



**NS Solutions**

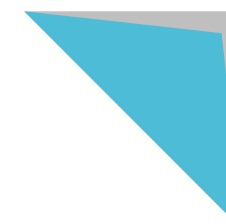
 **NIPPON STEEL**

# Financial Information for the First Quarter of the Fiscal Year ending March 31, 2021

(April 1, 2020 through June 30, 2020)

July 30, 2020

**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 -1 Consolidated Results for 1Q of FY Mar. 2021

(¥ in billions)	FY ended Mar. 2020 1Q (April–June) A	FY ending Mar. 2021 1Q (April–June) B	Difference B–A
<b>Sales</b>	<b>68.6</b>	<b>56.6</b>	<b>-11.9</b>
Business solutions	45.6	34.9	-10.7
Service solutions	23.0	21.7	-1.2
<b>Gross Profit</b>	<b>14.3</b>	<b>12.2</b>	<b>-2.0</b>
<Gross Profit Margin>	<20.8%>	<21.6%>	<+0.8%>
<b>SG&amp;A</b>	<b>7.4</b>	<b>7.1</b>	<b>-0.2</b>
<b>Operating Profit</b>	<b>6.9</b>	<b>5.1</b>	<b>-1.8</b>
<b>Recurring Profit</b>	<b>7.2</b>	<b>5.4</b>	<b>-1.8</b>
<b>Profit attributable to owners of parent</b>	<b>4.1</b>	<b>3.1</b>	<b>-1.0</b>

