

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 First Nine Months (April 1, 2021 to December 31, 2021)  
of Fiscal Year ending March 31, 2022

(Rounded down to the nearest million yen.)

## (1) Net Sales and Income

	Net sales (¥ million)	Year-on-year change (%)	Operating income	Year-on-year change (%)	Ordinary income	Year-on-year change (%)
9 months/FY Mar 2022	218,824	-6.3	12,168	-11.8	12,516	-9.7
9 months/FY Mar 2021	233,469	9.1	13,803	68.2	13,856	69.0

	Net income attributable to owners of the parent (¥ million)	Year-on-year change (%)	Net income per share (¥)	Net income per share (diluted) (¥)
9 months/FY Mar 2022	7,685	-8.0	51.60	—
9 months/FY Mar 2021	8,358	94.5	56.12	—

c.f. Comprehensive income: 9 Months/FY Mar 2022: ¥8,255 million (-6.0%); 9 Months/FY Mar 2021: ¥8,787 million (77.8%)

\* The company conducted a three-for-one stock split for its common stock on June 1, 2020. The amount of "Net income per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

## (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
31/Dec/2021	236,922	129,428	53.3	848.36
31/Mar/2021	250,338	127,117	49.4	830.47

c.f. Owner's equity: 30/Dec/2021: ¥126,357 million; 31/Mar/2021: ¥123,682 million

## 2. Dividends

	Dividends per share (¥)				
	1st quarter	Interim	3rd quarter	Year-end	Full year
FY ending Mar. 2022	—	19.00	—	19.00 ※	38.00 ※
FY ending Mar. 2021	—	14.00	—	21.00	35.00

Note: Revisions to projected dividends for the quarter under review: no

## 3. Financial Forecasts for Fiscal Year ending March 31, 2022 (April 1, 2020 to March 31, 2022)

(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 per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY ending Mar. 2022	313,000	-7.7	22,500	-12.0	22,800	-10.6	14,500	-7.9	97.36

Note: Revisions to projected results for the quarter under review: yes

## 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.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of Dec 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	68,426	72,316
Notes and accounts receivable	123,313	-
Notes and accounts receivable, and contract assets	-	99,607
Electronically recorded monetary claims	1,256	1,469
Purchased goods, materials and supplies	3,456	2,907
Work in process	8,052	9,517
Other	7,388	10,456
Allowance for doubtful accounts	(87)	(84)
Total current assets	211,806	196,189
Non-current assets		
Property and equipment	10,845	12,165
Intangible assets		
Goodwill	623	447
Other	4,284	3,914
Total intangible assets	4,908	4,361
Investments and other assets		
Deferred tax assets	15,198	14,968
Other	7,634	9,288
Allowance for doubtful accounts	(54)	(51)
Total investments and other assets	22,777	24,205
Total non-current assets	38,531	40,732
Total assets	250,338	236,922
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	44,188	33,950
Electronically recorded obligations	2,649	1,160
Short-term bank loans	6,360	7,739
Current installments of long-term debt	3,298	3,281
Accrued income taxes	5,954	1,770
Accrued bonuses to directors and corporate auditors	159	31
Accrued warranty on products	83	101
Accrued losses on sales contracts	512	2,253
Provision for compensation for damage	711	4
Accrued office transfer cost	6	-
Other current liabilities	27,550	25,920
Total current liabilities	91,474	76,213
Long-term liabilities		
Long-term debt	466	260
Liabilities for retirement benefits	29,233	28,810
Other liabilities	2,046	2,210
Total long-term liabilities	31,745	31,280
Total liabilities	123,220	107,493
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,122	13,122
Capital surplus	16,680	16,694
Retained earnings	96,589	98,338
Treasury stock, at cost	(266)	(259)
Total shareholders' equity	126,125	127,895
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	169	791
Foreign currency translation adjustments	(533)	(553)
Accumulated adjustments for retirement benefits	(2,080)	(1,776)
Total accumulated other comprehensive income	(2,443)	(1,538)
Non-controlling interests	3,435	3,071
Total net assets	127,117	129,428
Total liabilities and net assets	250,338	236,922

**(2) Consolidated Statements of Income and Comprehensive Income****(Consolidated Statements of Income)**

(Millions of yen)

	1Q-3Q, FY March 2021 (9 months ended Dec 2020)	1Q-3Q, FY March 2022 (9 months ended Dec 2021)
Net sales	233,469	218,824
Cost of sales	191,896	176,827
Gross profit	41,572	41,996
Selling, general and administrative expenses	27,769	29,828
Operating income (loss)	13,803	12,168
Non-operating income		
Interest income	19	9
Dividend income of insurance	142	156
Other	228	349
Total non-operating income	390	516
Non-operating expenses		
Interest expenses	76	77
Loss on disposal of property and equipment	46	38
Other	215	52
Total non-operating expenses	338	168
Ordinary income (loss)	13,856	12,516
Extraordinary income		
Gain on sale of investment in affiliates	-	141
Total extraordinary income	-	141
Extraordinary losses		
Provision of allowance for compensation for damage	802	324
Total extraordinary losses	802	324
Income (loss) before income taxes	13,053	12,333
Income taxes	4,262	4,912
Net income (loss)	8,790	7,421
Net income (loss) attributable to non-controlling interests	432	(263)
Net income (loss) attributable to owners of the parent	8,358	7,685

