

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 Quarter (April 1, 2024 to June 30, 2024) of Fiscal Year ending March 31, 2025

(Rounded down to the nearest million yen.)

## (1) Net Sales and Income

	Net sales (¥ million)	Year-on-year change (%)	Operating income (¥ million)	Year-on-year change (%)	Ordinary income (¥ million)	Year-on-year change (%)
<b>3 months ended June 2024</b>	<b>79,127</b>	<b>10.4</b>	<b>2,384</b>	<b>113.1</b>	<b>2,302</b>	<b>106.2</b>
3 months ended June 2023	71,683	6.0	1,118	(25.4)	1,116	(26.8)

	Net income attributable to owners of the parent (¥ million)	Year-on-year change (%)	Net income per share (¥)	Net income per share (diluted) (¥)
<b>3 months ended June 2024</b>	<b>1,518</b>	<b>732.4</b>	<b>10.19</b>	<b>-</b>
<b>3 months ended June 2023</b>	<b>182</b>	<b>(63.2)</b>	<b>1.22</b>	<b>-</b>

c.f. Comprehensive income: 1Q/FY Mar 2025: ¥1,711 million &lt; - %&gt;; 1Q/FY Mar 2024: ¥(26)million &lt; - %&gt;

## (2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Owner's equity ratio (%)	Net assets per share (¥)
<b>30/Jun/2024</b>	<b>265,139</b>	<b>155,395</b>	<b>56.8</b>	<b>1,010.76</b>
31/Mar/2024	284,897	157,481	53.5	1,024.09

c.f. Owner's equity: 30/Jun/2024: ¥150,569 million; 31/Mar/2024: ¥152,556 million

## 2. Dividends

	Dividends per share (¥)				
	1st quarter	Interim	3rd quarter	Year-end	Full year
FY ended Mar. 2024	-	24.50	-	24.50	49.00
<b>FY ending Mar. 2025 (Forecast)</b>	<b>-</b>	<b>28.00</b>	<b>-</b>	<b>28.00</b>	<b>56.00</b>

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

## 3. Financial Forecasts for Fiscal Year ending March 31, 2025 (April 1, 2024 to 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 per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY ending Mar. 2025	365,000	1.5	29,000	15.4	29,000	17.5	18,000	17.4	120.83

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

## 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, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	73,507	87,573
Notes, accounts receivable and contract assets	134,348	96,078
Electronically recorded obligations	2,025	3,069
Purchased goods, materials and supplies	2,441	2,307
Work in process	10,111	9,810
Other	15,069	17,552
Allowance for doubtful accounts	(40)	(38)
Total current assets	<u>237,464</u>	<u>216,353</u>
Non-current assets		
Property and equipment	13,597	14,632
Intangible assets		
Goodwill	85	69
Other	3,297	3,522
Total intangible assets	<u>3,383</u>	<u>3,591</u>
Investments and other assets		
Deferred tax assets	12,962	12,917
Other	17,590	17,749
Allowance for doubtful accounts	(102)	(104)
Total investments and other assets	<u>30,451</u>	<u>30,563</u>
Total non-current assets	<u>47,433</u>	<u>48,786</u>
Total assets	<u>284,897</u>	<u>265,139</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	49,176	35,943
Electronically recorded obligations	1,415	1,611
Short-term bank loans	6,230	5,099
Current installments of long-term debt	3,000	3,000
Accrued income taxes	5,048	1,169
Accrued bonuses to directors and corporate auditors	163	29
Accrued warranty on products	182	185
Accrued losses on sales contracts	166	292
Accrued compensation for damage	3	19
Accrued office transfer cost		
Other current liabilities	31,440	30,834
Total current liabilities	<u>96,826</u>	<u>78,186</u>
Long-term liabilities		
Liabilities for retirement benefits	27,663	27,524
Other liabilities	2,925	4,034
Total long-term liabilities	<u>30,589</u>	<u>31,558</u>
Total liabilities	<u>127,416</u>	<u>109,744</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,122	13,122
Capital surplus	16,726	16,655
Retained earnings	120,740	118,608
Treasury stock, at cost	(244)	(244)
Total shareholders' equity	<u>150,344</u>	<u>148,141</u>
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	342	439
Deferred gains or losses on hedges	3	19
Foreign currency translation adjustments	(177)	(108)
Accumulated adjustments for retirement benefits	2,043	2,077
Total accumulated other comprehensive income	<u>2,211</u>	<u>2,427</u>
Non-controlling interests	4,925	4,826
Total net assets	<u>157,481</u>	<u>155,395</u>
Total liabilities and net assets	<u>284,897</u>	<u>265,139</u>

