



Financial Results for the First 9 Months (1Q-3Q) Fiscal Year Ending March 2024

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(TSE: 1973, NESIC)

9M FY2024/3 Summary

¥ Bn.

	9M FY2023/3	9M FY2024/3	Change
Orders received	250.0	269.9	+8%
Net sales	221.9	249.4	+12%
Gross profit	43.5	46.7	+3.1
(to sales)	(19.6%)	(18.7%)	(-0.9pt)
SG&A	32.4	34.2	-1.8
Operating income	11.2	12.5	+1.3
(to sales)	(5.0%)	(5.0%)	(0.0pt)
Net income	6.1	7.7	+1.6
attributable to owners of the parent (to sales)	(2.8%)	(3.1%)	(+0.3pt)
Free cash flows	-2.3	-0.7	+1.6
Orders backlog	195.0	222.5	+14%

Both sales and incomes increased Good progress to the forecast

Orders received:

- Though telecom. carriers' severe capex control continued, orders from manufacturing and governments/public utility sectors drove the expansion
+ Large PJs acquired in 1Q
(a product PJ for governments & a overseas network infra. PJ)

Net sales:

- Highly expanded with sales from orders backlog
+ A large product PJ was recorded as sales in 3Q

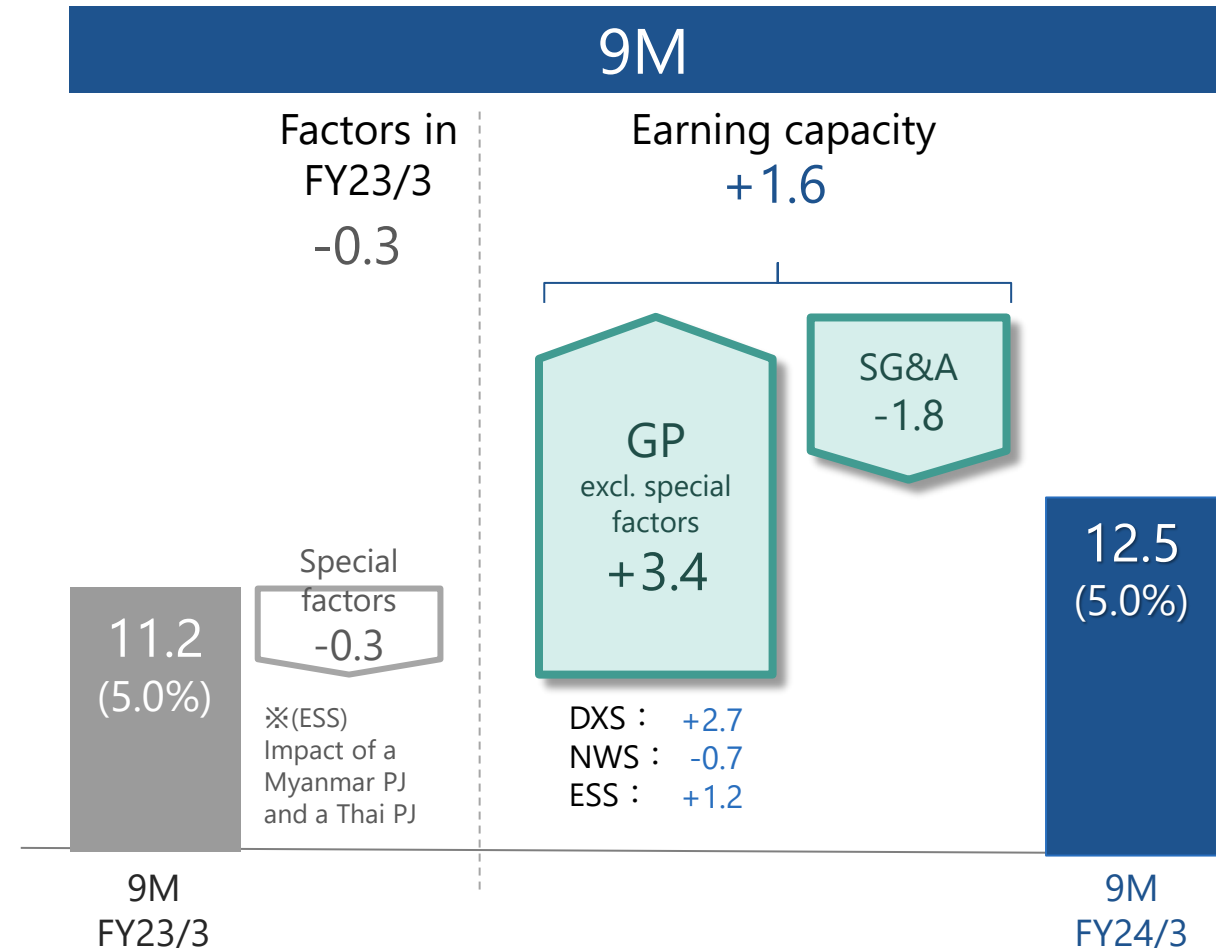
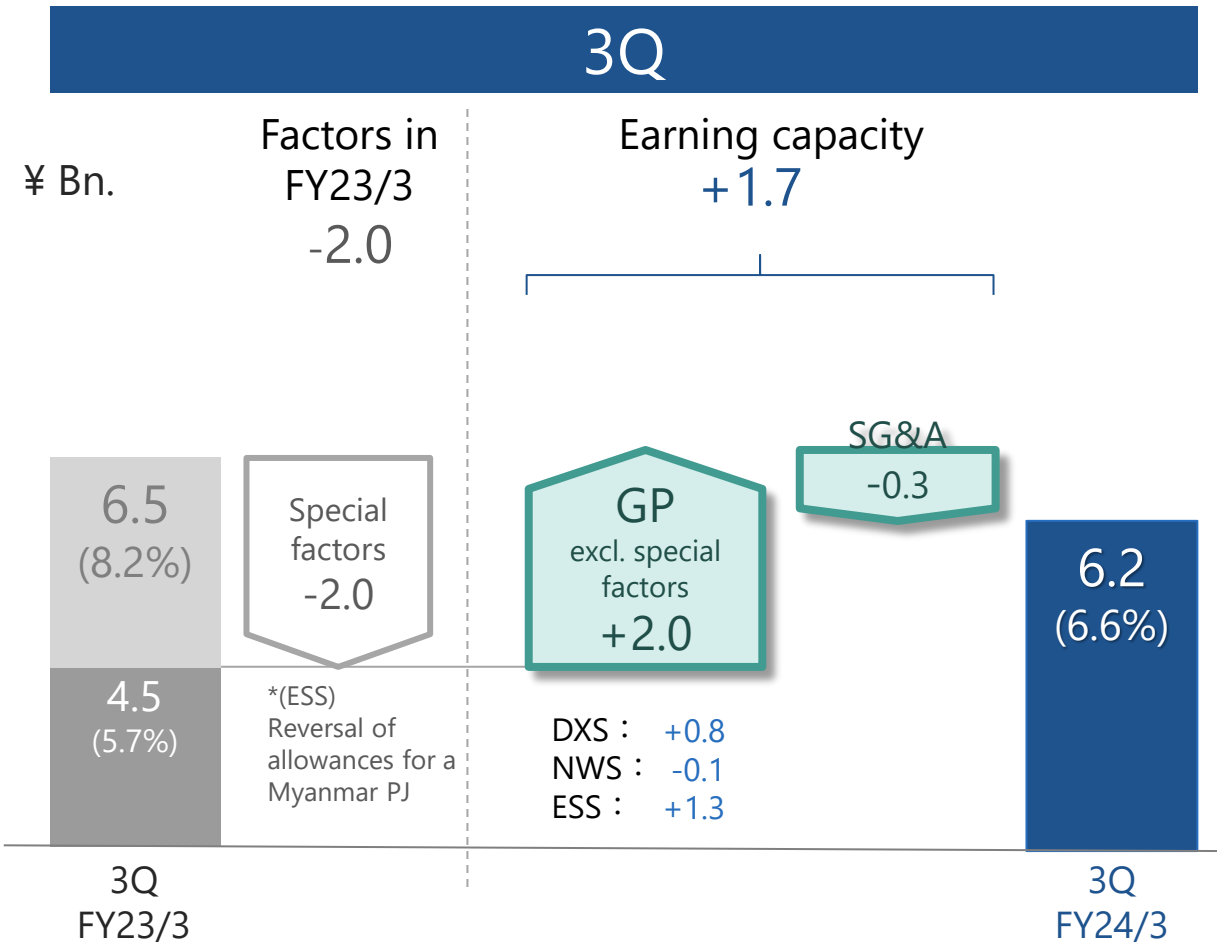
Operating income:

- Increased with SG&A up for the future growth
- Accelerated improvement in earning capacity according to sales growth (see P.2)

Operating Income Analysis

Accelerated improvement in earning capacity according to sales growth

(1Q:-0.8 ▶ 2Q:+0.7 ▶ 3Q:+1.7)



9M FY2024/3 Orders Received/Net Sales by Business Model

*Contact center business of a subsidiary (Q&A Corp.)

Orders: Service orders suffered from decreased Covid-19 special orders* and telecom carrier biz.

