services	13.9	3.7	19.2	5.6	+5.3	+2.0	Increase in demand for Libor transition and IT product
Government, Public organizations	12.1	1.6	16.1	3.1	+4.0	+1.4	Received orders for procurement project for the government sector and telecom sales
Service Solutions	43.2		43.7		+0.5		
IT Platform	16.7	<16.4>	17.1	<20.4>	+0.4	<+4.0>	
Nippon Steel Group	26.5		26.7		+0.2		Nippon Steel and Group IT investment is active
Subsidiaries	15.6		15.3		-0.3		
Total	119.1		130.8		+11.7		
Nippon Steel Sales	26.4		26.6		+0.3		
Total Order	116.3		131.5		+15.2		

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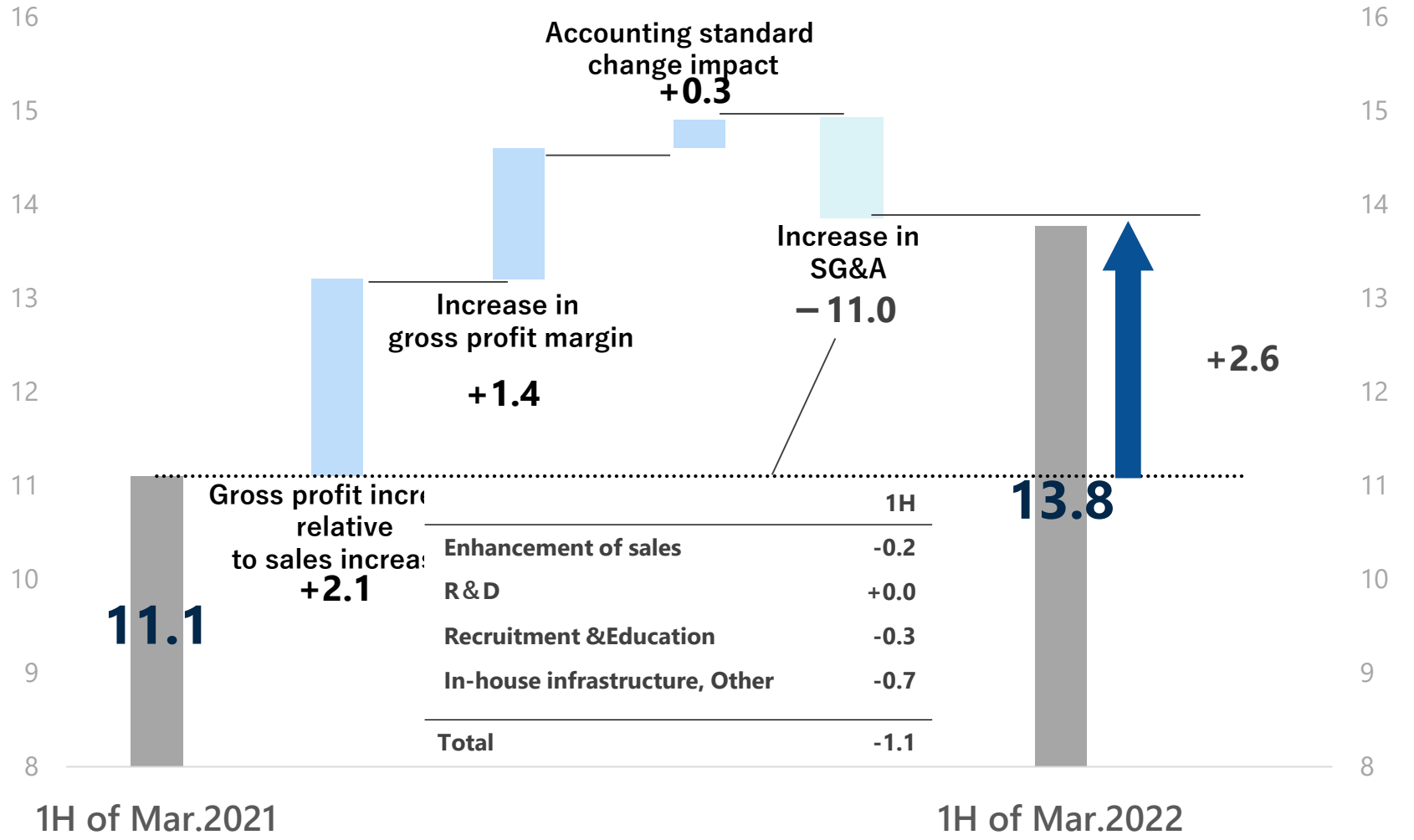
Ⅰ -4. 1H of FY Mar. 2022
Consolidated Operating Profit Breakdown

