

News

Release

Orchestrating a brighter world

NEC

Press Release - Media Contacts: press@news.jp.nec.com

***** For immediate use April 26, 2024

Consolidated Financial Results

for the Fiscal Year Ended

March 31, 2024

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

April 26, 2024

Company name NEC Corporation
 Securities code 6701 URL <https://www.nec.com/>
 Representative Takayuki Morita, President and CEO
 Contact Hiromichi Nakanishi, Senior Director of the Stakeholder Relations Department TEL +81-3-3798-2931
 Scheduled date of annual general meeting of shareholders June 21, 2024 Scheduled date of dividend payments June 3, 2024
 Scheduled date of Annual Securities Report filing June 21, 2024
 Supplementary materials for financial results Yes
 Financial results briefing Yes (for institutional investors and analysts)

(Million JPY, rounded to the nearest million JPY)

1. Consolidated Financial Results for the Year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Consolidated Operating Results

(Percentage indicate year-on-year changes.)

Fiscal Year ended	Revenue		Operating profit		Profit before income taxes		Net profit for the year		Net profit attributable to owners of the parent		Total comprehensive income for the year	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2024	3,477,262	5.0	188,012	10.3	185,011	10.3	164,752	25.3	149,521	30.6	342,508	74.1
March 31, 2023	3,313,018	9.9	170,447	28.6	167,671	16.1	131,516	(16.1)	114,500	(19.0)	196,786	(23.8)

Fiscal Year ended	Adjusted operating profit		Non-GAAP operating profit		Non-GAAP profit attributable to owners of the parent		Basic earnings per share	Diluted earnings per share	Non-GAAP earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY	JPY	JPY
March 31, 2024	223,562	8.8	227,580	15.5	177,837	33.9	561.25	561.24	667.54
March 31, 2023	205,516	20.2	197,049	—	132,812	—	424.51	424.50	492.40

Fiscal Year ended	Return on equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	%	%	%
March 31, 2024	8.4	4.5	5.4
March 31, 2023	7.3	4.3	5.1

(Reference) Share of profit (loss) of entities accounted for using the equity method:

Year ended March 31, 2024: 5,267 million JPY

Year ended March 31, 2023: 3,949 million JPY

(2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	JPY (millions)	JPY (millions)	JPY (millions)	%	JPY
March 31, 2024	4,227,514	2,089,523	1,915,613	45.3	7,189.26
March 31, 2023	3,984,050	1,912,724	1,623,817	40.8	6,096.59

(3) Consolidated Cash Flows

Fiscal Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end of the year
	JPY (millions)	JPY (millions)	JPY (millions)	JPY (millions)
March 31, 2024	271,228	(76,015)	(155,508)	476,490
March 31, 2023	152,127	(49,591)	(122,786)	419,462

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year- end	Total			
Fiscal Year ended	JPY	JPY	JPY	JPY	JPY	JPY (millions)	%	%
March 31, 2023	—	55.00	—	55.00	110.00	29,573	25.9	1.9
March 31, 2024	—	60.00	—	60.00	120.00	32,015	21.4	1.8
March 31, 2025 (forecast)	—	70.00	—	70.00	140.00		—	

The year end dividend for the fiscal year ended March 31, 2024 is to be finalized by the board of directors held on May 2024.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentage indicate year-on-year changes.)

	Revenue		Adjusted Operating profit		Non-GAAP operating profit		Non-GAAP profit attributable to owners of the parent		Non-GAAP earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY
Fiscal Year ending March 31, 2025	3,370,000	(3.1)	255,000	14.1	255,000	12.0	165,000	(7.2)	619.24

*Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in the change in consolidation scope): Yes

Newly included : None

Excluded : Japan Aviation Electronics Industry, Ltd.

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS : Yes

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the year-end
(including treasury stock)

March 31, 2024	272,849,863 shares	March 31, 2023	272,849,863 shares
March 31, 2024	6,395,064 shares	March 31, 2023	6,501,510 shares
March 31, 2024	266,405,416 shares	March 31, 2023	269,721,996 shares

2) Number of treasury stock at the year-end

3) Average number of shares during the year

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated Operating Results

(Percentage figures represent year-on-year changes.)

