Financial Information for the Fiscal Year ended March 31, 2022

(April 1, 2021 through March 31, 2022)

April 28, 2022

NS Solutions Corporation

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

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.

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅰ. Consolidated Financial Results for FY 2021

Ⅱ. Outlook for FY 2022

Ⅲ FY2021-2025　Medium term Business Strategy

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

I

Consolidated Financial Results for FY 2021

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅰ-1. Consolidated Financial Results（JGAAP）

¥ in billions

	FY Mar.2021 A	FY Mar. 2022 B	Difference	(YoY)	FY Mar. 2022 (Co. Est) C	Difference	B/C
Sales	252.0	270.3	+18.3	+7%	270.0	+0.3	+0%
Gross Profit	52.0	60.3	+8.4	+16%	59.2	+1.1	+2%
Gross Profit Margin	20.6%	22.3%	<+1.7%>		21.9%	<+0.4%>	
SG&A	27.4	30.5	+3.1	+11%	30.5	+0.0	+0%
Operating Profit	24.5	29.8	+5.3	+21%	28.7	+1.1	+4%
Operating Profit Margin	9.7%	11.0%	<+1.3%>		10.6%	<+0.4%>	
Recurring Profit	25.1	30.8	+5.7	+23%	29.5	+1.3	+4%
Profit attributable to owners of parent	17.0	20.0	+3.0	+18%	19.3	+0.7	+4%

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅰ-2. Consolidated Financial Results （by Quarter）JGAAP

¥ in billions

	FY Mar.2021				FY Mar.2022				Difference			
	1H	3Q	4 Q	FY	1H	3Q	4 Q	FY	1H	3Q	4 Q	FY
Sales	119.1	60.9	72.0	252.0	130.8	64.8	74.7	270.3	+11.7	+3.9	+2.7	+18.3
Gross Profit	25.0	12.6	14.3	52.0	28.8	15.2	16.3	60.3	+3.8	+2.6	+2.0	+8.4
Gross Profit Margin	21.0%	20.7%	19.9%	20.6%	22.0%	23.5%	21.8%	22.3%	<+1.0%>	<+2.8%>	<+2.0%>	<+1.7%>
SG&A	13.9	6.6	7.0	27.4	15.0	7.4	8.1	30.5	+1.1	+0.8	+1.2	+3.1
Operating Profit	11.1	6.0	7.4	24.5	13.8	7.9	8.2	29.8	+2.6	+1.8	+0.8	+5.3
Operating Profit Margin	9.4%	9.9%	10.2%	9.7%	10.5%	12.1%	10.9%	11.0%	<+1.2%>	<+2.2%>	<+0.7%>	<+1.3%>
Recurring Profit	11.4	6.3	7.5	25.1	14.3	8.0	8.5	30.8	+2.9	+1.7	+1.0	+5.7
Profit attributable to owners of parent	7.9	4.1	5.0	17.0	9.2	5.6	5.2	20.0	+1.3	+1.5	+0.2	+3.0

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅰ-3. Sales by Segment / Customer Industry (JGAAP)

