



NS Solutions

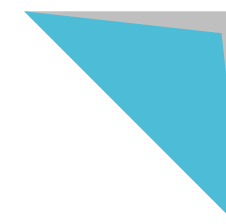
 **NIPPON STEEL**

Financial Information for the Fiscal Year ended March 31, 2022

(April 1, 2021 through March 31, 2022)

April 28, 2022

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 2021

II . Outlook for FY 2022

III FY2021-2025 Medium term Business Strategy

I

Consolidated Financial Results for FY 2021

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% |

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 |

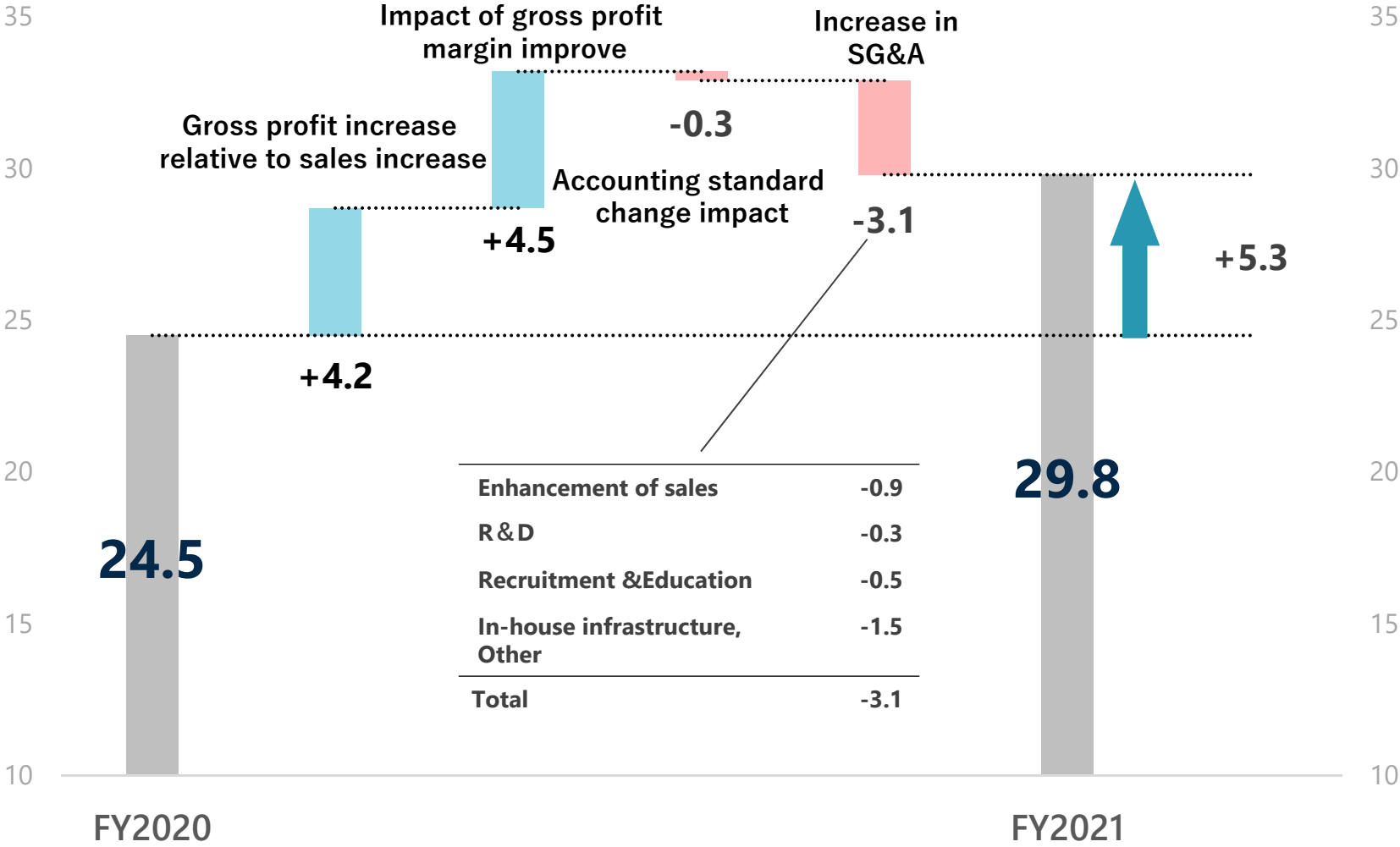
I -3. Sales by Segment / Customer Industry (JGAAP)

