

These financial statements have been prepared in accordance with accounting principals generally accepted in Japan.

NEC Networks &amp; System Integration Corporation

Stock exchange listing: Tokyo  
Code number: 1973<https://www.nesic.co.jp/english/index.html>**1. Consolidated Results for the Fiscal Year ended March 31, 2024**

(Rounded down to the nearest million yen.)

**(1) Net Sales and Incomes**

(Percentages represent change compared with the same period of the previous fiscal year.)

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)	Net income attributable to owners of the parent (¥ million)	Year-on-year change (%)
<b>FY ended March/24</b>	<b>359,505</b>	<b>12.1</b>	<b>25,120</b>	<b>10.4</b>	<b>24,684</b>	<b>7.5</b>	<b>15,329</b>	<b>11.0</b>
FY ended March/23	320,802	3.4	22,751	(1.9)	22,970	(2.5)	13,813	(8.0)

(Note) Comprehensive income : FY Mar. 2024 : ¥18,843 million/28.4% ; FY Mar. 2023 : ¥14,676 million/(13.6)%

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Ordinary income/ Total assets (%)	Operating income/ Net sales (%)
<b>FY ended March/24</b>	<b>102.91</b>	<b>-</b>	<b>10.4%</b>	<b>8.9%</b>	<b>7.0%</b>
FY ended March/23	92.74	-	10.0%	8.8%	7.1%

(Reference) Equity in earnings of affiliates : FY Mar. 2024 : ¥11 million; FY Mar. 2023 : ¥71 million

**(2) Financial Position**

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
<b>31-Mar-24</b>	<b>284,897</b>	<b>157,481</b>	<b>53.5</b>	<b>1,024.09</b>
31-Mar-23	267,000	145,714	52.9	948.23

c.f. Owner's equity: 31/3/2024 ¥152,556 million ; 31/3/2023 ¥141,242 million

**(3) Cash Flows**

	Net cash provided by (used in) operating activities (¥ million)	Net cash provided by (used in) investing activities (¥ million)	Net cash provided by (used in) financing activities (¥ million)	Cash and cash equivalents at end of year (¥ million)
<b>FY ended March/24</b>	<b>20,228</b>	<b>(4,848)</b>	<b>(10,520)</b>	<b>73,507</b>
FY ended March/23	2,816	(4,934)	(9,243)	68,549

**2. Dividends**

	Dividends per share (¥)					Total dividends paid (full year, ¥million)	Payout ratio (consolidated) (%)	Dividends/ Net assets (consolidated) (%)
	1st quarter	Interim	3rd quarter	Year-end	Full year			
FY ended 3/2023	-	23.00	-	23.00	46.00	6,851	49.6	5.0
<b>FY ended 3/2024</b>	<b>-</b>	<b>24.50</b>	<b>-</b>	<b>24.50</b>	<b>49.00</b>	<b>7,299</b>	<b>47.6</b>	<b>5.0</b>
<b>FY ending 3/2025 (Forecast)</b>	<b>-</b>	<b>28.00</b>	<b>-</b>	<b>28.00</b>	<b>56.00</b>		<b>46.3</b>	

**3. Financial Forecasts for Fiscal Year ending March 31, 2025**

(Percentages represent change compared to the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income attributable to owners of the parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	
<b>FY ending 3/2025</b>	<b>365,000</b>	<b>1.5</b>	<b>29,000</b>	<b>15.4</b>	<b>29,000</b>	<b>17.5</b>	<b>18,000</b>	<b>17.4</b>	<b>120.83</b>