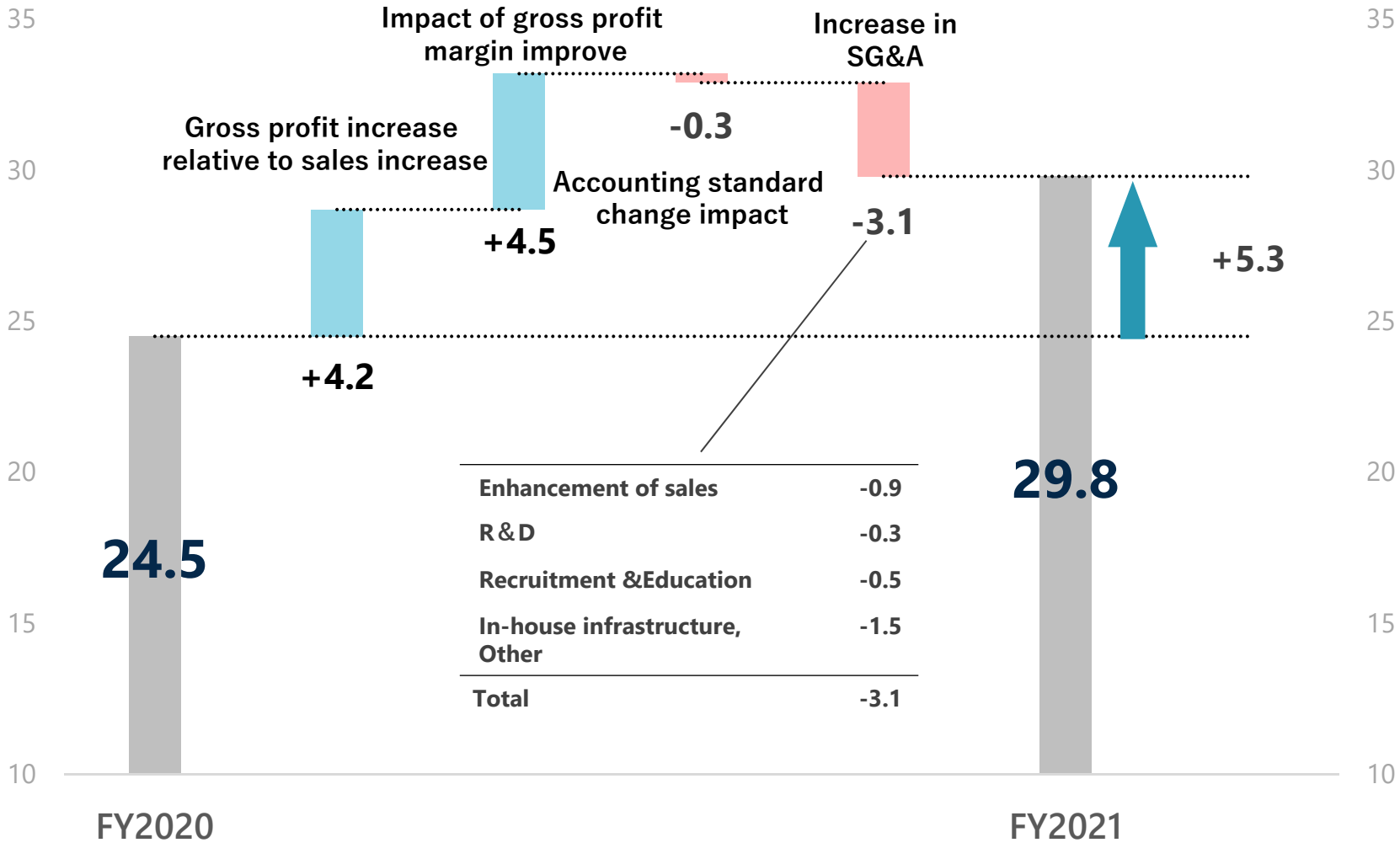
¥ in billions

	FY Mar.2021		FY Mar. 2022		Difference		Comments
		IT platform		IT platform		IT platform	
Business Solutions	132.2	32.5	145.6	37.4	+13.4	+4.9	
Manufacturing, Retail and Service	69.5	21.0	76.2	22.3	+6.8	+1.3	Increase in earnings received in transportation and platformer
Financial Services	32.2	8.1	35.0	9.8	+2.8	+1.6	Increase in demand for Libor transition and IT product
Government, Public organizations	30.6	3.4	34.4	5.3	+3.8	+1.9	Received orders for procurement project for the government sector and telecom sales
Service Solutions	85.1		89.9		+4.8		
IT Platform	32.7	<32.5>	35.2	<37.4>	+2.5	<+4.9>	Increase in security solution and product sales
Nippon Steel Group	52.5		54.7		+2.3		Nippon Steel IT investment is active
Subsidiaries	34.6		34.8		+0.2		
Total	252.0		270.3		+18.3		
Nippon Steel Sales	(52.6)		(55.3)		(+2.6)		
Total Order	259.8		271.6		+11.8		

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅰ-4. Operating Profit Breakdown (JGAAP)

¥ in billions



Enhancement of sales	-0.9
R&D	-0.3
Recruitment &Education	-0.5
In-house infrastructure, Other	-1.5
Total	-3.1