# I -2. 1Q of FY Mar. 2021

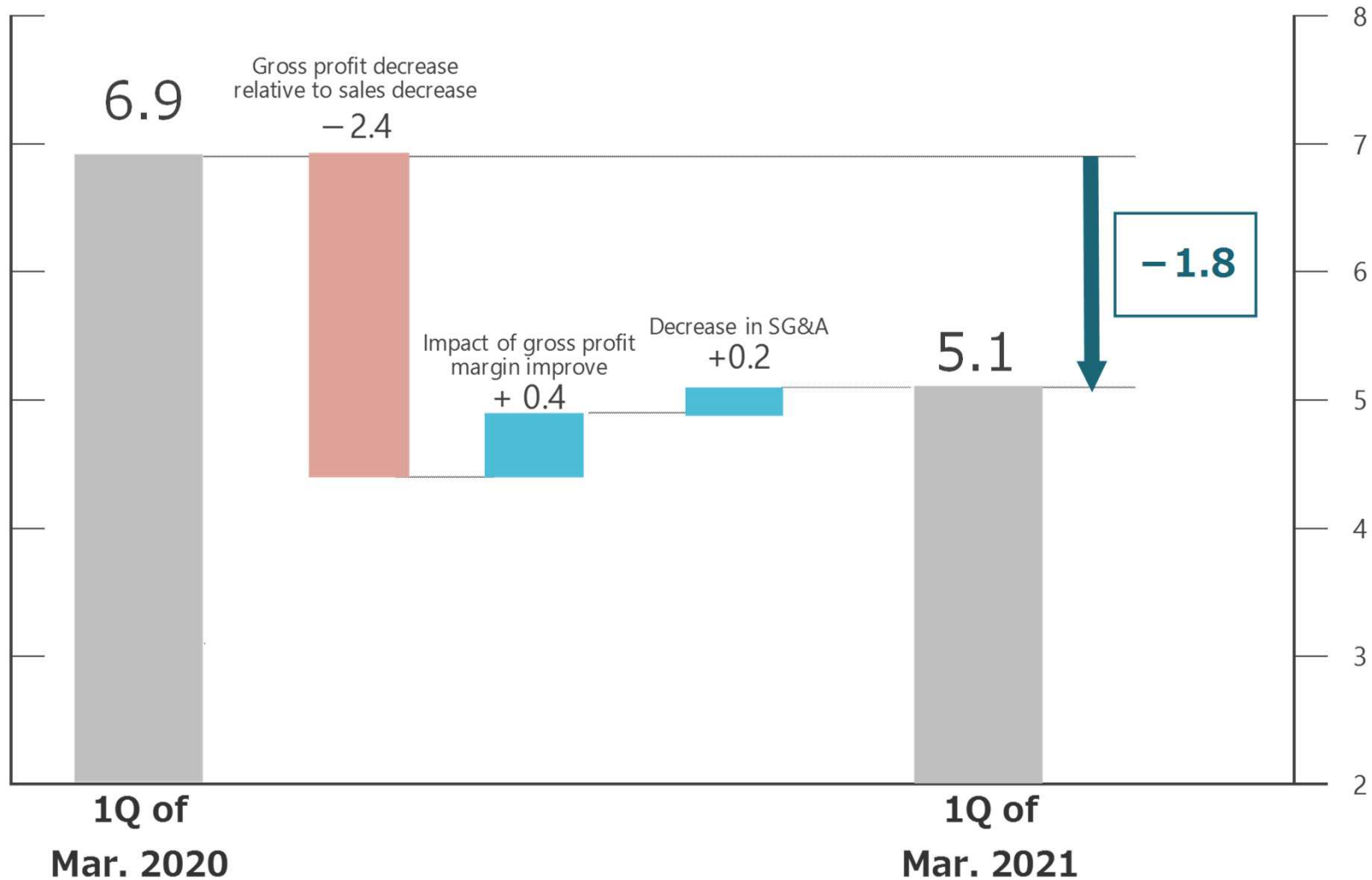
## Sales by Segment / Customer Industry

(¥ in billions)	1Q of FY Mar. 2020		1Q of FY Mar. 2021		Difference		Comments
	Total	IT platform	Total	IT platform	Total	IT platform	
	(Apr.-June.) A		(Apr.-June.) B		(Apr.-June.) B-A		
<b>Business Solutions</b>	<b>39.2</b>	17.6	<b>28.9</b>	9.3	<b>-10.4</b>	-8.3	
Manufacturing, Retail and Service	<b>25.0</b>	13.4	<b>16.8</b>	6.3	<b>-8.1</b>	-7.0	Decline in last year's large platform project sales
Financial Services	<b>7.6</b>	2.8	<b>5.9</b>	1.9	<b>-1.7</b>	-0.9	Decline in last year's product sales
Government, Public organizations	<b>6.6</b>	1.4	<b>6.1</b>	1.0	<b>-0.5</b>	-0.3	
<b>Service Solutions</b>	<b>21.4</b>		<b>20.7</b>		<b>-0.7</b>		
IT Platform	<b>7.5</b>	<17.6>	<b>8.2</b>	<9.3>	<b>+0.8</b>	<-8.3>	Sales increase in multi cloud service and product
Nippon Steel Group	<b>13.9</b>		<b>12.5</b>		<b>-1.4</b>		Decrease in sales to Nippon Steel
<b>Subsidiaries</b>	<b>8.0</b>		<b>7.1</b>		<b>-0.9</b>		
<b>Total</b>	<b>68.6</b>		<b>56.6</b>		<b>-11.9</b>		
<b>Nippon Steel Sales</b>	(14.0)		(12.7)		(-1.3)		
<b>Total Order</b>	<b>62.8</b>		<b>49.4</b>		<b>-13.4</b>		Business solutions -12.0 Service solutions -1.4

# I -3. 1Q of FY Mar. 2021 Consolidated Operating Profit Breakdown

YoY

(¥ in billions)



