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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

April 26, 2024

Corporate name: **NEC Capital Solutions Limited**
 Stock exchange listings: Tokyo Stock Exchange, Prime Market
 Stock code: 8793
 Website (URL): <https://www.necap.co.jp/english/>
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(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentage shows increase/decrease from previous term)

(1) Consolidated Business Results

	Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Fiscal year ended March 31, 2024	255,857	(0.9)	11,694	(0.2)	11,818	(0.5)	7,034	9.6
Fiscal year ended March 31, 2023	258,107	3.3	11,715	12.1	12,440	8.9	6,418	(7.5)

(Note) Comprehensive income:

FY2024/3: 10,082 Million Yen (7.6)%
 FY2023/3: 10,914 Million Yen (2.3)%

	Net Income per Share: Basic	Net Income per Share: Diluted	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	326.66	—	6.2	1.1	4.6
Fiscal year ended March 31, 2023	298.14	—	6.0	1.2	4.5

(Reference) Equity in earnings of affiliated companies:

FY2024/3: 53 Million Yen
 FY2023/3: (34) Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per share
	Million Yen	Million Yen	%	Yen
As of March 31, 2024	1,117,363	136,790	10.4	5,374.76
As of March 31, 2023	1,055,875	128,815	10.4	5,085.69

(Reference) Shareholders' Equity:

March 31, 2024: 115,743 Million Yen
 March 31, 2023: 109,490 Million Yen

(3) Consolidated Cash Flows

	Cash Flows From Operating Activities	Cash Flows From Investing Activities	Cash Flows From Financing Activities	Cash and Cash Equivalents at the end of the year
	Million Yen	Million Yen	Million Yen	Million Yen
Fiscal year ended March 31, 2024	(21,344)	(8,313)	49,343	53,722
Fiscal year ended March 31, 2023	29	(9,581)	7,875	35,557

2. Dividends Status

	Annual Dividends					Total Dividends Paid	Dividend Payout Ratio	Dividend on Net Assets Ratio
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Fiscal year ended March 31, 2023	—	37.00	—	73.00	110.00	2,368	36.9	2.2
Fiscal year ended March 31, 2024	—	65.00	—	65.00	130.00	2,799	39.8	2.5
Fiscal year ending March 31, 2025 (Forecasts)	—	75.00	—	75.00	150.00		40.4	

3. Forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage shows increase/decrease from previous term)

	Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income per Share: Basic
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Fiscal year ending March 31, 2025	260,000	1.6	12,000	2.6	12,500	5.8	8,000	13.7	371.50

4. Other

(1) Changes in significant consolidated subsidiaries: Yes

New : 1 company (TK R Residence one)

(2) Changes in accounting policies, accounting estimates or restatements

1) Changes in accounting policies accompanying revision of accounting standards: No

2) Any other changes, except those mentioned in 1) above: Yes

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of shares issued (common stock)

1) Outstanding shares at the end of the year (including treasury shares)

Fiscal year ended March 31, 2024: 21,539,071 shares

Fiscal year ended March 31, 2023: 21,533,400 shares

2) Number of treasury shares at the end of the year

Fiscal year ended March 31, 2024: 4,502 shares

Fiscal year ended March 31, 2023: 4,324 shares

3) Average numbers of shares during the year

Fiscal year ended March 31, 2024: 21,533,204 shares

Fiscal year ended March 31, 2023: 21,528,776 shares

- This Consolidated Financial Results Report for the fiscal year is out of scope of the audit procedures based on the Financial Instruments and Exchange Act of Japan.
- Forecasts are based on the information available to management at the time they were made. Actual results may differ materially from forecasts for a number of reasons.