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

（Reference）

- Impact of application of the accounting standard for revenue recognition

¥ in billions

		4Q			FY2022
		Order backlog at the beginning of the period	Order	Sales	Order backlog at the beginning of the period
FY2020	A	122.6	84.1	72.0	134.7
FY2021	B	110.2	88.3	74.7	123.8
Difference	C(B-A)	-12.4	+4.2	＋2.7	-10.8
Impact	D	-13.2	0	-3.1	-10.1
Proforma	E(C-D)	+0.8	+4.2	+5.7	-0.7

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

（Reference）Differences in FY March 2022 results due to Accounting Standards (JGAAP/IFRS)

¥ in billions

	JGAAP A		IFRS B	Main reasons for differences
Sales	270.3	**Revenue**	270.3	
Operating Profit	29.8	**Operating Profit**	29.9	**Recurring factors（+0.5）** **Goodwill amortization** **Temporary factors（-0.4）** **Extraordinary loss**
Profit before tax and other adjustments	30.1	**Profit before tax**	30.7	**Recurring factors（+0.5）** **Goodwill amortization**

Note: The results for the fiscal year ended March 31, 2022 based on IFRS are unaudited reference results and are subject to change as a result of accounting audits.

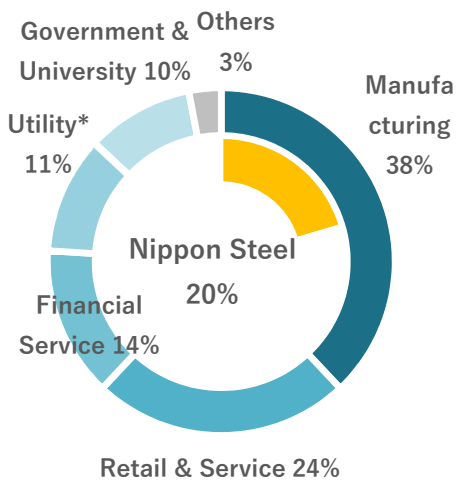
Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

（Reference）
Sales Breakdown by Industry Segment (JGAAP)

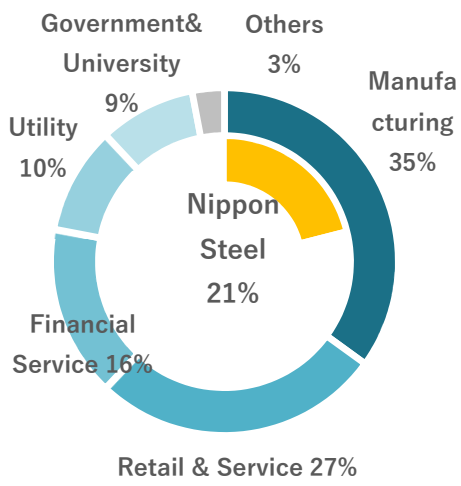
FY2019～FY2021

¥ in billions

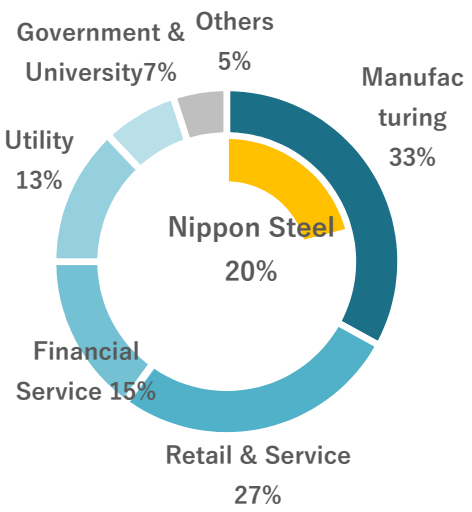
FY2019
274.8



FY2020
252.0



FY2021
270.3



*Utility : Transportation, Telecom and Electric Power

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ Outlook for FY March 31, 2023

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-1. Market trend

Business Environment		Current IT investment is steadily recovering. On the other hand, the downside risks to the economy are closely watched, including the prolonged impact of the new Covid-19 infection, soaring energy and raw material prices due to geopolitical risks, and the impact of the yen's depreciation due to the difference between domestic and foreign interest rates.
Market Trend	**Manufacturing, Retail and Service**	DX investment is active among platformers and manufacturing industry
	Financial Services	Special demand for response to regulation change has peaked out, and needs for entry into financial services by different industries are increasing.
	Government, Public organizations and others	Due to the slow digitization of government services and society, DX need become apparent
	IT Platform	IT needs for IT outsourcing and digital workplace solutions are active
	Nippon Steel Group	Nippon Steel's DX needs remain active