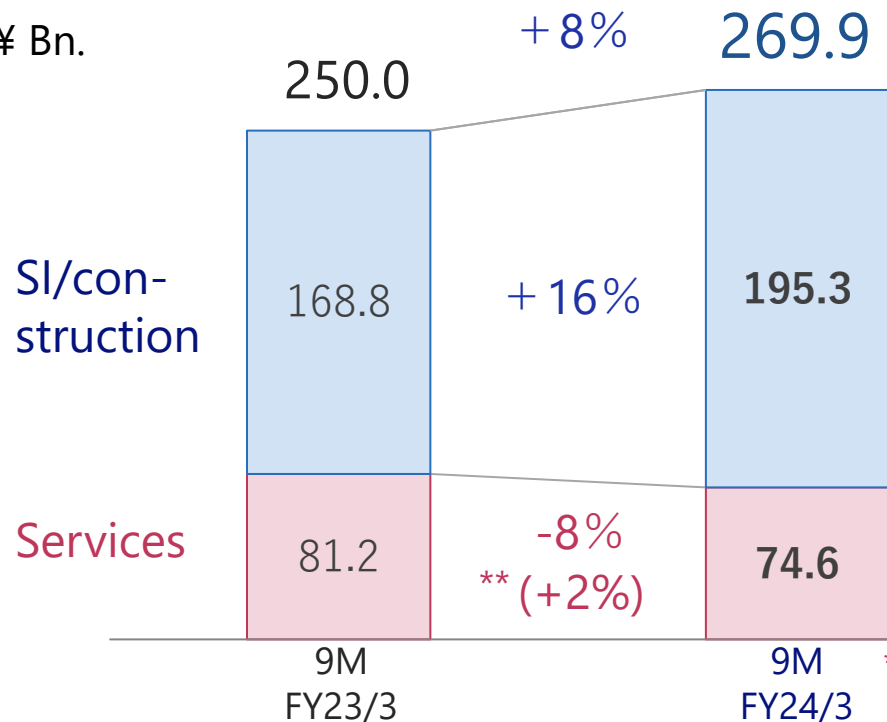
SI/Construction orders highly expanded (robust manufacturing and public sectors and large orders)

Sales: Full-swing contribution of backlog sales. A large product PJ sales also contributed in 3Q sales.

Service sales excluding above impacts (Covid 19 & telecom carriers) steadily increasing

Orders received

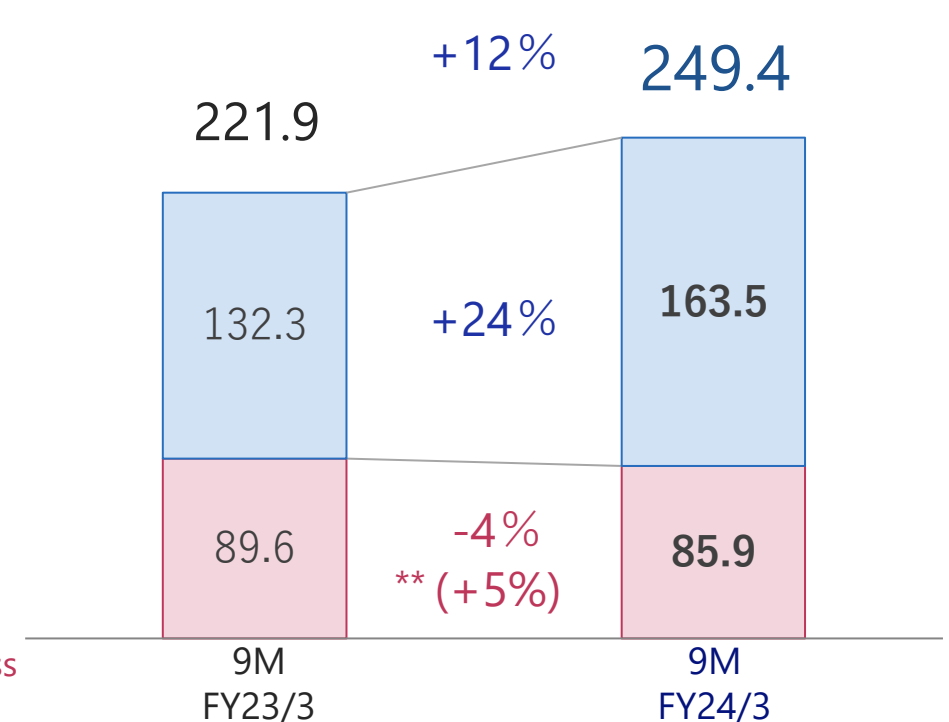
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**Growth rate of service business excluding Q&A Corp. and telecom. carrier biz of NWS

