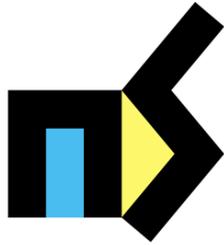


Financial Information for the Second Quarter of the Fiscal Year ending March 31, 2017

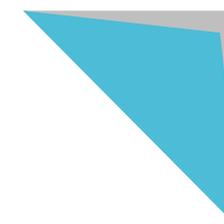
(April 1, 2016 through September 30, 2016)



NS Solutions

October 28, 2016

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.

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II . Outlook for FY 2016

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Consolidated Financial Results for 1H of FY2016

I - 1 Highlights of Consolidated Financial Results

1H of FY2016

		YoY change	(Billions of yen) (Diff. with Co. Est)
● Sales	105.9	-0.4	(+2.9)
● Operating Profit	9.8	+0.0	(+1.1)
● Net Income*	6.6	+0.6	(+1.0)

*Net income in this page means Profit attributable to owners of parent

I -2. 1H of FY ending March 31,2017 Consolidated Financial Results

(Billions of yen)	1H of FY Mar.2016 A	1H of FY Mar.2017 B	Difference B-A	FY Mar.2017 Co. Est C	Difference Vs Co. Est B-C
Sales	106.3	105.9	-0.4	103.0	+2.9
Business solutions	67.5	68.3	+0.8	65.5	+2.8
Service solutions	38.8	37.5	-1.3	37.5	+0.0
Gross Profit	22.0	22.3	+0.3	21.1	+1.2
<Gross Profit Margin>	<20.7%>	<21.0%>	<+0.4%>	<20.5%>	<+0.6%>
SG&A	12.2	12.5	+0.3	12.4	+0.1
Operating Profit	9.8	9.8	+0.0	8.7	+1.1
Recurring Profit	10.1	10.2	+0.2	9.0	+1.2
Profit attributable to owners of parent	6.0	6.6	+0.6	5.6	+1.0

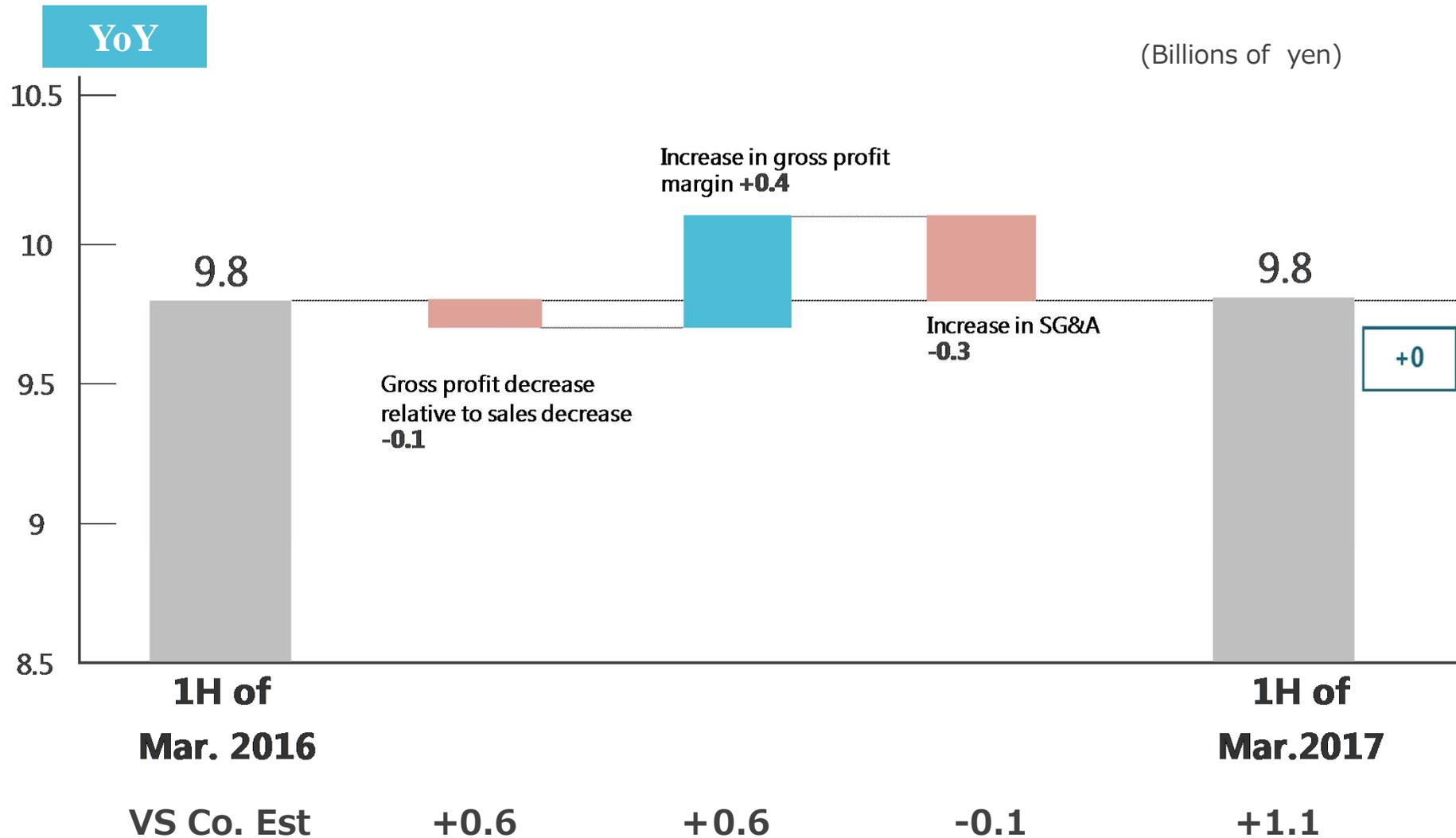
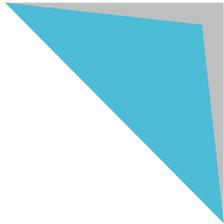
I -3. Sales by Segment / Customer Industry

