Financial Information for the Second Quarter of the Fiscal Year ending March 31, 2023

(April 1, 2022 through September 30, 2022)

NS Solutions

NIPPON STEEL

October 27, 2022

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.

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.

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Agenda

- Ⅰ. Consolidated Financial Results for 1H of FY Mar. 2023
- Ⅱ. Outlook for FY March 31, 2023
- Ⅲ. Progress of Medium term Business Strategy
- Ⅳ. Sustainability Management

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Consolidated Financial Results for 1H of FY Mar. 2023

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Ⅰ-1. Consolidated Results for 1H of FY Mar. 2023

¥ in billions

	FY Mar.2022 1H	FY Mar. 2023 1H	Difference	(YoY)	FY Mar. 2023 1H (Co. Est)	Difference	B/E-1
	A	B	C	D	E	F	G
Revenue	130.8	134.7	+3.9	+3%	144.0	-9.3	-6%
Gross Profit	28.8	30.4	+1.7	+6%	31.0	-0.6	-2%
Gross Profit Margin	<22.0%>	<22.6%>	<+0.6%>		<21.5%>	<+1.1%>	
SG&A	14.8	16.5	+1.7	+11%	16.5	-0.0	-0%
Others	0.1	0.0	-0.1		0.0	+0.0	
Operating Profit	14.2	14.0	-0.2	-1%	14.5	-0.5	-3%
Operating Profit Margin	<10.8%>	<10.4%>	<-0.4%>		<10.1%>	<+0.3%>	
Profit before tax	14.5	14.2	-0.3	-2%	14.8	-0.6	-4%
Profit attributable to owners of parent	9.5	9.4	-0.1	-1%	9.7	-0.3	-3%

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

¥ in billions

	FY Mar.2022			FY Mar.20223			Difference		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	A	B	C	D	E	F	G	H	I
Revenue	65.5	65.3	130.8	65.1	69.6	134.7	-0.4	+4.3	+3.9
Gross Profit	14.8	14.0	28.8	14.8	15.7	30.4	-0.1	+1.7	+1.7
Gross Profit Margin	<22.6%>	<21.4%>	<22.0%>	<22.7%>	<22.5%>	<22.6%>	<+0.0%>	<+1.2%>	<+0.6%>
SG&A	7.6	7.2	14.8	8.3	8.2	16.5	+0.7	+1.0	+1.7
Others	0.1	0.0	0.1	-0.0	0.0	0.0	-0.1	-0.0	-0.1
Operating Profit	7.4	6.8	14.2	6.5	7.5	14.0	-0.9	+0.7	-0.2
Operating Profit Margin	<11.2%>	<10.4%>	<10.8%>	<10.0%>	<10.8%>	<10.4%>	<-1.3%>	<+0.4%>	<-0.4%>
Profit before tax	7.6	6.9	14.5	6.7	7.6	14.2	-1.0	+0.7	-0.3
Profit attributable to owners of parent	4.8	4.7	9.5	4.4	5.0	9.4	-0.4	+0.3	-0.1

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Ⅰ-3. 1H of FY Mar. 2023
Sales by Segment / Customer Industry