¥ 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 | | |

I -4. Operating Profit Breakdown (JGAAP)

¥ in billions



(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 |

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

¥ in billions

| | JGAAP | | IFRS | |
|--|--------------|--------------------------|-------------|---|
| | A | | 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 |

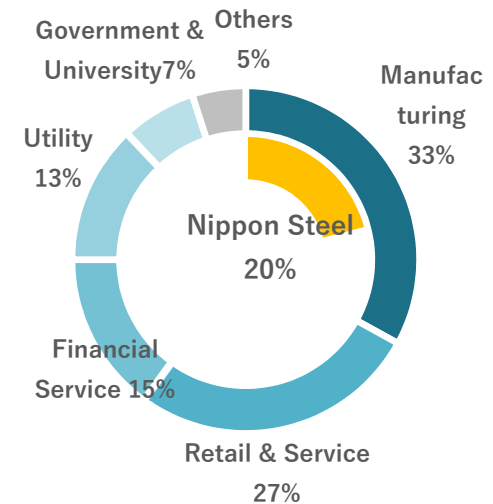
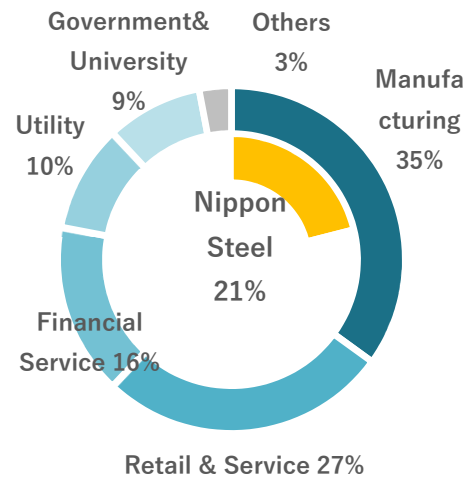
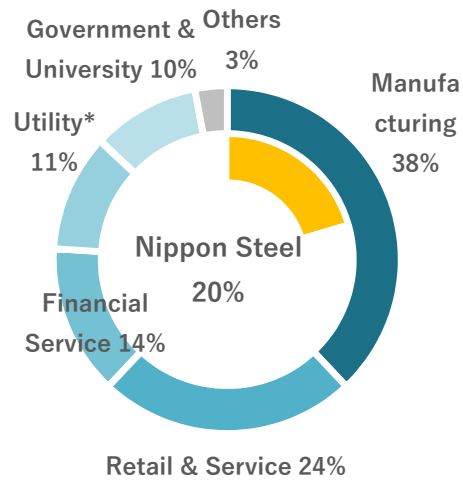
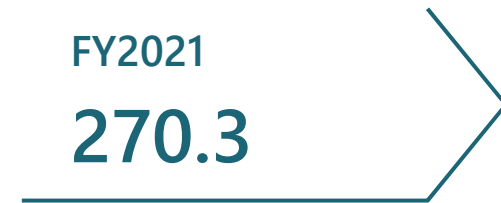
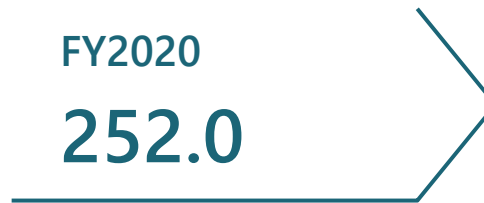
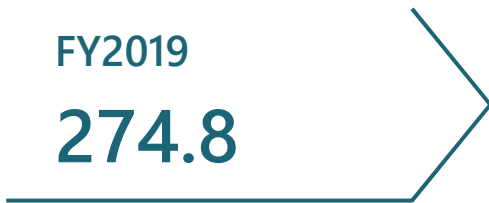
Note: The results for the fiscal year ended March 31, 2022 based on IFRS are unaudited reference results and are subject to change as a result of accounting audits.

