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Financial Results for Q1 Fiscal Year Ending March 31, 2025

July 30, 2024

NEC Corporation

(<https://www.nec.com/en/global/ir/>)

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* Net profit refers to net profit attributable to owners of the parent for the same period.

* As stated in the July 23, 2024 announcement, "NEC Revises Part of Its Method for Calculating Financial Performance of Business Segments", NEC has revised its operating segments from Q1, FY25/3. Figures for the corresponding period of FY23/3 or FY24/3 have been restated to conform with the new segments.

I. Financial Results for Q1, FY25/3

Summary of Financial Results for Q1, FY25/3

Revenue and Adj. OP increased in both IT Services and Social Infrastructure

(Billions of Yen)	Q1		
	FY24/3 Results	FY25/3 Results	YoY
Revenue	706.5	690.3	-2.3%
Adjusted Operating Profit	0.5	12.7	+12.2
% of revenue	0.1%	1.8%	+1.8%
Non-GAAP Operating Profit *	0.6	16.3	+15.7
% of revenue	0.1%	2.4%	+2.3%
Non-GAAP Net Profit *	-1.3	10.5	+11.9
% of revenue	-0.2%	1.5%	+1.7%
Non-GAAP EPS (yen)	-0.5	4.0	+4.5
EBITDA **	38.0	46.3	+8.3
% of revenue	5.4%	6.7%	+1.3%
Note :	USD/JPY	134.92	153.15
Average Exchange Rates (Yen) EUR/JPY		146.22	165.45

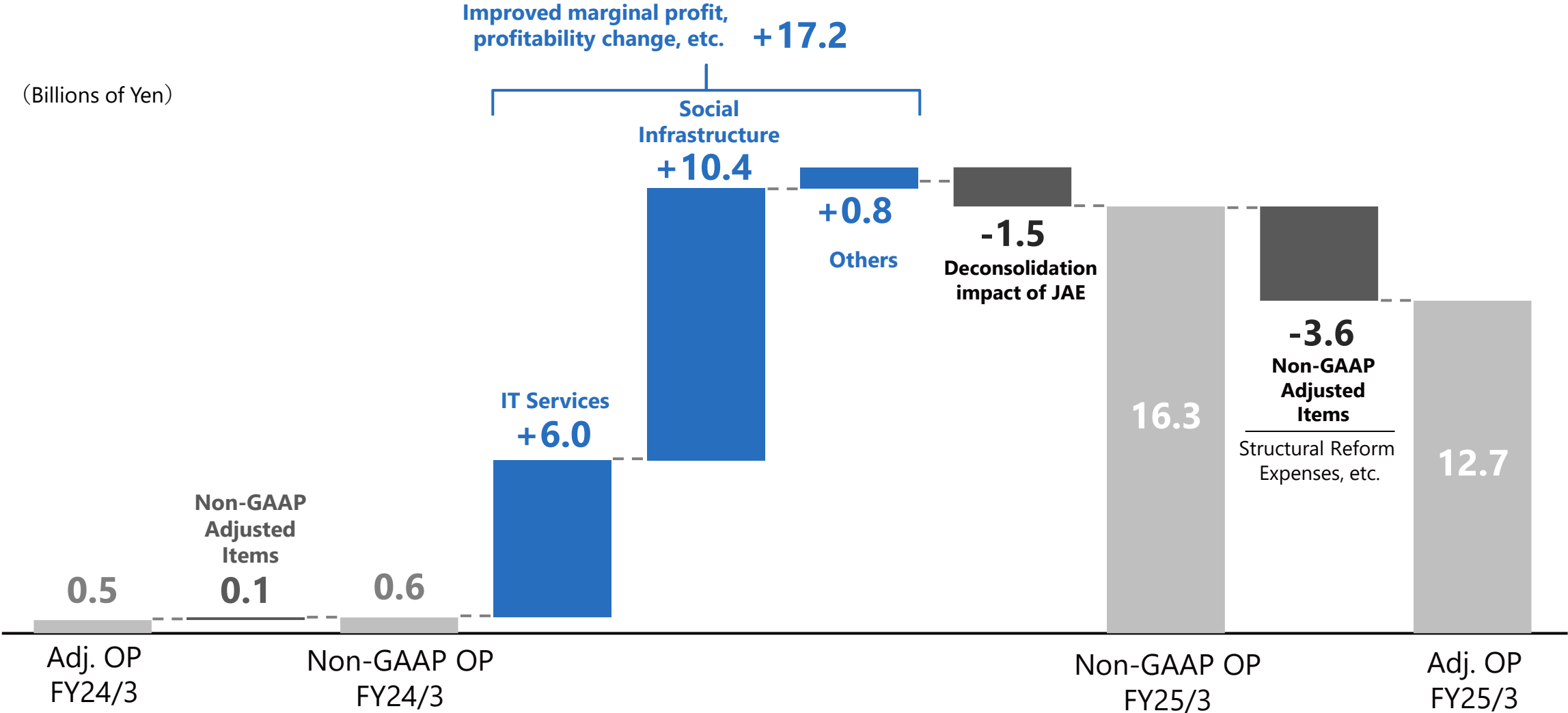
(Billions of Yen)		Q1		
		FY24/3 Results	FY25/3 Results	YoY
	Revenue	385.7	418.3	+8.4%
IT Services	Adjusted Operating Profit	11.9	14.5	+2.6
	% of revenue	3.1%	3.5%	+0.4%
	Revenue	213.2	219.2	+2.8%
Social Infrastructure	Adjusted Operating Profit	-7.2	3.2	+10.4
	% of revenue	-3.4%	1.5%	+4.8%
	Revenue	107.6	52.9	-50.9%
Others	Adjusted Operating Profit	-2.0	-3.7	-1.7
	% of revenue	-1.8%	-7.0%	-5.2%
Adjustments	Adjusted Operating Profit	-2.3	-1.4	+0.9
	Revenue	706.5	690.3	-2.3%
Total	Adjusted Operating Profit	0.5	12.7	+12.2
	% of revenue	0.1%	1.8%	+1.8%