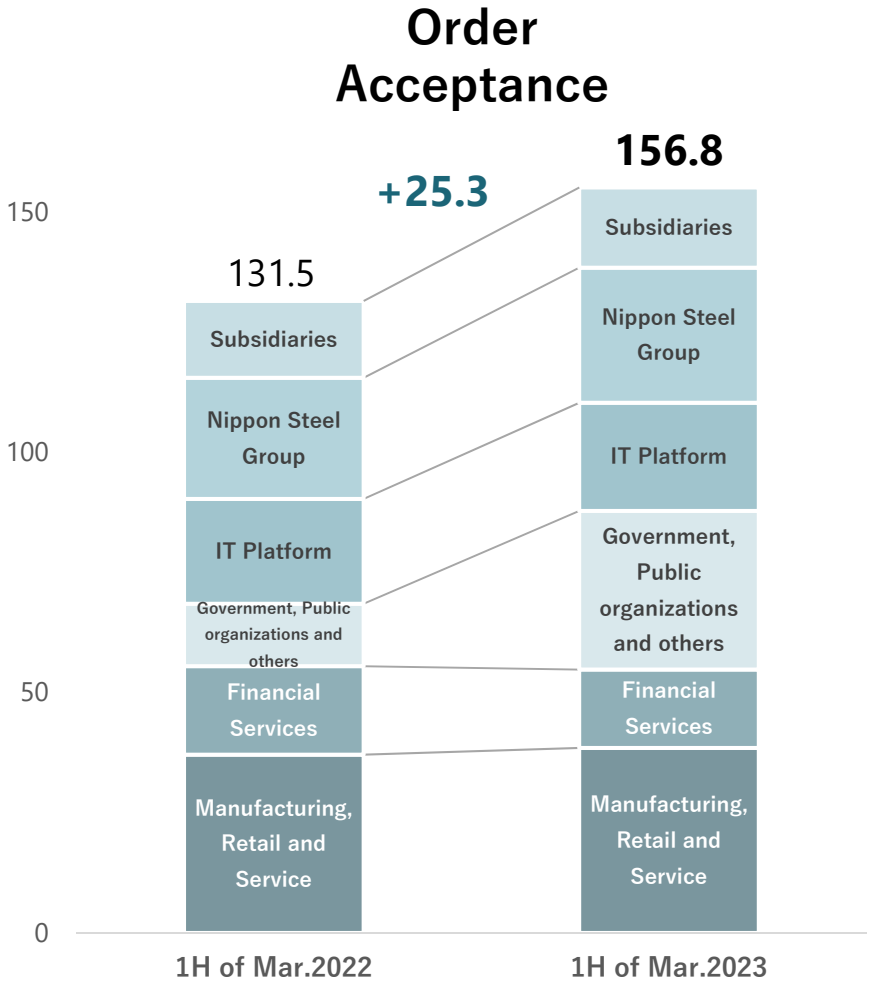
¥ in billions

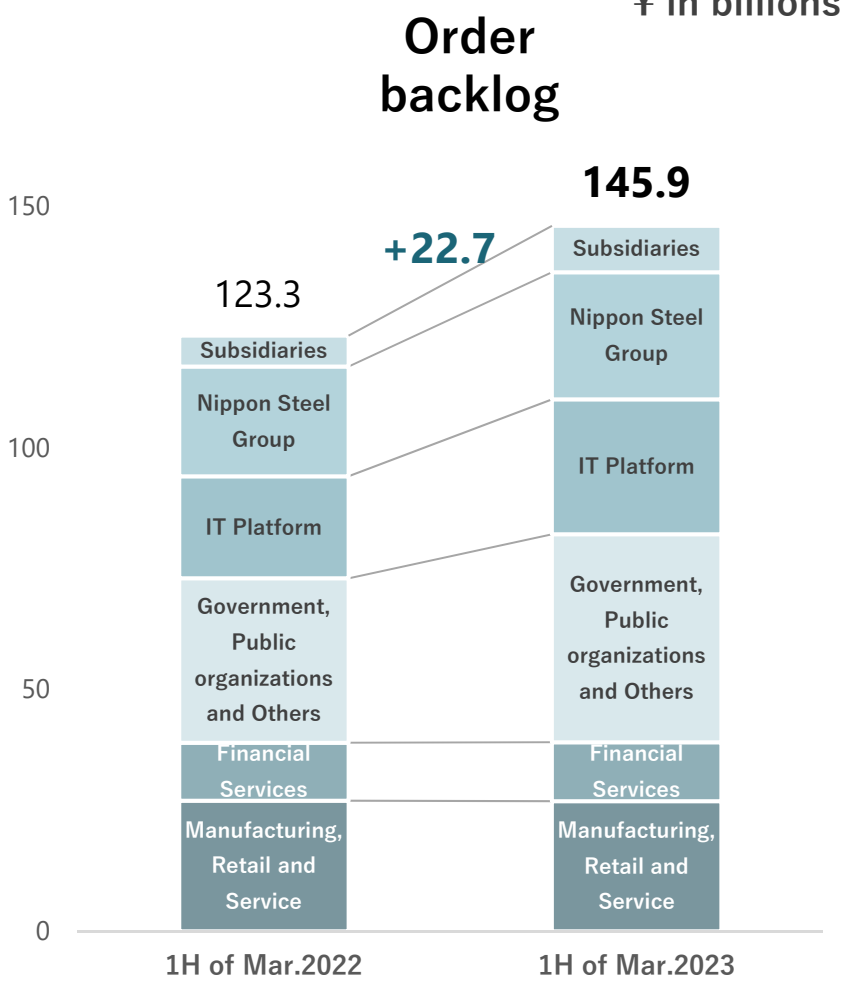
	FY Mar.2022		FY Mar.2023		Difference		FY Mar.2023 Co.est)		Difference w/Co.est)	
	1H	IT platform	1H	IT platform	1H	IT platform	1H	IT platform	1H	IT platform
	A	B	C	D	E	F	G	H	I	J
Business Solutions	71.8	20.4	71.8	16.1	+0.0	-4.3	79.5	20.5	-7.7	-4.4
Manufacturing, Retail and Service	36.5	11.7	39.0	10.4	+2.5	-1.3	39.0	12.5	-0.0	-2.1
Financial Services	19.2	5.6	16.4	4.1	-2.8	-1.5	17.5	5.5	-1.1	-1.4
Government, Public organizations	16.1	3.1	16.4	1.6	+0.3	-1.5	23.0	2.5	-6.6	-0.9
Service Solutions	43.7		46.2		+2.5		47.5		-1.3	
IT Platform	17.1	<20.4>	18.4	<16.1>	+1.3	<-4.3>	19.5	<20.5>	-1.1	<-4.4>
Nippon Steel Group	26.7		27.8		+1.1		28.0		-0.2	
Subsidiaries	15.3		16.7		+1.4		17.0		-0.3	
Total	130.8		134.7		+3.9		144.0		-9.3	
Nippon Steel Sales	(26.6)		(27.7)		(+1.1)		(+27.5)		(+0.2)	