## II -1. Outlook for FY Mar. 2021 1H (1Q/2Q)

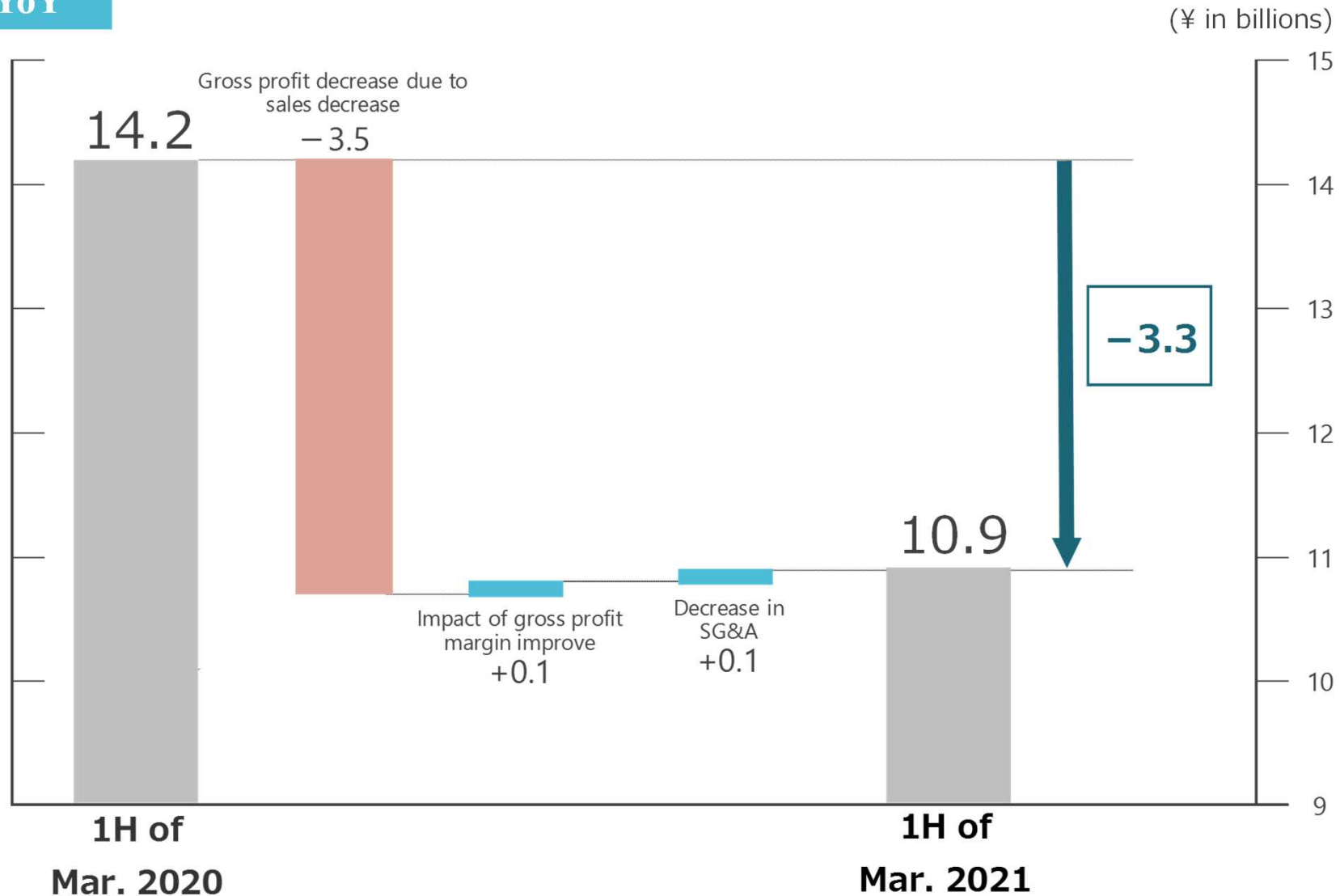
(¥ in billions)	FY ended Mar. 2020			FY ending Mar. 2021 Company Estimate			Difference			Company Estimate 1H as of April 28 G	Difference F-G
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H		
	A	B	C	D	E	F	D-A	E-B	F-C		
<b>Sales</b>	<b>68.6</b>	<b>68.2</b>	<b>136.8</b>	<b>56.6</b>	<b>63.4</b>	<b>120.0</b>	<b>-11.9</b>	<b>-4.8</b>	<b>-16.8</b>	<b>127.5</b>	<b>-7.5</b>
Business Solutions	45.6	44.2	89.8	34.9	40.1	75.0	-10.7	-4.1	-14.8	81.5	-6.5
Service Solutions	23.0	24.0	47.0	21.7	23.3	45.0	-1.2	-0.8	-2.0	46.0	-1.0
<b>Gross Profit</b>	<b>14.3</b>	<b>14.2</b>	<b>28.5</b>	<b>12.2</b>	<b>12.9</b>	<b>25.1</b>	<b>-2.0</b>	<b>-1.4</b>	<b>-3.4</b>	<b>27.6</b>	<b>-2.5</b>
<Gross profit margin>	<20.8%>	<20.8%>	<20.8%>	<21.6%>	<20.3%>	<20.9%>	<+0.8%>	<-0.5%>	<+0.1%>	<21.6%>	<-0.7%>
<b>SG&amp;A</b>	<b>7.4</b>	<b>6.9</b>	<b>14.3</b>	<b>7.1</b>	<b>7.1</b>	<b>14.2</b>	<b>-0.2</b>	<b>+0.1</b>	<b>-0.1</b>	<b>14.9</b>	<b>-0.7</b>
<b>Operating Profit</b>	<b>6.9</b>	<b>7.3</b>	<b>14.2</b>	<b>5.1</b>	<b>5.8</b>	<b>10.9</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-3.3</b>	<b>12.7</b>	<b>-1.8</b>
<b>Recurring Profit</b>	<b>7.2</b>	<b>7.0</b>	<b>14.2</b>	<b>5.4</b>	<b>5.6</b>	<b>11.0</b>	<b>-1.8</b>	<b>-1.4</b>	<b>-3.2</b>	<b>13.0</b>	<b>-2.0</b>
<b>Profit attributable to owners of parent</b>	<b>4.1</b>	<b>4.6</b>	<b>8.7</b>	<b>3.1</b>	<b>3.8</b>	<b>6.9</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-1.8</b>	<b>8.3</b>	<b>-1.4</b>

