

## ***NEC Revises Part of Its Method for Calculating Financial Performance of Business Segments***

**Tokyo, July 23, 2024** - [NEC Corporation](#) (NEC; TSE: 6701) is revising part of its method for calculating the financial performance of business segments. Effective as of the Q1 earnings results and forecast announcement scheduled for July 30, 2024, NEC will disclose its financial performance based on the new calculation method.

Please refer to the below attachments for more detail: "Reportable Segment Overview," and "Revenue and Adjusted Operating Profit/Loss (\*) by Segment" determined by the new calculation method.

### Primary revisions

Below revisions are made to show the earnings capacity of each business segment more accurately.

1. Adjustments which consist of corporate-wide non-business expenses are to be allocated to business segments from the "Principle of Benefit and Burden" perspective, as outlined below.

(From)	(To)
-Corporate Expenses	Business Segments
-Business Development/IP	Others
-R&D for Advanced Technology	No change (Remains in Adjustment)

2. IP related revenue, profit and expenses are to be recorded in Others

(\*) "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 and loss.

Reportable Segment Overview

\*There will be no changes to major products and services by this revision.

Segment	Major Products and Services
IT Services	Systems Integration (Systems Implementation, Consulting) Maintenance and Support Outsourcing / Cloud Services System Equipment Software Services
Social Infrastructure	Network Infrastructure (Core Network, Base Stations, Optical Transmission Systems, Submarine Systems) Software Services (OSS*1/BSS*2, Service Solutions) for Telecommunications Operators System Equipment, Systems Integration (Systems Implementation, Consulting), Maintenance and Support in the Areas of Aerospace and National Security

\*1 OSS: Operation Support System

\*2 BSS: Business Support System

## Attachment 2

Revenue and Adjusted Operating Profit/Loss by Segment  
(Fiscal Year ended March 31, 2023 to Fiscal Year ending March 31, 2025)

(1)Revenue breakdown by segment (revenue from customers)

Billions of Yen

Segment		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025
		Actual	Actual	Forecasts
	Domestic	1,464.2	1,612.5	1,650.0
	International(DGDF)	290.1	301.5	300.0
	IT Services	1,754.3	1,914.0	1,950.0
	Telecom Seviles	799.5	801.3	830.0
	ANS	245.2	276.1	340.0
	Social Infrastructure	1,044.8	1,077.3	1,170.0
	Others	514.0	485.9	250.0
	Total	3,313.0	3,477.3	3,370.0

(2)Adjusted operating profit (loss) by segment

Billions of Yen

Segment		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025
		Actual	Actual	Forecasts
	Domestic	122.9	165.1	168.0
	International(DGDF)	18.4	19.0	24.0
	IT Services	141.3	184.1	192.0
	Telecom Seviles	24.9	27.3	74.0
	ANS	20.7	27.9	27.0
	Social Infrastructure	45.7	55.1	101.0
	Others	26.3	5.0	(13.0)
	Adjustment	(7.8)	(20.7)	(25.0)
	Total	205.5	223.6	255.0

\*Forecasts by segment as of July 23, 2024

## Attachment 3

Revenue and Adjusted Operating Profit/Loss by Segment  
(Fiscal Year ended March 31, 2023, by quarter)

(1) Revenue by segment (revenue from customers)

Billions of Yen

Segment			Fiscal year ended March 31, 2023			
			Q1	Q2	Q3	Q4
		Public	67.4	89.3	94.2	152.7
		Enterprise	137.3	145.9	140.2	179.8
		Cross-Industry	20.2	29.5	27.7	51.1
		DPF and others	62.6	83.8	75.9	106.8
	Domestic		287.4	348.5	338.0	490.3
	International (DGDF)		67.8	70.6	72.5	79.1
	IT Services		355.2	419.1	410.5	569.5
		Telecom Services	152.3	185.4	203.2	258.5
		ANS	44.2	59.1	58.5	83.6
	Social Infrastructure		196.5	244.5	261.7	342.1
	Others		107.9	132.1	141.7	132.2
	Total		659.7	795.7	813.9	1,043.8

(2) Adjusted operating profit (loss) by segment

Billions of Yen

Segment			Fiscal year ended March 31, 2023			
			Q1	Q2	Q3	Q4
		Domestic	(6.4)	32.1	26.0	71.2
		International (DGDF)	0.8	3.0	3.0	11.6
	IT Services		(5.6)	35.2	29.0	82.8
		Telecom Services	(7.2)	(2.8)	5.2	29.8
		ANS	(1.0)	6.4	3.3	12.0
	Social Infrastructure		(8.2)	3.6	8.5	41.8
	Others		(1.1)	4.5	17.9	5.0
	Adjustment		8.0	(5.1)	(3.2)	(7.5)
	Total		(7.0)	38.2	52.2	122.1

## Attachment 4

Revenue and Adjusted Operating Profit/Loss by Segment  
(Fiscal Year ended March 31, 2024, by quarter)

(1)Revenue by segment (revenue from customers)

Billions of Yen

Segment				Fiscal year ended March 31, 2024			
				Q1	Q2	Q3	Q4
		Public		73.3	105.9	101.4	155.1
		Enterprise		157.1	170.0	177.5	199.3
		Cross-Industry		20.7	29.5	31.6	59.5
		DPF and others		69.1	79.8	82.0	100.5
	Domestic			320.2	385.3	392.6	514.5
	International (DGDF)			65.5	72.1	78.2	85.6
	IT Services			385.7	457.3	470.8	600.2
		Telecom Services		169.7	195.2	190.9	245.5
		ANS		43.5	67.4	64.1	101.1
	Social Infrastructure			213.2	262.6	254.9	346.6
	Others			107.6	122.3	118.8	137.2
	Total			706.5	842.3	844.5	1,084.0

(2)Adjusted operating profit (loss) by segment

Billions of Yen

Segment				Fiscal year ended March 31, 2024			
				Q1	Q2	Q3	Q4
		Domestic		10.9	31.6	37.9	84.7
		International (DGDF)		1.0	3.7	3.7	10.6
	IT Services			11.9	35.3	41.6	95.3
		Telecom Services		(6.6)	6.5	4.4	23.0
		ANS		(0.6)	7.1	6.0	15.3
	Social Infrastructure			(7.2)	13.6	10.3	38.4
	Others			(2.0)	3.2	4.5	(0.7)
	Adjustment			(2.3)	(6.7)	(5.3)	(6.5)
	Total			0.5	45.4	51.2	126.5

## 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.