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-2 Outlook（IFRS)

¥ in billions

	FY 2021 (IFRS) A	FY 2022 (IFRS) B	Difference B-A	(YoY) (B-A)/A
Revenue	270.3	295.0	+24.7	+9%
Gross Profit	60.4	65.0	+4.6	+8%
Gross Profit Margin	22.4%	22.0%	- 0.3%	
SG&A	30.0	34.0	+4.0	+13%
Other Income & Other Expenses, etc.	-0.5	0	+0.5	
Operating Profit	29.9	31.0	+1.1	+4%
Operating Profit margin	11.1%	10.5%	-0.5%	
Profit before tax	30.7	31.5	+0.8	+3%
Profit attributable to owners of parent	20.5	21.1	+0.6	+3%

Note: The results for the fiscal year ended March 31, 2022 based on IFRS are unaudited reference results and are subject to change as a result of accounting audits.

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-3. Outlook 1H/2H（IFRS）

¥ in billions

	FY 2021		FY 2022		Increase		YoY	
	1H	2H	1H	2H	1H	2H	1H	2H
Revenue	130.8	139.5	144.0	151.0	+13.2	+11.5	+10%	+8%
Gross Profit	28.8	31.7	31.0	34.0	+2.2	+2.3	+8%	+7%
Gross Profit Margin	22.0%	22.7%	21.5%	22.5%	-0.5%	-0.2%		
SG&A	14.8	15.2	16.5	17.5	+1.7	+2.3	+12%	+15%
Other Income & Other Expenses, etc.	0.1	-0.7	0.0	0.0	-0.1	+0.7		
Operating Profit	14.2	15.7	14.5	16.5	+0.3	+0.8	+2%	+5%
Operating Profit margin	10.8%	11.3%	10.1%	10.9%	-0.8%	-0.3%		
Profit before tax	14.5	16.2	14.8	16.7	+0.3	+0.5	+2%	+3%
Profit attributable to owners of parent	9.5	11.1	9.7	11.4	+0.2	+0.3	+3%	+3%
Order backlog at the beginning of the period	134.7	123.3	123.8		-10.8			