## II -2. Semiannual Outlook for FY Mar.2021 Sales by Service and Segment

(¥ in billions)	FY ended Mar. 2020			FY ending Mar. 2021			Difference			Company Estimate 1H as of April 28 G	Difference F-G
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H		
	A	B	C	D	E	F Estimate	D-A	E-B	F-C		
<b>Business Solutions</b>	<b>39.2</b>	<b>35.9</b>	<b>75.1</b>	<b>28.9</b>	<b>31.1</b>	<b>60.0</b>	<b>-10.4</b>	<b>-4.7</b>	<b>-15.1</b>	<b>66.5</b>	<b>-6.5</b>
Manufacturing, Retail and Service	25.0	17.4	42.3	16.8	15.7	32.5	-8.1	-1.7	-9.8	35.5	-3.0
Financial Services	7.6	8.2	15.8	5.9	8.6	14.5	-1.7	+0.4	-1.3	15.0	-0.5
Government, Public organizations and Others	6.6	10.3	17.0	6.1	6.9	13.0	-0.5	-3.4	-4.0	16.0	-3.0
<b>Service Solutions</b>	<b>21.4</b>	<b>22.5</b>	<b>43.9</b>	<b>20.7</b>	<b>22.3</b>	<b>43.0</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.9</b>	<b>44.0</b>	<b>-1.0</b>
IT Platform	7.5	9.2	16.6	8.2	9.3	17.5	+0.8	+0.1	+0.9	18.5	-1.0
Nippon Steel Group	13.9	13.4	27.3	12.5	13.0	25.5	-1.4	-0.3	-1.8	25.5	-
<b>Subsidiaries</b>	<b>8.0</b>	<b>9.8</b>	<b>17.7</b>	<b>7.1</b>	<b>9.9</b>	<b>17.0</b>	<b>-0.9</b>	<b>+0.1</b>	<b>-0.7</b>	<b>17.0</b>	<b>-</b>
<b>Total</b>	<b>68.6</b>	<b>68.2</b>	<b>136.8</b>	<b>56.6</b>	<b>63.4</b>	<b>120.0</b>	<b>-11.9</b>	<b>-4.8</b>	<b>-16.8</b>	<b>127.5</b>	<b>-7.5</b>
<b>Nippon Steel Sales</b>	(14.0)	(13.3)	(27.3)	(12.7)	(12.3)	(25.0)	(-1.3)	(-1.0)	(-2.3)	(25.0)	(+0.0)
Order backlog at the beginning of the period	133.4	127.6	-	126.9	119.7	-	-6.5	-8.0	-		