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Ⅰ-4. Order Acceptance・Order Backlog

¥ in billions

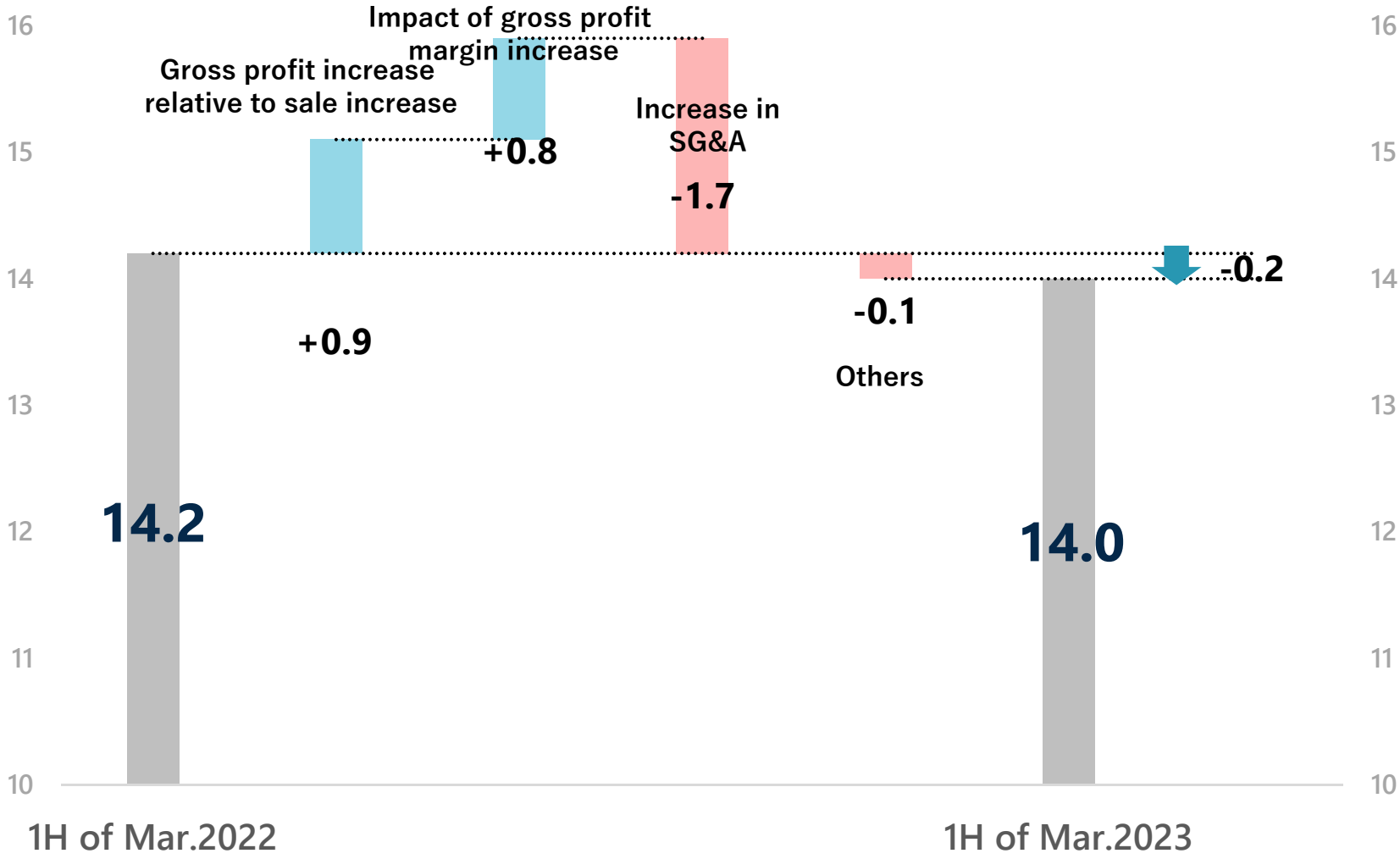




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Ⅰ-5. 1H of FY Mar. 2023
Consolidated Operating Profit Breakdown