(Billions of yen)	1H of FY Mar. 2016		1H of FY Mar. 2017		Difference		Comment
	Actual A	IT platform	Actual B	IT platform	B-A	IT platform	
Business Solutions	56.1	15.6	57.1	15.2	+1.0	-0.4	
Manufacturing, Retail and Service	26.5	9.0	27.1	8.4	+0.5	-0.7	Increase in manufacturers' PLM needs
Financial Services	17.9	3.7	18.2	4.1	+0.3	+0.3	IT investment of Major banks, other banks and securities are maintained at the level of last year's
Government, Public organizations and Others	11.6	2.8	11.9	2.7	+0.2	-0.1	Receive large scale government's platform projects (multi-year contract)
Service Solutions	38.2		36.6		-1.5		
IT Platform	13.5	<15.6>	13.9	<15.2>	+0.4	<-0.4>	Increase in cloud. Decrease in traditional operation service
NSSMC Group	24.7		22.8		-2.0		Decrease in NSSMC business
Subsidiaries	12.0		12.1		+0.1		
Total	106.3		105.9		-0.4		
NSSMC Sales	(24.1)		(22.8)		(-1.5)		
Total Order	111.6		115.7		+4.1		

I -4. 1H of FY ending March 31, 2017 Quarterly Consolidated Results

(Billions of yen)	1H of FY ended Mar.2016			1H of FY ending Mar.2017			Difference		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	D-A	E-B	F-C
	A	B	C	D	E	F			
Sales	51.2	55.1	106.3	50.0	55.8	105.9	-1.2	+0.8	-0.4
Business Solutions	32.3	35.2	67.5	31.8	36.5	68.3	-0.5	+1.3	+0.8
Service Solutions	18.9	19.9	38.8	18.2	19.3	37.5	-0.7	-0.6	-1.3
Gross Profit	10.8	11.1	22.0	11.0	11.3	22.3	+0.1	+0.2	+0.3
<Gross profit margin>	<21.1%>	<20.2%>	<20.7%>	<21.9%>	<20.3%>	<21.0%>	<+0.8%>	<+0.1%>	<+0.4%>
SG&A	6.2	6.0	12.2	6.4	6.1	12.5	+0.2	+0.1	+0.3
Operating Profit	4.7	5.2	9.8	4.6	5.2	9.8	-0.1	+0.1	+0.0
Recurring Profit	4.9	5.2	10.1	4.9	5.3	10.2	+0.0	+0.1	+0.2
Profit attributable to owners of parent	2.8	3.2	6.0	3.0	3.6	6.6	+0.2	+0.4	+0.6

I -5. 1H of FY ending March 31, 2017 Consolidated Operating Profit Breakdown





Outlook for FY2016

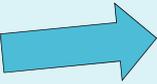
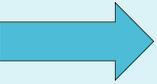
II - 1 . Current Business Conditions

Market Trend

Business solutions

Manufacturing, Retail and Service	Manufacturers aggressively invest on strategic IT system such as PLM(*1), Production operations	
Financial Services	Major Banks keep their high level of IT investment due to their mid term development plan.	
Government, Public organizations and Others	Government spending for existing IT investment are still under competitive conditions. We try to acquire order from government platform systems which aim to strengthen security. Telecom area has been severe, however we expect new technology area is expanding.	