* Non-GAAP adjustment items are shown on pages 20 and 21

** EBITDA = Gross Profit – SG&A + Depreciation and amortization

YoY Change in Adjusted/Non-GAAP Operating Profit

(Billions of Yen)



* Non-GAAP adjustment items are shown on pages 20 and 21

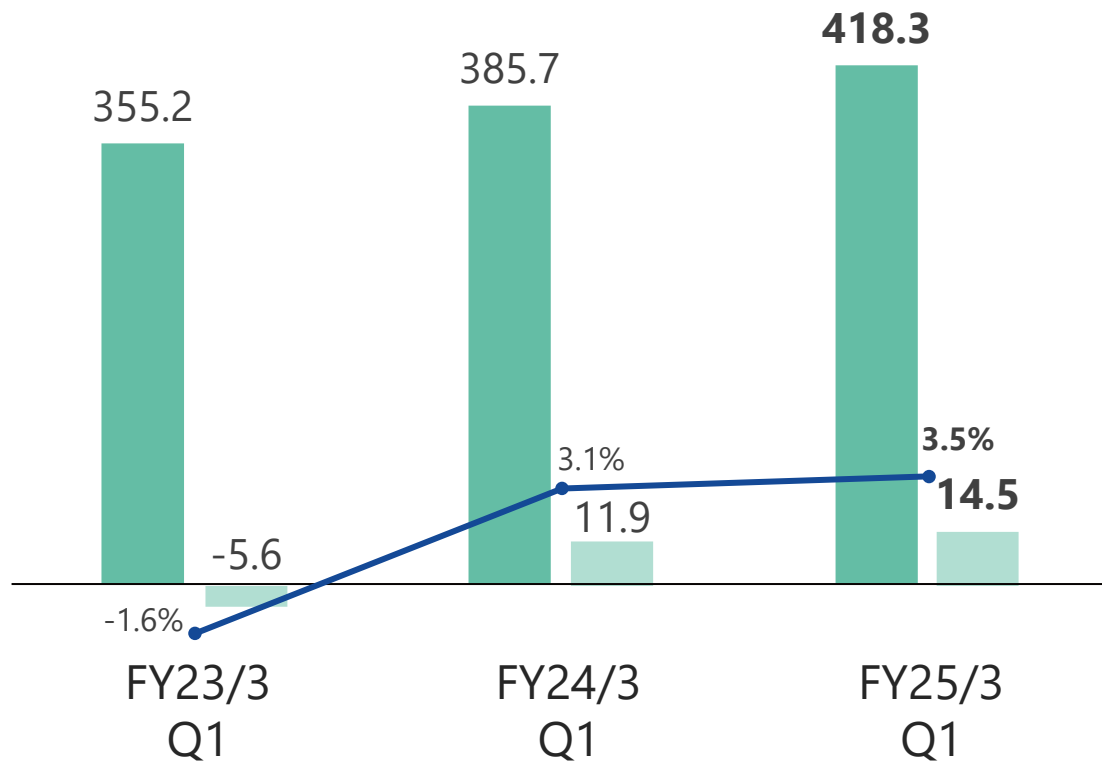
• Non-GAAP adjustment items are recorded in Domestic IT (Cross-Industry) and international (Digital Government/Digital Finance, hereinafter, "DGDF").