Consolidated Financial Report

(1) Consolidated Balance Sheets

(Unit: Million Yen)

Term	As of March 31, 2023	As of March 31, 2024
(Assets)		
I. Current assets		
1. Cash on hand and in banks	35,482	53,844
2. Accounts receivable, installment sales	38,828	36,639
3. Leases receivables and investment in leases	517,945	489,455
4. Accounts receivable, leases	22,034	23,814
5. Accounts receivable, loans	231,611	230,267
6. Purchased receivables	12,419	9,140
7. Operational investment securities	22,875	25,851
8. Real estate for sale	23,827	33,969
9. Real estate for sale in process	-	3,285
10. Prepaid expenses	2,659	3,276
11. Income taxes receivable	753	253
12. Other	9,693	28,173
13. Allowance for doubtful accounts	(9,839)	(8,384)
Total current assets	908,292	929,587
II. Fixed assets		
(1) Property and equipment, net		
(A) Leased assets		
1. Leased assets	55,819	84,671
(B) Other operating assets		
1. Other operating assets	7,199	7,969
(C) Assets held for own use		
1. Buildings	203	172
2. Furniture and fixtures	104	100
3. Other	55	39
Total assets held for own use	363	312
Total Property and equipment, net	63,381	92,953
(2) Intangible assets		
(A) Computer programs leased to customers		
1. Leased assets	1,437	1,084
(B) Other intangible assets		
1. Software	1,007	885
2. Software in progress	4,093	6,017
3. Goodwill	1,559	1,521
4. Other	1,075	1,640
Total other intangible assets	7,736	10,064
Total Intangible assets	9,173	11,149

NEC Capital Solutions Limited (8793) Consolidated Financial Results for the fiscal year ended March 31, 2024

(Unit: Million Yen)

Term	As of March 31, 2023	As of March 31, 2024
Items		
(3) Investments and other assets		
1. Investment securities	61,737	71,113
2. Claims provable in bankruptcy, claims provable in rehabilitation and other	2,014	5,154
3. Long-term prepaid expenses	1,826	2,302
4. Net defined benefit asset	339	449
5. Deferred tax assets	9,045	6,923
6. Other	2,075	2,663
7. Allowance for doubtful accounts	(2,011)	(4,934)
Total investments and other assets	75,027	83,672
Total fixed assets	147,583	187,775
Total assets	1,055,875	1,117,363

(Unit: Million Yen)

Term	As of March 31, 2023	As of March 31, 2024
Items		
(Liabilities)		
I. Current liabilities		
1. Notes payable, trade	140	79
2. Accounts payable, trade	15,654	12,009
3. Short-term borrowings	27,090	40,366
4. Current portion of long-term debt	149,486	110,145
5. Current portion of bonds	20,000	15,000
6. Commercial paper	243,000	272,000
7. Payable under securitized lease receivables due within a year	1,286	483
8. Accounts payable, other	1,453	1,281
9. Accrued expenses	6,838	7,320
10. Accrued income taxes	238	1,047
11. Advances received, lease	23,486	20,215
12. Deposits received	2,043	2,441
13. Unearned revenue	169	278
14. Allowance for bonuses	847	933
15. Allowance for bonuses for directors	33	14
16. Other	4,624	2,483
Total current liabilities	496,394	486,101
II. Long-term liabilities		
1. Bonds	80,150	85,750
2. Long-term debt	335,636	392,982
3. Payable under securitized lease receivables	2,699	2,215
4. Net defined benefit liability	2,034	1,914
5. Other	10,145	11,609
Total long-term liabilities	430,665	494,471
Total liabilities	927,060	980,573
(Net assets)		
I. Shareholders' equity		
1. Common stock	3,776	3,783
2. Capital surplus	4,646	4,655
3. Retained earnings	97,131	101,192
4. Treasury stock, at cost	(9)	(9)
Total shareholders' equity	105,545	109,620
II. Accumulated other comprehensive income		
1. Net unrealized gains on marketable securities	1,627	1,600
2. Deferred losses on hedging derivatives	91	413
3. Foreign currency translation adjustments	2,262	4,044
4. Remeasurements of defined benefit plans	(36)	62
Total accumulated other comprehensive income	3,944	6,122
III. Non-controlling interests	19,325	21,047
Total net assets	128,815	136,790
Total liabilities and net assets	1,055,875	1,117,363

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

(i) Consolidated Statements of Income

(Unit: Million Yen)