¥ in billions



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II

Outlook for FY March 31, 2022

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Ⅱ-1. Market trend

Business Environment	Although the economy is still in an unpredictable situation due to the impact of the COVID-19 infection, IT investment is steadily recovering.	
Market Trend	**Manufacturing, Retail and Service**	• Active IT investment in platformer (Internet services and e-commerce).
	Financial Services	• IT investment of modification for financial system revision peaked out. Focus on developing financial services for different industries
	Government, Public organizations and others	• Focus on sales activities for government sector
	IT Platform	• Digital workplace solution demand is active
	Nippon Steel Group	• Promoting support for Nippon Steel's DX

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Ⅱ -2. Outlook for FY Mar. 2022 (YoY)

¥ in billions

	FY Mar. 2021			FY Mar. 2022			Difference		
	1H A	2H B	FY C	1H D	2H E	FY F	1H D-A	2H E-B	FY F-C
Sales	119.1	132.9	252.0	130.8	139.2	270.0	+11.7	+6.3	+18.0
Business solutions	74.0	88.3	162.3	85.5	88.5	174.0	+11.5	+0.2	+11.7
Service solutions	45.1	44.7	89.7	45.3	50.7	96.0	+0.2	+6.1	+6.3
Gross Profit	25.0	26.9	52.0	28.8	29.4	58.2	+3.8	+2.5	+6.3
Gross Profit Margin	21.0%	20.3%	20.6%	22.0%	21.1%	21.6%	+1.0%	+0.9%	+0.9%
SG&A	13.9	13.5	27.4	15.0	15.5	30.5	+1.1	+2.0	+3.1
Operating Profit	11.1	13.4	24.5	13.8	13.9	27.7	+2.6	+0.5	+3.2
Recurring Profit	11.4	13.7	25.1	14.3	14.2	28.5	+2.9	+0.5	+3.4
Profit attributable to owners of parent	7.9	9.1	17.0	9.2	9.3	18.5	+1.3	+0.2	+1.5
Nippon Steel Sales	26.4	26.3	52.6	26.6	28.4	55.0	+0.3	+2.1	+2.4
Order backlog at the beginning of the period	126.9	124.1	-	122.6	123.3	-	-4.3	-0.8	-

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Ⅱ-3. Outlook for FY Mar. 2022 (vs previous plan)

¥ in billions

	FY Mar.2022 Co. Est as of April 28			FY Mar. 2022 Co. Est as of October29			Difference		
	1H A	2H B	FY C	1H D	2H E	FY F	1H D-A	2H E-B	FY F-C
Sales	127.5	137.5	265.0	130.8	139.2	270.0	+3.3	+1.7	+5.0
Business solutions	81.0	89.5	170.5	85.5	88.5	174.0	+4.5	-1.0	+3.5
Service solutions	46.5	48.0	94.5	45.3	50.7	96.0	-1.2	+2.7	+1.5
Gross Profit	26.8	28.7	55.5	28.8	29.4	58.2	+2.0	+0.7	+2.7
Gross Profit Margin	21.0%	20.9%	20.9%	22.0%	21.1%	21.6%	+1.0%	+0.3%	+0.6%
SG&A	15.0	15.0	30.0	15.0	15.5	30.5	+0.0	+0.5	+0.5
Operating Profit	11.8	13.7	25.5	13.8	13.9	27.7	+2.0	+0.2	+2.2
Recurring Profit	12.0	14.0	26.0	14.3	14.2	28.5	+2.3	+0.2	+2.5
Profit attributable to owners of parent	7.6	9.5	17.1	9.2	9.3	18.5	+1.6	-0.2	+1.4
Nippon Steel Sales	27.0	25.5	52.5	26.6	28.4	55.0	-0.4	+2.9	+2.5