Service solutions

IT Platform	Install, renewal unified platform, cyber security and terminal management IT system (e.g. VDI(*2)/DaaS(*3)) demand are steady. IT infrastructure demand remains solid. However it takes time for decision making.	
NSSMC Group	IT investment of Nippon Steel and Sumitomo Metal is at high level due to the post merger optimization.	

*1:PLM:Product Lifecycle Management
 *2:VDI:Virtual Desktop Infrastructure

*3:DaaS:Desktop as a Service

II -2. Outlook for FY Mar.2017

(Billions of yen)	FY Mar.2016 Actual A	FY Mar.2017 Co. Est B	Difference YoY B-A	FY Mar.2017 Old Co. Est
Sales	218.7	223.0	+4.3	223.0
Business solutions	142.5	145.0	+2.5	145.0
Service solutions	76.2	78.0	+1.8	78.0
Gross Profit	43.7	45.7	+2.0	45.3
<Gross Profit Margin>	<20.0%>	<20.5%>	<+0.5%>	<20.3%>
SG&A	24.4	25.1	+0.7	24.7
Operating Profit	19.3	20.6	+1.3	20.6
Recurring Profit	19.4	21.0	+1.6	21.0
Profit attributable to owners of parent *	11.2	13.5	+2.3	13.5

* Extraordinary loss on investment securities -0.5 billion yen in Mar.2016
Income taxes increased owing to the reversal of deferred tax assets due to the amendment of Corporate Tax Act. -0.5billion in Mar.2016.

II -3. Sales Forecasts for FY Mar.2017

(Billions of yen)	FY Mar. 2016		FY Mar.2017		Difference		FY Mar.2017		Difference	
	Actual A	IT platform	Co. Est B	IT platform	B-A	IT platform	Co. Est Old C	IT platform	B-C	IT platform
Business Solutions	118.4	30.8	121.0	31.5	+2.6	+0.7	121.0	33.5	-	-2.0
Manufacturing, Retail and Service	54.5	17.6	56.5	18.0	+2.0	+0.4	58.5	20.0	-2.0	-2.0
Financial Services	36.1	8.5	35.0	9.0	-1.1	+0.5	34.0	9.5	+1.0	-0.5
Government, Public organizations	27.8	4.8	29.5	4.5	+1.7	-0.3	28.5	4.0	+1.0	+0.5
Service Solutions	74.7		76.0		+1.3		76.0		-	
IT Platform	27.0	<30.8>	30.0	<31.5>	+3.0	<+0.7>	30.0	<33.5>	-	<-2.0>
NSSMC Group	47.6		46.0		-1.6		46.0		-	
Subsidiaries	25.6		26.0		+0.4		26.0		-	
Total	218.7		223.0		+4.3		223.0		-	
NSSMC Sales		(46.9)		(45.6)		(-1.3)		(45.0)		(+0.6)

II -4. Outlook for 2H of Mar.2017

Sales Forecasts by Segment / Customer Industry

(Billions of yen)	2H of FY Mar. 2016		2H of FY Mar.2017		Difference		Comment
	Actual A	IT platform	Co. Est B	IT platform	B-A	IT platform	
Business Solutions	62.3	15.2	63.9	16.3	+1.5	+1.1	
Manufacturing, Retail and Service	28.0	8.5	29.4	9.6	+1.5	+1.1	Increase in manufacturers. Net and retail are in line with last year's
Financial Services	18.2	4.7	16.8	4.9	-1.4	+0.2	A part of Major bank's IT investment peak out
Government, Public organizations	16.2	2.0	17.6	1.8	+1.5	-0.2	Increase in government's platform demand
Service Solutions	36.5		39.4		+2.9		
IT Platform	13.5	<15.2>	16.1	<16.3>	+2.6	<+1.1>	Increase in cloud and DaaS/VDI demand.
NSSMC Group	22.9		23.2		+0.3		Maintain last year's level in NSSMC business
Subsidiaries	13.6		13.9		+0.3		
Total	112.4		117.1		+4.8		
NSSMC Sales	(22.8)		(23.0)		(+0.2)		