Term Items	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
I. Revenues	258,107	255,857
II. Costs	226,186	223,267
Gross profit	31,920	32,589
III. Selling, general and administrative expenses	20,205	20,894
Operating income	11,715	11,694
IV. Non-operating income		
1. Interest income	44	44
2. Dividend income	75	82
3. Equity in earnings of affiliates	-	53
4. Gain on investment in partnerships	1,026	469
5. Gain on sale of investment securities	16	436
6. Other	197	178
Subtotal	1,361	1,264
V. Non-operating expenses		
1. Interest expense	25	490
2. Equity in loss of affiliates	34	-
3. Loss on investment in partnerships	3	159
4. Foreign exchange losses	459	401
5. Compensation for damage	85	-
6. Other	28	89
Subtotal	636	1,140
Ordinary income	12,440	11,818
VI. Extraordinary income		
1. Gain on foreign currency translation adjustment due to the liquidation of overseas subsidiaries	-	114
2. Gain on sale of shares of subsidiaries	25	9
Subtotal	25	124
VII. Extraordinary losses		
1. Loss on waiver of receivables of subsidiaries and associates	-	55
2. Loss on sale of shares of subsidiaries and associates	-	27
3. Loss on change in equity	-	25
4. Loss on foreign currency translation adjustment due to the liquidation of overseas subsidiaries	-	7
5. Loss on liquidation of subsidiaries	-	1
6. Loss on revision of retirement benefit plan	21	-
Subtotal	21	118
Profit before income taxes	12,443	11,824
Income taxes, current	1,254	2,101
Income taxes, deferred	1,830	1,818
Total	3,084	3,919
Profit	9,359	7,905

NEC Capital Solutions Limited (8793) Consolidated Financial Results for the fiscal year ended March 31, 2024

Items \ Term	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to non-controlling interests	2,940	870
Profit attributable to owners of parent	6,418	7,034

(ii) Consolidated Statements of Comprehensive Income

(Unit: Million Yen)

Term		
Items	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
I. Profit	9,359	7,905
II. Other comprehensive income		
1. Net unrealized gains (losses) on marketable securities	103	(86)
2. Deferred gains (losses) on hedging derivatives	(22)	185
3. Foreign currency translation adjustments	1,325	1,215
4. Remeasurements of defined benefit plans	(22)	100
5. Share of other comprehensive losses of associates accounted for using equity method	172	761
Subtotal	1,555	2,177
Comprehensive income	10,914	10,082
Comprehensive income attributable to:		
Owners of the parent	7,976	9,211
Non-controlling interests	2,938	870

(3) Consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2023

(Unit: Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2022	3,776	4,645	92,414	(9)	100,827
Changes of items during the fiscal year					
Cash dividends			(1,701)		(1,701)
Profit attributable to owners of parent			6,418		6,418
Purchases of treasury shares				(9)	(9)
Restricted stock compensation		0		8	9
Net changes of items other than shareholders' equity during the fiscal year					
Total changes of items during the fiscal year	—	0	4,717	(0)	4,717
Balance at March 31, 2023	3,776	4,646	97,131	(9)	105,545

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on marketable securities	Deferred gains (losses) on hedging derivatives	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2022	1,383	101	915	(13)	2,386	18,526	121,740
Changes of items during the fiscal year							
Cash dividends							(1,701)
Profit attributable to owners of parent							6,418
Purchases of treasury shares							(9)
Restricted stock compensation							9
Net changes of items other than shareholders' equity during the fiscal year	244	(10)	1,347	(22)	1,558	798	2,357
Total changes of items during the fiscal year	244	(10)	1,347	(22)	1,558	798	7,074
Balance at March 31, 2023	1,627	91	2,262	(36)	3,944	19,325	128,815

Fiscal year ended March 31, 2024

(Unit: Million Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2023	3,776	4,646	97,131	(9)	105,545
Changes of items during the fiscal year					
Cash dividends			(2,971)		(2,971)
Profit attributable to owners of parent			7,034		7,034
Purchases of treasury shares				(0)	(0)
Restricted stock compensation	6	8			15
Other			(1)	(0)	(1)
Net changes of items other than shareholders' equity during the fiscal year					
Total changes of items during the fiscal year	6	8	4,060	(0)	4,075
Balance at March 31, 2024	3,783	4,655	101,192	(9)	109,620