IT Services

Revenue and Adjusted Operating Profit

■ Revenue ■ Adj. OP ● Adj. OP Margin

(Billions of Yen)



-Revenue increased for domestic IT and International (DGDF)

-Adj. OP increased due to improved profitability in international (DGDF) mainly in Avaloq, which more than offset a one-time expenses increase, etc. including structural reform expenses in Japan

<Ref.>

(Billions of Yen)

		FY24/3 Results	Q1 FY25/3 Results	YoY
Domestic IT	Revenue	320.2	340.1	+6.2%
	Adj. OP	10.9	10.2	- 0.7
	% of Revenue	3.4%	3.0%	-0.4%
International (DGDF)*	Revenue	65.5	78.2	+19.3%
	Adj. OP	1.0	4.3	+3.3
	% of Revenue	1.5%	5.5%	+4.0%

* Digital Government / Digital Finance

Domestic IT Services Booking Status (YoY)

Significantly increased due to robust demand

	Q1 FY24/3	Q2 FY24/3	Q3 FY24/3	Q4 FY24/3	Q1 FY25/3	Notes
Domestic IT Services	+2%	-12%	+4%	+2%	+13%	
Excluding NEC Facilities Ltd.	+3%	-4%	+5%	-1%	+15%	
Public	+3%	-12%	-3%	+9%	+32%	Significant increase due to large projects and projects of municipal governments' platform commonization Over 10% increase, even if excluding large projects in Q1, FY25/3
Enterprise*	+16%	+12%	+8%	-11%	+2%	
Finance	+37%	+41%	+11%	-15%	-7%	Double-digit increase if excluding large projects from FY24/3, maintained robust momentum
Manufacturing	-1%	-3%	-2%	-4%	+13%	Number of digital transformation (DX) projects increased
Retail / Services	+9%	±0%	+10%	-5%	+10%	Maintained robust momentum with large project gains
Others	-14%	-27%	+4%	+11%	+6%	Increase in ABeam Consulting: +19%

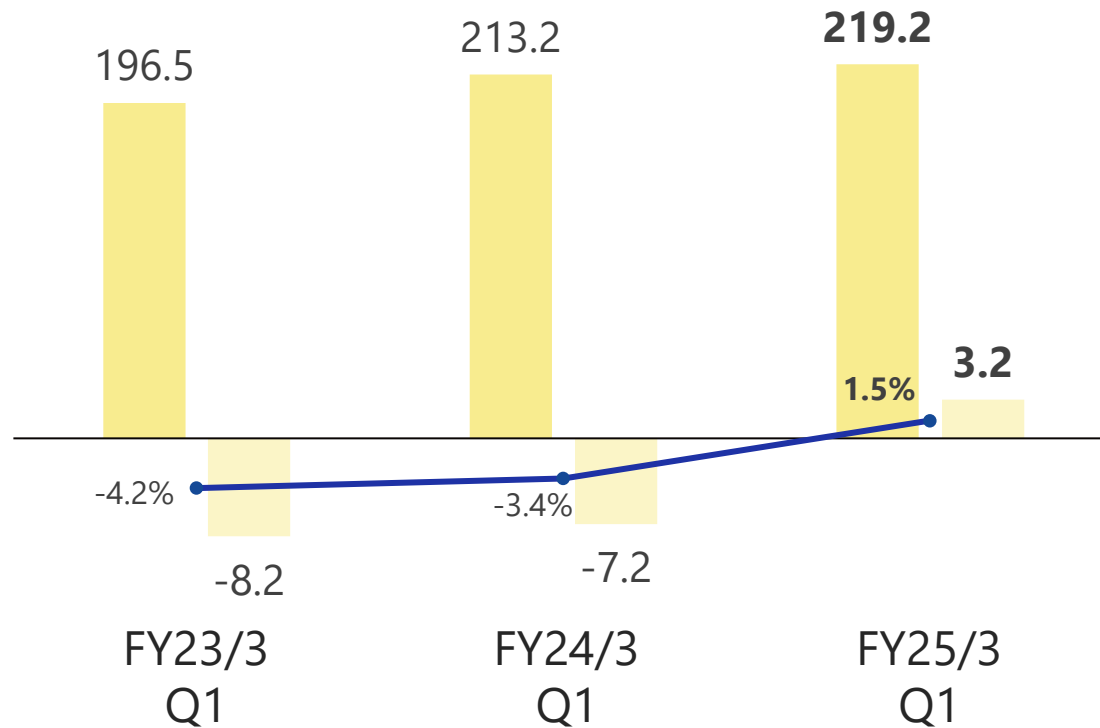
*Excluding NEC Facilities Ltd.

Social Infrastructure

Revenue and Adjusted Operating Profit

■ Revenue ■ Adj. OP ● Adj. OP Margin

(Billions of Yen)



-Adj. OP improved YoY due to cost reduction including development expenses in Telecom Services

-Increased revenue and adj. OP in ANS* led by steady project deliveries

<Ref.>

(Billions of Yen)

		FY24/3 Results	Q1 FY25/3 Results	YoY
Telecom Services	Revenue	169.7	163.9	-3.4%
	Adj. OP	-6.6	0.3	+7.0
	% of Revenue	-3.9%	0.2%	+4.1%
ANS*	Revenue	43.5	55.3	+27.1%
	Adj. OP	-0.6	2.9	+3.5
	% of Revenue	-1.3%	5.2%	+6.5%