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Ⅱ -4. Outlook for FY 2H pf Mar. 2022 Sales by Segment / Customer Industry

¥ in billions

	FY Mar. 2021		FY Mar.2022		Difference		
	2H	IT platform	2H	IT platform	2H	IT platform	Comments
Business Solutions	72.0	16.1	71.7	17.1	-0.2	+1.0	
Manufacturing, Retail and Service	35.2	9.9	37.0	11.3	+1.9	+1.4	Increase in earnings received in transportation and platformer
Financial Services	18.3	4.5	16.3	4.4	-2.0	-0.1	reactionary decrease for Libor transition
Government, Public organizations	18.5	1.7	18.4	1.4	-0.1	-0.3	
Service Solutions	41.9		47.8		+5.8		
IT Platform	16.0	<16.1>	18.4	<17.1>	+2.5	<+1.0>	Increase in digital work place solution sales
Nippon Steel Group	26.0		29.3		+3.4		Increase in DX business
Subsidiaries	19.0		19.7		+0.7		
Total	132.9		139.2		+6.3		
Nippon Steel Sales	26.3		28.4		+2.1		
Order backlog at the beginning of the period	124.1		123.3		-0.8		

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Ⅱ-5. Outlook for FY March 2022
Sales by Segment / Customer Industry

¥ in billions

	FY Mar. 2021	IT platform	FY Mar. 2022	IT platform	Difference	IT platform	Comments
Business Solutions	132.2	32.5	143.5	37.5	+11.3	+5.0	
Manufacturing, Retail and Service	69.5	21.0	73.5	23.0	+4.0	+2.0	Increase in earnings received in transportation and platformer
Financial Services	32.2	8.1	35.5	10.0	+3.3	+1.9	Increase in demand for Libor transition and IT product
Government, Public organizations	30.6	3.4	34.5	4.5	+3.9	+1.1	Received orders for procurement project for the government sector and telecom sales
Service Solutions	85.1		91.5		+6.4		
IT Platform	32.7	32.5	35.5	37.5	+2.8	+5.0	
Nippon Steel Group	52.5		56.0		+3.5		Nippon Steel and Group IT investment is active
Subsidiaries	34.6		35.0		+0.4		
Total	252.0		270.0		+18.0		
Nippon Steel Sales	52.6		55.0		+2.4		