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on marketable securities	Deferred gains (losses) on hedging derivatives	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2023	1,627	91	2,262	(36)	3,944	19,325	128,815
Changes of items during the fiscal year							
Cash dividends							(2,971)
Profit attributable to owners of parent							7,034
Purchases of treasury shares							(0)
Restricted stock compensation							15
Other							(1)
Net changes of items other than shareholders' equity during the fiscal year	(26)	322	1,782	99	2,177	1,721	3,899
Total changes of items during the fiscal year	(26)	322	1,782	99	2,177	1,721	7,974
Balance at March 31, 2024	1,600	413	4,044	62	6,122	21,047	136,790

(4) Consolidated Statements of Cash Flows

(Unit: Million Yen)

Term	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Items		
I. Cash Flows From Operating Activities		
Income before income taxes and minority interests	12,443	11,824
Depreciation and amortization	18,731	27,207
Amortization of goodwill	200	197
Increase (Decrease) in allowance for doubtful accounts	(9)	1,467
Increase (Decrease) in allowance for bonuses	(100)	86
Increase (Decrease) in allowance for bonuses for directors	33	(18)
Increase (Decrease) in net defined benefit asset and liability	(68)	(138)
Interest and dividend income	(120)	(126)
Interest expense	5,102	7,891
Equity in losses (earnings) of affiliated companies	34	(53)
Foreign exchange losses (gains)	5,924	8,145
Loss (Gain) on sales of investment securities	(41)	(835)
Loss (Gain) on valuation of investment securities	17	75
Loss (Gain) on sale of shares of subsidiaries and associates	-	18
Loss (Gain) on reversal of foreign currency transaction adjustment	-	(107)
Decrease(Increase) in installment sales receivables	(3,486)	2,189
Decrease(Increase) in lease receivables and investment in leases	12,839	30,091
Decrease(Increase) in loans receivable	(17,491)	2,600
Decrease(Increase) in trading receivables	(1,354)	(1,779)
Decrease(Increase) in purchased receivables	(4,409)	3,279
Decrease(Increase) in operational investment securities	(1,847)	(3,190)
Decrease(Increase) in real estate for sale	1,096	(10,583)
Decrease(Increase) in real estate for sale in process	-	(3,285)
Purchases of leased assets	(19,045)	(46,066)
Proceeds from sales of leased assets	7,258	6,043
Increase in other operating assets	(2,260)	(1,341)
Increase (Decrease) in trading accounts payables	2,531	(5,520)
Increase (Decrease) in advances received - leases	(2,823)	(3,271)
Decrease(Increase) in advance payments to suppliers	167	(20,563)
Other, net	(6,925)	(17,742)
Subtotal	6,394	(13,507)
Interest and dividend income received	189	444
Interest paid	(4,906)	(7,425)
Income taxes paid	(1,648)	(855)
Net cash provided by (used in) operating activities	29	(21,344)
II. Cash Flows From Investing Activities		
Purchases of assets held for own use	(4,067)	(3,015)
Purchases of investment securities	(17,675)	(21,351)
Proceeds from sales of investment securities	11	3,152
Proceeds from redemption of investment securities	11,942	13,089
Proceeds from liquidation of subsidiaries and associates	-	355
Other, net	207	(544)
Net cash used in investing activities	(9,581)	(8,313)

(Unit: Million Yen)

Term		
Items	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
III. Cash Flows From Financing Activities		
Increase (Decrease) in short-term borrowings, net	824	7,939
Increase (Decrease) in commercial paper	27,000	29,000
Increase in long-term debt	177,554	167,162
Repayment of long-term debt	(180,511)	(151,478)
Repayment of securitized lease receivables	(2,384)	(1,286)
Proceeds from issuance of bonds	20,000	20,600
Redemption of bonds	(30,000)	(20,000)
Cash dividends paid	(1,772)	(3,060)
Cash dividends paid to non-controlling interests	(5,008)	(2,646)
Proceeds from stock issuance to non-controlling shareholders	2,182	3,105
Other, net	(9)	6
Net cash (used in) provided by financing activities	7,875	49,343
Foreign currency translation adjustments on cash and cash equivalents	(95)	(1,458)
IV. Net Increase (Decrease) in cash and cash equivalents	(1,771)	18,226
V. Cash and cash equivalents at beginning of year	37,467	35,557
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(137)	(61)
VI. Cash and cash equivalents at end of year	35,557	53,722