¥ in billions



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II

Outlook for FY March 31, 2023

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Ⅱ-1. Market trend

Business Environment		Although the economy is expected to pick up, including IT investment However, the risk of a downturn in overseas economies putting downward pressure on Japan's economy remains a concern.
Market Trend	**Manufacturing, Retail and Service**	• Active IT investment to enhance services of platformer (Internet services and e-commerce).
	Financial Services	• Establishment of new business models through DX by financial institutions themselves, acceleration of provision of financial services by different industries
	Government, Public organizations and others	• Growing IT needs due to the increasing digitization of government services and society
	IT Platform	• Cloud operations needs remain high; digital and security areas booming
	Nippon Steel Group	• DX investment by Nippon Steel Group remains strong

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Ⅱ-2-①. Outlook for FY Mar. 2023 (YoY)

¥ in billions

	FY Mar. 2022			FY Mar. 2023			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
	A	B	C	D	E	F	G	H	I
Revenue	130.8	139.5	270.3	134.7	155.3	290.0	+3.9	+15.8	+19.7
Gross Profit	28.8	31.7	60.4	30.4	34.6	65.0	+1.7	+2.9	+4.6
Gross Profit Margin	<22.0%>	<22.7%>	<22.4%>	<22.6%>	<22.2%>	<22.4%>	<+0.6%>	<-0.4%>	<+0.1%>
SG&A	14.8	15.2	30.0	16.5	17.5	34.0	+1.7	+2.3	+4.0
Others	0.1	-0.7	-0.5	0.0	-0.0	0.0	-0.1	+0.7	+0.5
Operating Profit	14.2	15.7	29.9	14.0	17.0	31.0	-0.2	+1.3	+1.1
Operating Profit Margin	<10.8%>	<11.3%>	<11.1%>	<10.4%>	<10.9%>	<10.7%>	<-0.4%>	<-0.3%>	<-0.4%>
Profit before tax	14.5	16.2	30.7	14.2	17.3	31.5	-0.3	+1.1	+0.8
Profit attributable to owners of parent	9.5	11.1	20.5	9.4	11.7	21.1	-0.1	+0.6	+0.6

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Ⅱ - 2 -② Outlook for FY Mar. 2023 (vs previous plan)

¥ in billions

	FY Mar. 2023 (As of April 28th)			FY Mar. 2023 (As of Oct 27th)			Difference		
	1H	2H	Full	1H	2H	Full	1H	2H	Full
	A	B	C	D	E	F	G	H	I
Revenue	144.0	151.0	295.0	134.7	155.3	290.0	-9.3	+4.3	-5.0
Gross Profit	31.0	34.0	65.0	30.4	34.6	65.0	-0.6	+0.6	-
Gross Profit Margin	<21.5%>	<22.5%>	<22.0%>	<22.6%>	<22.2%>	<22.4%>	<+1.1%>	<-0.3%>	<+0.4%>
SG&A	16.5	17.5	34.0	16.5	17.5	34.0	-0.0	+0.0	-
Others	0.0	0.0	0.0	0.0	-0.0	0.0	+0.0	-0.0	-
Operating Profit	14.5	16.5	31.0	14.0	17.0	31.0	-0.5	+0.5	-
Operating Profit Margin	<10.1%>	<10.9%>	<10.5%>	<10.4%>	<10.9%>	<10.7%>	<+0.3%>	<+0.0%>	<+0.2%>
Profit before tax	14.8	16.7	31.5	14.2	17.3	31.5	-0.6	+0.6	-
Profit attributable to owners of parent	9.7	11.4	21.1	9.4	11.7	21.1	-0.3	+0.3	-

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Ⅱ-3. Outlook for FY 2H pf Mar. 2023
Sales by Segment / Customer Industry

¥ in billions

	FY Mar. 2022		FY Mar. 2023		Difference		FY Mar. 2023 (as of April 28th)		VS forecast	
	2H	IT platform	2H	IT platform	2H	IT platform	2H	IT platform	2H	IT platform
	A	B	C	D	E	F	G	H	I	J
Business Solutions	73.8	17.0	87.2	16.9	+13.4	-0.0	81.5	17.0	+5.7	-0.1
Manufacturing, Retail and Service	39.8	10.7	43.5	10.1	+3.8	-0.5	43.5	10.0	+0.0	+0.1
Financial Services	15.8	4.1	16.1	4.4	+0.3	+0.3	16.0	4.5	+0.1	-0.1
Government, Public organizations	18.3	2.2	27.6	2.4	+9.3	+0.2	22.0	2.5	+5.6	-0.1
Service Solutions	46.2		47.8		+1.6		49.0		-1.2	
IT Platform	18.1	<17.0>	18.6	<16.9>	+0.5	<-0.0>	20.0	<17.0>	-1.4	<-0.1>
Nippon Steel Group	28.1		29.2		+1.1		29.0		+0.2	
Subsidiaries	19.5		20.3		+0.8		20.5		-0.2	
Total	139.5		155.3		+15.8		151.0		+4.3	
Nippon Steel Sales	28.6		28.3		-0.4		28.5		-0.2	