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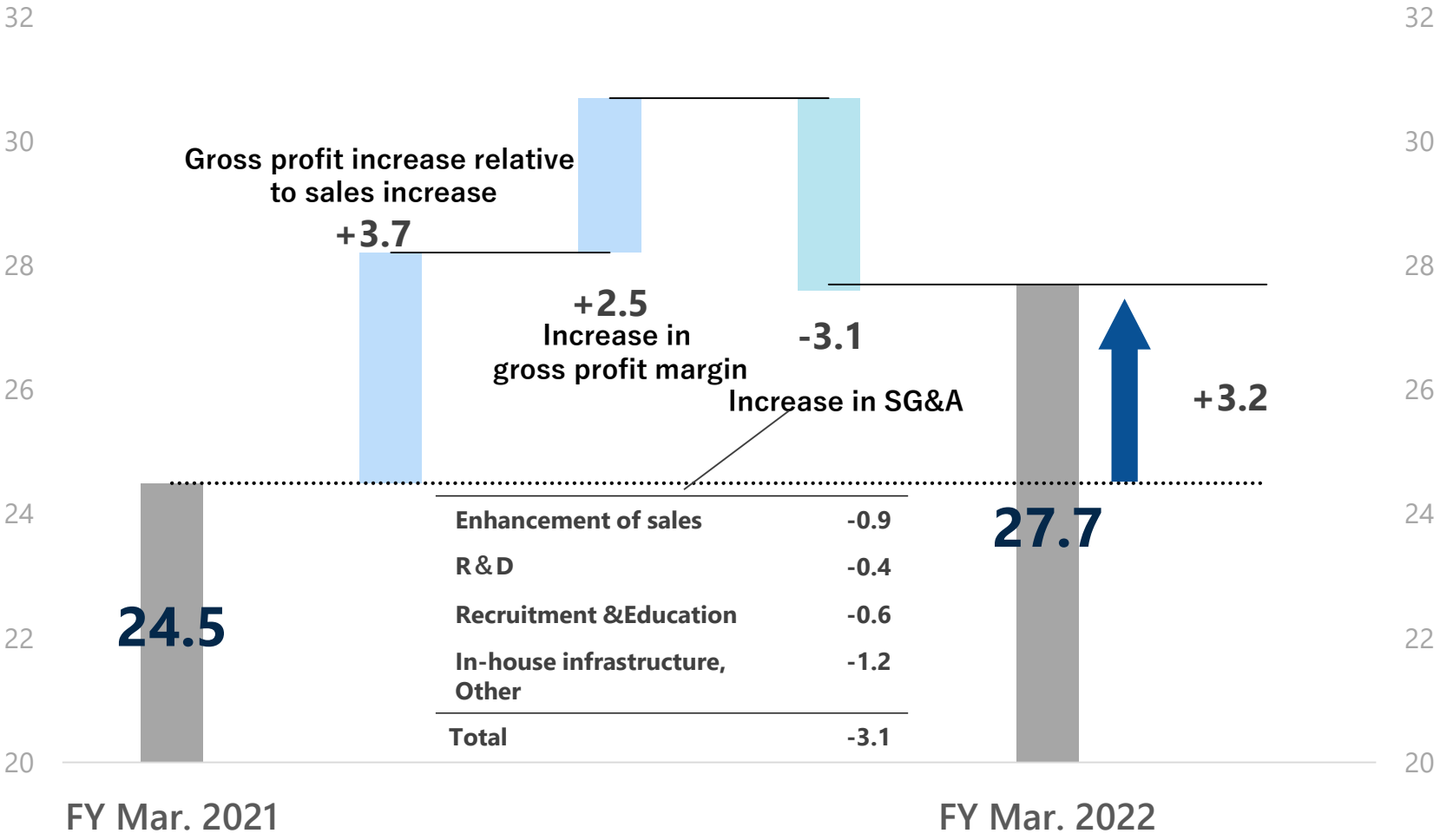
Ⅱ-6. FY March 31, 2022 OP Outlook Breakdown

¥ in billions



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（Reference）

- Impact of application of the accounting standard for revenue recognition

¥ in billions

		2Q			Second Half
		Order backlog at the beginning of the period	Order	Sales	Order backlog at the beginning of the period
FY2020	A	119.7	66.9	62.4	124.1
FY2021	B	115.7	72.8	65.3	123.3
Difference	C(B-A)	-4.0	+5.9	+2.8	-0.8
Impact	D	-14.6	0.0	-0.8	-13.8
Proforma	E(C-D)	+10.6	+5.9	+3.5	+13.0

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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 (as of April 28)	FY 2021 (as of October 29)
56 yen	60 yen

2nd quarter end : 30yen, Year end : 30yen (Forecast)

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III

Topics

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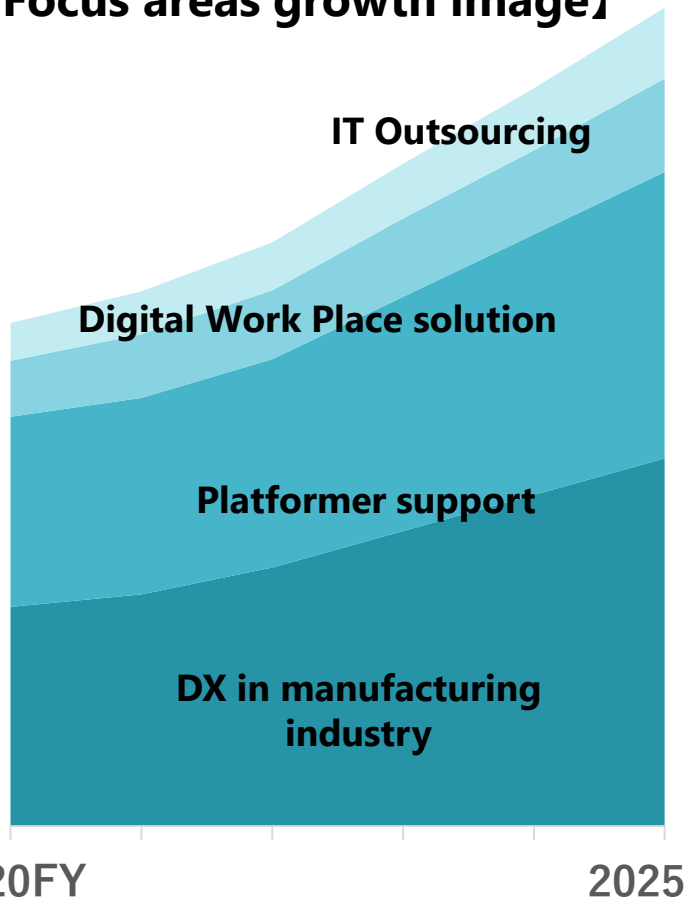
Ⅲ-1. Mid-term Business Growth