**Cautionary Statement**

Forecasts of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition. Factors affecting results are not limited to the ones mentioned above.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	68,549	73,507
Notes	585	452
Electronically recorded obligations	1,165	2,025
Accounts receivable	88,338	97,662
Contract assets	34,372	36,233
Purchased goods, materials and supplies	3,151	2,441
Work in process	12,932	10,111
Other	11,724	15,069
Allowance for doubtful accounts	(85)	(40)
Total current assets	<u>220,735</u>	<u>237,464</u>
Non-current assets		
Property and equipment		
Buildings and structures	14,888	14,269
Accumulated depreciation	(7,897)	(7,532)
Buildings and structures (net)	<u>6,991</u>	<u>6,736</u>
Machinery and vehicles	662	821
Accumulated depreciation	(190)	(312)
Machinery and vehicles (net)	<u>472</u>	<u>509</u>
Furniture and fixtures	17,677	17,765
Accumulated depreciation	(13,310)	(13,457)
Furniture and fixtures (net)	<u>4,366</u>	<u>4,307</u>
Land	1,546	1,546
Construction in progress	695	330
Other	705	572
Accumulated depreciation	(434)	(404)
Other (net)	271	168
Total property and equipment	<u>14,343</u>	<u>13,597</u>
Intangible assets		
Goodwill	153	85
Other	3,592	3,297
Total intangible assets	<u>3,745</u>	<u>3,383</u>
Investments and other assets		
Investment securities	7,427	5,391
Asset for retirement benefits	293	6,302
Deferred tax assets	14,172	12,962
Other	6,379	5,897
Allowance for doubtful accounts	(97)	(102)
Total investments and other assets	<u>28,175</u>	<u>30,451</u>
Total non-current assets	<u>46,264</u>	<u>47,433</u>
Total assets	<u>267,000</u>	<u>284,897</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	44,571	49,176
Electronically recorded obligations	1,467	1,415
Short-term bank loans	8,653	6,230
Current installments of long-term debt	202	3,000
Accrued income taxes	4,493	5,048
Accrued consumption taxes	1,251	3,431
Contract liabilities	7,968	9,499
Accrued bonuses to directors and corporate auditors	144	163
Accrued warranty on products	161	182
Accrued losses on sales contracts	515	166
Accrued compensation for damage	3	3
Accrued office transfer cost	394	—
Other current liabilities	17,063	18,509
Total current liabilities	<u>86,890</u>	<u>96,826</u>
Long-term liabilities		
Long-term debt	3,000	—
Liabilities for retirement benefits	28,424	27,663
Other liabilities	2,970	2,925
Total long-term liabilities	<u>34,395</u>	<u>30,589</u>
Total liabilities	<u>121,285</u>	<u>127,416</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,122	13,122
Capital surplus	16,708	16,726
Retained earnings	112,486	120,740
Treasury stock, at cost	(252)	(244)
Total shareholders' equity	<u>142,065</u>	<u>150,344</u>
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	1,382	342
Deferred gains or losses on hedges	10	3
Foreign currency translation adjustments	(284)	(177)
Accumulated adjustments for retirement benefits	(1,930)	2,043
Total accumulated other comprehensive income	<u>(822)</u>	<u>2,211</u>
Non-controlling interests	4,471	4,925
Total net assets	<u>145,714</u>	<u>157,481</u>
Total liabilities and net assets	<u>267,000</u>	<u>284,897</u>

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	FY Mar/2023	FY Mar/2024
Net sales	320,802	359,505
Cost of sales	254,257	288,276
Gross profit	66,545	71,228
Selling, general and administrative expenses	43,794	46,108
Operating income	22,751	25,120
Non-operating income		
Interest income	16	16
Dividend income of insurance	164	102
Insurance income	72	106
Reversal of provision for office transfer cost	—	87
Other	405	343
Total non-operating income	657	655
Non-operating expenses		
Interest expenses	219	371
Loss on disposal of property and equipment	35	190
Loss on investments in investment partnerships	65	202
Other	118	327
Total non-operating expenses	438	1,091
Ordinary income	22,970	24,684
Extraordinary losses		
Loss on valuation of investment securities	—	720
Expenses relating to move of the head office	571	—
Loss on liquidation of subsidiaries	147	—
Loss on revision of retirement benefit plan	106	—
Total extraordinary losses	825	720
Income before income taxes	22,145	23,964
Income taxes – current	7,536	8,321
Income taxes – deferred	(272)	(78)
Income taxes	7,264	8,243
Net income	14,880	15,721
Net income attributable to non-controlling interests	1,067	391
Net income attributable to owners of the parent	13,813	15,329