Fiscal Year ended	Revenue		Operating profit		Ordinary profit		Net profit	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2024	1,837,979	3.5	110,294	181.9	158,337	122.4	220,760	116.2
March 31, 2023	1,775,558	6.7	39,119	505.7	71,210	150.2	102,109	24.2

Fiscal Year ended	Basic earnings per share	Diluted earnings per share
	JPY	JPY
March 31, 2024	828.66	—
March 31, 2023	378.57	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	JPY (millions)	JPY (millions)	%	JPY
March 31, 2024	2,745,211	1,210,199	44.1	4,541.84
March 31, 2023	2,431,755	1,017,113	41.8	3,818.72

(Reference) Equity as of March 31, 2024 1,210,199 JPY (millions) as of March 31, 2023 1,017,113 JPY (millions)

*This consolidated financial results falls outside the scope of audit to be performed by certified public accountants or an audit firm.

*Explanation concerning the appropriate use of the financial results forecast and other special matters

(Adjusted profit (loss))

"Adjusted operating profit (loss)" is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit (loss).

(Non-GAAP profit (loss))

"Non-GAAP profit (loss)" is an indicator for measuring underlying profitability. It is measured by deducting amortization of intangible assets recognized as a result of M&A, expenses for acquisition of companies (financial advisory fees and other fees), structural reform expenses, impairment losses, stock compensation and other one-time profits (losses) from operating profit (loss). Also, "Non-GAAP net profit (loss) attributable to owners of the parent" is an indicator for measuring underlying profitability attributable to owners of the parent. It is measured by deducting adjustment items of profit (loss) before income taxes and corresponding amounts of tax and non-controlling interests from net profit (loss) attributable to owners of the parent.

(Cautionary statement with respect to forward-looking statements)

The forward-looking statements such as operating results forecast contained in this statements summary are based on the information currently available to NEC Corporation ("the Company") and certain assumptions considered reasonable. Actual operating results may differ significantly from these forecasts due to various factors. For details, please refer to "3. Cautionary Statement with Respect to Forward-Looking Statements" on page 17.

(How to obtain supplementary financial materials and information on the financial results briefing)

On April 26, 2024, the Company will hold a financial results briefing for the institutional investors and analysts. Presentation materials will be posted on the company website after the release of financial results, and the presentation video and Q&A summary will be also posted on the company website promptly after the financial results briefing.

In addition to the above, the Company periodically holds briefings on business and operating results for the individual investors. Presentation materials and Q&A summary will be posted on the company website promptly after the briefing. For the schedule and details, please check the company website.

Table of Contents of Attachment

1. Consolidated Financial Statements and Notes to Consolidated Financial Statements	5
(1) Consolidated Statements of Financial Position	5
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	7
(3) Consolidated Statements of Changes in Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
2. Basic View of Selected Accounting Standards	16
3. Cautionary Statement with Respect to Forward-Looking Statements	17

1. Consolidated Financial Statements and Notes to Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

JPY (millions)

	Notes	As of March 31, 2023	As of March 31, 2024
Assets			
Current Assets			
Cash and cash equivalents		419,462	476,490
Trade and other receivables		799,875	829,497
Contract assets		335,852	411,715
Inventories		267,576	242,634
Other financial assets		15,776	15,729
Other current assets		157,362	165,719
Total current assets		<u>1,995,903</u>	<u>2,141,784</u>
Non-current assets			
Property, plant and equipment, net		563,384	510,970
Goodwill		355,572	392,290
Intangible assets, net		378,250	371,762
Investments accounted for using the equity method		80,425	107,925
Other financial assets		207,731	203,099
Deferred tax assets		159,930	156,888
Other non-current assets		242,855	342,796
Total non-current assets		<u>1,988,147</u>	<u>2,085,730</u>
Total assets		<u><u>3,984,050</u></u>	<u><u>4,227,514</u></u>

Consolidated Statements of Financial Position (Continued)

JPY (millions)