(Millions of yen)

	1Q-3Q, FY March 2021 (9 months ended Dec 2020)	1Q-3Q, FY March 2022 (9 months ended Dec 2021)
Net income (loss)	8,790	7,421
Other comprehensive income		
Net unrealized holding loss on other securities	2	621
Deferred gains or losses on hedges	(25)	-
Foreign currency translation adjustments	(279)	(91)
Adjustments for retirement benefit	298	303
Share of other comprehensive income of associates accounted for using equity method	0	(0)
Total other comprehensive income	(3)	834
Comprehensive income (loss)	8,787	8,255
Comprehensive income (loss) attributable to:		
Owners of the parent	8,463	8,590
Non-controlling interests	323	(335)

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

(Millions of yen)

	1Q-3Q, FY March 2021 (9 months ended Dec 2020)	1Q-3Q, FY March 2022 (9 months ended Dec 2021)
Cash flows from operating activities		
Net income (loss) before income taxes	13,053	12,333
Depreciation and amortization	2,387	2,415
Amortization of goodwill	179	176
Increase (decrease) in allowance for doubtful receivables	0	(4)
Increase (decrease) in asset for retirement benefit	(57)	15
Increase (decrease) in liability for retirement benefits	419	(134)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(108)	(126)
Increase (decrease) in accrued warranty on products	(12)	17
Increase (decrease) in accrued losses on sales contracts damage	(1,724)	1,822
Interest and dividend income	(691)	(707)
Interest expense	(41)	(47)
(Increase) decrease in notes and accounts receivable	76	77
(Increase) decrease in notes and accounts receivable, and contract assets	5,959	-
(Increase) decrease in inventories	-	23,569
Increase (decrease) in notes and accounts payable	(1,078)	(930)
Increase (decrease) in accrued consumption taxes	3,745	(11,736)
Other, net	135	(1,240)
Subtotal	(119)	(2,572)
Interest and dividend income received	22,122	22,928
Interest paid	40	47
Income taxes paid	(72)	(74)
Net cash provided by (used in) operating activities	(5,512)	(9,778)
Cash flows from investing activities	16,577	13,122
Purchase of property and equipment	(2,272)	(2,440)
Proceeds from sale of property and equipment	1	19
Purchase of intangibles	(375)	(602)
Purchase of investment securities	(425)	(683)
Payments for sale of shares of subsidiaries	60	189
Loans receivable made	-	(17)
Collection of loans receivable	1	0
Other, net	(489)	(367)
Net cash used in investing activities	(3,499)	(3,902)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	1,774	1,080
Repayments of long-term debt	(223)	(223)
Net (increase) decrease in treasury shares	(2)	21
Dividends paid to shareholders	(4,154)	(5,943)
Dividends paid to minority shareholders of subsidiaries	(23)	(29)
Other, net	(295)	(213)
Net cash provided by used in financing activities	(2,924)	(5,307)
Effect of exchange rate changes on cash and cash equivalents	(67)	(22)
Net increase (decrease) in cash and cash equivalents	10,085	3,889
Cash and cash equivalents at beginning of period	58,321	68,426
(Decrease) in cash and cash equivalents resulting from exclusion of a subsidiary from consolidation	(532)	-
Cash and cash equivalents at end of period	67,874	72,316

#### (4) Segment Information

##### Business Segment Information

First nine months of fiscal March 2021 (9 months ended December 2020)

(Millions of yen)

	Digital Solutions	Network Infrastructures	Engineering & Support Services	Others	Adjustments	Total
Sales						
(1) Sales to third parties	83,776	60,384	82,027	7,279	-	233,469
(2) Intersegment sales	-	-	-	-	-	-
Total	83,776	60,384	82,027	7,279	-	233,469
Operating income and loss	8,542	4,659	7,020	598	(7,018)	13,803

First nine months of fiscal March 2022 (9 months ended December 2021)

(Millions of yen)

	Digital Solutions	Network Infrastructures	Engineering & Support Services	Others	Adjustments	Total
Sales						
(1) Sales to third parties	79,506	67,170	67,653	4,492	-	218,824
(2) Intersegment sales	-	-	-	-	-	-
Total	79,506	67,170	67,653	4,492	-	218,824
Operating income and loss	8,901	5,271	4,431	542	(6,977)	12,168