(Millions of yen)

	FY Mar/2023	FY Mar/2024
Net income	14,880	15,721
Other comprehensive income		
Net unrealized holding loss on other securities	140	(1,040)
Deferred gains or losses on hedges	10	(6)
Foreign currency translation adjustments	362	197
Adjustments for retirement benefit	(716)	3,973
Share of other comprehensive income of associates accounted for using equity method	(1)	(1)
Total other comprehensive income	(204)	3,122
Comprehensive income	14,676	18,843
Comprehensive income attributable to:		
Owners of the parent	13,479	18,363
Non-controlling interests	1,196	479

**(3) Consolidated Statements of Cash Flows**

(Millions of yen)

	FY Mar/2023	FY Mar/2024
Cash flows from operating activities		
Net income before income taxes	22,145	23,964
Depreciation and amortization	4,170	3,727
Amortization of goodwill	235	67
Expenses relating to move of the head office	571	—
Loss (gain) on liquidation of subsidiaries	147	—
Loss (gain) on revision of retirement benefit plan	106	—
Increase (decrease) in allowance for doubtful receivables	47	(53)
(Increase) decrease in asset for retirement benefit	(189)	(234)
Increase (decrease) in liability for retirement benefits	(208)	(829)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(1)	19
Increase (decrease) in accrued warranty on products	46	21
Increase (decrease) in accrued losses on sales contracts	(1,756)	(370)
Increase (decrease) in accrued compensation for damage	0	—
Interest and dividend income	(47)	(43)
Interest expense	219	371
(Gain) loss on valuation of investment securities	—	720
(Increase) decrease in notes and accounts receivable, and contract assets	(10,486)	(10,953)
(Increase) decrease in inventories	(5,309)	3,546
Increase (decrease) in notes and accounts payable	4,187	4,469
Increase (decrease) in accrued consumption taxes	(1,192)	2,404
Other, net	(2,315)	2,334
Subtotal	10,371	29,161
Interest and dividend income received	47	43
Interest paid	(214)	(371)
Income taxes paid	(7,386)	(8,605)
Net cash provided by (used in) operating activities	2,816	20,228
Cash flows from investing activities		
Purchase of property and equipment	(1,309)	(2,673)
Proceeds from sale of property and equipment	0	16
Purchase of intangibles	(1,144)	(1,387)
Purchase of investment securities	(1,381)	(474)
Loans receivable made	(7)	(37)
Collection of loans receivable	19	2
Other, net	(1,111)	(295)
Net cash used in investing activities	(4,934)	(4,848)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(1,782)	(3,087)
Repayments of long-term debt	(264)	(202)
Net (increase) decrease in treasury shares	22	24
Dividends paid to shareholders	(6,990)	(7,067)
Dividends paid to minority shareholders of subsidiaries	(25)	(25)
Other, net	(202)	(161)
Net cash provided by used in financing activities	(9,243)	(10,520)
Effect of exchange rate changes on cash and cash equivalents	178	98
Net increase (decrease) in cash and cash equivalents	(11,182)	4,958
Cash and cash equivalents at beginning of period	79,732	68,549
Cash and cash equivalents at end of period	68,549	73,507

**(4) Segment Information**Business Segment  
Information

Year ended March 31, 2023

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Orders received	122,651	92,107	132,653	8,630	---	356,043
Sales						
(1) Sales to third parties	114,244	79,217	119,241	8,099	---	320,802
(2) Intersegment sales	---	---	---	---	---	---
Total	114,244	79,217	119,241	8,099	---	320,802
Operating income (loss)	13,210	9,756	10,683	302	(11,202)	22,751

Year ended March 31, 2024

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Orders received	132,818	82,108	142,596	19,710	---	377,234
Sales						
(1) Sales to third parties	129,710	83,088	137,161	9,545	---	359,505
(2) Intersegment sales	---	---	---	---	---	---
Total	129,710	83,088	137,161	9,545	---	359,505
Operating income (loss)	15,669	9,387	12,609	249	(12,795)	25,120