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Net sales

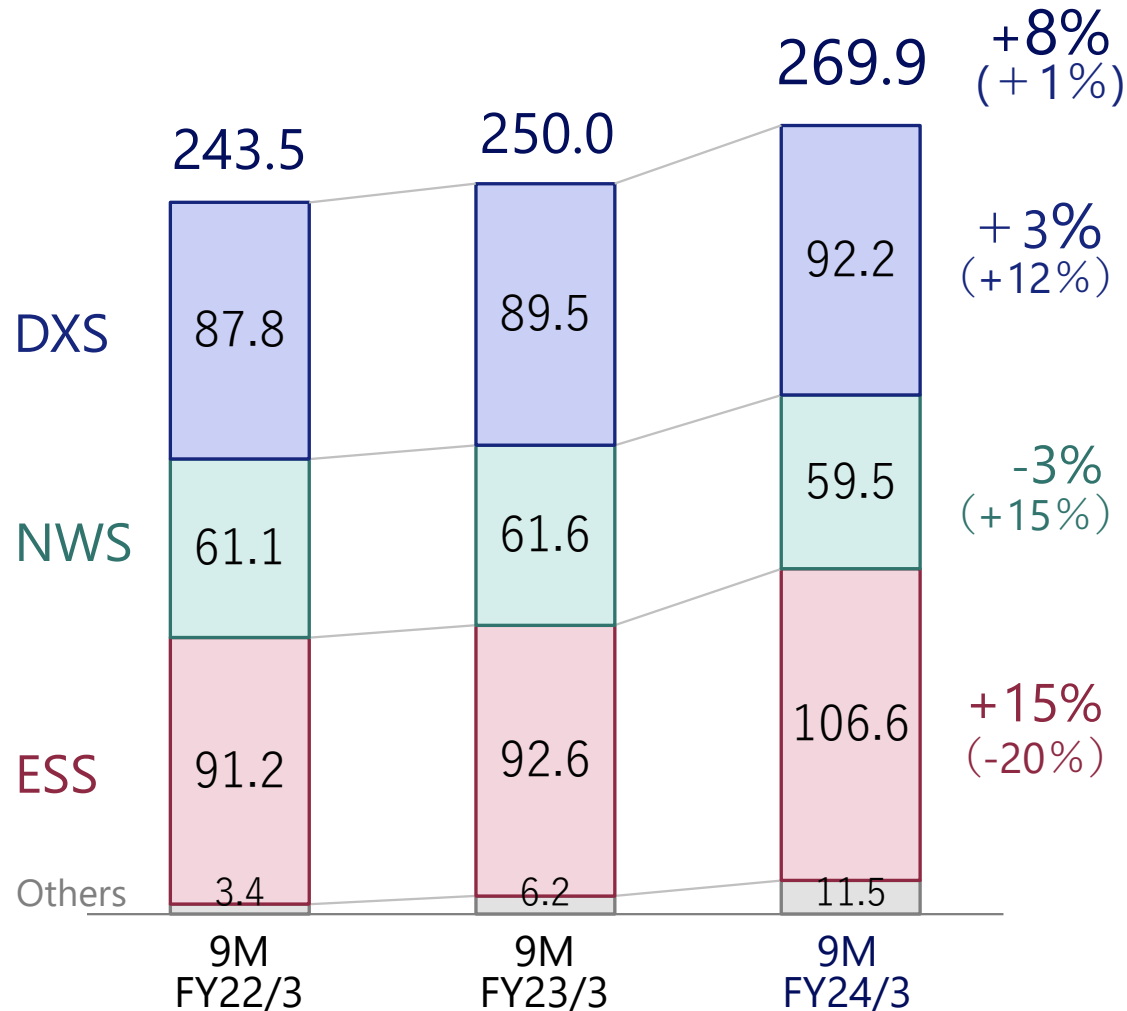


**Growth rate of service business excluding Q&A Corp. and telecom. carrier biz of NWS

9M FY2024/3 Orders Received by Segment

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() : 3Q growth rate



DX Solutions (DXS)

- Strategic areas such as workstyle DX and securities expanded
 - A subsidiary* decreased due to absence of Covid-19 related demand (-2.5) (3Q impact decreased)

*Q&A Corporation

Network Solutions (NWS)

- Though telecom carrier related biz dropped, social infra biz** and new banknote related biz of a manufacturing subsidiary*** increased