- Mid-term Sales growth rate in the focus areas　10%～

【Focus areas growth image】



- Established the Digital Manufacturing Center and held a business strategy meeting on the concept brand “Planetary”.

PLANETARY

- Platformer support
  Support for platformers in EC, financial services, etc.
- Development of DX human resources

Focus area KPI

¥ in billions

	FY March 2022	YoY
Focus area Sales	52	+12%

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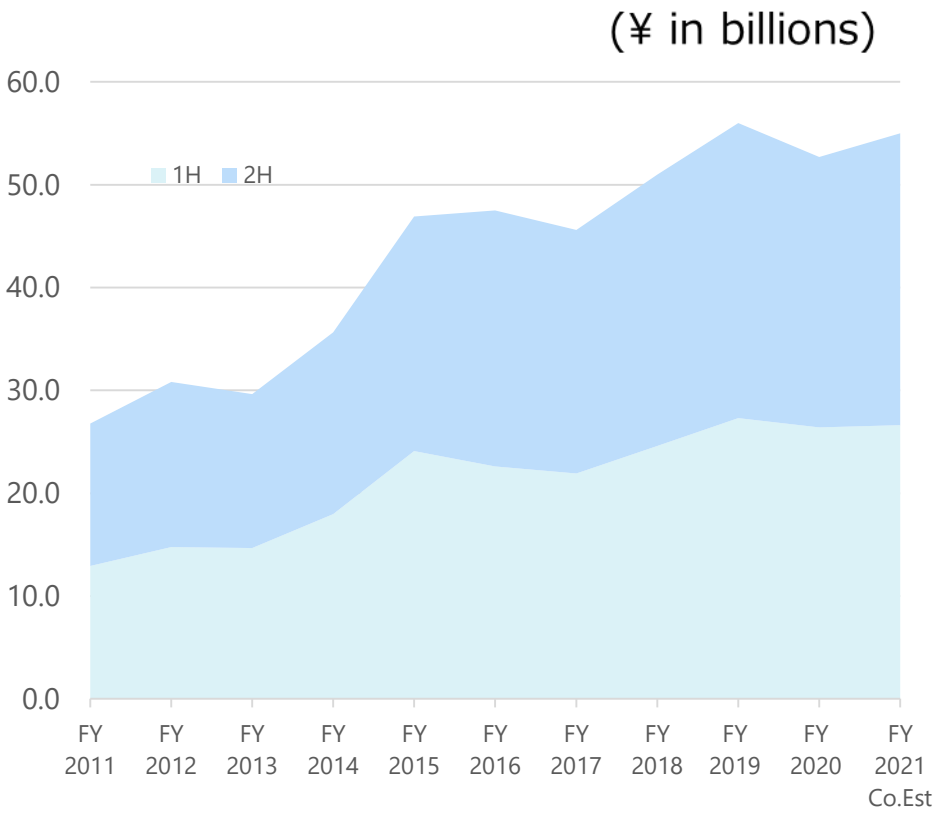
Ⅲ-2．Nippon Steel business

1. Nippon Steel Sales Trend



2． Actions

Nippon Steel Corporation Medium- to Long-Term Management Plan (March 5, 2021)

Promotion of DX
～Strengthen business competitiveness by leveraging data and digital technologies

【Case：Production planning DX】

・Optimal production through integrated production planning simulation based on actual production data using AI

Nippon Steel Sales forecast (FY March 2022)