(Reference)

Sales Breakdown by Industry Segment (JGAAP)

FY2019~FY2021

¥ in billions



*Utility : Transportation, Telecom and Electric Power

II

Outlook for FY March 31, 2023

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

II -2 Outlook (IFRS)

¥ in billions

| | FY 2021 (IFRS) | FY 2022 (IFRS) | Difference B-A | (YoY) (B-A)/A |
|--|-------------------|-------------------|-------------------|------------------|
| | A | B | | (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.

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 | | | |

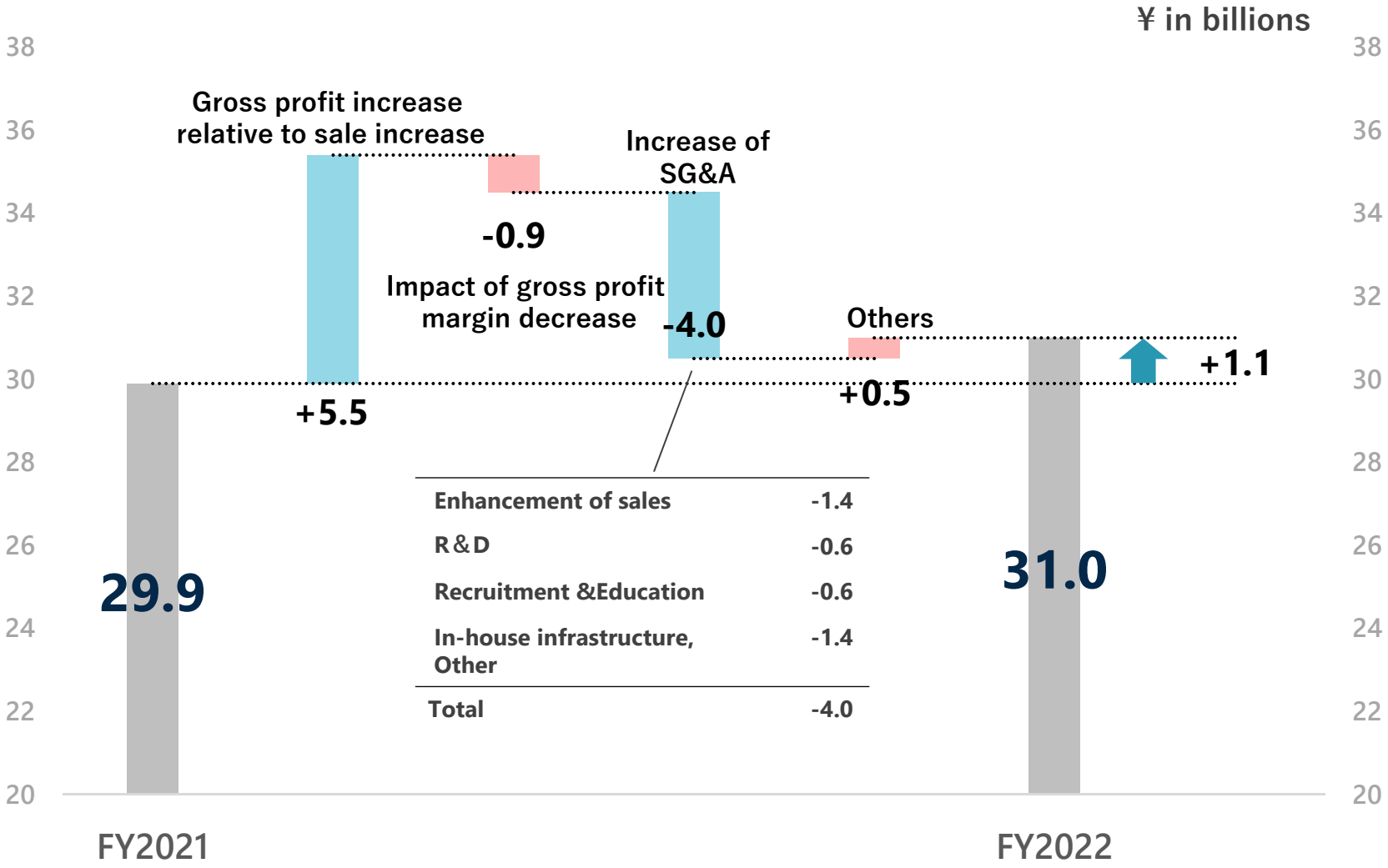
II -4. Outlook

Sales by Segment / Customer Industry (IFRS)

¥ in billions

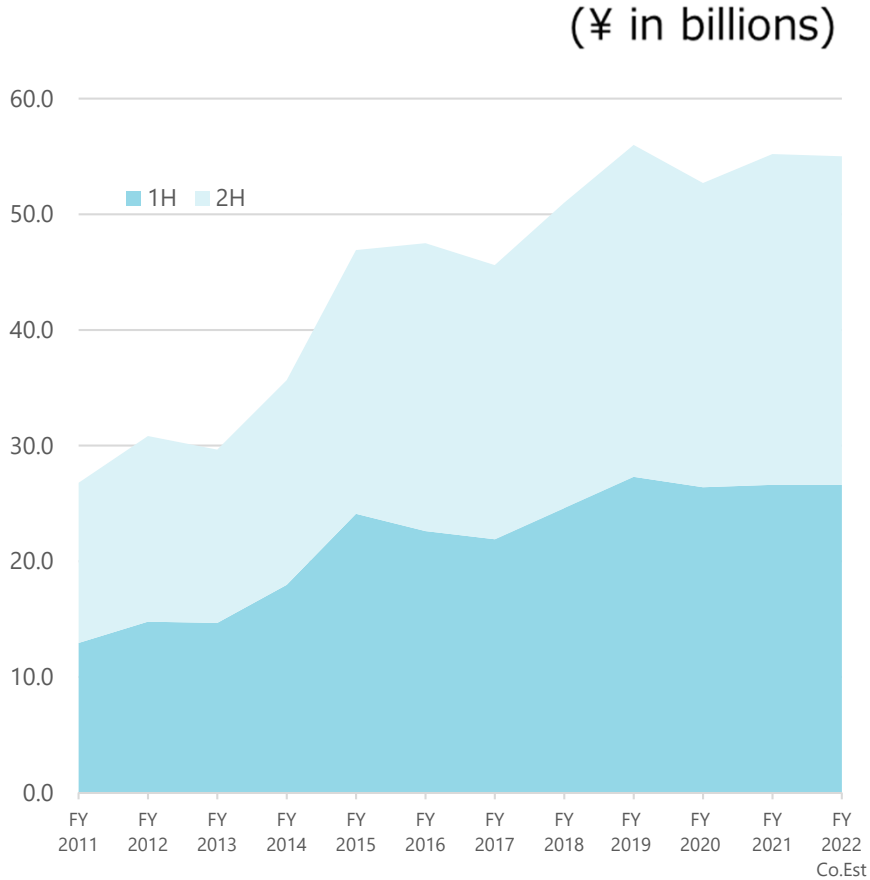
| | FY Mar. 2022 | | FY Mar. 2023 | | Difference | | Comments |
|--|-----------------|----------------|-----------------|----------------|------------|----------------|---|
| | | IT platform | | IT platform | | IT platform | |
| Business Solutions | 145.6 | 37.4 | 161.0 | 37.5 | +15.4 | +0.1 | |
| Manufacturing, 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) | | |

II -5. FY2022 Operating Profit Outlook (IFRS)