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

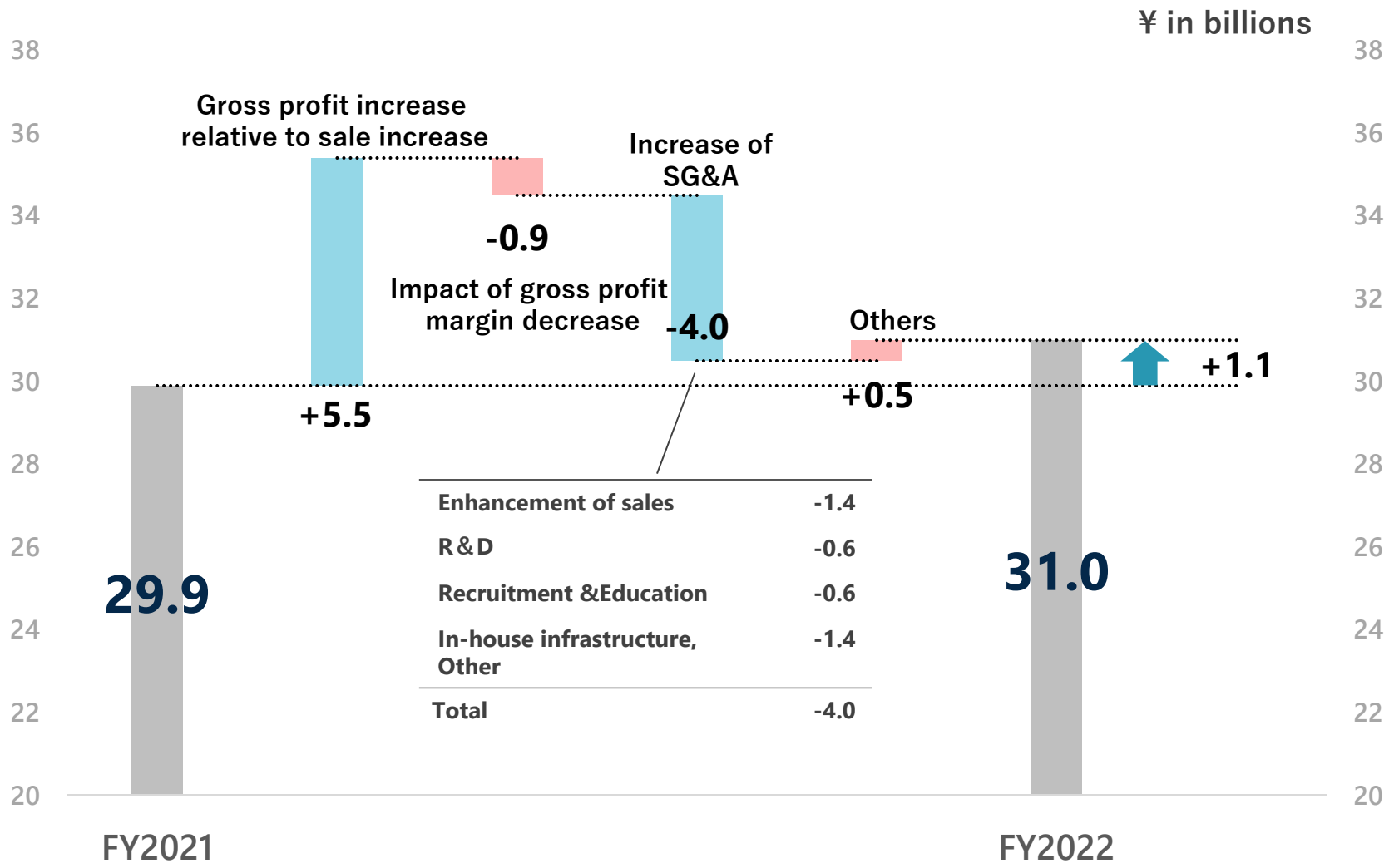
Ⅱ-4. Outlook
Sales by Segment / Customer Industry（IFRS）

¥ in billions

	FY Mar. 2022	IT platform	FY Mar. 2023	IT platform	Difference	IT platform	Comments
Business Solutions	145.6	37.4	161.0	37.5	+15.4	+0.1	
Manufacturing, Retail and Service	76.2	22.3	82.5	22.5	+6.3	+0.2	Increase in earnings received in transportation and platformer
Financial Services	35.0	9.8	33.5	10.0	-1.5	+0.2	Increase in demand for Libor transition and IT product
Government, Public organizations	34.4	5.3	45.0	5.0	+10.6	-0.3	Received orders for procurement project for the government sector and telecom sales
Service Solutions	89.9		96.5		+6.6		
IT Platform	35.2	<37.4>	39.5	<37.5>	+4.3	<+0.1>	Increase in digital work place solution and product sales
Nippon Steel Group	54.7		57.0		+2.3		Nippon Steel and Group IT investment is active
Subsidiaries	34.8		37.5		+2.7		
Total	270.3		295.0		+24.7		
Nippon Steel Sales	(55.3)		(56.0)		(+0.7)		