	Notes	As of March 31, 2023	As of March 31, 2024
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		497,625	519,762
Contract liabilities		287,859	389,908
Bonds and borrowings		130,867	84,665
Accruals		240,870	252,713
Lease liabilities		47,056	52,579
Other financial liabilities		21,950	20,185
Accrued income taxes		20,951	22,494
Provisions		57,574	57,642
Other current liabilities		60,757	69,405
Total current liabilities		1,365,509	1,469,353
Non-current liabilities			
Bonds and borrowings		320,794	298,279
Lease liabilities		109,764	113,121
Other financial liabilities		20,428	28,838
Net defined benefit liabilities		179,106	157,646
Provisions		20,470	23,960
Other non-current liabilities		55,255	46,794
Total non-current liabilities		705,817	668,638
Total liabilities		2,071,326	2,137,991
Equity			
Share capital		427,831	427,831
Share premium		165,034	167,451
Retained earnings		764,604	883,453
Treasury shares		(31,588)	(31,097)
Other components of equity		297,936	467,975
Total equity attributable to owners of the parent		1,623,817	1,915,613
Non-controlling interests		288,907	173,910
Total equity		1,912,724	2,089,523
Total liabilities and equity		3,984,050	4,227,514

(2) Consolidated Statements of Profit or Loss and Comprehensive Income

Consolidated Statements of Profit or Loss

		JPY (millions)		
	Fiscal year ended March 31	Notes	2023	2024
Revenue			3,313,018	3,477,262
Cost of sales			2,354,770	2,471,404
Gross profit			958,248	1,005,858
Selling, general and administrative expenses			793,700	814,013
Other operating income (expenses)			5,899	(3,833)
Operating Profit			170,447	188,012
Finance income			10,899	9,804
Finance costs			17,624	18,072
Share of profit of entities accounted for using the equity method			3,949	5,267
Profit before income taxes			167,671	185,011
Income taxes			36,155	20,259
Net profit			131,516	164,752
Net profit attributable to				
Owners of the parent			114,500	149,521
Non-controlling interests			17,016	15,231
Total			131,516	164,752
Earnings per share attributable to owners of the parent				
Basic earnings per share (JPY)		4	424.51	561.25
Diluted earnings per share (JPY)		4	424.50	561.24

Consolidated Statements of Comprehensive Income

JPY (millions)

Fiscal year ended March 31	Notes	2023	2024
Net profit		131,516	164,752
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Equity instruments designated as measured at fair value through other comprehensive income		(10,747)	12,326
Remeasurements of defined benefit plans		23,123	81,217
Share of other comprehensive income of entities accounted for using the equity method		(43)	206
Total items that will not be reclassified to profit or loss		12,333	93,749
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		52,009	86,055
Cash flow hedges		119	(3,758)
Share of other comprehensive income of entities accounted for using the equity method		809	1,710
Total items that may be reclassified subsequently to profit or loss		52,937	84,007
Total other comprehensive income, net of tax		65,270	177,756
Total comprehensive income		196,786	342,508
Total comprehensive income attributable to			
Owners of the parent		172,601	319,560
Non-controlling interests		24,185	22,948
Total		196,786	342,508

(3) Consolidated Statements of Changes in Equity

(Fiscal year ended March 31, 2023)

JPY (millions)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2022	427,831	169,090	678,653	(1,906)	239,835	1,513,503	273,139	1,786,642
Net profit	—	—	114,500	—	—	114,500	17,016	131,516
Other comprehensive income	—	—	—	—	58,101	58,101	7,169	65,270
Comprehensive income	—	—	114,500	—	58,101	172,601	24,185	196,786
Purchase of treasury shares	—	—	—	(30,547)	—	(30,547)	—	(30,547)
Disposal of treasury shares	—	1	—	865	—	866	—	866
Cash dividends	—	—	(28,549)	—	—	(28,549)	(8,739)	(37,288)
Changes in interests in subsidiaries	—	(4,057)	—	—	—	(4,057)	322	(3,735)
Total transactions with owners	—	(4,056)	(28,549)	(29,682)	—	(62,287)	(8,417)	(70,704)
As of March 31, 2023	427,831	165,034	764,604	(31,588)	297,936	1,623,817	288,907	1,912,724

(Fiscal year ended March 31, 2024)