* Aerospace and National Security

II. Financial Forecasts for FY25/3

FY25/3 Financial Forecasts

No changes to FY25/3 forecasts from April 26, 2024

(Billions of Yen)	FY21/3 Results	FY22/3 Results	FY23/3 Results	FY24/3 Results	FY25/3 Forecasts	FY26/3 Targets
Revenue	2,994.0	3,014.1	3,313.0	3,477.3	3,370.0	3,500.0
Adjusted Operating Profit	178.2	171.0	205.5	223.6	255.0	300.0
% of Revenue	6.0%	5.7%	6.2%	6.4%	7.6%	8.6%
Non-GAAP Operating Profit	150.9	160.3	197.0	227.6	255.0	300.0
% of Revenue	5.0%	5.3%	5.9%	6.5%	7.6%	8.6%
Non-GAAP Net Profit	144.6	159.5	132.8	177.8	165.0	185.0
% of Revenue	4.8%	5.3%	4.0%	5.1%	4.9%	5.3%
EBITDA[*]	295.8	304.0	347.8	379.5	380.0	425.0
% of Revenue	9.9%	10.1%	10.5%	10.9%	11.3%	12.1%
ROIC^{**}	4.7%	3.9%	4.7%	5.0%	5.9%	6.5%
Free Cash Flow	152.4	84.1	102.5	195.2	160.0	-
Dividend per Share (Yen)	90	100	110	120	140	160

Currency rate assumption for FY25/3: USD/JPY: 145, EUR/JPY: 160

*EBITDA = Gross Profit – SG&A + Depreciation and amortization

** ROIC = (Unadjusted operating income - Deemed corporate tax <30.5%>) ÷ (Term-end interest-bearing debt + Term-end net assets <Including non-controlling interests>)

Financial Forecast (By Segment)

(Billions of Yen)

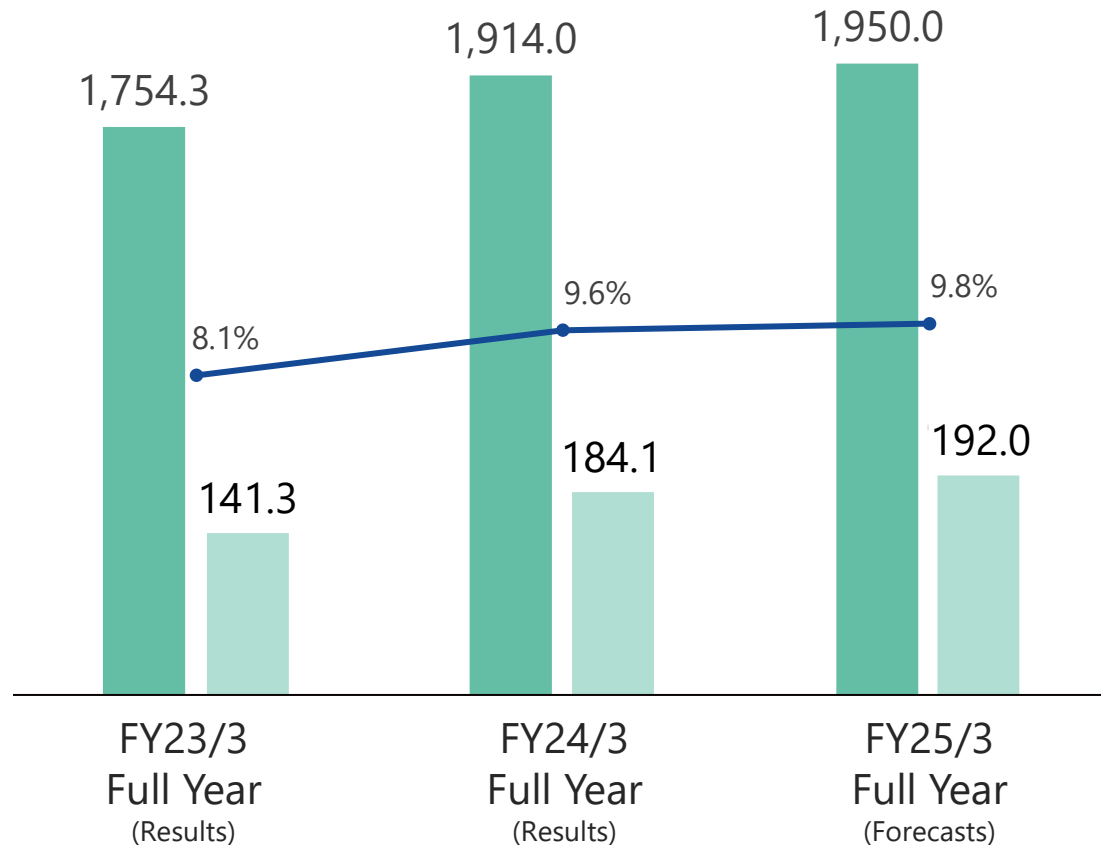
		FY23/3 Results	FY24/3 Results	FY25/3 Forecasts	YoY
IT Services	Revenue	1,754.3	1,914.0	1,950.0	+1.9%
	Adjusted Operating Profit	141.3	184.1	192.0	+7.9
	% of revenue	8.1%	9.6%	9.8%	+0.2%
Social Infrastructure	Revenue	1,044.8	1,077.3	1,170.0	+8.6%
	Adjusted Operating Profit	45.7	55.1	101.0	+45.9
	% of revenue	4.4%	5.1%	8.6%	+3.5%
Others	Revenue	514.0	485.9	250.0	-48.6%
	Adjusted Operating Profit	26.3	5.0	-13.0	-18.0
	% of revenue	5.1%	1.0%	-5.2%	-6.2%
Adjustments	Adjusted Operating Profit	-7.8	-20.7	-25.0	-4.3
Total	Revenue	3,313.0	3,477.3	3,370.0	-3.1%
	Adjusted Operating Profit	205.5	223.6	255.0	+31.4
	% of revenue	6.2%	6.4%	7.6%	+1.1%