**Space/national security, submarine and broadcast biz

***NEC Magnus Communications, Ltd.

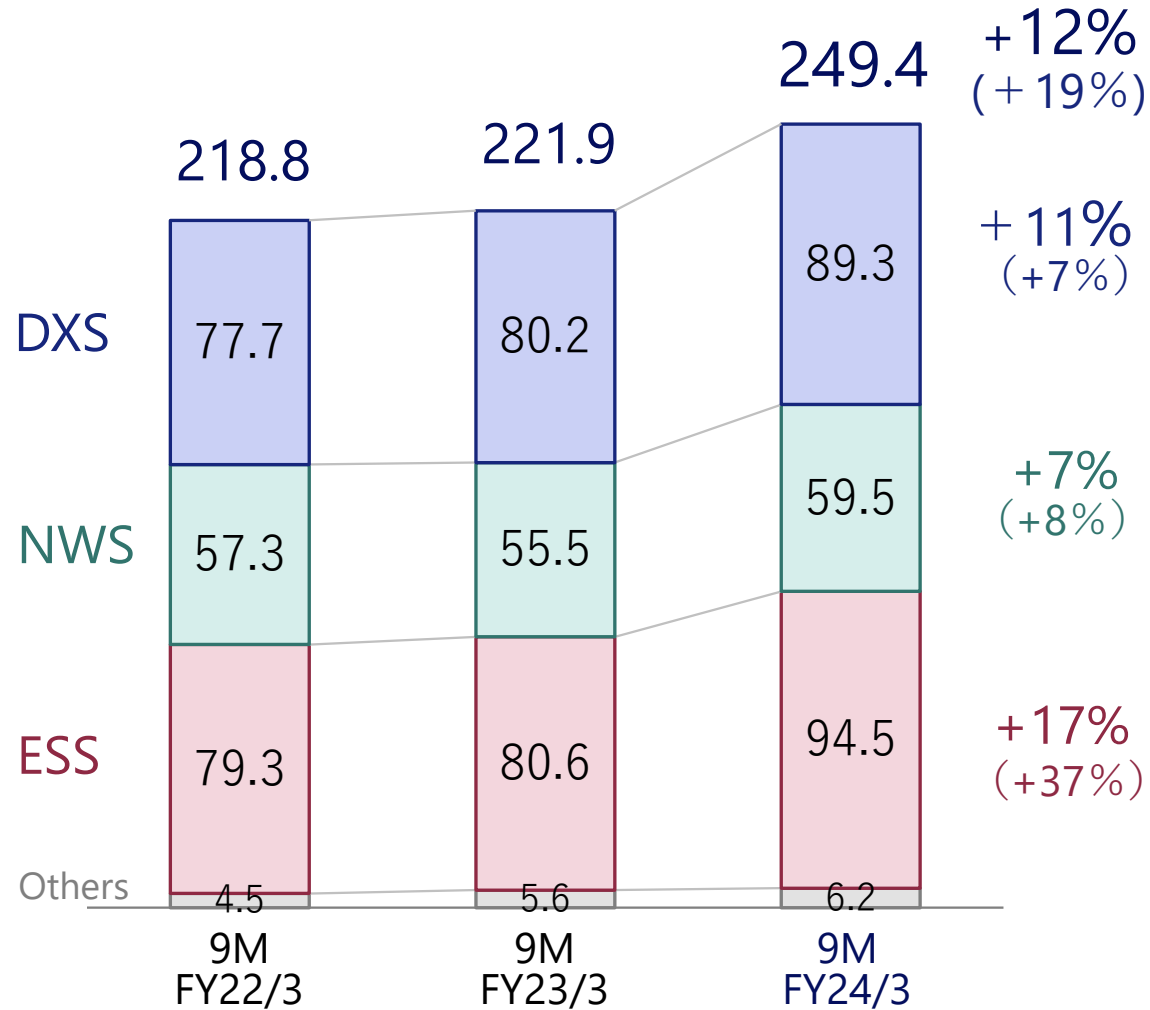
Environmental & Social Solutions (ESS)

- Domestic construction biz such as road ICT and overseas biz increased
- Acquired large orders in 1Q
 - 3Q orders decreased due to reactional impact of a large PJ (-5.5) in the previous 3Q

9M FY2024/3 Net Sales by Segment

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() : 3Q growth rate



DX Solutions (DXS)

- Both of strategic areas and existing areas increased
 - A subsidiary decreased due to absence of Covid-19 related demand (-2.5) (3Q impact decreased)