JPY (millions)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2023	427,831	165,034	764,604	(31,588)	297,936	1,623,817	288,907	1,912,724
Net profit	—	—	149,521	—	—	149,521	15,231	164,752
Other comprehensive income	—	—	—	—	170,039	170,039	7,717	177,756
Comprehensive income	—	—	149,521	—	170,039	319,560	22,948	342,508
Purchase of treasury shares	—	—	—	(74)	—	(74)	—	(74)
Disposal of treasury shares	—	2	—	565	—	567	—	567
Share-based payment transactions	—	180	—	—	—	180	—	180
Cash dividends	—	—	(30,673)	—	—	(30,673)	(8,647)	(39,320)
Put option, written over shares held by a non-controlling interest shareholder	—	2,214	—	—	—	2,214	—	2,214
Changes in interests in subsidiaries	—	21	—	—	—	21	(129,298)	(129,277)
Total transactions with owners	—	2,417	(30,673)	491	—	(27,765)	(137,945)	(165,710)
As of March 31, 2024	427,831	167,451	883,453	(31,097)	467,975	1,915,613	173,910	2,089,523

(4) Consolidated Statements of Cash Flows

JPY (millions)

Fiscal year ended March 31	Notes	2023	2024
Cash flows from operating activities			
Profit before income taxes		167,671	185,011
Depreciation and amortization		183,298	187,700
Impairment loss		6,857	4,735
Increase (decrease) in provisions		(8,173)	4,307
Finance income		(10,899)	(9,804)
Finance costs		17,624	18,072
Share of profit of entities accounted for using the equity method		(3,949)	(5,267)
(Increase) decrease in trade and other receivables		(77,305)	(64,754)
(Increase) decrease in contract assets		(46,278)	(69,375)
(Increase) decrease in inventories		(23,428)	(6,658)
Increase (decrease) in trade and other payables		41,114	24,224
Increase (decrease) in contract liabilities		16,522	91,147
Others, net		(72,837)	(33,608)
Subtotal		190,217	325,730
Interest received		3,038	5,896
Dividends received		3,697	3,330
Interest paid		(7,418)	(10,980)
Income taxes paid		(37,407)	(52,748)
Net cash provided by (used in) operating activities		152,127	271,228
Cash flows from investing activities			
Purchases of property, plant and equipment		(56,391)	(75,176)
Proceeds from sales of property, plant and equipment		12,387	7,656
Acquisitions of intangible assets		(21,323)	(24,591)
Purchase of equity instruments designated as measured at fair value through other comprehensive income		(2,094)	(367)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income		19,182	16,676
Purchase of shares of newly consolidated subsidiaries		(6,935)	(811)
Proceeds from sales of shares of subsidiaries		9,679	1,892
Disbursement for sales of shares of subsidiaries		—	(9,008)
Purchases of investments in associates or joint ventures		(198)	(276)
Proceeds from sales of investments in associates or joint ventures		1,951	226
Others, net		(5,849)	7,764
Net cash provided by (used in) investing activities		(49,591)	(76,015)

Consolidated Statements of Cash Flows (Continued)

Fiscal year ended March 31	Notes	JPY (millions)	
		2023	2024
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(39,978)	(21,345)
Proceeds from long-term borrowings		40,000	—
Repayments of long-term borrowings		(49,550)	(46,696)
Proceeds from issuance of bonds		110,000	40,000
Redemption of bonds		(55,000)	(40,000)
Payments of lease liabilities		(60,879)	(63,117)
Dividends paid		(28,522)	(30,655)
Dividends paid to non-controlling interests		(8,733)	(8,715)
Proceeds from disposal of treasury shares		865	567
Purchase of treasury shares		(30,547)	(74)
Proceeds from issuance of preference shares with put/call options		—	15,797
Others, net		(442)	(1,270)
Net cash provided by (used in) financing activities		(122,786)	(155,508)
Effect of exchange rate changes on cash and cash equivalents		8,934	17,323
Net increase (decrease) in cash and cash equivalents		(11,316)	57,028
Cash and cash equivalents, at the beginning of the year		430,778	419,462
Cash and cash equivalents, at the end of the year		419,462	476,490

(5) Notes to Consolidated Financial Statements

1. Going Concern Assumptions

Not applicable.

2. Material accounting policies

Material accounting policies adopted for the fiscal year ended March 31, 2024 are consistent from those applied for the previous fiscal year, except for the following item.

Amendments of IAS 12 “Income taxes”.