II -6 . Nippon Steel business

1. Nippon Steel Sales Trend



2. Actions

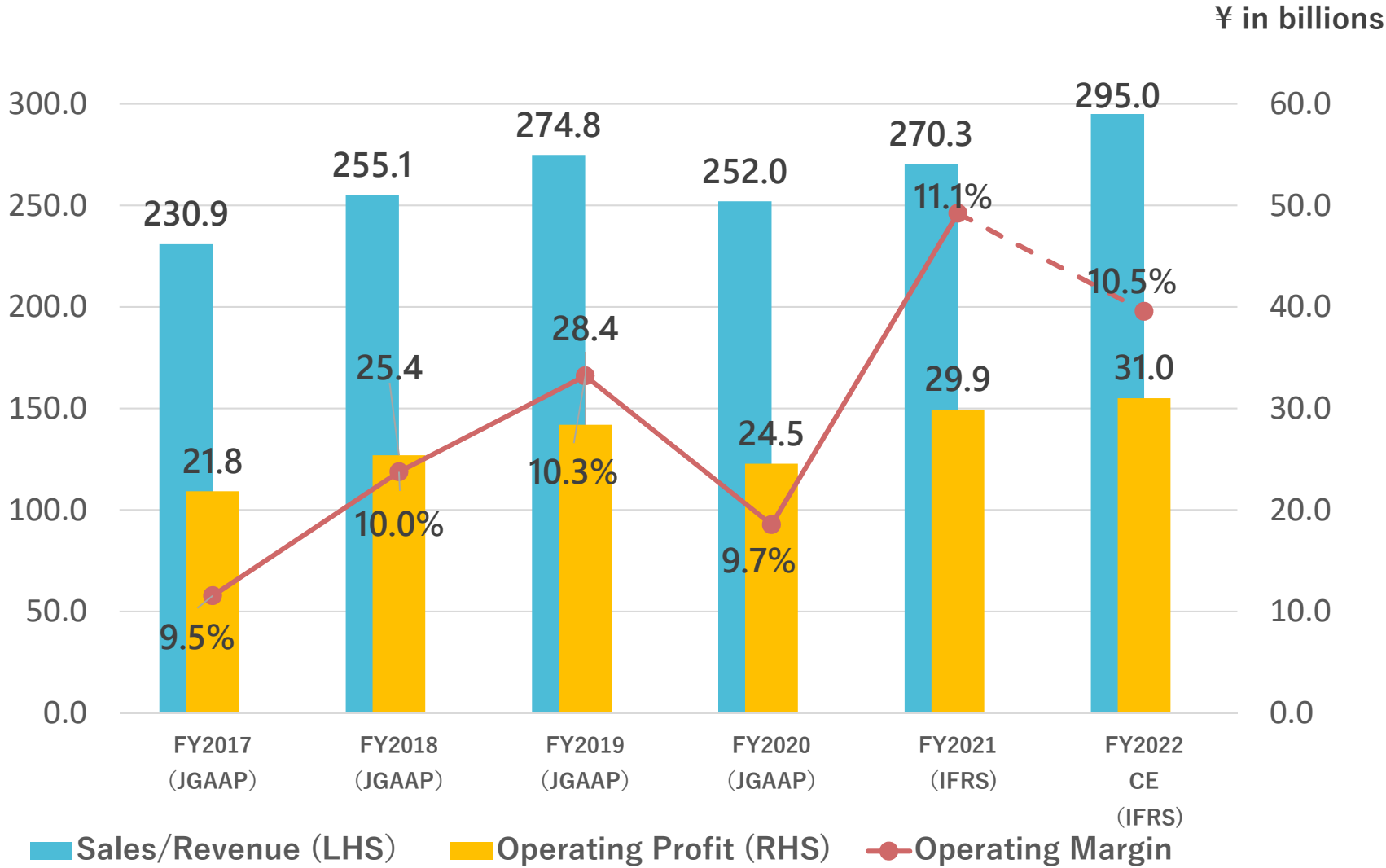
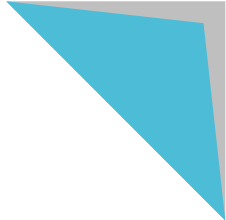
Strengthen business competitiveness by making full use of data and digital technology