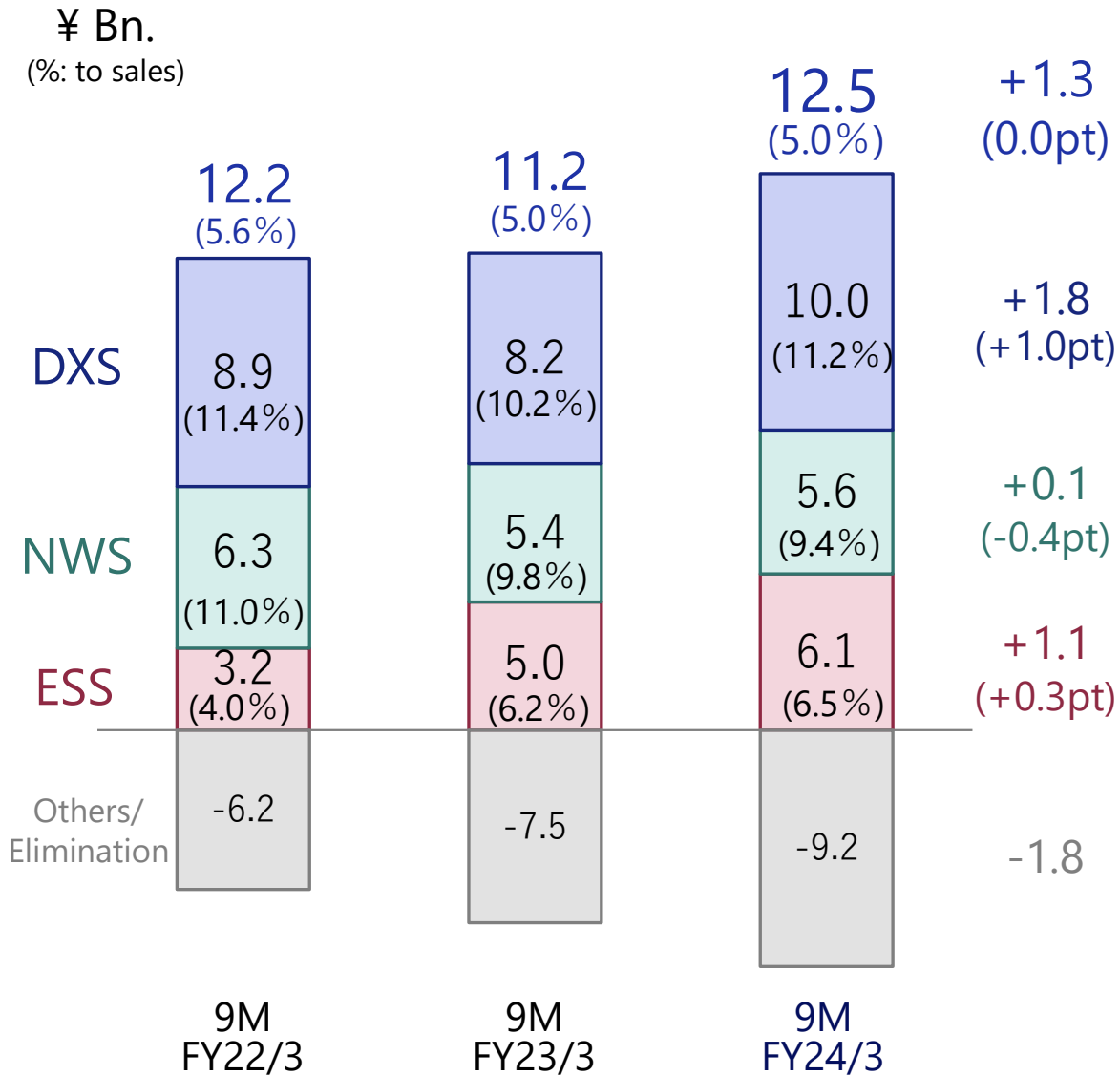
Network Solutions (NWS)

- Telecom carrier related biz was flat yoy
Social infra biz and new banknote related biz of a manufacturing subsidiary increased

Environmental & Social Solutions (ESS)

- Domestic construction biz such as road ICT increased
- A large product PJ acquired in 1Q was recorded as sales (+7.5) in 3Q

9M FY2024/3 Operating Income by Segment



DX Solutions (DXS)

- Operating income substantially increased thanks to sales increase and GPM improvement
 - Growth in strategic areas such as workstyle DX drove the improvement

Network Solutions (NWS)

- Sales increase and efficient SG&A made up with the GPM down

Environmental & Social Solutions (ESS)

- Sales expansion lead the income increase

Others/Elimination

- ERP renewal and personnel costs increased

Gross Margin by Segment

	9 Months				3Q		
	FY23/3	FY24/3	Change		FY23/3	FY24/3	Change
DXS	21.1%	21.9%	+0.8pt	- Effect of increased sales (decreased fixed cost ratio) - Improved sales mix by high value-added services expansion	20.8%	21.9%	+1.1pt
NWS	22.8%	20.2%	-2.6pt	-Worsened sales mix (high profit business to telecom. Carriers decreased, product business preceding SI business increased)	23.7%	21.3%	-2.4pt
ESS	17.3%	15.7%	-1.6pt	-Impact of a large product project	24.3%	16.0%	-8.3pt (+0.7pt)
Company total	19.6%	18.7%	-0.9pt		22.3%	18.8%	-3.5pt (+0.1pt)

*Excluding impact of reversal of allowances for a Myanmar PJ in 3Q/23.3 and a large product PJ

Situation in Network Solution Business

Expanding business by restructuring corresponding to our assumption that mega-carriers' severe capex control will be continued and by growth of social infra. business

At present

- Severe capex control by mega-carriers
 - ▶ Additional restructuring
- Expansion of NCC biz
- Focus on social infra. biz but full-swing expansion will be since the next year
- New banknote related demand

Product biz
at first
(Worsened
sales mix)

Going forward

- Despite of severe capex control, we will improve the profitability by effect of the restructuring
- Further cultivation of NCC
- Full-fledged development of social infra. Biz. (leveraging enhanced resources)
- New banknote demand remains