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

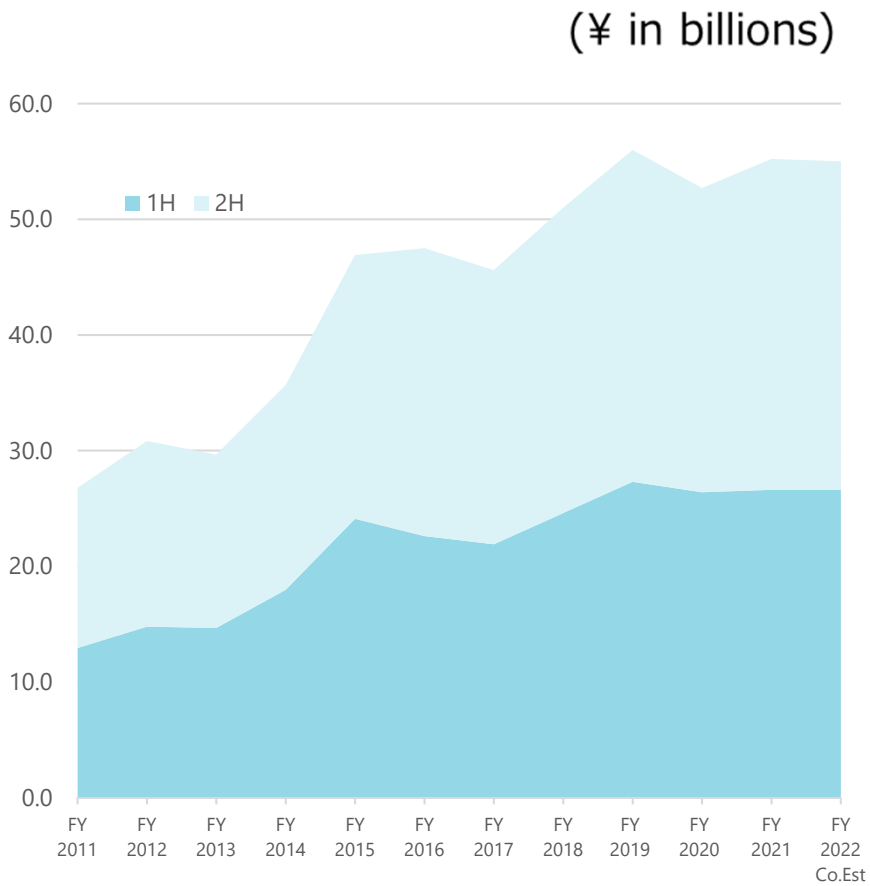
Ⅱ-5. FY2022 Operating Profit Outlook（IFRS)



Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-6．Nippon Steel business

1. Nippon Steel Sales Trend



2．Actions

Strengthen business competitiveness by making full use of data and digital technology