IT Services

Revenue and Adjusted Operating Profit

■ Revenue ■ Adj. OP ● Adj. OP Margin

(Billions of Yen)



-Steady growth of domestic business is anticipated following a strong FY24/3

-Adjusted OP growth from Avaloq anticipated in international IT Services

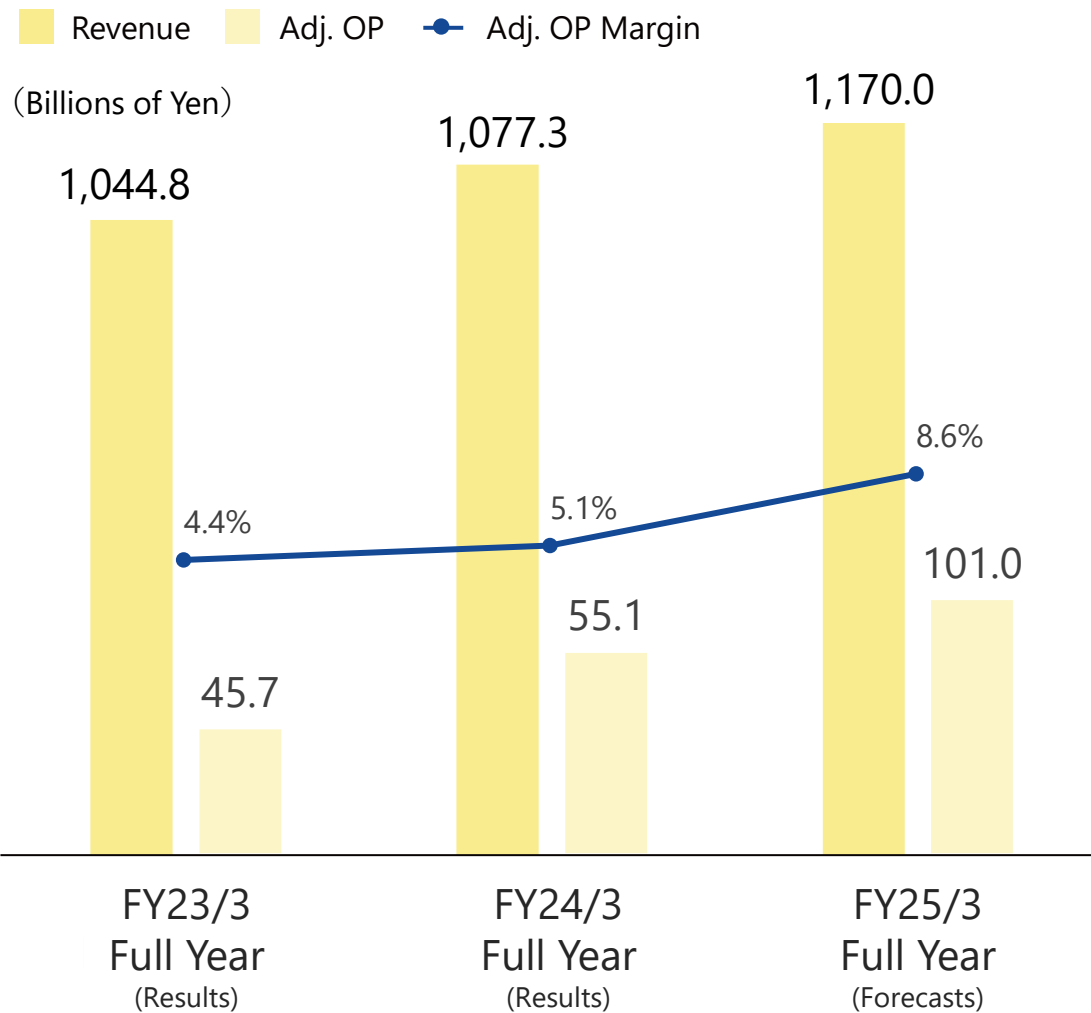
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(Billions of Yen)

