

NEC Revises Segments

Tokyo, July 14, 2022 - [NEC Corporation](#) (NEC; TSE: 6701) implemented organizational reform effective as of April 1, 2022. In line with this reform, NEC's segments will be revised on its consolidated financial results starting from the first quarter of the fiscal year ending March 31, 2023, being announced on July 28, 2022.

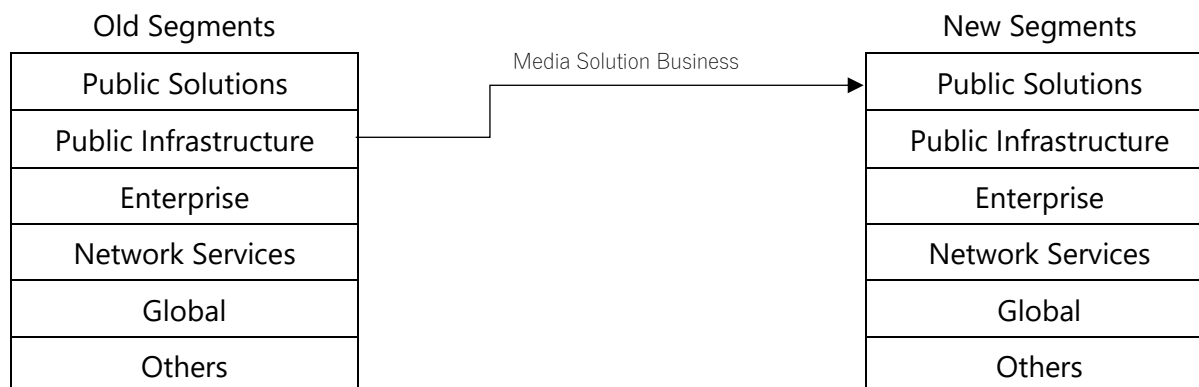
Please refer to the below attachments for more detail: "New Reportable Segment Overview" and "Revenue and Adjusted Operating Profit/Loss (*) by New Segment."

Primary revision

Segment change along with organizational reform:

The segment managing the "Media Solution" business has changed from "Public Infrastructure" to "Public Solutions" due to organizational reform that takes into account alignments in terms of business characteristics and future direction.

Comparison of old and new segments



(*) "Adjusted Operating Profit/Loss" is an indicator for measuring the underlying profitability in order to clarify the contribution of acquired companies to NEC's overall earnings. It is calculated by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees, etc.) from operating profit and loss.

New Reportable Segment Overview

Segment	Main Customers / Major Products and Services	Organization
Public Solutions	<For Public, Healthcare, Media, Regional Industries> Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment	Public Solutions Business Unit
Public Infrastructure	<For Government> Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment	Public Infrastructure Business Unit
Enterprise	<For Manufacturing, Retail and Services, Finance> Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment	Enterprise Business Unit
Network Services	Network Infrastructure (Core Network, Mobile Phone Base Stations, Optical Transmission Systems, Routers / Switches) and Systems Integration (Systems Implementation, and Consulting), and Services & Management (OSS*1/BSS*2, Service Solutions)	Network Services Business Unit
Global	Digital Government / Digital Finance, Software Services for Service Providers (OSS*1/BSS*2), and Network Infrastructure (Submarine Systems, Wireless Backhaul)	Global Business Unit

*1 OSS: Operation Support System

*2 BSS : Business Support System

Attachment 2

Revenue and Adjusted Operating Profit/Loss by New Segment
(Fiscal Year ended March 31, 2021 to Fiscal Year ending March 31, 2023)

(1) Revenue by segment (revenue from customers) Billions of Yen

Segment	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023
	Actual	Actual	Forecasts
Public Solutions	483.5	442.6	490.0
Public Infrastructure	634.4	608.4	645.0
Enterprise	503.1	574.7	575.0
Network Services	538.8	511.5	575.0
Global	450.0	485.6	470.0
Others	384.2	391.2	375.0
Total	2,994.0	3,014.1	3,130.0

(2) Adjusted operating profit (loss) by segment Billions of Yen

Segment	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023
	Actual	Actual	Forecasts
Public Solutions	49.6	35.9	47.0
Public Infrastructure	49.2	59.2	65.0
Enterprise	48.2	57.5	63.0
Network Services	41.2	35.5	46.0
Global	7.5	26.3	33.0
Others	7.7	13.3	5.0
Adjustment	△ 25.1	△ 56.7	△ 74.0
Total	178.2	171.0	185.0

*Forecasts by segment as of July 14, 2022

Revenue and Adjusted Operating Profit/Loss by New Segment
(Fiscal Year ended March 31, 2021)

(1) Revenue by segment (revenue from customers)

Billions of Yen

Segment		Fiscal year ended March 31, 2021			
		Q1	Q2	Q3	Q4
	Public Solutions	86.7	116.5	112.4	167.9
	Public Infrastructure	110.9	144.7	163.5	215.3
	Enterprise	115.0	123.1	116.3	148.7
	Network Services	99.0	126.4	140.3	173.0
	Global	97.0	122.3	105.9	124.8
	Others	79.1	94.3	90.9	119.8
	Total	587.7	727.3	729.4	949.6

(2) Adjusted operating profit (loss) by segment

Billions of Yen

Segment		Fiscal year ended March 31, 2021			
		Q1	Q2	Q3	Q4
	Public Solutions	- 1.8	10.9	9.8	30.7
	Public Infrastructure	0.3	11.8	15.7	21.4
	Enterprise	2.7	15.3	8.2	22.0
	Network Services	- 2.1	8.3	13.7	21.3
	Global	- 3.0	- 0.3	11.4	- 0.6
	Others	4.3	2.8	2.4	- 1.9
	Adjustment	- 6.2	- 13.9	6.7	- 11.7
	Total	- 5.8	34.8	68.0	81.2

Revenue and Adjusted Operating Profit/Loss by New Segment
(Fiscal Year ended March 31, 2022)

(1) Revenue by segment (revenue from customers)

Billions of Yen

Segment		Fiscal year ended March 31, 2022			
		Q1	Q2	Q3	Q4
	Public Solutions	89.6	103.7	97.0	152.3
	Public Infrastructure	124.1	145.2	145.1	194.0
	Enterprise	136.9	145.3	131.6	160.9
	Network Services	104.3	121.2	124.6	161.5
	Global	113.8	121.4	119.3	131.1
	Others	83.2	94.0	96.0	118.0
	Total	651.9	730.9	713.6	917.7

(2) Adjusted operating profit (loss) by segment

Billions of Yen

Segment		Fiscal year ended March 31, 2022			
		Q1	Q2	Q3	Q4
	Public Solutions	0.0	7.2	4.5	24.2
	Public Infrastructure	5.9	11.2	13.7	28.4
	Enterprise	5.9	16.3	12.2	23.1
	Network Services	- 0.1	8.5	7.4	19.7
	Global	4.9	7.5	5.7	8.2
	Others	- 3.0	0.7	3.7	11.9
	Adjustment	- 3.2	- 19.7	- 13.3	- 20.4
	Total	10.5	31.7	33.8	95.0

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;
- the recent outbreak of the novel coronavirus;
- 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;
- 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.

About NEC Corporation

NEC Corporation has established itself as a leader in the integration of IT and network technologies while promoting the brand statement of "Orchestrating a brighter world." NEC enables businesses and communities to adapt to rapid changes taking place in both society and the market as it provides for the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential. For more information, visit NEC at <http://www.nec.com>.

 **Orchestrating a brighter world**

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