# II -3. 1H of FY Mar. 2021 Consolidated Operating Profit Breakdown

YoY





## II -4. Outlook for FY ending March 31, 2021 (YoY)

(¥ in billions)	FY ended Mar. 2020			FY ending Mar. 2021 Company Estimate			Difference		
	1H	2H	FY	1H	2H	FY	1H	2H	FY
	A	B	C	D	E	F	D-A	E-B	F-C
<b>Sales</b>	<b>136.8</b>	<b>138.1</b>	<b>274.8</b>	<b>120.0</b>	<b>135.0</b>	<b>255.0</b>	<b>-16.8</b>	<b>-3.1</b>	<b>-19.8</b>
Business Solutions	89.8	90.3	180.1	75.0	89.0	164.0	-14.8	-1.3	-16.1
Service Solutions	47.0	47.8	94.8	45.0	46.0	91.0	-2.0	-1.8	-3.8
<b>Gross Profit</b>	<b>28.5</b>	<b>28.1</b>	<b>56.6</b>	<b>25.1</b>	<b>27.5</b>	<b>52.6</b>	<b>-3.4</b>	<b>-0.6</b>	<b>-4.0</b>
<Gross profit margin>	<20.8%>	<20.3%>	<20.6%>	<20.9%>	<20.4%>	<20.6%>	<+0.1%>	<+0.0%>	<+0.0%>
<b>SG&amp;A</b>	<b>14.3</b>	<b>13.9</b>	<b>28.2</b>	<b>14.2</b>	<b>14.5</b>	<b>28.7</b>	<b>-0.1</b>	<b>+0.6</b>	<b>+0.5</b>
<b>Operating Profit</b>	<b>14.2</b>	<b>14.2</b>	<b>28.4</b>	<b>10.9</b>	<b>13.0</b>	<b>23.9</b>	<b>-3.3</b>	<b>-1.2</b>	<b>-4.5</b>
<b>Recurring Profit</b>	<b>14.2</b>	<b>14.1</b>	<b>28.3</b>	<b>11.0</b>	<b>13.0</b>	<b>24.0</b>	<b>-3.2</b>	<b>-1.1</b>	<b>-4.3</b>
<b>Profit attributable to owners of parent</b>	<b>8.7</b>	<b>9.8</b>	<b>18.6</b>	<b>6.9</b>	<b>8.6</b>	<b>15.5</b>	<b>-1.8</b>	<b>-1.2</b>	<b>-3.1</b>
Nippon Steel Sales	(27.3)	(28.7)	(56.0)	(25.0)	(25.0)	(50.0)	(-2.3)	(-3.7)	(-6.0)

## II -5. Outlook for 2H of FY March 31, 2021

### Sales by Service and Segment

(¥ in billions)	2H of FY Mar. 2020		2H of FY Mar. 2021		Difference	
	(Oct.-Mar.)	IT platform	(Oct.-Mar.)	IT platform	(Oct.-Mar.)	IT platform
	A		B		B-A	
<b>Business Solutions</b>	<b>73.5</b>	17.6	<b>73.5</b>	16.5	<b>+0.0</b>	-1.1
Manufacturing, Retail and Service	<b>34.6</b>	9.8	<b>35.0</b>	9.5	<b>+0.4</b>	-0.3
Financial Services	<b>15.1</b>	4.8	<b>14.0</b>	4.0	<b>-1.1</b>	-0.8
Government, Public organizations and Others	<b>23.8</b>	3.0	<b>24.5</b>	3.0	<b>+0.7</b>	+0.0
<b>Service Solutions</b>	<b>45.9</b>		<b>43.0</b>		<b>-2.9</b>	
IT Platform	<b>17.4</b>	<17.6>	<b>17.5</b>	<16.5>	<b>+0.1</b>	<-1.1>
Nippon Steel Group	<b>28.5</b>		<b>25.5</b>		<b>-3.0</b>	
<b>Subsidiaries</b>	<b>18.7</b>		<b>18.5</b>		<b>-0.2</b>	
<b>Total</b>	<b>138.1</b>		<b>135.0</b>		<b>-3.1</b>	
<b>Nippon Steel</b>		(28.7)		(25.0)		(-3.7)