- Business process innovation
  Production process innovation
  Real-time analysis of operational data and smart manufacturing by Digital Twin
- Real-time anomaly prediction detection by AI technology

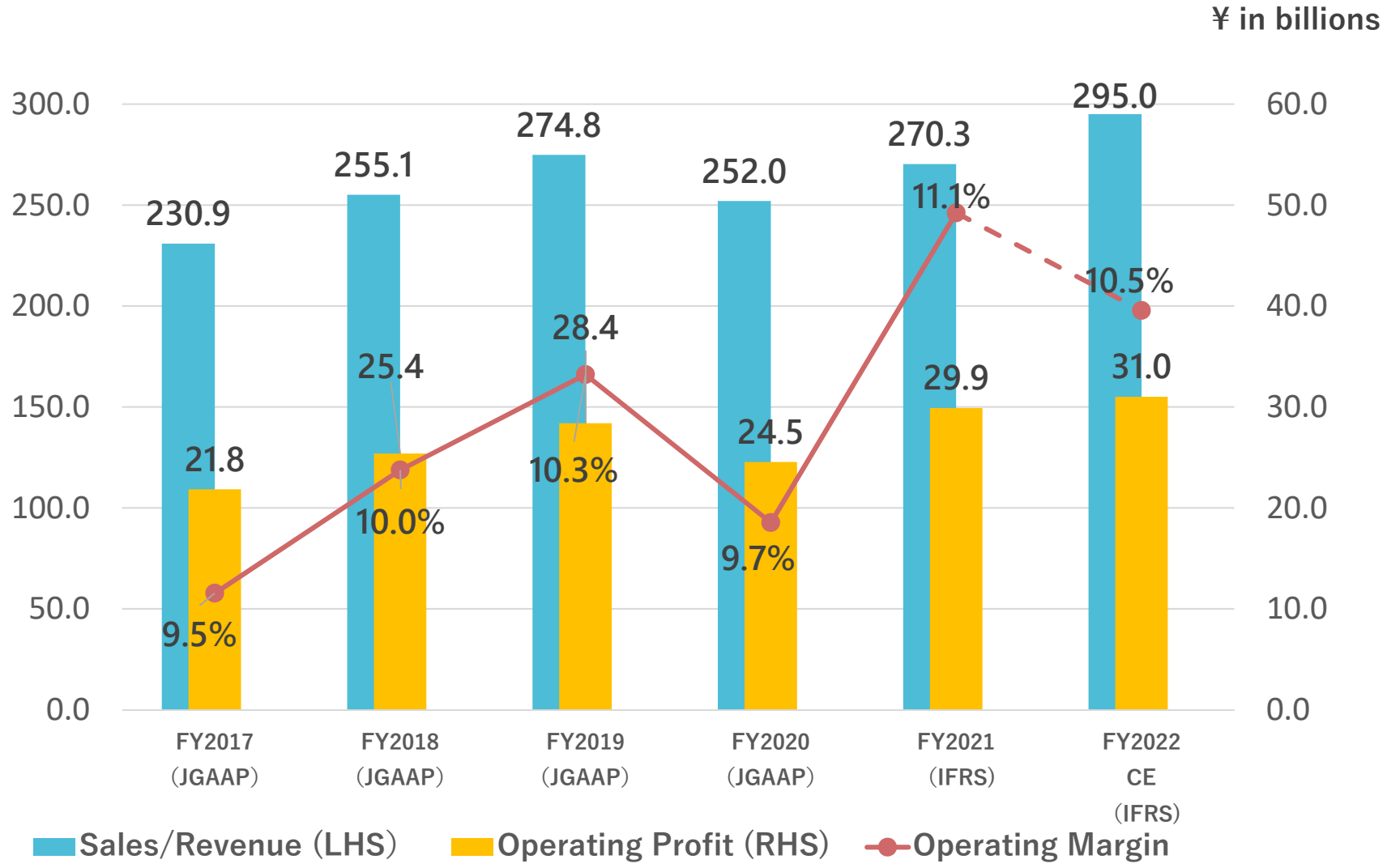
Nippon Steel Sales forecast (FY 2022)