SI area
expansion
(Improved
sales mix)

※NCC : Communication service providers other than 4 mega carriers, such as electric power group carriers and ISPs

FY2024/3 Forecasts

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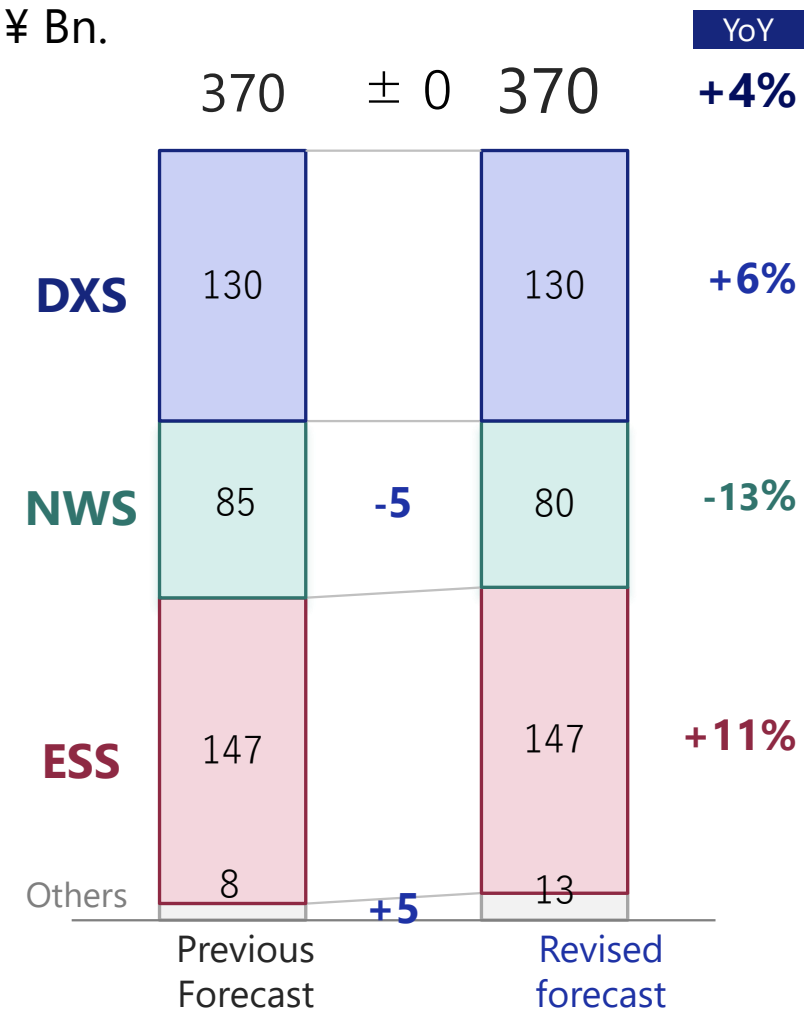
	FY23/3 actual	FY24/3 forecasts	Change
Orders received	356.0	370	+4%
Net sales	320.8	350	+9%
Operating income	22.8	24.0	+1.2
(to sales)	(7.1%)	(6.9%)	-0.2pt
Net income attributable to owners of the	13.8	14.0	+0.2
(to sales)	(4.3%)	(4.0%)	-0.3pt

Based on good 9M results
even with difference by segment,
we challenge further improvement

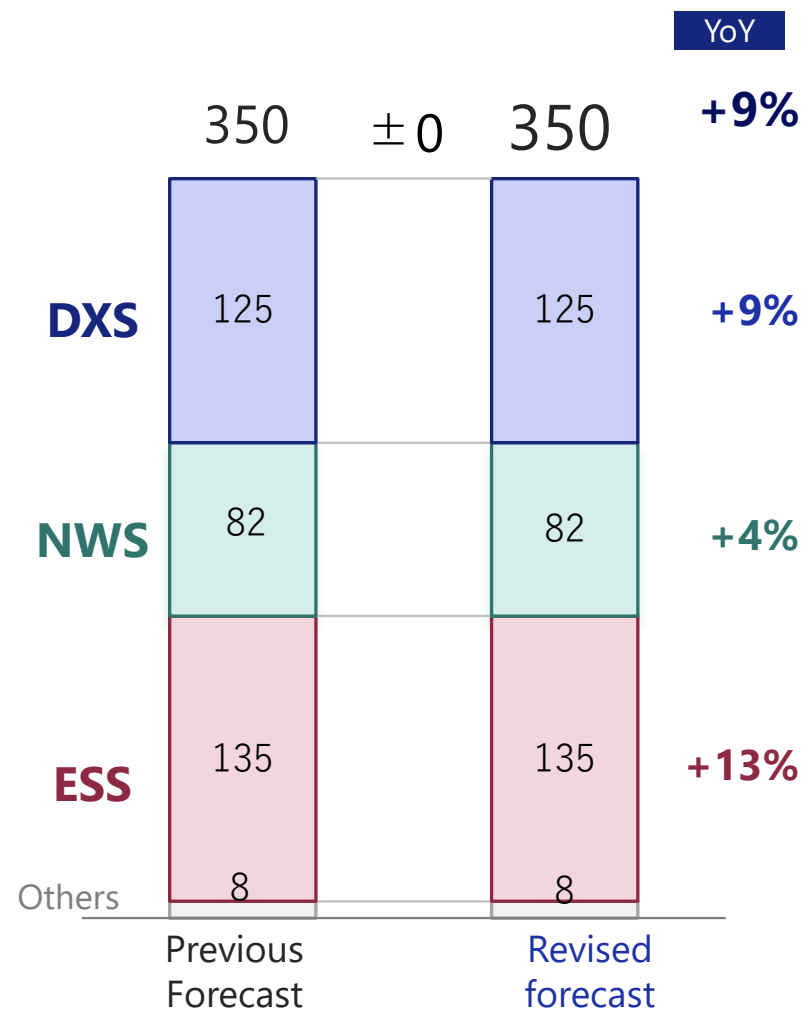
Segment forecasts were adjusted considering
the progress (see p.10)