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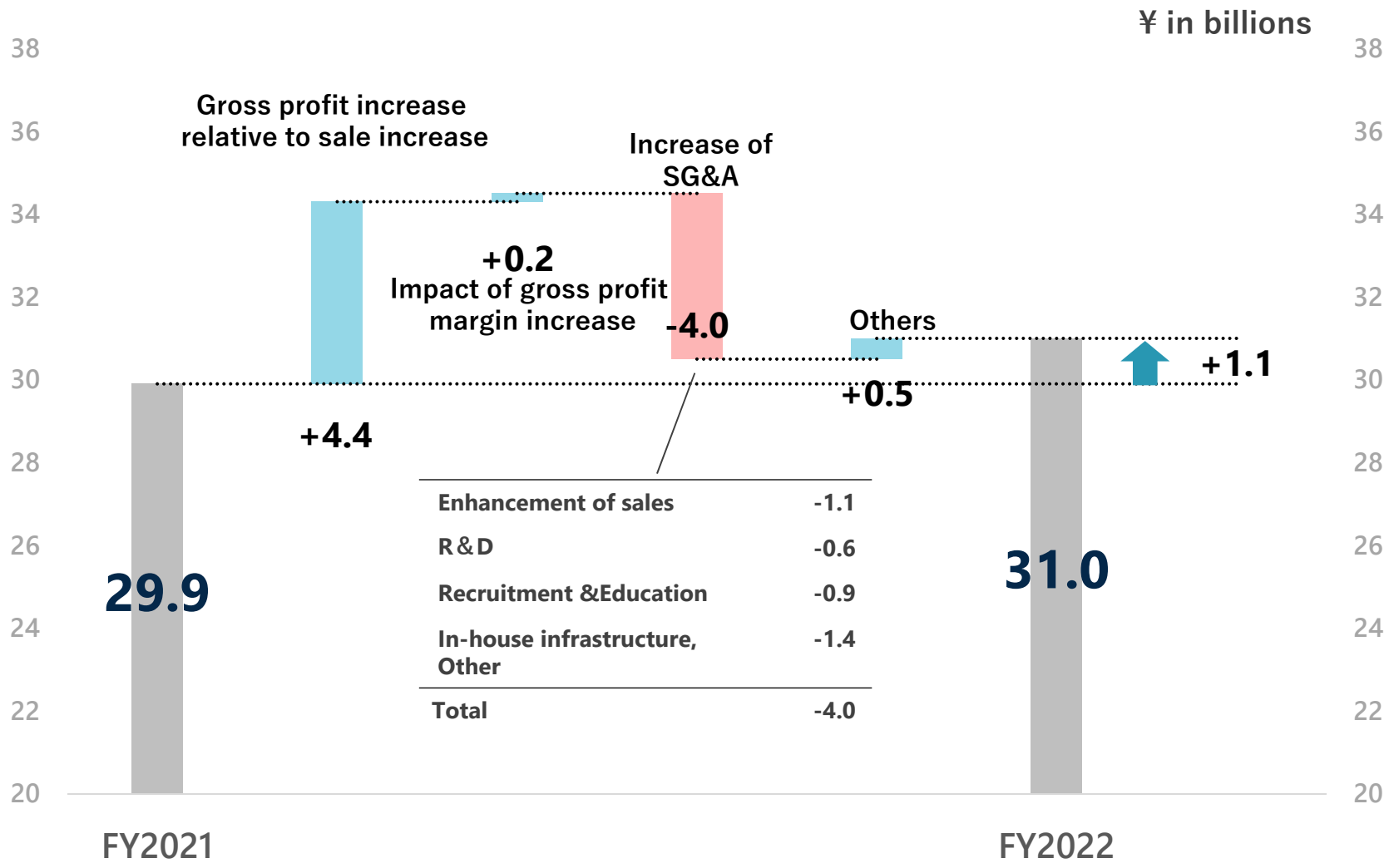
Ⅱ-4. Outlook for FY March 2023
Sales by Segment / Customer Industry

¥ in billions

	FY Mar. 2022		FY Mar.2023 (as of Oct27th)		Difference		FY Mar.2023 (as of April 28th)		Vs forecast	
		IT platform		IT platform		IT platform		IT platform		IT platform
Business Solutions	145.6	37.4	159.0	33.0	+13.4	-4.4	161.0	37.5	-2.0	-4.5
Manufacturing, Retail and Service	76.2	22.3	82.5	20.5	+6.3	-1.8	82.5	22.5	-	-2.0
Financial Services	35.0	9.8	32.5	8.5	-2.5	-1.3	33.5	10.0	-1.0	-1.5
Government, Public organizations	34.4	5.3	44.0	4.0	+9.6	-1.3	45.0	5.0	-1.0	-1.0
Service Solutions	89.9		94.0		+4.1		96.5		-2.5	
IT Platform	35.2	<37.4>	37.0	<33.0>	+1.8	<-4.4>	39.5	<37.5>	-2.5	<-4.5>
Nippon Steel Group	54.7		57.0		+2.3		57.0		-	
Subsidiaries	34.8		37.0		+2.2		37.5		-0.5	
Total	270.3		290.0		+19.7		295.0		-5.0	
Nippon Steel Sales	55.3		56.0		0.7		56.0		-	