¥ in billions

FY 2021	FY 2022	Increase
55.3	56.0	+0.7

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-7　Key Financial Indicators



Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅱ-8. 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 2022 Dividend

FY2021	FY 2022
¥64→¥66	¥70

2nd Quarter：¥35, Year end ¥35 (Forecast)

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

III

FY2021-2025 Medium term Business Strategy

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅲ-1 Progress of Medium-term Business Policy

¥ in billions

	FY 2021	Medium-term business period (2021-2025)
Sales growth rate	+7%	5～6 %
Sales growth rate in the focus areas	+18%	10%～
Investment to strengthen business infrastructure	15	50～75 (10-15 /year)
Investment for accelerating DX	2.8	10～15 (2～3 /year)

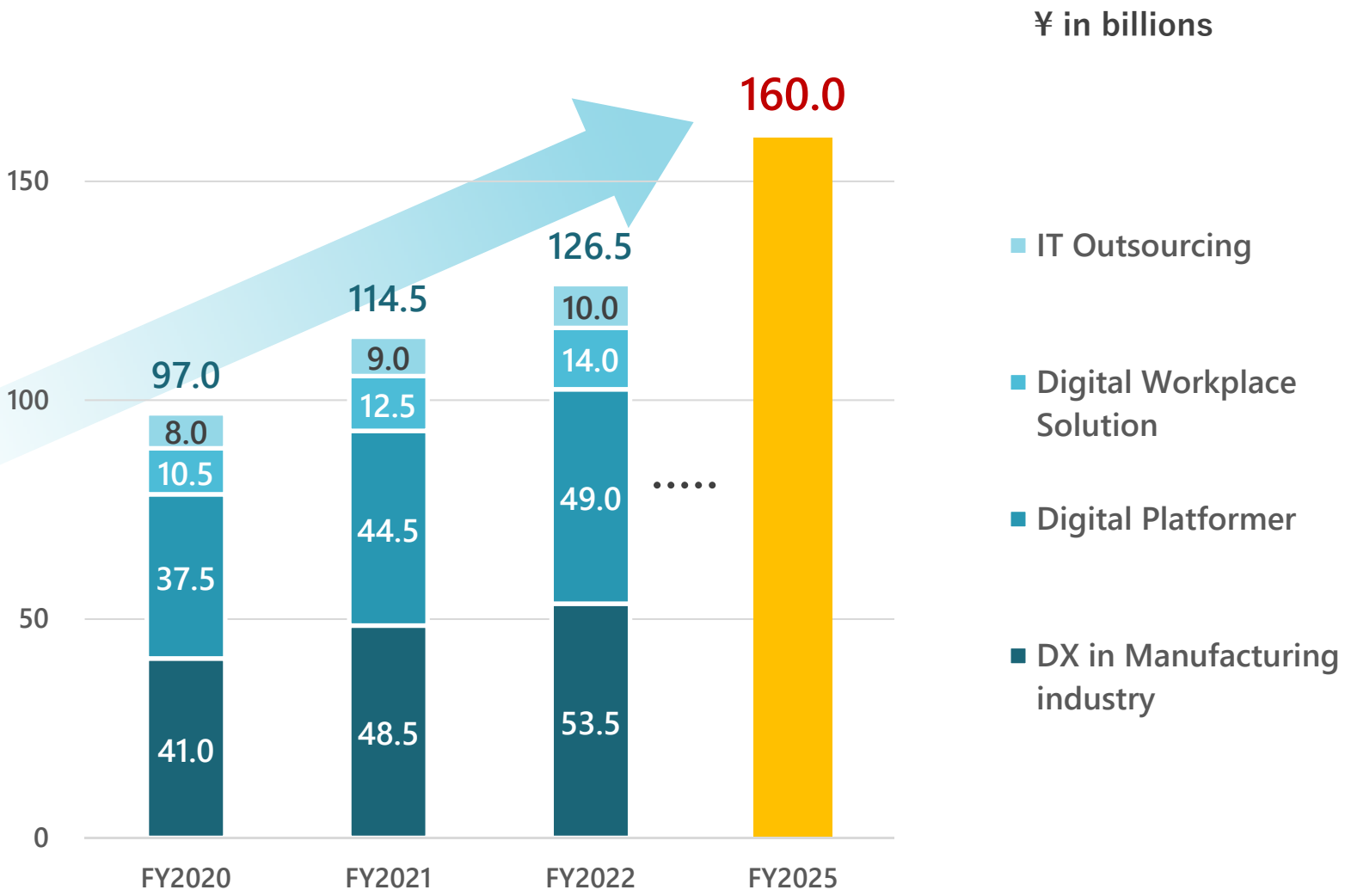
Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅲ-2. Investment for growth

Item	Contents
Investment to strengthen business infrastructure	IT Environment Improvement Investment in private cloud, etc.
Investment for accelerating DX	Intensive training of DX personnel New Solution Development “Enepharos”, an electric power trading and risk management service DX support cloud service for supply-demand planning in the food industry “PPPlan” “HATCHUB” , an electronic contract service specialized for purchasing operations, etc.
M&A and others	Invested in Arithmer, Inc., a company with advanced mathematical AI technology

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅲ-3 Progress and Plans for Focus Areas



Copyright ©2022 NS Solutions Corporation. All Rights Reserved.

Ⅲ-4 Address in Focus Areas

Item	Trends in Client Companies	Address
DX in Manufacturing industry	DX needs in the manufacturing industry are strong, especially in the area of data utilization.	Strengthen responsiveness to customer needs by consolidating knowledge at ALL NSSOL, centered on the "PLANETARY" concept brand.
Digital Platformer	Further acceleration of platform service development and expansion	Expand response capacity by shifting internal resources and promoting external growth measures
Digital Workplace Solution	Competition intensifies as new normal ways of working become more prevalent	Expand and strengthen solutions by making full use of in-house development and external collaboration (Example) "HATCHUB," an electronic contracting service specialized in purchasing operations
IT Outsourcing	Needs for system operations are changing as the IT environment becomes more complex and the level of requirements more sophisticated.	Work on design capabilities to envision what the infrastructure and operations should be, and to strengthen IT governance in operations.

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.



NS Solutions

Answers to power your future

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

NS Solutions, NSSOL, NS logos are either registered trademarks or trademarks of NS Solutions Corporation.
All other company and product names in this material are either registered trademarks or trademarks of their respective owners.

Copyright ©2022 NS Solutions Corporation. All Rights Reserved.