	Full Year			
	FY23/3 Results	FY24/3 Results	FY25/3 Forecasts	
Domestic IT	Revenue	1,464.2	1,612.5	1,650.0
	Adj. OP	122.9	165.1	168.0
	% of Revenue	8.4%	10.2%	10.2%
International (DGDF)	Revenue	290.1	301.5	300.0
	Adj. OP	18.4	19.0	24.0
	% of Revenue	6.4%	6.3%	8.0%

Social Infrastructure

Revenue and Adjusted Operating Profit



-Revenue expected to increase from steady delivery of projects through ANS

-Adj. OP to increase due to an improvement of global 5G business as well as reversal effect from one-time expenses in Telecom Services in FY24/3

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	Full Year			
	FY23/3 Results	FY24/3 Results	FY25/3 Forecasts	
Telecom Services	Revenue	799.5	801.3	830.0
	Adj. OP	24.9	27.3	74.0
	% of Revenue	3.1%	3.4%	8.9%
ANS	Revenue	245.2	276.1	340.0
	Adj. OP	20.7	27.9	27.0
	% of Revenue	8.5%	10.1%	7.9%

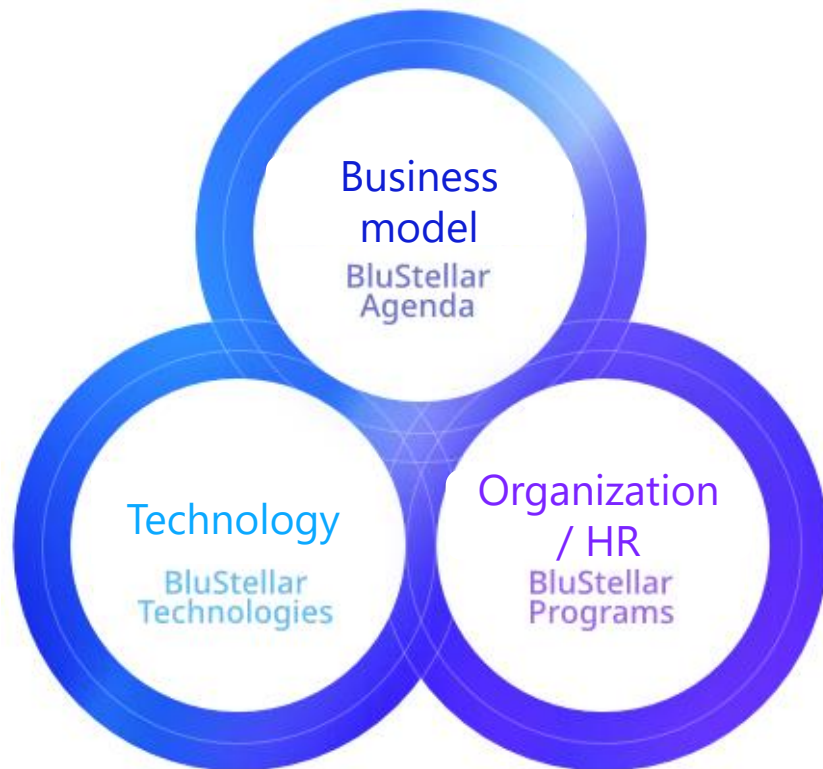
(Billions of Yen)

III. Topics

BluStellar

Launched the value creation model "NEC BluStellar" to guide customers to the future and strengthen DX business

BluStellar



01 AI for all Processes

Fully utilize AI in all business processes from consulting to operation and maintenance

02 AI & Security

Consolidate cutting-edge technology
Focus on AI/Generative AI and security

03 Collaboration & Co-Creation

Exceeded 10,000 DX personnel, aiming at 12,000
Provide an HR development program to 420 companies and over 30,000 individuals
Create new market value through co-creation with approximately 400 partners

Evolve from a traditional system integrator to drive customer value and accelerate DX business

- Started a demonstration of design enhancement using "PLM Software + Generative AI" with Toray Engineering Co., Ltd.
- Agreed on a strategic partnership focusing on biometric authentication with SoftBank Corp.
- Introduced digital employee IDs combining digital IDs and facial recognition technology for 20,000 NEC employees
- In August, establish a new organization consolidating business strategy and product development functions related to generative AI (AI Technology Service Business Division)

NEC IR Day 2024

Mon., October 7th

Online webinar

DAY	PROGRAM	SPEAKER
Oct. 7th Mon 13:00-17:00	Opening	Corporate Executive Vice President and CFO Osamu Fujikawa
	IT Services	Corporate Senior Executive Vice President and Co-COO Kazuhiro Sakai
		Corporate Senior Executive Vice President and CDO Toshifumi Yoshizaki
	Social Infrastructure	Corporate Senior Vice President Tomoki Kubo
		Corporate Senior Executive Vice President and Co-COO Masakazu Yamashina
		Member of the Board (Outside Director) Harufumi Mochizuki
	Outside Directors Session	Member of the Board (Outside Director) Yoshihito Yamada
Corporate Secretary (Executive Officer) Member of the Board Hajime Matsukura		