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	1Q, FY March 2024 (3 months ended June 2023)	1Q, FY March 2025 (3 months ended June 2024)
Net sales	71,683	79,127
Cost of sales	59,157	65,189
Gross profit	12,526	13,938
Selling, general and administrative expenses	11,407	11,554
Operating income	1,118	2,384
Non-operating income		
Interest income	1	11
Insurance benefit	25	55
Reversal of provision for office transfer cost	87	—
Other	106	76
Total non-operating income	221	143
Non-operating expenses		
Interest expenses	90	74
Other	132	151
Total non-operating expenses	223	225
Ordinary income	1,116	2,302
Income before income taxes	1,116	2,302
Income taxes	818	820
Net income	297	1,481
Net income attributable to non-controlling interests	115	(36)
Net income attributable to owners of the parent	182	1,518

(Millions of yen)

	1Q, FY March 2024 (3 months ended June 2023)	1Q, FY March 2025 (3 months ended June 2024)
Net income (loss)	297	1,481
Other comprehensive income		
Net unrealized holding loss on other securities	(584)	97
Deferred gains or losses on hedges	92	15
Foreign currency translation adjustments	80	83
Adjustments for retirement benefit	88	34
Share of other comprehensive income of associates accounted for using equity method	0	(1)
Total other comprehensive income	(324)	229
Comprehensive income (loss)	(26)	1,711
Comprehensive income (loss) attributable to:		
Owners of the parent	(181)	1,734
Non-controlling interests	155	(22)

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

(Millions of yen)

	1Q, FY March 2024 (3 months ended June 2023)	1Q, FY March 2025 (3 months ended June 2024)
Cash flows from operating activities		
Net income before income taxes	1,116	2,302
Depreciation and amortization	994	996
Amortization of goodwill	17	16
Increase (decrease) in allowance for doubtful receivables	(53)	(7)
Increase (decrease) in asset for retirement benefit	(56)	(111)
Increase (decrease) in liability for retirement benefits	(240)	(144)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(117)	(134)
Increase (decrease) in accrued warranty on products	(0)	3
Increase (decrease) in accrued losses on sales contracts	(151)	124
Increase (decrease) in accrued compensation for damage	21	16
Interest and dividend income	(26)	(38)
Interest expense	90	74
(Increase) decrease in notes and accounts receivable, and contract assets	35,299	37,462
(Increase) decrease in inventories	680	436
Increase (decrease) in notes and accounts payable	(12,716)	(13,058)
Increase (decrease) in accrued consumption taxes	1,090	(1,254)
Other, net	(746)	(2,518)
Subtotal	25,202	24,164
Interest and dividend income received	26	39
Interest paid	(93)	(76)
Income taxes paid	(4,208)	(4,413)
Net cash provided by (used in) operating activities	20,927	19,713
Cash flows from investing activities		
Purchase of property and equipment	(1,880)	(256)
Purchase of intangibles	(313)	(518)
Purchase of investment securities	(99)	(164)
Payments of loans receivable	(0)	(30)
Collection of loans receivable	0	0
Other, net	(182)	70
Net cash used in investing activities	(2,475)	(898)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(530)	(1,245)
Repayments of long-term debt	(57)	—
Net (increase) decrease in treasury shares	(0)	(0)
Dividends paid to shareholders	(3,404)	(3,631)
Dividends paid to minority shareholders of subsidiaries	(25)	(25)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(121)
Other, net	(48)	231
Net cash provided by used in financing activities	(4,067)	(4,793)
Effect of exchange rate changes on cash and cash equivalents	50	44
Net increase (decrease) in cash and cash equivalents	14,435	14,066
Cash and cash equivalents at beginning of period	68,549	73,507
Cash and cash equivalents at end of period	82,984	87,573

#### (4) Segment Information

##### Business Segment Information

First quarter of fiscal March 2025 (3 months ended June 2024)

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Sales						
(1) Sales to third parties	30,512	19,323	22,494	6,797	-	79,127
(2) Intersegment sales	-	-	-	-	-	-
Total	30,512	19,323	22,494	6,797	-	79,127
Operating income and loss	3,069	1,730	695	201	(3,313)	2,384

First quarter of fiscal March 2024 (3 months ended June 2023)

(Millions of yen)

	DX Solutions	Network Solutions	Environmental & Social Solutions	Others	Adjustments	Total
Sales						
(1) Sales to third parties	27,759	21,039	20,176	2,709	-	71,683
(2) Intersegment sales	-	-	-	-	-	-
Total	27,759	21,039	20,176	2,709	-	71,683
Operating income and loss	2,694	1,439	(83)	37	(2,969)	1,118

※Segment information for FY24/3 has been reclassified numbers to reflect the segment change in April 2024.