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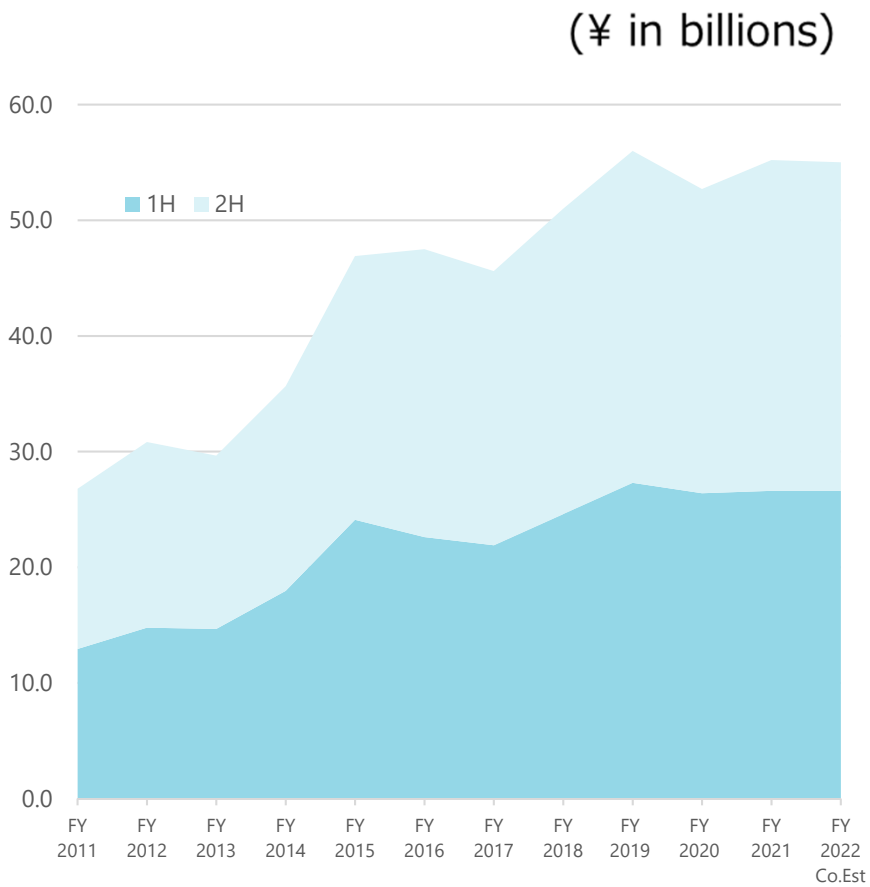
Ⅱ-5. FY Mar.2023 Operating Profit Outlook



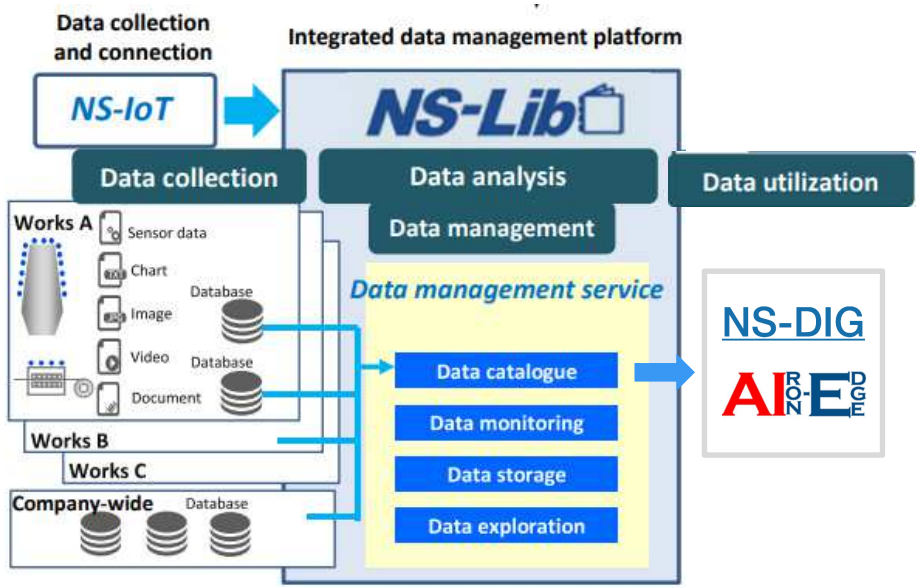
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Ⅱ-6．Nippon Steel business