NEC Innovation Day 2024 : Nov. 27th (provisional schedule)

\ Orchestrating a brighter world

NEC

IV. Financial Results (Appendix)

Non-GAAP Operating Profit Adjustment Items

(Billions of Yen)

		Q1		
		FY24/3 Results	FY25/3 Results	YoY
Adjusted Operating Profit		-8.1	4.5	+12.7
Adjusted Items	M&A Related Amortization of Intangible Assets	8.5	8.1	- 0.3
	M&A Related Expenses	0.1	-	- 0.1
Adjusted Operating Profit		0.5	12.7	+12.2
Adjusted Items	Structural Reform Expenses and Impairment Losses	-	3.4	+3.4
	Stock Compensation	0.1	0.2	+0.1
	Other One-time Profits/Losses (Gain/Loss on sale of land, businesses, etc.)	-	-	±0.0
	Non-GAAP Operating Profit	0.6	16.3	+15.7

Non-GAAP Net Profit Adjustment Items

(Billions of Yen)

		Q1		
		FY24/3 Results	FY25/3 Results	YoY
Net Profit		-7.4	-5.8	+1.6
Adjusted Items	M&A Related Amortization of Intangible Assets and M&A Related Expenses	6.0	5.9	- 0.1
	Structural Reform Expenses and Impairment Losses	-	2.5	+2.5
	Stock Compensation	0.1	0.2	+0.1
	Other One-time Profits/Losses (Gain/Loss on sale of land, businesses, etc.)	-	7.9	+7.9
Non-GAAP Net Profit		-1.3	10.5	+11.9

Financial Position Data

(Billions of Yen)

	1Q		
	As of March 31, 2024	As of June 30, 2024	Change from March 31, 2024
Total Assets	4,227.5	4,124.3	- 103.2
Total Equity	2,089.5	2,115.6	+ 26.1
Interest-bearing Debt	548.6	582.7	+ 34.0
Equity Attributable to Owners of the Parent	1,915.6	1,940.4	+ 24.8
% of Equity Attributable to Owners of the Parent	45.3%	47.0%	+1.7pt
D/E Ratio (times)	0.29	0.30	-0.01pt
Net D/E Ratio (times)	0.04	0.04	±0pt
Cash and Cash Equivalents	476.5	509.8	+ 33.3

	1Q		
	As of March 31, 2024	As of June 30, 2024	Change from March 31, 2024
Cash flows from operating activities	86.4	103.7	+ 17.4
Cash flows from investing activities	-13.1	-21.7	- 8.6
Free Cash flows	73.3	82.0	+ 8.7

V. Historical Data (Appendix)

Revenue Breakdown

(Billions of Yen)

	FY23/3 Results					FY24/3 Results					FY25/3 Results
	Q1	1H	Q3	2H	Full Year	Q1	1H	Q3	2H	Full Year	Q1
Public	67.4	156.7	94.2	246.9	403.5	73.3	179.2	101.4	256.5	435.7	75.6
Enterprise	137.3	283.2	140.2	320.0	603.2	157.1	327.1	177.5	376.8	704.0	164.1
Cross-Industry	20.2	49.7	27.7	78.8	128.5	20.7	50.2	31.6	91.2	141.3	25.9
DPF and others	62.6	146.4	75.9	182.7	329.1	69.1	149.0	82.0	182.6	331.5	74.5
Domestic	287.4	635.9	338.0	828.3	1,464.2	320.2	705.4	392.6	907.1	1,612.5	340.1
International (DGDF)	67.8	138.4	72.5	151.6	290.1	65.5	137.6	78.2	163.8	301.5	78.2
IT Services	355.2	774.3	410.5	980.0	1,754.3	385.7	843.1	470.8	1,070.9	1,914.0	418.3
Telecom Services	152.3	337.8	203.2	461.7	799.5	169.7	364.9	190.9	436.4	801.3	163.9
ANS	44.2	103.2	58.5	142.0	245.2	43.5	110.9	64.1	165.1	276.1	55.3
Social Infrastructure	196.5	441.0	261.7	603.8	1,044.8	213.2	475.8	254.9	601.6	1,077.3	219.2
Others	107.9	240.0	141.7	273.9	514.0	107.6	230.0	118.8	256.0	485.9	52.9
Total	659.7	1,455.4	813.9	1,857.6	3,313.0	706.5	1,548.8	844.5	1,928.5	3,477.3	690.3

Adjusted OP Breakdown

(Billions of Yen)