## II -6. Outlook for FY ending March 31, 2021

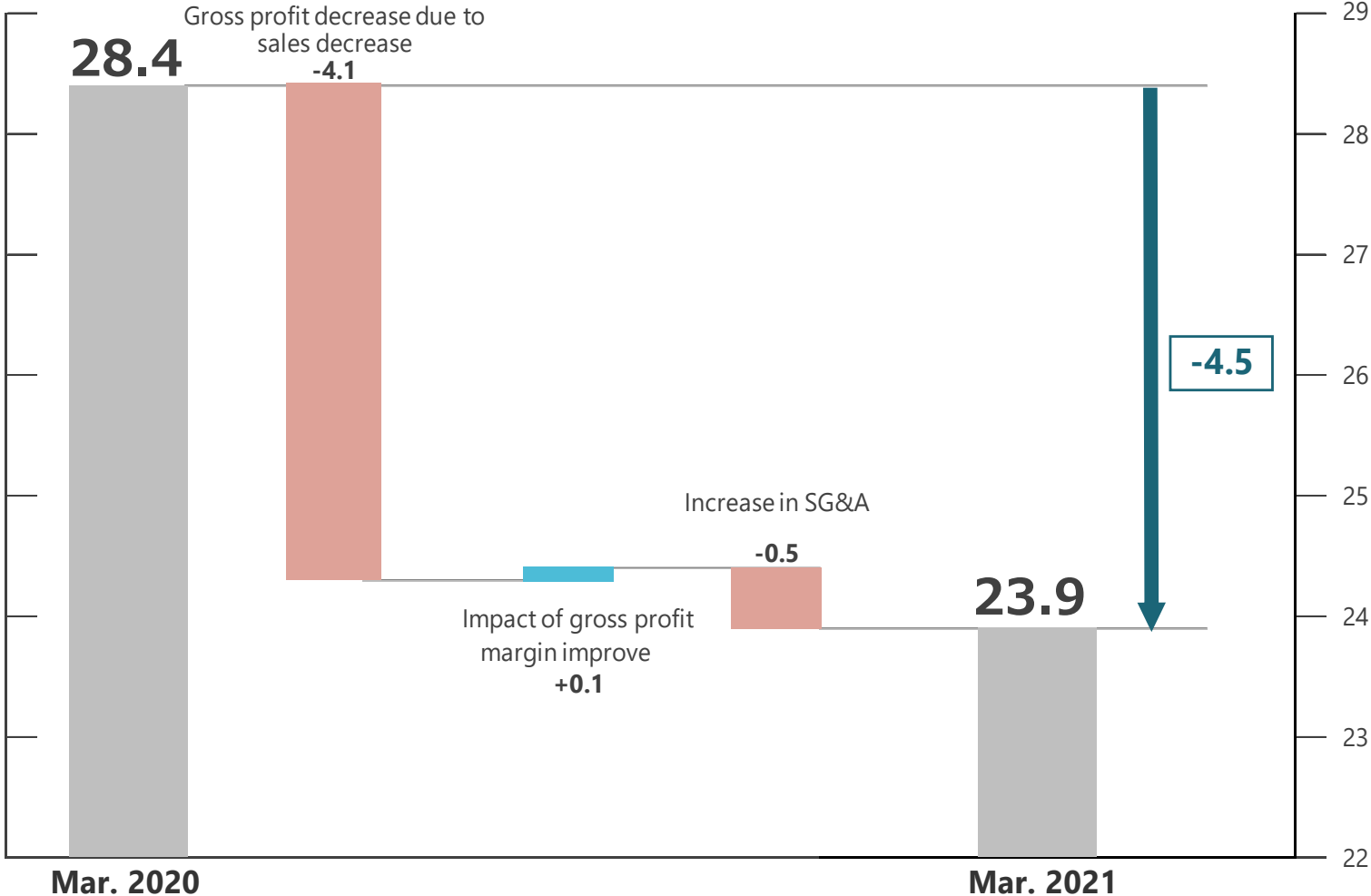
### Sales by Service and Segment

(¥ in billions)	FY Mar. 2020		FY Mar. 2021		Difference	
	Actual	IT platform	Company Estimate	IT platform		IT platform
	A		B		B-A	
<b>Business Solutions</b>	<b>148.6</b>	43.8	<b>133.5</b>	31.5	<b>-15.1</b>	-12.3
Manufacturing, Retail and Service	<b>76.9</b>	28.1	<b>67.5</b>	20.5	<b>-9.4</b>	-7.6
Financial Services	<b>30.9</b>	10.1	<b>28.5</b>	7.0	<b>-2.4</b>	-3.1
Government, Public organizations and Others	<b>40.8</b>	5.6	<b>37.5</b>	4.0	<b>-3.3</b>	-1.6
<b>Service Solutions</b>	<b>89.8</b>		<b>86.0</b>		<b>-3.8</b>	
IT Platform	<b>34.0</b>	<43.8>	<b>35.0</b>	<31.5>	<b>+1.0</b>	<-12.3>
Nippon Steel Group	<b>55.8</b>		<b>51.0</b>		<b>-4.8</b>	
<b>Subsidiaries</b>	<b>36.4</b>		<b>35.5</b>		<b>-0.9</b>	
<b>Total</b>	<b>274.8</b>		<b>255.0</b>		<b>-19.8</b>	
<b>Nippon Steel</b>		(56.0)		(50.0)		(-6.0)

# II -7. FY March 31, 2021 OP Outlook Breakdown

YoY

(¥ in billions)



## 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 2020 1H Dividend

**FY 2020 1H**  
**25.00yen**



Answers to power your future

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