- 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 |

II -7 Key Financial Indicators



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
¥64 → ¥66



FY 2022
¥70

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



FY2021-2025 Medium term Business Strategy

III -1 Progress of Medium-term Business Policy

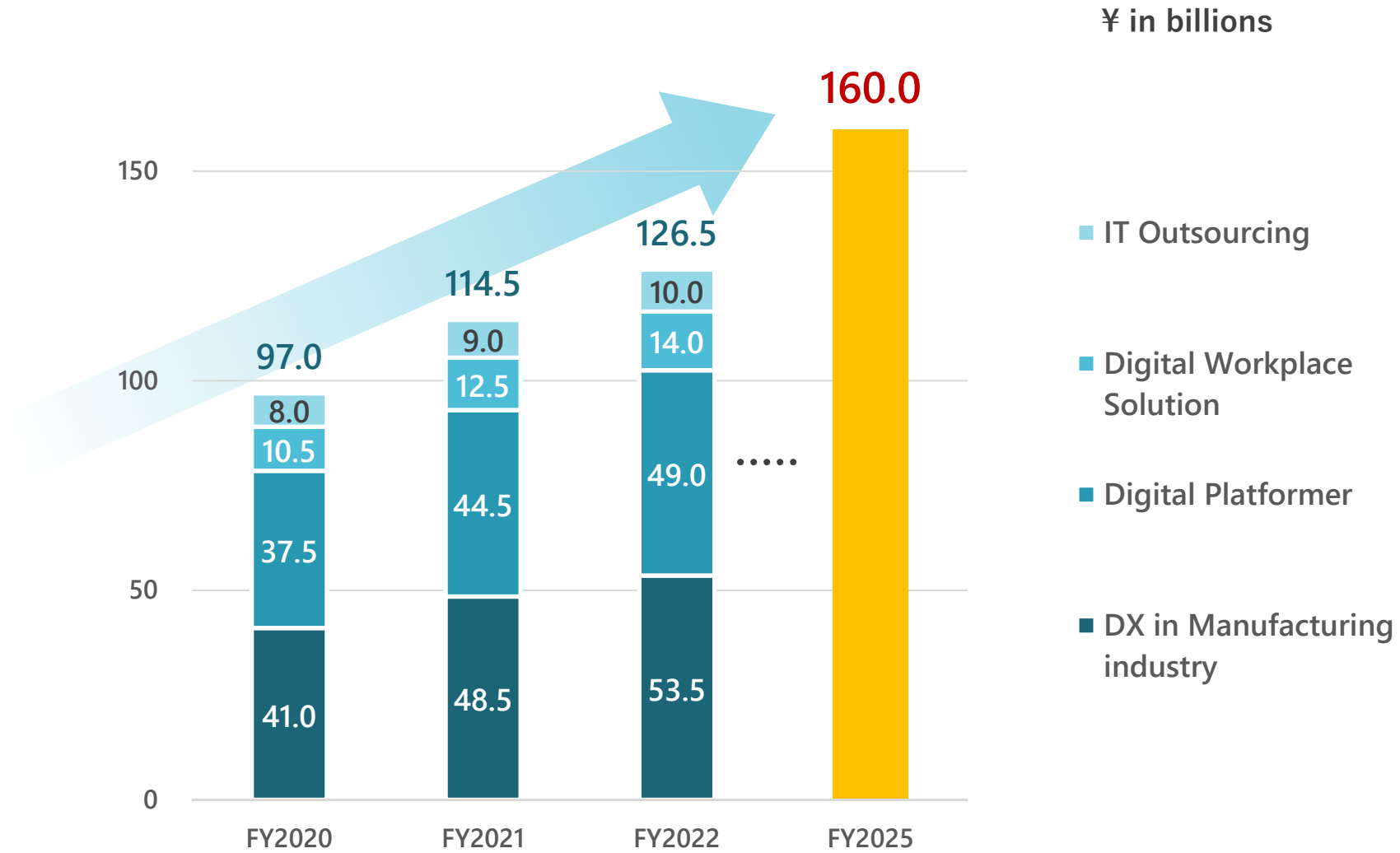
¥ in billions

| | 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) |

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 |

III -3 Progress and Plans for Focus Areas



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. |



Answers to power your future

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