		FY23/3 Results					FY24/3 Results					FY25/3 Results
		Q1	1H	Q3	2H	Full Year	Q1	1H	Q3	2H	Full Year	Q1
Domestic	Adjusted Operating Profit	-6.4	25.7	26.0	97.2	122.9	10.9	42.6	37.9	122.6	165.1	10.2
	% of revenue	-2.2%	4.0%	7.7%	11.7%	8.4%	3.4%	6.0%	9.7%	13.5%	10.2%	3.0%
International (DGDF)	Adjusted Operating Profit	0.8	3.8	3.0	14.6	18.4	1.0	4.6	3.7	14.3	19.0	4.3
	% of revenue	1.1%	2.7%	4.1%	9.7%	6.4%	1.5%	3.4%	4.7%	8.7%	6.3%	5.5%
IT Services	Adjusted Operating Profit	-5.6	29.5	29.0	111.8	141.3	11.9	47.2	41.6	136.9	184.1	14.5
	% of revenue	-1.6%	3.8%	7.1%	11.4%	8.1%	3.1%	5.6%	8.8%	12.8%	9.6%	3.5%
Telecom Services	Adjusted Operating Profit	-7.2	-10.0	5.2	34.9	24.9	-6.6	-0.1	4.4	27.4	27.3	0.3
	% of revenue	-4.7%	-3.0%	2.5%	7.6%	3.1%	-3.9%	-0.0%	2.3%	6.3%	3.4%	0.2%
ANS	Adjusted Operating Profit	-1.0	5.4	3.3	15.3	20.7	-0.6	6.6	6.0	21.3	27.9	2.9
	% of revenue	-2.3%	5.3%	5.6%	10.8%	8.5%	-1.3%	5.9%	9.3%	12.9%	10.1%	5.2%
Social Infrastructure	Adjusted Operating Profit	-8.2	-4.6	8.5	50.3	45.7	-7.2	6.4	10.3	48.7	55.1	3.2
	% of revenue	-4.2%	-1.0%	3.2%	8.3%	4.4%	-3.4%	1.4%	4.1%	8.1%	5.1%	1.5%
Others	Adjusted Operating Profit	-1.1	3.4	17.9	22.9	26.3	-2.0	1.2	4.5	3.9	5.0	-3.7
	% of revenue	-1.0%	1.4%	12.7%	8.4%	5.1%	-1.8%	0.5%	3.8%	1.5%	1.0%	-7.0%
Adjustments	Adjusted Operating Profit	8.0	2.9	-3.2	-10.7	-7.8	-2.3	-9.0	-5.3	-11.7	-20.7	-1.4
Total	Adjusted Operating Profit	-7.0	31.2	52.2	174.3	205.5	0.5	45.8	51.2	177.7	223.6	12.7
	% of revenue	-1.1%	2.1%	6.4%	9.4%	6.2%	0.1%	3.0%	6.1%	9.2%	6.4%	1.8%

Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the "forward-looking statements"). The forward-looking statements are made based on information currently available to the Company and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- adverse economic conditions in Japan or internationally;
- foreign currency exchange and interest rate risks;
- changes in the markets in which the NEC Group operates;
- impact from the outbreak of infections;
- potential inability to achieve the goals in the NEC Group's medium-term management plan;
- fluctuations in the NEC Group's revenue and profitability from period to period;
- difficulty achieving the benefits expected from acquisitions, business combinations, reorganizations and business withdrawals;
- potential deterioration in the NEC Group's relationships with strategic partners or problems relating to their products or services;
- difficulty achieving the NEC Group's growth strategies outside Japan;
- potential inability to keep pace with rapid technological advancements in the NEC Group's industry and to commercialize new technologies;
- intense competition in the markets in which the NEC Group operates;
- risks relating to the NEC Group's concentrated customer base;
- difficulties with respect to new businesses;
- potential failures in the products and services the NEC Group provides;
- potential failure to procure components, equipment or other supplies;
- difficulties protecting the NEC Group's intellectual property rights;
- potential inability to obtain certain intellectual property licenses;
- the NEC Group's customers may encounter financial difficulties;
- difficulty attracting, hiring and retaining skilled personnel;
- difficulty obtaining additional financing to meet the NEC Group's funding needs;
- potential failure of internal controls;
- potentially costly and time-consuming legal proceedings;
- risks related to regulatory change and uncertainty;
- risks related to environmental laws and regulations;
- information security and data protection concerns and restrictions;
- potential changes in effective tax rates or deferred tax assets, or adverse tax examinations;
- risks related to corporate governance and social responsibility requirements;
- risks related to natural disasters, public health issues, armed hostilities and terrorism;
- risks related to the NEC Group's pension assets and defined benefit obligations; and
- risks related to impairment losses with regard to goodwill.

The forward-looking statements contained in this material are based on information that the Company possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for the Company to predict these events or how they may affect the NEC Group. The Company does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise..

Note: In this presentation, the accounting periods of the fiscal years for March 31,2023, 2024, and 2025 were referred as FY23/3, FY24/3, and FY25/3, respectively. Any other fiscal years would be referred similarly.