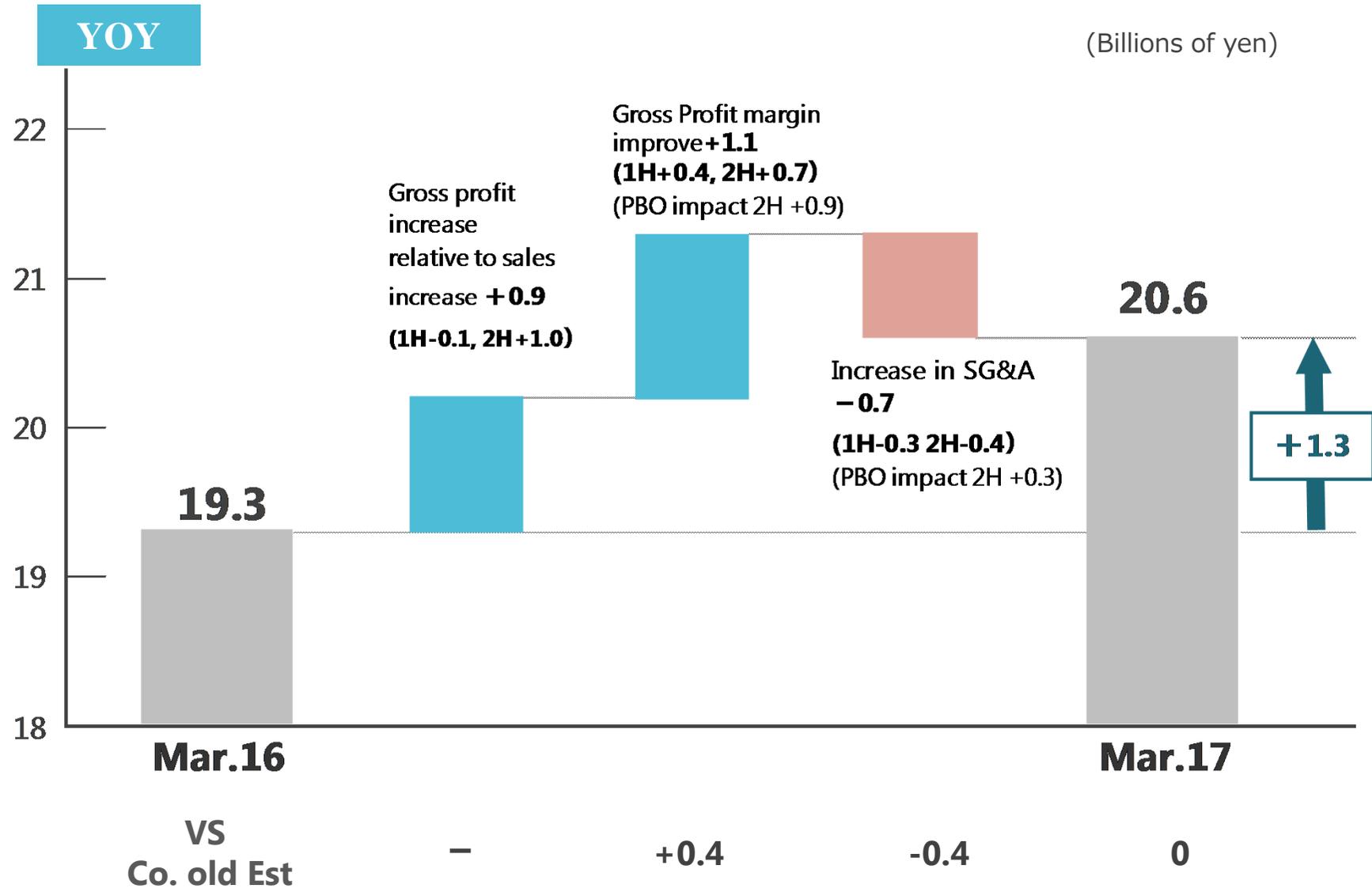
*We pull out 1H of FY Mar.2017 results from our FY Mar.2017 estimate to show 2H of FY Mar.2017