The NEC Group applied amendments of IAS 12 “Income taxes”, effective from the first quarter of the fiscal year ended March 31, 2024. This amendment requires recognition of deferred tax on transactions that incur taxable and deductible temporary difference in same amount such as Leases and Asset retirement obligations. As a result, both Deferred tax assets and Deferred tax liabilities have increased. However, Deferred tax assets and liabilities increased by this adoption are offset in the financial statement when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities are for those related to income taxes levied by the same taxation authority on the same taxable entity. As a result of amendments, there are no impact on retained earnings at the beginning of the fiscal year ended March 31, 2023 and the disclosure of the consolidated financial statements.

3. Segment Information

(1) Information about revenue, profit or loss by reportable segments
(Fiscal Year ended March 31, 2023)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	1,754,964	1,062,216	2,817,180	495,838	—	3,313,018
Intersegment	45,449	5,845	51,294	6,206	(57,500)	—
Total	1,800,413	1,068,061	2,868,474	502,044	(57,500)	3,313,018
Segment profit (loss)	168,004	73,781	241,785	23,835	(60,104)	205,516
Acquisition-related amortization of intangible assets						(33,513)
Expenses for M&A						(1,556)
Operating profit (loss)						170,447
Finance income						10,899
Finance costs						(17,624)
Share of profit of entities accounted for using the equity method						3,949
Profit (loss) before income taxes						167,671

(Fiscal Year ended March 31, 2024)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	1,915,126	1,084,025	2,999,151	478,111	—	3,477,262
Intersegment	46,371	5,888	52,259	6,039	(58,298)	—
Total	1,961,497	1,089,913	3,051,410	484,150	(58,298)	3,477,262
Segment profit (loss)	208,064	75,359	283,423	18,449	(78,310)	223,562
Acquisition-related amortization of intangible assets						(35,202)
Expenses for M&A						(348)
Operating profit (loss)						188,012
Finance income						9,804
Finance costs						(18,072)
Share of profit of entities accounted for using the equity method						5,267
Profit (loss) before income taxes						185,011

Notes:

1. Segment profit (loss) is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit (loss).
2. "Reconciling Items" in segment profit (loss) includes amounts not allocated to each reportable segment that consist principally of corporate expenses of 63,951 million JPY, and 77,413 million JPY for the fiscal years ended March 31, 2023, and 2024, respectively. Corporate expenses are mainly general and administrative expenses and research and development expenses incurred at the headquarters of NEC.

(2) Information about revising segments

From the first quarter of the fiscal year ended March 31, 2024, the Company's descriptions of the reportable segments have been revised based on a new organization structure effective as of April 1, 2023. Under the former organization structure, The NEC Group had five reporting segments: Public Solutions business, Public Infrastructure business, Enterprise business, Network Services Business, and Global Business. In connection with this organizational reform, IT Services Business and Social Infrastructure Business have been newly established, which are operating segments. Segment information for the fiscal year ended March 31, 2023 has been reclassified to conform to the presentation of the revised segments for the fiscal year ended March 31, 2024.

(3) Information about geographic areas

Revenue from external customers

JPY (millions)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Japan	2,417,450	2,589,262
North America and Latin America	160,523	145,892
Europe, Middle East, and Africa	351,318	355,000
China, East Asia, and Asia Pacific	383,727	387,108
Total	3,313,018	3,477,262

4. Earnings Per Share

The calculation of basic earnings per share (“EPS”) and diluted EPS has been based on the following profit attributable to ordinary shareholders of the parent company for the fiscal years ended March 31, 2023, and 2024:

	JPY (millions)	
	2023	2024
Net profit attributable to owners of the parent	114,500	149,521
Net profit attributable to ordinary shareholders of the parent to calculate basic EPS	114,500	149,521
Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares	114,498	149,517
Weighted-average number of ordinary shares to calculate basic EPS (in thousands of shares)	269,722	266,405
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	269,722	266,405
Basic EPS (JPY)	424.51	561.25
Diluted EPS (JPY)	424.50	561.24

Note: Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares includes the effect of share options issued by Japan Aviation Electronics Industry, Ltd. As of March 22, 2024, Japan Aviation Electronics Industry, Ltd. was excluded from a consolidated subsidiary and included in an associate accounted for using the equity method.

5. Subsequent Events

There are no significant subsequent events.

2. Basic View of Selected Accounting Standards

The NEC Group has applied International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2017 in order to enhance the international comparability of its financial information in capital markets.

3. 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.