1. Nippon Steel Sales Trend



2．Actions



Nippon Steel Sales forecast (FY 2022)

¥ in billions

FY 2021	FY 2022	Increase
55.3	56.0	+0.7

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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 2022 Dividend

FY Mar. 2023

70 yen

2nd quarter end : 35yen, Year end : 35yen (Forecast)

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III

Progress of Medium term Business Strategy

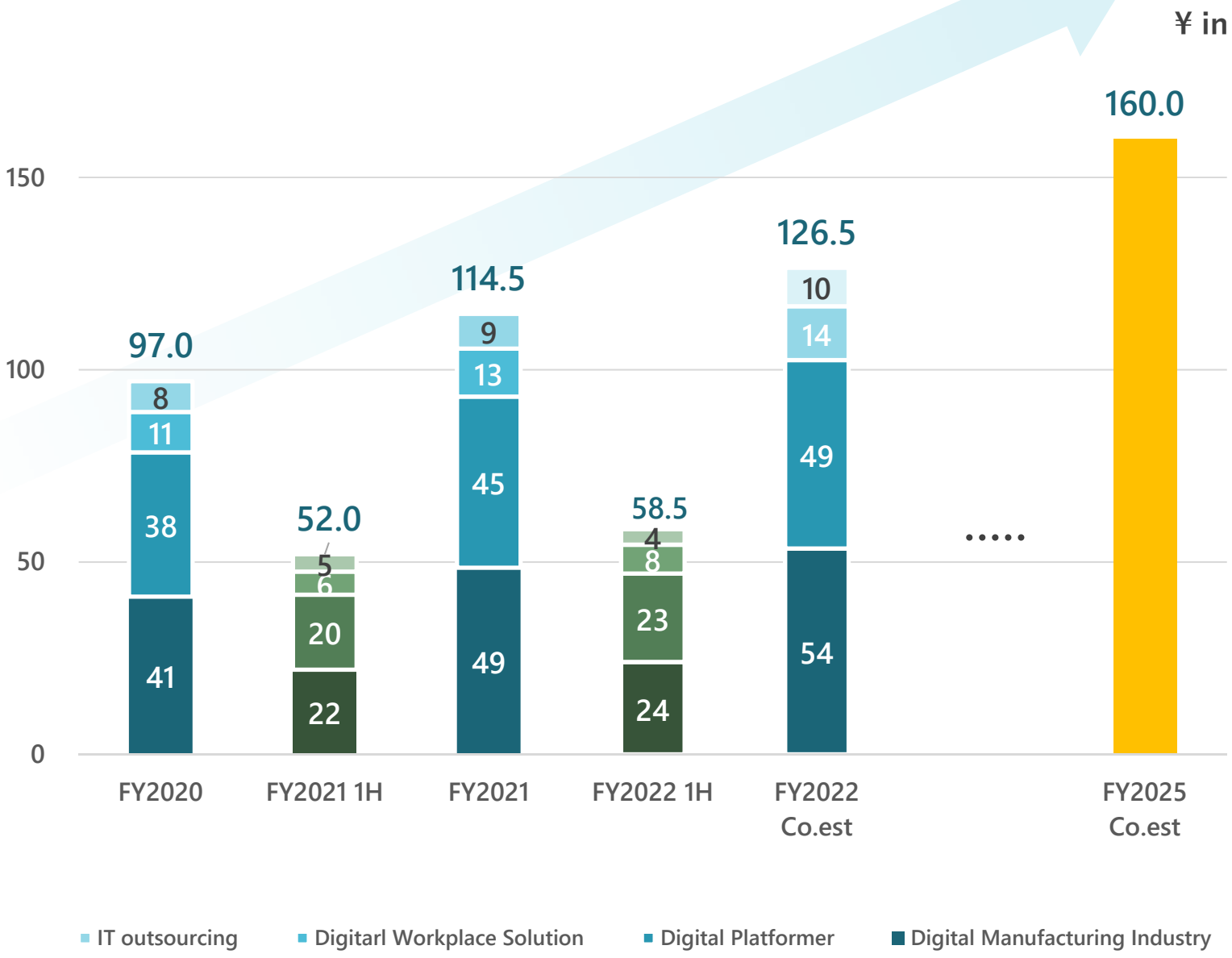
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Ⅲ-1. Investment for growth

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 other investments	Invested in Arithmer, Inc., a company with advanced mathematical AI technology Invested in Estyle, a company with consulting capabilities in data utilization
Others	Formed a strategic partnership with Pega, a company with strengths in digitizing business processes Sale of cross shareholdings to secure funds for growth investments

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Ⅲ-2. Progress and Plans for Focus Areas