II -5. Outlook for FY Mar.2017

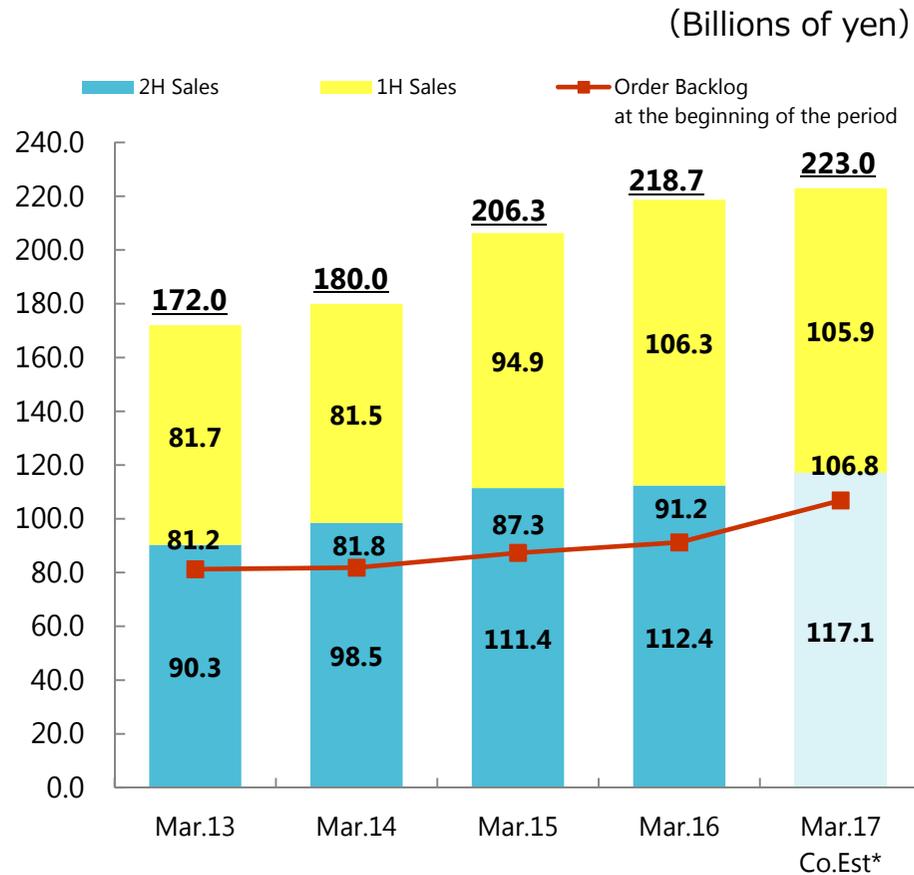
Sales Forecasts by Service for FY Mar.2017(1H/2H)

(Billions of Yen)	FY Mar.2016 Actual		FY Mar.2017 Co. Est		Difference		Old 2H Co. Est E	Difference D-E
	1H	2H	1H	2H	1H	2H		
	A	B	C	D	C-A	D-B		
Sales	106.3	112.4	105.9	117.1	-0.4	+4.8	120.0	-2.9
Business Solutions	67.5	75.0	68.3	76.7	+0.8	+1.7	79.5	-2.8
Service Solutions	38.8	37.4	37.5	40.5	-1.3	+3.1	40.5	-0.0
Gross Profit	22.0	21.7	22.3	23.4	+0.3	+1.7	24.2	-0.8
<Gross profit margin>	<20.7%>	<19.3%>	<21.0%>	<20.0%>	<+0.4%>	<+0.7%>	<20.2%>	<-0.2%>
SG&A	12.2	12.3	12.5	12.6	+0.3	+0.4	12.3	+0.3
Operating Profit	9.8	9.5	9.8	10.8	+0.0	+1.3	11.9	-1.1
Recurring Profit	10.1	9.3	10.2	10.8	+0.2	+1.5	12.0	-1.2
Profit attributable to owners of parent	6.0	5.1	6.6	6.9	+0.6	+1.8	7.9	-1.0
NSSMC Sales	(24.1)	(22.8)	(22.6)	(23.0)	(-1.5)	(+0.2)	(23.0)	(-)
Order backlog at the beginning of the period	85.9	91.2	97.0	106.8	+11.1	+15.6		
Gross Profit margin (ex PBO cost)		20.2%		20.0%				

II -6. FY Mar.2017 OP Forecast Breakdown



II -7. Realization of Sustainable Growth



	12/9	13/9	14/9	15/9	16/9
Employee	5,042	5,072	5,381	5,665	5,898

*1H of Mar.17 is actual and 2H of Mar.17 is our estimate

- Cooperation among business units to promote sales based on account strategies

- To acquire long term projects through enforcement with client relationship based on IT partner strategies

- Expansion of in-house resources which support sustainable growth

II -8. Shareholders Return Policy

We highly value to maintain and strengthen our competitiveness and improve our corporate value in the long run. As for profit sharing, we pay stable dividends mindful of linkage with performance. Our basic policy is appropriate and stable dividend and secure internal reserve. As for dividend we target dividend payout ratio of 30% according to our consolidated earnings.

Plan for Mar.2017 Dividend

Mar.2017
45.00 yen

(Reference)
Mar.2016
42.50 yen

We pay 22.5 yen dividend at the end of the 2Q and pay 22.5 yen dividend at the end of the Fiscal year March 31, 2017.

※ We calculate FY Mar.2016 dividend based on the assumptions that we did equity split of 1:2 at the beginning of the FY Mar.2016.



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