¥ in billions

Old	New	Increase
52.5	55.0	+2.5

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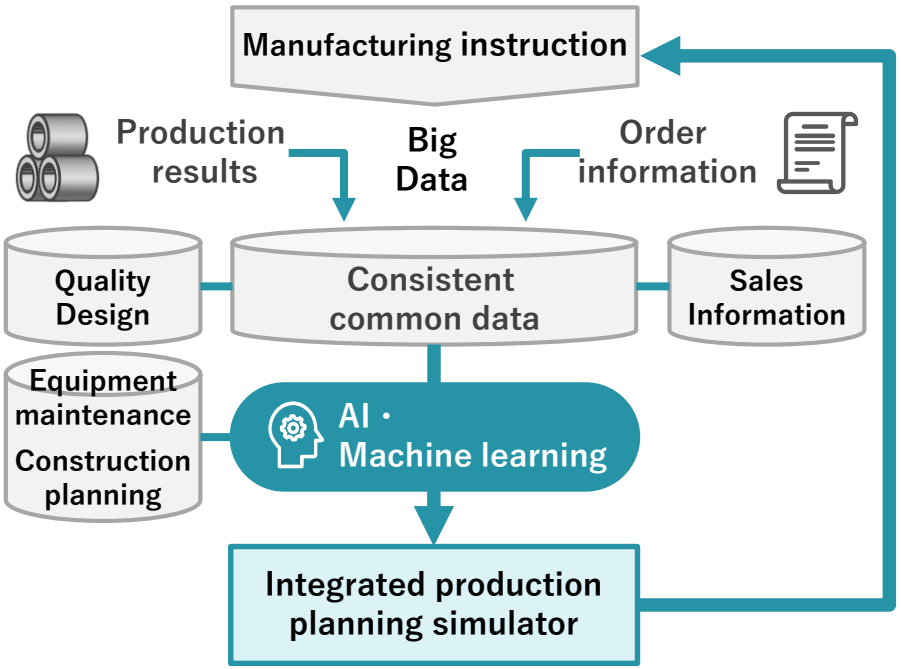
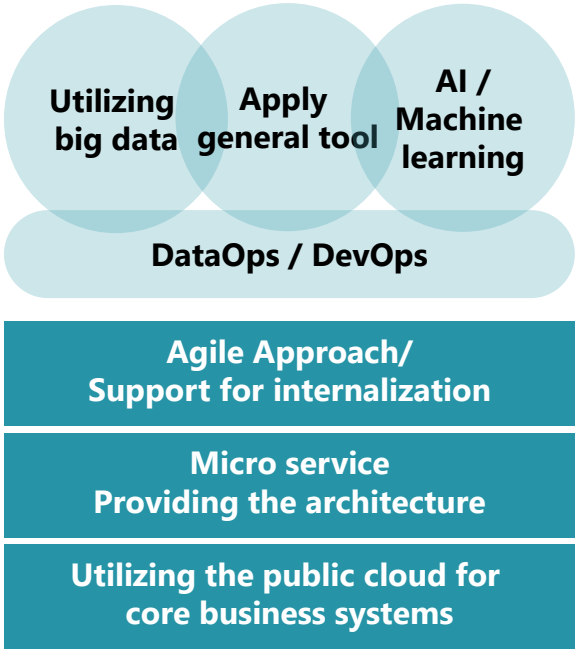
Ⅲ-3. Nippon Steel business

- Contributing to DX production planning as part of Nippon Steel Corporation's DX strategy
- Optimal production using an AI-based integrated production planning simulator

Nippon Steel　Production Planning DX



NSSOL DX support



Source: Nippon Steel Corporation Integrated Report 2021

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Ⅲ-4．ESG

Analyzing Pathological Image Data to Promote Resolution of Pathologist Shortage

Under the New Energy and Industrial Technology Development Organization (NEDO) contract, we are working on the research and development of pathological image diagnosis using artificial intelligence (AI) in the "Technology Development Project for Next Generation Artificial Intelligence that Evolves with People".



Experimental Application of “Anzen Mimamori-kun”to Promote Smart Agriculture

We are participating in a smart agriculture demonstration experiment at a yuzu field operated by Tosa Kitagawa Farm in Kitagawa Village, Aki-gun, Kochi Prefecture, which was selected as a project for the development and demonstration of smart agriculture technology by the Ministry of Agriculture, Forestry and Fisheries.



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Answers to power your future

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