FY2024/3 Forecasts by Segment

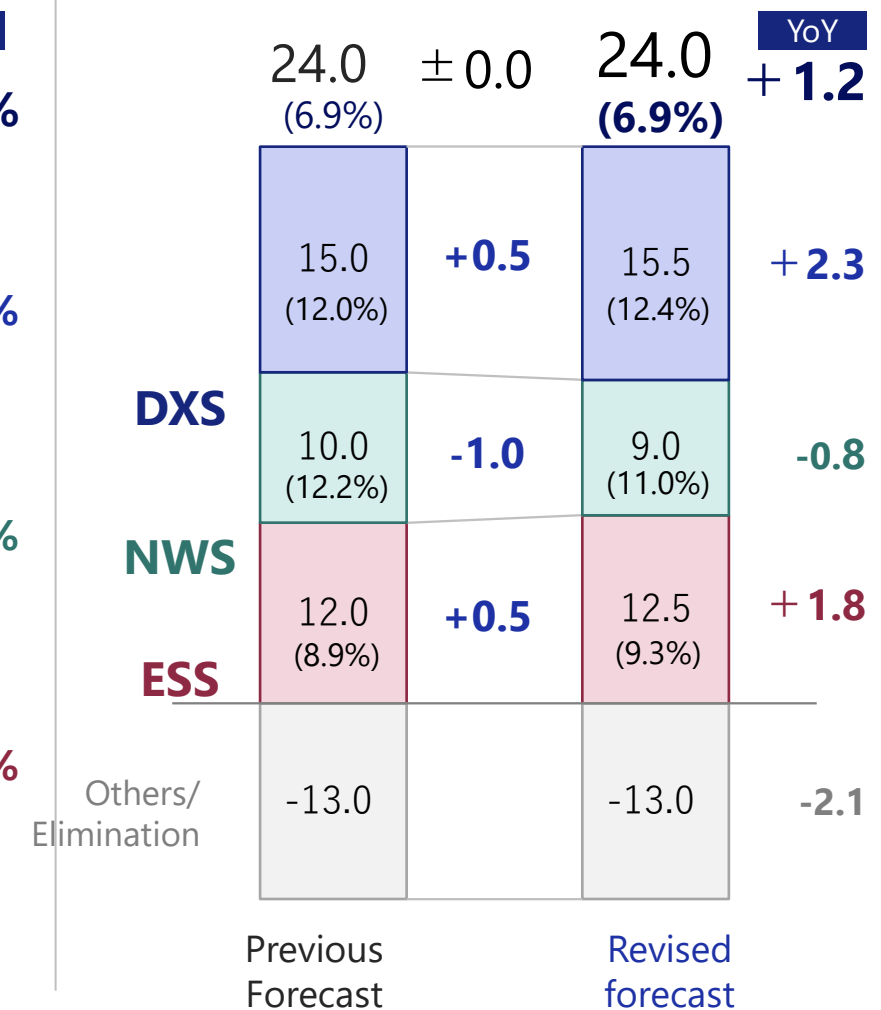
Orders received



Net sales



Operating income



About Supplementary Data

Please see our supplementary data sheet for

- Complementary data
(Orders backlog, by-business type and by-market data)
- Historical P/L, B/S, C/F
- Segment data (incl. old segment)

<https://www.nesic.co.jp/english/ir/library/2024.html>

Cautionary Statement

Forecasts and targets 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.

Some information for reference such as impact of special factors is calculated and shown in round numbers.

There was segment change in April 2022. Segment information for the FY 2022/3 has been recalculated to reflect the change in the content of business segments.



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