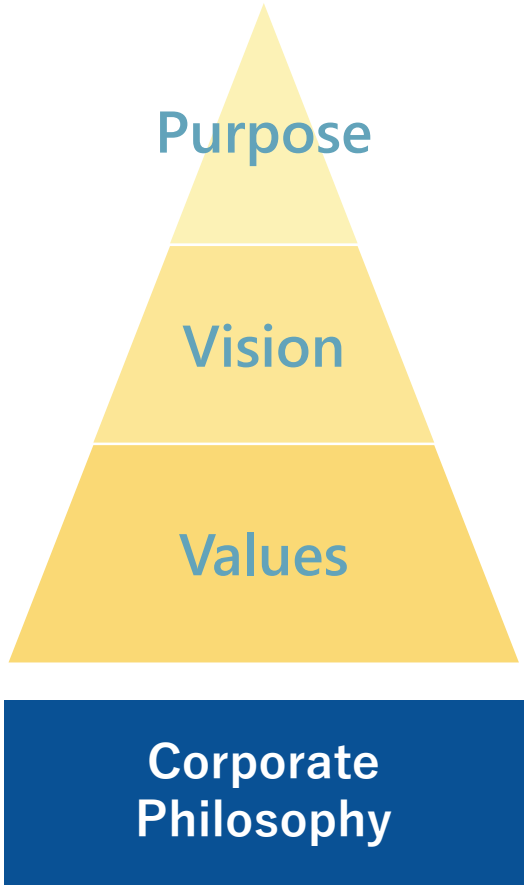
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IV Sustainability Management

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Ⅳ. Sustainability Management

- Reorganized philosophy system including Purpose Values

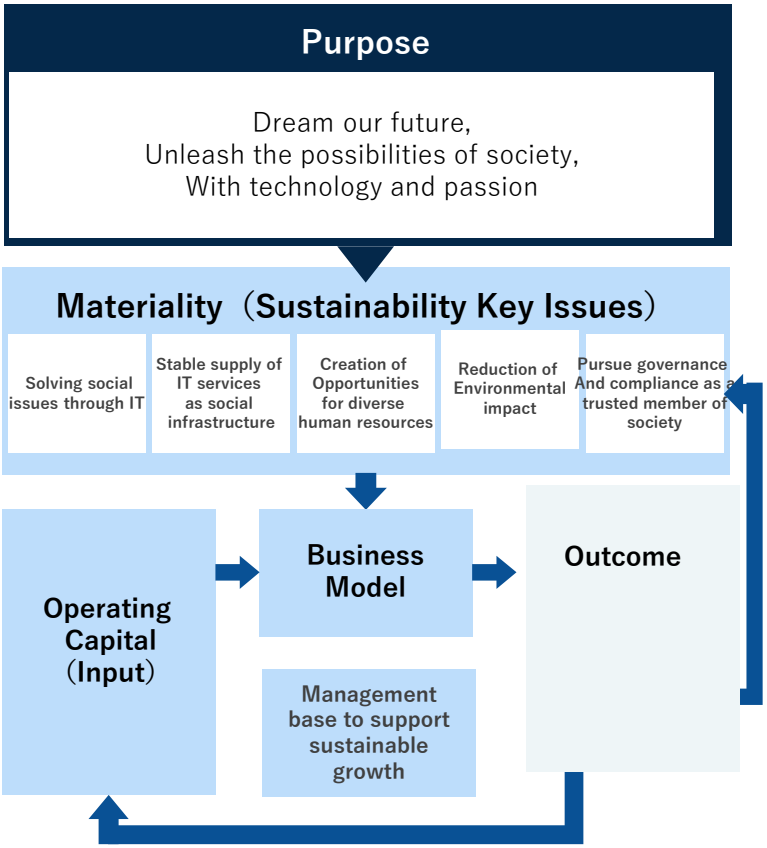


Purpose	Dream our future, Unleash the possibilities of society, With technology and passion.
Vision	The first DX partner
Values	• Move! to Change • Move! toward Future • Move! with Everyone • Move! as a Professional
Corporate Philosophy	Creation・Reliability・Growth

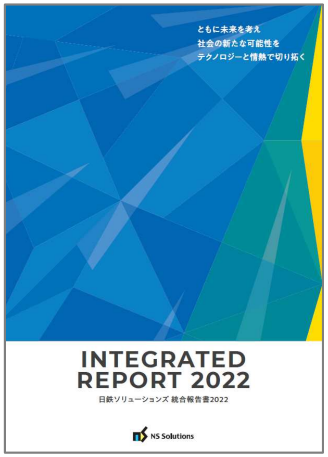
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Ⅳ-2. Sustainability Management

◆ Value creation process starting from Purpose



◆ Integrated Report to be issued



◆ Environment

Conversion to green electricity for use in the head office

◆ Social

Formulation of Human Rights Policy

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NS Solutions

Answers to power your future

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